

# ANNUAL REPORT 2018



**Trust Modaraba**

Managed By:

Al-Zāmin Modaraba Management (Pvt) Ltd



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## **Mission Statement**

Trust Modaraba aims to evolve and practice exemplary standards of integrity and proficiency by achieving balanced growth, building quality investment portfolio, maintaining high standards of efficiency and providing good return to its certificate holders. Trust Modaraba shall endeavor to maintain a comprehensive edge in the industry and contribute effectively in promotion of Islamic Financial Regime. It shall adopt a management culture based on participation, motivation and accountability to achieve professional and personal excellence and growth of human resource. Trust Modaraba shall achieve a balanced texture of being a prudent and progressive organization with a sound image in the market place.

## CORPORATE INFORMATION

### Modaraba Company

Al-Zamin Modaraba Management (Private) Limited

#### Board of Directors

Mr. Syed Manzoor Hussain Shah Kazmi	Chairman
Mr. Basheer Ahmed Chowdry	Chief Executive
Mr. Shaikh Arshad Farooq	Director
Mr. Mohammad Imranul Haque	Director
Mr. Sohail Ansar	Director
Dr. Mrs. Namooos Baquar	Director
Mr. Syed shahnawaz A. Rizvi	Director

#### Management

Mr. Basheer Ahmed Chowdry	Chief Executive
Ms. Hamida Aqeel	Chief Operating Officer/Company Secretary
Mr. Ijaz Ahmed Khan	Chief Financial Officer/Regional Head

#### Audit Committee

Mr. Syed shahnawaz A. Rizvi	Chairman
Mr. Shaikh Arshad Farooq	Member
Mr. Sohail Ansar	Member
Ms. Hamida Aqeel	Secretary Audit committee

#### Human Resource Committee

Mr. Syed shahnawaz A. Rizvi	Chairman
Mr. Shaikh Arshad Farooq	Member
Mr. Basheer Ahmed Chowdry	Member
Dr. Namooos Baquar	Member

#### Internal Auditors

Grant Thornton Anjum Rahman.  
Chartered Accountants

#### Auditors of the Modaraba

Horwath Hussain Chaudhury & Co.  
Chartered Accountant

#### Bankers

Meezan Bank Limited  
The Bank of Punjab

#### Legal Advisors

Shakeel Ahmed Awan  
Advocate, Supreme Court of Pakistan  
S&B Durrani Law Associates  
Sameera Usto & Associates

#### Registered Office/Principal Place of Business

104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi-75600  
Telephone: 021-35876651, 35876652  
Fax : 021-35870408 Web: trustmodaraba.com Email: info@trustmodaraba.com

#### Regional Office

301-320, 3<sup>rd</sup> Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore  
Telephone: 042-35941957-8 Fax: 042 35866513

#### Gujranwala Office

51-A, Adjacent Standerd Chartered Bank, Trust Plaza G.T Road, Gujranwala  
Telephone: 055-3730308, 3730300 Fax: 055-3731108

#### Registrars

Hameed Majeed Associates (Private) Limited  
1<sup>st</sup> Floor, H.M. House, 7-Bank Square, Lahore Telephone: 042- 37235081-2 Fax: 042-37358817



Trust Modaraba

## NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the Annual Review Meeting of Trust Modaraba to review the performance of the Modaraba for the year ended June 30th, 2018 will be held on Friday 26th October, 2018 at 08:45 am at NBF1 & Modaraba Association of Pakistan, 602, Progressive Centre, 30-A, Block-6, PECHS, Shahrah-e-Faisal, Karachi-75400.

The certificate transfer books of the Modaraba will remain closed from **18<sup>th</sup> October, 2018 to 26<sup>th</sup> October, 2018** (both days inclusive).

Hamida Aqeel  
Company Secretary

Karachi

October 01, 2018.

## REVIEW REPORT BY THE CHAIRMAN

As required under the code of Corporate Governance, an annual evaluation of the board of Directors of Al-Zamin Modaraba Management (Private) Limited is carried out. The purpose of evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Modaraba.

For the financial year ended June 30, 2018, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as Satisfactory is based on an evaluation of integral components, including visions, mission and values; engagement in strategic planning, formulation of policies, monitoring the organization's business activities; monitor financial resource management, effective fiscal oversight, equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board's of Directors of the Company received agendas and supporting written material including follow up material in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequate discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.



Syed Manzoor Hussain Shah Kazmi  
CHAIRMAN

Karachi.

October 01, 2018.



## DIRECTORS' REPORT

The Board of Directors of Al-Zamin Modaraba Management (Private) Limited has pleasure in presenting financial statements of Trust Modaraba for the year ending 30th June, 2018.

### Economy Review

In spite of continuation of weaker domestic policies, the country's economy continued its growth momentum as it achieved a 13 years high level GDP at 5.8% in financial year 2018 against its target growth of 6%. It was mainly due to improved power supply, investment related to the China-Pakistan Economic Corridor (CPEC) and ongoing recovery in agriculture. Pakistan's export showing 13.7% growth with the help of support and incentive provided by the government to the exporters. The export increased to USD 23.2 billion during FY 2018 as compared with USD 20.4 billion in FY 2017. Trade deficit for the year increased to USD 37.7 billion as compared with deficit of USD 32.5 billion during the last year depicting a 16% rise. Foreign exchange remittances were reported as USD 19.6 billion with a mere growth of 1.4% year on year basis. As a result, the current account deficit widened to USD 18.00 billion during the year against USD 12.6 billion in FY 2017. Foreign Exchange reserves also decreased by USD 5 billion to USD 16.4 billion by the end of June as compared to USD 21.4 billion at June 2017. Pak rupee devalued an overall 15.9% as compared to the close of 2017. Inflation has started to build up as CPI was reported 5.2% in June 2018, however, average CPI was recorded at 3.9% as compared to 4.2% average maintained during 2017.

The incoming government will face many challenges ahead, including a weakening economy grappling with high inflation; a large fiscal deficit and an elevated current account deficit, driven by robust imports on higher oil prices and imports from China for infrastructure projects related to the CPEC programme. These developments, paired with falling foreign exchange reserves, could put Pakistan at risk of defaulting on payments, unless resorted to measures like IMF assistance.

### Performance Review

During the year under review, your Modaraba has earned a profit of Rs.2.26 million before management fee as compared to Rs.15.727 million during the last year. This significant decrease in the net profit was caused mainly by reduction in Ijara revenue of Rs 12.87 million due to shifting of funding to Morahabah and diversification projects which started yielding income in the subsequent period. Another major factor was the depressed performance of stock exchange during the year causing a value depletion of Rs 5.55 in listed securities portfolio. Previous year's income included a one-time recovery gain of Rs 3.10 million whereas the projected reversal of significant provisions of the litigated portfolio for negotiated settlements awaiting auction of mortgaged properties could not be realized during the year under review due to unusual delays in the legal proceedings. Further, your Modaraba reduced its financing rates by an average of 200 basis points in line with the financial sector trends due to reductions in KIBOR over the previous year.

The impact of all such reductions was partly offset by trading income of Rs 2.45 million and increase in Musharakh profit by Rs 1.33 million but could not fully compensate the overall dilution in earnings.

Fortunately, the stock market has started showing signs of recovery and the diversification portfolio invested mainly in the agriculture sector is expected to provide good yields in the current year. In the meantime, the continuous efforts of your management to enhance Modaraba's equity have finally materialized and a fresh injection of Rs 200 million is being brought in two tranches within one year will enhance the business pool and resultant profitability significantly for the benefit of stakeholders.

Liquidity generated through available resources was deployed efficiently towards diversified business during the year by disbursing Rs.30.574 million towards Ijarah, Rs.73.700million towards Morabaha and Musharaka transactions, Rs.30.02million towards diversification and fresh investments of Rs.4.33 million in stock market operations for averaging the deteriorating effects.

Balance sheet footing of your Modaraba stood at Rs.377.335 million. Certificate holder's equity stood at Rs.306.002 million. Administrative expenses was increased by 2.83% compared to corresponding period last year basically due to inflation.

## Future Outlook

The profitability of an entity like Trust Modaraba depends on its capacity to enhance its business volumes by supplementing its core equity with funding resources while, at the same time, prudently managing its risks and expenses. As stated above, arrangements have since been finalized to inject fresh equity of Rs 200 million in two tranches of Rs 100 million each. All regulatory and legal processes for this purpose are being completed diligently to ensure that the first investment comes in the Modaraba soon, followed by the second inflow of Rs 100 million in about further six months. In addition to supplementing the funding pool of the Modaraba, the increased equity will also achieve enhancement of its credit rating to the levels which will enable utilization of credit facilities and mobilization of funds directly from the market. The resources thus mobilized will enable optimization of the current infrastructure and core business modes without adding much to the operating costs and also provide expansion into fresh products and services menu, with effective risk management and compliance regime. For this purpose, comprehensive business strategies have been developed to ensure that the distributable profits in the coming years register a significant increase.

The management of your Modaraba is committed to achieve a significant growth in the forthcoming period to make your entity a significant member of the Modaraba sector.

### Dividend distribution:

Trust Modaraba has been distributing 90% of its profit to the certificate holders regularly since 2010. However, non-availability of funding during the period under review, factors enumerated above and the net earnings of the Modaraba for the current financial year do not justify any distribution as the process will be uneconomical for the Modaraba as well as to the certificate holders. The Board has therefore, most reluctantly, decided to pass over the dividend payout this year with a resolve to compensate the certificate holders during the forthcoming years by implementing the plans explained above.

### Compliance under Code of Corporate Governance:

- The financial statements prepared by the management of Trust Modaraba present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements of Modaraba and accounting estimates are based on reasonable and prudent judgement.
- International Accounting Standards, as applicable to Modaraba, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts about Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices and corporate governance as detailed in the listing regulations.

**Board Meetings:**

The Composition of board

Total number of directors are 7 (Seven) as per following:

- a. Male: 6 (Six)
- b. Female: 1 (One)

The Composition of board is as follows:

Category	Names
a) Independent Director	Mr. Syed Shahnawaz A.Rzivi
b) Other Non Executive Directors	Mr.Syed Manzoor Husain Shah Kazami Mr. Sohail Ansar Mr. Muhammad Imran-UI-Haq Dr. Mrs. Namoos Baquar Mr. Sheikh Mian Arshad Farooq
c) Executive Director	Mr. Basheer Ahmed Chowdry

- Four meetings of the Board were held pertaining to Trust Modaraba, which were attended as follows:

		No. of Meetings Attended
• Mr. Manzoor Hussain Shah Kazmi	Chairman	4
• Mr. Bashir A. Chowdry	Chief Executive	4
• Mr. SohailAnsar	Director	1
• Mr. Sheikh Arshad Farooq	Director	3
• Dr. Mrs. Namoos Baquar	Director	4
• Syed. Shahnawaz A. Rizvi	Director	4
• Mr. Mohammad ImranulHaq	Director	Nil (out of country)

Leave of absence was granted to the members who could not attend the meetings due to their pre-occupation.

**Audit Committee and Internal Control system:**

The Management of your Modaraba believes in good Corporate Governance, implemented through a well defined system of a check and balances. The board of directors established a system of sound internal controls, which is effectively implemented at all levels within the Modaraba.

The Audit committee comprises of three members who are all non-executive directors including the Chairman of the committee.

One meeting of Human Resource and Remuneration Committee (HR&RC) was held to finalize the recommendation for yearly staff compensation amount.

Risk Management Committee comprises of two members who are all non-executive directors including the Chairman of the committee.

**Auditors:**

As per recommendation of the Audit Committee, the board has approved the reappointment of M/s. Horwath Hussain Chaudhury & Co. Chartered Accountants as external Auditors, for the financial year ending June 30, 2019.

**Pattern of Certificate holding:**

Pattern of certificate holding as at 30th June 2018 is attached. No trade in the certificates of the Modaraba was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

**Value of the Funds investment:**

The Modaraba operates a contributory provident fund for all its permanent employees. Equal monthly contributions are made, both by the Modaraba and employees to the fund @10% of the basic salary. Based on latest accounts of the fund, the value of its investments as at 30th June, 2018 works out to be Rs.2,693,361.

**Earning per Certificate**

The earning per certificate of the Modaraba for the year ended 30th June, 2018 stood at Rs.0.06 per certificate as compared to Rs.0.47per certificate for the previous year.

**“JAMAPUNJI” NOTIFICATION**

In compliance of SRO No.924(i)/2015 of Securities & Exchange Commission of Pakistan, their “Jamapunji” notification has been incorporated in this report.

**Acknowledgements:**

The Board wishes to place on record its appreciations for the support and guidance provided by the Registrar Modarabas and Securities and Exchange Commission of Pakistan. The Board also acknowledges the hard work and commitment of the executives and staff members. Finally, the Board extends its gratitude to the certificate-holders who remained committed to the Modaraba and looks forward to their continued support in future.

For and on behalf of the Board of Directors



Basheer A. Chowdry

Chief Executive

Karachi

Date: October 01, 2018.



## ڈائریکٹرز رپورٹ

الضامن مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز (بورڈ کے ناظمین)، ٹرسٹ مضاربہ کی 30 جون 2018 کو اختتام پذیر سال مالیاتی دستاویزات پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

### معاشی جائزہ

کمزور ملکی پالیسیوں کے باوجود، ملک کی معیشت نے نمو کی رفتار میں اضافہ جاری رکھا اور مالی سال 2018 میں نمو کی 6 فیصد ہدف کے مقابلے میں 5.8 فیصد تیرہ سالوں کی بلند ترین نمو حاصل کی۔ اس کی وجہ بہتر توانائی کی فراہمی، چین۔ پاکستان اقتصادی راہداری (CPEC) اور زراعت میں جاری بحالی ہیں۔ گورنمنٹ کی برآمد کنندگان کو فراہم کردہ معاونت اور ترغیب کی وجہ سے پاکستان کی برآمدات فیصد کی 13.7 نمو دکھارہی ہیں۔ سال 2018 میں برآمدات بڑھ کر 23.2 ارب امریکی ڈالر ہو گئیں جبکہ سال 2017 میں ان کی مالیت 20.4 ارب امریکی ڈالر تھی۔ سال کے لیے تجارتی خسارہ بڑھ کر 37.7 ارب امریکی ڈالر ہو گیا جبکہ گذشتہ سال یہ 32.5 ارب امریکی ڈالر تھا جو 16 فیصد اضافہ دکھارہا ہے۔ غیر ملکی زرمبادلہ کی ترسیل میں سال بہ سال کی بنیاد پر 1.4 فیصد اضافے سے بڑھ کر 19.6 ارب امریکی ڈالر ہو گئیں۔ اس کے نتیجے میں جاری کھاتے کا خسارہ سال 2018 میں بڑھ کر 18.00 ارب امریکی ڈالر ہو گیا جبکہ سال 2017 میں 12.6 ارب امریکی ڈالر تھا۔ غیر ملکی زرمبادلہ کے ذخائر بھی جون کے اختتام پر 5 ارب امریکی ڈالر کی کمی سے گھٹ کر 16.4 ارب امریکی ڈالر رہ گئے جبکہ جون 2017 میں یہ 21.4 ارب امریکی ڈالر تھے۔ سال 2017 کے اختتام سے پاکستان کے روپے کی قدر میں مجموعی طور پر 15.9 فیصد کمی ہوئی۔ افراط زر میں اضافے کا رجحان شروع ہو گیا ہے جیسا کہ جون 2018 میں 5.2 فیصد CPI رپورٹ ہوا تاہم اوسط CPI 3.9 فیصد تھا اس کے مقابلے میں سال 2017 کے دوران اوسط 4.2 فیصد پر برقرار رہی۔

