



HALF YERLY REPORT

December 31, 2018

Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (PVT) Ltd.

Contents

2	CORPORATE INFORMATION
3	DIRECTORS' REPORT
4	DIRECTORS' REPORT (URDU)
5	REPORT OF SHARIAH ADVISOR
6	AUDITORS' REPORT
7	INTERIM CONDENSED BALANCE SHEET
8	INTERIM CONDENSED PROFIT AND LOSS
9	INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
10	INTERIM CONDENSED CASH FLOW STATEMENT
11	INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
12	NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS



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. Muhammad Imranul Haque	Director
Mr. Sohail Ansar	Director
Dr. Mrs. Namoos Baquar	Director
Mr. Syed Shahnawaz A. Rizvi	Director

Management

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

Audit Committee

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

Human Resource Committee

Mr. Syed Shahnawaz A. Rizvi	Chairman
Mr. Shaikh Arshad Farooq	Member
Mr. Basheer Ahmed Chowdry	Member
Dr. Mrs. Namoos Baquar	Member

Internal Auditors

Grant Thornton Anjum Rahman.
Chartered Accountants

Auditors of the Modaraba

Horwath Hussain Chaudhary & Co.
Chartered Accountants

Bankers

Meezan Bank Limited
The Bank of Punjab

Legal Advisors

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

Registered Office/Principal Place of Business

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

Regional office

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

Gujranwala Branch

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

DIRECTORS' REPORT

The Directors of Al-Zamin Modaraba Management (Private) Limited take pleasure in presenting the financial statements of Trust Modaraba for the half year ended 31st December, 2018 duly reviewed by the external auditors in compliance of the Code of Corporate Governance.

Pakistan economy will remain on difficult grounds until the Government's economic team are able to formulate and implement an agenda of prioritizing and sequencing the crucial reforms, instead of trying to fix everything at the same time. All significant economic forecasts have been revised down and the economic performance of the country will need to address the shrinking foreign exchange reserves and high cost debt burden among other factors which are likely to bring GDP growth further down. Credit rating agencies Moody's and Fitch rating have downgraded Pakistan to the lower end of the highly speculative grade. The current account balance is forecasted at negative 5.3% for 2019. The support offered by the friendly countries is a valuable contribution for the short term but will need to be replaced by firm, clear and consistent steps by the Government to stabilize the economy.

The challenges the country is facing demand key political and economic players to rise above their individual positions, absorb the gravity of the situation and evolve a short term consensus regarding minimum economic agenda to ensure a political stability in the tough phase ahead, to be caused by the IMF demands for a bail-out.

During the period under review, your Modaraba has recorded total income at Rs. 29.780 million as compared to Rs. 30.191 million of the previous comparable period. The Modaraba has earned a profit of Rs. 2.498 million before management fee for the half year ended 31st December, 2018 as compared to loss of Rs. (0.657) million of the previous corresponding period. Balance sheet footing of your Modaraba stood at Rs. 384.338 million. Certificate holder's equity stands at Rs. 306.796 million.

EARNING PER CERTIFICATE

Earning per certificate of the Modaraba is Rs. 0.07 per certificate for the half year ended 31st December, 2018 as compared to Rs. (0.02) per certificate in the corresponding period last year.

Your Management being fully aware of the valuable contributions of the Certificate holders would continue to make every possible effort to increase the business pool and maximize profits through efficiency and effectiveness in Modaraba's operations.

For & on behalf of the Board of Directors



Director



Chief Executive

ڈائریکٹرز کی رپورٹ

الضامن مضاربہ ٹینٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز (بورڈ کے ماسٹرنس)، ٹرسٹ مضاربہ کی 31 دسمبر 2018 کو اختتام پذیر ہونے پر ششماہی مالیاتی دستاویزات، کاراداری نظم و ضبط کی ضابطے کی تعمیل کرتے ہوئے ہر ذمہ داری محاسب جائزہ لے چکے ہیں، پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

پاکستان کی معیشت مشکلات کا شکار رہے گی تا وقتیکہ حکومت معاشی ٹیم، ہر چیز کو ٹھیک کرنے کی کوشش کرنے کے بجائے، اہم اصلاحات کی ترجیحات اور ترتیب کے موضوع (agenda) کی تشکیل اور نفاذ کرنے کے قابل ہو سکے۔ معیشت کے تمام تخمینے کم کئے جاسکتے ہیں اور ملک کی معاشی کارکردگی کے لیے ضروری ہوگا کہ دیگر عوامل کے ساتھ گھٹے ہوئے غیر ملکی زرمبادلہ کے ذخائر اور بلند قرضوں کی لاگت کے بوجھ کا مدارک کرے جو امکانی طور پر مجموعی قومی پیداوار (GDP) کی نمو کو مزید کم کر دے گی۔ موڈی اور فوجی ریٹنگ ایجنسیوں نے پاکستان کی درجہ بندی کم کر کے انتہائی قیاسی (speculative) درجہ کر دیا ہے۔ سال 2019 کے لیے جاری کھاتے کے توازن کا اندازہ منفی 5.3 فیصد ہے۔ دوست ممالک کی جانب سے پیش کردہ مالی اعانت قلیل المدت کے لیے اہم حصہ ہے لیکن معیشت کے استحکام کے حصول کے لیے گورنمنٹ کی جانب سے مشہور، واضح اور ہم آہنگ اقدامات سے بدلے کی ضرورت ہے۔

ملک کو درپیش مسائل کا تقاضہ ہے کہ اہم سیاسی اور معاشی کرداروں کو چاہیے کہ وہ صورت حال کی سنگینی کا احساس کرتے ہوئے انفرادی مقام سے بلند ہو کر قلیل المدت اتفاق رائے سے کم سے کم معاشی ایجنڈے کے نتیجے پر متفق ہوں تاکہ IMF کی جانب سے مالی مشکلات سے نکلنے کے لیے تقاضوں سے پیدا ہونے والے مشکل مرحلے سے بچ کر سیاسی استحکام کو یقینی بنایا جاسکے۔


