



B.F. MODARABA

Managed By
E.A. MANAGEMENT (PVT) LTD.

Registered under
The Companies Ordinance 1984 & Modaraba
Companies & Modaraba Ordinance 1980

Annual Report

2014





B. F. MODARABA
26th ANNUAL REPORT 2014
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Corporate Information

MODARABA MANAGEMENT COMPANY

E.A. Management (Pvt.) Ltd.

BOARD OF DIRECTORS

DIRECTORS OF MODARABA MANAGEMENT COMPANY

Mr. Ahmed Ali Muhammad Amin Bawany	- Chairman
Mr. Muhammad Omar Amin Bawany	- Chief Executive
Mr. Abdul Ghani Samad	- Director
Mr. Abdul Wahid Ghaffar	- Director

AUDIT COMMITTEE

Mr. Abdul Wahid Ghaffar	- Chairman
Mr. Ahmed Ali Muhammad Amin Bawany	- Member
Mr. Abdul Ghani Samad	- Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ahmed Ali Muhammad Amin Bawany	- Chairman
Mr. Muhammad Omar Amin Bawany	- Member
Mr. Abdul Wahid Ghaffar	- Member

CFO & COMPANY SECRETARY

Mr. Muhammad Ayub

MODARABA AUDITORS

M/s. Avais Hyder Liaquat Nauman
Chartered Accountants

SHARIAH ADVISOR

Mr. Mufti Zubair Usmani

LEGAL ADVISOR

Mr. Abdul Ghaffar Muhammad Gheewala

BANKERS

Al-Baraka Islamic Investment Bank
Bank Al-Habib Limited-Islamic
Habib Bank Limited
Habib Metropolitan Islamic Bank Limited
Burj Bank Limited
UBL Ameen Islamic Banking

REGISTERED OFFICE

4th Floor, Bank House No. 1,
Habib Square, M.A. Jinnah Road,
Karachi-74000, Pakistan.
Phone : (92-21) 111 786 878, 32413240
Fax : (92-21) 32421010

EMAIL & WEBSITE

E-mail: info@bfmodaraba.com.pk
feedback@bfmodaraba.com.pk
URL: www.bfmodaraba.com.pk

SHARES REGISTRAR

M/s. C & K Management Associated (Pvt.) Ltd,
404, Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi-75530
Tel: (92-21) 35687839 & 35685930



**26th ANNUAL REPORT OF THE DIRECTORS
OF THE MODARABA COMPANY
FOR THE YEAR ENDED JUNE 30, 2014**

Dear Certificate Holders.

Assalam-o-Aalikum,

In the name of ALLAH the most gracious and most merciful, your directors are pleased to present 26th Annual Report of your Modaraba together with audited financial statements for the year ended June 30, 2014.

FINANCIAL RESULTS

Financial results are summarized as follows:

	June 2014 Rupees	June 2013 Rupees
Revenue	<u>12,223,060</u>	<u>12,436,193</u>
Profit before charging management fee	5,899,194	2,524,118
Management fee	(589,919)	(252,412)
Profit before WWF	<u>5,309,275</u>	<u>2,271,706</u>
WWF	(106,185)	(45,434)
Profit before taxation	5,203,090	2,226,272
Taxation	(766,208)	(230,847)
Profit after taxation	4,436,882	1,995,425
Add: Unappropriated profit brought forward	<u>3,327,155</u>	<u>2,222,239</u>
	7,764,037	4,217,664
Appropriations:		
Transferred to statutory reserve @ 40% of profit (2013: 40%)	2,081,236	890,509
Cash Dividend @ Nil% (2013: Nil)	-	-
	<u>2,081,236</u>	<u>890,509</u>
	5,682,801	<u>3,327,155</u>
Earnings per certificate	<u>0.59</u>	<u>0.27</u>

REVIEW OF OPERATIONS

Gross revenue during the year were Rs.12,223 million vis-à-vis Rs.12.436 million for the corresponding period of 2012-13. Major components of revenue were trading income of Rs.4.56 million, dividend income of Rs.2.56 million and profit on bank deposit of Rs.3.43 million. Thus, Pre-tax Profit stood at Rs.5.203 million



against a Pre-tax Profit of Rs.2.226 million for the corresponding period of 2012-13 mainly due to trading profit and profit on bank deposits. Consequently, earning per share has also jumped by Rs. 0.32 to Rs. 0.59 per share

Domestic bourses have been continuing improving and during the year, KSE-100 Index has crossed all time high level of 30,000. This positive trend was reflected in our port folio investment valuation and unrealized gain of marketable securities improved by 39% recorded as Rs.24.658 million which has been reflected in the equity.

PROFIT DISTRIBUTION

The Board in its meeting held on September 29, 2014 has not approved any dividend due to low income of Modaraba.

FUTURE OUTLOOK

The recent catastrophic floods have serious implications for macroeconomics stability and growth prospects. Higher inflation, the severe energy shortages and sensitive security remain a major threat to the potential output of the economy. B.F Modaraba finances its operation through its own equity. We utilize our funds in Ijarah financing, trading activities and investments in equity instruments. Hence, we, being cautious of the prevailing economic conditions, would continue with our strategy of achieving steady growth by taking exposure in selected avenues of investment following stringent risk management policies.

Your modaraba's investment portfolio is invested with prudence while seeking a modest return in line with market condition.

The price of commodity for which we have already made commitments rose to its highest level due to strong demand amid limited supplies, and we expect further positive contribution from our trading business.

CORPORATE GOVERNANCE

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

- A. The financial statements prepared by the management of the Modaraba present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- B. Proper books of accounts of the Modaraba have been maintained.
- C. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- D. International Accounting Standards, as applicable in Pakistan have been followed in the preparation of financial statements.
- E. The system of internal control is sound and has been effectively implemented and monitored.
- F. There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- G. There is no material departure from best practices of corporate governance as detailed in the listing regulations of stock exchanges.



COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE.

A statement setting out the status of the compliance with the best practices of corporate governance is annexed to the Annual Report.

BOARD MEETINGS

During the year under review 4 meetings of the Board of Directors were held. A statement showing number of meetings each of the Directors attended are annexed to the Annual Report.

PATTERN OF CERTIFICATE HOLDERS

A statement showing the pattern of holding of the certificates as at June 30, 2014 is annexed to the Annual report.

TRADING OF CERTIFICATE

During the year there was no trading in certificates of Modaraba by CEO, Directors, Company Secretary and their spouses and minor children.

