

ANNUAL REPORT 2017



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. 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. Shaikh Arshad Farooq	Chairman
Mr. Syed shahnawaz A. Rizvi	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

Regional Office

301-320, 3rd 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
1st 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, 2017 will be held on Thursday 26th October, 2017 at 09:00 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 **18th October, 2017 to 26th October, 2017** (both days inclusive).

Hamida Aqeel
Company Secretary

Karachi

October 05th, 2017.

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, 2017.

Economy Review

The overall improvement in business sentiments along with supportive policies (historic low interest rate, high infrastructure spending and better law and order) has encouraged a number of firms to pursue expansion plans. This was reflected in a significant surge in private sector credit off-take during financial year 2017 with a sizeable share of fixed investment loans, and increase in machinery imports was also noted. Public sector development (PSDP) and CPEC initiatives also continued to boost construction related industries. Pakistan's economic performance continued to improve during the financial year 2017. Volume of Pakistan economy surpassed \$300 billion, GDP growth reached nine years high of 5.28% in financial year from 4.7% in the year 2016. Agriculture sector revived during the financial year 2017 and showed growth @ 3.5% which was supported by favorable policy measures, including subsidy on fertilizer, electricity, reduction in sales tax on tractors and increase access to finance. PSX 100 index ended the financial year at 46,565 points, rising by 23.24% compare to last financial year, and the index recorded all time high of 52,876 points during the year, however, a turmoil was witnessed due to political instability as a result of Supreme Court orders for disqualification of Prime Minister, which still continues till date.

Performance Review

During the year under review, your Modaraba has continued a satisfactory performance and earned a profit of Rs. 15.727 million before management fee as compared to Rs. 14.478 million during the last year despite reduced returns on stock market operations due to depressed conditions. Trust Modaraba has been distributing 90% of its profit to the certificate holders regularly since 2010, hence expansion of business is restricted to the extent of available equity. Total revenue generated during the year is almost the same as compared to last year. Available resources were deployed efficiently towards diversified fresh business during the year including stock market operations.

During the year under review, an amount of Rs. 10 million was recovered from the defaulting clients. Balance sheet footing of your Modaraba stood at Rs. 389.933 million. Certificate holder's equity increased to Rs. 315.168 million from Rs. 310.165 million. Administrative expenses were kept within an increase of 4% compared to corresponding period last year.

Future Outlook

The management of your Modaraba is committed to achieve optimum results under the circumstances and continuously devoting its best efforts for achieving better result. We are confident that the Modaraba's financial position has potential to maintain a steady growth in the forthcoming period. In order to increase the equity and funding pool of Modaraba, negotiations have been held with the potential investors which when materialized will enhance the volume and profitability of the Modaraba.



DIVIDEND DISTRIBUTION

The Board is pleased to announce that based on the profit earned by the Modaraba during the year ended 30th June, 2017, a cash dividend of 3.5% i.e. 0.35 per certificate had been declared. The book closure to determine the entitlements of dividend will be announced in due course.

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

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	3
Mr. Bashir A. Chowdry	Chief Executive	4
Mr. Sohail Ansar	Director	1
Mr. Sheikh Arshad Farooq	Director	4
Dr. Namoos Baquar	Director	4
Syed. Shahnawaz A. Rizvi	Director	4
Mr. Mohammad Imran ul Haq	Director	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 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.

Four (4) meetings of the Audit Committee were held during the year 2017. The attendance of each Member is given hereunder.

		No. of Meetings Attended
Syed. Shahnawaz A. Rizvi	Chairman/(Non-Executive)	4
Mr. Sheikh Arshad Farooq	(Non-Executive)	4
Mr. Sohail Ansar	(Non-Executive)	1

Auditors

As per suggestion of the Audit Committee, the board has recommended the reappointment of M/s. Horwath Hussain Chaudhury & Co. Chartered Accountants for the financial year ending June 30, 2018.

Patter of Certificate holding

Pattern of certificate holding as at 30th June, 2017 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, 2017 works out to be Rs. 5,284,104.

Earning per Certificate

The earning per certificate of the Modaraba for the year ended 30th June, 2017 stood at Rs. 0.47 per certificate as compared to Rs. 0.44 per 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.

October 05th, 2017.



ڈائریکٹر کی رپورٹ

الضامن مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز (بورڈ کے ناظمین)، ٹرسٹ مضاربہ بکچانج سے 30 جون 2017 کو اختتام پذیر سال کی مالیاتی دستاویزات پیش کرتے ہیں۔

معاشی جائزہ

مجموعی طور پر مثبت کاروباری رجحان کے ساتھ معاون پالیسیوں (تاریخی کم سودی نرخ، بلند قومی تعمیراتی اخراجات اور امن وامان کی بہتر صورتحال) میں بہتری کے نتیجے میں متعدد اداروں کو توسیع کے منصوبوں میں اپنا کردار ادا کرنے کے مواقع ملے ہیں۔ سال 2017 میں اس کا اندازہ نجی شعبے میں قرضوں کی فراہمی، مشینوں کی درآمدات اور دیر پا سرمایہ کاری میں خاطر خواہ اضافے سے لگایا جاسکتا ہے۔ عوامی سیکٹر کی ترقی (PSDP) اور CPEC کے ابتدائی کاموں کے آغاز کی وجہ سے تعمیرات سے متعلقہ صنعت نے بھی اضافہ جاری رکھا۔ مالیاتی سال 2017 کے دوران پاکستان کی معیشت کی کارکردگی نے بہتری جاری رکھی۔ پاکستان کی معیشت کا حجم 300 ارب امریکی ڈالر سے بڑھ گیا ہے، موجودہ مالی سال کی 5.28 فیصد مجموعی قومی پیداوار گذشتہ نو سالوں کی مجموعی (4.7 فیصد) پیداوار سے تجاوز کر گئی۔ مالی سال 2017 میں زراعت کے شعبے نے بحال ہو کر 3.5 فیصد کی شرح سے نمود کھائی جس کی معاونت سازگار پالیسی کے اقدامات بشمول کھاد اور بجلی پر عانتی امانت، ٹریکٹرز پر سبزی کے محصول میں کمی اور سرمایہ تک بڑھی ہوئی رسائی نے کی۔ PSX 100 انڈیکس نے سال کا اختتام 46,565 پوائنٹس پر کیا، جو گذشتہ سال کے مقابلے میں 23.24 فیصد بڑھ گیا، اور سال کے دوران انڈیکس نے 52,876 پوائنٹس کی بلند ترین سطح پر پہنچ گیا، تاہم، وزیر اعظم کی نااہلی کے سپریم کورٹ کے فیصلے سے پیدا شدہ تاحال جاری سیاسی عدم استحکام سے معیشت میں شدید بیجان کی کیفیت دیکھی گئی۔

کارکردگی کا جائزہ

زیر غور سال میں، آپ کے مضاربہ نے اطمینان بخش کارکردگی جاری رکھی اور دباؤ کا شکار حصص کی منڈی کے آپریشن سے کم منافع کے باوجود قبل از مینجمنٹ فیس کے 15.727 ملین روپے کا منافع کمایا جو گذشتہ سال 14.478 ملین روپے تھا۔ ٹرسٹ مضاربہ 2010 سے اپنے منافع 90 فیصد حصہ اپنے سرٹیفیکیٹ کنندگان میں تقسیم کرتا رہا ہے، اس لیے کاروبار کی توسیع دستیاب تقسیم شدہ ملکیتی سرمایہ (equity) تک محدود رہی۔ سال کے دوران دستیاب وسائل کو بہتر طور پر متنوع نئے کاروبار میں استعمال کیا گیا بشمول حصص کی منڈی کے آپریشن کے۔

زیر غور سال کے دوران 10 ملین روپے کی رقم نادر ہندہ گاہکوں سے وصول کی گئی۔ آپ کے مضاربہ کی بیلنس شیٹ کی بنیاد 389.933 ملین روپے کے ساتھ مستحکم رہی۔ سرٹیفیکیٹ کنندگان کی تقسیم شدہ ملکیتی سرمایہ (equity) 310.165 ملین روپے سے بڑھ کر 315.168 ملین روپے ہو گیا۔ گذشتہ سال کے انتظامی اخراجات کے مقابلے میں 4 فیصد اضافے کی حد میں رہے۔

امید مستقبل

آپ کے مضاربہ کی انتظامیہ پر عزم ہے کہ موجودہ حالات میں زیادہ سے زیادہ نتائج حاصل کرے گا اور اپنی بہترین کوششوں کو بروئے کار لا کر بہتر نتائج حاصل کریں گے۔ ہم پر اعتماد ہیں کہ مضاربہ کی مالی صورتحال سے امید ہے کہ وہ متوازن نمو کو برقرار رکھ سکے۔ ہمیں توقع ہے کہ آنے والے عرصے میں نمایاں ترقی حاصل کریں گے۔ مضاربہ کے تقسیم شدہ ملکیتی سرمایہ (equity) اور فنڈز کے ذخیرہ بڑھانے کے لیے ممکنہ سرمایہ کاروں سے مذاکرات ہوئے، یہ معاملہ جب بھی پایہ تکمیل ہوگا تو مضاربہ کی منافع بخشی اور حجم میں اضافہ کرے گا۔

منقسم منافع کی تقسیم

30 جون 2017 کو اختتام ہونے والے سال کے دوران مضاربہ کے حاصل شدہ منافع کی بنیاد پر بورڈ کو نقد 3.5 فیصد یعنی 0.35 روپے فی سرٹیفیکیٹ منقسم منافع کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔ منقسم منافع کے حصول کے حق کا تعین کرنے کے لیے کتاب کی بندش کا تعین اسی دوران کیا جائے گا۔