زیر جائزہ مدت میں آپ کے مضاربہ نے گزشتہ سال اسی مدت کے 30.191 ملین روپے کی آمدنی کے مقابلے میں اس سال 29.780 ملین روپے کی آمدنی حاصل کی۔ مضاربہ نے 31 دسمبر 2018 پر اختتام پذیر ششماہی پر 2.498 ملین روپے کا قبل از ٹینٹ فیس منافع ممالک پر گزشتہ سال اسی مدت میں (0.657) ملین روپے کا نقصان بردار آپ کے مضاربہ کی بیلنس شیٹ کی فونکٹ 384.338 ملین روپے رہی۔ سرٹیفیکٹ کنندگان کا ملکیٹی سرمایہ (equity) 306.796 ملین روپے رہا۔


آمدنی سرٹیفیکٹ

31 دسمبر 2018 پر اختتام پذیر ششماہی پر مضاربہ کی آمدنی سرٹیفیکٹ 0.07 روپے فی سرٹیفیکٹ رہی اور اس کے مقابلے میں گزشتہ سال کی اسی مدت میں (0.02) روپے فی سرٹیفیکٹ تھی۔

آپ کی انتظامیہ سرٹیفیکٹ کنندگان کے قابل قدر شرکت سے پوری طرح آگاہ ہے اور وہ کاروبار کے پول میں اضافے اور آپریشن کی کارکردگی میں بہتری اور مؤثر بین سے منافع کو زیادہ سے زیادہ کرنے کے لیے ہر ممکن کوششیں جاری رکھے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے


ڈائریکٹر


چیف ایگزیکٹو آفیسر

Report of Shariah Advisor

I have conducted Shariah Review of Trust Modaraba managed by Al-Zamin Modaraba Management (Private) Limited for the half year ended 31th December, 2018 in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. the Modaraba has introduced a mechanism which has strengthened the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles;
- ii. Following were the major developments that took place during the year:
 - a) Research and new product developments.
 - b) Adopted new inducted Shariah Compliance and Shariah Audit Mechanism.
 - c) Followed Model Islamic Financing Agreements approved by Religious Board.
- iii. the agreements entered into by the Modaraba are Shariah compliant and the financing agreements have been executed on the formats as approved by the Religious Board and all the related conditions have been met.
- iv. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modarabas.
- v. profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conform to the basis and principles of Shariah.
- vi. No earnings have been realized by any means prohibited by Shariah.

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



Signature

Stamp of Shariah Advisor.

Karachi
25th February, 2019

Muhammad Zubair Usmani
Jamia Darul Uloom karachi



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS OF TRUST MODARABA ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim balance sheet of Trust Modaraba ("the Modaraba") as at December 31, 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity, and notes to the financial statements for the six-month period then ended (here-in-after referred to as "the interim financial statements"). The Modaraba Management Company [Al Zamin Modaraba Management (Private) Limited] is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures included in the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to the matter stated in Note 10.3.3.1 to the condensed interim financial statements, the ultimate outcome of which cannot presently be determined and hence, no loss that may result therefrom has been incorporated in these interim financial statements. Our conclusion is not qualified in respect of this matter.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nasir Muneer.

HORWATH HUSSAIN CHAUDHURY & CO.

Chartered Accountants

LAHORE

Dated: 25th February 2019

CONDENSED INTERIM BALANCE SHEET
 AS AT DECEMBER 31, 2018

		(Un-audited) Dec 31, 2018	(Audited) June 30, 2018
	Note	-----Rupees-----	
ASSETS			
Current assets			
Cash and bank balances		4,452,592	4,161,839
Short term investments	4	9,966,194	8,755,918
Advances, deposits, prepayments and other receivables	5	43,268,863	38,159,611
Short term murabaha finances	6	34,897,933	40,595,741
Current portion of long term murabaha finances		78,453,225	82,462,816
Ijarah rental receivables	7	15,666,879	20,108,224
Short term musharakah finances (secured - considered good)		16,619,225	20,590,000
Current portion of long term diminishing musharakah finances		3,143,348	5,123,180
Tax refunds due from the Government		5,681,481	4,902,107
Stock in trade		7,681,516	12,570,471
Total Current Assets		219,831,256	237,429,907
Non-current assets			
Long term murabaha finances	8	31,308,461	18,239,018
Long term diminishing musharakah finances		1,695,525	406,122
Long term deposits		2,220,912	2,706,690
Long term investments	9	8,514,267	9,489,399
Investment property		2,835,000	2,835,000
Fixed assets	10	117,932,193	106,229,059
Total Non-Current Assets		164,506,358	139,905,288
TOTAL ASSETS		384,337,614	377,335,195
LIABILITIES			
Current liabilities			
Current portion of customers' security deposits		12,181,900	18,747,319
Current portion of deferred income on murabaha		6,927,675	6,575,950
Unclaimed dividends		12,930,463	12,930,548
Creditors, accrued and other liabilities	11	3,285,471	1,568,698
IMBL Project Fund		10,000,000	10,000,000
Total current liabilities		45,325,509	49,822,515
Non-current liabilities			
Deferred income on murabaha		5,357,123	2,753,959
Customers' security deposits		26,858,715	18,755,851
Total Non-Current Liabilities		32,215,838	21,509,810
Total Liabilities		77,541,347	71,332,325
NET ASSETS		306,796,267	306,002,870
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital	12	298,000,000	298,000,000
Reserves		8,796,267	8,002,870
Contingencies and Commitments	13	-	-
		306,796,267	306,002,870

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements (un-audited).