آنے والی حکومت، آگے بہت سے مسائل کا سامنا کرے گی بشمول بڑھتے ہوئے افراط زر، متواتر کمزور ہوتی ہوئی معیشت؛ ایک بڑا مالیاتی خسارہ، بڑھا ہوا جاری کھاتے کا خسارہ ہے۔ جس کا محرک تیل کی بلند تر قیمتیں اور CPEC منصوبے کے لیے چینی اور دیگر ممالک سے بڑھی ہوئی برآمدات ہیں۔ یہ پیش رفتیں گرتے ہوئے غیر ملکی زرمبادلہ کے ذخائر، کے نتیجے میں ہو سکتا ہے کہ پاکستان ادا بیگیوں کا نادر ہندہ ہو سکتا ہے تاہم فنڈنگ IMF کی مدد یا ایسے دوسرے ذرائع سے رجوع نہ کیا جائے۔

### کارکردگی کا جائزہ

زیر غور سال میں، آپ کے مضاربہ نے قبل از مینجمنٹ فیس کے 2.26 ملین روپے کا منافع کمایا جو گذشتہ سال 15.727 ملین روپے تھا۔ یہ خالص منافع میں اہم کمی کی وجہ سرمایہ کی مراہمت کی مد میں منتقلی سے اجارہ میں ہونے والی 12.87 ملین روپے آمدنی میں کمی اور متنوع منصوبوں کی وجہ سے ہوئی جنہوں نے اس سال کے اختتام کے بعد سے آمدنی دینا شروع کر دیا ہے۔ سال کے دوران دستیاب وسائل کو بہتر طور پر متنوع نئے کاروبار میں استعمال کیا گیا بشمول حصص کی مارکیٹ کے آپریشن کے۔ ایک اور بڑی وجہ سال کے دوران اسٹاک ایکچینج کی بری کارکردگی جس کی وجہ سے مندرجہ تسکات کے پورٹ فولیو میں 5.55 ملین روپے مالیت کا نقصان ہوا۔ گذشتہ سال کی آمدنی میں شامل 3.10 ملین روپے کی ایک مرتبہ وصولی بھی شامل تھی۔ جبکہ زیر جائزہ سال کے دوران زیر مقدمات پورٹ فولیو جس میں نیلامی کے منتظر رہن شدہ جائیداد کی گفت و شنید کے ذریعے تصفیہ قانونی کاروائی میں غیر معمولی تاخیر کی وجہ سے متوقع تخصیصات (provisions) کی واپسی نہ ہو سکی۔ مزید یہ کہ، گذشتہ سال مالیاتی شعبے میں KIBOR میں کمی کے رجحان کے مطابق، آپ کے مضاربہ نے اپنے سرمایہ کاری کی شرح میں اوسط 200 بیس پوائنٹس کمی کر دی ہے۔ اس تمام کمی کی تلافی کسی حد تک 2.45 ملین روپے کی تجارت سے اور مشارکہ کے منافع میں 1.33 ملین روپے کی اضافے سے ہوئی لیکن کمائی میں ہونے والی مجموعی کمی کی مکمل تلافی نہ کر سکی۔

خوش قسمتی سے، حصص مارکیٹ نے بحالی کی علامات دکھانا شروع کر دی ہیں اور زراعت کے شعبے میں متنوع پورٹ فولیو میں کمی جانے والی سرمایہ کاری سے توقع ہے کہ جاری سال میں اچھا منافع ملے گی۔ اسی دوران، آپ کی انتظامیہ کی مضاربہ کے ملکیتی سرمایہ (equity) میں اضافے کی مسلسل کوششیں بار آور ہوئیں اور اب یہ طے ہو گیا ہے کہ 200 ملین روپے کی ملکیتی سرمایہ (equity) کی دو اقساط میں ملیں گی جو ایک سال کے اندر کاروباری سرمایہ کو بڑھائے گا اور اس کے نتیجے میں منافع بخشی بھی تمام شرکاء کے مفاد کے فائدے میں بڑھے گی۔

سال کے دوران، دستیاب ذرائع سے کے ذریعے سے پیدا ہونے والی سیالیت (liquidity) کو مؤثر طور مختلف کاروبار میں لگایا گیا جس میں اجارہ کی مد میں بالترتیب 30.574 ملین روپے اور 73.700 ملین روپے مورابحہ اور مشارکہ کے لین دین کی مد میں لگائے، 30.02 ملین روپے متنوع پورٹ فولیو اور 4.33 ملین روپے حصص مارکیٹ کے آپریشن میں استعمال کیا تاکہ ابتر اثرات کی اوسط بہتر ہو سکے۔

آپ کے مضاربہ کے اثاثہ جات 377.335 ملین روپے رہی۔ حاملین سرٹیفیکیٹ کا ملکیتی سرمایہ (equity) 306.002 ملین روپے رہا۔ انتظامی اخراجات میں گذشتہ سال کے اسی مدت کے مقابلے میں 2.83 فیصد زیادہ رہی جس کی وجہ افراط زر تھی۔

### مستقبل کا منظر نامہ

ٹرسٹ مضاربہ جیسے ادارے کی منافع بخشی کا انحصار اس کی کاروبار کے حجم کو بڑھانے کے لیے سرمایہ کاری کے ذرائع سے بنیادی ملکیتی سرمایہ میں اضافہ کرنے سے ہے جبکہ اسی دوران محتاط طور پر اپنے کاروباری خطرات اور اخراجات کنٹرول کرنے میں ہے۔ جیسا کہ اوپر بیان کیا گیا ہے 200 ملین روپے کی نئی ملکیتی سرمائے کی فراہمی کا حتمی فیصلہ ہو چکا ہے اور 100 ملین روپے کی دو اقساط آئیں گی۔ تمام انتظامی اور قانونی طریق عمل (processes) تندھنی سے مکمل کئے جارہے ہیں تاکہ مضاربہ میں 100 ملین روپے کا پہلا سرمایہ جلد آئے جس کے بعد اگلے چھ ماہ میں 100 ملین روپے آئیں گے۔ اس کے علاوہ مضاربہ کے بڑھا ہوا اضافے کے بڑھا ہوا ملکیتی سرمایہ سے کریڈٹ ریٹنگ میں اس سطح تک کا اضافہ ہو گا جو مارکیٹ سے براہ راست وسائل کی سہولت کو استعمال کر سکے گی۔ اس طرح سے وسائل کو متحرک کرنے سے موجودہ ڈھانچہ اور بنیادی کاروباری ڈھنگ (modes) کے استعمال کو بہتر نتائج کے حصول کو یقینی بنائے گا اور مؤثر خطرے سے نپٹنے کے انتظام اور تعمیلی انتظامیہ (regime) سے نئی مصنوعات اور خدمات کی فہرست میں توسیع بھی کرے گا۔ اس مقصد کے لیے جامع کاروباری حکمت عملی تیار کی جا چکی ہے تاکہ آنے والے سالوں میں قابل تقسیم منافع میں قابل قدر اضافہ دستیاب ہو سکے۔

آپ کے مضاربہ کی انتظامیہ، آپ کے ادارے کو مضاربہ کے سیکٹر کا ایک اہم رکن بنانے اور مستقبل میں اہم ترقی حاصل کرنے کے لیے پرعزم ہے۔

### مستقسمہ منافع کی تقسیم

ٹرسٹ مضاربہ سال 2010 سے اپنے منافع کا 90 فیصد اپنے حاملین سرٹیفیکیٹ کو تقسیم کرتا رہا ہے۔ تاہم، زیر جائزہ مدت میں سرمایہ کی عدم دستیابی اور اوپر بیان کردہ عوامل کے سبب حاصل کردہ منافع تقسیم کے لیے مناسب نہیں ہے اور ایسا طریق عمل (process) مضاربہ اور حاملین سرٹیفیکیٹ کے لیے غیر سود مند ہو گا۔ اس لیے بورڈ نے، انتہائی احتیاط کے ساتھ، یہ فیصلہ کیا ہے کہ منافع کی تقسیم اس سال کے لیے مؤخر کر دیا جائے اور کوشش کی جائے کہ آنے والے سالوں میں اوپر بیان کردہ منصوبوں کے نتائج سے حاملین سرٹیفیکیٹ کی تلافی کر دی جائے۔

### اداراتی نظم و ضبط کے ضابطے کے تحت تعمیل

- ٹرسٹ مضاربہ کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے فنڈز کے معاملات کی صورت حال، عملی امور کے نتائج، کیش فلوا اور تقسیم شدہ ملکیتی سرمایہ (equity) میں تبدیلیوں کو بہتر طور پر پیش کرتے ہیں۔
- کمپنی نے موزوں کھاتوں کی کتابیں (Books of Accounts) قائم رکھی ہوئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب عملی یکساں طور پر اپنائی گئی ہے اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط پر رکھی ہے۔
- پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیار پر عمل کرتے ہوئے مالیاتی دستاویزات تیار کئے گئے ہیں اور ان سے کسی بھی انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔
- اندرونی کنٹرول کا نظام کاڈیزائن مضبوط ہے اور اس کا مؤثر نفاذ اور نگرانی کی گئی ہے۔
- مضاربہ کے ایک جاری رہنے والے ادارے کے طور پر چلنے رہنے میں کوئی شبہ نہیں ہے۔



- لسٹنگ ضوابط میں اداراتی نظم و ضبط کی دی گئی تفصیلات کی بہترین مشقوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔

### بورڈ کے اجلاس

ٹرسٹ مضاربہ سے متعلق بورڈ کے چار اجلاس ہوئے جن میں شرکت کی تفصیل درج ذیل ہے۔

### اجلاس میں شرکت کی تعداد

4	جناب منظور حسین شاہ کاظمی چیرمین
4	جناب بشیر احمد چودھری چیف ایگزیکٹو
1	جناب سہیل انصار ڈائریکٹر
3	جناب شیخ ارشد فاروق ڈائریکٹر
4	ڈاکٹر ناموس باقر ڈائریکٹر
4	سید شاہنواز اے رضوی ڈائریکٹر

جناب محمد عمران الحق ڈائریکٹر بیرون ملک ہیں

جو ارکان پہلے سے مصروفیت کی وجہ سے اجلاس میں شرکت نہ کر سکے ان کو غیر حاضر سے رخصت دے دی گئی۔

### آڈٹ کمیٹی اور اندرونی نگرانی کا نظام

آپ کے مضاربہ کی انتظامیہ اچھے اداراتی نظم و ضبط پر یقین رکھتی ہے، اس کا نفاذ متوازن نگرانی کا اچھی طرح وضاحت کردہ نظام کے ذریعے سے کر دیا ہے۔ بورڈ آف ڈائریکٹرز نے اندرونی نگرانی کا ایک مستحکم نظام تشکیل دیا ہے اور اسے موثر طور پر مضاربہ کے تمام مراحل پر نافذ کر دیا ہے۔

آڈٹ کمیٹی تین افراد پر مشتمل ہے اور وہ تمام بشمول چیرمین نان-ایگزیکٹو ڈائریکٹرز ہیں۔

### مختسب (Auditors)

آڈٹ کمیٹی کے مشورے پر، بورڈ، میسرز۔ ہوروار تھ حسین چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی 30 جون 2019 تک کے لیے کی دوبارہ تقرری کی تجویز دے چکا ہے۔

### سرٹیفیکیٹ رکھنے کا رجحان

30 جون 2018 پر سرٹیفیکیٹ رکھنے کا رجحان منسلک ہے۔ ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری اور ان کے شرکاء حیات اور ان کے نابالغ بچوں نے مضاربہ کے سرٹیفیکیٹس کی کوئی خرید و فروخت نہیں کی ہے۔

## فنزڈ کی سرمایہ کاری کی مالیت

مضاربہ اپنے مستقل ملازمین کے لیے شراکتی پروویڈینٹ چلاتا ہے۔ مضاربہ اور ملازمین دونوں اس فنڈ میں ماہانہ مساوی حصہ، جو بنیادی تنخواہ کا 10 فیصد کی شرح ہوتا ہے اس فنڈ میں جمع کرتے ہیں۔ تازہ ترین فنڈ کے کھاتے کی بنیاد پر، 30 جون 2018 پر اس فنڈ کے سرمایہ کاری کی حساب کردہ مالیت 2,693,361 روپے ہے۔

## آمدنی فی سرٹیفکیٹ

30 جون 2018 کو ختم ہونے والے سال پر آمدنی فی سرٹیفکیٹ 0.06 روپے فی سرٹیفکیٹ ہے جبکہ گذشتہ سال یہ آمدنی 0.47 روپے فی سرٹیفکیٹ تھی۔

## جمع پونجی کا اعلامیہ

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے SRO نمبر 924(i)/2015 کی تعمیل کرتے ہوئے ان کا جمع پونجی کا اعلامیہ اس رپورٹ میں شامل کیا جا چکا ہے۔

## اعتراف

بورڈ خواہش مند ہے کہ رجسٹرار مضاربہ، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا ان کی حمایت اور رہنمائی کرنے پر ان کا شکریہ ادا کرے۔

بورڈ اپنے افسران اور عملے کے ارکان کی سخت محنت اور عزم کا بھی اعتراف کرتا ہے۔ اور آخر میں بورڈ اپنے سرٹیفکیٹ کنندگان کے مضاربہ کے ساتھ پر عزم رہنے پر ممنونیت کا بھی اظہار کرنا چاہتا ہے اور ان کی مستقبل میں مسلسل حمایت کی امید رکھتا ہے۔

برائے بورڈ آف ڈائریکٹرز کے جانب سے



بشیر احمد چودھری  
چیف ایگزیکٹو ڈیوٹی

کراچی

01 اکتوبر 2018

**KEY OPERATING & FINANCIAL DATA FOR THE LAST SIX YEARS**

(Rupees in Thousands)

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Paid-up capital	<b>298,000</b>	298,000	298,000	298,000	298,000	298,000
Reserves	<b>8,002</b>	17,168	12,165	12,058	8,683	6,514
Net equity	<b>306,002</b>	315,168	310,165	310,058	306,683	304,514
Morabaha financing	<b>141,298</b>	132,410	156,537	155,551	166,989	151,959
Fixed Assets	<b>22,913</b>	23,434	14,076	13,634	13,688	14,219
Assets given on lease	<b>196,191</b>	244,702	252,728	286,673	291,356	323,109
Total assets	<b>377,335</b>	389,933	396,172	411,442	418,229	428,517
<b>Income Statement</b>						
Income	<b>62,701</b>	84,158	84,193	90,718	103,039	101,966
Operating expenses	<b>60,441</b>	68,431	69,715	71,378	80,562	76,375
Profit/(Loss) before management fee	<b>2,260</b>	15,727	14,478	19,339	22,476	25,591
Profit/(Loss) after taxation	<b>1,922</b>	14,154	13,030	17,405	20,229	23,032
Earning/(Loss) per certificate	<b>0.06</b>	0.47	0.44	0.58	0.68	0.77

## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Trust Modaraba Managed by Al-Zamin Modaraba Management (Pvt.) Limited  
Year ending June 30, 2018

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

1. Total number of directors are 7 (Seven) as per following:
  - a. Male: 6 (Six)
  - b. Female: 1 (One)
2. The Composition of board is as follows:

Category	Names
a) Independent Director	Mr. Syed Shahnawaz A.Rzivi
b) Other Non Executive Directors	Mr.Syed Manzoor Husain Shah Kazami Mr. Sohail Ansar Mr. Muhammad Imran-UI-Haq Dr. Mrs. Namoos Baquar Mr. Sheikh Mian Arshad Farooq
c) Executive Director	Mr. Basheer Ahmed Chowdry

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Modaraba Company.
4. The Modaraba Company 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 vision/mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/certificateholders 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 board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.



