



# ANNUAL REPORT

(سالانہ رپورٹ)

2025

**FIRST IBL  
MODARABA**

## **MISSION STATEMENT**

Our mission is to strive for continued excellence in providing quality services to the business community as a whole, with the ultimate goal to increase the value of certificate holders.

## **VISION STATEMENT**

Our vision is to establish First IBL Modaraba as the benchmark reference for all Islamic Financial Institutions for the provision of financial services in line with increasing needs of our esteemed customers and to become the premier financial service organization that provides the highest level of quality service while remaining innovative and responsive to ever-changing customer demands.

## **CORPORATE STRATEGY**

We, First IBL Modaraba, being a multi purposes Modaraba and an Islamic financial institution, are engaged in various Shari'ah compliant products, namely; financing through Ijarah, Murabahah and Musharakah arrangements and investments in Shari'ah compliant securities.

In order to maintain diversified business activities in different sectors of economy, we do not only focus them for Corporate and SMEs Sectors but we also facilitate proprietorship and partnership firms and the individuals in their businesses, which play an effective and important role in the markets.

Keeping in light the present micro and macro economic scenarios in the country, we maintain and apply cautious and well maintained risk management policies in extending the new business rather we target the selective/ quality clientele so as to minimize the risk of default in the repayments.

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# Corporate Information

<b>Modaraba Management Company</b>	<b>IBL Modaraba Management (Pvt.) Limited</b>	
<b>Board of Directors</b>	<b>Mr. Ibrahim Hasan Murad</b> <b>Mr. Arslan Khan Khakwani</b> <b>Mr. Salman Ahmad</b> <b>Ms. Faiza Jabeen</b> <b>Mr. Muhammad Ibrahim Qazi</b>	<b>Chairman</b> <b>Director</b> <b>Independent Director</b> <b>Female director</b> <b>Chief Executive</b>
<b>Company Secretary</b>	<b>Mr. Hassan Fareed</b>	
<b>Chief Financial Officer</b>	<b>Mr. Muhammad Ibrahim Butt</b>	
<b>Shari'ah Advisor</b>	<b>Dr. Salman Ahmed Khan</b>	
<b>Legal Advisor</b>	<b>M/s. Holscott International [Legal services]</b>	
<b>Bankers</b>	<b>Meezan Bank Limited</b> <b>MCB Islamic Bank Limited</b> <b>The Bank of Punjab – Taqwa</b>	
<b>Auditors to the Modaraba</b>	<b>Rizwan &amp; Co.</b> <b>Chartered Accountants</b>	
<b>Share Registrar</b>	<b>Corp Tec Associates (Pvt.) Limited</b> <b>503 E, Johar Town, Lahore.</b> <b>Telephone No. 042-35170335 - 37</b>	
<b>Registered/ Principal Office</b>	<b>Office No.4-L, Main Ferozpur Road,</b> <b>Gulberg3, Lahore.</b> <b>Telephone No. 042-35969435 &amp; 36</b> <b><a href="http://www.firstibl.com">www.firstibl.com</a></b>	

## NOTICE OF ANNUAL REVIEW MEETING (ARM)

Notice is hereby given to the certificate holders of First IBL Modaraba(FIBLM) that **Annual Review Meeting** [ARM] of certificate holders will be held on **Tuesday, December 30, 2025** at 11:00 a.m. at principal office of First IBL Modaraba, 4-L, Gulberg-III, Lahore to review the performance of First IBL Modaraba for the year ended **June 30, 2025**.

The certificate transfer Books of First IBL Modaraba will remain close from December 24, 2025 to December 30, 2025 (both days inclusive).

The persons entitled to attend the meeting will be those certificate holders whose names are entered in the register of certificate holders at the close of business on December 23, 2025

For joining the meeting virtually following is the Zoom link.

<https://us04web.zoom.us/j/72729265475?pwd=iKOjUvQfJrgRUc5QpQad6BwrdfFrXwf.1>

Meeting ID	727 2926 5475
Passcode	GihzY9



**Company Secretary**  
**December 10, 2025**

# CHAIRMAN'S REVIEW REPORT

For the year ended June 30, 2025

Dear Valued Certificate Holders

السَّلَامُ عَلَيْكُمْ

I am delighted to present the report on the Financial Year ending June 30, 2025, for First IBL Modaraba, which wouldn't have been possible without the unwavering dedication of my esteemed fellow Board Members and our exceptional team.

I am pleased to report that First IBL Modaraba delivered a strong financial performance in FY 2024–25. Despite a challenging interest rate environment and portfolio shifts, profit after tax more than doubled, supported by higher operating income, prudent cost management, and favorable taxation, reflecting the success of our strategic initiatives.

Total income rose to Rs. 54.45 million, up 4.5% from Rs. 52.10 million, with Ijarah income growing 26% to Rs. 19.63 million, driven by nearly doubling our Ijarah assets. Total expenses remained largely flat at Rs. 28.16 million, while operating expenses declined 24% to Rs. 12.85 million, demonstrating strong cost discipline and operational efficiency.

Total assets increased 10.5% to Rs. 273.84 million, fueled by higher cash reserves and expansion in long-term earning assets. Fixed assets under Ijarah arrangements nearly doubled to Rs. 20.67 million, while current assets rose 15.1% to Rs. 210.03 million, with cash balances up 71% to Rs. 182.03 million, highlighting strong liquidity and efficient asset recovery. Equity strengthened 12.7% to Rs. 244.20 million, with accumulated losses reducing to Rs. (30.12) million and Statutory Reserves increasing by Rs. 5.37 million, reflecting improved profitability and financial resilience.

These results underscore Modaraba's robust business model, effective management, and commitment to sustainable growth, particularly in core leasing operations, creating enhanced value for our stakeholders.

I would like to extend my heartfelt gratitude once more to my fellow Board Members for their tireless commitment, invaluable insights, and expertise. Their unwavering dedication has played a pivotal role in overseeing the activities of the Modaraba, and I look forward to our continued collaboration in the pursuit of our mission.



Ibrahim Hasan Murad

Chairman

December 3, 2025

## **DIRECTORS' REPORT**

The Board of Directors of IBL Modaraba Management (Private) Limited, the Management Company of First IBL Modaraba, is pleased to present to the Certificate Holders, the Directors' Report together with the Audited Financial Statements of First IBL Modaraba for the year ended June 30, 2025.

### **Performance Review:**

First IBL Modaraba delivered a significantly improved financial performance during FY 2024–25, achieving strong growth in net profitability despite a challenging interest rate environment and shifts in portfolio mix. The Modaraba recorded a more than two-times increase in profit after tax, driven by higher operating income, improved cost efficiency, and a favourable tax outcome. The results reflect effective strategic realignment, prudent financial management, and strengthened revenue diversification.

Total income from operations increased to Rs. 54.45 million in 2025 from Rs. 52.10 million in 2024, reflecting a 4.5% growth despite structural shifts in income sources. Ijarah income Increased to Rs. 19.63 million from Rs. 15.57 million. Growth of 26%, driven by expansion in ijarah assets (which nearly doubled in the balance sheet). Indicates a successful revival of the core leasing business.

Total expenses remained nearly flat at Rs. 28.16 million versus Rs. 28.24 million in 2024, showing highly effective cost containment. Operating Expenses dropped to Rs. 12.85 million from Rs. 17.00 million, a reduction of 24%, this reflects Streamlined administrative spending, tight cost controls and higher operational efficiencies.

Total assets of First IBL Modaraba increased to Rs. 273.84 million in 2025 from Rs. 247.88 million in 2024, representing a growth of 10.5%, primarily driven by higher cash reserves and expansion in long-term earning assets. Non-current assets declined slightly to Rs. 63.81 million from Rs. 65.34 million, mainly due to the disposal or absence of investment property. In contrast, Fixed Assets under Ijarah Arrangements increased substantially from Rs. 10.32 million in 2024 to Rs. 20.67 million in 2025, reflecting fresh deployments in ijarah assets and indicating renewed business activity and growth in leasing operations.

Current assets grew to Rs. 210.03 million in 2025 from Rs. 182.53 million in 2024, a 15.1% increase, with Cash and Bank Balances rising sharply to Rs. 182.03 million from Rs. 106.25 million, an increase of 71%. This highlights the Modaraba's strong liquidity position, improved cash inflows, and efficient recovery of financing assets.

Equity strengthened markedly to Rs. 244.20 million in 2025 from Rs. 216.72 million in 2024, representing a 12.7% increase. Accumulated losses reduced significantly from Rs. (51.59) million to Rs. (30.12) million, reflecting improved profitability during the year and a notable enhancement in the Modaraba's financial health and sustainability. The Statutory Reserve increased by Rs. 5.37 million as a result of transfers from profits, underscoring both compliance and stronger earnings performance.

### **Attendance of board meetings:**

During the financial year 2024-25 the attendance of board meeting was as follows:

<b>Sr #</b>	<b>Name of director</b>	<b>No of meetings</b>	<b>No. of meetings attended</b>	<b>Leave or absence</b>
1	Mr. Ibrahim Hasan Murad	04	04	0
2	Mr. Arslan Khan Khakwani	04	04	0
3	Mr. Salman Ahmad	04	04	0
4	Ms. Faiza Jabeen	04	04	0
5	Mr. Muhammad Ibrahim Qazi	04	04	0

### **Composition of Board of Directors:**

As of publication date of these financial statement, the total number of directors are as follows:

<b>Number of director</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Number of directors	04	1	05

As of publication date of these financial statement, the board composition is as follows:

<b>Sr #</b>	<b>Name of Director</b>	<b>Type</b>
1	Mr. Ibrahim Hasan Murad	Non-Executive
2	Mr. Arslan Khan Khakwani	Non-Executive
3	Mr. Salman Ahmad	Independent
4	Ms. Faiza Jabeen	Female Director
5	Mr. Muhammad Ibrahim Qazi	CEO/Executive Director

### **Composition of Audit Committee:**

As of publication date of these financial statement, the composition of Audit Committee is as follows:

<b>Sr #</b>	<b>Name of Director</b>	<b>Type</b>
1	Mr. Salman Ahmad	Chairman
2	Mr. Ibrahim Hasan Murad	Member
3	Mr. Arslan Khan Khakwani	Member

### **Composition of HR&R Committee:**

As of publication date of these financial statement, the composition of HR&R Committee is as follows:

<b>Sr #</b>	<b>Name of Director</b>	<b>Type</b>
1	Mr. Salman Ahmad	Chairman
2	Mr. Ibrahim Hasan Murad	Member
3	Mr. Arslan Khan Khakwani	Member

### **Operating data for six years:**

The operating data for six (06) years is annexed to this report.

### **Pattern of certificate holding:**

The detailed pattern of certificate holding as required under the Code of Conduct is annexed to this report.

There has been no trading in the certificates of Modaraba by any of its Directors, CEO, CFO, Company Secretary or their spouses and minor children unless specified in the financial statements.

### **Stock Market Review:**

The PSX delivered a historic bull run in FY 2024-2025, with the KSE-100 Index surging over 60% to close at 125,627 by June 30, 2025. its highest level since 2017. The rally was driven by economic reforms, improved market sentiment following an IMF Staff-Level Agreement, declining inflation, and a lower interest rate environment. Foreign investment increased by 30%, while strong corporate earnings, stable currency conditions, and rising trading volumes further strengthened investor confidence. Despite the sharp gains, the market remained undervalued with a low P/E ratio, indicating potential for continued growth. PSX was recognized as one of the best-performing global markets during the period, posting exceptional returns in both PKR and USD terms.

## **Economic Review:**

Between July 2024 and June 2025, Pakistan's economy exhibited tangible signs of stabilization and a gradual shift toward recovery. Real GDP registered a growth rate of 2.68% in FY 2024–25, reflecting an improvement from the preceding period of economic stress. A key driver of this stabilization was the significant decline in inflation. Average CPI inflation for July–April fell sharply to 4.7%, with April 2025 witnessing an unprecedented low reading of 0.3%, indicating a marked easing of price pressures across the economy. In response to the improved inflation outlook, the State Bank of Pakistan adopted an assertive monetary easing stance. The policy rate was reduced from a peak of 22% to nearly 11%, representing one of the steepest rate adjustments in recent years and providing substantial support to market liquidity and credit conditions. Fiscal performance also strengthened appreciably over the period. Total revenue collection recorded robust growth of approximately 36.7%, supported by improved administrative measures and stronger economic activity. The fiscal deficit narrowed to around 2.6% of GDP, while the government achieved a primary surplus equivalent to 3.0% of GDP — a notable milestone reflecting disciplined fiscal management.

On the external front, Pakistan's current account position improved significantly, shifting from deficit to a surplus of \$1.9 billion. This turnaround was primarily driven by record-high workers' remittances, which reached nearly \$31.2 billion, alongside enhanced foreign exchange reserve levels that contributed to greater external stability. Sectoral performance, however, remained uneven. The agriculture sector expanded modestly by 0.56%, with livestock emerging as a key contributor to overall growth. The industrial sector showed mixed trends: large-scale manufacturing contracted, reflecting ongoing structural and cost-side challenges, while the utilities and construction sectors experienced substantial growth, supported by improved energy availability and ongoing development activities. Overall, the period represented a decisive transition from economic crisis toward stabilization. Despite clearer signs of recovery, underlying structural challenges and heightened global uncertainty continued to pose risks, keeping medium-term growth prospects cautious but gradually improving.

## **Internal Financial Control**

Your Modaraba's leadership is committed to upholding strong corporate governance principles, which are upheld through a clearly articulated system of checks and balances. The Board of Directors has successfully put in place a robust internal control system that is diligently enforced throughout the organization.

## **Social and Environmental Responsibility**

First IBL Modaraba (FIBLM) is driven by a strong commitment to serving the community with unwavering professionalism and enthusiasm. Our focus has always been on several key areas to foster a better environment and promote sustainability. Our primary corporate objective is the establishment of robust internal controls.

At FIBLM, we are dedicated to upholding sound ethical practices in all our operations. We firmly believe in the Risk & Reward concept for our staff members. Furthermore, our employees actively engage in social community projects, serving as catalysts for positive corporate contributions.

We actively encourage our staff to minimize unnecessary resource wastage, including energy consumption and paper usage. FIBLM is deeply committed to fostering equal employment opportunities, ensuring that gender and disability discrimination have no place in our organization.

To safeguard the interests of our valued customers, FIBLM regularly addresses their concerns through feedback mechanisms and frequent visits. We firmly believe in harnessing the talents of every individual, as they can greatly benefit our institution.

Within our comprehensive HR policy, FIBLM provides health insurance/takaful coverage for our staff through renowned insurance/takaful companies. The health and safety of our employees are paramount concerns for our management.

We continually motivate our staff members to actively participate in activities that bring tangible benefits to both individuals and the organization as a whole.

### **Auditors' Qualifications**

**Expected Credit Loss (ECL)** The Directors acknowledge the auditors' observation regarding the non-application of the forward-looking Expected Credit Loss (ECL) model under International Financial Reporting Standard 9 (IFRS 9), Financial Instruments, as made applicable to the Modaraba sector with effect from July 1, 2024 by the Securities and Exchange Commission of Pakistan (SECP).

The Modaraba has continued to apply the existing Prudential Regulations for Modarabas for the recognition of impairment on financial assets during the year. This approach was adopted in view of the ongoing transition process across the Modaraba sector, the absence of finalized industry-wide implementation guidelines, and the need for robust system readiness to ensure accurate and compliant calculation of forward-looking ECLs as required under IFRS 9.

The Management is fully committed to ensuring complete compliance with IFRS 9. Accordingly, the Modaraba has already initiated steps to ensure compliance in the coming year. The Directors are of the view that the continued application of Prudential Regulations during the transition period does not materially misstate the financial position or performance of the Modaraba for the year under review.

**Unclaimed Dividend** The Modaraba issued dividends in earlier periods and over the years, a small portion of the dividend remains payable. During the past two decades, the management has paid out dividend warrants at the requests of the certificate holders. The management is committed to making the payment of dividend as and when it is claimed by the certificate holders.