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



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018**

	Half Year ended		Quarter ended		
	Dec 31 2018	Dec 31 2017	Dec 31 2018	Dec 31 2017	
Note	-----Rupees-----				
Operating income					
Income from ijarah	19,385,707	22,581,494	9,581,554	11,553,779	
Profit on murabaha finances	6,640,675	4,222,526	4,108,779	1,898,126	
Profit on musharakah finances	2,864,524	2,868,867	1,293,463	1,460,280	
Dividend income on equity investments	301,904	376,500	91,404	298,250	
Profit on long term investments - available-for-sale	39,801	212,693	16,792	162,634	
Profit on disposal of short term investments - held-for-trading	-	153,088	-	153,088	
Profit on disposal of long term investments - available-for-sale	-	2,013	-	2,013	
Trading income	636,209	1,368,554	468,379	95,000	
Other income	882,386	875,647	530,860	624,844	
	14	30,751,206	32,661,382	16,091,231	16,248,014
(Provision) / Reversal of provision against non performing finance and other receivables-net	335,945	(134,831)	50,000	(134,831)	
Unrealized loss on revaluation of held-for-trading investments	(1,152,937)	(2,335,466)	(603,244)	(1,230,731)	
		29,934,214	30,191,085	15,537,987	14,882,452
Operating expenses	16	15,533,248	15,054,842	8,567,813	8,552,619
Depreciation on fixed assets given on ijarah		11,911,779	15,793,676	6,160,695	7,566,839
		(27,445,027)	(30,848,518)	(14,728,508)	(16,119,458)
		2,489,187	(657,433)	809,479	(1,237,006)
Modaraba Management Company's fee		(248,919)	-	(80,948)	57,957
Profit / (Loss) before Taxation		2,240,268	(657,433)	728,531	(1,179,049)
Taxation	17	(72,383)	(66,000)	4,000	(66,000)
Net Profit / (Loss) for the Period		2,167,885	(723,433)	732,531	(1,245,049)
Earnings / (Loss) per certificate basic -and diluted		0.07	(0.02)	0.02	(0.04)

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements (un-audited).

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018**

	<i>Half Year ended</i>		<i>Quarter ended</i>	
	<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	-----Rupees-----			
Net Profit / (Loss) for the Period	2,167,885	(723,433)	732,531	(1,245,049)
Other comprehensive Income:				
Items that may be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Net change in fair value of available-for-sale investments	(1,374,488)	(3,197,708)	(846,249)	(4,956,980)
Other comprehensive loss for the period	(1,374,488)	(3,197,708)	(846,249)	(4,956,980)
Total Comprehensive Income / (Loss) for the Period	793,397	(3,921,141)	(113,718)	(6,202,029)

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements (un-audited).

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



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Note	Half Year ended	
		Dec 31 2018	Dec 31 2017
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations			
Cash generated from operations	18	27,926,682	8,366,222
Decrease / (increase) in non-current assets:			
- Long term murabaha finances		(9,059,852)	(6,545,209)
- Long term musharakah finances		690,429	(2,113,994)
Increase in non-current liabilities:			
- Deferred income on murabaha		2,954,889	452,748
- Customers security deposits		10,108,165	3,735,100
Purchase of ijarah assets		(35,671,956)	(22,257,944)
Proceeds from disposal of ijarah assets		3,927,411	11,957,718
Income tax paid / deducted		(851,757)	(167,282)
Net Cash Generated from / (Used in) Operating Activities		24,011	(6,572,641)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of owned assets		(281,300)	(471,302)
Proceeds from disposal of owned assets		40,000	-
Purchase of investments - net		(359,555)	(5,822,609)
Long term deposits		485,778	(256,000)
Dividends received		381,904	341,388
Net Cash Generated from / (Used in) Investing Activities		266,827	(6,208,523)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distributed to certificate holders		(85)	(9,897,900)
Loan from the Modaraba Management Company		-	10,000,000
Net Cash (Used in) / Generated from Financing Activities		(85)	102,100
Net Increase / (Decrease) in Cash and Cash Equivalents		290,753	(12,679,064)
Cash and cash equivalents at the beginning of the period		4,161,839	15,996,812
Cash and Cash Equivalents at the End of the Period		4,452,592	3,317,748

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements (un-audited).

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Certificate capital	Statutory reserve	Reserves			Total	Total equity
			Surplus on Revaluation of Fixed Assets	Unrealized Loss on Revaluation of Investments	Accumulated loss		
Balance as at June 01, 2017	298,000,000	79,253,192	-	(470,050)	(61,614,241)	17,168,901	315,168,901
Net loss for the period	-	-	-	-	(723,433)	(723,433)	(723,433)
Other comprehensive loss for the period	-	-	-	(3,197,708)	-	(3,197,708)	(3,197,708)
Total comprehensive loss for six months period ended December 31, 2017	-	-	-	(3,197,708)	(723,433)	(3,921,141)	(3,921,141)
Profit distribution for the year ended June 30, 2017 @ Re. 0.35 per certificate	-	-	-	-	(10,430,000)	(10,430,000)	(10,430,000)
Balance as at December 31, 2017	298,000,000	79,253,192	-	(3,667,758)	(72,767,674)	2,817,760	300,817,760
Balance as at June 30, 2018	298,000,000	79,637,766	2,457,200	(3,586,151)	(70,505,945)	8,002,870	306,002,870
Net Profit for the period	-	-	-	-	2,167,885	2,167,885	2,167,885
Other comprehensive loss for the period	-	-	-	(1,374,488)	-	(1,374,488)	(1,374,488)
Total comprehensive loss for six months period ended December 31, 2018	-	-	-	(1,374,488)	2,167,885	793,397	793,397
Balance as at December 31, 2018	298,000,000	79,637,766	2,457,200	(4,960,639)	(68,338,060)	8,796,267	306,796,267

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements (un-audited).

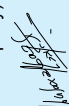
For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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** These interim condensed financial statements are unaudited and are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981. These condensed interim financial statements of the Modaraba for the half year ended December 31, 2018 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017, Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. Wherever, the requirements of IAS 34 differ with the requirement of Companies Act, 2017, Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the Securities and Exchange Commission of Pakistan (SECP), the requirements of latter take precedence.
- 2.2** These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2018. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2018 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial statements for the half year ended December 31, 2017.
- 2.3** These condensed interim financial statements are unaudited; however, a limited scope review has been performed by the external auditors as required by the section 237(b) of companies Act, 2017. The figures for the quarters ended on December 31, 2017 and 2018 presented in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed by the external auditors.
- 2.4** The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2018.
- 2.5** These condensed interim un-audited financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES

The Modaraba's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim un-audited financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Modaraba for the year ended June 30, 2018.