KEY OPERATING & FINANCIAL DATA

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

AUDITORS

The present Auditors M/s. Avais Hyder Liaquat Nauman, Chartered Accountants, retiring on the date of Annual Review Meeting, being eligible, have offered themselves for re-appointment for the year ending June 30, 2015 subject to approval by the Registrar Modaraba Companies and Modarabas, the Board has confirmed their appointment.

ACKNOWLEDGEMENT

The Board of Directors is grateful to the regulatory authorities for their guidance and support and also to the Certificate holders for their continuing patronage and confidence in the Management of Modaraba Company.

May Almighty Allah guide us in our efforts of the progress of Modaraba and reward with the blessing AMEEN.

On behalf of the Board

Muhammad Omar Amin Bawany
Chief Executive

Karachi.
Date September 29, 2014



SHARI'AH ADVISOR'S REPORT FOR THE YEAR ENDED JUNE 30, 2014

I have conducted the Shari'ah review of **B.F.Modaraba** Managed by **E.A. Management (Private) Limited**, Modaraba Management Company for the financial year ended **June 30, 2014** in accordance with the requirements of the **Shari'ah Compliance and Shari'ah Audit Mechanism** for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. the Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
- ii. following were the major developments that took place during the year:
 - a) Research and new product development
 - Adopted new inducted Shari'ah Compliance and Shari'ah Audit Mechanism.
 - Followed Model Islamic Financing Agreements approved by Religious Board.
 - b) Training and Development
 - None
- iii. the agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
- iv. to the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas
- v. profit sharing ratios, profits and charging of losses relating to any deposit raising product conform to the basis and principles of Shari'ah.
- vi. No earnings have been realized from the sources or by means prohibited by Shari'ah.

Observation(s) -

Recommendation(s)

- Assets which required Insurance should be arranged by Takaful companies.

Conclusion -

Dated: September 29, 2014

Mufti Zubair Usmani
Shari'ah Advisor



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed Balance Sheet of **B.F. Modaraba** as at **June 30, 2014** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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



- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at **June 30, 2014** and of the profit, comprehensive income, changes in equity and its cash flows for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statements of the company as of June 30, 2013, were audited by another whose report dated September 26, 2013, expressed an unqualified opinion on those statements.

AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement Partner: **Adnan Zaman**

Karachi.
Dated: September 29, 2014



**B. F. MODARABA
BALANCE SHEET
AS AT JUNE 30, 2014**

	<i>Note</i>	2014 Rupees	2013 Rupees
ASSETS			
Current Assets			
Cash and bank balances	4	46,427,873	3,813,078
Investment - Available for sale	5	57,683,737	49,307,968
Advances, prepayments and other receivables	6	813,556	2,945,046
Stock in trade		31,411,500	68,660,328
		136,336,666	124,726,420
Non-Current Assets			
Long term deposits	7	40,019	40,019
Property, plant and equipment	8	161,585	3,740,105
		201,604	3,780,124
TOTAL ASSETS		136,538,270	128,506,544
LIABILITIES AND EQUITY			
Current liabilities			
Accrued and other liabilities	9	793,587	1,199,587
Current maturity of Ijarah	10	-	2,700,000
Due to management company		589,919	252,412
Unclaimed dividend		834,631	841,510
		2,218,137	4,993,509
Non-Current Liabilities			
Staff gratuity fund		-	541,951
Ijarah deposits	10	-	-
		-	541,951
Certificate Holders' Equity			
Certificate Capital	11	75,151,587	75,151,587
Reserves	12	34,510,503	30,073,621
Unrealized gain on available for sale investments		24,658,043	17,745,876
		134,320,133	122,971,084
TOTAL LIABILITIES AND EQUITY		136,538,270	128,506,544
Contingencies and Commitments	13	-	-

The annexed notes 1 to 28 form an integral part of these financial statements.

For E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director



**B. F. MODARABA
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014**

	<i>Note</i>	<i>2014</i>	<i>2013</i>
		<i>Rupees</i>	
Revenue			
Ijarah rentals		870,132	6,473,784
Gain on sale of available for sale investments		838,500	257,754
Trading profit	14	4,516,172	1,156,800
Dividend - net of zakat	15	2,560,943	2,470,970
Profit on bank deposits		3,437,313	1,782,538
Other income	16	-	294,347
		12,223,060	12,436,193
Expenditure			
Operating expenses	17	(5,486,194)	(4,138,111)
Amortization of Ijarah assets		(837,672)	(5,773,964)
		(6,323,866)	(9,912,075)
Profit before charging management fee		5,899,194	2,524,118
Provision for management fee		(589,919)	(252,412)
		5,309,275	2,271,706
Provision for workers' welfare fund		(106,185)	(45,434)
Profit before taxation		5,203,090	2,226,272
Taxation	18	(766,208)	(230,847)
Profit after taxation		4,436,882	1,995,425
Earning per certificate - basic and diluted	19	0.59	0.27

The annexed notes 1 to 28 form an integral part of these financial statements.

For E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director



B. F. MODARABA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	<i>2014</i>	<i>2013</i>
	<i>..... Rupees</i>	
Profit after taxation	4,436,882	1,995,425
Other comprehensive income for the year		
Unrealized gain on re-measurement of available for sale investments	7,350,917	9,644,718
Gain realised on disposal of investments	(438,750)	(239,212)
Total comprehensive income for the year	6,912,167	9,405,506
	<u>11,349,049</u>	<u>11,400,931</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director



**B. F. MODARABA
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

	Notes	2014	2013
	 Rupees.....	
Net cash generated from / (used in) operating activities (A) 21		40,528,956	(10,242,703)
Cash flows from investing activities			
Addition to fixed assets for own use		-	(38,930)
Available for sale investments acquired		(1,774,855)	(1,331,533)
Proceeds from sale of fixed assets		-	408,000
Proceeds from sale of investments		1,149,750	681,448
Dividend received		2,710,943	2,378,344
Net cash generated from investing activities (B)		<u>2,085,839</u>	<u>2,097,329</u>
Cash flows from financing activities (C)		-	-
Net increase / (decrease) in cash and cash equivalents (A+B+C)		42,614,795	(8,145,374)
Cash and cash equivalents at the beginning of the year		3,813,078	11,958,452
Cash and cash equivalents at the end of the year		<u>46,427,873</u>	<u>3,813,078</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director



B. F. MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital	Reserves		Unrealized gain/(loss) on available for sale investments	Total
		Statutory Reserve	Unappropriated Profits		
Rupees					
Balance as at June 30, 2012	75,151,587	25,855,957	5,979,819	8,340,370	115,327,733
Total comprehensive income for the year ended June 30, 2013	-	-	1,995,425	9,405,506	11,400,931
Transfer to the statutory reserves @ 40%	-	890,509	(890,509)	-	-
Dividend paid during the year	-	-	(3,757,580)	-	(3,757,580)
	-	890,509	(2,652,664)	9,405,506	7,643,351
Balance as at June 30, 2013	75,151,587	26,746,466	3,327,155	17,745,876	122,971,084
Total comprehensive income for the year ended June 30, 2014	-	-	4,436,882	6,912,167	11,349,049
Transfer to the statutory reserves @ 40%	-	2,081,236	(2,081,236)	-	-
Dividend paid during the year	-	-	-	-	-
	-	2,081,236	2,355,646	6,912,167	11,349,049
Balance as at June 30, 2014	75,151,587	28,827,702	5,682,801	24,658,043	134,320,133

The annexed notes 1 to 28 form an integral part of these financial statements.