### **Future Outlook:**

As of the reporting date, the existing management of First IBL Modaraba has entered into a Management Control Transfer Agreement with a prospective acquirer, followed by the formal execution of the Sale and Purchase Agreement by both parties. This development has been duly communicated to the Securities & Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange (PSX) in accordance with all applicable regulatory requirements. The prospective acquirer has subsequently submitted an application to the SECP seeking approval for the change in management control of the Modaraba. The approval from the SECP is currently awaited.

### **Auditors:**

On the recommendation of the Audit Committee and approval of the Board, the present auditors M/s. Rizwan & Co Chartered Accountant, being eligible to act as auditors have been reappointed as external auditors of First IBL Modaraba for the year 2025-2026 subject to the approval of the Registrar Modaraba.

### **Acknowledgement:**

The Board remains thankful to Securities and Exchange Commission of Pakistan, Registrar Modaraba, State Bank of Pakistan, and NBFBI & Modaraba Association of Pakistan for providing us their usual support and guidance.

The Board appreciates and pays gratitude to the certificate holders and customers for entrusting their confidence on us and we assure them to maintain adequate internal controls, providing personalized services and also an ideal environment of good corporate governance in all areas of the activities.

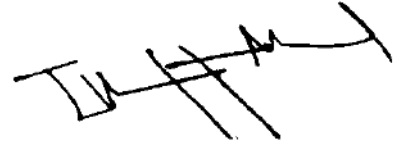
Finally, the Board appreciates the dedication and hard work put in by the management and all staff members of First IBL Modaraba.

For & On behalf of the Board



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**Muhammad Ibrahim Qazi**  
Chief Executive  
December 3, 2025



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**Ibrahim Hasan Murad**  
Chairman

فرسٹ آئی بی ایل مضاربہ کی مینجمنٹ کمپنی آئی بی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2025 کو ختم ہونے والے سال کے لیے فرسٹ آئی بی ایل مضاربہ کے آڈٹ شدہ مالیاتی بیانات کے ساتھ سرٹیفکیٹ ہولڈرز کو ڈائریکٹرز کی رپورٹ پیش کرنے پر خوشی ہے۔

### کارکردگی کا جائزہ:

فرسٹ آئی بی ایل مضاربہ نے مالی سال 2024-2025 کے دوران نمایاں طور پر بہتر مالی کارکردگی فراہم کی، جس نے چیلنجنگ شرح سود کے ماحول اور پورٹ فولیو کس میں تبدیلیوں کے باوجود خالص منافع میں مضبوط نمو حاصل کی۔ مضاربہ نے ٹیکس کے بعد منافع میں دو گنا سے زیادہ اضافہ ریکارڈ کیا، جس کی وجہ اعلیٰ آپریٹنگ آمدنی، بہتر لاگت کی کارکردگی، اور ٹیکس کے سازگار نتائج ہیں۔ نتائج موثر اسٹریٹجک دوبارہ ترتیب، ہوشیار مالیاتی انتظام، اور مضبوط محصولات کے تنوع کی عکاسی کرتے ہیں۔

آپریٹنگ سے کل آمدنی 2024 میں 52.10 ملین روپے سے بڑھ کر 2025 میں 54.45 ملین روپے ہو گئی، جو آمدنی کے ذرائع میں ساختی تبدیلیوں کے باوجود 4.5 فیصد اضافے کی عکاسی کرتی ہے۔ اجارہ کی آمدنی 15.57 ملین روپے سے بڑھ کر 19.63 ملین روپے ہو گئی۔ 26 ہیکٹارہ اجارہ اثاثوں میں توسیع کی وجہ سے کارفرما ہے (جو بیلنس شیٹ میں تقریباً دو گنا ہو گیا ہے)۔ بنیادی لیونگ کاروبار کی کامیاب بحالی کی نشاندہی کرتا ہے۔

کل اخراجات 28.16 ملین روپے کے مقابلے میں 2024 میں 28.24 ملین روپے پر تقریباً یکساں رہے، جو لاگت پر قابو پانے کے انتہائی موثر اثرات کو ظاہر کرتا ہے۔ آپریٹنگ اخراجات 17.00 ملین روپے سے کم ہو کر 12.85 ملین روپے رہ گئے، جو 24 فیصد کی کمی ہے، جو ہموار انتظامی اخراجات، سخت لاگت کنٹرول اور اعلیٰ آپریٹنگ اسٹریٹجی کی عکاسی کرتا ہے۔

فرسٹ آئی بی ایل مضاربہ کے کل اثاثے 2024 میں 247.88 ملین روپے سے بڑھ کر 2025 میں 273.84 ملین روپے ہو گئے، جو 10.5 فیصد کی ترقی کی نمائندگی کرتا ہے، جو بنیادی طور پر زیادہ نقد ذخائر اور طویل مدتی آمدنی والے اثاثوں میں توسیع کی وجہ سے ہے۔ غیر کرنٹ اثاثے 65.34 ملین روپے سے کم ہو کر 63.81 ملین روپے رہ گئے جس کی بنیادی وجہ سرمایہ کاری کی جائیداد کو ٹھکانے لگانے یا نہ رکھنے کی وجہ سے ہوا۔ اس کے برعکس، اجارہ انتظامات کے تحت فکسڈ اثاثے 2024 میں 10.32 ملین روپے سے بڑھ کر 2025 میں 20.67 ملین روپے ہو گئے، جو اجارہ کے اثاثوں میں تازہ تعیناتی کی عکاسی کرتا ہے اور نئی کاروباری سرگرمی اور لیونگ آپریٹنگ میں اضافے کی نشاندہی کرتا ہے۔

موجودہ اثاثے 2024 میں 182.53 ملین روپے سے بڑھ کر 2025 میں 210.03 ملین روپے تک پہنچ گئے، جو کہ 15.1 فیصد اضافہ ہے، کیش اور بینک بیلنس 106.25 ملین روپے سے تیزی سے بڑھ کر 182.03 ملین روپے ہو گئے، جو 71 فیصد کا اضافہ ہے۔ یہ مودارہ کی مضبوط لیکویڈیٹی پوزیشن، بہتر نقد آمد، اور فنانسنگ اثاثوں کی موثر وصولی کو اجاگر کرتا ہے۔

ایکویٹی 2024 میں 216.72 ملین روپے سے 2025 میں نمایاں طور پر 244.20 ملین روپے تک بڑھ گئی، جو 12.7 فیصد اضافے کی نمائندگی کرتی ہے۔ مجموعی نقصانات 51.59 ملین روپے سے کم ہو کر 30.12 ملین روپے رہ گئے، جو سال کے دوران بہتر منافع اور مضاربہ کی مالی صحت اور پائیداری میں نمایاں اضافے کی عکاسی کرتا ہے۔ منافع سے منتقلی کے نتیجے میں قانونی ذخائر میں 5.37 ملین روپے کا اضافہ ہوا، جو تعمیل اور مضبوط آمدنی کی کارکردگی دونوں کو اجاگر کرتا ہے۔

### بورڈ مینٹلز میں شرکت:

مالی سال 2024-25 کے دوران بورڈ مینٹلز میں شرکت درج ذیل تھی

نمبر شمار	ڈائریکٹر کا نام	شرکت کی گئی مینٹلز کی تعداد	رخصت
1	جناب ابراہیم حسن مراد	04	0
2	مسٹر ارسلان خان خاکوانی	04	0
3	جناب سلمان احمد	04	0
4	محترمہ فائزہ جمیل	04	0
5	جناب محمد ابراہیم قاضی	04	0

## بورڈ آف ڈائریکٹرز کی تشکیل:

ان مالیاتی بیانات کی اشاعت کی تاریخ تک، ڈائریکٹرز کی کل تعداد درج ذیل ہے:

ڈائریکٹرز کی تعداد	مرد	خواتین	ٹوٹل
ڈائریکٹرز کی تعداد	4	1	5

ان مالیاتی بیانات کی اشاعت کی تاریخ تک، بورڈ کی تشکیل درج ذیل ہے:

ڈائریکٹر کا نام	قسم
جناب ابراہیم حسن مراد	نان ایگزیکٹو
مسٹر ارسلان خان خاکوانی	نان ایگزیکٹو
جناب سلمان احمد	آزاد
محترمہ فائزہ جمیل	خاتون ڈائریکٹر
جناب محمد ابراہیم قاضی	سی ای او / ایگزیکٹو ڈائریکٹر

## آڈٹ کمیٹی کی تشکیل:

ان مالیاتی بیانات کی اشاعت کی تاریخ تک، آڈٹ کمیٹی کی تشکیل درج ذیل ہے:

ڈائریکٹر کا نام	قسم
جناب سلمان احمد	آزاد
جناب ابراہیم حسن مراد	نان ایگزیکٹو
مسٹر ارسلان خان خاکوانی	نان ایگزیکٹو

## HR&R کمیٹی کی تشکیل:

ان مالیاتی بیانات کی اشاعت کی تاریخ تک، HR&R کمیٹی کی تشکیل درج ذیل ہے:

ڈائریکٹر کا نام	قسم
جناب سلمان احمد	آزاد
جناب ابراہیم حسن مراد	نان ایگزیکٹو
مسٹر ارسلان خان خاکوانی	نان ایگزیکٹو

## چھ سال کے لیے آپریٹنگ ڈیٹا:

چھ (06) سال کے آپریٹنگ ڈیٹا کو اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

## سرٹیفکیٹ ہولڈنگ کا نمونہ:

ضابطہ اخلاق کے تحت سرٹیفکیٹ ہولڈنگ کا تفصیلی نمونہ اس رپورٹ کے ساتھ منسلک ہے۔

مضاربہ کے سرٹیفکیٹ میں اس کے کسی بھی ڈائریکٹر، سی ای او، سی ایف او، کمپنی سیکرٹری یا ان کے شریک حیات اور نابالغ بچوں کی طرف سے کوئی تجارت نہیں ہوئی، سوائے اس کے کہ مالیاتی بیانات میں وضاحت کی گئی ہو۔

## اسٹاک مارکیٹ کا جائزہ:

پی ایس ایکس نے مالی سال 2024-2025 میں ایک تاریخی ہیل رن فراہم کیا، جس میں کے ایس ای-100 انڈیکس 60 فیصد سے زیادہ بڑھ کر 30 جون 2025 تک 125,627 پر بند ہوا۔ 2017 کے بعد سے اس کی بلند ترین سطح ہے۔ یہ ریبلٹی معاشی اصلاحات، آئی ایم ایف کے عملے کی سطح کے معاہدے کے بعد مارکیٹ کے جذبات میں بہتری، افراط زر میں کمی اور شرح سود میں کمی کے ماحول کی وجہ سے ہوئی۔ غیر ملکی سرمایہ کاری میں 30 فیصد اضافہ ہوا جبکہ مضبوط کارپوریٹ آمدنی، مستحکم کرنسی کے حالات اور بڑھتے ہوئے تجارتی حجم نے سرمایہ کاروں کے اعتماد کو مزید تقویت بخشی۔ تیز فوائد کے باوجود، مارکیٹ کم پی/ای تناسب کے ساتھ کم قیمت میں رہی، جو مسلسل ترقی کی صلاحیت کی نشاندہی کرتی ہے۔ اس عرصے کے دوران پی ایس ایکس کو بہترین کارکردگی کا مظاہرہ کرنے والی عالمی مارکیٹوں میں سے ایک کے طور پر تسلیم کیا گیا تھا، جس نے روپے اور امریکی ڈالر دونوں کے لحاظ سے غیر معمولی منافع حاصل کیا۔

جولائی 2024 اور جون 2025 کے درمیان، پاکستان کی معیشت نے استحکام اور بتدریج بحالی کی طرف منتقلی کے واضح اشارے دکھائے ہیں۔ حقیقی جی ڈی پی نے مالی سال 2024-25 میں 2.68 فیصد کی شرح نمو درج کی، جو معاشی تناؤ کی پچھلی مدت کے مقابلے میں بہتری کی عکاسی کرتی ہے۔ اس استحکام کا ایک اہم محرک افراط زر میں نمایاں کمی تھی۔ جولائی تا اپریل کے لیے اوسطی پی آئی افراط زر تیزی سے کم ہو کر 4.7 فیصد رہ گیا، اپریل 2025 میں 0.3 فیصد کی غیر معمولی کم ریڈنگ دیکھی گئی، جو پوری معیشت میں قیمتوں کے دباؤ میں نمایاں کمی کی نشاندہی کرتی ہے۔ مہنگائی کے بہتر منظر نامے کے جواب میں اسٹیٹ بینک آف پاکستان نے مانیٹری زمی کا موقف اختیار کیا۔ پالیسی کی شرح کو 22% کی چوٹی سے کم کر کے تقریباً 11% کر دیا گیا تھا، جو حالیہ برسوں میں سب سے زیادہ شرح ایڈجسٹمنٹ میں سے ایک کی نمائندگی کرتا ہے اور مارکیٹ لیکویڈیٹی اور کریڈٹ کے حالات میں خاطر خواہ مدد فراہم کرتا ہے۔ اس عرصے کے دوران مالی کارکردگی میں بھی کافی اضافہ ہوا۔ مجموعی محصولات کی وصولی میں تقریباً 36.7 فیصد کی مضبوط نمو ریکارڈ کی گئی، جس کی حمایت بہتر انتظامی اقدامات اور مضبوط اقتصادی سرگرمیوں سے ہوئی ہے۔ مالیاتی خسارہ جی ڈی پی کے تقریباً 2.6 فیصد تک کم ہو گیا جبکہ حکومت نے جی ڈی پی کے 3.0 فیصد کے برابر بنیادی سرپلس حاصل کیا جو کہ نظم و ضبط کے مالیاتی انتظام کی عکاسی کرتا ہے۔

بیرونی محاذ پر پاکستان کی کرنٹ اکاؤنٹ پوزیشن میں نمایاں بہتری آئی ہے اور خسارے سے 1.9 ارب ڈالر کے سرپلس میں تبدیل ہو گئی ہے۔ یہ تبدیلی بنیادی طور پر ریکارڈ اعلیٰ کارکنوں کی ترسیلات زر کی وجہ سے ہوئی، جو تقریباً 31.2 بلین ڈالر تک پہنچ گئی، اس کے ساتھ ساتھ غیر ملکی زرمبادلہ کے ذخائر کی سطح میں اضافہ جس نے زیادہ بیرونی استحکام میں اہم کردار ادا کیا۔ تاہم شعبہ جاتی کارکردگی غیر مساوی رہی۔ زراعت کے شعبے میں 0.56 فیصد کی معمولی توسیع ہوئی ہے، جس میں مویشی مجموعی ترقی میں کلیدی شراکت دار کے طور پر ابھرے ہیں۔ صنعتی شعبے نے ملے جلے رجحانات کو ظاہر کیا: بڑے پیمانے پر مینوفیکچرنگ معاہدہ کیا گیا، جو جاری ساختی اور لاگت کے ضمنی چیلنجوں کی عکاسی کرتا ہے، جبکہ افادیت اور تعمیراتی شعبوں نے توانائی کی بہتر دستیابی اور جاری ترقیاتی سرگرمیوں کی مدد سے خاطر خواہ ترقی کا تجربہ کیا۔ مجموعی طور پر، یہ دور معاشی بحران سے استحکام کی طرف فیصلہ کن منتقلی کی نمائندگی کرتا ہے۔ بحالی کے واضح اشاروں کے باوجود، بنیادی ساختی چیلنجز اور بڑھتی ہوئی عالمی غیر یقینی صورتحال نے خطرات پیدا کیے ہیں، جس سے درمیانی مدت کی ترقی کے امکانات محتاط ہیں لیکن آہستہ آہستہ بہتر ہو رہے ہیں۔

## داخلی مالیاتی کنٹرول

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

## سماجی اور ماحولیاتی ذمہ داری

فرسٹ آئی بی ایل مضاربہ (ایف آئی بی ایل ایم) غیر متزلزل پیشہ ورانہ مہارت اور جوش و خروش کے ساتھ کیونٹی کی خدمت کرنے کے مضبوط عزم پر مبنی ہے۔ ہماری توجہ ہمیشہ بہتر ماحول کو فروغ دینے اور پائیداری کو فروغ دینے کے لیے کئی اہم شعبوں پر رہی ہے۔ ہمارا بنیادی کارپوریٹ مقصد مضبوط داخلی کنٹرول کا قیام ہے۔