	(Un-audited) Dec 31 2018	(Audited) June 30 2018
Note	-----Rupees-----	-----Rupees-----

4. SHORT TERM INVESTMENTS

Investments held for trading:

NIT Islamic Unit Fund - at cost	2,187,970	2,187,970
Meezan Islamic Fund - at cost	1,763,965	1,763,965
Shares of listed companies - at cost	10,161,998	7,798,785
	14,113,933	11,750,720
Unrealized loss on revaluation - net	(4,147,739)	(2,994,802)
	9,966,194	8,755,918

4.1 Shares of Listed Companies

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

Number of shares		Name of Investee	December 31, 2018		June 30, 2018	
Dec 31, 2018	June 30, 2018		Average cost	Market Value	Average Cost	Market Value
			(Un-audited)		(Audited)	
-----Rupees-----						
8,125	2,500	Attock Refinery Limited	1,631,032	1,198,600	904,664	538,275
3,500	3,500	Hub Power Company Limited	457,676	300,265	457,676	322,560
12,000	10,000	Engro Foods Limited	1,573,598	956,640	1,421,855	890,600
35,000	20,000	Fauji Cement Company Limited	1,226,334	732,550	899,160	457,000
1,000	1,000	Pakistan Oxygen Limited (formerly Linde Pakistan Limited)	296,123	210,000	296,127	240,000
4,100	3,500	Packages Limited	2,653,673	1,585,969	2,705,577	1,714,020
70,000	50,000	Byco Petroleum Pakistan Limited	1,293,600	607,600	1,113,726	610,000
12,500	-	Sui Northern Gas Pipelines Limited	1,029,962	963,375	-	-
			10,161,998	6,554,999	7,798,785	4,772,455

4.2 It also includes unrealized revaluation loss on NIT Islamic Unit Fund of Rs. 385,283 (June 30, 2018: Rs. 40,779) and unrealized loss on Meezan Islamic Equity Fund of Rs. 155,457 (June 30, 2018: unrealized loss of Rs. 72,307).



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

		(Un-audited) Dec 31 2018	(Audited) June 30 2018
	Note	-----Rupees-----	
5. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to employees against salary - considered good		-	17,000
Loans to / receivable from employees - considered good	5.1	1,751,400	1,860,733
Security deposits		4,500	4,500
Prepayments		4,803,199	1,796,313
Accrued profit	5.2	4,991,552	3,918,035
Advances to suppliers - considered good		13,449,000	1,229,000
Advances for murabaha		-	5,000,000
Trade receivables - considered good		11,548,808	17,782,283
Legal suits' charges receivable	5.3	3,368,953	3,509,713
Provision for doubtful receivables	5.4	(771,950)	(844,960)
		2,597,003	2,664,753
Sundry receivables		4,621,855	4,385,448
Provision for doubtful receivables		(498,454)	(498,454)
		4,123,401	3,886,994
		43,268,863	38,159,611

- 5.1** This includes loan given to and receivables from executives amounting to Rs. 1.232 million (June 30, 2018: Rs. 1.365 million) who are also the key management personnel of the Modaraba.

Maximum aggregate balance due from executives, at the end of any month during the period, was Rs. 1.332 million (June 30, 2018: Rs. 1.835 million).

5.2 Accrued profit

Profit receivable on long term investments		4,452	8,872
Profit receivable on musharakah finances	5.2.1	2,066,702	988,765
Suspended income		(90,013)	(90,013)
	5.2.2	1,976,689	898,752
Profit receivable on murabaha finances		4,379,094	4,776,844
Suspended income	5.2.3	(1,368,683)	(1,766,433)
	5.2.4	3,010,411	3,010,411
		4,991,552	3,918,035

- 5.2.1** Suspended income account against diminishing musharakah profit receivable is as follows:

Opening balance	90,013	74,373
Suspended during the period / year	-	15,640
	90,013	90,013

- 5.2.2** This includes an amount of Rs. 42 (June 30, 2018: Rs. 66) due from an executive of the Modaraba.

- 5.2.3** Suspended income account against Murabaha profit receivable is as follows:

Opening balance	1,766,433	1,766,433
Reversal during the period / year	(397,750)	-
	1,368,683	1,766,433

- 5.2.4** This represents amount receivable from a party for which the honorable banking court has issued the sales certificates of the property held as collateral. The transfer of title of the property and execution of the subject property is in process.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

		<i>(Un-audited)</i> Dec 31	<i>(Audited)</i> June 30
		2018	2018
Note		-----Rupees-----	
5.3 Legal suits' charges receivable			
	Opening balance	3,509,713	3,196,187
	Addition during the period / year	123,750	313,526
	Received during the period / year	(107,000)	-
	Written off during the period / year	(157,510)	-
		<u>3,368,953</u>	<u>3,509,713</u>
5.4 Provision for doubtful receivables			
	Opening balance	844,960	729,960
	Add: Provision for the period / year	15 84,500	115,000
		<u>929,460</u>	<u>844,960</u>
	Less: Receivables written off / reversed against provision	(157,510)	-
		<u>771,950</u>	<u>844,960</u>
6. SHORT TERM MURABAHA FINANCES			
	Considered good	6.1 10,665,921	12,863,729
	- Regular parties:		
	Gross	20,084	20,084
	Less: written off	(20,084)	-
	- Parties under litigation	6.2 52,932,312	56,432,312
		<u>52,932,312</u>	<u>56,452,396</u>
	Provision for classified receivables under Prudential Regulations for Modarabas	6.3 (28,700,300)	(28,720,384)
		<u>34,897,933</u>	<u>40,595,741</u>
6.1	The Modaraba has sold goods under Murabaha arrangements whereby payment is deferred alongwith specified profit margin. These finances are secured by way of hypothecation / pledge of stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.		
6.2	These represent receivables from 5 (June 30, 2018: 6) customers under Murabaha finance. Legal proceedings against these customers are in process in the Honorable Courts of Law. Furthermore, the Honourable Court has awarded decree in favour of Modaraba in 5 (June 30, 2018: 6) cases for recovery of Rs. 73.77 million (June 30, 2018: Rs. 77.58 million), while execution petitions for these cases are pending. During the period, an amount of Rs. 4.3 million, including principal amount of Rs. 3.5 million has been received from a party, through out of court settlement, against decretal amount of Rs. 3.81 million.		
6.3	Provision for classified receivables under Prudential Regulations for Modarabas:		
	Opening balance	28,720,384	28,700,300
	Add: Provision for the period / year	-	20,084
		<u>28,720,384</u>	<u>28,720,384</u>
	Less: Receivables written off	(20,084)	-
		<u>28,700,300</u>	<u>28,720,384</u>