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 فلو اور تقسیم شدہ ملکییتی 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 کاڈیرائن مضبوط ہے اور اس کا موثر نفاذ اور نگرانی کی گئی ہے۔
- مضاربہ کے ایک جاری رہنے والے ادارے کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔
- لسٹنگ ضوابط میں اداراتی نظم و ضبط کی دی گئی تفصیلات کی بہترین مشقوں سے کوئی مدی 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

3	چیرمین	جناب منظور حسین شاہ کاظمی
4	چیف ایگزیکٹو	جناب بشیر احمد چودھری
1	ڈائریکٹر	جناب سہیل انصار
4	ڈائریکٹر	جناب شیخ ارشد فاروق
4	ڈائریکٹر	ڈاکٹر ناموس باقر
4	ڈائریکٹر	سید شاہنواز احمد رضوی
بیرون ملک ہیں	ڈائریکٹر	جناب محمد عمران الحق

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**

اس 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 چیئرمین نان-لگیٹیکٹیو ڈائریکٹرز ہیں۔

مقتب (Auditors)

آڈٹ کمیٹی کے مشورے پر، بورڈ میسرز۔ ہوروارتھ حسین چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس 30 جون 2018 کو ختم ہونے والے سال کے لیے ان کی دوبارہ تقرری کی تجویز دے چکا ہے۔

سرٹیفیکیٹ رکھنے کا رجحان

30 جون 2017 پر سرٹیفیکیٹ رکھنے کا رجحان منسلک ہے۔

ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری اور ان کے شرکاء حیات اور ان کے نابالغ بچوں نے سرٹیفیکیٹس کا کوئی خرید و فروخت نہیں کی ہے۔

فٹڈ کی سرمایہ کاری کی مالیت

مضاربہ اپنے مستقل ملازمین کے لیے شراکتی پروویڈنٹ 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 2017 پر اس فنڈ کے سرمایہ کاری کی حساب کردہ مالیت 5,284,104 روپے ہے۔

آمدنی فی سرٹیفیکیٹ

30 جون 2017 کو ختم ہونے والے سال پر آمدنی فی سرٹیفیکیٹ 0.47 روپے فی سرٹیفیکیٹ تھی جبکہ گذشتہ سال یہ آمدنی 0.44 روپے فی سرٹیفیکیٹ 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 سرٹیفیکیٹ 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

کراچی

چیف ایگزیکٹیو

5 اکتوبر 2017

KEY OPERATING & FINANCIAL DATE FOR THE LAST SIX YEARS

(Rupees in Thousands)

	2017	2016	2015	2014	2013	2012
Paid-up capital	298,000	298,000	298,000	298,000	298,000	298,000
Reserves	17,168	12,165	12,058	8,683	6,514	(17,352)
Net equity	315,168	310,165	310,058	306,683	304,514	280,647
Morabaha financing	132,409	156,537	155,551	166,989	151,959	144,354
Fixed Assets	23,434	14,076	13,634	13,688	14,219	14,834
Assets given on lease	244,702	252,728	286,673	291,356	323,109	358,318
Total assets	389,933	396,172	411,442	418,229	428,517	400,546
Income Statement						
Income	84,158	84,193	90,718	103,039	101,966	84,029
Operating expenses	68,431	69,715	71,378	80,562	76,375	71,448
Profit/(Loss) before management fee	15,727	14,478	19,339	22,476	25,591	13,455
Profit/(Loss) after taxation	14,154	13,030	17,405	20,229	23,032	12,109
Earning/(Loss) per certificate	0.47	0.44	0.58	0.68	0.77	0.41



Statement of Compliance with the Code of Corporate Governance (COCG 2012) [See Clause(XI)]

For the year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Regulation No. 5.19.24 of listing regulations of the Pakistan Stock Exchange, for the purpose of establishing a framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

Al-Zamin Modaraba Management (Private) Limited (the Modaraba Company) is not listed. However, Trust Modaraba (the Modaraba) is listed on the Pakistan Stock Exchange. The Board of Directors of the Modaraba Company is responsible for managing the affairs of the Modaraba.

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

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

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

The independent director meets the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Modaraba Company.
3. All the resident directors of the Modaraba Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the year.
5. 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.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. 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 Regulation No. 5.19.7 of listing regulations of the Pakistan Stock Exchange. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.
10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal audit, including their remuneration and terms and conditions of employment. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit was made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of 3 (Three) members, all of whom are non-executive directors and the chairman of the committee is an independent director.



16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a HR and Remuneration Committee. It comprises of 3 (Three) members, of whom all are non-executive directors and the chairman of the committee is also a non-executive director.
18. The Board has outsourced the internal audit function to M/S Grant Thornton Anjum Rehman, Chartered Accounts who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Modaraba.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "Closed Period", prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Modaraba's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The Modaraba Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Basheer A. Chowdry
CHIEF EXECUTIVE

Karachi.

October 05, 2017..

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, 2017 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.
Adopted new inducted Shariah Compliance and Shariah Audit Mechanism.
 - b) 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 05th, 2017.



REVIEW REPORT TO THE CERTIFICATE HOLDERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Al- Zamin Modaraba Management (Private) Limited (the Management Company) for and on behalf of Trust Modaraba (the Modaraba) for the year ended June 30, 2017 to comply with the requirements of Listing Regulation No. 5.19.24 of the Pakistan Stock Exchange where the Modaraba is listed.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Modaraba, in all material respects, with the best practices contained in the Code as applicable to the Modaraba for the year ended June 30, 2017.

HORWATH HUSSAIN CHAUDHURY & CO.

Chartered Accountants

Engagement Partner: Muhammad Nasir Muneer

Date: October 05th, 2017.

Lahore

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of Trust Modaraba ("the Modaraba") as at June 30, 2017 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's affairs as at June 30, 2017 and of the profit, comprehensive income, 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 15.3.1 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.

The financial statements of the Modaraba for the year ended June 30, 2016 were audited by another auditor who issued a modified report on those financial statements on September 27, 2016 by including an emphasis of matter paragraph on matter stated in note 15.3.1.

HORWATH HUSSAIN CHAUDHURY & CO.

Chartered Accountants

Engagement Partner: Muhammad Nasir Muneer

Date: October 05th, 2017.

Lahore

BALANCE SHEET

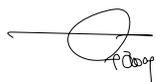
AS AT JUNE 30, 2017

	Note	2017 -----Rupees-----	2016
ASSETS			
Current Assets			
Cash and bank balances	5	15,996,812	11,920,526
Short term investments	6	12,476,192	11,741,863
Advances, deposits, prepayments and other receivables	7	29,653,675	25,065,991
Short term murabaha finances	8	30,019,480	38,086,090
Current portion of long term murabaha finances	9.3	78,158,580	76,842,699
Ijarah rental receivables	10	24,530,948	22,529,575
Short term musharakah finances (secured - considered good)		16,400,000	12,900,000
Current portion of long term diminishing musharakah finances	11.2	5,658,882	1,818,634
Tax refunds due from the Government		4,620,590	3,850,825
Stock in trade	12	3,267,316	2,796,592
Total Current Assets		220,782,475	207,552,795
Non-Current Assets			
Long term murabaha finances	9	24,231,535	41,608,871
Long term diminishing musharakah finances	11	1,677,240	1,803,208
Long term deposits	13	2,093,590	1,671,540
Long term investments	14	7,576,698	8,848,649
Fixed assets	15	133,572,070	134,687,314
Total Non-Current Assets		169,151,133	188,619,582
Total Assets		389,933,608	396,172,377
LIABILITIES			
Current Liabilities			
Current portion of customers' security deposits	18	22,786,530	24,438,310
Creditors, accrued and other liabilities	16	23,013,510	24,142,415
Total Current Liabilities		45,800,040	48,580,725
Non-Current Liabilities			
Deferred income on murabaha	17	2,384,375	5,769,711
Customers' security deposits	18	26,580,292	31,656,452
Total Non-Current Liabilities		28,964,667	37,426,163
Total Liabilities		74,764,707	86,006,888
NET ASSETS		315,168,901	310,165,489
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital	19	298,000,000	298,000,000
Reserves	20	17,168,901	12,165,489
		315,168,901	310,165,489
CONTINGENCIES AND COMMITMENTS	21	-	-

The annexed notes from 1 to 41 form an integral part of these financial statements.

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR



Trust Modaraba

PROFIT AND LOSS ACCOUNT

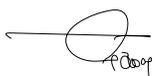
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 -----Rupees-----	2016
Income from ijarah	22	57,603,601	61,349,723
Profit on murabaha finances	23	13,219,117	12,513,248
Profit on musharakah finances	24	3,908,919	2,563,350
Dividend income on equity investments		761,356	454,189
Profit on long term investments - available-for-sale		1,040,356	743,816
Profit on sale of short term investments - held-for-trading		2,958,306	3,066,038
Profit on sale of long term investments - available-for-sale		1,036,675	10,601
Trading income	25	298,453	873,839
Other income	26	3,898,866	3,134,512
		84,725,649	84,709,316
Reversal of provision / (Provision) against non performing Unrealized loss on revaluation of held-for-trading investments	27	466,000 (1,032,774)	(75,867) (439,953)
		84,158,875	84,193,496
Depreciation on fixed assets given on lease/Ijarah	15.2	38,855,849	41,126,532
Administrative expenses	28	29,575,529	28,588,929
		(68,431,378)	(69,715,461)
		15,727,497	14,478,035
Modaraba Management Company's fee		(1,572,750)	(1,447,804)
Profit before taxation		14,154,747	13,030,231
Taxation	29	-	-
Net Profit for the Year		14,154,747	13,030,231
Earnings per certificate - Basic and Diluted	30	0.47	0.44

The annexed notes from 1 to 41 form an integral part of these financial statements.