9. Three directors of the Modaraba Company have already obtained director's training certification from Pakistan Institute of Corporate Governance and four directors are exempted from the requirement by virtue of their experience as prescribed by the listing regulations of the Pakistan Stock Exchange.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. No new appointment of CFO, Company Secretary and Head of Internal Audit was made during the year.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The Board has formed committees comprising of members given below:
  - a) **Audit Committee**

Mr. Syed Shahnawaz A. Rizvi	- Chairman
Mr. Sheikh Arshad Farooq	- Member
Mr. Sohail Ansar	- Member
Ms. Hamida Aqeel	- Secretary Audit Committee
  - b) **HR and Remuneration Committee**

Mr. Sheikh Arshad Farooq	- Chairman
Mr. Syed Shahnawaz A. Rizvi	- Member
Mr. Basheer Ahmed Chowdry	- Member
Dr. Mrs. Namoos Baquar	- Member
  - c) **Risk Management Committee**

Mr. Sheikh Arshad Farooq	- Chairman
Dr. Mrs. Namoos Baquar	- Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
  - a) Audit Committee - Quarterly
  - b) HR and Remuneration Committee - Annually
  - c) Risk Management Committee - Annually
15. The Board has outsourced the internal audit function to M/s. Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced

for the purpose and are conversant with the policies and procedures of the Modaraba.

16. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. 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.
18. We confirm that all other requirements of the Regulations have been complied with.



Syed Manzoor Hussain Shah Kazmi  
CHAIRMAN

Karachi.

October 01, 2018.



## REPORT OF SHARIAH ADVISOR

I have conducted Shariah Review of Trust Modaraba managed by Al-Zamin Modaraba Management (Private) Limited for the financial year ended 30th June, 2018 in accordance with the requirements of the Shariah Compliance and Shariah 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 Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles;
- ii. Following were the major developments that took place during the year:
  - a) Research and new product developments.
  - b) Adopted new inducted Shariah Compliance and Shariah Audit Mechanism.
  - c) Followed Model Islamic Financing Agreements approved by Religious Board.
- iii. the agreements entered into by the Modaraba are Shariah compliant and the financing agreements 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 Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modarabas.
- v. profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conform to the basis and principles of Shariah.
- vi. No earnings have been realized by any means prohibited by Shariah.

In my opinion, the operations of Trust Modaraba are in conformity with the Shariah Compliance and Audit Mechanism for Modarabas.

Signature

Stamp of Shariah Advisor.

**Muhammad Zubair Usmani**  
Jamia Darul Uloom Karachi

Karachi

October 01, 2018

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRUST MODARABA**

### **REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Al- Zamin Modaraba Management (Private) Limited (the Management Company) for and on behalf of Trust Modaraba (the Modaraba) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company. 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.

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 Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance 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. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that 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 Management Company's compliance for and on behalf of the Modaraba, in all material respects, with the Regulations as applicable to the Modaraba for the year ended June 30, 2018.

#### **HORWATH HUSSAIN CHAUDHURY & CO.**

Chartered Accountants

**Engagement Partner:** Muhammad Nasir Muneer

Date: October 01, 2018.

Lahore



## **AUDITORS' REPORT TO THE CERTIFICATE HOLDERS**

We have audited the annexed balance sheet of Trust Modaraba (“the Modaraba”) as at June 30, 2018 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of the 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 accordance with the accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Modaraba’s business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba affairs as at June 30, 2018 and of the profit, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

We draw attention to the matter stated in note 16.3.1 to these financial statements, the ultimate outcome of which cannot presently be determined and hence, no loss that may result therefrom has been recorded in these financial statements. Our opinion is not qualified in respect of this matter.

**HORWATH HUSSAIN CHAUDHURY & CO.**

Chartered Accountants

**Engagement Partner:** Muhammad Nasir Muneer

Date: October 01, 2018.

Lahore



Trust Modaraba

**BALANCE SHEET**

AS AT JUNE 30, 2018

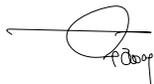
	Note	2018 -----Rupees-----	2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances	5	4,161,839	15,996,812
Short term investments	6	8,755,918	12,476,192
Advances, deposits, prepayments and other receivables	7	38,159,611	29,653,675
Short term murabaha finances	8	40,595,741	30,019,480
Current portion of long term murabaha finances	11.4	82,462,816	78,158,580
Ijarah rental receivables	9	20,108,224	24,530,948
Short term musharakah finances (secured - considered good)		20,590,000	16,400,000
Current portion of long term diminishing musharakah finances	12.2	5,123,180	5,658,882
Tax refunds due from the Government		4,902,107	4,620,590
Stock in trade	10	12,570,471	3,267,316
<b>Total Current Assets</b>		<b>237,429,907</b>	<b>220,782,475</b>
<b>Non-Current Assets</b>			
Long term murabaha finances	11	18,239,018	24,231,535
Long term diminishing musharakah finances	12	406,122	1,677,240
Long term deposits	13	2,706,690	2,093,590
Long term investments	14	9,489,399	7,576,698
Investment property	15	2,835,000	-
Fixed assets	16	106,229,059	133,572,070
<b>Total Non-Current Assets</b>		<b>139,905,288</b>	<b>169,151,133</b>
<b>Total Assets</b>		<b>377,335,195</b>	<b>389,933,608</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current portion of customers' security deposits	20	18,747,319	22,786,530
Creditors, accrued and other liabilities	17	21,075,196	23,013,510
IMBL Project Fund	18	10,000,000	-
<b>Total Current Liabilities</b>		<b>49,822,515</b>	<b>45,800,040</b>
<b>Non-Current Liabilities</b>			
Deferred income on murabaha	19	2,753,959	2,384,375
Customers' security deposits	20	18,755,851	26,580,292
<b>Total Non-Current Liabilities</b>		<b>21,509,810</b>	<b>28,964,667</b>
<b>Total Liabilities</b>		<b>71,332,325</b>	<b>74,764,707</b>
<b>NET ASSETS</b>		<b>306,002,870</b>	<b>315,168,901</b>
<b>REPRESENTED BY</b>			
<b>CAPITAL AND RESERVES</b>			
Certificate capital	21	298,000,000	298,000,000
Reserves	22	8,002,870	17,168,901
Contingencies and Commitments	23	-	-
		<b>306,002,870</b>	<b>315,168,901</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

For Al-Zamin Modaraba Management (Private) Limited  
(Modaraba Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 -----Rupees-----	2017
Income from ijarah	24	44,732,090	57,603,601
Profit on murabaha finances	25	8,877,003	13,219,117
Profit on musharakah finances	26	5,237,882	3,908,919
Dividend income on equity investments		585,719	761,356
Profit on long term investments - available-for-sale		564,247	1,040,356
Profit on sale of short term investments - held-for-trading		102,962	2,958,306
Profit on sale of long term investments - available-for-sale		-	1,036,675
Trading income	27	2,751,838	298,453
Other income	28	2,023,936	3,898,866
		<b>64,875,677</b>	<b>84,725,649</b>
(Provision) / Reversal of provision against non performing finance and other receivables-net	29	(135,084)	466,000
Unrealized loss on revaluation of held-for-trading investments		(2,038,814)	(1,032,774)
		<b>62,701,779</b>	<b>84,158,875</b>
Operating expenses	30	30,414,091	29,575,529
Depreciation on fixed assets given on ijarah	16.2	30,027,616	38,855,849
		<b>(60,441,707)</b>	<b>(68,431,378)</b>
		<b>2,260,072</b>	<b>15,727,497</b>
Modaraba Management Company's fee		(226,007)	(1,572,750)
<b>Profit before taxation</b>		<b>2,034,065</b>	<b>14,154,747</b>
Taxation	31	(111,195)	-
<b>Net Profit for the Year</b>		<b>1,922,870</b>	<b>14,154,747</b>
<b>Earnings per certificate - Basic and Diluted</b>	32	<b>0.06</b>	<b>0.47</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

For Al-Zamin Modaraba Management (Private) Limited  
(Modaraba Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	-----Rupees-----	
<b>Net Profit for the year</b>	<b>1,922,870</b>	14,154,747
<b>Other Comprehensive Income:</b>		
<b>Items that will not be reclassified to profit or loss</b>		
- Surplus on revaluation of fixed assets	<b>2,457,200</b>	-
<b>Items that may be reclassified subsequently to profit or loss</b>		
- Net change in fair value of available-for-sale investments	<b>(3,116,101)</b>	(211,335)
Other comprehensive income for the year	<b>(658,901)</b>	(211,335)
<b>Total comprehensive income for the year</b>	<b>1,263,969</b>	13,943,412

The annexed notes from 1 to 42 form an integral part of these financial statements.

**For Al-Zamin Modaraba Management (Private) Limited**  
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

## CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2018

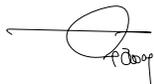
	Note	2018 -----Rupees-----	2017 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>			
Cash generated from operations	33	<b>4,048,829</b>	35,614,189
<i>Decrease / (increase) in non-current assets:</i>			
- Long term murabaha finances		<b>1,553,197</b>	15,307,279
- Long term musharakah finances		<b>1,806,820</b>	(3,714,280)
<i>Increase / (Decrease) in non-current liabilities:</i>			
- Deferred income on murabaha		<b>369,584</b>	(3,385,336)
- Customers security deposits		<b>7,826,150</b>	13,014,900
Purchase of ijarah assets		<b>(38,294,840)</b>	(53,725,731)
Proceeds from disposal of ijarah assets		<b>16,229,527</b>	7,152,580
Income tax paid / deducted		<b>(392,712)</b>	(731,276)
<b>Net Cash (Used in) / Generated from Operating Activities</b>		<b>(6,853,445)</b>	9,532,325
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of owned assets		<b>(658,467)</b>	(810,050)
Proceeds from disposal of owned assets		<b>256,112</b>	439,825
Advance received for establishment of a microfinance bank		<b>10,000,000</b>	-
(Purchase) / sale of investments - net		<b>(4,447,975)</b>	3,137,647
Long term deposits		<b>(613,100)</b>	(422,050)
Dividends received		<b>600,407</b>	761,356
<b>Net Cash Generated from Investing Activities</b>		<b>5,136,977</b>	3,106,728
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit distributed to certificate holders		<b>(10,118,505)</b>	(8,562,767)
<b>Net cash used in financing activities</b>		<b>(10,118,505)</b>	(8,562,767)
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>		<b>(11,834,973)</b>	4,076,286
Cash and cash equivalents at beginning of the year		<b>15,996,812</b>	11,920,526
<b>Cash and cash equivalents at end of the year</b>		<b>4,161,839</b>	15,996,812

The annexed notes from 1 to 42 form an integral part of these financial statements.

For Al-Zamin Modaraba Management (Private) Limited  
(Modaraba Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018



Trust Modaraba

Particulars	Certificate capital	Statutory reserve	Surplus on Revaluation of Fixed Assets	Revenue reserves		Total Reserves	Total Equity
				Unrealized loss on revaluation of investments	Accumulated loss		
<b>Balance as at June 30, 2016</b>	298,000,000	76,422,242	-	(258,715)	(63,998,038)	12,165,489	310,165,489
Net profit for the year	-	-	-	-	14,154,747	14,154,747	14,154,747
Other comprehensive income for the year	-	-	-	(211,335)	-	(211,335)	(211,335)
Transfer to statutory reserve at 20%	-	2,830,950	-	(211,335)	14,154,747	13,943,412	13,943,412
<b>Transaction with certificate holders</b>							
Profit distribution for the year ended June 30, 2016	-	-	-	-	(8,940,000)	(8,940,000)	(8,940,000)
<b>Balance as at June 30, 2017</b>	298,000,000	79,253,192	-	(470,050)	(61,614,241)	17,168,901	315,168,901
Net profit for the year	-	-	-	-	1,922,870	1,922,870	1,922,870
Other comprehensive income / (loss) for the year	-	-	2,457,200	(3,116,101)	-	(658,901)	(658,901)
Transfer to statutory reserve at 20%	-	384,574	2,457,200	(3,116,101)	1,922,870	1,263,969	1,263,969
<b>Transaction with certificate holders</b>							
Profit distribution for the year ended June 30, 2017	-	-	-	-	(384,574)	-	-
<b>Balance as at June 30, 2018</b>	298,000,000	79,637,766	2,457,200	(3,586,151)	(70,505,945)	8,002,870	306,002,870

The annexed notes from 1 to 42 form an integral part of these financial statements.

**For Al-Zamin Modaraba Management (Private) Limited**  
(Modaraba Management Company)

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE

## NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2018

### 1 LEGAL STATUS AND NATURE OF BUSINESS

Trust Modaraba (the Modaraba) was formed in Pakistan under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is being managed by Al-Zamin Modaraba Management (Private) Limited (AZMML). The Modaraba commenced its business operations on November 12, 1991. It is listed on Pakistan Stock Exchange.

The Modaraba is perpetual, multi-purpose and multi-dimensional, engaged in the business of Murabahas, Musharakahs, Ijarah, investment in marketable securities, trading and other permissible businesses. The principal place of business and registered office is located at 104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi - 75600 while regional office is located at 301-320, 3rd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore.

### 2 BASIS OF PREPARATION

#### 2.1 STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with approved accounting standards as applicable in Pakistan, and the requirements of the Companies Act, 2017, Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Islamic Financial Accounting Standards as are notified under the provisions of the Companies Act, 2017. Wherever, the requirements of the approved accounting standards differ with the requirement of Companies Act, 2017, Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the Securities and Exchange Commission of Pakistan (SECP), the requirements of latter take precedence.

#### 2.2 Functional and presentation currency

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

#### 2.3 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except investment property and investments which are measured at fair value.

#### 2.4 Adoption of new and revised standards, amendments and interpretations:

##### 2.4.1 New and amended standards and interpretations to published approved accounting standards that are effective in the current year:

There were certain amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Modaraba's operations and are, therefore, not disclosed in these financial statements.

##### 2.4.2 New and amended standards and interpretations to published approved accounting standards that are not yet effective in the current year

The following standards and amendments to published accounting standards were not effective during the year and have not been early adopted by the Modaraba. The Modaraba intends to adopt these standards, if applicable, when they become effective.



		<b>Effective date (Periods beginning on or after)</b>
IAS 28	Investment in Associates and Joint Ventures [Amendments]	January 01, 2018
IAS 40	Investment Property [Amendments]	January 01, 2018
IFRIC 22	Foreign Currency Transactions and Advances Consideration	January 01, 2018
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018) replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2018, but are considered not to be relevant or have any significant effect on the Modaraba's reporting and are therefore, not disclosed in these financial statements.

### **3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on 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.

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

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the analysis by the management of the Modaraba. Further, the Modaraba reviews the value of assets for possible impairment on annual basis and any change in the estimates in the future that might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment is established. Assets are derecognized when disposed or when no future economic benefits are expected from their use or disposal.