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

		(Un-audited) Dec 31 2018	(Audited) June 30 2018
Note		-----Rupees-----	
7. IJARAH RENTALS RECEIVABLE - SECURED			
Considered good		1,521,174	2,141,779
Considered doubtful:			
- Regular parties		483,108	2,310,096
- Parties under litigation			
Gross		<u>34,730,657</u>	<u>38,530,657</u>
Less: Written off during the period / year		<u>(35,364)</u>	<u>-</u>
		<u>34,695,293</u>	<u>38,530,657</u>
Suspended ijarah income - considered doubtful	7.1	<u>(18,074,513)</u>	<u>(19,480,147)</u>
Provision for doubtful Ijarah rental receivables	7.2	<u>(2,958,183)</u>	<u>(3,394,161)</u>
		<u>15,666,879</u>	<u>20,108,224</u>
7.1 Suspended ijarah income - considered doubtful			
Opening balance		19,480,147	19,306,847
Recovery during the period / year		(1,416,094)	(563,066)
Suspension made during the period / year		10,460	736,366
		<u>18,074,513</u>	<u>19,480,147</u>
7.2 Provision for doubtful Ijarah rental receivables:			
Opening balance		3,394,161	3,394,161
Add: Charge for the period / year		-	-
		<u>3,394,161</u>	<u>3,394,161</u>
Less: Reversal due to recovery		(435,978)	-
Closing balances		<u>2,958,183</u>	<u>3,394,161</u>
8. Long Term Murabaha Finances - Secured			
Considered good		67,826,581	53,550,757
Considered doubtful	8.2	44,661,712	49,877,684
		<u>112,488,293</u>	<u>103,428,441</u>
Provision for doubtful long term murabaha finances	8.3	<u>(2,726,607)</u>	<u>(2,726,607)</u>
		<u>109,761,686</u>	<u>100,701,834</u>
Current / overdue portion grouped under current assets	8.4	<u>(78,453,225)</u>	<u>(82,462,816)</u>
		<u>31,308,461</u>	<u>18,239,018</u>
8.1			
The Modaraba has sold goods under murabaha arrangements whereby payment is deferred alongwith specified profit margin. These finances are secured by way of hypothecation / pledge of stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.			
8.2 Considered doubtful		47,892,112	53,490,686
Suspended income	8.2.1	<u>(3,230,400)</u>	<u>(3,613,002)</u>
	8.2.2	<u>44,661,712</u>	<u>49,877,684</u>
8.2.1 Suspended income			
Opening balance		3,613,002	2,722,266
Recovery during the period / year		(993,262)	(512,262)
Suspension made during the period / year		610,660	1,402,998
		<u>3,230,400</u>	<u>3,613,002</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

8.2.2 This includes receivable from 4 (June 30, 2018: 4) customers under murabaha finance which are 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 (June 30, 2018: 3) cases for recovery of Rs. 60.662 million (June 30, 2018: Rs. 60.662 million). No recoveries have been made from these customers during the period.

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>Dec 31</i>	<i>June 30</i>
	<i>2018</i>	<i>2018</i>
Note	-----	-----
	Rupees	-----

8.3 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.

8.4 Current portion of long term murabaha finances

Installments overdue	48,539,317	48,747,728
Installments receivable within next 12 months	29,913,908	33,715,088
	78,453,225	82,462,816

9. LONG TERM INVESTMENTS

Available For Sale

Equity securities - listed	9.1	12,621,877	11,443,301
Sukuk certificates	9.2	482,366	1,261,586
Total investment at cost		13,104,243	12,704,887
Unrealized loss on revaluation of investments		(4,589,976)	(3,215,488)
Net investments at fair value		8,514,267	9,489,399

9.1 Shares of Listed Companies

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

Number of shares	Name of Investee		December 31, 2018		June 30, 2018	
	Dec 31, 2018	June 30, 2018	Average cost	Market Value	Average Cost	Market Value
			(Un-audited)		(Audited)	
-----Rupees-----						
8,000	6,000	D.G. Khan Cement Company Limited	1,321,722	641,200	1,115,513	686,940
1,000	1,000	Engro Corporation Limited	371,443	291,080	371,443	313,860
5,000	4,000	Lucky Cement Limited	3,018,430	2,173,350	2,588,636	2,031,720
11,000	11,000	Sui Northern Gas Pipelines Limited	1,589,637	847,770	1,589,629	1,102,420
110,000	100,000	Pakistan Telecommunication Company Limited	1,723,144	1,057,100	1,627,207	1,144,000



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Number of shares		Name of Investee	December 31, 2018		June 30, 2018	
Dec 31, 2018	June 30, 2018		Average cost (Un-audited)	Market Value (Un-audited)	Average Cost (Audited)	Market Value (Audited)
-----Rupees-----						
10,125	5,625	Maple Leaf Cement Factory Limited	687,833	411,581	498,917	285,413
3,000	3,000	Shell Pakistan Limited	1,318,331	919,800	1,318,331	948,270
10,000	4,000	Pioneer Cement Limited	591,961	419,100	334,239	187,440
5,175	4,500	The Searle Company Limited	1,999,376	1,270,920	1,999,386	1,527,750
			12,621,877	8,031,901	11,443,301	8,227,813

- 9.2 This represents investment in sukuk certificates issued by B.R.R. Guardian Modaraba (An Islamic Financial Institution), managed by B.R.R Investment (Private) Limited, having face value of Rs. 10 million. Through resolution by circulation passed by the sukuk holders dated June 27, 2016, the modaraba entered into a second rescheduling / restructuring agreement dated December 07, 2015 for redemption of its investment in 2,000 (June 30, 2018: 2,000) sukuk certificates.