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

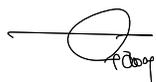
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	-----Rupees-----	
Net Profit for the year	14,154,747	13,030,231
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified to profit or loss		
Net change in fair value of available-for-sale investments	(211,335)	(258,715)
Other comprehensive income for the year	(211,335)	(258,715)
Total comprehensive income for the year	<u>13,943,412</u>	<u>12,771,516</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR



Trust Modaraba

CASH FLOW STATEMENT

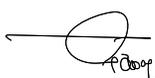
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 -----Rupees-----	2016 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations			
Cash generated from operations	31	35,614,189	77,204,938
Decrease / (increase) in non-current assets:			
- Long term murabaha finances		15,307,279	(13,625,820)
- Long term musharakah finances		(3,714,280)	(1,322,087)
(Decrease) / increase in non-current liabilities:			
- Deferred income on murabaha		(3,385,336)	921,218
- Customers security deposits		13,014,900	16,472,567
Purchase of ijarah assets		(53,725,731)	(59,207,170)
Proceeds from disposal of ijarah assets		7,152,580	5,893,632
Income tax paid / deducted		(731,276)	(842,091)
Net Cash Generated from Operating Activities		9,532,325	25,495,187
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of owned assets		(810,050)	(1,034,200)
Proceeds from disposal of owned assets		439,825	329,812
Sale / (purchase) of investments - net		3,137,647	(2,038,907)
Long term deposits		(422,050)	109,200
Dividends received		761,356	454,189
Net Cash Generated from / (Used in) Investing Activities		3,106,728	(2,179,906)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distributed to certificate holders		(8,562,767)	(12,221,967)
Net cash used in financing activities		(8,562,767)	(12,221,967)
Net increase in the cash and cash equivalents		4,076,286	11,093,314
Cash and cash equivalents at beginning of the year		11,920,526	827,212
Cash and cash equivalents at end of the year		15,996,812	11,920,526

The annexed notes from 1 to 41 form an integral part of these financial statements.

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

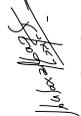
Particulars	Certificate capital	Statutory reserve	Revenue reserves		Total Reserves	Total Equity
			Unrealized loss on revaluation of investments	Accumulated loss		
Balance as at June 30, 2015	298,000,000	73,294,987	-	(61,236,014)	12,058,973	310,058,973
Profit for the year	-	-	-	13,030,231	13,030,231	13,030,231
Other comprehensive income for the year	-	-	(258,715)	-	(258,715)	(258,715)
Transfer to statutory reserve at 24%	-	3,127,255	(258,715)	13,030,231	12,771,516	12,771,516
Transaction with certificate holders				(3,127,255)	-	-
Profit distribution for the year ended June 30, 2015 at Rs. 0.425 per certificate	-	-	-	(12,665,000)	(12,665,000)	(12,665,000)
Balance as at June 30, 2016	298,000,000	76,422,242	(258,715)	(63,998,038)	12,165,489	310,165,489
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
Transaction with certificate holders				(2,830,950)	-	-
Profit distribution for the year ended June 30, 2016 at Rs. 0.30 per certificate	-	-	-	(8,940,000)	(8,940,000)	(8,940,000)
Balance as at June 30, 2017	298,000,000	79,253,192	(470,050)	(61,614,241)	17,168,901	315,168,901

The annexed notes from 1 to 41 form an integral part of these financial statements.

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

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 from 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 Ordinance, 1984, 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 Ordinance, 1984. Wherever, the requirements of the approved accounting standards differ with the requirement of Companies Ordinance, 1984, 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 Changes in accounting standards, interpretations and pronouncements

Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following amendments to standards are relevant that became effective during the year. These amendments are not likely to have any impact on the Modaraba's financial statements.

	Effective date (Periods beginning on or after)
IFRS 7 – Financial Instruments: Disclosures [Amendments]	January 01, 2016
IAS 1 - Presentation of Financial Statements [Amendments]	January 01, 2016
IAS 16 - Property, Plant and Equipment [Amendments]	January 01, 2016
IAS 38 - Intangible Assets [Amendments]	January 01, 2016
IAS 19 - Employee Benefits [Amendments]	January 01, 2016

2.3.1 **Standards, interpretations and amendments to approved accounting standards which became effective during the year but are not relevant**

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.

2.3.2 **Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective**

i) IAS 7 'Cash flow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided.

ii) IFRS 15, 'Revenue from contracts with customers' (effective for periods beginning on or after January 1, 2018). This standard is yet to be notified by the SECP. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations.

2.3.3 **Standards, interpretations and amendments to approved accounting standards that are neither relevant and nor yet effective**

Revision / improvements / amendments to IFRS and interpretations

	Effective date (Periods beginning on or after)
-Amendments to IAS 12 'Income Taxes'	January 1, 2017
-Amendments to IFRS 2 - 'Share-based Payment'	January 1, 2017
-Amendments to IAS 40 'Investment Property'	January 1, 2017
-IFRS 12 'Disclosure of Interests in Other Entities' -Amendments to IAS 28 'Investment in Associates and Joint Ventures'	January 1, 2017

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except certain financial instruments which are measured at fair value.

3.1 **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:

3.1.1 **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 impairments 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 its use or disposal.

3.1.2 **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, 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 consist of 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. They are included in current assets, except for those having maturities greater than twelve months after the balance sheet 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. They are included in non-current assets unless the management intends to dispose off these assets within twelve months from the balance sheet 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 on 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 on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

Loans and receivables and held to maturity financial assets are subsequently carried at amortised 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 recognised 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 Murabaha can appoint the client as its agent to purchase the assets/goods on 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 balance sheet 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 15.

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 **Impairment of Assets**

The Modaraba assesses at each balance sheet date to determine whether there is any indication of impairment loss. 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 recognised, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.7 **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 collection of the full amount is no longer probable.

4.8 **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 balance sheet 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 realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.9 **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.

4.10 **Revenue recognition**

4.10.1 **Murabaha profit**

Profit on finances under murabaha arrangements is recognized on a pro-rata basis taking into account the duration of placement of funds. Income on murabaha executed on or after July 01, 2009 is accounted for on culmination of murabaha transaction. However, 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.

4.10.2 **Musharakah profit**

Profit on diminishing musharakah financings is recognized on accrual basis.

4.10.3 **Ijarah rentals**

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

4.10.4 **Dividend income**

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

4.10.5 **Capital gain or loss**

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

4.11 **Taxation**

4.11.1 **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.

4.11.2 **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 balance sheet date and are expected to apply to the period when the difference arises.

4.12 Retirement and termination benefits

The Modaraba operates a defined contributory 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.

4.13 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.

4.14 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.

	Note	2017 -----Rupees-----	2016
5 CASH AND BANK BALANCES			
Cash in hand		77,671	10,208
Balances with bank in:			
Current accounts		425,103	159,580
Saving accounts	5.1	15,494,038	11,750,738
		15,919,141	11,910,318
		<u>15,996,812</u>	<u>11,920,526</u>
5.1	These carry profit at the rate of 2.40% to 2.76% (2016: 2.4% to 4%) per annum.		
6 SHORT TERM INVESTMENTS			
Financial assets at fair value through profit and loss - Held-for-trading			
NIT Islamic Unit Fund - at cost		2,187,970	2,084,000
Meezan Islamic Fund - at cost		1,763,965	1,627,833
Shares of listed companies - at cost	6.1	9,535,016	8,008,015
		13,486,951	11,719,848
Unrealized (loss) / gain on revaluation - net	6.2	(1,010,759)	22,015
		<u>12,476,192</u>	<u>11,741,863</u>

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, 2017		June 30, 2016	
		Average cost	Market value	Average cost	Market value
2017	2016	-----Rupees-----			
1,000	- Attock Refinery Limited	465,259	382,580	-	-
3,500	- Hub Power Company Limited	457,676	411,005	-	-
4,000	- Engro Foods Limited	766,117	485,960	-	-
20,000	- Fauji Cement Company Limited	899,160	820,600	-	-
4,000	- Linde Pakistan Limited	1,235,522	964,080	-	-
2,500	- Packages Limited	2,114,025	1,738,947	-	-

No of shares		Name of Investee	June 30, 2017		June 30, 2016	
2017	2016		Average cost	Market value	Average cost	Market value
-----Rupees-----						
40,000	25,000	Byco Petroleum Pakistan Limited	973,734	764,000	517,647	513,500
10,000	5,000	Fauji Fertilizers Company Limited	1,151,658	826,400	575,106	573,600
4,000	1,000	Mughal Iron and Steel Industries Limited	360,128	403,650	75,542	67,190
1,750	2,500	The Searle Company Limited	1,111,737	895,965	1,399,775	1,340,375
-	1,000	Engro Corporation Pakistan	-	-	334,440	332,970
-	19,000	Fauji Fertilizer Bin Qasim Limited	-	-	1,066,551	1,007,190
-	2,000	GalaxoSmithKline Pakistan Limited	-	-	436,996	414,220
-	15,000	K- Electric Limited	-	-	125,754	120,900
-	2,000	Mari Petroleum Company Limited	-	-	1,835,495	1,816,440
-	300	Pakistan International Container Terminal Limited	-	-	93,476	100,950
-	15,000	Sui North Gas Pipeline Limited	-	-	526,793	544,350
-	10,000	Treet Corporation Limited	-	-	595,064	494,300
-	500	Lucky Cement Limited	-	-	272,955	324,255
-	20,000	Lotte Chemical Pakistan Limited	-	-	152,421	120,200
			9,535,016	7,693,187	8,008,015	7,770,440

6.2 It also includes unrealized revaluation gain on NIT Islamic Unit Fund and Meezan Islamic Equity Fund of Rs. 379,559 and Rs. 451,511 (2016: Rs. 84,804 and Rs. 174,786) respectively.