### 3.2 Provision against non performing financings

The Modaraba reviews its overdue ijarahs at each reporting date to assess whether provision should be recorded in the profit and loss account, 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.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks.

### 4.2 Financial instruments

Financial instruments include long term deposits, trade debts, advances, deposits and other receivables, cash and bank balances, murabaha finances, ijarah rental receivables, investments, creditors, accrued and other liabilities.

#### 4.2.1 Financial assets

##### 4.2.1.1 Classification

The Modaraba classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition.

#### Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for those having maturities greater than twelve months after the reporting date, which are classified as non-current assets.

#### Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the management intends to dispose off these assets within twelve months from the reporting date.

#### Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where the management has the intention and ability to hold till maturity, are classified as held to maturity and are stated at amortized cost.



#### **4.2.1.2 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 that is the date on which the Modaraba commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account when the Modaraba's right to receive payments is established.

#### **4.2.1.3 Subsequent measurement.**

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

'Available for sale' financial assets are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income.

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

#### **4.2.1.4 Derecognition**

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

#### **4.2.2 Financial liabilities**

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

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 account.

#### **4.2.3 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.

#### **4.3 Murabaha finances**

Murabaha to the purchase ordered is sale transaction wherein the first party (the Modaraba) sells to the client / customer sharia compliant asset / goods for cost plus a pre-agreed profit. In principal on the basis of undertaking (promise-to-purchase) from the client (the purchase ordered), the Modaraba purchases the assets/goods subject of the Murabaha from third party and takes possession thereof, however, the Modaraba can appoint the client as its agent to purchase the assets/goods on its behalf. Thereafter, its sells it to the client at cost plus the profit agreed upon in the promise. Murabaha financing is recorded at the invoiced amount and profit is recognized. Profit on that portion of sale revenue not due for payment is deferred and recognized as liability. Goods purchased by the Modaraba but remained unsold, if any with the Modaraba at reporting date constitute inventories.

#### **4.4 Musharakah Financing**

In Diminishing Musharakah based financing, the Modaraba enters into a Musharakah based on Shirkatul-milk for financing an agreed share of asset (e.g. house, land, plant or machinery, crops etc.) with its customers and enters into periodic profit payment agreement for the utilization of the Modaraba's Musharakah share by the customer.

#### **4.5 Tangible fixed assets**

##### **4.5.1 Operating fixed assets in own use and depreciation**

Operating fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to income by applying the straight-line method at the rates given in note 16.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain/loss on disposal of assets is charged to current year's income.

##### **4.5.2 Assets given to customers on lease and depreciation**

Leased assets are stated at cost less accumulated depreciation. 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.

##### **4.5.3 Assets given to customers held under Ijarah arrangements**

Assets given to customers under ijarah arrangements are assets available / held for ijarah which are accounted for as operating lease assets and are stated at cost less accumulated depreciation and impairment loss, if any. Assets under ijarah arrangements are depreciated using the straight line basis over the shorter of ijarah term or asset's useful life. In respect of additions and transfer during the year, depreciation is charged proportionately over the period of ijarah.

#### **4.6 Investment Properties**

Land or a building or part of a building or both held to earn rentals or for capital appreciation or for both are classified as investment property. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Modaraba accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognized as an asset when and only when it is probable that the future economic benefits that are associated with the investment property will flow to the Modaraba and the cost of the investment property can be measured reliably.

Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently, these are stated at fair value. The fair value is determined annually by an independent professional valuer based on market values; being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable willing parties in an arm's length transaction. Any gain or loss arising from a change in fair value is charged to the profit and loss account for the period in which it arises.

The costs of day-to-day servicing of investment properties are recognized in profit or loss as incurred.

An investment property previously measured at fair value is continued to be measured at fair value until disposal (or until the property becomes owner-occupied property or the Modaraba begins to develop the property for subsequent sale in the ordinary course of business) even if comparable market transactions become less frequent or market prices become less readily available.

When an item of operating fixed assets is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings (accumulated loss). Any loss arising in this manner is immediately charged to the profit and loss account.

If an investment property becomes owner-occupied, it is reclassified as operating fixed assets and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

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 or 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.

#### **4.7 Impairment of Assets**

The Modaraba assesses, at each reporting date, whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

#### **4.8 Trade debts**

Trade debts originated by the Modaraba are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. Known bad debts are written off and provision is made against debts considered doubtful when the collection of the full amount is no longer probable.

#### **4.9 Stock in trade**

Murabaha transactions are entered into on customer order basis, therefore, in normal circumstances there is no inventory. However, unsold inventory, if any, is measured by the Modaraba at lower of cost and net realizable value as at the reporting date. Cost is determined on the first in first out basis.

Raw materials, except for those in transit, work-in-process and finished goods are valued at the lower of cost and net realizable value. Work-in-process and finished goods comprise cost of direct materials, labour and appropriate manufacturing overheads. Cost of goods purchased for resale comprises invoice value plus charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

**4.10 Ijarah assets for own use**

The Modaraba recognizes ijarah payments under an ijarah agreement as an expense in the profit and loss account on a straight line basis over the ijarah term.

**4.11 Revenue recognition****4.11.1 Murabaha profit**

Profit on finances under murabaha arrangements is recognized on a pro-rata basis taking into account the duration of placement of funds. Profit not due for payment in the current year is deferred by accounting for unearned murabaha income with corresponding credit to deferred murabaha income which is recorded as a liability. The same is then recognized as revenue on a time proportionate basis

**4.11.2 Musharakah profit**

Profit on diminishing musharakah financings is recognized on accrual basis.

**4.11.3 Ijarah rentals**

Ijarah rentals are recognized as income on accrual basis, as and when the rental becomes due over the ijarah period.

**4.11.4 Dividend income**

Dividend income is recognized when the right to receive payment is established.

**4.11.5 Capital gain or loss**

Capital gain or loss on sale of investments is recognized in the period in which it arises.

**4.12 Taxation****4.12.1 Current**

Provision for current taxation is based on taxable income at current rates of taxation after taking into account applicable tax credit, rebates and exemption available, if any. The income of non-trading Modarabas is exempt from tax provided that not less than 90% of its profits in the year after transfer to statutory reserve are distributed amongst the certificate holders.

**4.12.2 Deferred**

Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary timing differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated based on the rates that have been enacted or substantively enacted up to the reporting date and are expected to apply to the period when the difference arises.

**4.13 Retirement and termination benefits**

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 basic salary of employees.

**4.14 Dividend**

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

**4.15 Earnings per certificate**

Earnings per certificate is calculated by dividing the profit after taxation for the year by the weighted average number of certificates outstanding during the year.

#### **4.16 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 operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Modaraba is divided into four business segments:

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

All these business segments are located in the same geographical area.

##### **4.16.1 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.

##### **4.16.2 Allocation of segment expenses**

All identifiable expenses are directly attributed to the respective segments.

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

The Modaraba measures financial instruments such as derivatives, and non-financial assets such as investment properties, 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.

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.

When measuring the fair value of a liability, the Modaraba takes into account the effect of its credit risk (credit standing) and any other factors that might influence the likelihood that the obligation will or will not be fulfilled.

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.

	Note	2018 -----Rupees-----	2017
<b>5 CASH AND BANK BALANCES</b>			
Cash in hand		83,858	77,671
Balances with bank in:			
Current accounts		173,008	425,103
Saving accounts		3,904,973	15,494,038
		4,077,981	15,919,141
		4,161,839	15,996,812
<b>6 SHORT TERM INVESTMENTS</b>			
Financial assets at fair value through profit and loss - Held-for-trading			
NIT Islamic Unit Fund - at cost		2,187,970	2,187,970
Meezan Islamic Fund - at cost		1,763,965	1,763,965
Shares of listed companies - at cost	6.1	7,798,785	9,535,016
		11,750,720	13,486,951
Unrealized (loss) / gain on revaluation - net	6.2	(2,994,802)	(1,010,759)
		8,755,918	12,476,192

## 6.1 Shares of listed companies

Unless otherwise stated, the holdings are in fully paid ordinary shares of Rs. 10 each.

No of shares		Name of Investee	June 30, 2018		June 30, 2017	
2018	2017		Average cost	Market value	Average cost	Market value
-----Rupees-----						
2,500	1,000	Attock Refinery Limited	904,664	538,275	465,259	382,580
3,500	3,500	Hub Power Company Limited	457,676	322,560	457,676	411,005
10,000	4,000	Engro Foods Limited	1,421,855	890,600	766,117	485,960
20,000	20,000	Fauji Cement Company Limited	899,160	457,000	899,160	820,600
1,000	4,000	Pakistan Oxygen Limited (formerly Linde Pakistan Limited)	296,127	240,000	1,235,522	964,080
3,500	2,500	Packages Limited	2,705,577	1,714,020	2,114,025	1,738,947
50,000	40,000	Byco Petroleum Pakistan Limited	1,113,726	610,000	973,734	764,000
-	10,000	Fauji Fertilizers Company Limited	-	-	1,151,658	826,400
-	5,000	Mughal Iron and Steel Industries Limited	-	-	360,128	403,650
-	1,750	The Searle Company Limited	-	-	1,111,737	895,965
			<b>7,798,785</b>	<b>4,772,455</b>	9,535,016	7,693,187

6.2 It also includes unrealized revaluation loss on NIT Islamic Unit Fund of Rs. 40,779 (2017: unrealized gain of Rs. 379,559) and unrealized gain on Meezan Islamic Equity Fund of Rs. 72,307 (2017: Rs. 451,511).

	Note	2018	2017
-----Rupees-----			
<b>7</b>	<b>ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advances to employees against salary - considered good		17,000	26,463
Loans to / receivable from employees - considered good	7.1	1,860,733	2,067,562
Security deposits		4,500	4,500
Current portion of long term deposits	13	-	204,000
Prepayments		1,796,313	1,803,658
Accrued profit	7.2	3,918,035	4,327,385
Advances to suppliers - considered good		1,229,000	6,971,500
Advances for murabaha		5,000,000	-
Trade receivables - considered good	7.3	17,782,283	17,986,637
Settled against acquisition of land	28.2	-	(7,292,975)
		<b>17,782,283</b>	10,693,662

		2018	2017
	Note	-----Rupees-----	
Receivable from Trust Management Services (Pvt.) Ltd.	7.4	-	-
Provision for doubtful receivables	7.5	-	-
		-	-
Legal suits charges receivable	7.6	<b>3,509,713</b>	3,196,187
Provision for doubtful receivables	7.7	<b>(844,960)</b>	(729,960)
		<b>2,664,753</b>	2,466,227
Late payment charges receivable	7.8	-	-
Suspended income	7.9	-	-
		-	-
Sundry receivables	7.10	<b>4,385,448</b>	1,587,172
Provision for doubtful receivables		<b>(498,454)</b>	(498,454)
		<b>3,886,994</b>	1,088,718
		<b>38,159,611</b>	29,653,675
<b>7.1</b>	This includes loan given to and receivables from executives amounting to Rs. 1.365 million (2017: Rs. 1.444 million) who are also the key management personnel of the Modaraba.		
	Maximum aggregate balance due from executives, at the end of any month during the year, was Rs. 1.835 million (2017: Rs. 2.068 million).		
<b>7.2</b>		<b>8,872</b>	18,446
Profit receivable on long term investment		<b>988,765</b>	1,372,901
Profit receivable on musharakah finances		<b>(90,013)</b>	(74,373)
Suspended income	7.2.1	<b>898,752</b>	1,298,528
	7.2.2	<b>4,776,844</b>	4,776,844
Profit receivable on murabaha finances		<b>(1,766,433)</b>	(1,766,433)
Suspended income	7.2.3	<b>3,010,411</b>	3,010,411
		<b>3,918,035</b>	4,327,385
<b>7.2.1</b>	Suspended income account against diminishing musharakah profit receivable is as follows:		
Opening balance		<b>74,373</b>	-
Suspended during the year		<b>15,640</b>	74,373
		<b>90,013</b>	74,373
<b>7.2.2</b>	This includes an amount of Rs. 66 (2017: Rs. 155) due from an executive of the Modaraba.		
<b>7.2.3</b>	Suspended income account against Murabaha profit receivable is as follows:		
Opening balance		<b>1,766,433</b>	3,766,433
Recovery during the year		-	(2,000,000)
		<b>1,766,433</b>	1,766,433
<b>7.3</b>	This represents amount receivable against sale of stock in trade and includes an amount aggregating to Rs. 3,882,033 (2017: Rs. 3,882,033) receivable from Eiman Cold Storage which is secured by the Modaraba through execution of Memorandum of Deposit of Title Deed (MODTD) with the customer.		

	Note	2018 -----Rupees-----	2017 -----Rupees-----
<b>7.4</b>	<b>Receivable from Trust Management Services (Pvt.) Limited</b>		
	Opening balance	-	1,489,036
	Less: Receivable written off against provision	-	(1,489,036)
		-	-
<b>7.5</b>	<b>Provision for doubtful receivables</b>		
	Opening balance	-	1,489,036
	Less: Receivable written off against provision	-	(1,489,036)
		-	-
<b>7.6</b>	<b>Legal suits charges receivable</b>		
	Opening balance	3,196,187	3,087,595
	Addition during the year	313,526	159,855
	Written off during the year	-	(51,263)
		3,509,713	3,196,187
<b>7.7</b>	<b>Provision for doubtful receivables</b>		
	Opening balance	729,960	781,223
	Add: Provision for the year	115,000	-
		844,960	781,223
	Less: Receivable written off against provision	-	(51,263)
		844,960	729,960
<b>7.8</b>	<b>Late payment charges receivable</b>		
	Opening balance	-	3,192,155
	Less: Receivable written off against provision	-	(3,192,155)
		-	-
<b>7.9</b>	<b>Suspended income</b>		
	Opening balance	-	3,192,155
	Less: Written off	-	(3,192,155)
		-	-
<b>7.10</b>	This includes receivable from an insurance company amounting to Rs. 1.5 million (2017: Nil).		