ایف آئی بی ایل ایم میں، ہم اپنے تمام آپریشنز میں ٹھوس اخلاقی طریقوں کو برقرار رکھنے کے لیے وقف ہیں۔ ہم اپنے عملے کے ارکان کے لیے رسک اینڈ ریوارڈ کے تصور پر پختہ یقین رکھتے ہیں۔ مزید برآں، ہمارے ملازمین سماجی برادری کے منصوبوں میں فعال طور پر مشغول ہوتے ہیں، جو مثبت کارپوریٹ شراکت کے لئے اچھے نمونے کے طور پر کام کرتے ہیں۔

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

ہمارے قابل قدر صارفین کے مفادات کے تحفظ کے لیے، ایف آئی بی ایل ایم باقاعدگی سے فیڈبیک میکانزم اور بار بار دوروں کے ذریعے ان کے خدشات کو دور کرتا ہے۔ ہم ہر فرد کی صلاحیتوں کو بروئے کار لانے پر پختہ یقین رکھتے ہیں، کیونکہ وہ ہمارے ادارے کو بہت فائدہ پہنچا سکتے ہیں۔ ہماری جامع ایچ آر پالیسی کے اندر، ایف آئی بی ایل ایم معروف انشورنس/انکافل کمپنیوں کے ذریعے ہمارے عملے کے لیے ہیلتھ انشورنس/انکافل کو فرماہم کرتا ہے۔ ہمارے ملازمین کی صحت اور حفاظت ہماری انتظامیہ کے لئے سب سے اہم خدشات ہیں۔ ہم اپنے عملے کے ممبروں کو مسلسل ان سرگرمیوں میں فعال طور پر حصہ لینے کی ترغیب دیتے ہیں جو افراد اور تنظیم دونوں کے لئے ٹھوس فوائد لاتے ہیں۔

## آڈیٹرز کے اعتراضات

متوقع کریڈٹ لاس (ECL) ڈائریکٹرز نے آڈیٹرز کی اس مشاہدے کو تسلیم کیا ہے کہ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ (IFRS 9)، مالیاتی آلات کے تحت مستقبل کی طرف سے متوقع کریڈٹ لاس (ECL) ماڈل کو یکم جولائی 2024 سے سیکورٹیز اینڈ ایکسیچینج کمیشن آف پاکستان (SECP) نے لاگو کیا۔ مضاربہ نے سال کے دوران مالی اثاثوں پر نقصان کی شناخت کے لیے موجودہ پروڈنشل ریگولیشنز کا اطلاق جاری رکھا ہے۔ یہ طریقہ کار، مضاربہ سیکورٹیز میں جاری عبوری عمل، صنعت بھر میں حتمی نفاذ کے رہنما اصولوں کی عدم موجودگی، اور IFRS 9 کے تحت



# COMPARATIVE FINANCIAL SUMMARY

## Balance Sheet

(Figures in Million)

Year Ended June 30.	2020	2021	2022	2023	2024	2025
<b>CURRENT ASSETS</b>						
Cash and bank balances	44.16	52.11	13.60	82.10	106.25	182.03
Ijarah rental receivables	1.24	0.13	1.21	0.22	0.48	2.22
Advances, prepayments & other receivables	8.53	6.61	6.33	4.33	9.32	5.86
Short term investments	3.83	4.74	2.77	1.31	1.92	3.22
Short term Musharakah receivables	8.00	0.60	27.50	13.55	44.00	-
Current portion of Musharakah receivables	27.24	53.24	54.41	29.89	20.56	16.71
<b>Total Current Assets</b>	<b>92.99</b>	<b>117.43</b>	<b>105.83</b>	<b>131.41</b>	<b>182.53</b>	<b>210.03</b>
<b>NON-CURRENT ASSETS</b>						
Long term Musharakah receivables	42.63	26.85	25.84	25.55	4.75	31.77
Long term advances and deposits	2.62	2.62	0.02	0.02	0.02	0.00
Deferred tax	-	-	-	-	8.09	11.33
Investment Property	62.08	57.08	52.08	47.08	42.08	-
Fixed assets under Ijarah arrangements	26.97	6.63	23.75	18.51	10.32	20.67
Fixed assets under own use	2.41	1.45	0.79	0.24	0.08	0.03
Intangible assets	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>136.71</b>	<b>94.64</b>	<b>102.49</b>	<b>91.40</b>	<b>65.34</b>	<b>63.81</b>
<b>Total Assets</b>	<b>229.70</b>	<b>212.06</b>	<b>208.32</b>	<b>222.81</b>	<b>247.88</b>	<b>273.84</b>
<b>CURRENT LIABILITIES</b>						
Creditors, accrued & other liabilities	1.37	0.83	0.91	5.80	4.69	5.66
Musharakah profit payable	1.43	-	-	-	-	-
Musharakah finance	0.70	0.70	0.70	0.70	0.70	-
Current portion of non current liabilities	18.89	5.83	2.53	4.25	3.21	8.11
Provision for taxation	-	-	-	-	11.11	4.41
Unclaimed profit distribution	10.67	10.88	10.83	10.83	10.83	10.73
<b>Total current Liabilities</b>	<b>33.06</b>	<b>18.24</b>	<b>14.97</b>	<b>21.59</b>	<b>30.53</b>	<b>28.91</b>
<b>NON CURRENT LIABILITIES</b>						
Long term security deposits	3.67	0.04	3.35	2.08	0.62	0.73
Deferred Tax	-	-	-	0.36	-	-
<b>Total non current Liabilities</b>	<b>3.67</b>	<b>0.04</b>	<b>3.35</b>	<b>2.44</b>	<b>0.62</b>	<b>0.73</b>
<b>EQUITY</b>						
Issued, subscribed & paid up capital	216.88	216.88	216.88	216.88	216.88	216.88
Reserves	44.81	45.39	45.39	47.40	49.69	55.05
Revenue Reserve and Unappropriated profit	(72.30)	(72.85)	(74.82)	(66.81)	(51.59)	(30.12)
<b>Total Equity</b>	<b>189.39</b>	<b>189.42</b>	<b>187.45</b>	<b>197.46</b>	<b>214.97</b>	<b>241.81</b>
Un realized gain on revaluation on investment	3.59	4.37	2.55	1.34	1.75	2.38
	<b>229.70</b>	<b>212.06</b>	<b>208.31</b>	<b>222.81</b>	<b>247.88</b>	<b>273.84</b>

# COMPARATIVE FINANCIAL SUMMARY

## Profit & Loss Statement

(Figures in Million)

Year Ended June 30.	2020	2021	2022	2023	2024	2025
<b>INCOME</b>						
Income from Ijarah	7.70	4.00	6.56	11.57	15.57	19.63
profit on Musharakah investments	9.38	10.93	12.48	12.74	19.61	7.03
<b>Sub-total</b>	<b>17.08</b>	<b>14.93</b>	<b>19.04</b>	<b>24.31</b>	<b>35.18</b>	<b>26.65</b>
<b>OTHER INCOME</b>						
income from investment property	7.50	7.50	7.50	7.50	7.50	3.75
Profit on deposits	1.70	1.19	1.71	3.89	9.22	18.78
Income from short term investments	0.05	0.13	-	-	-	0.40
Dividend Income		0.05	0.04	0.00	0.00	0.00
Reversal of provision against non performing Musharakah	-	-	0.23	3.17	-	-
Reversal of Musharakah profit held in suspense account	0.18	0.20	-	-	-	-
balances written back	-	-	-	-	-	0.70
Other income	0.87	0.27	0.26	0.62	0.21	4.16
Sub-total	10.29	9.33	9.73	15.17	16.92	27.79
<b>Total Income</b>	<b>27.37</b>	<b>24.26</b>	<b>28.77</b>	<b>39.48</b>	<b>52.10</b>	<b>54.45</b>
<b>EXPENSES</b>						
Operating Expenses	16.45	16.51	16.18	14.88	17.01	12.86
Balances written off	-	-	5.26	-	-	-
Depreciation on assets under Ijarah	6.41	3.28	5.41	9.24	11.23	15.30
Provision and suspension of doubtful Musharakah receivable	-	-	2.81	-	-	-
Other operating expenses	0.02	1.07	0.15	0.04	-	-
<b>Total Expenses</b>	<b>22.88</b>	<b>20.86</b>	<b>29.80</b>	<b>24.15</b>	<b>28.24</b>	<b>28.16</b>
Profit/ (loss) before Management Fee	4.49	3.40	(1.03)	15.34	23.86	26.29
Management Fee	0.45	0.34	-	1.53	2.43	2.63
Provision for WWF	-	0.15	-	0.31	-	-
Taxation	-	-	0.94	3.49	10.44	(3.18)
<b>Net Profit</b>	<b>4.04</b>	<b>2.91</b>	<b>(1.97)</b>	<b>10.01</b>	<b>10.98</b>	<b>26.84</b>

**STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

**Name of the Company:** First IBL Modaraba  
**Year ended:** June 30, 2025

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

1. The total number of directors are 5\* as per the following: -

- a. Male: 4  
b. Female:1

\* The requirement of minimum 7 directors does not apply to Modaraba Management Company being private limited company. The Company will ensure adherence to the requirements in next election of directors.

2. The composition of the Board is as follows:

Category	Number	Name
Independent Directors*	1	Mr. Salman Ahmad
Non-Executive Directors (Excluding Female Director)	2	Mr. Ibrahim Hasan Murad, Chairman Mr. Arslan Khan Khakwani
Executive Director	1	Mr. Muhammad Ibrahim Qazi, Chief Executive
Female director (Non-Executive Directors)	1	Ms. Faiza Jabeen

\*Best practices of corporate governance require an optimal number and mix of board members with adequate skills and experience. Although, the current Board of Directors of the Company (5) does not adequately meet the composition requirements as per the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Furthermore, an independent director has been appointed to play an effective role within the Board and making valuable contributions. The Company will ensure adherence to the requirements in next election of directors.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Modaraba;
4. The Modaraba has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Modaraba along with its supporting policies and procedures.
5. The Board has developed a comprehensive vision/mission statement, overall corporate strategy, and significant policies of the Modaraba. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Modaraba;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board. The Modaraba was unable to hold meeting of the board of the directors during 1st quarter of financial year, owing to non-availability of the directors and finalisation of annual audited financial statements.
8. One director out of five directors is exempted from Director's Training by virtue of his requisite qualification and experience of serving on the Board of listed company. The Modaraba has not arranged any formal or in-house training sessions for the directors to apprise them of changes in laws, rules, and regulations or their duties and responsibilities;

9. The Board has approved appointment of Chief Financial Officer, Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
11. The Board has formed following committees comprising of members given below:

**a) Audit Committee**

Mr. Salman Ahmad	Member and Chairman
Mr. Ibrahim Hasan Murad	Member
Ms. Faiza Jabeen	Member
Mr. Hassan Fareed	Secretary

**b) HR and Remuneration Committee**

Mr. Salman Ahmad	Member and Chairman
Mr. Ibrahim Hasan Murad	Member
Ms. Faiza Jabeen	Member
Mr. Hassan Fareed	Secretary

12. The Terms of Reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
13. The frequency of meetings of the committees are as follows:

Name of Committees	Frequency of meetings
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly

14. The Modaraba has an internal audit function; however, the existing personnel do not fully meet the qualification and competency requirements as prescribed under Regulation 23 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Management is currently in the process of recruiting suitably qualified resource(s) to ensure full compliance with the regulations.
15. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP) and that they and the partners of the firm involved in the audit are not a close relative (spouses, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Modaraba;
16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
17. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with except for:

Sr. No.	Description	Regulation No.	Explanation of Non-Compliance
1	The Board shall meet at least once in each quarter of year.	7	The Board did not hold its meeting during the 1st quarter of the financial year, owing to non-availability of board members and delays in

finalisation of annual audited financial statements for the year ended June 30, 2024.

18. Explanations for non-compliance with the requirements other than the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 are as follows:

Sr. No.	Description	Regulation No.	Explanation of Non-Compliance
1	All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.	18	The Modaraba has not made appropriate arrangements to carry out orientation programs for its directors to familiarize them with the Regulations, applicable laws, their duties, and responsibilities.
2	By June 30, 2020, at least 50% of directors should have completed prescribed director training certification; by June 30, 2021, at least 75%; and by June 30, 2022, all directors must have obtained the required certification from approved training programs.	19(1)	It was encouraged by the Code that by June 30, 2022; all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it. Currently, four out of seven directors have already attended the Directors' Training Program (DTP). The Company is in the process of arranging formal DTP training for the remaining directors, executive including female executive in next financial year.
a3	Companies are encouraged to provide director training annually to at least one female executive starting July 2020, and to at least one head of department starting July 2022.	19(3)	
4	No person shall be appointed as Head of Internal Audit unless they have relevant experience and qualifications such as: <ul style="list-style-type: none"> <li>• Membership of ICAP or ICMAP with at least 3 years' relevant experience; or</li> <li>• At least 5 years' experience and certification as CIA, CFE, or CICA, or a postgraduate degree in business/finance plus relevant professional membership; or</li> <li>• At least 7 years' managerial experience with a suitable graduate degree recognized by HEC.</li> </ul>	23 & 31	The Modaraba has an established Internal Audit Department; however, the Head of Internal Audit does not presently meet the prescribed qualification criteria as required under Regulation 31(5) of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The management is taking steps to ensure compliance.

On behalf of the Board of Directors



Ibrahim Hasan Murad  
Chairman

## Independent auditors' report to the certificate holders of First IBL Modaraba

### Report on the audit of the financial statements

#### Qualified Opinion

We have audited the annexed financial statements of First IBL Modaraba (the "Modaraba"), which comprise the statement of financial position as at June 30, 2025, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), 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, 2025 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for qualified opinion

1. The Modaraba continued to apply prudential regulations for recognition of expected credit losses (ECL) on its financial assets, rather than forward-looking expected credit loss model required by International Financial Reporting Standard 9, Financial Instruments as applicable to Modaraba sector with effect from July 01, 2024 as notified by Securities and Exchange Commission of Pakistan. In absence of determination of allowance for expected credit losses in accordance with the requirements of International Financial Reporting Standard 9, Financial Instruments; we were unable to determine as whether any adjustment might have been found necessary in respect of recorded assts and the elements making up the statement of financial position, statement of profit or loss, statement of changes in equity and statement of cash flows. The cumulative effect of this matter has neither been determined nor adjusted in these financial statements.
2. We were unable to obtain sufficient appropriate audit evidence regarding the unclaimed dividend payable balance of Rupees 10.727 million in absence of underlying record with the Modaraba. Moreover, the Modaraba has not taken measures to comply with the requirements of Section 244 of the Companies Act, 2017. Due to this unavailability of evidence, we could not satisfy ourselves as to the accuracy or completeness of this liability. Accordingly, we were unable to determine as to whether any adjustment in financial statements might have been found necessary in respect of dividend payable.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Modaraba and Modaraba Company (IBL Modaraba Management Company (Private) Limited) in accordance with the International Ethics Standards Board for Accountants 'Code of Ethics for Professional Accountants' as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is key audit matter except for matters referred to in our basis for opinion:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Fixed assets under ijarah arrangements</b></p> <p>Refer to note 5 of the financial statements.</p> <p>As at June 30, 2025, The Company has a material portfolio of assets under Ijarah arrangements amounting to Rupees 20,669,211.</p> <p>Determining the appropriate accounting treatment involves significant judgment, including classification of contracts, recognition of leased assets, calculation of depreciation, recognition of rental income over the lease term, and estimation of expected credit losses on outstanding rentals. Due to the magnitude of amounts involved and the level of management judgment required, this area was assessed as a key audit matter.</p>	<p>Our audit procedures, among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have:</p> <ul style="list-style-type: none"> <li>• Obtain signed agreements, rental schedules, ownership proof, and delivery / possession records. Confirm that the contract terms comply with Ijarah structure and that the asset exists and is identifiable</li> <li>• Ensure classification reflects the substance of the arrangement rather than management intent.</li> <li>• Verify that assets leased out under Ijarah are recorded as fixed assets and not as inventory. Review purchase invoices and capitalization timing in the fixed asset register.</li> <li>• Test depreciation based on the asset's useful economic life and ensure depreciation starts only after asset delivery to lessee. Confirm that depreciation is charged by the lessor because ownership and risks remain with them.</li> <li>• Compare rental income recorded with rental schedules to ensure income is recognized evenly or as per contract's terms over the lease period. Perform cut-off procedures on rentals recorded near year-end.</li> <li>• Match outstanding rentals with customer ledgers and test subsequent receipts after year-end.</li> <li>• Ensure disclosures include gross carrying value of Ijarah assets, depreciation policies, income earned from Ijarah, future rental commitments, and significant judgment areas.</li> </ul>

#### Information other than the financial statements and Auditor's Report thereon

Management of the Modaraba Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of management and Board of Directors of the Modaraba Company for the financial statements**

Management of the Modaraba Company is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and for such internal control as management of the Modaraba Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Modaraba Company is responsible for assessing the Modaraba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the Modaraba Company either intends to liquidate the Modaraba or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Modaraba Company are responsible for overseeing the Modaraba's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurances about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Modaraba Company;
- Conclude on the appropriateness of the management of the Modaraba Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors of the Modaraba Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors of the Modaraba Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors of the Modaraba Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

- a) except for the effects of matter described in the Basis for Qualified Opinion paragraphs, proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);
- b) except for the effects of matter described in the Basis for Qualified Opinion paragraphs, the statement of financial position, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows 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 are in agreement with the books of account;
- c) except for the effects of matter described in the Basis for Qualified Opinion paragraphs, business conducted, investments made, expenditure incurred and guarantees extended during the year by the Modaraba were in accordance with the objects, terms and conditions of the Modaraba; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 -(XVIII of 1980).