		Note	2017	2016
			-----Rupees-----	
7	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Advances to employees against salary - considered good		26,463	77,500
	Loans to / receivable from employees	7.1	2,067,562	315,000
	Security deposits		4,500	4,500
	Current portion of long term deposits	13	204,000	117,100
	Prepayments		1,803,658	2,415,041
	Due from brokers against sale of shares		-	70,769
	Accrued profit	7.2	4,327,385	2,641,431
	Advances to supplier		6,971,500	3,382,000
	Trade receivables	7.3	17,986,637	12,443,324
	Settled against acquisition of land	26.2	(7,292,975)	-
			10,693,662	12,443,324

		2017	2016
	Note	-----Rupees-----	
Receivable from Trust Management Services (Pvt.) Ltd.	7.4	-	1,489,036
Provision for doubtful receivables	7.5	-	(1,489,036)
		-	-
Legal suits charges receivable	7.6	3,196,187	3,087,595
Provision for doubtful receivables	7.7	(729,960)	(781,223)
		2,466,227	2,306,372
Late payment charges receivable	7.8	-	3,192,155
Suspended income	7.9	-	(3,192,155)
		-	-
Sundry receivables		1,587,172	1,791,408
Provision for doubtful receivables		(498,454)	(498,454)
		1,088,718	1,292,954
		29,653,675	25,065,991
7.1	This includes loan given to and receivables from executives amounting to Rs. 1.444 million (2016: Rs. 0.3 million) who also are key management personnel of the Modaraba.		
	Maximum aggregate balance due at the end of any month during the year was Rs. 2.068 million (2016: Rs. 0.743 million).		
7.2	Profit receivable on long term investment	18,446	2,319,646
	Profit receivable on diminishing musharakah finances	1,372,901	321,785
	Suspended income	(74,373)	-
		1,298,528	321,785
	Profit receivable on murabaha finances	4,776,844	3,766,433
	Suspended income	(1,766,433)	(3,766,433)
		3,010,411	-
		4,327,385	2,641,431
7.2.1	Suspended income account against diminishing musharakah profit receivable is as follows:		
	Opening balance	-	-
	Suspended during the year	74,373	-
		74,373	-
7.2.2	These include an amount of Rs. 155 (2016: Rs. 244) due from an executive of the Modaraba.		
7.2.3	Suspended income account against Murabaha profit receivable is as follows:		
	Opening balance	3,766,433	3,766,433
	Recovery during the year	(2,000,000)	-
		1,766,433	3,766,433
7.3	This represents amount receivable against the sale of stock in trade and includes an amount aggregating to Rs. 3,882,033 (2016: 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.		

This includes adjustment related to balances settled against acquisition of land as referred to in Note 26.2.

7.4 Receivable from Trust Management Services (Pvt.) Limited

	Note	2017 -----Rupees-----	2016
Opening balance		1,489,036	1,489,036
Add: Additions during the year		-	-
		1,489,036	1,489,036
Less: Receivable written off against provision		(1,489,036)	-
		-	1,489,036
7.5 Provision for doubtful receivables			
Opening balance		1,489,036	1,489,036
Add: Provision for the year		-	-
		1,489,036	1,489,036
Less: Receivable written off against provision		(1,489,036)	-
		-	1,489,036
7.6 Legal suits charges receivable			
Opening balance		3,087,595	1,509,973
Addition during the year		159,855	1,630,122
Written off during the year		(51,263)	(52,500)
		3,196,187	3,087,595
7.7 Provision for doubtful receivables			
Opening balance		781,223	833,723
Add: Provision for the year		-	-
		781,223	833,723
Less: Receivable written off against provision		(51,263)	(52,500)
		729,960	781,223
7.8 Late payment charges receivable			
Opening balance		3,192,155	3,192,155
Add: Provision for the year		-	-
		3,192,155	3,192,155
Less: Receivable written off against provision		(3,192,155)	-
		-	3,192,155
7.9 Suspended income			
Opening balance		3,192,155	3,192,155
Add: Provision for the year		-	-
		3,192,155	3,192,155
Less: Written off		(3,192,155)	-
		-	3,192,155

		2017	2016
	Note	-----Rupees-----	
8	SHORT TERM MURABAHA FINANCES - secured		
	Considered good	-	20,084
	Considered doubtful:		
	- Regular parties	2,287,468	800,000
	- Parties under litigation	56,432,312	66,432,306
		58,719,780	67,232,306
	Provision for classified receivables under Prudential Regulations for Modarabas	(28,700,300)	(29,166,300)
		30,019,480	38,086,090
8.1	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, shares of listed public limited companies, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.		
8.2	These include Rs. 56.43 million (2016: Rs. 66.43 million) receivable from 6 (2016: 7) 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 (2016: 6) cases for recovery of Rs. 77.58 million (2016: Rs. 77.58 million), while execution petitions for these cases are pending.		
8.3	Provision for classified receivables under Prudential Regulations for Modarabas		
	Opening balance	29,166,300	29,166,300
	Add: Provision for the year	-	-
		29,166,300	29,166,300
	Less: Reversal of provision	(466,000)	-
		28,700,300	29,166,300
9	LONG TERM MURABAHA FINANCES - secured		
	Considered good	51,481,873	65,929,667
	Settled against acquisition of land	(1,220,176)	-
		50,261,697	65,929,667
	Considered doubtful	54,855,025	55,248,510
		105,116,722	121,178,177
	Current / overdue portion grouped under current assets	(80,885,187)	(79,569,306)
		24,231,535	41,608,871
9.1	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, shares of listed public limited companies, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.		

		2017	2016
	Note	-----Rupees-----	
9.2	Considered doubtful-repurchase price	57,577,291	56,770,732
	Suspended income	9.2.1 (2,722,266)	(1,522,222)
		9.2.1 54,855,025	55,248,510
9.2.1	Suspended income		
	Opening balance	1,522,222	444,724
	Recovery during the year	23 (340,520)	(216,489)
	Suspension made during the year	23 1,540,564	1,293,987
		2,722,266	1,522,222
9.2.2	This includes receivable from 4 (2016: 1) 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 (2016: 1) cases for recovery of Rs. 60.662 million (2016: Rs. 50.035 million) out of which Rs. 15.5 million has been recovered.		
9.3	Current portion of long term murabaha finances:		
	Installments overdue	46,121,151	43,350,504
	Installments receivable within next 12 months	34,764,036	36,218,802
		80,885,187	79,569,306
	Provision for classified receivables under Prudential Regulations for Modarabas	9.3.1 (2,726,607)	(2,726,607)
		78,158,580	76,842,699
9.3.1	Provision for classified receivables under Prudential Regulations		
	Opening balance	2,726,607	2,726,607
	Reversal due to recovery	-	-
		2,726,607	2,726,607
	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.		
10	IJARAH RENTAL RECEIVABLES - secured		
	Considered good	2,924,915	4,243,379
	Considered doubtful:		
	- Regular parties	4,926,384	4,383,306
	- Parties under litigation	10.1 39,380,657	36,107,112
	Suspended ijarah income - considered doubtful	10.2 (19,306,847)	(18,810,061)
	Provision for doubtful Ijarah rental receivables	10.3 (3,394,161)	(3,394,161)
		24,530,948	22,529,575
10.1	It includes receivable from a customer amounting to Rs. 7.250 million (2016: Rs. 7.250 million) against which the Modaraba has a claim due from a financial institution in respect of pro-rata share of the sale proceed of jointly attached two properties sold by the said financial institution under the Court orders.		

		2017	2016
	Note	-----Rupees-----	
10.2	Suspended ijarah income - considered doubtful		
	Opening balance	18,810,061	18,995,855
	Recovery during the year	22 (119,385)	(717,697)
	Suspension made during the year	22 616,171	531,903
		<u>19,306,847</u>	<u>18,810,061</u>
10.3	Provision for doubtful Ijarah rental receivables:		
	Opening balance	3,394,161	3,394,161
	Charge for the year	-	-
	Closing balances	<u>3,394,161</u>	<u>3,394,161</u>
11	Long Term Diminishing Musharakah Finances		
	Considered good	11.1 7,336,122	3,621,842
	Current / overdue portion grouped under current assets	11.2 (5,658,882)	(1,818,634)
		<u>1,677,240</u>	<u>1,803,208</u>
11.1	These include an amount of Rs. 466,668 (2016: Rs. 733,334) due from an executive of the Modaraba.		
11.2	Current portion of long term murabaha finances		
	Installments overdue	677,080	262,236
	Installments receivable within next 12 months	4,981,802	1,556,398
		<u>5,658,882</u>	<u>1,818,634</u>
12	Stock in Trade		
	Peddy Rice	3,267,316	2,580,550
	Pesticides	-	216,042
		12.1 <u>3,267,316</u>	<u>2,796,592</u>
12.1	This represents goods purchased for trading purposes under other permissible businesses as mentioned in Note 1.		
13	Long Term Deposits		
	Central Depository Company of Pakistan Limited	154,862	154,862
	Rented property	1,153,178	750,000
	Lease deposit money	725,700	508,000
	Less: current portion shown under current assets	7 (204,000)	(117,100)
		521,700	390,900
	Others	263,850	375,778
		<u>2,093,590</u>	<u>1,671,540</u>
14	Long Term Investments		
	Available for sale		
	Equity securities - listed	14.1 5,371,781	3,231,864
	Sukuk certificates	14.2 2,572,947	5,875,500
	Total investment at cost	7,944,728	9,107,364
	Unrealized loss on revaluation of investments	(368,030)	(258,715)
	Net investments at fair value	<u>7,576,698</u>	<u>8,848,649</u>