	Note	2018 -----Rupees-----	2017
<b>8 SHORT TERM MURABAHA FINANCES - secured</b>			
Considered good		12,863,729	-
Considered doubtful:			
- Regular parties		20,084	2,287,468
- Parties under litigation	8.2	56,432,312	56,432,312
		56,452,396	58,719,780
Provision for classified receivables under Prudential Regulations for Modarabas	8.3	(28,720,384)	(28,700,300)
		<u>40,595,741</u>	<u>30,019,480</u>
<b>8.1</b>			
The Modaraba has sold goods under Murabaha arrangements whereby payment is deferred along with specified profit margin. These finances are secured by way of hypothecation / pledge of stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.			
<b>8.2</b>			
These represent receivables from 6 (2017: 6) customers under Murabaha finance. Legal proceedings against these customers are in process in the Honorable Courts of Law. The Courts have awarded decree in favour of Modaraba in 6 (2017: 6) cases for recovery of Rs. 77.58 million (2017: Rs. 77.58 million), while execution petitions for these cases are pending.			
<b>8.3</b>			
<b>Provision for classified receivables under Prudential Regulations for Modarabas</b>			
Opening balance		28,700,300	29,166,300
Add: Provision for the year		20,084	-
		28,720,384	29,166,300
Less: Reversal of provision		-	(466,000)
		<u>28,720,384</u>	<u>28,700,300</u>
<b>9 IJARAH RENTAL RECEIVABLES - secured</b>			
Considered good		2,141,779	2,924,915
Considered doubtful:			
- Regular parties		2,310,096	4,926,384
- Parties under litigation	9.1	38,530,657	39,380,657
Suspended ijarah income - considered doubtful	9.2	(19,480,147)	(19,306,847)
Provision for doubtful Ijarah rental receivables	9.3	(3,394,161)	(3,394,161)
		<u>20,108,224</u>	<u>24,530,948</u>
<b>9.1</b>			
It includes receivable from a customer amounting to Rs. 7.25 million (2017: Rs. 7.25 million) against which the Modaraba has a claim due from a financial institution in respect of pro-rata share of the sale proceeds of jointly attached two properties sold by the said financial institution under the Court orders.			
<b>9.2</b>			
<b>Suspended ijarah income - considered doubtful</b>			
Opening balance		19,306,847	18,810,061
Recovery during the year	24	(563,066)	(119,385)
Suspension made during the year	24	736,366	616,171
		<u>19,480,147</u>	<u>19,306,847</u>
<b>9.3</b>			
<b>Provision for doubtful Ijarah rental receivables:</b>			
Opening balance		3,394,161	3,394,161
Charge for the year		-	-
Closing balances		<u>3,394,161</u>	<u>3,394,161</u>

		2018	2017
	Note	-----Rupees-----	
<b>10 STOCK IN TRADE</b>			
Paddy rice		7,947,628	3,267,316
Potatoes		2,284,674	-
Tractors		2,338,169	-
	10.1	<b>12,570,471</b>	<b>3,267,316</b>
<b>10.1</b>	This represents goods purchased for trading purposes under other permissible businesses as mentioned in Note 1.		
<b>11 LONG TERM MURABAHA FINANCES - Secured</b>			
Considered good		<b>53,550,757</b>	51,481,873
Settled against acquisition of land	28.2	-	(1,220,176)
		<b>53,550,757</b>	50,261,697
Considered doubtful	11.2	<b>49,877,684</b>	54,855,025
Provision for doubtful long term murabaha finances	11.3	<b>(2,726,607)</b>	(2,726,607)
		<b>100,701,834</b>	102,390,115
Current / overdue portion grouped under current assets	11.4	<b>(82,462,816)</b>	(78,158,580)
		<b>18,239,018</b>	<b>24,231,535</b>
<b>11.1</b>	The Modaraba has sold goods under murabaha arrangements whereby payment is deferred along with specified profit margin. These finances are secured by way of hypothecation / pledge of stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.		
<b>11.2 Considered doubtful</b>		<b>53,490,686</b>	57,577,291
Suspended income	11.2.1	<b>(3,613,002)</b>	(2,722,266)
	11.2.2	<b>49,877,684</b>	54,855,025
<b>11.2.1 Suspended income</b>			
Opening balance		<b>2,722,266</b>	1,522,222
Recovery during the year	25	<b>(512,262)</b>	(340,520)
Suspension made during the year	25	<b>1,402,998</b>	1,540,564
		<b>3,613,002</b>	<b>2,722,266</b>
<b>11.2.2</b>	This includes receivable from 4 (2017: 4) customers under murabaha finance which is under litigation. Legal proceedings against these customers are in process in the Honorable Court of Law. The Court has awarded decree in favour of Modaraba in 3 (2017: 3) cases for recovery of Rs. 60.662 million (2017: Rs. 60.662 million) out of which Rs. 15.5 million have been recovered.		
<b>11.3 Provision for classified receivables under Prudential Regulations</b>			
Opening balance		<b>2,726,607</b>	2,726,607
Reversal due to recovery		-	-
		<b>2,726,607</b>	<b>2,726,607</b>

Provision is adjusted for any amount of liquid assets realizable without recourse to a court of law and the forced sale value of mortgaged / pledged securities as valued by professional valuers.

		2018	2017
		-----Rupees-----	
<b>11.4</b>	<b>Current portion of long term murabaha finances</b>		
	Installments overdue	48,747,728	43,394,544
	Installments receivable within next 12 months	33,715,088	34,764,036
		<b>82,462,816</b>	<b>78,158,580</b>
<b>12</b>	<b>LONG TERM DIMINISHING MUSHARAKAH FINANCES</b>		
	Considered good - secured	4,967,884	7,336,122
	Considered doubtful - secured	561,418	-
		<b>5,529,302</b>	7,336,122
	Current / overdue portion grouped under current assets	<b>(5,123,180)</b>	<b>(5,658,882)</b>
		<b>406,122</b>	<b>1,677,240</b>
<b>12.1</b>	These include an amount of Rs. 200,004 (2017: Rs. 466,668) due from an executive of the Modaraba. The contract is due to be matured on March 30, 2019.		
<b>12.2</b>	<b>Current portion of long term murabaha finances</b>		
	Installments overdue	736,451	677,080
	Installments receivable within next 12 months	4,386,729	4,981,802
		<b>5,123,180</b>	<b>5,658,882</b>
<b>13</b>	<b>LONG TERM DEPOSITS</b>		
	Central Depository Company of Pakistan Limited	154,862	154,862
	Rented property	1,046,278	1,153,178
	Ijarah deposit money	1,241,700	725,700
	Less: current portion shown under current assets	-	(204,000)
		<b>1,241,700</b>	521,700
	Others	263,850	263,850
		<b>2,706,690</b>	<b>2,093,590</b>
<b>14</b>	<b>LONG TERM INVESTMENTS</b>		
	<b>Available for sale</b>		
	Equity securities - listed	11,443,301	5,371,781
	Sukuk certificates	1,261,586	2,572,947
	Total investment at cost	<b>12,704,887</b>	7,944,728
	Unrealized loss on revaluation of investments	<b>(3,215,488)</b>	(368,030)
	Net investments at fair value	<b>9,489,399</b>	<b>7,576,698</b>

#### 14.1 Shares of Listed Companies

Unless otherwise stated, the holdings are in fully paid ordinary shares of Rs. 10 each.

No of shares		Name of Investee	June 30, 2018		June 30, 2017	
2018	2017		Average cost	Market value	Average cost	Market value
-----Rupees-----						
6,000	3,000	D.G Khan Cement Co. Limited	1,115,513	686,940	670,597	639,480
1,000	1,000	Engro Corporation Pakistan	371,443	313,860	371,443	325,901
4,000	1,500	Lucky Cement Limited	2,588,636	2,031,720	1,291,260	1,254,390
11,000	5,000	Sui North Gas Pipeline Limited	1,589,629	1,102,420	829,750	744,600
100,000	100,000	Pakistan Telecommunication Company Limited	1,627,207	1,144,000	1,627,207	1,561,000
5,625	-	Maple Leaf Cement Factory Limited	498,917	285,413	-	-
3,000	-	Shell Pakistan Limited	1,318,331	948,270	-	-
4,000	-	Pioneer Cement Limited	334,239	187,440	-	-
4,500	-	The Searle Company Limited	1,999,386	1,527,750	-	-
-	20,000	Lotte Chemical Pakistan Limited	-	-	236,379	197,000
-	2,000	Oil & Gas Development Company Limited	-	-	345,145	281,380
			<b>11,443,301</b>	<b>8,227,813</b>	<b>5,371,781</b>	<b>5,003,751</b>

- 14.2** This represents investment in sukuk certificates issued by B.R.R. Guardian Modaraba (An Islamic Financial Institution), managed by B.R.R Investment (Private) Limited, having face value of Rs. 10 million. Through resolution by circulation passed by the sukuk holders dated June 27, 2016, the Modaraba entered into a second rescheduling / restructuring agreement dated December 07, 2015 for redemption of its investment in 2,000 (2017: 2,000) sukuk certificates.

	Note	2018	2017
-----Rupees-----			
<b>15 INVESTMENT PROPERTY</b>			
Transferred from owner-occupied property	16.3	<b>2,835,000</b>	-

As of the reporting date, investment property comprises a piece of land measuring 18.89 marlas approximately situated in district Faisalabad. The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

#### Fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2018.



16.2 Operating fixed assets given on lease (ijarah) - tangible

Year ended June 30, 2018

Description	Cost			Accumulated Depreciation		Book Value as at June 30, 2018
	As at July 01, 2017	Additions / Transfers	Disposals / Transfers	As at July 01, 2017	Charge for the year	
Plant and equipments	89,287,504	8,064,000	(11,491,491)	74,189,068	3,916,086	69,279,373
Vehicles	155,415,299	30,230,840	(75,314,973)	60,375,819	26,111,530	43,596,234
<b>Total 2018</b>	<b>244,702,803</b>	<b>38,294,840</b>	<b>(86,806,464)</b>	<b>134,564,887</b>	<b>30,027,616</b>	<b>112,875,607</b>

Year ended June 30, 2017

Description	Cost			Accumulated Depreciation		Book Value as at June 30, 2017
	As at July 01, 2016	Additions / Transfers	Disposals / Transfers	As at July 01, 2016	Charge for the year	
Plant and equipments	98,983,504	3,700,000	(14,200,000)	76,681,858	6,163,310	74,189,068
Vehicles	153,745,168	50,005,631	(48,335,500)	55,436,270	32,692,539	60,375,819
<b>Total 2017</b>	<b>252,728,672</b>	<b>54,509,631</b>	<b>(62,535,500)</b>	<b>132,118,128</b>	<b>38,855,849</b>	<b>110,137,916</b>

16.2.1 The Modaraba has filed suits for possession of leased assets valuing Rs. 78.053 million (2017: Rs. 78.053 million) against 8 clients (2017: 8 clients). The respective courts have granted decrees against 7 (2017: 6) clients in favor of the Modaraba. The Courts have decided to attach some properties of customers in addition to their assets to the Modaraba. However, execution petitions for recovery of the decretal amount are still pending.

16.2.2 Assets under ijarah arrangements are depreciated using the straight line basis over the shorter of ijarah term or asset's useful life. In respect of additions and transfer during the year, depreciation is charged proportionately over the period of ijarah.

16.2.3 Aggregate amount of future ijarah rentals receivable on the basis of agreements executed upto the reporting date are as follows:

	2018	2017
Receivable not later than one year	31,326,816	46,296,658
Receivable later than one year but not later than 5 years	30,274,491	40,587,219
	<u>61,601,307</u>	<u>86,883,877</u>

## 16.3 Operating fixed assets in own use - tangible

## Year ended June 30, 2018

Description	Cost				Accumulated Depreciation				Book Value as at June 30, 2018	
	As at July 01, 2017	Additions	Revaluation Adjustment	Disposals / Transfers	As at June 30, 2018	Rate (%)	As at July 01, 2017	Charge for the year		Disposals / Transfers
Land (16.3.1)	21,503,750	-	2,457,200	(2,835,000)	21,125,950	-	-	-	-	21,125,950
Furniture & fixtures	1,642,776	22,500	-	-	1,665,276	10%	1,236,336	133,824	-	1,370,160
Office equipments	2,683,080	216,802	-	-	2,899,882	10%	1,855,175	224,468	-	2,079,643
Vehicles	731,046	317,165	-	(290,500)	757,711	20%	336,996	153,484	(90,858)	399,622
Lease hold improvements	700,000	-	-	-	700,000	20%	700,000	-	-	700,000
Books	16,423	-	-	-	16,423	20%	16,423	-	-	16,423
Electrical equipments	934,517	102,000	-	-	1,036,517	10%	632,508	89,916	-	722,424
<b>Total 2018</b>	<b>28,211,592</b>	<b>658,467</b>	<b>2,457,200</b>	<b>(3,125,500)</b>	<b>28,201,759</b>		<b>4,777,438</b>	<b>601,692</b>	<b>(90,858)</b>	<b>5,288,272</b>

## Year ended June 30, 2017

Description	Cost				Accumulated Depreciation				Book Value as at June 30, 2017	
	As at July 01, 2016	Additions	Revaluation Adjustment	Disposals	As at June 30, 2017	Rate (%)	As at July 01, 2016	Charge for the year		Disposals
Land (16.3.1)	11,106,200	10,397,550	-	-	21,503,750	-	-	-	-	21,503,750
Furniture & fixtures	1,642,776	-	-	-	1,642,776	10%	1,104,372	131,964	-	1,236,336
Office equipments	3,235,680	251,400	-	(804,000)	2,683,080	10%	1,701,512	173,763	(20,100)	1,855,175
Vehicles	791,551	161,100	-	(221,605)	731,046	20%	280,114	144,232	(87,350)	336,996
Lease hold improvements	700,000	-	-	-	700,000	20%	700,000	-	-	700,000
Books	16,423	-	-	-	16,423	20%	16,423	-	-	16,423
Electrical equipments	934,517	-	-	-	934,517	10%	547,956	84,552	-	632,508
<b>Total 2017</b>	<b>18,427,147</b>	<b>10,810,050</b>	<b>-</b>	<b>(1,025,605)</b>	<b>28,211,592</b>		<b>4,350,377</b>	<b>534,511</b>	<b>(107,450)</b>	<b>4,777,438</b>

## 16.3.1

It includes a piece of land measuring 10 Kanals, costing Rs. 10,728,400 situated at Mauza Amer Sidhu, Lahore Cantt acquired through settlement of certain Murabaha facilities. The subject land is presently in the possession of Defence Housing Authority, Lahore (DHA). The Modaraba has filed legal suit for possession of land in the Civil Court. The management and legal counsel of the Modaraba are confident that Modaraba has valid claim against DHA because title and sale deed is in the name of the Modaraba and accordingly no loss has been charged against such land.

It also includes agricultural land acquired through a settlement agreement referred to in Note 28.2.