For E.A Management (Private) Limited
 (Management Company)

 Chairman

 Chief Executive

 Director



B. F. MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

B.F. Modaraba (The Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder. The Modaraba is managed by E. A. Management (Pvt.) Limited (Modaraba Management Company). The registered office of the Modaraba is situated at Habib Square, M. A. Jinnah Road, Karachi. The Modaraba is listed on all Stock Exchanges in Pakistan.

It is a perpetual multi-purpose Modaraba and is primarily engaged in Ijarah, investments, trading, musharakah and murabaha transactions.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by the Securities & Exchange Commission of Pakistan (SECP) (the Modaraba Regulations). Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984 and made applicable to Modaraba's under the Modaraba Regulations. Wherever the requirements of the Modaraba Regulations differ with the requirements of these standards, the requirements of the Modaraba Regulations take precedence.

2.1 Basis of Preparation

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

2.2 Functional and presentation currency

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

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where various assumptions and estimates are significant to the Modaraba' s financial statements or where judgments were exercised in application of accounting policy are as follows:

	Note
(a) Current and deferred taxation	3.6
(b) Impairment of non-financial assets	3.8
(c) Impairment of financial assets	3.14.5

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

a) Standards, amendments or interpretations which became effective during the year

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

b) Amendments / standards not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates as mentioned below against the respective standard or interpretation:

Amendments not yet effective	Effective Date Annual periods beginning on or after
IFRS 9 Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporating existing derecognition requirements.	January 01, 2015
IFRS 9 Financial Instruments- Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosure	January 01, 2015
IAS 32 Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014
IAS 36 Impairment of Assets - Amendments arising from Recoverable Amount Disclosures for Non Financial Assets	January 01, 2014
IAS 39 Financial Instruments; Recognition and Measurements - Amendments arising for the novations of derivatives	January 01, 2014



The following International Financial Reporting Standards or Interpretations issued by IASB would be effective from the dates mentioned below against the respective standard or interpretation:

Standards or interpretation not yet effective	Effective Date Annual periods beginning on or after
IFRS 10 Consolidated Financial statements	January 01, 2015
IFRS 11 Joint arrangements	January 01, 2015
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 Fair Value Measurement	January 01, 2015
IAS 28 Investment in Associates and Joint Ventures	January 01, 2015

The Modaraba expects that the adoption of the above amendments and interpretations of the standards will not affect the Modaraba's financial statement in the period of initial application.

2.5 Islamic Financial Accounting Standard - 1

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

2.6 Islamic Financial Accounting Standard - 2

During the year ended June 30, 2008, Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan which was notified by the Securities and Exchange Commission of Pakistan vide an SRO 431(1)/2007 dated May 5, 2007 was adopted.

Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

- Muj 'ir (lessors) shall present the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income shall be recognized as an expense.
- Ijarah income shall be recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.



- SECP, vide its letter No. SC/ M/ RW/ SCM /2009 dated March 9, 2009, allowed that in case of Modarabas, IFAS-2 shall be applied for Ijarah transactions executed on or after 1 July 2008.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

The Modaraba operated an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the Modaraba.

Modaraba has discontinued the scheme during the year and the amount of liability was paid during the year.

3.2 Staff provident fund

The modaraba operates an unrecognized provident fund for all eligible employees and contributions to the provident fund are made at the rate of 9% of the basic salary of employees.

3.3 Compensated absences

The Modaraba provides for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned.

3.4 Accrued and other liabilities

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

3.5 Provisions

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

3.6 Taxation

Current

The charge for current taxation is based on taxable income as per Schedule II para 2 clause 18 @ 25% of Income Tax Ordinance 2001.

The income of a modaraba from non-trading activities is exempt from tax provided that not less than 90 % of its profits, as reduced by the amount transferred to a mandatory reserve, are distributed to the certificate - holders.



Deffered

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their tax base. This is recognized on the basis of the expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates to the extent that it is probable enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profit will be available against which the deductible temporary differences 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.

At the reporting date, there were no material temporary differences; therefore, no deferred tax has been recognized in these financial statements.

3.7 Fixed Assets

Fixed Assets - own use

Fixed assets held for own use are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income applying the reducing balance method at the rates specified in note 8.

Depreciation is charged from the quarter of acquisition of the respective assets upto the quarter of disposal.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Major renewals and replacement are capitalized and assets so replaced, if any, are retired.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Gain or loss on disposal of assets is accounted for in the year in which it arises.

Ijarah Assets

Ijarah assets are stated at cost less accumulated amortization. Amortization is charged to income applying the reducing balance method whereby the depreciable values of assets are amortized over the lease period. In respect of additions and transfers during the year, amortization is charged proportionately to the period of Ijarah.

3.8 Impairment of non-financial assets

The Modaraba assesses at each balance sheet date the carrying value of assets subject to depreciation or amortization whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their



recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

3.9 Murabaha transaction

Murabaha transactions are reflected as receivables. Actual sale and purchase are not reflected as the goods are purchased by the customer as agent of the Modaraba and all documents relating to purchase are in customer name as agent of the modaraba. Recognition of profit on that portion of the sales revenue not due for payment is deferred by recording a debit to "Unearned Murabaha Income" account and a corresponding credit to "Deferred Murabaha Income" account.

3.10 Stock in trade

Stock in trade is valued at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost is determined on weighted average method.

3.11 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.12 Accrued and other liabilities

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

3.13 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

3.14 Financial assets

3.14.1 Classification

The Modaraba classifies its financial assets in accordance with the requirements of International Accounting standard 39 (IAS 39) Financial Instruments: Recognition and Measurement. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.



a) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

b) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss accounts.

3.14.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Modaraba commits to purchase or sale of the asset.