		(Un-audited) Dec 31 2018	(Audited) June 30 2018
-----Rupees-----			
10. FIXED ASSETS			
Intangible asset	10.1	-	-
Operating fixed assets given on lease / ijarah - tangible	10.2	95,055,147	83,315,572
Operating fixed assets in own use - tangible	10.3	22,877,046	22,913,487
		117,932,193	106,229,059
10.1 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%
10.2 Operating assets given on ijarah			
Opening written down value		83,315,572	110,137,916
Additions during the period / year		35,671,956	38,294,840
Disposals during the period / year		(12,020,602)	(35,089,568)
		106,966,926	113,343,188
Depreciation charge for the period / year		(11,911,779)	(30,027,616)
		95,055,147	83,315,572

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

		<i>(Un-audited)</i> Dec 31	<i>(Audited)</i> June 30
		2018	2018
Note	-----Rupees-----		
10.3 Fixed assets in own use			
	Opening written down value	22,913,487	23,434,154
	Additions during the period / year	281,300	658,467
10.3.1	Revaluation adjustment	-	2,457,200
10.3.2	Disposals during the period / year	-	<u>(3,034,642)</u>
		23,194,787	23,515,179
	Depreciation charge for the period / year	(317,741)	(601,692)
10.3.3		22,877,046	<u>22,913,487</u>
10.3.1 Additions during the period / year			
	Furniture and fixtures	58,000	22,500
	Office equipment	131,800	216,802
	Vehicles	-	317,165
	Electrical equipment	91,500	102,000
		<u>281,300</u>	<u>658,467</u>
10.3.2 Disposals / Transfers during the period / year			
	Land - at cost	-	2,835,000
	Electrical equipment:		
	-Cost	194,466	-
	-Accumulated depreciation	(194,466)	-
		-	-
	Vehicles:		
	-Cost	-	290,500
	-Accumulated depreciation	-	(90,858)
		-	199,642
		-	<u>3,034,642</u>
10.3.3 Book value at the end of period / year			
	Land	21,125,950	21,125,950
10.3.3.1	Furniture and fixtures	288,347	295,116
	Office equipment	821,632	820,239
	Vehicles	282,927	358,089
	Electrical equipment	358,190	314,093
		<u>22,877,046</u>	<u>22,913,487</u>

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



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Note	(Un-audited)	(Audited)
	Dec 31	June 30
	2018	2018
-----Rupees-----		

11. Creditors, Accrued and Other Liabilities

Salaries and benefits payable	-	15,700
Withholding tax payable	41,285	44,524
Management fee payable	248,919	226,007
Security deposit	-	40,000
Accounts payable	11.1 2,676,372	-
Other liabilities	11.2 318,895	1,242,467
	3,285,471	1,568,698

11.1 This represents payable against purchase of stock made during the period.

11.2 It includes charity payable amounting to Rs. 53,028 (June 30, 2018: Rs. 66,292). The reconciliation is as follows:

Opening balance	66,292	84,320
Additions during the period / year	3,736	61,972
Charity paid during the period / year	(17,000)	(80,000)
Closing balance	53,028	66,292

12. Certificate Capital

Authorized Capital

50,000,000 (June 30, 2018: 50,000,000) Modaraba Certificates of Rs. 10 each

500,000,000 500,000,000

Issued, subscribed and paid-up capital

15,000,000 (June 30, 2018: 15,000,000) Modaraba Certificates of Rs. 10 each fully paid in cash

150,000,000 150,000,000

12,300,000 (June 30, 2018: 12,300,000) Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates

123,000,000 123,000,000

2,500,000 (June 30, 2018: 2,500,000) fully paid Modaraba Certificates of Rs. 10 each issued as a result of take over

25,000,000 25,000,000

12.1 **298,000,000** 298,000,000

12.1 Al-Zamin Modaraba Management (Private) Limited holds 5,261,388 (June 30, 2018: 5,261,388) Modaraba certificates as required by the SECP vide Order No. SC/M/RW/Trust/2009-43.

12.2 As at December 31, 2018, Mr. Aslam Motiwala, a major certificate holder of the Modaraba, held 15,800,000 certificates (June 30, 2018: 15,800,000) of the Modaraba.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

12.3 During the period, the authorized certificate capital of the Modaraba was proposed to be increased from Rs. 500 million to Rs. 1,000 million, divided into 100 million Modaraba certificates of Rs. 10 each. Approval of the Securities and Exchange Commission of Pakistan (SECP) has been obtained in this regard and the Modaraba is still in the process of having its Memorandum of Association altered.

12.4 In order to make further growth in business operations, a memorandum of understanding was made by and between Trust Modaraba and a party whereby the party has committed to subscribe Rs. 200 million to the equity of Trust Modaraba through issuance of Rs. 40 million 'other-than-right' listed Modaraba Certificates at Rs. 5 per Certificate (50% of the face value) in two tranches of Rs. 100 million each. Fee for application for issuance of certificates other than the right and at discount had been deposited to SECP as per seventh schedule of Companies Act, 2017. All the pre-requisites of section 82 and 83 of the Companies Act, 2017 have been complied with. Final approval of SECP for such participation is awaited.