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, 2017		June 30, 2016	
2017	2016		Average cost	Market value	Average cost	Market value
-----Rupees-----						
3,000	-	D.G Khan Cement Co. Limited	670,597	639,480	-	-
1,000	-	Engro Corporation Pakistan	371,443	325,901	-	-
20,000	-	Lotte Chemical Pakistan Limited	236,379	197,000	-	-
1,500	-	Lucky Cement Limited	1,291,260	1,254,390	-	-
2,000	-	Oil & Gas Development Company Limited	345,145	281,380	-	-
5,000	-	Sui North Gas Pipeline Limited	829,750	744,600	-	-
10,000	65,000	Pakistan Telecommunication Company Limited	1,627,207	1,561,000	1,076,565	976,950
-	25,000	Fauji Cement Company Limited	-	-	952,145	895,000
-	40,000	Sui North Gas Pipeline Limited	-	-	1,203,154	1,101,199
			5,371,781	5,003,751	3,231,864	2,973,149

- 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. Through resolution by circulation passed by the sukuk holders dated June 27, 2016, the Modaraba entered into a second rescheduling / restructuring agreement since December 07, 2015 for redemption of its investment in 2,000 (2016: 2,000) BRR Guardian Modaraba sukuks having total face value of Rs. 10 million. These sukuks were non-performing since September 2014, as a result of rescheduling, the Modaraba has received Rs. 6.54 million during the current year, out of which Rs. 3.97 million pertained to principal redemption and Rs. 2.57 million represents profit accrued which was previously suspended.

		Note	2017	2016
			-----Rupees-----	
15	FIXED ASSETS			
	Intangible asset	15.1	-	-
	Operating fixed assets given on lease / ijarah - tangible	15.2	110,137,916	120,610,544
	Operating fixed assets in own use - tangible	15.3	23,434,154	14,076,770
			133,572,070	134,687,314
15.1	Cost - ERP		1,050,000	1,050,000
	Accumulated amortization		(1,050,000)	(1,050,000)
	Net book value		-	-
	Rate of amortization		33.33%	33.33%

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

PARTICULARS	2017						Book Value as at June 30, 2017	
	Cost			Accumulated Depreciation				
	As at July 01, 2016	Additions / Transfers	Disposals / Transfers	As at June 30, 2017	As at July 01, 2016	Charge for the year		As at June 30, 2017
Plant and equipments	98,983,504	3,700,000	(14,200,000)	89,287,504	76,681,858	6,163,310	74,189,068	15,098,436
		804,000						(20,100)
Vehicles	153,745,168	50,005,631	(48,335,500)	155,415,299	55,436,270	32,692,539	60,375,819	95,039,480
Total 2017	252,728,672	54,509,631	(62,535,500)	244,702,803	132,118,128	38,855,849	134,564,887	110,137,916
	----- Rupees -----							
PARTICULARS	2016						Book Value as at June 30, 2016	
	Cost			Accumulated Depreciation				
	As at July 01, 2015	Additions / Transfers	Disposals / Transfers	As at June 30, 2016	As at July 01, 2015	Charge for the year		As at June 30, 2016
Plant and equipments	115,095,501	7,513,000	(23,624,997)	98,983,504	82,849,747	5,511,969	76,681,858	22,301,646
Vehicles	171,577,500	51,694,170	(69,526,502)	153,745,168	64,396,974	35,614,563	55,436,270	98,308,898
Total 2016	286,673,001	59,207,170	(93,151,499)	252,728,672	147,246,721	41,126,532	132,118,128	120,610,544
	----- Rupees -----							
15.2.1	The Modaraba has filed suits for possession of leased assets valuing Rs. 78.053 million (2016: Rs. 78.053 million) against 8 clients (2016: 8 clients). The respective courts have granted decrees against 6 (2016: 4) 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.							
15.2.2	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.							
15.2.3	Aggregate amount of future ijarah rentals receivable on the basis of agreements executed upto the balance sheet date are as follows:							
							2017	2016
							-----Rupees-----	-----Rupees-----
	Receivable not later than one year						36,745,273	48,798,102
	Receivable later than one year but not later than 5 years						27,074,300	38,902,178
							<u>63,819,573</u>	<u>87,700,280</u>

15.3 Operating fixed assets in own use - tangible

PARTICULARS	2017						Rate (%)				
	Cost			Accumulated Depreciation							
	As at July 01, 2016	Additions	Disposals / Transfers	As at June 30, 2017	As at July 01, 2016	Charge for the year		Disposals / Transfers	As at June 30, 2017	Book Value as at June 30, 2017	
	Rupees										
OWNED											
Land (15.3.1)	11,106,200	10,397,550	-	21,503,750	-	-	-	-	-	21,503,750	-
Furniture & fixtures	1,642,776	-	-	1,642,776	1,104,372	131,964	-	-	1,236,336	538,404	10
Office equipments	3,235,680	251,400	(804,000)	2,683,080	1,701,512	173,763	(20,100)	(20,100)	1,855,175	827,905	10
Vehicles	791,551	161,100	(221,605)	731,046	280,114	144,232	(87,350)	(87,350)	336,996	394,050	20
Lease hold improvements	700,000	-	-	700,000	700,000	-	-	-	700,000	-	20
Books	16,423	-	-	16,423	16,423	-	-	-	16,423	-	20
Electrical equipments	934,517	-	-	934,517	547,956	84,552	-	-	632,508	302,009	10
Total 2017	18,427,147	10,810,050	(1,025,605)	28,211,592	4,350,377	534,511	(107,450)	(107,450)	4,777,438	23,434,154	

PARTICULARS	2016						Rate (%)				
	Cost			Accumulated Depreciation							
	As at July 01, 2015	Additions	Disposals / Transfers	As at June 30, 2016	As at July 01, 2015	Charge for the year		Disposals / Transfers	As at June 30, 2016	Book Value as at June 30, 2016	
	Rupees										
OWNED											
Land (15.3.1)	11,106,200	-	-	11,106,200	-	-	-	-	-	11,106,200	-
Furniture & fixtures	1,642,776	-	-	1,642,776	972,408	131,964	-	-	1,104,372	538,404	10
Office equipments	2,429,480	855,200	(49,000)	3,235,680	1,507,465	235,697	(41,650)	(41,650)	1,701,512	1,534,168	10
Vehicles	1,990,641	179,000	(1,378,090)	791,551	1,526,209	131,995	(1,378,090)	(1,378,090)	280,114	511,437	20
Lease hold improvements	700,000	-	-	700,000	700,000	-	-	-	700,000	-	20
Books	16,423	-	-	16,423	16,423	-	-	-	16,423	-	20
Electrical equipments	934,517	-	-	934,517	463,405	84,551	-	-	547,956	386,561	10
Total 2016	18,820,037	1,034,200	(1,427,090)	18,427,147	5,185,910	584,207	(1,419,740)	(1,419,740)	4,350,377	14,076,770	

15.3.1

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 name of 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 26.2.



15.4 Disposal of operating fixed assets
15.4.1 Disposal of fixed assets given onjarah.

Description	Cost	Accumulated depreciation	Book value	Adjustment / Sale proceeds	Gain	Mode of disposal	Particulars of Buyer
Suzuki Cultus	1,010,000	360,000	650,000	650,000	-	Term of lease agreement	Mahmood Ahmed Rana, Lahore
Toyota Corolla Xli	1,555,000	933,000	622,000	622,000	-	Term of lease agreement	Ch. Muhammad Azam, Gujranwala
Suzuki Mehran VXR	575,000	402,500	172,500	500,000	-	Term of lease agreement	Master Resins (Pvt.) Limited, Lahore
Toyota Corolla Gli	1,000,000	500,000	500,000	500,000	-	Term of lease agreement	Sindhu & Co., Gujranwala
Suzuki Mehran	652,000	462,920	189,080	189,080	-	Term of lease agreement	Mehmood Sabir Cheema, Gujranwala
Mini Bus	850,000	595,000	255,000	255,000	-	Term of lease agreement	Intiaz, Gujranwala
Toyota Corolla Gli	1,555,000	1,088,500	466,500	466,500	-	Term of lease agreement	Nasrullah Khan, Gujranwala
Suzuki Ravi Vx E2	622,000	528,700	93,300	93,300	-	Term of lease agreement	Master Plastic Pack Limited, Gujranwala
Suzuki Swift Dix	1,251,000	1,063,350	187,650	187,650	-	Term of lease agreement	Master Plastic Pack Limited, Gujranwala
Suzuki Cultus Vxr E2	1,005,000	854,250	150,750	150,750	-	Term of lease agreement	Master Plastic Pack Limited, Gujranwala
Toyota Corolla Altis	2,123,500	1,592,640	530,860	580,961	50,101	Term of lease agreement	Vital Tech Engineering & Services Limited, Lahore
Toyota Corolla Gli 1.6	1,935,500	1,548,400	387,100	387,100	-	Term of lease agreement	Muhammad Zubair, Lahore
Suzuki Mehran Vxr	688,000	472,989	215,011	226,926	11,915	Term of lease agreement	Othi & Co, Sialkot
Master Forland Truck	1,385,000	1,177,250	207,750	207,750	-	Term of lease agreement	Muhammad Afzaal, Lahore
Suzuki Cultus Vxr	900,000	630,000	270,000	270,000	-	Term of lease agreement	Khalil Ahmed, Gujranwala
Suzuki Swift & Honda Civic	3,379,000	2,365,300	1,013,700	1,013,700	-	Term of lease agreement	Almer Iqbal Daher, Gujranwala
Toyota Corolla Altis	1,350,000	850,000	500,000	500,000	-	Term of lease agreement	Dr. Amir Hassan, Lahore
Toyota Corolla Gli	1,500,000	1,100,000	400,000	400,000	-	Term of lease agreement	College of Accountancy and Professional Studies, Lahore
Toyota Corolla Xli	1,560,500	1,092,350	468,150	468,150	-	Term of lease agreement	Muhammad Shoab, Gujranwala
Isuzu Prime Movers	5,600,000	4,200,000	1,400,000	1,400,000	-	Term of lease agreement	Shahbaz Carriage, Sialkot
Honda City i-Vtec	1,514,500	706,776	807,724	887,570	79,846	Term of lease agreement	Ali Husnain Nasir, Gujranwala
Hino Bus	1,500,000	733,326	766,674	889,715	123,041	Term of lease agreement	Ibrahim Khan Nizamani, Hyderabad
Toyota Corolla Gli	1,771,000	1,044,890	726,110	726,110	-	Term of lease agreement	Shahbaz Carriage, Sialkot
Toyota Corolla Xli	1,300,000	1,023,000	277,000	277,000	-	Term of lease agreement	Safullah, Gujranwala
Toyota Land Cruiser	4,200,000	1,246,875	2,953,125	3,217,269	264,144	Term of lease agreement	Muhammad Naeem Shafique, Lahore
Suzuki Mehran Vxr	678,000	79,100	598,900	614,320	15,420	Term of lease agreement	Farzana Kausar, Sialkot
Nissan Maco	900,000	140,000	760,000	786,699	26,699	Term of lease agreement	Muhammad Suleman Azam, Gujranwala
Honda Vezel Hybrid	3,500,000	933,336	2,566,664	2,731,598	164,934	Term of lease agreement	Saq Trading (Pvt) Limited, Multan
Toyota Corolla Altis	2,475,500	48,638	2,426,862	2,459,772	32,910	Term of lease agreement	Muhammad Zubair, Lahore
Diesel Generator	5,400,000	4,500,000	900,000	900,000	-	Term of lease agreement	Sabs The Sabon, Karachi
Machinery	8,800,000	4,136,000	4,664,000	4,664,000	-	Term of lease agreement	Usama Silk Factory, Gujranwala
	62,535,500	36,409,090	26,126,410	26,995,420	769,010		
Disposal of fixed assets in own use							
Motor Cycle	42,605	42,605	-	10,225	10,225	Sale to employee	Ali Jan, Karachi
Toyota Altis	179,000	44,745	134,255	429,600	295,345	Sale to employee	Mrs. Aqeel, Karachi
Total	221,605	87,350	134,255	439,825	305,570		