#### Other matter

The financial statements for the Modaraba for the year ended June 30, 2024 were audited by another firm of chartered accountants who expressed unmodified opinion on those financial statements on November 11, 2024.

The Engagement partner on the audit resulting in this independent auditors' report is Imran Bashir.

Lahore:   
UDIN: AR202510140WmBiqDELj

  
Rizwan & Company  
Chartered Accountants

## Independent Auditor's Review Report

### To the Members of First IBL Modaraba

#### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of M/S First IBL Modaraba (the Modaraba) for the year ended June 30, 2025 in accordance with the requirements of Regulation 36 of the Regulations.

- The responsibility for compliance with the Regulations is that of the Board of Directors of the Modaraba. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the Modaraba to comply with the Regulations.

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

The Regulations require the Modaraba 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, with the requirements of Section 208 of the Companies Act, 2017. 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.

Following instance of non-compliance with requirement of Regulations was observed:

- The Board did not hold its meeting during the 1st quarter of financial year, owing to non-availability of Board Members and finalization of annual audited financial statements as per mandatory requirement of the regulation 7 of the Regulations which states that the Board shall meet at least once in each quarter of year.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended June 30, 2025.

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

S. No.	Non mandatory requirement	Reg. No.	Explanation
1	The Company shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.	18	The Modaraba is in the process of making arrangement to carry out orientation programs for its directors.
2	By June 30, 2022, all directors must have obtained the required certification from approved training programs.	19(1)	Currently, only one director has successfully completed the mandatory training, while training to remaining directors in due course.
3	The companies are encouraged to provide director training annually to at least one female executive starting July 2020 and to at least one Head of Department starting July 2022.	19(3)	The Modaraba is in process of arranging training for eligible employees.

4 No person shall be appointed as Head of Internal Audit unless they have relevant experience and qualifications. 23 & 31

The Modaraba has an established Internal Audit Department; however, the Head of Internal Audit does not presently meet the prescribed qualification criteria as required under Regulation 31(5) of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Management is taking steps to ensure compliance in near future.

  
Rizwan & Company  
Chartered Accountants  
Engagement Partner: Imran Bashir

Lahore: **11 DEC 2025**  
UDIN: CR202510140GncZvlpJY

## SHARI'AH ADVISORS' REPORT FOR THE YEAR ENDED June 30, 2025

I have conducted the Shari'ah review of First IBL Modaraba managed by IBL Modaraba Management (Pvt.) Ltd. for the year ended June 30, 2025 in accordance with requirement of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modaraba.

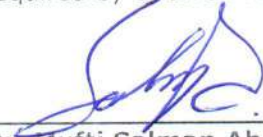
I acknowledge and certify that as Sharia Advisor of the Modaraba, the financial arrangements, contracts and transactions entered into by the company with its customers, stake holders and participants are in compliance with the requirements of Sharia rules and principles.

During the review I have verified the following in compliance with Shariah mechanism:

- The transactions of Musharakah and Ijarah were reviewed on random selection basis.
- Declarations, description of assets, relevant purchase invoices, sequence and order of the documents and time difference between purchases and declaration where applicable were reviewed to obviate the possibility of fictitious transactions.
- Sharia Compliance Checklists (SCC) of transactions was also reviewed on random basis.
- During the year, credit approvals, customer-specific transaction process flows, text of documents and security documents were reviewed to ensure Shariah compliance while offering financing products to the customers.
- Random physical inspections and concrete measures were taken to verify the purchase evidences and invoices of financing transactions, thus further improving the quality of internal controls.
- Other related documents and procedures followed by different functional areas were found proper.
- During the year onsite training has been given to the staff.
- There is no receipt of charity during the financial year accordingly no amount was credited into charity account.

### Conclusion

In this context of detailed Shari'ah review carried by the undersigned for the Year ended June 30, 2025, transactions during the period executed by FIBLM were found satisfactory as required by Shari'ah Audit Mechanism.

  
Dr. Mufti Salman Ahmad Khan  
Shari'ah Advisor  
November 27, 2025  
Certificate No. FIBLM-202506



**First IBL Modaraba**  
**Statement of financial position**  
**As at June 30, 2025**

	Note	2025	Restated 2024	Restated July 01, 2023
<b>Rupees</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Fixed assets under ijarah arrangements	5	20,669,211	10,323,877	18,512,742
Fixed assets under own use	6	32,933	79,162	238,699
Investment property	7	-	42,083,494	47,083,522
Long term musharakah receivables	8	31,772,278	4,748,314	25,548,004
Long term deposits		3,000	20,500	20,500
Deferred taxation	9	11,328,306	8,089,331	6,174,837
		<b>63,805,728</b>	<b>65,344,678</b>	<b>97,578,304</b>
<b>Current assets</b>				
Short term musharakah receivables	10	-	44,000,000	13,553,483
Ijarah rentals receivable	11	2,215,680	484,497	224,868
Advances, prepayments and other receivables	12	1,671,134	6,788,050	2,469,641
Current portion of long term musharakah receivables	8	16,706,050	20,557,040	29,890,654
Advance income tax	13	4,193,736	2,536,504	1,861,395
Short term investments	14	3,217,793	1,918,105	1,306,793
Cash and bank balances	15	182,027,614	106,248,945	82,104,089
		<b>210,032,007</b>	<b>182,533,141</b>	<b>131,410,923</b>
		<b>273,837,735</b>	<b>247,877,819</b>	<b>228,989,227</b>
<b>Equity and Liabilities</b>				
<b>Capital and reserves</b>				
Certificate capital	16	216,875,000	216,875,000	216,875,000
Statutory reserve	17	55,054,483	49,686,655	47,395,690
Fair value reserve	18	2,384,236	1,748,795	1,336,131
Accumulated loss		(30,117,850)	(51,589,164)	(60,278,396)
		<b>244,195,869</b>	<b>216,721,286</b>	<b>205,328,425</b>
<b>Non-current liabilities</b>				
Long term deposits	19	733,000	621,800	2,075,000
<b>Current liabilities</b>				
Trade and other payables	20	5,664,698	4,685,071	2,854,911
Musharaka finances		-	700,000	700,000
Current portion of long term security deposits		8,106,249	3,205,350	4,253,911
Provision for levies	26	-	563	39
Income tax payable	27	4,410,169	11,109,151	2,942,343
Unclaimed dividend		10,727,750	10,834,598	10,834,598
		<b>28,908,866</b>	<b>30,534,733</b>	<b>21,585,802</b>
		<b>273,837,735</b>	<b>247,877,819</b>	<b>228,989,227</b>
<b>Contingencies and commitments</b>				
	21			

The annexed notes from 1 to 39 form an integral part of these condensed interim financial statements.

**For IBL Modaraba Management (Private) Limited**  
(Modaraba Management Company)



Chief Executive



Director



Director




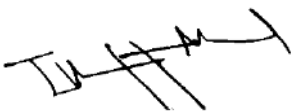


Chief Financial Officer

**First IBL Modaraba**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended June 30, 2025**

	Note	2025 Rupees	Restated 2024
<b>Income from operations</b>			
Income from ijarah		19,628,485	15,566,532
Profit on musharakah investments		7,026,485	19,609,704
Other income	22	27,794,587	16,923,541
		<u>54,449,557</u>	<u>52,099,777</u>
<b>Expenses</b>			
Operating expenses	23	(12,851,892)	(17,004,657)
Finance costs	24	(5,357)	(4,848)
Depreciation on assets under ijarah	5	(15,301,964)	(11,231,011)
		<u>(28,159,213)</u>	<u>(28,240,516)</u>
<b>Operating profit</b>		<b>26,290,344</b>	<b>23,859,261</b>
Modaraba management company's fee	25	(2,629,034)	(2,434,992)
<b>Profit before levies and income tax</b>		<b>23,661,310</b>	<b>21,424,269</b>
<b>Provisions for levies</b>	26	<b>(4,410,169)</b>	<b>(563)</b>
<b>Profit before income tax</b>		<b>19,251,141</b>	<b>21,423,706</b>
<b>Income tax</b>	27	<b>7,588,001</b>	<b>(10,443,509)</b>
<b>Profit after taxation for the year</b>		<b>26,839,142</b>	<b>10,980,197</b>
<b>Earnings per certificate - basic and diluted</b>	28	<b>1.24</b>	<b>0.51</b>

The annexed notes from 1 to 39 form an integral part of these condensed interim financial statements.

**For IBL Modaraba Management (Private) Limited**  
(Modaraba Management Company)

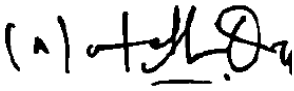
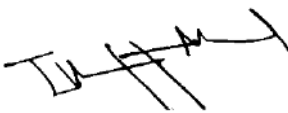


 <hr/> <b>Chief Executive</b>	 <hr/> <b>Director</b>	 <hr/> <b>Director</b>	 <hr/> <b>Chief Financial Officer</b>
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**First IBL Modaraba**  
**Statement of comprehensive income**  
**For the year ended June 30, 2025**

	Note	2025 Rupees	2024
<b>Profit after taxation for the year</b>		<b>26,839,142</b>	10,980,197
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Unrealized gain on re-measurement of investments through OCI	14	894,987	550,219
Related deferred tax		(259,546)	(137,555)
		635,441	412,664
<b>Items that may be reclassified subsequently to profit or loss:</b>			
		-	-
<b>Total comprehensive income for the year</b>		<b>27,474,583</b>	11,392,861

The annexed notes from 1 to 39 form an integral part of these condensed interim financial statements.

**For IBL Modaraba Management (Private) Limited**  
 (Modaraba Management Company)





 <hr/> <b>Chief Executive</b>	 <hr/> <b>Director</b>	 <hr/> <b>Director</b>	 <hr/> <b>Chief Financial Officer</b>
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**First IBL Modaraba**  
**Statement of changes in equity**  
**For the year ended June 30, 2025**

	<b>Certificate capital</b>	<b>Statutory reserve</b>	<b>Fair value reserve</b>	<b>Accumulated loss</b>	<b>Total equity</b>
	<b>Rupees</b>				
Balance as at June 30, 2023 - as reported	216,875,000	47,395,690	1,336,131	(66,814,365)	198,792,456
Effect of restatement	-	-	-	6,535,969	6,535,969
Balance as at June 30, 2023 - as restated	216,875,000	47,395,690	1,336,131	(60,278,396)	205,328,425
Profit for the year - restated	-	-	-	10,980,197	10,980,197
Other comprehensive income for the year	-	-	412,664	-	412,664
Total comprehensive income for the year	-	-	412,664	10,980,197	11,392,861
Transferred to statutory reserve	-	2,290,965	-	(2,290,965)	-
Balance as at June 30, 2024	216,875,000	49,686,655	1,748,795	(51,589,164)	216,721,286
Profit for the year	-	-	-	26,839,142	26,839,142
Other comprehensive income for the year	-	-	635,441	-	635,441
Total comprehensive income for the year	-	-	635,441	26,839,142	27,474,583
Transferred to statutory reserve	-	5,367,828	-	(5,367,828)	-
Balance as at June 30, 2025	<b>216,875,000</b>	<b>55,054,483</b>	<b>2,384,236</b>	<b>(30,117,850)</b>	<b>244,195,869</b>

The annexed notes from 1 to 39 form an integral part of these condensed interim financial statements.

**For IBL Modaraba Management (Private) Limited**  
(Modaraba Management Company)

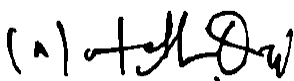
 <hr style="width: 100%;"/> <b>Chief Executive</b>	 <hr style="width: 100%;"/> <b>Director</b>	 <hr style="width: 100%;"/> <b>Director</b>	 <hr style="width: 100%;"/> <b>Chief Financial Officer</b>
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**First IBL Modaraba**  
**Statement of cash flows**  
**For the year ended June 30, 2025**

	Note	2025 Rupees	2024
<b>Cash flows from operating activities</b>			
Profit before levies and income tax		23,661,310	21,424,269
<b>Adjustments for non-cash charges / items:</b>			
Depreciation of fixed assets under own use	6	46,229	159,537
Depreciation of investment property	7	2,500,014	5,000,028
Depreciation of fixed assets under ijarah arrangements	5	15,301,964	11,231,011
Gain on remeasurement of short term investment	22	(404,700)	(61,094)
Credit balance written back	22	(700,061)	-
Debit balance written off	23	18,166	201,266
Gain on termination of ijarah arrangements	22	(239,650)	(2,267)
Gain on disposal of investment property	22	(3,916,520)	-
Profit on bank deposits	22	(18,781,561)	(9,217,038)
<b>Operating cash flows before working capital changes</b>		<b>17,485,191</b>	<b>28,735,712</b>
<b>Effect on cash flows due to working capital changes:</b>			
<b>(Increase) / decrease in operating assets</b>			
Advances, prepayments and other receivables		5,098,750	(4,519,675)
Ijarah rentals receivables - net		(1,731,183)	(259,629)
<b>Increase / (decrease) in operating liabilities</b>			
Security deposits against ijarah assets		5,012,098	(2,501,761)
Musharaka finances		(700,000)	-
Trade and other payables		1,679,688	1,799,724
<b>Cash used in working capital changes</b>		<b>9,359,353</b>	<b>(5,481,341)</b>
<b>Cash generated from operating activities</b>		<b>26,844,544</b>	<b>23,254,371</b>
Income tax / levies paid		(8,677,466)	(4,973,460)
Profit received on bank deposits		18,781,561	9,217,038
<b>Net cash generated from operating activities</b>		<b>36,948,639</b>	<b>27,497,949</b>
<b>Cash flows from investing activities</b>			
Purchase of assets under ijarah arrangements	5	(30,044,698)	(6,977,200)
Long term musharakah receivables		(23,172,974)	30,133,304
Short term musharakah receivables		44,000,000	(30,446,517)
Long term deposits		17,500	-
Proceeds from disposal of investment property		43,500,000	-
Proceeds from disposal of assets on termination / completion of ijarahs		4,637,050	3,937,321
<b>Net cash generated from / (used in) investing activities</b>		<b>38,936,878</b>	<b>(3,353,092)</b>
<b>Cash flow from financing activities</b>			
Unclaimed dividend paid		(106,848)	-
<b>Net cash (used in) financing activities</b>		<b>(106,848)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents during the year</b>		<b>75,778,669</b>	<b>24,144,857</b>
Cash and cash equivalents at the beginning of the year		106,248,945	82,104,089
<b>Cash and cash equivalents at the end of the year</b>	15	<b>182,027,614</b>	<b>106,248,945</b>

The annexed notes from 1 to 39 form an integral part of these condensed interim financial statements.