13. CONTINGENCIES AND COMMITMENTS

Contingencies

During the period, a notice was served to Trust Modaraba, alongwith certain other modarabas, by Sindh Revenue Board (SRB) for the payment of tax under Sindh Sales Tax on Services Act, 2011 for recovery of Rs. 38.50 million comprising unpaid sales tax on services of Modarabas for the years 2011-12 to 2017-18. The Modaraba has filed a petition challenging the demand of Sindh Revenue Board (SRB) on the grounds of non-applicability of sales tax. The Modaraba is confident that the notice will be reversed and hence no liability is recorded in these financial statements.

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 are as follows:

	(Un-audited)	(Audited)
	Dec 31	June 30
	2018	2018
	-----Rupees-----	
Not later than one year	1,800,000	1,800,000
Later than one year and not later than five years	2,405,328	3,305,328
	<u>4,205,328</u>	<u>5,105,328</u>
Disbursements of Ijarah / Murabaha / Musharakah to be made	<u>9,100,000</u>	<u>10,825,000</u>



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Half Year ended		Quarter ended	
Dec 31	Dec 31	Dec 31	Dec 31
2018	2017	2018	2017
-----Rupees-----			
------(Un-Audited)-----			

14. Other Income

Processing, documentation, other fees and charges	187,360	195,000	131,860	123,000
Gain on disposal of fixed assets	517,529	385,555	295,950	405,970
Miscellaneous income	177,497	295,092	103,050	95,874
	882,386	875,647	530,860	624,844

15. (Provision) / Reversal of Provision against Non Performing Murabaha Finances and Other Receivables - Net

Half Year ended		Quarter ended	
Dec 31	Dec 31	Dec 31	Dec 31
2018	2017	2018	2017
-----Rupees-----			
------(Un-Audited)-----			

Murabaha finances	19,831	(19,831)	-	(19,831)
Ijarah rental receivables	400,614	-	-	-
Legal suits charges receivables	(84,500)	(115,000)	50,000	(115,000)
	335,945	(134,831)	50,000	(134,831)

16. Operating Expenses

Salaries, allowances and other benefits	6,513,211	6,311,575	3,595,609	3,327,974
Legal and professional charges	207,248	27,500	207,248	27,500
Fees and subscription	1,396,607	1,184,848	793,636	659,860
Electricity, gas and water	439,997	479,731	220,143	216,515
Telephone, postage and courier	384,497	534,754	220,567	351,447
Rent, rates and taxes	927,261	898,202	463,467	451,916
Printing and stationery	481,718	456,765	297,655	356,853
Travelling and conveyance	208,075	248,887	132,348	53,333
Entertainment	306,891	312,321	139,673	173,463
Insurance	1,095,028	1,555,545	564,894	1,366,669
Advertisement	287,600	107,748	163,425	94,548
Vehicle running	978,478	1,053,248	444,508	521,725
Newspaper and periodicals	11,531	10,527	5,775	4,219
Repairs and maintenance	782,202	621,589	466,650	329,067
Depreciation on own assets	317,741	293,430	156,951	152,789
Ijarah rental expense - vehicle	900,000	806,559	450,000	360,813
Loss on disposal of short term investments - held-for-trading	163,374	-	163,374	-
Bank charges and commission	18,130	18,880	12,795	7,807
Sales Tax	26,126	5,800	23,726	4,400
Miscellaneous	87,533	126,933	45,369	91,721
	15,533,248	15,054,842	8,567,813	8,552,619

17. TAXATION

The income of non-trading modarabas is exempt from tax under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, provided not less than 90% of its profits after appropriation to statutory reserve as required under Modaraba Regulations 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 period. However, charge for tax on dividend income is recorded.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	<i>(Un-audited)</i> Dec 31	<i>(Audited)</i> Dec 31
	2018	2017
	-----Rupees-----	
18. CASH GENERATED FROM OPERATIONS		
Profit / (Loss) before taxation	2,240,268	(657,433)
Adjustments for non-cash and other items:		
- Depreciation:		
Under ijarah	11,911,779	15,793,676
In own use	317,741	293,430
- Charges / (reversal) against short term murabaha receivables - net	(19,831)	19,831
- Charges / (reversal) against ijarah rentals receivables - net	(400,614)	-
- Charges / (reversal) against legal suit charges receivables - net	84,500	115,000
- Gain on termination / disposal of ijarah assets	(477,529)	(385,555)
- Gain on disposal of owned assets	(40,000)	-
- Profit on long term investment - available for sale	(39,801)	(212,693)
- Loss / (gain) realized on sale of short term investment - held for trading	163,374	(153,088)
- Gain realized on sale of long term investment - available for sale	-	(2,013)
- Unrealized loss on revaluation of short term investments - held for trading	1,152,937	2,335,466
Dividend income	(301,904)	(376,500)
	12,350,652	17,427,554
Operating profit before working capital changes	14,590,920	16,770,121
Decrease / (increase) in current assets		
- Short term investment - net	(2,526,587)	318,576
- Advances, deposits, prepayments and other receivables	(5,273,752)	(3,305,072)
- Short term murabaha finances	5,717,639	667,390
- Short term musharakah finances	3,970,775	1,346,969
- Ijarah rental receivables	4,841,959	82,115
- Stock in trade	4,888,955	(4,680,312)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	1,716,773	(2,833,565)
	13,335,762	(8,403,899)
Cash generated from operations	27,926,682	8,366,222

19 BALANCES AND 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 is paid in accordance with the terms of their employment. Other transactions are carried out at agreed terms.