15.4.2

	Note	2017	2016
-----Rupees-----			
16 CREDITORS, ACCRUED AND OTHER LIABILITIES			
EOBI payable		8,979	13,659
Withholding tax payable		38,489	-
Sales tax payable		9,590	-
Payable to Modaraba Management Company		1,508,750	1,447,804
Current portion of deferred income on murabaha	17	6,992,419	9,529,717
Security deposit		40,000	40,000
Unclaimed dividends		12,619,053	12,241,820
Other liabilities		1,796,230	869,415
		23,013,510	24,142,415
17 Deferred income on murabaha			
Opening balance		15,299,428	14,820,170
Addition for the year		5,054,122	16,865,089
Recognized during the year		(10,976,756)	(16,385,831)
		9,376,794	15,299,428
Current portion shown as current liabilities	16	(6,992,419)	(9,529,717)
		2,384,375	5,769,711
18 CUSTOMERS' SECURITY DEPOSITS			
Opening balance		56,094,762	71,574,195
Received during the year		13,014,900	16,472,567
Adjusted during the year	18.1	(19,742,840)	(31,952,000)
Closing balance		49,366,822	56,094,762
Current portion shown as current liabilities		(22,786,530)	(24,438,310)
		26,580,292	31,656,452
18.1	These represent the customers' deposits to secure the lease finances given to customers.		
19 CERTIFICATE CAPITAL			
Authorized Capital			
50,000,000 (2016: 50,000,000) Modaraba Certificates of Rs.10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital			
15,000,000 (2016: 15,000,000) Modaraba Certificates of Rs.10/- each fully paid-up in cash		150,000,000	150,000,000
12,300,000 (2016: 12,300,000) Modaraba Certificates of Rs.10/- each issued as fully paid bonus certificates		123,000,000	123,000,000
2,500,000 (2016: 2,500,000) fully paid Modaraba Certificates of Rs.10/- each issued as a result of take over		25,000,000	25,000,000
	19.1	298,000,000	298,000,000



19.1 Al-Zamin Modaraba Management (Private) Limited holds 5,261,388 (2016: 5,261,388) Modaraba certificates as required by the SECP vide Order No. SC/M/RW/Trust/2009-43.

		2017	2016
	Note	-----Rupees-----	
20 RESERVES			
Statutory reserve	20.1	79,253,192	76,422,242
Revenue reserves:			
Unrealized loss on revaluation of investments		(470,050)	(258,715)
Accumulated loss		(61,614,241)	(63,998,038)
		(62,084,291)	(64,256,753)
		17,168,901	12,165,489
20.1	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 equals to 100% of the paid up capital and thereafter, a sum not less than 5% of its after tax profits.		
21 CONTINGENCIES AND COMMITMENTS			
	There were no contingencies outstanding as at June 30, 2017 (2016: Nil) while commitments in respect of ijarah facilities are as follows:		
	Ijarah commitments		
	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:		
		1,528,185	1,157,684
		4,124,271	1,749,429
		5,652,456	2,907,113
		10,471,000	9,012,000
22 INCOME FROM IJARAH			
Income from leasing and Ijarah operations		58,100,387	61,163,929
Income suspended during the year	10.2	(616,171)	(531,903)
Receipts against suspended income	10.2	119,385	717,697
		57,603,601	61,349,723
23 PROFIT ON MURABAHA FINANCES			
Profit on Murabaha finances		14,419,161	13,590,746
Income suspended during the year	9.2.1	(1,540,564)	(1,293,987)
Receipts against suspended income	9.2.1	340,520	216,489
		13,219,117	12,513,248

		2017	2016
	Note	-----Rupees-----	
24	Profit on Musharakah Finances		
	Profit on Musharakah finances	4,269,292	2,790,350
	Income suspended during the year	(74,373)	-
		4,194,919	2,790,350
	Commission of selling agent	(286,000)	(227,000)
		3,908,919	2,563,350
25	TRADING INCOME		
	Sales	12,162,042	23,937,358
	Cost of sales	(11,863,589)	(23,063,519)
		298,453	873,839
26	OTHER INCOME		
	Gain on disposal of fixed assets	1,074,580	1,271,720
	Miscellaneous income	1,138,296	1,335,261
	Profit on deposit and saving accounts with banks	185,990	527,531
	Gain on acquisition of land against a settlement	1,500,000	-
		3,898,866	3,134,512
26.1	This includes an amount of Rs. 307,500 (2016: Rs. 420,000) pertaining to documentation fee.		
26.2	During the year, the Modaraba acquired an agricultural land situated at District Gujranwala, measuring 20 Kanals, through a settlement agreement with the guarantor of trade receivables (Note 7). The land was valued at Rs. 10 million while receivables to be adjusted amounted to Rs. 8.5 million. Detail of carrying values adjusted under this settlement is as follows:		
	Fair value of land acquired	10,000,000	-
	Settlement of payable to guarantor	13,151	-
	Settlement of long term murabaha finances	(1,220,176)	-
	Settlement of trade receivables	(7,292,975)	-
	Resultant gain on settlement	1,500,000	-
27	(PROVISION) / REVERSAL OF PROVISION AGAINST NON PERFORMING MURABAHA FINANCES AND OTHER RECEIVABLES - NET		
	Long term Murabaha finances	466,000	-
	Other receivables	-	(75,867)
		466,000	(75,867)
28	ADMINISTRATIVE EXPENSES		
	Salaries, allowances and other benefits	11,713,151	11,143,678
	Legal and professional charges	166,526	41,500
	Fees and subscription	2,707,700	2,939,866
	Electricity, gas and water	837,573	875,477
	Telephone, postage and courier	842,709	751,418
	Advertisement	85,878	187,767

		2017	2016
	Note	-----Rupees-----	
Printing and stationery		609,253	584,766
Traveling and conveyance		299,117	230,945
Entertainment		514,563	480,957
Insurance		3,992,454	3,981,677
Vehicle running		2,139,159	2,067,192
Rent, rates and taxes		1,973,940	1,668,748
Auditors' remuneration	28.2	350,000	350,000
Repairs and maintenance		1,093,798	1,191,798
Registrar's services		124,868	138,962
Depreciation on own assets	15.3	534,511	584,207
Bank charges and commission		27,881	96,528
Charity	28.3	50,605	48,437
Lease rental expense - vehicle		1,333,553	1,025,700
Miscellaneous		178,290	199,306
		29,575,529	28,588,929

28.1 This include Rs. 0.641 million (2016: Rs. 0.651 million) in respect of staff retirement benefits. This comprises salaries and allowances paid to executives as per the following details:

	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
	5,626,992	6,086,159	11,713,151
Number of persons	3		

	2016		
	Executives	Others	Total
	-----Rupees-----		
Basic salary	3,261,344	3,322,620	6,583,964
House rent allowance	1,304,538	1,329,048	2,633,586
Medical allowance	326,134	344,214	670,348
Other allowances	-	175,094	175,094
Retirement benefits	758,570	322,116	1,080,686
	5,650,586	5,493,092	11,143,678
Number of persons	3		

28.1.1 Three executives have been provided with modaraba maintained cars and are also entitled for reimbursement of fuel expenses.