During the year, a land valuing Rs. 2.835 million has been transferred out to investment property - note 15 and note 21.2



16.4 Disposal of operating fixed assets  
16.4.1 Disposal of fixed assets given on ijarah

Description	Cost	Accumulated depreciation	Book value	Adjustment / Sale proceeds	Gain	Mode of disposal	Particulars of Buyer
Toyota Corolla XLI	1,555,000	1,166,250	388,750	388,750	-	Term of ijarah agreement	Shahwaz Tarrar & Co.
Suzuki Bolan 2013	674,000	539,200	134,800	134,800	-	Term of ijarah agreement	Muhammad Iqbal
Suzuki Cultus & Honda City 2013	3,647,000	3,282,300	364,700	364,700	-	Term of ijarah agreement	Zishan Engineers (Pvt.) Limited
Toyota Corolla GLI	1,869,500	1,369,500	500,000	500,000	-	Term of ijarah agreement	Ghulam Panjilan Farooq
Suzuki Mehran	652,000	521,600	130,400	130,400	-	Term of ijarah agreement	Ch. Aziz Ahmed Butt
Toyota Corolla XLI	1,525,000	1,231,428	293,572	294,658	1,086	Term of ijarah agreement	Jalal Waraich Cold Storages
Toyota Corolla 2013	1,551,500	1,230,880	320,620	381,456	60,836	Term of ijarah agreement	Haris Ibrahim
Toyota Corolla	2,123,500	1,698,800	424,700	424,700	-	Term of ijarah agreement	Vital Tech Engineering & Services Limited
Suzuki Liana & Suzuki Alto	1,700,000	1,360,000	340,000	340,000	-	Term of ijarah agreement	Shahid & Co
FAW Carrier Model 2014	734,000	587,200	146,800	146,800	-	Term of ijarah agreement	Ayyaz Almer
Suzuki Mehran VX	575,000	402,500	172,500	172,500	-	Term of ijarah agreement	Habib Ullah
Suzuki Mehran VXR 2014	693,000	478,100	214,900	214,900	-	Term of ijarah agreement	Megatech Trackers (Pvt.) Limited
Suzuki Mehran VXR 2014	693,000	580,550	112,450	112,450	-	Term of ijarah agreement	Tashim Fatima
Toyota Corolla XLI	1,475,000	1,032,500	442,500	442,500	-	Term of ijarah agreement	Muhammad Ishtaq
Toyota Allis 2014	2,152,500	1,937,250	215,250	215,250	-	Term of ijarah agreement	Sabs The Salon
Suzuki Cultus and Suzuki Swift	2,316,000	1,852,800	463,200	463,200	-	Term of ijarah agreement	Super Asia Muhammad Din Sons Limited
Suzuki Mehran VX E2 2014	625,000	325,000	300,000	300,000	-	Term of ijarah agreement	Noman Riaz
Honda City Model 2014	1,814,000	997,800	816,200	816,200	-	Term of ijarah agreement	Megatech Trackers (Pvt.) Limited
Suzuki Mehran 2014	688,000	481,600	206,400	206,400	-	Term of ijarah agreement	Megatech Trackers (Pvt.) Limited
Toyota Corolla GLI	1,646,000	748,904	897,096	943,514	46,418	Term of ijarah agreement	Shabnam Shehzadi
Suzuki Cultus VXR	1,039,000	335,513	703,487	736,305	32,818	Term of ijarah agreement	Armughan Israr Mirza
Honda City Prosmatic	1,514,500	1,363,050	151,450	151,450	-	Term of ijarah agreement	Ghazanzar Abbas
Motor Cycle Honda CD-70	55,000	44,000	11,000	11,000	-	Term of ijarah agreement	Muhammad Aslam
Suzuki Cultus VXR E2	1,034,000	827,200	206,800	206,800	-	Term of ijarah agreement	Pakistan Chemical & Bio Industries
Suzuki Bolan VX E2	695,000	447,876	247,124	274,461	27,337	Term of ijarah agreement	Pakistan Chemical & Bio Industries
Suzuki Mehran VXR	678,000	542,400	135,600	135,600	-	Term of ijarah agreement	Pakistan Chemical & Bio Industries
Toyota Ravi Pickup Euro II-2015	5,200,000	3,500,000	1,700,000	1,700,000	-	Term of ijarah agreement	Mustajab Industries (Pvt.) Limited
Toyota Cygnus 2003	1,646,000	1,243,652	402,348	431,398	29,050	Term of ijarah agreement	Starcrest (Pvt.) Limited
Toyota Corolla GLI	1,146,000	1,146,000	500,000	500,000	-	Term of ijarah agreement	Subhan Allah Commission Shop
Fiat Tractor 480 2015	758,670	398,307	360,363	383,088	22,725	Term of ijarah agreement	Shamim Sadiq
Toyota Corolla GLI	1,550,000	663,058	886,942	956,607	69,665	Term of ijarah agreement	Abdul Sattar
Honda City 2010	1,215,000	637,875	577,125	595,550	18,425	Term of ijarah agreement	Anwar Ul Haq
Suzuki Wagon R 2015	1,024,000	477,876	546,124	594,234	48,110	Term of ijarah agreement	Nayyer Farooq
Honda City 2016	1,529,500	832,720	696,780	715,422	18,642	Term of ijarah agreement	Omair Imran Jameel
Toyota Corolla GLI 2016	1,767,500	530,244	1,237,256	1,331,193	93,937	Term of ijarah agreement	Kisan Khushal Markez
Honda City 2016	1,529,500	611,800	917,700	917,700	-	Term of ijarah agreement	Tariq Ali
FAW Carrier 970CC	744,000	162,750	581,250	613,256	32,006	Term of ijarah agreement	Zahid Rafique
Honda Accord 2003	1,450,000	638,894	811,106	844,606	33,500	Term of ijarah agreement	Muhammad Umer Akram
Suzuki Wagon R VXL	1,019,000	341,780	677,220	741,136	63,916	Term of ijarah agreement	Muhammad Suleman Azam
Honda Vezel-2015	3,400,000	1,076,673	2,323,327	2,540,121	216,794	Term of ijarah agreement	Haji Muhammad Latif & Son
Toyota Corolla-2011	1,000,000	233,338	766,662	817,685	51,023	Term of ijarah agreement	Times Group (Pvt.) Limited
Suzuki Every	500,000	174,993	325,007	350,951	25,944	Term of ijarah agreement	Times Group (Pvt.) Limited
Union Star US-70	45,000	28,696	16,304	12,838	(3,466)	Term of ijarah agreement	Muhammad Aftab Butt
Suzuki Cultus VXL 2010	4,500,000	29,972	800,028	787,978	(12,050)	Term of ijarah agreement	AR Traders
Nissan Pkd 411	1,167,000	233,400	933,600	950,000	16,400	Negotiation	Mohsin Saadat Petroleum Service
Suzuki Cultus	1,162,740	193,790	968,950	985,000	16,050	Negotiation	Suzuki South Motors
Suzuki Wagon R	1,088,390	163,259	925,131	935,000	9,869	Negotiation	Suzuki South Motors
Suzuki Wagon R	1,088,390	163,259	925,131	935,000	9,869	Negotiation	Suzuki South Motors
Suzuki Cultus	1,329,550	155,114	1,174,436	1,250,000	75,564	Negotiation	Ali Hasnain Nasir
Suzuki Cultus	1,289,050	107,421	1,181,629	1,250,000	68,371	Negotiation	Javed Latif
Mira 2013	1,284,200	214,033	1,070,167	900,000	(170,167)	Negotiation	Car Chain Motors
Mira 2013	1,189,983	198,330	991,653	915,000	(76,653)	Negotiation	New Japan Impex

Description	Cost	Accumulated depreciation	Book value	Adjustment/ Sale proceeds	Gain	Mode of disposal	Particulars of Buyer
<b>Computers and other accessories:</b>							
Computer Systems and Printers	2,115,100	1,903,590	211,510	211,510	-	Term of Ijarah agreement	Zishan Engineers (Pvt.) Limited
<b>Generators:</b>							
Generator, Spills	3,022,000	2,719,800	302,200	302,200	-	Term of Ijarah agreement	Sabs The Salon
Denyo Gen 20/25 Dca-25Spi-Hi Isuzu Engine	750,000	550,000	200,000	200,000	-	Term of Ijarah agreement	Starcrest (Pvt.) Limited
Generator LC-500DA	40,000	35,000	5,000	5,000	-	Term of Ijarah agreement	Nayyer Imam
<b>Cameras:</b>							
Panasonic Video Camera	180,000	150,000	30,000	30,000	-	Term of Ijarah agreement	Kamran Niaz
Drone Camera DJI Phantom 3	168,000	126,000	42,000	42,000	-	Term of Ijarah agreement	Kamran Niaz
<b>Machinery:</b>							
Plastic Injection Moulding Machine	5,216,391	3,341,391	1,875,000	1,875,000	-		
Total	86,806,464	51,716,896	35,089,568	35,919,329	829,761		
<b>Disposal of fixed assets in own use</b>							
Motorcycle	36,000	36,000	-	9,000	9,000	Sale to employee	M. Aslam
Motorcycle	50,500	41,258	9,242	13,112	3,870	Sale to employee	Abdul Waheed
Honda City 2007	204,000	13,600	190,400	234,000	43,600	Sale to employee	S. M. Ather Imam
Total	290,500	90,858	199,642	256,112	56,470		

16.4.2

		2018	2017
	Note	-----Rupees-----	
<b>17</b>	<b>CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
	Salaries and benefits payable	15,700	8,979
	Withholding tax payable	44,524	38,489
	Sales tax payable	-	9,590
	Payable to Modaraba Management Company	226,007	1,508,750
	Current portion of deferred income on murabaha	6,575,950	6,992,419
	Security deposit	40,000	40,000
	Unclaimed dividends	12,930,548	12,619,053
	Other liabilities	1,242,467	1,796,230
		<b>21,075,196</b>	<b>23,013,510</b>
<b>17.1</b>	<b>Reconciliation of unclaimed dividends</b>		
	Opening balance	12,619,053	12,241,820
	Dividend to be accrued	10,430,000	8,940,000
	Dividend paid	(10,118,505)	(8,562,767)
	Closing balance	<b>12,930,548</b>	<b>12,619,053</b>
<b>17.2</b>	It includes charity payable amounting to Rs. 66,292 (2017: Rs. 84,320). The reconciliation is as follows:		
	Opening balance	84,320	26,570
	Additions during the year	61,972	117,750
	Charity paid during the year	(80,000)	(60,000)
	Closing balance	<b>66,292</b>	<b>84,320</b>
	None of the directors and employees of the Modaraba Management Company have any interest in the charity.		
<b>18</b>	<b>IMBL PROJECT FUND</b>		
	During the year, a memorandum of understanding was made by and between Trust Modaraba and M/s SQZ Business and Management Consultancy (Private) Limited whereby it was agreed to establish a fund under the title of "IMBL Project Fund" (the Fund) for meeting all preliminary expenses, professional fees for preparation of feasibilities, projections, regulatory applications, legal documentation and deeds, brand-related expenses and other allied matters, to be mutually agreed, for setting up another business venture.		
	It is also agreed that both parties shall subscribe initially a sum of Rs. 5 million each so as to create a pool of Rs. 10 million of the Fund, to be maintained in the books of and operated by Trust Modaraba. During the year, the Modaraba Management Company and M/s SQZ Business and Management Consultancy (Private) Limited each deposited Rs. 5 million in the fund.		
<b>19</b>	<b>DEFERRED INCOME ON MURABAHA</b>		
	Opening balance	9,376,794	15,299,428
	Additions during the year	9,749,190	5,054,122
	Recognized during the year	(9,796,075)	(10,976,756)
		<b>9,329,909</b>	<b>9,376,794</b>
	Current portion shown as current liabilities	(6,575,950)	(6,992,419)
		<b>2,753,959</b>	<b>2,384,375</b>

	Note	2018	2017
		-----Rupees-----	
<b>20 CUSTOMERS' SECURITY DEPOSITS</b>			
Opening balance		<b>49,366,822</b>	56,094,762
Received during the year		<b>7,826,150</b>	13,014,900
Adjusted during the year	20.1	<b>(19,689,802)</b>	(19,742,840)
Closing balance		<b>37,503,170</b>	49,366,822
Current portion shown as current liabilities		<b>(18,747,319)</b>	(22,786,530)
		<b>18,755,851</b>	26,580,292
<b>20.1</b>	These represent deposits received from customers to secure the ijarah finances given to them.		
<b>21 CERTIFICATE CAPITAL</b>			
<b>Authorized Capital</b>			
50,000,000 (2017: 50,000,000) Modaraba Certificates of Rs.10/- each		<b>500,000,000</b>	500,000,000
<b>Issued, subscribed and paid-up capital</b>			
15,000,000 (2017: 15,000,000) Modaraba Certificates of Rs.10/- each fully paid-up in cash		<b>150,000,000</b>	150,000,000
12,300,000 (2017: 12,300,000) Modaraba Certificates of Rs.10/- each issued as fully paid bonus certificates		<b>123,000,000</b>	123,000,000
2,500,000 (2017: 2,500,000) fully paid Modaraba Certificates of Rs.10/- each issued as a result of take over		<b>25,000,000</b>	25,000,000
	21.1	<b>298,000,000</b>	298,000,000
<b>21.1</b>	Al-Zamin Modaraba Management (Private) Limited holds 5,261,388 (2017: 5,261,388) Modaraba certificates as required by the SECP vide Order No. SC/M/RW/Trust/2009-43.		
<b>21.2</b>	As at June 30, 2018, Mr. Aslam Motiwala, a major certificate holder of the Modaraba, holds 15,800,000 modaraba certificates (2017: 15,800,000) of the Modaraba.		
<b>22 RESERVES</b>			
Statutory reserve	22.1	<b>79,637,766</b>	79,253,192
Surplus on revaluation of fixed assets	22.2	<b>2,457,200</b>	-
Revenue reserves:			
- Unrealized loss on revaluation of investments		<b>(3,586,151)</b>	(470,050)
- Accumulated loss		<b>(70,505,945)</b>	(61,614,241)
		<b>(74,092,096)</b>	(62,084,291)
		<b>8,002,870</b>	17,168,901
<b>22.1</b>	This represents profit 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 profits till such time that reserves equal to 100% of the paid up capital and thereafter, a sum not less than 5% of its after tax profits.		

		2018	2017
	Note	-----Rupees-----	
<b>22.2</b>	This represents surplus over book value resulting from the revaluation of owner-occupied land that became investment property. Revaluation surplus cannot be distributed to certificate holders as dividend. Latest valuation of land was carried out on June 25, 2018 i.e. at the date of transfer from owner-occupied property to investment property, by an approved independent valuer. The valuation was carried out using sales comparison approach which resulted in fair value gain of Rs. 2.46 million.		
<b>23</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	There were no contingencies outstanding as at June 30, 2018 (2017: Nil) while commitments in respect of ijarah facilities are as follows:		
	<b>Ijarah commitments</b>		
	The Modaraba has entered into ijarah arrangements for vehicles. These arrangements have remaining terms of less than five years. Such arrangements also include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future ijarah payments due under these arrangements at the year end are as follows:		
	Not later than one year	1,800,000	1,528,185
	Later than one year and not later than five years	3,305,328	4,124,271
		<b>5,105,328</b>	<b>5,652,456</b>
	Disbursement of Ijarah / Murabaha / Musharakah to be made	<b>10,825,000</b>	<b>10,471,000</b>
<b>24</b>	<b>INCOME FROM IJARAH</b>		
	Income from leasing and Ijarah operations	44,905,390	58,100,387
	Income suspended during the year 9.2	(736,366)	(616,171)
	Receipts against suspended income 9.2	563,066	119,385
		<b>44,732,090</b>	<b>57,603,601</b>
<b>25</b>	<b>PROFIT ON MURABAHA FINANCES</b>		
	Profit on Murabaha finances	9,767,992	14,419,161
	Income suspended during the year 11.2.1	(1,403,251)	(1,540,564)
	Receipts against suspended income 11.2.1	512,262	340,520
		<b>8,877,003</b>	<b>13,219,117</b>
<b>26</b>	<b>PROFIT ON MUSHARAKAH FINANCES</b>		
	Profit on Musharakah finances	5,593,522	4,269,292
	Income suspended during the year 7.2.1	(15,640)	(74,373)
		<b>5,577,882</b>	<b>4,194,919</b>
	Commission of selling agent	(340,000)	(286,000)
		<b>5,237,882</b>	<b>3,908,919</b>