For IBL Modaraba Management (Private) Limited  
(Modaraba Management Company)



Chief Executive



Director



Director



Chief Financial Officer

**First IBL Modaraba**  
**Notes the financial statements**  
**For the year ended June 30, 2025**

## **1 Legal status and nature of business**

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

## **2 Basis of preparation**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of;

- International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Islamic Financial Accounting Standards (IFAS) as are notified under the provisions of the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017, Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021 for Modaraba (hereinafter referred to as the relevant laws).

Wherever the requirements of the approved accounting standards differ from the relevant laws, the relevant laws have been followed.

### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except short term investments that are measured at fair value.

### **2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees which is Modaraba's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest rupee unless otherwise stated.

## **3 Key estimates and judgments**

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. Actual results may differ from these estimates.

In the process of applying the Modaraba's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

### **3.1 Useful lives, pattern of flow of economic benefits and impairment**

The Modaraba's management determines the useful lives and related depreciation charge, the residual values and impairment of its fixed assets and investment property on regular basis as disclosed in note 4.3, 4.4, 5, 6 & 7 to the financial statements. These are reviewed at the end of each reporting period and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets and the residual values, the same is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimate in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

### **3.2 Provision against non performing financing**

The Modaraba reviews its overdue receivables from Ijarah and Musharakah as disclosed in note 4.2, 8, 11, & 12 to the financial statements at each reporting date to assess whether subjective provision should be recorded in the profit and loss, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

### **3.3 Impairment of other financial assets**

Provision is recognized based on management judgment regarding the recoverability of balance as disclosed in note 4.10 & 8 to the financial statements. Balances considered bad and irrecoverable are written off when identified.

### **3.4 Provision for taxation**

As disclosed in note 4.9 to the financial statements, provision has been made in these financial statements for income taxes in accordance with Income tax Ordinance, 2001.

For the above purposes, and also in respect of making an estimate for income tax currently payable by the Modaraba (if so required), the management considers the current income tax laws and the decisions of the appellate authorities on certain issues.

### **3.5 Valuation of short term investments**

The Modaraba has recorded its short term investments by using quotations from Pakistan Stock Exchange as disclosed in note 14 to the financial statements. This valuation is subjective to market price fluctuation and therefore, cannot be determined with precision.

### **3.6 New or amendments /interpretations to existing standards, interpretations and forthcoming requirements**

There were certain amendments to accounting and reporting standards which became effective on the Entity for the current year ended June 30, 2025. However, these do not have any significant impact on the Entity's financial reporting and, therefore, have not been disclosed in these financial statements except for the following:

Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions- Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants- Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a Entity complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a Entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the Entity must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial Instruments: Disclosures' - Supplier Finance Arrangements.

### **Standards, interpretations and amendments to published approved accounting and reporting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2025:

Amendments to IAS 21 - Lack of exchangeability: This amendments provides guidance to help entities when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments: These amendments:

clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and

make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2026:

IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments.

Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.

Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' - Contracts Referencing Nature-dependent Electricity.

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2027:

IFRS 19 Subsidiaries without Public Accountability- Disclosures and Basis for Conclusions.

IFRS 18 Presentation and Disclosure in Financial Statements- Disclosures and Basis for Conclusions.

The above standards, interpretations and amendments are not likely to have an impact on the Entity's financial statements.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 – First Time Adoption of International Financial Reporting Standards.

IFRS 18 – Presentation and Disclosure in Financial Statements.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures.

IFRS S1 – General Requirements for Disclosure of Sustainability - Related Financial Information.

IFRS S2 – Climate - Related Disclosures.

#### **4 Material accounting policy information**

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless stated otherwise.

##### **4.1 Cash and cash equivalents**

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

##### **4.2 Musharakah investment**

Musharakah investments are stated net of provision. Provision is recognized in accordance with prudential regulations for Modarabas issued by SECP or on the estimate of management, whichever is higher. Bad debts are written off when identified.

##### **4.3 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition the Modaraba values its investment property, which is held to earn rentals and / or for capital appreciation purposes, using the cost model i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged to income on straight-line method over its estimated useful life at the rates specified in note 7 to the financial statements. Depreciation on additions to investment property is charged from the date from which the asset is brought to use till the date the asset is in business use.

Investment properties are derecognized either when they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss in the period of derecognition.

Compensation from third parties for investment property that is impaired, lost or given up is recognized in profit or loss when the compensation becomes receivable.

#### **4.4 Fixed assets**

##### **Assets given to customers under ijarah arrangements**

Leased assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income by applying the straight line method whereby the cost of an asset less salvage value is written off over the leased period, which is considered to be the estimated useful life of the asset. Depreciation on additions and disposals during the year is charged proportionately from the date of commencement of the lease to the date of its maturity / termination.

##### **Assets in own use - Tangible**

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income by applying the straight-line method at the rates given in note 6.

Depreciation on additions is charged from the date the asset is brought to use until the date the asset is in business use.

Maintenance and normal repairs are charged to income as and when incurred. Subsequent costs are included in assets' carrying amounts when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. Gain or loss on disposal of assets is charged to the profit and loss in the year of disposal.

An item of operating fixed assets and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of operating fixed assets is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in profit and loss.

#### **4.5 Creditors and other liabilities**

Creditors and other liabilities are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Modaraba or not.

#### **4.6 Provisions**

Provisions are recognized when the Modaraba has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for.

#### **4.7 Contingent liability**

A contingent liability is disclosed when the Modaraba has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Modaraba; or the Modaraba has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

#### **4.8 Revenue recognition**

Revenue from Ijarah and Murabaha is recognized as per the requirements of the Islamic Financial Accounting Standards (IFAS). Repayment schedule is agreed at the start of facility. Payments are usually due over the period of contract at different dates.

***Ijarah rentals***

Ijarah income is recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

***Musharakah profit***

Profit on diminishing Musharakah financing is recognized on accrual basis. Additional profit, if any, is recognized on declaration by the investee company in accordance with terms of issue.

***Rental income***

Rental income from investment properties is recognized on accrual basis.

***Dividend income***

Dividend income is recognized in profit and loss as other income when:

- the Modaraba's right to receive payment have been established;
- it is probable that the economic benefits associated with the dividend will flow to the Modaraba; and the amount of the dividend can be measured reliably.

***Return on deposit accounts***

Return on deposits with banks is recognized on accrual basis.

**4.9 Taxation*****Current***

Provision for taxation is based on taxable income at current rates after taking into account tax rebates, exemption and credits available, if any under relevant provisions of Income Tax Ordinance, 2001. The charge for current tax also includes adjustments to tax payable, where considered necessary, in respect of previous years. The amount of unpaid income tax in respect of annual or prior periods is recognized as liability and any excess paid over what is due in respect of current or prior periods is recognized as an asset.

The Company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37.

***Deferred***

Deferred tax is recognized using liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation by the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

**4.10 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 4.10.1 Financial assets

All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

##### **Classification**

The management determines the classification of its financial assets at the time of initial recognition and classifies its financial assets in the following categories:

##### **a) Financial assets at amortized cost**

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **b) Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **c) Financial assets at fair value through profit and loss**

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Modaraba can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit and loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss.

##### ***Reclassification***

When the Modaraba changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Modaraba applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit and loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit and loss.

In case of reclassification out of fair value through profit and loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit and loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit and loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit and loss as a reclassification adjustment at the reclassification date.

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

All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Modaraba commits to purchase or sell the asset. The Modaraba initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs.

### ***Subsequent measurement***

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit and loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Modaraba recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit and loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the profit and loss. Dividends on equity instruments are credited to the profit and loss when the Modaraba's right to receive payments is established.

Financial assets 'at fair value through profit and loss' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Modaraba measures the investments at cost less impairment in value, if any.

### ***Derecognition***

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or

the Modaraba has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- a) the Modaraba has transferred substantially all the risks and rewards of the asset; or
- b) the Modaraba has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit and loss.

If the Modaraba transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Modaraba has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Modaraba continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Modaraba also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Modaraba has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Modaraba could be required to repay.

If the Modaraba's continuing involvement is in only a part of a financial asset, the Modaraba allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer.

### ***Impairment of financial assets***

The Modaraba directly reduces the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Modaraba recognizes the impairment at each reporting date for outstanding Ijarah and Musharakahh receivables on the basis of Prudential Regulations issued for Modarabas by the Securities and Exchange Commission of Pakistan (SECP).

For other financial assets, the Modaraba recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is reduced.

The Modaraba measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Modaraba measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Modaraba recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit and loss.

## **4.10.2 Financial liabilities**

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

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

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit and loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

The Modaraba does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit and loss. Financial liabilities carried at fair value through profit and loss are initially recognized at fair value and transaction costs are recognized in the profit and loss.

## ***Subsequent measurement***

### ***Financial liabilities at fair value through profit and loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Modaraba's key management personnel. The Modaraba has not designated any financial liability as at fair value through profit or loss account.

### ***All other liabilities***

All other financial liabilities are measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit and loss.

### ***Derecognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss.

If the Modaraba repurchases a part of a financial liability, the Modaraba allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit and loss.

## **4.11 Earnings per certificate**

The Modaraba presents basic and diluted earnings per certificate (EPC). Basic EPC is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of ordinary certificates outstanding during the year. Diluted EPC is determined by adjusting the profit or loss attributable to ordinary certificate holders and the weighted average number of ordinary certificates outstanding for the effects of all dilutive potential ordinary certificates, if any.

#### 4.12 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length on the same terms and conditions as are applicable to third party transactions or otherwise as approved by the Board of Directors.

#### 4.13 Impairment of non- financial assets

At each reporting date, the Modaraba reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment loss is recognized in the profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized in the profit and loss.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Modaraba uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Valuation techniques used to measure fair value are applied consistently unless a change in a valuation technique or its application results in a measurement that is equally or more representative of fair value in the circumstances. Revisions resulting from a change in the valuation technique or its application are accounted for as a change in accounting estimate.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within different levels of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value hierarchy categorizes into following three levels the inputs to valuation techniques used to measure fair value:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Modaraba can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

For the purpose of fair value disclosures, the Modaraba has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

#### 4.14 Operating segments

An operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

c) for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Modaraba has been identified as Chief Operating Decision Maker.

The Modaraba is divided into three operating segments:

- Ijarah finances;
- Musharakah finances; and
- Investment Property.

All these operating segments are located in Pakistan.

#### **4.14.1 Segment assets and liabilities**

The assets of a segment include all operating assets used by a segment and consist principally of receivables and fixed assets, net of allowances and provisions. Segment liabilities are primarily unallocable.

#### **4.14.2 Allocation of segment expenses**

All identifiable expenses are directly attributed to the respective segments.

#### **4.15 Offsetting of financial assets and liabilities**

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

#### **4.16 Dividend - profit distribution and other appropriations of profit**

Dividend distribution to the Modaraba's certificate holders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Modaraba Management Company. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.

#### **4.17 Fair value measurement**

The Modaraba measures certain financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Modaraba has access at that date. The fair value of a liability reflects the effect of non-performance risk. When applicable, the Modaraba measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When measuring fair value, the Modaraba takes into account the characteristics of asset or liability which include the condition and location of the asset and restrictions, if any, on the sale or use of the asset.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

#### 4.18 Provident fund

The Modaraba operates an approved provident fund for all its employees. The Modaraba and the employees both make equal monthly contributions to the fund at the rate of 10% of the gross salary of employees.

#### 4.19 Effect of adoption of International Accounting and Financial Reporting Standards

During thre year, management has identified an error in calculation of deferred taxation on investment property. The management has calculated deferred tax on accelarated depreciation on investment property in prior periods which was a permanent differece. This error has now been corrected retrospectively under the provisions of International Accounting Standard 08 (Accounting Policies, Changes in Accounting Estimates and Errors). Had this error not been corrected; profit after taxation for the year would have been increased by Rupees 474,627 whereas unappropriated profit would have been decreased by Rupees 6,061342. Cumulative effect of correction of error in corresponding period is presented hereafter:

Description	30-Jun-24		
	As reported	As re-stated	Re-statement
	Rupees		
<b>Effect on statement of financial position</b>			
Deferred taxation	2,027,989	8,089,331	6,061,342
Accumulated loss	(57,650,506)	(51,589,164)	(6,061,342)
<b>Effect on statement of profit or loss</b>			
Income tax expense	11,454,824	10,443,509	1,011,315
<b>Effect on statement of changes in equity</b>			
Opening accumulated loss	(66,814,365)	(60,278,396)	6,535,969
Profit after taxation for the year	11,454,824	10,980,197	(474,627)

There is no impact of restatment on statement of comprehensive income and statement of cash flows.

## 5 Fixed assets under ijarah arrangements

Description	Plant and machinery	Vehicles	Office equipment and computers	Total
	Rupees			
<b>As at July 01, 2023</b>				
Cost	4,413,401	27,599,303	7,543,425	39,556,129
Accumulated depreciation	(3,426,013)	(14,581,594)	(3,035,780)	(21,043,387)
Net book value	987,388	13,017,709	4,507,645	18,512,742
<b>Year ended June 30, 2024</b>				
Net book value at July 01, 2023	987,388	13,017,709	4,507,645	18,512,742
Additions during the year	-	473,700	6,503,500	6,977,200
<b>Disposal / Termination</b>				
Cost	(4,300,401)	(8,449,303)	(7,543,425)	(20,293,129)
Accumulated depreciation	3,518,970	6,640,880	6,198,225	16,358,075
	(781,431)	(1,808,423)	(1,345,200)	(3,935,054)
Depreciation charge	(177,720)	(5,829,696)	(5,223,595)	(11,231,011)
Net book value	28,237	5,853,290	4,442,350	10,323,877
<b>As at July 01, 2024</b>				
Cost	113,000	19,623,700	6,503,500	26,240,200
Accumulated depreciation	(84,763)	(13,770,410)	(2,061,150)	(15,916,323)
Net book value	28,237	5,853,290	4,442,350	10,323,877
<b>Year ended June 30, 2025</b>				
Net book value at July 01, 2024	28,237	5,853,290	4,442,350	10,323,877
Additions during the year	9,100,000	157,900	20,786,798	30,044,698
<b>Disposal / Termination</b>				
Cost	(113,000)	(14,907,900)	(6,871,500)	(21,892,400)
Accumulated depreciation	113,000	13,416,449	3,965,551	17,495,000
	-	(1,491,451)	(2,905,949)	(4,397,400)
Depreciation charge	(2,682,419)	(2,545,976)	(10,073,569)	(15,301,964)
Net book value	6,445,818	1,973,763	12,249,630	20,669,211
<b>Annual rate of depreciation</b>	<b>Term of the arrangement</b>			

- 5.1 Depreciation charge for the year has been recognized in income from ijarah rentals.
- 5.2 The cost of fully depreciated ijarah assets that are still in use amount to Rupees 7,519,400 (2024: Nil).
- 5.3 Transfers represent the assets disposed through negotiation after expiry / termination of Ijarah.