	Note	2017 -----Rupees-----	2016 -----Rupees-----
28.2	Auditors' remuneration		
	Annual audit fee	250,000	250,000
	Half yearly review	50,000	50,000
	Out of pocket expenses	50,000	50,000
		<u>350,000</u>	<u>350,000</u>

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

29 TAXATION

The income of non-trading modarabas is exempt from tax under clause 100 of part 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 is 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 year.

30 EARNINGS PER CERTIFICATE - BASIC & DILUTED

Profit for the year	Rupees	14,154,747	13,030,231
Weighted average number of certificates	Number	29,800,000	29,800,000
Earnings per certificate	Rupees	0.47	0.44

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

	Note	2017 -----Rupees-----	2016 (Restated)
31 CASH GENERATED FROM OPERATIONS			
Profit before taxation		14,154,747	13,030,231
Adjustments for non-cash and other items:			
Depreciation:			
Under ijarah		38,855,849	41,126,532
In own use		534,511	584,207
(Reversal) / Charges against non performing finances - net		(466,000)	75,867
Gain on disposal of fixed assets		(1,074,580)	(1,271,720)
Gain on acquisition of land against a settlement		(1,500,000)	-
Profit on long term investment - available for sale		(1,040,356)	(743,816)
Gain realised on sale of short term investment - held-for-trading		(2,958,306)	(3,066,038)
Gain realised on sale of long term investment - available for sale		(1,036,675)	(10,601)
Unrealised loss on revaluation of held for trading investment		1,032,774	439,953
Dividend income		(761,356)	(454,189)
		31,585,861	36,680,195
Operating profit before working capital changes		45,740,608	49,710,426
Decrease / (increase) in current assets			
Short term investment - net		1,191,203	(3,170,587)
Advances, deposits, prepayments and other receivables		(11,880,659)	22,988,739
Short term murabaha finances		8,066,610	12,639,994
Short term musharakah finances		(3,500,000)	(8,597,890)
Ijarah rental receivables		(2,001,373)	(1,071,776)
Stock in trade		(470,724)	3,867,116
Held for sale assets		-	2,100,000
Decrease in current liabilities			
Creditors, accrued and other liabilities		(1,531,476)	(1,261,084)
		(10,126,419)	27,494,512
Cash generated from operations		35,614,189	77,204,938

32 MATURITIES OF ASSETS AND LIABILITIES

	2017			
	Total	Up to one year	Over one to five years	Over five years
	Rupees			
Assets:				
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	16,400,000	16,400,000	-	-
Current portion of long term diminishing musharakah finances	5,658,882	5,658,882	-	-
Tax refunds due from 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	-
	389,933,608	250,971,369	138,807,377	154,862
Liabilities:				
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	-
	74,764,707	45,800,040	28,964,667	-
Net Balance	315,168,901	205,171,329	109,842,710	154,862
Certificate holders' equity	315,168,901			
	2016			
Assets:				
Cash and bank balances	11,920,526	11,920,526	-	-
Short term investments	11,741,863	11,741,863	-	-
Advances, deposits, prepayments and other receivables	25,065,991	25,065,991	-	-
Short term murabaha finances	38,086,090	38,086,090	-	-
Current portion of long term murabaha finances	76,842,699	76,842,699	-	-
Ijarah rental receivables	22,529,575	22,529,575	-	-
Short term musharakah finances	12,900,000	12,900,000	-	-
Current portion of long term diminishing musharakah finances	1,818,634	1,818,634	-	-
Long term diminishing musharakah finances	1,803,208	-	1,803,208	-
Tax refunds due from Government	3,850,825	3,850,825	-	-
Stock in trade	2,796,592	2,796,592	-	-
Long term murabaha finances	41,608,871	-	41,608,871	-
Long term deposits	1,671,540	-	1,516,678	154,862
Long term investments	8,848,649	3,636,687	5,211,962	-
Assets given on Ijarah	120,610,544	31,609,666	89,000,878	-
Assets in own use	14,076,770	22,344	2,685,799	11,368,627
	396,172,377	242,821,492	141,827,396	11,523,489
Liabilities:				
Current portion of long term liabilities	24,438,310	24,438,310	-	-
Creditors, accrued and other liabilities	29,912,126	24,142,415	5,769,711	-
Customers' security deposits	31,656,452	-	31,656,452	-
	86,006,888	48,580,725	37,426,163	-
Net Balance	310,165,489	194,240,767	104,401,233	11,523,489
Certificate holders' equity	310,165,489			

33 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:

33.1 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.

33.1.1 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.

33.1.2 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.

		2017	2016
Reporting date all index points		46,565	34,399
		Changes in KSE all Index	Effects on Profit Before Tax
			Effects on Equity
Available-for-sale investments		-----Rupees-----	
	2017	+10%	- 500,375
		-10%	(500,375)
	2016	+10%	- 297,315
		-10%	(297,315)
Held-for-trading investments			
	2017	+10%	769,319 -
		-10%	(769,319) -
	2016	+10%	777,044 -
		-10%	(777,044) -

33.1.3 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 has no significant long-term interest-bearing assets. The Modaraba's mark up / profit rate risk arises from Murabaha financing, musharakah financing, investments and ijarah. At the balance sheet date the interest rate profile of the Modaraba's mark up bearing financial instruments was as under:

	2017	2016
	-----Rupees-----	
<u>Fixed rate instruments</u>		
Financial assets:		
Short term murabaha finances	30,019,480	38,086,090
Long term murabaha finances	102,390,115	118,451,570
Ijarah rental receivables	24,530,948	22,529,575
Musharakah finances	23,736,122	16,521,842
<u>Floating rate instruments</u>		
Financial assets:		
Bank balances - deposit accounts	15,494,038	11,750,738
Long term investments - available-for-sale	2,572,947	5,875,500

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 balance sheet date would not affect profit or loss of the Modaraba.

Cash flow sensitivity analysis for variable rate instruments

If profit rates, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 180,670 (2016: Rs. 176,262) higher / lower. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

33.2 Credit risk

33.2.1 '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 was as follows:

	2017	2016
	-----Rupees-----	
Bank balances	15,919,141	11,910,318
Short term murabaha finances	30,019,480	38,086,090
Ijarah rental receivables	24,530,948	22,529,575
Musharakah finances	23,736,122	16,521,842
Accrued profit	4,327,385	2,641,431
Murabaha finances	102,390,115	118,451,570
Long term deposits	2,093,590	1,671,540
Long term Investments	2,572,947	5,875,500
	205,589,728	217,687,866

33.2.2 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:

	2017	2016
	-----Rupees-----	
Textile Spinning	589,850	2,242,450
Textile Composite	19,597,493	19,902,743
Fuel and Energy	211,454	10,000,000
Engineering	5,682,942	10,848,360
Transport and communication	3,118,891	1,180,525
Chemicals and Pharmaceuticals	1,997,403	1,523,750
Steel	850,000	2,317,807
Vanaspati and Allied Industries	12,000,000	22,071,588
Food and Allied	58,525,514	34,293,239
Educational Institutions	17,657,860	27,712,746
Miscellaneous	113,795,439	115,615,220
Books and publications	3,500,000	3,500,000
	237,526,846	251,208,428

33.2.3 The aging of murabaha, musharakah and lease / ijarah rental receivables and related impairment loss as at the balance sheet date is as follows:

Aging of murabaha, musharika and lease / ijarah rental receivables

Not past due	85,285,628	96,763,190
Past due 1 - 180 days	13,349,464	14,682,172
Past due 181 - 365 days	7,910,805	5,940,940
1 - 2 years	9,169,000	4,189,352
More than 2 years	121,811,949	129,632,774
	237,526,846	251,208,428

Aging of impaired murabaha and lease / ijarah rental receivables

Past due 1 - 180 days	-	39,617
Past due 181 - 365 days	63,968	835,957
1 - 2 years	2,890,011	833,472
More than 2 years	53,896,202	53,910,305
	56,850,181	55,619,351

Collaterals held against Murabaha financing and Ijarah assets

	2017			Net exposure
	Gross exposure	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	(16,285,001)
Musharakah finances	23,736,122	195,025,000	-	(171,288,878)

Gross exposure	2016		Net exposure
	Collaterals		
	Mortgage	Liquid-collaterals	

	Rupees			
Long term murabaha finances	118,451,570	487,075,476	-	(368,623,906)
Short term murabaha finances	38,086,090	136,641,728	-	(98,555,638)
Ijarah / leased assets	120,677,254	15,795,000	120,610,544	(15,728,290)
Musharakah finances	16,521,842	110,315,000	-	(93,793,158)

The Modaraba has adopted a policy of only dealing with creditworthy counterparties 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 counterparties 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.

- 33.2.4 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 balance sheet date:

Banks	Rating		Rating	2017	2016
	Short term	Long term	Agency	-----Rupees-----	
The Bank of Punjab	A1+	AA	PACRA	388,107	108,254
Meezan Bank Limited	A1+	AA	JCR-VIS	15,504,885	11,766,405
State bank of Pakistan				26,149	22,786
Bank Alfalah Limited	A1+	AA+	PACRA	-	12,873
				15,919,141	11,910,318
Available for Sale Securities					
D.G Khan Cement Co. Limited				639,480	-
Engro Corporation Pakistan				325,901	-
Lotte Chemical Pakistan Limited				197,000	-
Lucky Cement Limited				1,254,390	-
Oil & Gas Development Company Limited				281,380	-
Sui North Gas Pipeline Limited				744,600	-
Pakistan Telecommunication Company Limited				1,561,000	976,950
B.R.R Guardian Modaraba - Sukkuks				2,572,947	5,875,500
Fauji Cement Company Limited				-	895,000
Sui Southern Gas Pipelines Limited				-	1,101,199
				7,576,698	8,848,649

	2017	2016
	-----Rupees-----	
Held for Trading		
Attock Refinery Limited	382,580	-
Hub Power Company Limited	411,005	-
Engro Foods Limited	485,960	-
Fauji Cement Co. Limited	820,600	-
Linde Pakistan Limited	964,080	-
Packages Limited	1,738,950	-
Byco Petroleum Pakistan Limited	764,000	513,500
Fauji Fertilizers Company Limited	826,400	573,600
Mughal Iron and Steel Industries Limited	403,650	67,190
National Investment Trust Limited	2,567,529	2,168,804
The Searle Company Limited	895,965	1,340,375
Meezan Islamic Fund	2,215,473	1,802,619
Engro Corporation Pakistan	-	332,970
Fauji Fertilizer Bin Qasim Limited	-	1,007,190
GalaxoSmithKline Pakistan Limited	-	414,220
K- Electric Limited	-	120,900
Mari Petroleum Company Limited	-	1,816,440
Pakistan International Container Terminal Limited	-	100,950
Sui North Gas Pipeline Limited	-	544,350
Treet Corporation Limited	-	494,300
Lucky Cement Limited	-	324,255
Lotte Chemical Pakistan Limited	-	120,200
	12,476,192	11,741,863

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.