3.14.3 Initial recognition and measurement

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

3.14.4 Subsequent measurement

Subsequent to initial recognition, carrying values of financial assets are remeasured as follows:

a) Financial asset as available for sale

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

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

b) Loans and receivables

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



3.14.5 Impairment of financial assets

The Modaraba assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is reclassified from equity to profit and loss account. Impairment losses recognised on equity instruments are not reversed through profit and loss. For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due according to the original terms.

3.14.6 Derecognition

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

3.14.7 Offsetting of financial assets and liabilities

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

3.14.8 Financial liabilities

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Financial liabilities are initially recognised at their fair values and subsequently carried at amortized cost using effective interest method.

3.15 Provision for doubtful recoveries

Provision for doubtful debts are made after review of outstanding Ijarah rental and murabaha receivables on the basis of Prudential Regulations for Modaraba issued by Securities and Exchange Commission of Pakistan. Other doubtful debts are provided for on the basis of their possible realization.

3.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business as depicted below:



- i. Ijarah rental income is recognised on a systematic basis over the lease period.
- ii. Dividend income is recognised when right to receive dividend is established.
- iii. Capital gain or loss is accounted for in the year in which it arises.
- iv. Income from trading activities is recognized on issuance of invoice.
- v. The profit on Murabaha transactions is recognised over the period the payments become due. The unearned portion is reflected as “Deferred Murabaha Income”.

	<i>2014</i>	<i>2013</i>
	<i>..... Rupees.....</i>	
4 CASH AND BANK BALANCES		
Cash	85,197	36,577
Balance with Banks		
- current accounts	1,368,512	1,321,764
- saving accounts	4.1 44,974,164	2,454,737
	46,342,676	3,776,501
	46,427,873	3,813,078

4.1 The effective rate of profit on savings account ranges from 5% to 9.02% (2013: 5% to 11%).

	<i>2014</i>	<i>2013</i>
	<i>..... Rupees.....</i>	
5 INVESTMENTS - Available for sale		
Investment in quoted shares / certificates	5.1 37,039,820	30,197,301
Investment in Mutual Funds - Open Ended	5.2 20,643,917	19,110,667
	57,683,737	49,307,968



5.1 Investment in quoted shares / certificates

The holdings are in ordinary shares / units / certificates of Rs. 10/- each except for Habib ADM Limited which are of Rs. 5/- each.

Number of Shares/Certificates		NAME OF COMPANY/ INSTITUTION	NET BOOK VALUE		MARKET VALUE	
June 30, 2014	June 30, 2013		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
			Rupees	Rupees	Rupees	Rupees
MODARABAS						
25,000	100,000	First Habib Bank Modaraba	103,750	415,000	388,750	1,000,000
117,636	117,636	Standard Chartered Modaraba	1,064,606	1,064,606	2,587,993	1,635,141
72,900	72,900	First Punjab Modaraba	127,575	127,575	275,562	164,025
19,360	19,360	First Tri Star Modaraba	6,776	6,776	127,776	49,175
SUGAR AND ALLIED						
12,286	12,286	Habib ADM Ltd (Shares having face value of Rs.5/- each)	144,589	144,589	431,239	316,978
CEMENT						
10,000	-	Pioneer Cement	488,473	-	466,600	-
FUEL AND ENERGY						
110,000	100,000	Hub Power Company Limited	2,783,753	2,255,500	6,461,400	6,165,000
19,000	-	Kohinoor Energy Limited	758,355	-	786,980	-
15,840	14,400	Pakistan State Oil	2,331,953	2,331,953	6,159,384	4,613,472
55,873	46,561	Pakistan Petroleum Limited	4,914,534	4,914,534	12,534,549	9,851,376
COMMUNICATION						
57,000	57,000	Pakistan Telecommunication Company Limited	1,006,050	1,006,050	1,451,790	1,264,830
CHEMICALS & PHARMACEUTICALS						
47,820	47,820	Fauji Fertilizer Limited	3,500,391	3,500,391	5,367,797	5,137,304
			<u>17,230,805</u>	<u>15,766,974</u>	<u>37,039,820</u>	<u>30,197,301</u>

Number of Units		NAME OF MUTUAL FUNDS	NET BOOK VALUE		NAV VALUE	
June 30, 2014	June 30, 2013		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
			Rupees	Rupees	Rupees	Rupees
117,058	100,000	Meezan Balanced Fund	1,238,123	1,238,123	1,562,729	1,298,000
381,090	355,969	Meezan Cash Fund	14,556,766	14,556,766	19,081,188	17,812,667
			<u>15,794,889</u>	<u>15,794,889</u>	<u>20,643,917</u>	<u>19,110,667</u>



2014 2013
.....Rupees.....

6 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	4,810,420	4,808,628
Provision for tax	(4,501,523)	(3,735,315)
Advance tax - net of provision	<u>308,897</u>	<u>1,073,313</u>

Prepayments	128,753	131,505
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Other receivables

Profit on bank deposits	348,276	693,373
Ijarah rental receivable	-	748,314
Loan to staff	-	122,500
Sales tax	27,630	26,041
Dividend receivable	-	150,000
	<u>375,906</u>	<u>1,740,228</u>
	<u><u>813,556</u></u>	<u><u>2,945,046</u></u>

7 LONG TERM DEPOSITS

Central Depository Company of Pakistan Limited	25,000	25,000
Others	15,019	15,019
	<u>40,019</u>	<u>40,019</u>

8 Property, plant & equipment

Own use	8.1	161,585	202,433
Ijarah assets	8.2	-	3,537,672
		<u>161,585</u>	<u>3,740,105</u>



8.1 Own use

Reconciliations of carrying amount of own fixed assets at the beginning and at the end of the year are as follows:

Description	2014				Total
	Office equipments	Furniture & fixture	Computer & allied equipments Rupees	Vehicles	
Net carrying value basis					
Year ended June 30, 2014					
Opening net book value (NBV)	19,529	23,849	47,005	112,050	202,433
Additions at cost	-	-	-	-	-
Disposal					
Cost / Written off	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Depreciation charged	(1,953)	(2,385)	(14,102)	(22,410)	(40,849)
Closing net book value (NBV)	17,576	21,464	32,904	89,640	161,584
Gross carrying value basis					
At June 30, 2014					
Cost	147,225	146,603	337,720	849,000	1,480,548
Accumulated depreciation	(129,649)	(125,138)	(304,814)	(759,362)	(1,318,964)
Net book value	17,576	21,465	32,906	89,638	161,585
Depreciation rate % per annum	10	10	30	20	
----- 2013 -----					
Description	Office equipments	Furniture & fixture	Computer & allied equipments Rupees	Vehicles	Total
Net carrying value basis					
Year ended June 30, 2013					
Opening net book value (NBV)	20,047	26,501	29,869	253,714	330,131
Additions at cost	1,650	-	37,280	-	38,930
Disposal					
Cost / Written off	-	-	-	739,000	739,000
Accumulated depreciation	-	-	-	(625,348)	(625,348)
Depreciation charged	(2,168)	(2,652)	(20,144)	(113,652)	(118,616)
Closing net book value (NBV)	19,529	23,849	47,005	112,050	202,433
Gross carrying value basis					
At June 30, 2013					
Cost	147,225	146,603	337,720	849,000	1,480,548
Accumulated depreciation	(127,696)	(122,754)	(290,715)	(736,950)	(1,278,115)
Net book value	19,529	23,849	47,005	112,050	202,433
Depreciation rate % per annum	10	10	30	20	