		2018	2017
	Note	-----Rupees-----	
<b>27</b>	<b>TRADING INCOME</b>		
Sales		<b>19,347,081</b>	12,162,042
Cost of sales			
- Opening stock		3,267,316	2,796,592
- Add: Purchases		25,898,398	12,334,313
- Less: Closing stock		(12,570,471)	(3,267,316)
		(16,595,243)	(11,863,589)
		<b>2,751,838</b>	<b>298,453</b>
<b>28</b>	<b>OTHER INCOME</b>		
Gain on termination of ijarah arrangements		<b>829,761</b>	769,010
Gain on disposal of owned fixed assets		<b>56,470</b>	305,570
Miscellaneous income	28.1	<b>914,149</b>	1,138,296
Gain on acquisition of land against a settlement	28.2	-	1,500,000
Profit on deposit and saving accounts with banks		<b>223,556</b>	185,990
		<b>2,023,936</b>	<b>3,898,866</b>
<b>28.1</b>	This includes an amount of Rs. 300,500 (2017: Rs. 307,500) pertaining to documentation fee.		
<b>28.2</b>	During the last year, the Modaraba acquired an agricultural land situated at District Gujranwala, measuring 20 Kanals, through a settlement agreement with the guarantor of certain trade receivables (Note 7). The land was valued at Rs. 10 million while receivables to be adjusted amounted to Rs. 8.5 million. The Modaraba recorded gain of Rs. 1.5 million on settlement of its claims against these due debts.		
<b>29</b>	<b>(PROVISION) / REVERSAL OF PROVISION AGAINSt NON PERFORMING MURABAHA FINANCES AND OTHER RECEIVABLES - NET</b>		
Long term murabaha finances		-	466,000
Short term murabaha finances	8.3	<b>(20,084)</b>	-
Legal suits charges receivable	7.7	<b>(115,000)</b>	-
		<b>(135,084)</b>	466,000
<b>30</b>	<b>OPERATING EXPENSES</b>		
Salaries, allowances and other benefits	30.1	<b>12,723,073</b>	11,713,151
Legal and professional charges		<b>27,500</b>	166,526
Fees and subscription		<b>2,479,060</b>	2,707,700
Electricity, gas and water		<b>860,386</b>	837,573
Telephone, postage and courier		<b>941,616</b>	842,709
Advertisement		<b>117,748</b>	85,878
Printing and stationery		<b>740,377</b>	609,253
Traveling and conveyance		<b>412,535</b>	299,117
Entertainment		<b>526,496</b>	514,563
Insurance		<b>3,231,108</b>	3,992,454
Vehicle running		<b>2,143,389</b>	2,139,159
Rent, rates and taxes		<b>1,824,421</b>	1,973,940

		2018	2017
	Note	-----Rupees-----	
Auditors' remuneration	30.2	350,000	350,000
Repairs and maintenance		1,292,747	1,093,798
Registrar's services		157,932	124,868
Depreciation on own assets	16.3	601,692	534,511
Bank charges and commission		95,211	27,881
Loss on sale of long term investments - available-for-sale		16,580	-
Charity	30.3	-	50,605
Ijarah rental expense - vehicle		1,617,372	1,333,553
Miscellaneous		254,848	178,290
		<b>30,414,091</b>	<b>29,575,529</b>

**30.1** This includes Rs. 0.579 million (2017: Rs. 0.551 million) in respect of contribution to the staff provident fund. This comprises salaries and allowances paid to executives as per the following details:

	2018		
	Executives	Others	Total
	-----Rupees-----		
Basic salary	3,760,008	3,830,673	7,590,681
House rent allowance	1,503,996	1,494,551	2,998,547
Medical allowance	375,996	365,731	741,727
Other allowances	-	812,553	812,553
Retirement benefits	376,001	203,564	579,565
	<b>6,016,001</b>	<b>6,707,072</b>	<b>12,723,073</b>
Number of persons	3	18	
	2017		
	Executives	Others	Total
	-----Rupees-----		
Basic salary	3,507,135	3,688,109	7,195,244
House rent allowance	1,402,848	1,433,548	2,836,396
Medical allowance	350,697	362,406	713,103
Other allowances	-	327,660	327,660
Retirement benefits	366,312	274,436	640,748
	<b>5,626,992</b>	<b>6,086,159</b>	<b>11,713,151</b>
Number of persons	3	18	

**30.1.1** Executives have been provided with modaraba maintained cars and are also entitled for reimbursement of fuel expenses.

	Note	2018 -----Rupees-----	2017
<b>30.2 Auditors' remuneration</b>			
Annual audit fee		250,000	250,000
Half yearly review		50,000	50,000
Out of pocket expenses		50,000	50,000
		<b>350,000</b>	<b>350,000</b>

**30.3** No Director of Modaraba Management Company has any interest in any charitable activities.

### **31 TAXATION**

The income of non-trading modarabas is exempt from tax under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, provided not less than 90% of its profits after appropriation to statutory reserve as required under Modaraba Regulations are distributed to the certificate holders. The Modaraba has decided to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liabilities for the current period. However, tax charged on dividend income is expensed out which includes Rs. 66,000 on account of prior period charge.

### **32 EARNINGS PER CERTIFICATE - BASIC & DILUTED**

Profit for the year	Rupees	<b>1,922,870</b>	14,154,747
Weighted average number of certificates	Number	<b>29,800,000</b>	29,800,000
Earnings per certificate	Rupees	<b>0.06</b>	0.47

**32.1** There is no dilution effect on the basic earnings per certificate of the Modaraba.

	Note	2018 -----Rupees-----	2017
<b>33 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		<b>2,034,065</b>	14,154,747
<b>Adjustments for non-cash and other items:</b>			
- Depreciation:			
Under ijarah		<b>30,027,616</b>	38,855,849
In own use		<b>601,692</b>	534,511
- Charges / (Reversal) against non performing finances - net		<b>135,084</b>	(466,000)
- Gain on termination of ijarah arrangements		<b>(829,761)</b>	(769,010)
- Gain on disposal of owned fixed assets		<b>(56,470)</b>	(305,570)
- Gain on acquisition of land against a settlement		-	(1,500,000)
- Profit on long term investment - available for sale		<b>(564,247)</b>	(1,040,356)
- Gain realized on sale of short term investment - held-for-trading		<b>(102,962)</b>	(2,958,306)
- Gain realized on sale of long term investment - available for sale		<b>(16,580)</b>	(1,036,675)
- Unrealized loss on revaluation of held for trading investment		<b>2,038,814</b>	1,032,774
- Dividend income		<b>(585,719)</b>	(761,356)
		<b>30,647,467</b>	31,585,861
<b>Operating profit before working capital changes</b>		<b>32,681,532</b>	45,740,608
Decrease / (increase) in current assets			
- Short term investment - net		<b>1,784,422</b>	1,191,203
- Advances, deposits, prepayments and other receivables		<b>(8,520,624)</b>	(11,880,659)
- Short term murabaha finances		<b>(10,576,261)</b>	8,066,610
- Short term musharakah finances		<b>(4,190,000)</b>	(3,500,000)
- Ijarah rental receivables		<b>4,422,724</b>	(2,001,373)
- Stock in trade		<b>(9,303,155)</b>	(470,724)
Decrease in current liabilities			
- Creditors, accrued and other liabilities		<b>(2,249,809)</b>	(1,531,476)
		<b>(28,632,703)</b>	(10,126,419)
<b>Cash generated from operations</b>		<b>4,048,829</b>	35,614,189

## 34 MATURITIES OF ASSETS AND LIABILITIES

	2018			
	Total	Up to one year	Over one to five years	Over five years
	Rupees .....			
<b>Assets:</b>				
Cash and bank balances	4,161,839	4,161,839	-	-
Short term investments	8,755,918	8,755,918	-	-
Advances, deposits, prepayments and other receivables	38,159,611	38,159,611	-	-
Short term murabaha finances	40,595,741	40,595,741	-	-
Current portion of long term murabaha finances	82,462,816	82,462,816	-	-
Ijarah rental receivables	20,108,224	20,108,224	-	-
Short term musharakah finances (secured - considered good)	20,590,000	20,590,000	-	-
Current portion of long term diminishing musharakah finances	5,123,180	5,123,180	-	-
Tax refunds due from the Government	4,902,107	4,902,107	-	-
Stock in trade	12,570,471	12,570,471	-	-
Long term murabaha finances	18,239,018	-	18,239,018	-
Long term diminishing musharakah finances	406,122	-	406,122	-
Long term deposits	2,706,690	-	2,551,828	154,862
Long term investments	9,489,399	1,261,586	8,227,813	-
Investment property	2,835,000	-	2,835,000	-
Assets given on Ijarah	83,315,572	22,970,452	60,345,120	-
Assets in own use	22,913,487	-	22,913,487	-
	<b>377,335,195</b>	<b>261,661,945</b>	<b>115,518,388</b>	<b>154,862</b>
<b>Liabilities:</b>				
Current portion of long term liabilities	18,747,319	18,747,319	-	-
Creditors, accrued and other liabilities	23,829,155	21,075,196	2,753,959	-
IMBL Project Fund	10,000,000	10,000,000	-	-
Customers' security deposits	18,755,851	-	18,755,851	-
	<b>71,332,325</b>	<b>49,822,515</b>	<b>21,509,810</b>	<b>-</b>
<b>Net Balance</b>	<b>306,002,870</b>	<b>211,839,430</b>	<b>94,008,578</b>	<b>154,862</b>
Certificate holders' equity	<b>306,002,870</b>			
	2017			
<b>Assets:</b>				
Cash and bank balances	15,996,812	15,996,812	-	-
Short term investments	12,476,192	12,476,192	-	-
Advances, deposits, prepayments and other receivables	29,653,675	29,653,675	-	-
Short term murabaha finances	30,019,480	30,019,480	-	-
Current portion of long term murabaha finances	78,158,580	78,158,580	-	-
Ijarah rental receivables	24,530,948	24,530,948	-	-
Short term musharakah finances (secured - considered good)	16,400,000	16,400,000	-	-
Current portion of long term diminishing musharakah finances	5,658,882	5,658,882	-	-
Tax refunds due from the Government	4,620,590	4,620,590	-	-
Stock in trade	3,267,316	3,267,316	-	-
Long term murabaha finances	24,231,535	-	24,231,535	-
Long term diminishing musharakah finances	1,677,240	-	1,677,240	-
Long term deposits	2,093,590	-	1,938,728	154,862
Long term investments	7,576,698	-	7,576,698	-
Assets given on Ijarah	110,137,916	30,188,894	79,949,022	-
Assets in own use	23,434,154	-	23,434,154	-
	<b>389,933,608</b>	<b>250,971,369</b>	<b>138,807,377</b>	<b>154,862</b>
<b>Liabilities:</b>				
Current portion of long term liabilities	22,786,530	22,786,530	-	-
Creditors, accrued and other liabilities	25,397,885	23,013,510	2,384,375	-
Customers' security deposits	26,580,292	-	26,580,292	-
	<b>74,764,707</b>	<b>45,800,040</b>	<b>28,964,667</b>	<b>-</b>
<b>Net Balance</b>	<b>315,168,901</b>	<b>205,171,329</b>	<b>109,842,710</b>	<b>154,862</b>
<b>Certificate holders' equity</b>	<b>315,168,901</b>			

## 35 FINANCIAL RISK MANAGEMENT

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest 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, chief operating officer 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:

### 35.1 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.

#### 35.1.1 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.

#### 35.1.2 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 available for sale and held for trading investments.

		2018	2017
		-----Rupees-----	
		41,911	46,565
		Changes in KSE index	Effects on Profit Before Tax
			Effects on Equity
Reporting date index points			
Available-for-sale investments	2018	+1%	82,278
		-1%	(82,278)
	2017	+1%	50,038
		-1%	(50,038)
Held-for-trading investments	2018	+1%	47,725
		-1%	(47,725)
	2017	+1%	76,932
		-1%	(76,932)

### 35.1.3 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 mark up rates.

The Modaraba's mark up / profit rate risk arises from Murabaha financing, musharakah financing, investments and ijarah. As at the reporting date the interest rate profile of the Modaraba's mark up bearing financial instruments was as under:

	2018	2017
	-----Rupees-----	
<b><u>Fixed rate instruments</u></b>		
<b>Financial assets:</b>		
Short term murabaha finances	40,595,741	30,019,480
Long term murabaha finances	100,701,834	102,390,115
Ijarah rental receivables	20,108,224	24,530,948
Musharakah finances	26,119,302	23,736,122
<b><u>Floating rate instruments</u></b>		
<b>Financial assets:</b>		
Bank balances - deposit accounts	3,904,973	15,494,038
Long term investments - available-for-sale	1,261,586	2,572,947

#### **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 or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Modaraba.

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

If profit rates, as at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 51,666 (2017: Rs. 180,670) higher / lower. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

### 35.2 Credit risk

**35.2.1** 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 at the reporting date, net of impairment, was as follows:

Bank balances	4,077,981	15,919,141
Short term murabaha finances	40,595,741	30,019,480
Ijarah rental receivables	20,108,224	24,530,948
Musharakah finances	26,119,302	23,736,122
Accrued profit	3,918,035	4,327,385
Long term murabaha finances	100,701,834	102,390,115
Long term deposits	2,706,690	2,093,590
Trade receivables	17,782,283	10,693,662
Long term Investments	1,261,586	2,572,947
	<b>217,271,676</b>	<b>216,283,390</b>

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

The maximum exposure to credit risk for receivables (murabaha financing, musharakah financing and ijarah / lease rental receivables) as at the reporting date by type of customer was:

	2018	2017
	-----Rupees-----	
Textile Spinning	-	589,850
Textile Composite	<b>19,597,493</b>	19,597,493
Fuel and Energy	<b>54,316</b>	211,454
Engineering	<b>8,499,241</b>	5,682,942
Transport and communication	<b>216,530</b>	3,118,891
Chemicals and Pharmaceuticals	-	1,997,403
Steel	<b>269,983</b>	850,000
Vanaspati and Allied Industries	<b>12,000,000</b>	12,000,000
Food and Allied	<b>40,067,202</b>	58,525,514
Educational Institutions	<b>15,915,944</b>	17,657,860
Miscellaneous	<b>137,231,085</b>	113,795,439
Books and publications	<b>3,500,000</b>	3,500,000
Agriculture	<b>13,873,217</b>	-
	<b>251,225,011</b>	237,526,846

**35.2.3** The aging of murabaha, musharakah and lease / ijarah rental receivables and related impairment loss as at the reporting date is as follows:

**Aging of murabaha, musharakah and lease / ijarah rental receivables**

Not past due	<b>92,861,735</b>	85,285,628
Past due 1 - 180 days	<b>19,725,602</b>	18,149,464
Past due 181 - 365 days	<b>14,215,631</b>	9,664,841
1 - 2 years	<b>8,189,818</b>	9,169,000
More than 2 years	<b>134,014,508</b>	125,951,575
	<b>269,007,294</b>	248,220,508

**Aging of impaired murabaha, musharakah and lease / ijarah rental receivables**

Past due 1 - 180 days	<b>12,851</b>	-
Past due 181 - 365 days	<b>587,149</b>	63,968
1 - 2 years	<b>376,711</b>	2,890,011
More than 2 years	<b>58,814,036</b>	53,896,202
	<b>59,790,747</b>	56,850,181

Collaterals held against Murabaha financing, Musharakah financing and Ijarah assets

	2018			Exposure net of collaterals
	Exposure net of Provision	Collaterals		
		Mortgage	Liquid-collaterals	
	----- Rupees -----			
Long term murabaha finances	100,701,834	425,796,895	-	(325,095,061)
Short term murabaha finances	40,595,741	132,808,000	-	(92,212,259)
Ijarah / leased assets	72,909,285	15,775,000	83,315,572	(26,181,287)
Musharakah finances	26,119,302	199,265,000	-	(173,145,698)

	2017			Exposure net of collaterals
	Exposure net of Provision	Collaterals		
		Mortgage	Liquid-collaterals	
	----- Rupees -----			
Long term murabaha finances	102,390,115	358,469,795	-	(256,079,680)
Short term murabaha finances	30,019,480	162,208,000	-	(132,188,520)
Ijarah / leased assets	96,749,147	15,775,000	97,256,148	(16,282,001)
Musharakah finances	23,736,122	195,025,000	-	(171,288,878)

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.