33.3 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 balance sheet 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)-----					
June 30, 2017					
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	-
	74,764,707	74,764,707	45,800,040	28,964,667	-
June 30, 2016					
Customers' security deposits	56,094,762	56,094,762	24,438,310	31,656,452	-
Creditors, accrued and other liabilities	29,912,126	29,912,126	24,142,415	5,769,711	-
	86,006,888	86,006,888	48,580,725	37,426,163	-

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, 2017. The rates of mark up have been disclosed in respective notes to the financial statements.

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

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

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

	Level 1	Level 2	Level 3	Total
------(Rupees)-----				
Financial assets:				
Short term investments	12,476,192	-	-	12,476,192
Long term Investments	5,003,751	-	2,572,947	7,576,698

The following table presents the Company's financial assets that are measured at fair value at June 30, 2016:

Financial assets:				
Short term investments	11,741,863	-	-	11,741,863
Long term Investments	2,973,149	-	5,875,500	8,848,649

33.5 Financial instruments by categories

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
	------(Rupees)-----				
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	16,400,000	-	-	-	16,400,000
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
	219,410,621	7,576,698	-	12,476,192	239,463,511

Financial assets as at June 30, 2016

	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
Cash and bank balances	11,920,526	-	-	-	11,920,526
Short term investments	-	-	-	11,741,863	11,741,863
Advances, deposits and other receivables	19,069,850	-	-	-	19,069,850
Short term murabaha finances	38,086,090	-	-	-	38,086,090
Short term musharakah finances	12,900,000	-	-	-	12,900,000
Diminishing musharakah finances	3,621,842	-	-	-	3,621,842
Ijarah rental receivables	22,529,575	-	-	-	22,529,575
Long term murabaha finances	118,451,570	-	-	-	118,451,570
Long term deposits	1,671,540	-	-	-	1,671,540
Long term Investments	-	8,848,649	-	-	8,848,649
	228,250,993	8,848,649	-	11,741,863	248,841,505

Financial liabilities at amortized cost

	2017	2016
	-----Rupees-----	
Customers' security deposits	49,366,822	56,094,762
Creditors, accrued and other liabilities	25,397,885	29,912,126
	<u>74,764,707</u>	<u>86,006,888</u>

33.6 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.

33.7 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 shareholders, 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.



34 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	
	2017	2016
	-----Rupees-----	
Managerial remuneration	3,507,135	3,261,344
Retirement benefits	366,312	758,570
House rent allowance	1,402,848	1,304,538
Medical allowance	350,697	326,134
Meeting fee allowance	228,000	216,000
Reimbursable expenses	660,000	657,500
	6,514,992	6,524,086
Number of persons	3	3

34.1 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 500,000 in a financial year.

34.2 Three executives have been provided with the Modaraba maintained cars and are also entitled for reimbursement of fuel expenses.

35 TRANSACTIONS WITH RELATED PARTIES

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.

Transactions during the year			2017	2016
Related party	Relationship	Nature of Transaction	-----Rupees-----	
Al-Zamin Modaraba	Modaraba	Management fee and others	1,508,750	1,447,804
Management (Private) Limited	Management Company	Dividend paid	1,381,114	2,236,090
Employees' Provident Fund	Associated undertaking	Contributions for the year	551,048	574,000
Muhammad Aslam Motiwala	Associated person	Dividend for the year	4,461,975	6,947,900
Executives and close relatives thereof	Associated persons	Loan given during the year	691,500	300,000
		Disbursement under Musharakah finances	-	800,000
		Receipt of principal under long term diminishing musharakah finances	266,666	66,666

Transactions during the year			2017	2016
Related party	Relationship	Nature of Transaction	-----Rupees-----	
		Profit accrued under long term diminishing musharakah finances	73,244	23,578
		Receipts of profit under long term diminishing musharakah finances	73,333	23,334
		Sale of vehicles	752,062	-

The amounts above do not include salaries and other employee benefits of the Chief Executive Officer, directors and executives of the Company which have been disclosed in note 34.

Outstanding Balance as at the year end

Al-Zamin Modaraba Management (Private) Limited		Payable against management fee and others	1,508,750	1,447,804
Executives and close relatives thereof		Loan receivables	691,500	-
		Receivable against sale of vehicle	752,062	-
		Principal receivable under long term diminishing musharakah finances	466,668	733,334
		Profit receivable under long term diminishing musharakah finances	155	244

36 Segment Information

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Chief Executive Officer (CEO) of the Management Company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

The CEO is responsible for the Modaraba's entire product portfolio and considers business as a single operating segment. The Modaraba's assets allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the CEO for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba's is domiciled in Pakistan. All of the Modaraba's income is from the investments in entities incorporated in Pakistan.



	2017	2016
	-----Rupees-----	
37 Number of Employees		
Average number of employees during the year	21	20
Number of employees as at June 30,	21	21

	2017	2016
	-----Rupees-----	
	(Un-audited)	(Audited)
38 Provident Fund		
Size of the fund	5,284,104	4,237,907
Percentage of investments made	61.51%	76.69%
Fair value of investments	4,058,460	3,653,570
Cost of investments made	3,250,000	3,250,000

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

	2017		2016	
	Investment	Investment as a % of Size of funds	Investment	Investment as a % of Size of funds
Investment in funds	4,058,460	74.48%	3,653,570	86.21%
Cash at bank	887,442	16.79%	399,593	9.43%
Others	338,202	6.40%	184,744	4.36%

Investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

39 Non Adjusting Event after the Balance Sheet Date

The Board of Directors of the Management Company has approved dividend at the rate of Rs. 0.35 per certificate (2016: Rs. 0.30 per certificate) for the year ended June 30, 2017, resulting in a total distribution of profit amounting to Rs. 10.430 million (2016: Rs. 8.94 million), in its meeting held on October 05, 2017 which is more than 90% of the net profit for the year ended June 30, 2017, after appropriation to the statutory (mandatory) reserve as required under the Modaraba Regulations. These financial statements do not reflect this proposed distribution which will be incorporated in the financial statements for the year ending June 30, 2018.

40 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 05th, 2017.

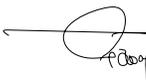
41 Corresponding Figures

Corresponding figures have been re-arranged, wherever necessary, to facilitate comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation:

Nature	From	To	Amount (Rupees)
Commission paid to agent against musharakah financed	Fees and subscription (Note 28)	Profit on musharakah finances (Note 24)	227,000
Rent, rates and taxes	Repairs and maintenance (Note 28)	Rent, rates and taxes (Note 28)	1,668,748
Loan to employees	Advances to employees against salary - considered good (Note 7)	Loans to / receivable from employees (Note 7)	315,000
Profit from banks	Miscellaneous income (Note 26)	Profit on deposit and saving accounts with bank (Note 26)	527,531
Security deposit	Long term deposits (Note 13)	Current portion of long term deposits (Note 7)	117,100
Accrued profit	Face of balance sheet	Profit receivable on long term investment (Note 7)	2,319,646
Accrued profit	Face of balance sheet	Profit receivable on diminishing musharakah finances (Note 7)	321,785

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR



PATTERN OF CERTIFICATE-HOLDING As On 30 June 2017

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDING		TOTAL CERTIFICATE	PERCENTAGE HELD
	From	To		
606	1	100	28005	0.09
910	101	500	264189	0.89
622	501	1000	542881	1.82
319	1001	5000	783431	2.63
64	5001	10000	497575	1.67
16	10001	15000	199118	0.67
11	15001	20000	194957	0.65
7	20001	25000	162714	0.55
5	25001	30000	145000	0.49
1	30001	35000	31500	0.11
3	35001	40000	114500	0.38
1	45001	50000	45174	0.15
1	50001	55000	52000	0.17
1	55001	60000	56000	0.19
2	60001	65000	127000	0.43
1	65001	70000	67740	0.23
1	70001	75000	75000	0.25
2	75001	80000	154382	0.52
1	85001	90000	87400	0.29
2	100001	105000	202620	0.68
1	110001	115000	114000	0.38
1	115001	120000	118100	0.40
1	120001	125000	125000	0.42
1	170001	175000	172730	0.58
1	290001	295000	291200	0.98
1	340001	345000	344500	1.16
1	395001	400000	400000	1.34
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
2588			29,800,000	100.00

CATEGORIES OF CERTIFICATE HOLDERS AS AT JUNE 2017

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	17.656
Investment Corporation of Pakistan	1	11,500	0.039
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	8.492
Joint Stock Companies	24	103,723	0.348
Individuals	2,535	21,806,253	73.175
Others	8	86,500	0.290
Total	2,588	29,800,000	100.00

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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