2013 2012
..... Rupees

8.2 Ijarah assets

Opening balance	3,537,672	9,311,636
Transfer during the year	(2,700,000)	-
Less: Accumulated amortization @ 11.2%	(837,672)	(5,773,964)
Closing balance	-	3,537,672



	<i>2014</i>	<i>2013</i>
 <i>Rupees</i>	
9 ACCRUED AND OTHER LIABILITIES		
Audit fee payable	355,000	967,000
Commission payable	18,000	18,000
Others	420,587	214,587
	<u>793,587</u>	<u>1,199,587</u>

10 LONG TERM IJARAH DEPOSITS

Opening balance	-	2,700,000
Current maturity for the year	-	<u>(2,700,000)</u>
	<u>-</u>	<u>-</u>

This represents interest free security deposits received against Ijarah assets from lessees and is refundable / adjustable at the expiry of the respective ijarah contracts.

11 CERTIFICATE CAPITAL

<i>2014</i>	<i>2013</i>		<i>2014</i>	<i>2013</i>
No. of Certificates		 <i>Rupees</i>	
Authorized certificate capital				
<u>10,000,000</u>	<u>10,000,000</u>	Modaraba Certificates of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital				
3,000,000	3,000,000	Modaraba certificates of Rs.10/- each issued for cash	30,000,000	30,000,000
4,515,158	4,515,158	Modaraba certificates of Rs.10/- each issued as bonus certificates	45,151,587	45,151,587
<u>7,515,158</u>	<u>7,515,158</u>		<u>75,151,587</u>	<u>75,151,587</u>

12 RESERVES

Statutory reserve	28,827,702	26,746,466
Unappropriated profit	5,682,801	3,327,155
	<u>34,510,503</u>	<u>30,073,621</u>

12.1 Statutory reserve represents profits set aside to comply with the Prudential Regulations for modarabas issued by the SECP. These regulations require a modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred. During the current year the Modaraba has transferred an amount of Rs. 2,081,236 (2013: Rs.890,509) which represents 40% of the profit after tax.

13 CONTINGENCIES AND COMMITMENTS

a) There are no known commitments as at June 30, 2014 (2013: Nil).



	<i>2014</i>	<i>2013</i>
	<i>..... Rupees</i>	
14 TRADING PROFIT		
Sales-Net	93,455,000	50,745,400
Cost of sales		
Opening stock	68,660,328	56,350,226
Purchases	51,690,000	61,898,702
Closing stock	(31,411,500)	(68,660,328)
	88,938,828	49,588,600
	4,516,172	1,156,800
15 DIVIDEND		
Dividend income	2,589,543	2,498,345
Less: Zakat deducted at source	(28,600)	(27,375)
	2,560,943	2,470,970
16 OTHER INCOME		
Gain on sale of assets	-	294,347
17 OPERATING EXPENSES		
Salaries and other benefits	3,998,353	2,763,139
Fees and subscription	753,392	683,042
Newspapers and periodicals	5,744	5,298
Printing and stationery	127,280	115,784
Repair and maintenance	18,550	5,700
Travelling and conveyance	7,710	26,238
Postage and telephone	84,150	69,239
Auditors' remuneration	17.1 310,000	310,000
Vehicles running and maintenance	1,500	3,000
Insurance	31,456	31,477
Depreciation	8.1 40,849	52,976
Advertisement	37,000	19,950
Bank charges	925	1,720
Miscellaneous	69,285	50,548
	5,486,194	4,138,111
17.1 Auditors' remuneration		
Audit fee	250,000	250,000
Half yearly review including other services	60,000	60,000
	310,000	310,000



2014 2013
..... Rupees

18 TAXATION

- Current year	<u>766,208</u>	<u>230,847</u>
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18.1 Income tax assessments of the Modaraba have been finalized upto tax year 2013, as these are deemed to have been finalized under section 120 of Income Tax Ordinance, 2001.

19 EARNINGS PER CERTIFICATE

Basic

Profit for the year	<u>4,436,882</u>	<u>1,995,425</u>
Weighted average number of certificates outstanding	<u>7,515,158</u>	<u>7,515,158</u>
Earnings per certificate	<u>0.59</u>	<u>0.27</u>

Diluted

There is no dilutive effect on the basic earnings per certificate of the Modaraba, since there are no convertible instruments in issue as at 30 June 2013 and 30 June 2014 which would have any effect on the earnings per share if the option to convert is exercised.

20 TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over the other party in making financial and operating decisions.

The related parties comprise of major shareholders, associated undertakings with or without common directors, directors of the Modaraba Management Company, key management personnel and financial institution having nominee on the Board of Directors. Remuneration and benefits to the executives of the Company are in accordance with the terms of employment while contribution to the provident fund are in accordance with the staff services rules. Transactions with other related parties are entered in to at rates negotiated with them.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Details of transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

	2014			2013
Balance / Transaction	Associate undertakings	Management Company	Total	Total
	Rupees			Rs
Purchases	51,690,00	-	51,690,000	61,898,702
Insurance expense	22,195	-	22,195	31,477
Management fee	-	589,919	589,919	252,412
	<u>51,712,195</u>	<u>589,919</u>	<u>52,302,114</u>	<u>62,182,591</u>



2014 2013
..... Rupees

21 Cash generated from operations

Profit before taxation 5,203,090 2,226,272

Adjustment from non-cash charges and other items:

Depreciation on own assets	40,849	52,976
Amortization on leased assets	837,672	5,773,964
Provision for provident fund	65,592	-
Provision for Management Fee	589,919	252,412
Provision for WWF	106,185	45,434
Provision for gratuity	849,076	183,326
Gain on disposal of asset	-	(294,347)
Gain on sale of investments	(838,500)	(257,754)
Dividend income	(2,560,943)	(2,470,970)
	(910,150)	3,285,041
Cash generated from operations	4,292,940	5,511,313