## 5.4 Particulars of fixed assets under ijarah arrangements disposed off during the year are as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship	Particulars of purchaser	Mode of disposal
	<b>Rupees</b>							
<b>Vehicles</b>								
Toyota Altis	3,300,000	2,970,000	330,000	330,000	-	Party under Ijarah	Diamond Tyres Limited	Maturity
Honda Civic	3,250,000	2,925,000	325,000	325,000	-	Party under Ijarah	Diamond Tyres Limited	Maturity
Suzuki Alto	1,243,750	1,119,375	124,375	124,375	-	Party under Ijarah	Diamond Tyres Limited	Maturity
Honda City	2,218,750	1,996,875	221,875	221,875	-	Party under Ijarah	Diamond Tyres Limited	Maturity
Suzuki Cultus	1,718,750	1,546,875	171,875	171,875	-	Party under Ijarah	Diamond Tyres Limited	Maturity
Toyota Corolla Altis	3,018,750	2,716,875	301,875	301,875	-	Party under Ijarah	Diamond Tyres Limited	Maturity
	<u>14,750,000</u>	<u>13,275,000</u>	<u>1,475,000</u>	<u>1,475,000</u>	<u>-</u>			
<b>Items having book value less than Rupees 500,000</b>	157,900	141,449	16,451	16,451	-			
<b>Office equipment and computers</b>								
MacBook Pro 40	895,000	72,545	822,455	846,000	23,545	Party under Ijarah	Arslan Ahmad	Termination
<b>Items having book value less than Rupees 500,000</b>	6,089,500	4,006,006	2,083,494	2,299,599	216,105			
	<u>21,892,400</u>	<u>17,495,000</u>	<u>4,397,400</u>	<u>4,637,050</u>	<u>239,650</u>			

## 6 Fixed assets under own use

Description	Machinery	Furniture and fittings	Vehicles	Office equipment	Computers and accessories	Total
	Rupees					
<b>As at July 01, 2023</b>						
Cost	1,987,400	607,010	2,408,000	1,453,517	2,904,708	9,360,635
Accumulated depreciation	(1,987,400)	(550,626)	(2,407,987)	(1,395,888)	(2,780,035)	(9,121,936)
Net book value	-	56,384	13	57,629	124,673	238,699
<b>Year ended June 30, 2024</b>						
Net book value at July 01, 2023	-	56,384	13	57,629	124,673	238,699
Additions during the year	-	-	-	-	-	-
<b>Disposal / Write offs</b>						
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Depreciation charge	-	(56,384)	(13)	(15,096)	(88,044)	(159,537)
Net book value	-	-	-	42,533	36,629	79,162
<b>As at July 01, 2024</b>						
Cost	1,987,400	607,010	2,408,000	1,453,517	2,904,708	9,360,635
Accumulated depreciation	(1,987,400)	(607,010)	(2,408,000)	(1,410,984)	(2,868,079)	(9,281,473)
Net book value	-	-	-	42,533	36,629	79,162
<b>Year ended June 30, 2025</b>						
Net book value at July 01, 2024	-	-	-	42,533	36,629	79,162
Additions during the year	-	-	-	-	-	-
<b>Disposal / Write offs</b>						
Cost	-	-	-	-	-	-
Net book value	-	-	-	-	-	-
Depreciation charge	-	-	-	(9,600)	(36,629)	(46,229)
Net book value	-	-	-	32,933	-	32,933
<b>Annual rate of depreciation</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>33.33%</b>	

6.1 Depreciation charge for the year has been recognized in operating expenses.

6.2 Above assets include fully depreciated assets of Rupees 9,293,293 (2024: Rupees 9,029,213).

<b>7</b>	<b>Investment property</b>		
	<b>As at July 01, 2023</b>		
	Cost		100,000,465
	Accumulated depreciation		(52,916,943)
	Net book value		<u>47,083,522</u>
	<b>Year ended June 30, 2024</b>		
	Net book value at July 01, 2023		47,083,522
	Additions during the year		-
	Depreciation charge		(5,000,028)
	Net book value		<u>42,083,494</u>
	<b>As at July 01, 2024</b>		
	Cost		100,000,465
	Accumulated depreciation		(57,916,971)
	Net book value		<u>42,083,494</u>
	<b>Year ended June 30, 2025</b>		
	Net book value at July 01, 2024		<b>42,083,494</b>
	Additions during the year		-
	<b>Disposal / Write offs</b>		
	Cost		<b>(100,000,465)</b>
	Accumulated depreciation		<b>60,416,985</b>
			<b>(39,583,480)</b>
	Depreciation charge		<b>(2,500,014)</b>
	Net book value		<u>-</u>
	<b>Annual rate of depreciation</b>		<b>20%</b>

**7.1** The Modaraba had carried investment property under cost model. Investment property represented 5th Floor of Library Building of the University of Management and Technology measuring 13,730 square feet was situated at C-II, Johar Town, Lahore. Fair valuation of the investment property was performed by an independent valuer as at July 15, 2024 who determined fair value and forced sale value at Rupees 44.62 million and Rupees 38.00 million respectively. During the year, the Modaraba has sold the property to the Institute of Leadership and Management Trust (ILM), a related party at a sale consideration of Rupees 43.500 million. As at reporting date; the title of the property has not been transferred in the name of the buyer.

**7.2** Depreciation on the property was calculated using straight line method and charged to operating expenses (note 23). The rental income of Rupees 3.74 million (2024: Rupees 7.495 million) in respect of the investment property had been recognized in statement of profit or loss and included in note 22.

	Note	2025	2024
		Rupees	
<b>8</b>	<b>Long term musharakah receivables</b>		
	Considered good	<b>48,478,328</b>	25,305,354
	Considered doubtful	<b>6,093,971</b>	6,093,971
	Less: Provisions for doubtful receivables	<b>(6,093,971)</b>	(6,093,971)
		-	-
		<u>48,478,328</u>	<u>25,305,354</u>
	Less: Current portion	<b>(16,706,050)</b>	(20,557,040)
		<u><b>31,772,278</b></u>	<u>4,748,314</u>

- 8.1** This represents musharakah finance provided to customers for a maximum period of three years. The effective rate of profit on these finances ranges from 12% to 21.32% (2024: 15% to 21.32%) per annum. These receivables are secured by way of hypothecation of goods, book debts and equitable mortgage of property.
- 8.2** This represents provision against overdue principal amount of musharakah finance as per criteria provided under Prudential Regulations applicable to the Modaraba. Movement of provisions for doubtful amounts is as under:

	Note	2025	2024
		Rupees	
Balance at the beginning of the year		6,093,971	6,093,971
Recognised during the year		-	-
Balance written off		-	-
Balance at the end of the year		<u>6,093,971</u>	<u>6,093,971</u>

**8.3 Long term musharakah receivables**

Long term musharakah receivables	8.4	54,572,299	31,399,325
Less: Current portion of long term musharika investment		(16,706,050)	-
		<u>37,866,249</u>	<u>31,399,325</u>

**8.4 Classification of long term musharika investment**

Considered good		48,478,329	25,305,354
Considered as doubtful		-	-
Other asset especially mentioned		-	-
Substandard		-	-
Doubtful		-	-
Loss		6,093,970	6,093,970
		<u>6,093,970</u>	<u>6,093,970</u>
	8.5	<u>54,572,299</u>	<u>31,399,324</u>

- 8.5** This represents classification of long term musharika investments as per the requirements of Modaraba Regulations, 2021.

	2025	Restated 2024
	Rupees	
<b>9 Deferred taxation</b>		
Deferred tax asset	<u>(11,328,306)</u>	<u>(8,089,331)</u>

- 9.1** Deferred tax assets and liabilities are attributable to the following:

	2025			
	Opening balance	Charge / (reversal) to P&L	Charge / (reversal) to OCI	Closing balance
	Rupees			
<b>Taxable temporary differences</b>				
Accelerated tax depreciation	(4,423,909)	(3,553,668)	-	(7,977,577)
Short term investments	417,933	(677,479)	259,546	-
<b>Deductible temporary differences</b>				
Musharakah receivables	(1,767,252)	-	-	(1,767,252)
Ijarah rentals receivable	(871,186)	(245,986)	-	(1,117,172)
Creditors, accrued and other liabilities	(978,612)	978,612	-	-
Provisions against musharika	(466,305)	-	-	(466,305)
	<u>(8,089,331)</u>	<u>(3,498,521)</u>	<u>259,546</u>	<u>(11,328,306)</u>

	Restated			Closing balance
	2024			
	Opening balance	Charge / (reversal) to P&L	Charge / (reversal) to OCI	
	Rupees			
<b>Taxable temporary differences</b>				
Accelerated tax depreciation	(2,663,428)	(1,760,481)	-	(4,423,909)
Short term investments	168,227	112,151	137,555	417,933
<b>Deductible temporary differences</b>				
Musharakah receivables	(1,767,252)	-	-	(1,767,252)
Ijarah rentals receivable	(871,186)	-	-	(871,186)
Creditors, accrued and other liabilities	(574,893)	(403,719)	-	(978,612)
Provisions against musharika	(466,305)	-	-	(466,305)
	<u>(6,174,837)</u>	<u>(2,052,049)</u>	<u>137,555</u>	<u>(8,089,331)</u>

9.2 Deferred tax on temporary differences has been determined using effective tax rate of 29% (2024: 29%).

	Note	2025	2024
		Rupees	
<b>10 Short term musharakah receivables</b>			
Musharakah receivables - unsecured	10.1	-	44,000,000

10.1 This represented musharakah finance provided to customers for a period of one year. The effective rate of profit on this finance was Nil (2024: 22% to 24%) per annum. This finance was secured by way of equitable mortgage of the property.

	Note	2025	2024
		Rupees	
<b>11 Ijarah rentals receivable</b>			
Considered good		2,215,680	484,497
Considered doubtful		3,852,318	3,004,088
		<u>6,067,998</u>	<u>3,488,585</u>
Less: Provisions for doubtful ijarah rental receivables	11.2	<u>(3,852,318)</u>	<u>(3,004,088)</u>
		<u>2,215,680</u>	<u>484,497</u>

#### 11.1 Aging of ijarah rental receivable

Considered good	2,191,070	-
Portfolio classified as non-performing		
Other asset especially mentioned (OAEM)	293,680	-
Substandard	454,600	-
Doubtful	93,700	-
Loss	3,034,948	3,004,088
	<u>3,876,928</u>	<u>3,004,088</u>
	<u>6,067,998</u>	<u>3,004,088</u>

#### 11.2 Provisions for doubtful ijarah rental receivables

Opening balance as per prudential regulations	3,004,088	3,004,088
Charge during the year	848,230	-
Reversal during the year	-	-
Closing balance as per prudential regulations	<u>3,852,318</u>	<u>3,004,088</u>

11.3 This represents classification into the categories as defined in the Modaraba Regulations, 2021.

11.4 It includes amount of Rupees 2.631 million (2024: Rupees 2.631 million) from Sharif & Sons which has been fully provided. The Modaraba has filed a recovery suit against the party in Honorable Lahore High Court, Lahore and the proceedings of this suit is still in process as at reporting date.

**11.5** Profit rates on Ijarah arrangements range from 14% to 72% (2024: 17% to 69%) per annum. These are secured against ijarah assets, promissory notes and personal guarantees of musta'jir. The Modaraba is entitled to repossess and sell the asset in case of default by the customer.

**11.6** Aggregate amount of future ijarah rentals receivable on the basis of ijarah arrangements executed as of reporting date are as follows:

	2025	2024
	Rupees	
Not later than one year	13,586,130	7,773,555
Later than one year but not later than five years	2,079,640	1,592,050
	15,665,770	9,365,605

**11.7** The maximum amount outstanding of Ijarah loans given to key management amounting to Rupees 38,480.

	Note	2025	2024
		Rupees	
<b>12 Advances, prepayments and other receivables</b>			
Advance to employee against salary		20,000	-
Prepayments		220,848	254,544
Accrued profit on musharakah receivables:		1,607,947	6,453,042
Less: profit held in suspense account		(1,607,947)	(1,607,947)
		-	4,845,095
Profit receivable on savings accounts		1,430,286	1,688,411
		1,671,134	6,788,050

**13 Advance income tax**

Balance at the beginning of the year	2,536,504	1,861,395
Paid during the year	8,677,467	1,762,345
	11,213,971	3,623,740
Adjustment against income tax payable	(7,020,235)	(1,087,236)
Balance at the end of the year	4,193,736	2,536,504

**14 Short term investments**

At fair value through OCI	14.1	2,566,717	1,671,730
At fair value through profit or loss	14.2	651,076	246,375
		3,217,793	1,918,105

**14.1 At fair value through OCI**

Name of Investee	Number of Scrips		Market Value	
	2025	2024	2025	2024
			Rupees	
The Searle Company Limited	29,267	29,267	2,566,717	1,671,730

**14.2 At fair value through profit or loss**

Name of Investee	Market Value	
	2025	2024
	Number of Scrips	Rupees
IBL HealthCare Limited	339	339
Attock Refinery Limited	250	250
First Punjab Modaraba	100,000	100,000
	<b>100,589</b>	<b>100,589</b>
		<b>21,221</b>
		<b>169,855</b>
		<b>460,000</b>
		<b>651,076</b>
		10,478
		87,898
		148,000
		246,376

**14.3** The above securities are valued on the basis of market price per share available on Pakistan Stock Exchange Limited as at the reporting date.

15 Cash and bank balances	Note	2025	2024
		Rupees	
Cash in hand		8,959	-
Cash at bank in:			
- Current accounts	15.1	355,150	355,150
- Saving accounts	15.2	181,663,505	105,893,795
		<b>182,018,655</b>	<b>106,248,945</b>
		<b>182,027,614</b>	<b>106,248,945</b>

**15.1** This represents Rupees 355,150 (2024: Rupees 355,150) held in dividend account. Movement in dividend account is as follows:

	2025	2024
	Rupees	
Balance at the beginning of the year	355,150	355,150
Amount transferred during the year	-	-
Dividend claim received and settled	-	-
Balance at the end of the year	<b>355,150</b>	<b>355,150</b>

**15.2** Effective interest rate of profit on saving account ranging from 9.50% to 11.50% (2024: 8% to 21%) per annum.

**15.3** The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows as at the reporting date.

## 16 Certificate capital

## Authorised certificate capital

2025	2024		2025	2024
<u>Number of certificates</u>			<u>Rupees</u>	
<u>50,000,000</u>	<u>50,000,000</u>	Modaraba Certificates of Rupees 10 each	<u>500,000,000</u>	<u>500,000,000</u>

## Issued, subscribed and paid-up certificate capital

2025	2024		2025	2024
<u>Number of certificates</u>			<u>Rupees</u>	
20,000,000	20,000,000	Modaraba Certificates of Rupees 10 each issued as fully paid in cash	200,000,000	200,000,000
1,687,500	1,687,500	Modaraba Certificates of Rupees 10 each issued as fully paid bonus certificates	16,875,000	16,875,000
<u>21,687,500</u>	<u>21,687,500</u>		<u>216,875,000</u>	<u>216,875,000</u>

16.1 No certificate was issued during the year.

16.2 There are no agreements and restrictions for modaraba certificate holders.

16.3 Certificates of the Modaraba held by associates / related parties are as under:

	2025	2024
	<u>Number of certificates</u>	
IBL Modaraba Management (Private) Limited	2,170,905	2,170,905
University of Management and Technology	3,070,000	3,070,000
Ibrahim Hassan Murad - Director	1,424,070	1,424,070
	<u>6,664,975</u>	<u>6,664,975</u>

## 17 Statutory reserves

Statutory reserves represent profits set aside in compliance with the requirements of prudential regulations for Modarabas issued by SECP. During the year, 20% of profit amounting to Rupees 5,367,828 (2024: Rupees 2,290,965) has been transferred to statutory reserves.

	Note	2025	2024
		<u>Rupees</u>	
18 Fair value reserve			
Fair value through other comprehensive income	18.1	<u>2,384,236</u>	<u>1,748,795</u>
Balance at the beginning of the year		1,748,795	1,336,131
Appreciation on revaluation during the year		894,987	550,219
Related deferred taxation		(259,546)	(137,555)
		635,441	412,664
Balance at the end of the year		<u>2,384,236</u>	<u>1,748,795</u>

18.1 This represents appreciation in value of investments classified as fair value through other comprehensive income. This cannot be distributed to the Modaraba certificate holders. Reconciliation of the carrying amount is as follows:

		2025	2024
		Rupees	
<b>19</b>	<b>Long term deposits</b>		
	Balance at the beginning of the year	3,827,150	6,328,911
	Received during the year	7,710,249	1,433,650
	Adjusted / settled during the year	<u>(2,698,150)</u>	<u>(3,935,411)</u>
	Balance at the end of the year	<u>8,839,249</u>	<u>3,827,150</u>
	Current portion shown as current liabilities	<u>(8,106,249)</u>	<u>(3,205,350)</u>
		<u><u>733,000</u></u>	<u><u>621,800</u></u>

**19.1** This represents deposits received against ijarah assets and there is no restriction on utilization of these balances as per the written agreements.

		2025	2024
		Rupees	
<b>20</b>	<b>Trade and other payables</b>		
	Accrued liabilities	593,948	534,964
	Payable to the Modaraba Management Company	2,629,034	2,434,992
	Worker's welfare fund payable	1,413,228	939,531
	Withholding income tax payable	30,436	30,436
	Other payables	<u>998,052</u>	<u>745,148</u>
		<u><u>5,664,698</u></u>	<u><u>4,685,071</u></u>

**20.1** This represents the amount payable to the Modaraba Management Company in respect of management fee, which is charged at the fixed rate of 10% of the annual profit of the Modaraba in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the related Modaraba Regulations, 2021.