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Half Year ended	
Dec 31 2018	Dec 31 2017
(Un-audited)	(Un-audited)
-----Rupees-----	

Transactions during the period

Related party	Relationship	Nature of transaction		
Al-Zamin Modaraba Management (Private) Limited	Modaraba Management Company	Management fee and others	248,919	-
		Dividend paid	-	1,565,262
Employees' Provident Fund	Associated undertaking	Contribution for the period	309,550	289,783
Muhammad Aslam Motiwala	Associated person	Dividend for the period	-	5,036,675
Executives and close relatives thereof	Associated persons	Loan given during the period	-	1,100,000
		Repayment of loan received	133,332	-
		Receipt of principal under long term diminishing musharakah finances	133,333	133,333
		Receipts of profit under long term diminishing musharakah finances	8,668	24,667
			Dec 31, 2018	June 30, 2018
			(Un-audited)	(Audited)
			-----Rupees-----	

Outstanding Balances as at,

Al-Zamin Modaraba Management (Private) Limited	Payable against management fee and others	248,919	226,007
	Payable against (IMFB) project	5,000,000	5,000,000
Executives and close relatives thereof	Loan receivables	900,002	1,033,334
	Receivable against sale of vehicle	332,062	332,062
	Principal receivable under long term diminishing musharakah finances	66,670	200,004
	Profit receivable under long term diminishing musharakah finances	42	66

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

20. Segment Reporting

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

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

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

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

20.2 Types of segments

The segment information for the reportable segments for the period / year is as follows:



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

20.2 The segment information for the reportable segments for the period ended December 31, 2018 is as follows:

	December 31, 2018				Total (Un-Audited)	December 31, 2017				
	Murabaha Finances	Ijarah Finances	Musharakah Invest- ments	Trading		Murabaha Finances	Ijarah Finances	Musharakah Invest- ments	Trading	Total
Segment revenues / profits					Rupees					
Revenues	6,689,225	20,032,422	2,891,474	341,705	30,601,035	4,272,526	23,185,477	2,948,867	744,294	32,519,718
Depreciation	-	(11,911,779)	-	-	(11,911,779)	-	(15,793,676)	-	-	(15,793,676)
Loss on disposal	-	-	-	(163,374)	(163,374)	-	-	-	-	-
Unrealized loss on revaluation of investments	-	-	-	(1,152,937)	(1,152,937)	-	-	-	(2,335,466)	(2,335,466)
(Provision) / Reversal for doubtful receivables	69,831	266,114	-	-	335,945	(134,831)	-	-	-	(134,831)
Reportable Segment Profit	6,769,056	8,386,757	2,891,474	(974,606)	17,708,890	4,137,695	7,391,801	2,948,867	(1,591,172)	14,255,745
	December 31, 2018					June 30, 2018				
	(Un-Audited)					(Audited)				
Reportable segment assets	149,431,617	128,757,191	23,434,787	18,561,409	339,881,593	151,025,239	109,696,591	27,018,054	18,340,318	308,190,019
Reportable segment liabilities	12,284,798	39,040,615	-	-	54,001,785	9,329,909	37,503,170	283,900	-	136,000
Additions to non-current assets	-	36,671,956	-	-	36,671,956	-	38,294,840	-	-	38,294,840

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	(Un-audited)	
	Dec 31	Dec 31
	2018	2017
Note	-----Rupees-----	

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

Revenue

Total revenues for reportable segments	30,601,035	32,519,718
Other revenues	150,171	141,664
Modaraba's revenues	<u>30,751,206</u>	<u>32,661,382</u>

Profit / (Loss)

Total profit for reportable segments	17,708,890	14,255,745
Other expenses - net	<u>(15,541,005)</u>	<u>(14,979,178)</u>
	<u>2,167,885</u>	<u>(723,433)</u>

	Dec 31	June 30
	2018	2018
	-----Rupees-----	

Assets

Total assets for reportable segments	339,881,593	336,899,221
Corporate assets unallocated	40,003,429	36,274,135
Cash and bank balances	4,452,592	4,161,839
Total assets as per the balance sheet	<u>384,337,614</u>	<u>377,335,195</u>

Liabilities

Total liabilities for reportable segments	54,001,785	47,252,979
Corporate liabilities unallocated	23,539,562	24,079,346
Total liabilities as per the balance sheet	<u>77,541,347</u>	<u>71,332,325</u>

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

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

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

There are no asymmetrical allocations to reportable segments.

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



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

21 FINANCIAL RISK MANAGEMENT

21.1 FINANCIAL RISK FACTORS

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, profit rate risk and price risk), credit risk and liquidity risk.

These condensed interim financial statements (un-audited) do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Modaraba's annual financial statements for the year ended June 30, 2018. There have been no changes in any risk management policies since the year end.

21.2 FAIR VALUE ESTIMATION

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

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

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>
	-----Rupees-----			
Assets				
Short term investments	9,966,194	-	-	9,966,194
Long term investments	8,031,901	-	482,366	8,514,267
Investment property	-	2,835,000	-	2,835,000
	<u>17,998,095</u>	<u>2,835,000</u>	<u>482,366</u>	<u>21,315,461</u>

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>
	-----Rupees-----			
Assets				
Short term investments	8,755,918	-	-	8,755,918
Long term investments	9,489,399	-	1,866,649	11,356,048
Investment property	-	2,835,000	-	2,835,000
	<u>18,245,317</u>	<u>2,835,000</u>	<u>1,866,649</u>	<u>22,946,966</u>

During the half year ended December 31, 2018, there were no significant changes in the business or economic circumstances that affect the fair value of the Modaraba's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets and there were no changes in valuation techniques during the period.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

22 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements (un-audited) are approved and authorized for issuance on 25th February 2019 by the Board of Directors of the Management Company.

23 General

Corresponding figures have been rearranged, wherever necessary, to facilitate comparison. Following rearrangements have been made during the period.

<i>Nature</i>	<i>Reason</i>	<i>From</i>	<i>To</i>	<i>Amount</i>
Unclaimed dividend	Better presentation	Creditors, accrued and other liabilities	Face of balance sheet	12,930,548
Current portion of deferred income on murabaha	Better presentation	Creditors, accrued and other liabilities	Face of balance sheet	6,575,950

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


CHIEF EXECUTIVE


DIRECTOR









DIRECTOR









CHIEF FINANCIAL OFFICER



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