21.1 Net changes in working capital

Decrease / (Increase) in current assets

Stock in trade	37,248,828	(12,310,102)
Advances, deposits, prepayments and other receivables	1,217,074	601,392
	38,465,902	(11,708,710)

(Decrease) / increase in current liabilities

Accrued and other liabilities	(577,777)	318,869
Net increase / (decrease) in working capital	37,888,125	(11,389,841)
Management fee paid	(252,412)	(731,481)
Dividend paid	(6,879)	(3,632,693)
Gratuity paid	(1,391,027)	-
Taxes paid	(1,792)	-
	(1,652,109)	(4,364,174)
Net cash generated from / (used in) operating activities	40,528,956	(10,242,703)



22 Financial instruments and related disclosures
22.1 Financial assets and financial liabilities

Financial assets and financial liabilities for the year ended June 30, 2014 are stated below:

Description	2014										
	Interest / Mark-up bearing					Non-interest bearing					
	Rate of interest	Maturity up to one year	Maturity after one year and up to 5 years	Maturity after 5 years	Sub-total	Maturity up to one year	Maturity after one year and up to 5 years	Maturity after 5 years	Sub-total	Total	
	% age	Rupees									
Financial assets											
Cash and bank balances	5% to 9.02%	44,974,164	-	-	-	44,974,164	1,453,709	-	-	1,453,709	46,427,873
Investments		-	-	-	-	-	57,683,737	-	-	57,683,737	57,683,737
Advances, prepayments and other receivables		-	-	-	-	-	813,556	-	-	813,556	813,556
Stock in trade		-	-	-	-	-	31,411,500	-	-	31,411,500	31,411,500
Long term deposits		-	-	-	-	-	40,019	-	-	40,019	40,019
		44,974,164	-	-	-	44,974,164	91,402,520	-	-	91,402,520	136,376,684
Financial liabilities											
Accrued and other liabilities		-	-	-	-	-	793,587	-	-	793,587	793,587
Due to management company		-	-	-	-	-	589,919	-	-	589,919	589,919
Unclaimed dividend		-	-	-	-	-	834,631	-	-	834,631	834,631
Ijarah deposits		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	2,218,137	-	-	2,218,137	2,218,137
On balance sheet Gap		44,974,164	-	-	-	44,974,164	89,184,383	-	-	89,184,383	134,158,547



2013											
Description	Interest / Mark-up bearing				Non-interest bearing				Sub-total	Total	
	Rate of interest	Maturity up to one year	Maturity after one year and up to 5 years	Maturity after 5 years	Maturity up to one year	Maturity after one year and up to 5 years	Maturity after 5 years				
	% age	Rupees				Rupees					
Financial assets											
Cash and bank balances	5% to 11%	2,454,737	-	-	-	1,358,341	-	-	1,358,341	3,813,078	
Investments		-	-	-	-	49,307,968	-	-	49,307,968	49,307,968	
Advances, prepayments and other receivables		-	-	-	-	2,945,046	-	-	2,945,046	2,945,046	
Stock in trade		-	-	-	-	68,660,328	-	-	68,660,328	68,660,328	
Long term deposits		-	-	-	-	40,019	-	-	40,019	40,019	
		<u>2,454,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,311,701</u>	<u>-</u>	<u>-</u>	<u>122,311,701</u>	<u>124,766,439</u>	
Financial liabilities											
Accrued and other liabilities		-	-	-	-	1,199,587	-	-	1,199,587	1,199,587	
Due to management company		-	-	-	-	252,412	-	-	252,412	252,412	
Unclaimed dividend		-	-	-	-	841,510	-	-	841,510	841,510	
Staff gratuity		-	-	-	-	541,951	-	-	541,951	541,951	
Ijarah deposits		-	-	-	-	-	-	-	-	-	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,835,460</u>	<u>-</u>	<u>-</u>	<u>2,835,460</u>	<u>2,835,460</u>	
On balance sheet Gap		<u>2,454,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,476,242</u>	<u>-</u>	<u>-</u>	<u>119,476,242</u>	<u>121,930,979</u>	



23 FINANCIAL RISK MANAGEMENT

The Modaraba finances its operations through equity. The Modaraba utilises funds in ijarah, morabaha financing, trading activities and investments in equity instruments. These activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

23.1 Market Risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The Modaraba manages this risk through continuous monitoring of the market prices, market mark-up/profit rates and its mark-up/profit rates sensitivity position. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

23.1.1 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. The Modaraba, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

23.1.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Modaraba is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 57.684 million (2013: Rs. 49.308 million) at the reporting date. The Modaraba manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.



Sensitivity analysis

For table below summarizes Modaraba's equity price risk as of 30 June 2014 and 2013 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Modaraba's equity investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in shareholders' equity
June 30, 2014	Rupees	57,683,737	10% increase 10% decrease	63,452,110 51,915,363	5,768,374 (5,768,374)
June 30, 2013	Rupees	49,307,968	10% increase 10% decrease	54,238,765 44,377,171	4,930,797 (4,930,797)

23.1.3 Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The Modaraba manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

Financial assets and liabilities include balances of Rs. 44,974,164 (2013: Rs. 2,454,737/-) and Rs. Nil (2013: Rs. Nil) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

- a) At the reporting date, the interest rate profile of the Modaraba's significant interest bearing financial instruments was as follows:
the reporting date, the interest rate profile of the Modaraba's significant interest bearing financial instruments was as follows:

	2014	2013		2014	2013
	Effective interest rate (%)			Carrying amounts	
Financial assets					
Bank deposits - <i>pls account</i>	5% to 9.02%	5% to 11%	Rupees	44,974,164	2,454,737

b) Sensitivity analysis

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument.



The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets increases and decreases in interest rates on cash flows from financial assets the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

		Profit and loss 100 bp increase	decrease
As at June 30, 2014			
Cash flow sensitivity-Variable rate financial assets	<i>Rupees</i>	<u>449,742</u>	<u>(449,742)</u>
As at June 30, 2013			
Cash flow sensitivity-Variable rate financial assets	<i>Rupees</i>	<u>24,547</u>	<u>(24,547)</u>

23.2 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba is exposed to credit risk in respect of Trade debtors and morabaha transactions.

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

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

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

Out of the total financial assets of Rs 104.965 million (2013: Rs 56.106 million) the financial assets which are subject to credit risk amounted to Rs 47.281 (2013: Rs 6.798 million). The management believes that the Modaraba is not exposed to major concentration of credit risk.