		2025	2024
		Rupees	
<b>20.2</b>	<b>Workers' welfare fund</b>		
	Balance at the beginning of the year	939,531	448,876
	Expense recognised during the year	<u>473,697</u>	<u>490,655</u>
		<u>1,413,228</u>	<u>939,531</u>
	Payments made during the year	-	-
	Balance at the end of the year	<u><u>1,413,228</u></u>	<u><u>939,531</u></u>

## **21 Contingencies and commitments**

### **21.1 Contingencies**

**21.1.1** Assistant Commissioner Inland Revenue issued notice dated April 18, 2022 under Section 221 of the Income Tax Ordinance, 2001 for tax year 2021. The Deputy Commissioner Inland Revenue passed order dated August 26, 2022 creating a demand of Rupees 321,710. The Modaraba, being aggrieved, preferred an appeal before the Commissioner Inland Revenue (Appeals) who remanded the case back to the DCIR. The DCIR, after providing an opportunity of being heard, passed a modified order dated June 28, 2025 confirming the demand of Rupees 321,710. The Modaraba has neither preferred further appeal proceedings nor paid the amount till date.

**21.1.2** Assistant/Deputy Commissioner Inland Revenue issued notice dated July 20, 2023 under Section 161(1A) of the Income Tax Ordinance, 2001 for tax year 2022, creating a demand of Rupees 1,723,196. The Modaraba submitted its reply on August 22, 2023. The proceedings are pending till date. Management, based on legal advice, expects a favorable outcome of the matter.

**21.1.3** Assistant/Deputy Commissioner Inland Revenue issued notice dated May 07, 2024 under Section 161(1A) of the Income Tax Ordinance, 2001 for tax year 2023. The Modaraba submitted its reply on August 27, 2024. The proceedings are pending till date. Management, based on legal advice, expects a favorable outcome of the matter.

## 21.2 Commitments

21.2.1 There are no material commitments outstanding as at the reporting date (2024: Nil).

	Note	2025	2024
		Rupees	
<b>22 Other income</b>			
Income from investment property		3,747,720	7,495,440
Profit on deposits		18,781,561	9,217,038
Dividend income		4,375	3,749
Fair value gain on re-measurement of investments		404,700	61,094
Gain on termination of ijarah arrangements		239,650	2,267
Gain on disposal of investment property		3,916,520	-
Credit balances written back		700,061	-
Miscellaneous		-	143,953
		<b>27,794,587</b>	<b>16,923,541</b>
<b>23 Operating expenses</b>			
Salaries, allowances and other benefits	23.1	4,823,243	5,645,153
Communication expenses		248,906	240,483
Travelling and conveyance		544,649	808,537
Postage and stamps		2,927	21,601
Marketing and advertisement		336,377	109,782
Legal and professional charges		932,246	1,234,996
Fees and subscription		1,160,993	1,275,750
Repairs and maintenance		236,370	227,860
Insurance		-	53,667
Printing and stationery		113,936	145,035
Depreciation on investment property	7	2,500,014	5,000,028
Depreciation on owned assets	6	46,229	159,537
Entertainment		280,653	380,093
Auditors' remuneration	23.4	858,500	827,500
Office supplies		73,786	174,014
Worker's welfare fund	20.2	473,697	490,655
Debit balance written off		18,166	201,266
Fine and penalties		167,500	-
Miscellaneous		33,700	8,700
		<b>12,851,892</b>	<b>17,004,657</b>

23.1 This includes Rupees 179,266 (2024: Rupees 200,910) in respect of contribution to the staff provident fund. Salaries and allowances comprise the following:

	2025		
	Officers / Executives	Others	Total
	(Rupees)		
Basic salary	1,988,331	733,576	2,721,907
House rent allowance	894,697	330,103	1,224,800
Medical allowance	198,953	73,361	272,314
Other benefits	39,500	-	39,500
Bonus	230,666	154,990	385,656
Employer's contribution to provident fund	179,066	-	179,066
	<b>3,531,213</b>	<b>1,292,030</b>	<b>4,823,243</b>
Number of persons	3	4	7

	2024		
	Officers / Executives	Others	Total
	(Rupees)		
Basic salary	1,959,867	1,371,270	3,331,137
House rent allowance	881,925	612,552	1,494,477
Medical allowance	196,020	136,158	332,178
Other benefits	274,838	11,613	286,451
Employer's contribution to provident fund	155,612	45,298	200,910
	<u>3,468,262</u>	<u>2,176,891</u>	<u>5,645,153</u>
	<u>4</u>	<u>2</u>	<u>6</u>

**23.2** Officers comprise Chief Financial Officer (CFO), Secretary, Head of Internal Audit and Head of Compliance.

**23.3** No remuneration was paid to Chief Executive and directors of the Modaraba. The same has been paid by the IBL Modaraba Management Company (Private) Limited.

	2025	2024
	Rupees	
<b>23.4 Auditors' remuneration</b>		
Statutory audit fee	<b>420,000</b>	400,000
Fee for the review of interim financial information	<b>210,000</b>	200,000
Fee for the review of code of corporate governance and other certifications under agreed upon procedures	<b>105,000</b>	152,500
Out of pocket expenses	<b>123,500</b>	75,000
	<u><b>858,500</b></u>	<u>827,500</u>

**24 Finance costs**

Bank charges and commission	<u><b>5,357</b></u>	<u>4,848</u>
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**25 Modaraba company's management fee**

In accordance with Section 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Management Company is entitled to a management fee of up to 10% per annum of the Modaraba's net annual profits. The management fee for the year amounted to Rupees 2,629,034 (2024: Rupees 2,434,992), recognized at 10% (2024: 10%) of profit before taxation, before charging such fee.

	2025	2024
	Rupees	
<b>26 Provisions for levies</b>		
Alternate corporate tax	<b>4,410,169</b>	563
Prior period	-	-
	<u><b>4,410,169</b></u>	<u>563</u>

**26.1** This represents portion final tax on dividend income under Section 150 and / or alternate corporate tax under Section 113C of the Income Tax Ordinance, 2001 representing levy in terms of requirements of interpretation issued by International Financial Reporting Interpretation Committee (IFRIC) 21 / International Accounting Standard 37, Provision, contingent liabilities and contingent assets.

	Note	2025	2024
		Rupees	
<b>27 Income tax</b>			
<b>Current taxation</b>			
Current period		-	11,129,151
Prior period		<u>(4,089,480)</u>	<u>1,366,407</u>
		<u>(4,089,480)</u>	<u>12,495,558</u>
<b>Deferred taxation</b>		<u>(3,498,521)</u>	<u>(2,052,049)</u>
		<u><u>(7,588,001)</u></u>	<u><u>10,443,509</u></u>

**27.1** Current period's provision for taxation has been charged on the basis of tax on taxable income by applying applicable income tax rate. During the year, owing to application of alternate corporate tax and final tax; the liability has been classified as levies in terms of the requirements of interpretation issued by International Financial Reporting Interpretation Committee (IFRIC) 21.

**27.2** Reconciliation of current tax charge charged as per tax laws for the year with current tax recognised in statement of profit of loss is as follows:

	2025	2024
	Rupees	
Current tax liability for the year as per applicable tax laws	<b>4,410,169</b>	11,129,714
Portion of current tax liability as per tax laws, representing income tax under IAS 12.	-	(11,129,151)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of International Financial Reporting Interpretation Committee 21/ IAS 37, Provision, contingent liabilities and contingent assets.	<u>(4,410,169)</u>	<u>(563)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

**27.3** Numerical reconciliation between tax expense and accounting profit for the current year is not meaningful owing to application of minimum tax under Section 113C of the Income Tax Ordinance, 2001.

	2024
	(Rupees)
<b>Relationship between tax expense and accounting profit</b>	
Profit before taxation	<u><u>21,423,706</u></u>
Tax at the applicable rate of 29%	6,212,875
Items not allowed under tax laws	-
Items allowed under tax laws	-
Others	<u>4,230,634</u>
	<u><u>10,443,509</u></u>

**27.4** The current tax expense for the year has been calculated using corporation tax rate of 29% (2024: 29%). Deferred tax on temporary differences have been determined using effective rate of 29% (2024: 29%).

		2025	2024
		Rupees	
<b>28 Earnings per certificate - basic and diluted</b>			
<b>28.1 Basic earnings per certificate</b>			
Profit after taxation for the year	(Rupees)	<u><u>26,839,142</u></u>	<u><u>10,980,197</u></u>
Weighted average number of ordinary certificates outstanding during the period	(Number)	<u><u>21,687,500</u></u>	<u><u>21,687,500</u></u>
Earnings per certificate - basic and diluted	(Rupees)	<u><u>1.24</u></u>	<u><u>0.51</u></u>

**28.2 Diluted earnings per certificate**

No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.

**29 Transactions with related parties**

Related parties comprise of directors of the Modaraba, Modaraba management company, associated undertakings, key management personnel and relatives of the key management personnel. The Modaraba in the normal course of business carries out transactions with various related parties.

Contribution to the provident fund is made in accordance with the services rules. Modaraba management fee, if any, is accrued in accordance with the requirements of the Modaraba Regulations. Remuneration of key management personnel is in accordance with the terms of their employment. Other transactions are carried out at agreed terms.

**29.1** Detail of related parties (with whom the Modaraba has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

<b>Name of related parties</b>	<b>Nature of relationship</b>	<b>Basis of relationship</b>
IBL Modaraba Management (Private) Limited	Management Company	Common management
University of Management and Technology	Associated undertaking	Common Management
Ibrahim Hassan Murad - Director	Director	Sponsor / certificate-holder
Provident Fund	Others	Employee Fund
Institute of Leadership and Management Trust (ILM)	Others	Common Management

IBL Modaraba Management (Private) Limited and University of Management and Technology hold aggregate stake of 10.01% (2024: 10.01%) and 14.16% (2024: 14.16%) respectively in the Modaraba.

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

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

		<b>2025</b>	<b>2024</b>
		<b>Rupees</b>	
<b>a) Transactions with related parties during the period</b>			
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Management Company	Management fee	<b>2,629,034</b>	2,434,992
	Payment of management fee	<b>2,434,992</b>	1,533,515
Associates	Rent of library building	<b>3,747,720</b>	7,495,440
Employee Fund	Payment of provident fund	<b>179,066</b>	200,910
Others	Sale of investment property	<b>43,500,000</b>	-
<b>b) Outstanding balances as at reporting date</b>			
IBL Modaraba Management (Private) Limited	Payable against management fee and others	<b>2,629,034</b>	2,434,992

**30 Financial risk management**

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and profit rate risk), credit risk and liquidity risk. The Modaraba's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) of the Management Company and Chief Financial Officer. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

The Modaraba's overall risk management procedures, to minimize the potential adverse effects of financial market on the Modaraba's performance, are as follows:

### 30.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Modaraba's income or the value of its holdings of financial instruments.

#### 30.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Modaraba is not exposed to currency risk arising from currency exposure as Modaraba is not involved in foreign currency transactions.

#### 30.1.2 Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Modaraba is exposed to equity price risk as it holds investments at fair value through profit and loss and fair value through other comprehensive income. The sensitivity analysis for fluctuation in equity prices, represented as a function of KSE Price Index, is given below:

		2025		2024	
		Rupees			
Reporting date index points		124,379		78,445	
		Changes in PSX index	Effects on profit before tax	Effects on equity	
		Rupees			
Investment at fair value through OCI	2025	+1%	-	25,667	
		-1%	-	(25,667)	
	2024	+1%	-	16,717	
		-1%	-	(16,717)	
Investment at fair value through profit or loss	2025	+1%	6,511	-	
		-1%	(6,511)	-	
	2024	+1%	2,464	-	
		-1%	(2,464)	-	

#### 30.1.3 Profit rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

As at the reporting date the profit rate profile of the Modaraba's profit bearing financial instruments were as under:

		2025		2024	
		Rupees			
<b>Fixed rate instruments</b>					

**Financial assets**

Ijarah rental receivables	<b>2,215,680</b>	484,497
Musharakah finance	<b>48,478,328</b>	69,305,354

**Floating rate instruments****Financial assets**

Bank balances - saving accounts	<b>181,663,505</b>	105,893,795
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**Fair value sensitivity analysis for fixed rate instruments**

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

**Cash flow sensitivity analysis for variable rate instruments**

If profit rates, as at the reporting date, fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rupees 1,816,653 (2024: Rupees 1,058,938) higher / lower. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates, and is not representative for the whole year.

**30.2 Credit risk**

**30.2.1** Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date, net of impairment, was as follows:

	<b>2025</b>	2024
	<b>Rupees</b>	
Bank balances	<b>182,018,655</b>	106,248,945
Ijarah rental receivables	<b>2,215,680</b>	484,497
Advances and other receivables	<b>1,430,286</b>	6,533,506
Short term investments	<b>3,217,793</b>	1,918,105
Short term Musharakah receivables	-	44,000,000
Long term Musharakah receivables	<b>48,478,328</b>	25,305,354
	<b>237,360,742</b>	184,490,407

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

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

	<b>2025</b>	2024
	<b>Rupees</b>	
Media advertising	<b>34,280,355</b>	11,559,915
Education	<b>290,971</b>	-
Construction	-	4,602,233
Trading and others	<b>6,828,772</b>	53,143,207
Individuals	<b>19,240,199</b>	9,582,555
	<b>60,640,297</b>	78,887,910

The income of the Modaraba is not dependent on the single customer and the Modaraba has no single customer from whom it is generating more than 10% revenue.

The Modaraba has adopted a policy of only dealing with creditworthy parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Modaraba has internally developed rating criteria to rate its customers which is supplemented by ratings supplied by independent rating agencies where available. The Modaraba also uses other publicly available financial information and its own trading records to rate its customers. The Modaraba's exposure and the credit ratings of its parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed annually.

The management monitors and limits Modaraba's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments.

**30.2.3** The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. The table below shows the bank balances and investments held with some major counterparties as at the reporting date:

Bank	Agency	Rating		2025	2024
		Short term	Long term	Rupees	
The Bank of Punjab	PACRA	A1+	AA+	181,349,199	102,482,476
Meezan Bank Limited	VIS	A-1+	AAA	652,091	3,137,117
MCB Islamic Bank	PACRA	A-1	A+	17,365	629,353
				<b>182,018,655</b>	<b>106,248,946</b>

Further, the Modaraba's exposure to credit risk and impairment losses related to investments, murabaha financing, ijarah financing, and other receivables are disclosed in the relevant notes to the financial statements.

The Modaraba's exposure related to ijarah receivables and Musharakah receivables are secured by collaterals held and the Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

### 30.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Owing to the fact that the Modaraba is in a positive working capital position at the year end, the management believes the liquidity risk to be low.

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equate to their carrying balances as the impact of discounting is not significant.

	Carrying Amount	Contractual cash flows	Within 1 year	Between 1 and 5 years	Over 5 years
<b>Rupees</b>					
<b>June 30, 2025</b>					
Unclaimed dividend	10,727,750	10,727,750	10,727,750	-	-
Trade and other payables	4,221,034	4,221,034	4,221,034	-	-
	<b>14,948,784</b>	<b>14,948,784</b>	<b>14,948,784</b>	-	-
	Carrying Amount	Contractual cash flows	Within 1 year	Between 1 and 5 years	Over 5 years
<b>June 30, 2024</b>					
Unclaimed dividend	10,834,598	10,834,598	10,834,598	-	-
Musharakah finances	700,000	700,000	700,000	-	-
Trade and other payables	3,715,104	3,715,104	3,715,104	-	-
	<b>15,249,702</b>	<b>15,249,702</b>	<b>15,249,702</b>	-	-

### 30.4 Fair value of financial instruments

All financial assets and financial liabilities are initially recognized at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost.