**35.2.4** 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 at the reporting date:

	Rating		Rating Agency	2018	2017
	Short term	Long term		-----Rupees-----	
The Bank of Punjab	A1+	AA	PACRA	149,625	388,107
Meezan Bank Limited	A1+	AA+	JCR-VIS	3,913,820	15,504,885
State bank of Pakistan				14,536	26,149
				<b>4,077,981</b>	15,919,141
<b>Available for Sale Investments (Note 14)</b>				<b>9,489,399</b>	7,576,698
<b>Held for Trading Investments (Note 6)</b>				<b>8,755,918</b>	12,476,192

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.

Due to the long standing business relationships of Modaraba and its other related entity's with these counterparties and after giving due consideration to their strong financial standing and collaterals, the management does not expect non-performance by these counter parties on their obligations to the Modaraba. Accordingly, the credit risk is moderate.

### 35.3 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	Less than 1 year	Between 1 and 5 years	Over 5 years
------(Rupees)-----					
<b>June 30, 2018</b>					
Customers' security deposits	37,503,170	37,503,170	18,747,319	18,755,851	-
IMBL Project Fund	10,000,000	10,000,000	10,000,000	-	-
Creditors, accrued and other liabilities	23,829,155	23,829,155	21,075,196	2,753,959	-
	<b>71,332,325</b>	<b>71,332,325</b>	<b>49,822,515</b>	<b>21,509,810</b>	<b>-</b>
<b>June 30, 2017</b>					
Customers' security deposits	49,366,822	49,366,822	22,786,530	26,580,292	-
Creditors, accrued and other liabilities	25,397,885	25,397,885	23,013,510	2,384,375	-
	<b>74,764,707</b>	<b>74,764,707</b>	<b>45,800,040</b>	<b>28,964,667</b>	<b>-</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup / profit rates effective as at June 30, 2018.

### 35.4 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 basis for determining fair values is as follows:

#### Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by inputs to valuation techniques. 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 Company's financial assets that are measured at fair value at June 30, 2018:

	Level 1	Level 2	Level 3	Total
	------(Rupees)-----			
<b>Financial assets:</b>				
Short term investments	8,755,918	-	-	8,755,918
Long term Investments	8,227,813	-	1,261,586	9,489,399

The following table presents the Company's financial assets that are measured at fair value at June 30, 2017:

<b>Financial assets:</b>				
Short term investments	12,476,192	-	-	12,476,192
Long term Investments	5,003,751	-	2,572,947	7,576,698

### 35.5 Financial instruments by categories

#### Financial assets as at June 30, 2018

	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
	------(Rupees)-----				
Cash and bank balances	4,161,839	-	-	-	4,161,839
Short term investments	-	-	-	8,755,918	8,755,918
Advances, deposits and other receivables	30,112,798	-	-	-	30,112,798
Short term murabaha finances	40,595,741	-	-	-	40,595,741
Short term musharakah finances (secured -considered good)	20,590,000	-	-	-	20,590,000
Long term diminishing musharakah finances	5,529,302	-	-	-	5,529,302
Ijarah rental receivables	20,108,224	-	-	-	20,108,224
Long term murabaha finances	100,701,834	-	-	-	100,701,834
Long term deposits	2,706,690	-	-	-	2,706,690
Long term investments	-	9,489,399	-	-	9,489,399
	<b>224,506,428</b>	<b>9,489,399</b>	<b>-</b>	<b>8,755,918</b>	<b>242,751,745</b>

Financial assets as at June 30, 2017

	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
Cash and bank balances	15,996,812	-	-	-	15,996,812
Short term investments	-	-	-	12,476,192	12,476,192
Advances, deposits and other receivables	20,643,554	-	-	-	20,643,554
Short term murabaha finances	30,019,480	-	-	-	30,019,480
Short term musharakah finances (secured -considered good)	16,400,000	-	-	-	16,400,000
Long term diminishing musharakah finances	7,336,122	-	-	-	7,336,122
Ijarah rental receivables	24,530,948	-	-	-	24,530,948
Long term murabaha finances	102,390,115	-	-	-	102,390,115
Long term deposits	2,093,590	-	-	-	2,093,590
Long term investments	-	7,576,698	-	-	7,576,698
	<u>219,410,621</u>	<u>7,576,698</u>	<u>-</u>	<u>12,476,192</u>	<u>239,463,511</u>

Financial liabilities at amortized cost

	2018	2017
	-----Rupees-----	
Customers' security deposits	37,503,170	49,366,822
IMBL Project Fund	10,000,000	-
Creditors, accrued and other liabilities	21,030,672	22,965,431
	<u>68,533,842</u>	<u>72,332,253</u>

35.6 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 behaviour. 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.

### 35.7 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. To maintain or adjust the capital structure, the Modaraba may adjust dividend payments to the certificate holders, return on capital to certificate holders or issue new shares.

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 requirement.

## 36 REMUNERATION OF EXECUTIVES

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the other executives of the Modaraba are as follows:

	Executives	
	2018	2017
	-----Rupees-----	
Managerial remuneration	3,760,008	3,507,135
Retirement benefits	376,001	366,312
House rent allowance	1,503,996	1,402,848
Medical allowance	375,996	350,697
Meeting fee allowance	198,000	228,000
Reimbursable expenses	660,000	660,000
	<b>6,874,001</b>	<b>6,514,992</b>
Number of persons	<b>3</b>	<b>3</b>

- 36.1 These executives have been provided with the Modaraba maintained cars and are also entitled for reimbursement of fuel expenses.

## 37 TRANSACTIONS WITH RELATED PARTIES

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

A related party is a person or entity that is related to the Company. Related parties of the Modaraba include the Modaraba Management Company [Al-Zamin Modaraba Management (Private) Limited], directors and key management personnel of the Modaraba Management Company, key management personnel of the Modaraba and their close family members, the provident fund trust and entities with common directors or under common management and control.

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 are in accordance with the terms of their employment. Other transactions are carried out at agreed terms.

Amounts due from and due to related parties are shown under respective notes to these financial statements. The related party transactions are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables.

<b>Transactions during the year</b>			<b>2018</b>	<b>2017</b>
<b>Related party</b>	<b>Relationship</b>	<b>Nature of Transaction</b>	<b>-----Rupees-----</b>	
Al-Zamin Modaraba Management (Private) Limited	Modaraba Management Company	Management fee and others	<b>226,007</b>	1,508,750
		Dividend for the year	<b>1,841,486</b>	1,381,114
		Loan obtained	<b>13,000,000</b>	-
		Loan repaid	<b>13,000,000</b>	-
		Advance received for IMBF project	<b>5,000,000</b>	-
Employees' Provident Fund	Associated undertaking	Contributions for the year	<b>579,565</b>	551,048
Muhammad Aslam Motiwala	Associated person	Dividend for the year	<b>5,530,000</b>	4,461,975
Executives and close relatives thereof	Associated persons	Loan given during the year	<b>1,100,000</b>	1,000,000
		Repayment of loan received	<b>758,166</b>	608,500
		Receipt of principal under long term diminishing musharakah finances	<b>266,666</b>	266,666
		Profit accrued under long term diminishing musharakah finances	<b>41,245</b>	73,244
		Receipts of profit under long term diminishing musharakah finances	<b>41,334</b>	73,333
		Sale of vehicles	<b>204,000</b>	752,062
		Receipts against sale of vehicles	<b>420,000</b>	-

The amounts above do not include salaries and other employee benefits of the Executives of the Company which have been disclosed in note 36.

Transactions during the year			2018	2017
Related party	Relationship	Nature of Transaction	-----Rupees-----	
<b>Outstanding Balance as at the year end</b>				
Al-Zamin Modaraba Management (Private) Limited		Payable against management fee and others	<b>226,007</b>	1,508,750
		Payable against (IMFB) project	<b>5,000,000</b>	-
Executives and close relatives thereof		Loan receivables	<b>1,033,334</b>	691,500
		Receivable against sale of vehicle	<b>332,062</b>	752,062
		Principal receivable under long term diminishing musharakah finances	<b>200,004</b>	466,668
		Profit receivable under long term diminishing musharakah finances	<b>66</b>	155

### 38 SEGMENT REPORTING

**38.1** 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 and products produced and sold, the Company is organized into following four operating segments:

Types of segments	Nature of business
Murabaha finances	Sale of goods under murabaha arrangement
Ijarah finances	Giving right to the benefit of using an asset for a consideration
Musharakah finances	Joint enterprise formed for conducting some business
Investments	Investments made in equity instruments of other companies and other investments

No operating segments have been aggregated to or form 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.

## 38.2 Segment analysis



Trust Modaraba

The segment information for the reportable segments for the year ended June 30, 2018 is as follows:

	June 30, 2018				June 30, 2017					
	Murabaha Finances	Ijarah finances	Musharakah Finances	Investments	Total	Murabaha Finances	Ijarah finances	Musharakah Finances	Investments	Total
<b>Segment revenues / profits</b>	Rupees									
Revenues	8,962,003	45,656,351	5,354,882	1,252,928	61,226,164	13,770,117	58,578,559	4,025,919	5,796,693	82,171,288
Depreciation	-	(30,027,616)	-	-	(30,027,616)	-	(38,855,849)	-	-	(38,855,849)
Loss on disposal of investments	-	-	-	(16,580)	(16,580)	-	-	-	-	-
Unrealized loss on revaluation of investments	-	-	-	(2,038,814)	(2,038,814)	-	-	-	(1,032,774)	(1,032,774)
Provision for doubtful receivables	(20,084)	(115,000)	-	-	(135,084)	-	-	-	-	-
<b>Reportable segment profit</b>	<b>8,941,919</b>	<b>15,513,735</b>	<b>5,354,882</b>	<b>(802,466)</b>	<b>29,008,070</b>	<b>13,770,117</b>	<b>19,722,710</b>	<b>4,025,919</b>	<b>4,763,919</b>	<b>42,282,665</b>
<b>Reportable segment assets</b>	<b>151,025,239</b>	<b>108,197,863</b>	<b>27,018,054</b>	<b>18,349,189</b>	<b>304,590,345</b>	<b>136,916,233</b>	<b>142,822,640</b>	<b>25,034,650</b>	<b>20,181,024</b>	<b>324,954,547</b>
<b>Reportable segment liabilities</b>	<b>9,329,909</b>	<b>37,503,170</b>	<b>283,900</b>	<b>66,291</b>	<b>47,183,270</b>	<b>9,376,794</b>	<b>50,315,925</b>	<b>839</b>	<b>84,606</b>	<b>59,778,164</b>
<b>Additions to non-current assets</b>	<b>-</b>	<b>38,294,840</b>	<b>-</b>	<b>-</b>	<b>38,294,840</b>	<b>-</b>	<b>54,509,631</b>	<b>-</b>	<b>-</b>	<b>54,509,631</b>

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

	2018	2017
	-----Rupees-----	
<b>Revenues</b>		
Total revenues for reportable segments	61,226,164	82,171,288
Other revenues	3,649,513	3,020,361
Modaraba revenues	<u>64,875,677</u>	<u>85,191,649</u>
<b>Profit</b>		
Total profit / (loss) for reportable segments	29,008,070	42,282,665
Other profit / (loss)	(27,085,200)	(28,127,918)
	<u>1,922,870</u>	<u>14,154,747</u>
<b>Assets</b>		
Total assets for reportable segments	304,590,345	324,954,547
Corporate assets unallocated	68,583,011	48,982,249
Cash and bank balances	4,161,839	15,996,812
Total assets as per the balance sheet	<u>377,335,195</u>	<u>389,933,608</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	47,183,270	59,778,164
Corporate liabilities unallocated	24,149,055	14,986,543
Total liabilities as per the balance sheet	<u>71,332,325</u>	<u>74,764,707</u>

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 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.

**38.3** All non-current assets of the Modaraba are located in Pakistan as at the reporting date.



	2018	2017
	-----Rupees-----	
<b>39 NUMBER OF EMPLOYEES</b>		
Number of employees as at June 30,	19	21
Average number of employees during the year	20	21

	2018	2017
	-----Rupees-----	
	(Un-audited)	(Audited)
<b>40 PROVIDENT FUND</b>		
Size of the fund	2,693,361	5,284,104
Percentage of investments made	74.26%	61.51%
Fair value of investments	2,162,857	4,058,460
Cost of investments made	2,000,000	3,250,000

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

	2018		2017	
	Investment Rupees	Investment as a % of Size of funds	Investment Rupees	Investment as a % of Size of funds
Investment in funds	2,162,857	80.30%	4,058,460	76.81%
Cash at bank	437,320	16.24%	887,442	16.79%
Others	93,184	3.46%	338,202	6.40%

Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

#### 41 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the Board of Directors of the Management company in their meeting held on October 01, 2018.

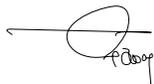
#### 42 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, to facilitate comparison. No material re-arrangements have been made during the year.

**For Al-Zamin Modaraba Management (Private) Limited**  
(Modaraba Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**PATTERN OF CERTIFICATE-HOLDING  
As On 30 June 2018**

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDING		TOTAL CERTIFICATE	PERCENTAGE HELD
	From	To		
601	1	100	27511	0.09
897	101	500	258954	0.87
612	501	1000	534551	1.79
299	1001	5000	715007	2.40
61	5001	10000	469510	1.58
16	10001	15000	194618	0.65
10	15001	20000	172857	0.58
6	20001	25000	137714	0.46
3	25001	30000	86000	0.29
1	30001	35000	31500	0.11
3	35001	40000	115050	0.39
1	45001	50000	45174	0.15
1	50001	55000	52000	0.17
3	60001	65000	188598	0.63
1	65001	70000	67740	0.23
1	70001	75000	75000	0.25
1	75001	80000	78382	0.26
1	85001	90000	87400	0.29
2	100001	105000	205120	0.69
2	115001	120000	238100	0.80
1	120001	125000	125000	0.42
1	150001	155000	155000	0.52
1	170001	175000	172730	0.58
1	290001	295000	291200	0.98
1	340001	345000	344500	1.16
1	525001	530000	527500	1.77
1	950001	955000	953000	3.20
1	1125001	1130000	1130000	3.79
1	1255001	1260000	1258896	4.22
1	5260001	5265000	5261388	17.66
1	15795001	15800000	15800000	53.02
<b>2533</b>			<b>29,800,000</b>	<b>100.00</b>



## CATEGORIES OF CERTIFICATE HOLDERS AS AT JUNE 2018

CATEGORIES OF CERTIFICATEHOLDERS	NUMBER OF CERTIFICATE HOLDERS	TOTAL CERTIFICATES HELD	PERCENTAGE
Associated companies, undertakings and related parties			
Al-Zamin Modaraba Management (Private) Limited	1	5,261,388	17.6557
Investment Corporation of Pakistan	1	11,500	0.0386
Directors, CEO & their spouse and minor children			
Executives	-	-	-
Public sector companies and Corporations	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	19	2,530,636	8.4921
Joint Stock Companies	20	67,843	0.2277
Individuals	2,484	21,842,133	73.2957
Others	8	86,500	0.2903
<b>Total</b>	<b>2,533</b>	<b>29,800,000</b>	<b>100.00</b>

Certificateholders holding five percent or more certificate in the Modaraba

Al-Zamin Modaraba Management (Pvt.) LTD.	1	5,261,388	17.66
Mohammad Aslam Motiwala	1	16,930,000	56.81

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