23.2.1 The carrying amounts of the financial assets against which the Modaraba did not hold any collateral represent the maximum credit exposure, as specified below:

	2014		2013	
	Carrying Amount	Maximum Exposure	Carrying Amount	Maximum Exposure
Rupees				
Balance with banks	46,342,676	46,342,676	3,776,501	3,776,501
Advances	375,906	375,906	1,740,228	1,740,228

23.2.2 Credit quality

The credit quality of Modaraba's liquid funds can be assessed with reference to external credit ratings as follows:

	Rating Long term	Rating Agency	2014 Rupees	2013 Rupees
Al-Barka Islamic Bank Limited	A	JCR-VIS	13,367	12,996
Bank Al-Habib Limited	AA+	PACRA	212,382	212,068
Burj Bank Limited	A	JCR-VIS	10,049	9,627
Habib Bank Limited	AAA	JCR-VIS	596,939	544,095
Habib Metropolitan Bank Limited	AA+	PACRA	44,951,593	2,433,274
UBL Islamic Bank	AA+	JCR-VIS	558,345	564,442
			<u>46,342,676</u>	<u>3,776,501</u>

23.3 LIQUIDITY RISK

Liquidity risk is the risk that the Modaraba will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Modaraba finances its operations through equity.

23.3.1 The following are the contractual maturities profile of financial liabilities, including estimated interest payments:

	Carrying Amount	2014		
		Contractual cash flows	Twelve months or less	Two to Five years
Rupees				
Non-Derivative Financial liabilities				
Lease Deposits	-	-	-	-
Accrued and other liabilities	793,587	793,587	793,587	-
Due to Management Company	589,919	589,919	589,919	-
Unclaimed Dividend	834,631	834,631	834,631	-
	<u>2,218,137</u>	<u>2,218,137</u>	<u>2,218,137</u>	<u>-</u>



	Carrying Amount	2013		
		Contractual cash flows	Twelve months or less	Two to Five years
		Rupees		
Non-Derivative Financial liabilities				
Lease Deposits	2,700,000	2,700,000	2,700,000	-
Staff Gratuity	541,951	541,951	-	541,951
Accrued and other liabilities	1,199,587	1,199,587	1,199,587	-
Due to Management Company	252,412	252,412	252,412	-
Unclaimed Dividend	841,510	841,510	841,510	-
	<u>5,535,460</u>	<u>5,535,460</u>	<u>4,993,509</u>	<u>541,951</u>

24 CAPITAL RISK MANAGEMENT

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

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of dividends paid to certificate-holders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	<i>2014</i>	<i>2013</i>
 Rupees	
Cash and bank balances	46,427,873	3,813,078
Total equity	<u>136,538,270</u>	<u>128,506,544</u>
Total capital	<u>182,966,143</u>	<u>132,319,622</u>
Gearing ratio	0.0%	0.0%

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities is estimated to approximate their carrying amounts.

INFORMATION ABOUT BUSINESS SEGMENTS



	2014				
	Sugar Trading	Investments	Jarah operations	Others	Consolidated
	93,455,000	3,399,443	870,132	3,437,313	101,161,888
Segment Revenues					
Segment Results					
Segment Expenses	(88,938,828)	-	(837,672)	-	(89,776,500)
Unallocated operating expenses	-	-	-	(5,486,194)	(5,486,194)
Management fee	-	-	-	(589,919)	(589,919)
Provision for workers' welfare fund	-	-	-	(106,185)	(106,185)
Profit for the year	<u>4,516,172</u>	<u>3,399,443</u>	<u>32,460</u>	<u>(2,744,986)</u>	<u>5,203,090</u>
Assets and liabilities					
Segment assets	31,411,500	57,683,737	-	-	89,095,237
Unallocated assets	-	-	-	47,443,033	47,443,033
Consolidated total assets	<u>31,411,500</u>	<u>57,683,737</u>	<u>-</u>	<u>47,443,033</u>	<u>136,538,270</u>
Segment liabilities	-	-	-	-	-
Unallocated liabilities	-	-	-	2,218,137	2,218,137
Consolidated total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,218,137</u>	<u>2,218,137</u>

Rupees

The above mentioned segments do not necessarily match with the organizational structure of Modaraba.



2013					
	Sugar Trading	Investments	Ijarah operations	Others	Consolidated
	Rupees				
Segment Revenues	50,745,400	2,728,724	6,473,784	2,076,885	62,024,793
Segment Results					
Segment Expenses	(49,588,600)	-	(5,773,964)	-	(55,362,564)
Unallocated operating expenses	-	-	-	(4,138,111)	(4,138,111)
Management fee	-	-	-	(252,412)	(252,412)
Provision for workers' welfare fund	-	-	-	(45,434)	(45,434)
Profit for the year	<u>1,156,800</u>	<u>2,728,724</u>	<u>699,820</u>	<u>(2,359,072)</u>	<u>2,226,272</u>
Assets and liabilities					
Segment assets	68,660,328	49,307,968	-	-	117,968,296
Unallocated assets	-	-	-	10,538,248	10,538,248
Consolidated total assets	<u>68,660,328</u>	<u>49,307,968</u>	<u>-</u>	<u>10,538,248</u>	<u>128,506,544</u>
Segment liabilities	-	-	-	-	-
Unallocated liabilities	-	-	-	5,535,460	5,535,460
Consolidated total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,535,460</u>	<u>5,535,460</u>

The above mentioned segments do not necessarily match with the organizational structure of Modaraba.



27 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 29, 2014 by the Board of Directors of the Modaraba Management Company.

28 GENERAL

Figures have been rounded off to the nearest rupee, corresponding figures have also being re-arranged and re-classified whenever necessary.

For E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director



**PATTERN OF CERTIFICATE HOLDING
AS AT JUNE 30, 2014**

NO. OF CERTIFICATE HOLDERS	CERTIFICATE HOLDING			TOTAL CERTIFICATES HELD
511	1	-	100	13,835
247	101	-	500	60,980
98	501	-	1000	71,947
197	1001	-	5000	407,803
34	5001	-	10000	233,988
9	10001	-	15000	109,481
8	15001	-	20000	145,405
5	20001	-	25000	109,727
2	25001	-	30000	55,939
1	30001	-	35000	31,165
1	35001	-	40000	37,573
3	40001	-	45000	127,310
1	65001	-	70000	70,000
1	70001	-	75000	72,105
1	115001	-	120000	115,724
1	140001	-	145000	141,500
1	170001	-	175000	171,360
2	180001	-	185000	365,578
1	185001	-	190000	187,877
1	210001	-	215000	212,554
1	225001	-	230000	227,910
1	235001	-	240000	237,500
1	280001	-	285000	280,303
1	315001	-	320000	318,113
1	335001	-	340000	339,095
1	355001	-	360000	356,138
1	455001	-	460000	459,831
1	675001	-	680000	675,629
2	935001	-	940000	1,878,788
1135	TOTAL			7,515,158