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

#### Fair value estimation

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

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

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at June 30, 2025:

	Level 1	Level 2	Level 3	Total
<b>Rupees</b>				
<b>Assets</b>				
Investments at fair value through OCI	2,566,717	-	-	2,566,717
Investments at fair value through profit or loss	651,076	-	-	651,076
	<u>3,217,793</u>	<u>-</u>	<u>-</u>	<u>3,217,793</u>

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at June 30, 2024:

	Level 1	Level 2	Level 3	Total
<b>Rupees</b>				
<b>Assets</b>				
Investments at fair value through OCI	1,671,730	-	-	1,671,730
Investments at fair value through profit or loss	246,375	-	-	246,375
	<u>1,918,105</u>	<u>-</u>	<u>-</u>	<u>1,918,105</u>

During the year ended on June 30, 2025, there were no significant changes in business or economic circumstances that affect the fair value of the Modaraba's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets and there were no changes in valuation techniques during the period.

### 30.5 Financial instruments by categories

Financial assets and liabilities	Measured at amortised cost	Fair value through profit or loss	Fair value through other comprehensive	Total
<b>Rupees</b>				
<b>June 30, 2025</b>				
Bank balances	182,018,655	-	-	182,018,655
Short term investments	-	651,076	2,566,717	3,217,793
Advances and other receivables	1,450,286	-	-	1,450,286
Short term Musharakah receivables	-	-	-	-
Ijarah rentals receivable	2,215,680	-	-	2,215,680
Long term Musharakah receivables	48,478,328	-	-	48,478,328
<b>Total Financial assets</b>	<b>234,162,949</b>	<b>651,076</b>	<b>2,566,717</b>	<b>237,380,742</b>
<b>Non financial assets</b>				<b>36,456,993</b>
<b>Total assets</b>				<b><u>273,837,735</u></b>

	Financial liabilities	Total
Rupees		
<b>June 30, 2025</b>		
<b>Financial liabilities</b>		
Musharakah finances	-	-
Unclaimed dividend	10,727,750	10,727,750
Trade and other payables	4,221,034	4,221,034
<b>Total Financial liabilities</b>		<b>14,948,784</b>
Non financial liabilities		14,693,082
<b>Total liabilities</b>		<b>29,641,866</b>

Financial assets and liabilities	Measured at amortised cost	Fair value through profit or loss	Fair value through other comprehensive Income	Total
Rupees				
June 30, 2024				
Cash and bank balances	82,104,089	-	-	82,104,089
Short term investments	-	185,282	1,121,511	1,306,793
Advances and other receivables	2,315,186	-	-	2,315,186
Short term Musharakah receivables	13,553,483	-	-	13,553,483
Long term Musharakah receivables	55,438,658	-	-	55,438,658
Ijarah rentals receivable	224,868	-	-	224,868
<b>Total Financial assets</b>	<b>153,636,284</b>	<b>185,282</b>	<b>1,121,511</b>	<b>154,943,077</b>
Non financial assets				92,934,742
<b>Total assets</b>				<b>247,877,819</b>

	Financial liabilities	Total
Rupees		
June 30, 2024		
<b>Financial liabilities</b>		
Musharakah finances	700,000	700,000
Unclaimed dividend	10,834,598	10,834,598
Trade and other payables	2,406,035	2,406,035
<b>Total Financial liabilities</b>		<b>13,940,633</b>
Non financial liabilities		17,215,900
<b>Total liabilities</b>		<b>31,156,533</b>

### 30.6 Operational risks

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

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

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

### **30.7 Capital risk management**

The Modaraba's objectives when managing capital are to safeguard the Modaraba's ability to continue as a going concern in order to provide return for certificate holders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize certificate holders value. The Modaraba manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. There were no changes to the Modaraba's approach to capital management during the year and the Modaraba is not subject to externally imposed capital requirements.

## 31 Maturity of assets and liabilities

	Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
<b>Rupees</b>						
<b>Assets</b>						
Cash and bank balances	182,027,614	-	-	-	-	182,027,614
Ijarah rentals receivable	2,215,680	-	-	-	-	2,215,680
Advances, prepayments and other receivables	1,430,286	-	240,848	-	-	1,671,134
Advance income tax	-	-	4,193,736	-	-	4,193,736
Short term investments	651,076	-	2,566,717	-	-	3,217,793
Musharakah receivables	493,008	4,001,873	22,210,899	14,081,104	7,691,444	48,478,328
Deferred taxation	-	-	-	11,328,306	-	11,328,306
Long term deposits	-	-	-	3,000	-	3,000
Fixed assets under own use	-	-	-	32,933	-	32,933
Fixed assets under Ijarah arrangements	1,691,757	52,912	14,979,214	3,945,328	-	20,669,211
<b>Total assets - June 30, 2025</b>	<b>188,509,421</b>	<b>4,054,785</b>	<b>44,191,414</b>	<b>29,390,671</b>	<b>7,691,444</b>	<b>273,837,735</b>
<b>Liabilities</b>						
Trade and other payables	1,622,436	2,629,034	1,413,228	-	-	5,664,698
Unclaimed dividend	10,727,750	-	-	-	-	10,727,750
Security deposits	-	-	8,106,249	733,000	-	8,839,249
Income tax payable	4,410,169	-	-	-	-	4,410,169
<b>Total liabilities - June 30, 2025</b>	<b>16,760,355</b>	<b>2,629,034</b>	<b>9,519,477</b>	<b>733,000</b>	<b>-</b>	<b>29,641,866</b>
<b>Net Assets - June 30, 2025</b>	<b>171,749,066</b>	<b>1,425,751</b>	<b>34,671,937</b>	<b>28,657,671</b>	<b>7,691,444</b>	<b>244,195,869</b>
Total assets - June 30, 2024	113,110,256	12,916,124	67,933,177	25,773,538	22,083,382	241,816,477
Total liabilities - June 30, 2024	23,419,896	-	7,114,837	621,800	-	31,156,533
Net assets - June 30, 2024	89,690,360	12,916,124	60,818,340	25,151,738	22,083,382	210,659,944

**Represented by:**

Certificate capital  
Statutory reserve  
Accumulated loss

Unrealized gain on revaluation of investments - Fair value through OCI

	2025	2024
	<b>Rupees</b>	
	<b>216,875,000</b>	216,875,000
	<b>55,054,483</b>	49,686,655
	<b>(30,117,850)</b>	(51,589,164)
	<b>241,811,633</b>	214,972,491
	<b>2,384,236</b>	1,748,795
	<b>244,195,869</b>	216,721,286

**32 Segment reporting**

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

**Types of segments**

- Ijarah finances
- Musharaka finances
- Investments

**Nature of business**

Giving right to the benefit of using an asset for a consideration.  
 Joint enterprise formed for conducting some business.  
 Investments made in equity instruments of other companies and other investments.

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

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. There were no transfers during the period (2024: Rupees Nil).

**32.2 Segment analysis**

**32.2.1** The segment information for the reportable segments for the year is as follows:

	June 30, 2025			
	Ijarah Finances	Musharaka Finances	Investment Property	Total
	Rupees			
Segment revenues / profits				
Revenues	19,628,485	7,026,485	3,747,720	30,402,690
Gain on termination of ijarahs	239,650	-	3,916,520	4,156,170
Depreciation	(15,301,964)	-	(2,500,014)	(17,801,978)
Reportable segment profit	<u>4,566,171</u>	<u>7,026,485</u>	<u>5,164,226</u>	<u>16,756,882</u>
	June 30, 2024			
	Ijarah	Musharaka	Investment	Total
	Rupees			
Segment revenues / profits				
Revenues	15,566,532	19,609,704	7,495,440	42,671,676
Gain on termination of ijarahs	2,267	-	-	2,267
Depreciation	(11,231,011)	-	(5,000,028)	(16,231,039)
Reportable segment profit	<u>4,337,788</u>	<u>19,609,704</u>	<u>2,495,412</u>	<u>26,442,904</u>
	June 30, 2025			
	Ijarah Finances	Musharaka Finances	Investment Property	Total
	Rupees			
Reportable segment assets	<u>22,884,891</u>	<u>48,478,328</u>	-	<u>71,363,219</u>
Reportable segment liabilities	<u>8,839,249</u>	-	-	<u>8,839,249</u>
Additions/(deletions) to non-current assets	<u>25,647,298</u>	-	-	<u>25,647,298</u>
	June 30, 2024			
	Ijarah Finances	Musharaka Finances	Investment Property	Total
	Rupees			

**First IBL Modaraba**

Reportable segment assets	10,808,374	69,305,354	42,083,494	122,197,222
Reportable segment liabilities	3,827,150	700,000	-	4,527,150
Additions/(deletions) to non-current assets	6,977,200	(30,133,304)	-	(23,156,104)

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

	2025	2024
	Rupees	
<b>Revenues</b>		
Total revenues for reportable segments	34,558,860	42,673,943
Other revenues:		
Other income	23,638,417	16,921,274
Profit on deposits	18,781,561	9,217,038
	42,419,978	26,138,312
Modaraba's revenues	76,978,838	68,812,255
<b>Profit</b>		
Total profit for reportable segments	16,756,882	26,442,904
Other components:		
Profit on deposits	18,781,561	9,217,038
Other income	23,638,417	16,921,274
Operating expenses	(10,351,878)	(12,004,629)
Finance costs	(5,357)	(4,848)
Modaraba management company's fee	(2,629,034)	(2,434,992)
Worker's welfare fund	473,697	-
	29,907,406	11,693,843
	46,664,288	38,136,747
<b>Assets</b>		
<b>Total assets for reportable segments</b>	71,363,219	122,197,222
Corporate assets unallocated:		
Cash and bank balances	182,027,614	106,248,945
Advances, prepayments and other receivables	1,671,134	6,788,050
Long term deposits	3,000	20,500
Advance Income tax	4,193,736	2,536,504
Short term investments	3,217,793	1,918,105
Deferred taxation	11,328,306	8,089,331
Fixed assets under own use	32,933	79,162
	202,474,516	125,680,597
<b>Total assets as per statement of financial position</b>	273,837,735	247,877,819
<b>Liabilities</b>		
Total liabilities for reportable segments	8,839,249	4,527,150
<b>Corporate liabilities unallocated:</b>		
Trade and other payables	10,074,867	15,794,785
Unclaimed dividend	10,727,750	10,834,598
Deferred taxation	11,328,306	-
<b>Total liabilities as per statement of financial position</b>	40,970,172	31,156,533

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

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

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

There are no asymmetrical allocations to reportable segments.

**32.3 Geographical segments**

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

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

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

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

There are no asymmetrical allocations to reportable segments.

**32.4 Geographical segments**

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

**33 Provident fund related disclosures**

The Modaraba operates a recognized provident fund for its permanent employees wherein equal monthly contributions are made by the Modaraba and employees into the fund at the rate of 10% of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss. The following is information of the fund as on reporting date:

	<b>2025</b>	2024
	<b>Rupees</b>	
Size of the fund	<b>358,132</b>	401,820
Percentage of investments made	<b>100%</b>	100%
Cost of investments made	<b>358,132</b>	401,820

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

	<b>2025</b>		2024	
	<b>Investment</b>	<b>Investment</b>	Investment	Investment
	<b>Rupees</b>	<b>as a % of</b>	Rupees	as a % of size
		<b>size of funds</b>		<b>of funds</b>
		<b>%</b>		<b>%</b>
Cash at bank	<b>358,132</b>	<b>100%</b>	<b>401,820</b>	100%

**34 Shariah screening disclosures by entity listed on islamic index**

	<b>2025</b>	2024
	<b>Rupees</b>	
Shariah compliant bank deposits / bank balances	<b>182,027,614</b>	106,248,945
Profit earned from shariah compliant bank deposits / bank balances	<b>18,781,561</b>	9,217,038
Revenue earned from a shariah compliant business segment	<b>54,449,557</b>	52,099,777
Gain / loss or dividend earned from shariah compliant investments	<b>4,375</b>	3,749
Short term investments	<b>3,217,793</b>	1,918,105

**Relationship with shariah compliant financial institutes:**

- Bank balances - deposits with banks

Meezan Bank Limited  
MCB Islamic Bank Limited  
The Bank of Punjab

- Short term investments

First Punjab Modaraba

	2025	2024
	Number	
<b>35 Number of employees</b>		
Total number of employees at the year end	<u>5</u>	<u>6</u>
Average number of employees during the year	<u>6</u>	<u>8</u>

**36 Subsequent event**

Subsequent to reporting date; ZTP (Private) Limited has made an announcement to acquire 100% stake of IBL Modaraba Management Company (Private) Limited and 5,000,000 certificates of Modaraba from respective sponsoring shareholders and certificateholders subject to approval from the Registrar Modaraba. No adjustment is required to be made in these financial statements.

**37 Corresponding figures**

Corresponding figures have been re-arranged / re-classified wherever necessary to facilitate comparison. During the year, following reclassifications have been made in these financial statements.

Reclassified from component	Reclassified to component	2024 Rupees
Other receivables	Prepayments	57,356
Income tax payable	Withholding income tax payable	30,436

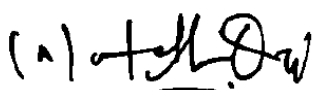
**38 Date of authorisation for issue**

These financial statements have been approved by the Board of Directors of IBL Modaraba Management (Private) Limited and authorized for issuance on **December 3, 2025**

**39 General**

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

**For IBL Modaraba Management (Private) Limited**  
(Modaraba Management Company)



\_\_\_\_\_  
Chief Executive



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director



\_\_\_\_\_  
Chief Financial Officer

**CATEGORIES OF CERTIFICATE HOLDERS  
AS ON JUNE 30, 2025**

<b>Categories of Certificate Holders</b>	<b>Folios</b>	<b>Physical</b>	<b>CDC</b>	<b>Share held</b>	<b>Percentage</b>
Directors, CEO, Their Spouse and Minor Children	2	-	5,736,812	5,736,812	8.30
Associated Companies, Undertakings & Related Parties	1	-	2,170,905	2,170,905	10.01
NIT & ICP	1	-	1,078,774	1,078,774	4.97
Banks, DFIs, NBFCs	5	9,354	801	10,155	0.05
Insurance Companies	2	1,200	-	1,200	2.36
Modarabas and Mutual Funds	1	-	70	70	-
General Public (Local)	1158	927,239	6,943,724	7,870,963	35.63
General Public (Foreigner)	1	-	831	831	-
Other Companies (Local)	14	39,494	4,778,296	4,817,790	38.68
	<b>1185</b>	<b>977,287</b>	<b>20,710,213</b>	<b>21,687,500</b>	<b>100.00</b>

<b>Shareholders More Than 10.00%</b>	<b>Folios</b>	<b>Physical</b>	<b>CDC</b>	<b>Share held</b>	<b>Percentage</b>
Mr. Ibrahim Hasan Murad	1	0	5,359,834	5,359,834	24.71
University of Management & Technology	1	0	3,070,000	3,070,000	14.16
IBL Modaraba Management (Private) Limited	1	0	2,170,905	2,170,905	10.01

**PATTERN OF CERTIFICATES HOLDERS  
AS ON JUNE 30, 2025**

No. of Shareholders	Shareholding		Total Shares held
	From	To	
449	1	100	16,090
290	101	500	78,659
187	501	1,000	135,599
221	1,001	5,000	473,272
39	5,001	10,000	273,365
12	10,001	15,000	153,564
7	15,001	20,000	130,450
2	20,001	25,000	49,500
4	25,001	30,000	109,653
3	30,001	35,000	97,763
2	40,001	45,000	85,000
2	50,001	55,000	102,017
1	70,001	75,000	75,000
1	80,001	85,000	82,000
1	90,001	95,000	92,700
1	95,001	100,000	100,000
1	125,001	130,000	129,500
2	130,001	135,000	265,441
1	145,001	150,000	150,000
1	195,001	200,000	196,999
1	240,001	245,000	240,068
1	265,001	270,000	268,556
1	280,001	285,000	281,007
1	310,001	315,000	313,500
1	320,001	325,000	323,000
1	375,001	380,000	376,978
1	500,001	505,000	502,737
1	575,001	580,000	578,500
1	710,001	715,000	712,035
1	1,075,001	1,080,000	1,078,774
1	1,565,001	1,570,000	1,570,000
1	2,045,001	2,050,000	2,045,034
1	2,170,001	2,175,000	2,170,905
1	3,065,001	3,070,000	3,070,000
1	5,355,001	5,360,000	5,359,834
<b>1,242</b>			<b>21,687,500</b>