**CATEGORIES OF CERTIFICATE HOLDINGS
AS AT JUNE 30, 2014**

	Number of Certificate Holders	Total Certificates Held	Percentage %
Director CEO and their Spouses and Minor Children Holding			
Mr. Omar Amin Bawany - Chief Executive		29411	0.3914
Mrs. Rukhsana		318113	4.2330
Mr. Ahmed Ali Bawany - Chairman		31165	0.4147
Mrs Ambreen		459831	6.1187
Mis. Alveena		5846	0.0778
	5	844366	11.2356
Associated Companies, Undertaking and Related Parties			
E.A Management (Pvt) Ltd.		939394	12.5000
Faran Sugar Mills Ltd.		939394	12.5000
Reliance Insurance Co. Ltd.		115724	1.5399
	3	1994512	26.5399
NIT and ICP			
Trustee National Bank of Pakistan, Pension Fund		41908	0.5576
Trustee National Bank of Pakistan, Benevolent Fund		1471	0.0196
ICP		7399	0.0985
National Bank of Pakistan Ltd		756	0.0101
IDBP (ICP Unit)		2585	0.0344
	5	54119	0.7202
Certificate Holders Holding Five percent or more			
Sind Particle Board Mills		675629	8.9902
Mrs.Shaheda Muhammad Amin		539216	7.1750
Mrs.Gulshan Ara Muhammad Amin		508213	6.7625
Mrs.Aisha Bai Muhammad Amin		510455	6.7923
	4	2233513	29.7200
INDIVIDUALS	1089	2,005,782	26.6898
INVESTMENT COMPANIES	5	108,624	1.4454
INSURANCE COMPANIES	1	187,877	2.5000
JOINT STOCK COMPANIES	11	7,803	0.1038
FINANCIAL INSTITUTIONS	3	10,456	0.1391
OTHERS	7	45,747	0.6087
CHARITABLE TRUSTS	1	17,532	0.2333
COOPERATIVE SOCIETIES	1	4,827	0.0642
Total	1135	7,515,158	100



July 2013-June 2014	
NUMBER OF BOARD MEETINGS	
Name of Director	Number of Meeting Attended
1. Mr. Muhammad Omar Amin Bawany	4
2. Mr. Ahmed Ali Mohammad Amin Bawany	4
3. Mr. Abdul Ghani Samad	4
4. Mr. Abdul Wahid Ghaffar	4

KEY OPERATING AND FINANCIAL DATA						Rs. 000's
Year	2014	2013	2012	2011	2010	2009
Paid-up Capital	75,151	75,151	75,151	75,151	68,319	68,319
Equity	134,320	122,971	115,327	127,504	102,220	91,614
Operating Revenue	12,223	12,436	16,005	29,489	11,913	14,473
Net Profit After Tax	4,437	1,995	6,307	17,491	3,403	3,679
Bonus	-	-	-	-	10%	-
Cash Dividend	-	-	5%	15%	-	-
Earning Per Certificate (Rs.)	0.59	0.27	0.84	2.33	0.45	0.54



**STATEMENT OF COMPLIANCE WITH THE
CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2014**

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

<u>Category</u>	<u>Names</u>
Independent Directors	Mr. AbdulWahid Ghaffar
Executive Directors	Mr. Muhammad Omar Amin Bawany
Non-Executive Directors	Mr. Ahmed Ali Muhammad Amin Bawany Mr. Abdul Ghani Samad Mr. AbdulWahid Ghaffar

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No causal vacancy in the Board occurred during the year
5. The Management company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.



6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are aware of their fiduciary responsibilities. However whenever necessary the board arrange orientations course for its directors in this respect.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members of non-executive directors.



16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is also non-executive director.
18. The board has set up an effective internal audit function.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of Board of Directors

Karachi
Dated: September 29, 2014

Muhammad Omar Amin Bawany
Chief Executive



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **M/s. E.A. Management (Private) Limited** (Modaraba Management Company) for the year ended June 30, 2014, the comply with the listing regulations no.35 of the Karachi Stock Exchange (Guarantee) Limited, chapter XI of Lahore Stock Exchange and Islamabad Stock Exchange where the Modaraba is listed.

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

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

The Code requires the Company to place before Audit Committee, and upon recommendation of the Audit Committee, place before the board of directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transaction and transactions which are not executed at arm's length price and recording proper justification for using such alternate price mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code, for the year ended **June 30, 2014**.

Karachi.

Dated: September 29, 2014

AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS



NOTICE OF ANNUAL REVIEW MEETING

The 15th Annual Review meeting of the Certificate Holders of B.F. Modaraba will be held on Tuesday October 29, 2014 at 4:30 p.m. at the Registered office of Modaraba at 4th Floor Bank House No. 1, Habib Square, M.A. Jinnah, Road, Karachi.

The Certificate Transfer Books of the Modaraba will remain closed from October 23, 2014 to October 29, 2014 (both days inclusive).

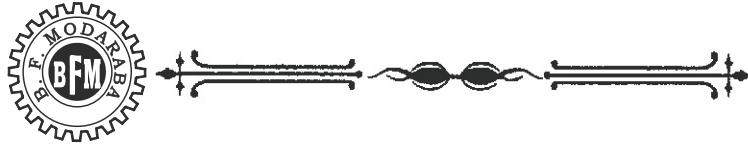
Transfer received in order at the shares registrar office of the Modaraba M/s. C & K Management Associated (Pvt.) Ltd, 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530, before the close of business hours on October 22, 2014, will be treated in time.

Dated: September 29, 2014

Muhammad Ayub
Company Secretary

NOTE

At the time of attending the meeting individual CDC account holders shall produce their original National Identity Cards and corporate entities shall produce the Board's Resolution/Power of Attorney with Specimen Signature of the nominees.



VISION

To provide financial products translating and services within the spirit of Islamic Shariah and in accordance with the law to contribute in the promotion of the law and to contribute towards fulfilling our responsibilities in building a progressive society.

MISSION

- * To engage effectively, responsibly and profitability in providing financial products and services consistently seeking high standard of performance to maintain a long term success position in the competitive environment. This will be achieved by:
 - * Introducing a just and equitable financial system by being a good multipurpose financial institution;
Providing a range of specialized services working on Shariah principles to sustain continuous earning growth through effective management of its existing resources and through selective investment and financing.
 - * Providing for reasonable and just profit, prudent growth and pursuit of better efficiency.
 - * Focusing on serving our clients and customers building relationship with them based on trust and mutual benefit; and
 - * Fulfilling our responsibilities to satisfy the certificate holders, clients and the employees.