

# HALF YEARLY REPORT

December 31, 2019



## Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (PVT) Ltd.



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## CORPORATE INFORMATION

### Modaraba Company

Al-Zamin Modaraba Management (Private) Limited

### Board of Directors

Mian Sheikh Arshad Farooq	Chairman
Mr. Basheer A. Chowdry	Chief Executive
Mr. Syed Shahnawaz Ahmed Rizvi	Director
Mr. Syed Etrat Hussain Rizvi	Director
Mr. Mohammad Yasin	Director
Mr. Sohail Ansar	Director
Dr. Namooos Baquar	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 Ahmed Rizvi	Chairman
Mr. Sheikh Arshad Farooq	Member
Mr. Syed Etrat Hussain Rizvi	Member
Mr. Sohail Ansar	Member

### Human Resource Committee

Mr. Syed Etrat Husain Rizvi	Chairman
Mr. Syed Shahnawaz Ahmed Rizvi	Member
Mr. Basheer A. Chowdry	Member
Mr. Muhammad Yasin	Member

### Internal Auditors

Grant Thornton Anjum Rahman.  
Chartered Accountants

### Auditors of the Modaraba

Crowe Hussain Chaudhary & Co.  
Chartered Accountants

### Bankers

Meezan Bank Limited  
The Bank of Punjab

### Legal Advisors

Salim & Baig, Advocate  
Shakeel Ahmed Awan  
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

51-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 present the financial statements of Trust Modaraba for the Half year ended 31st December, 2019 duly reviewed by the external Auditor's in compliance of Corporate Governance.

Pakistan's economy is still struggling with the balance of payment crisis, high inflation and the burden of exponentially high debt servicing thereby leaving only a meager part of GDP for public sector spending. The economic woes of the country led the government to seek an arrangement with the IMF and pursue fiscal tightening. Although support from IMF and other friendly countries provided some breathing space of the short term nature yet it is essential that courageous and well-planned steps are taken to ensure a gradual but assured improvement in the stressed economy. To make a significant impact on the trade account deficit, Pakistan needs to ensure an investment conducive climate to attract more FDI, along with encouraging domestic investment through more friendly tax policies specially targeting small and medium sized enterprises which could prove growth engine for the economy. Current account deficit, foreign currency inflows, stability in the forex rates are few of the performance parameters where the government has done well. On the other hand, continuous hike in electricity and gas tariff and ever increasing food prices have put a lot of pressure not only on the common man but also on the businesses squeezing their profit margins resulting in slowing down the economic wheel of the country.

Nevertheless, positive signs of economic revival are expected from the year 2021 as the increased government revenue from tax channels and fresh investment in public sector projects will lead to creation of jobs and incomes. Promoting manufacturing by creating a more investment friendly environment, broadening tax base and encouraging investment and value addition in export led industries are some of the urgent steps required to put the economy back on the growth path.

Your Modaraba, despite prevailing economic challenges, generated satisfactory results during the period under review. Total revenue of the Modaraba after incorporating reversal of provision on revaluation of stocks due to improvement in the stock market index stood at Rs. 17.68 million as compared to Rs. 16.90 million for the comparable period of the previous year wherein provision of Rs. 1.2 million had to be factored in on account of unrealized loss on equity portfolio. Funds generated from operations were efficiently utilized in fresh contracts at attractive rates. Diversification activities initiated previously in operating leases have yielded targeted results. Operating expenses were also kept under strict control. After accounting for all the expenses, your Modaraba, despite ever increasing cost of doing business, achieved a net profit (after tax) of Rs. 2.04 million which is marginally below the level of corresponding period of the previous year. Balance Sheet footings of your Modaraba stood at Rs. 368 million with the certificate holders equity of Rs. 307 million as at 31st December, 2019.

As you are aware, recovery from cases in litigation and stuck up portfolio has always remained a priority area for the management. As a result of persistent efforts to pursue legal cases, two of the cases are at the settlement stage. Once concluded, healthy addition to the liquidity and profitability would be achieved. Your management is also in the process of exploring new opportunities and avenues for growth in business and profitability by way of mergers, acquisitions and joint venture arrangements.

### EARNING PER CERTIFICATE

Earning per certificate of the Modaraba is Rs. 0.07 for the half year ended 31st December, 2019 which is at the same level of previous corresponding period.

Your management is fully committed to achieve growth in Modaraba's operations for the benefit of all the stake holders.

For & on behalf of the Board of Directors



Director



Basheer A. Chowdry  
Chief Executive

## ڈائریکٹرز کی رپورٹ

الحامد مندرجہ جینٹلمین (ایئر لائن) کے بورڈ آف ڈائریکٹرز (پورے سال 2019ء کو ختم ہونے والی ششماہی کے باقیاتی کو شواہد سے چیلن کرتے ہوئے خوشی محسوس کرتے ہیں۔

پاکستان کی معیشت ابھی تک ادائیگی کے توازن، بلند فراہم کار کے مسئلہ، قرضوں کی ادائیگیوں کے غیر معمولی بڑے پیمانے پر جو پچھلے سالوں سے شروع ہوئے ہیں اور آئی ایم ایف کے ساتھ ساتھ زبردستی مسمولات کی پالیسیوں، جن میں ہدف چھوٹے اور چاہے۔ جو ہستی سے کبھی معیشت کی تباہی حکومت کو IMF کے ساتھ اقدام کرنا چاہیے اور ایم ایف کے ساتھ دوست ممالک کی معاونت کی وجہ سے وقتی نوعیت کی آسانی کی گئی ہے بات ہم ہے کہ جرائمندان اور بہتر منصوبہ بندی کے لیے کیے گئے اقدامات کی وجہ سے یہ بات یقینی بنائی کہ وہ پاکستان معیشت میں تدارک لگائیں بھی بہتری ہو۔

پاکستان کو تھماتی کھانے کے خرابے پر مؤثر طور پر اثر ڈالنے کے لیے، ضروری ہے کہ برہد است پر کبھی سرمایہ کو لانے کے لیے مہیا کار ماحول کو یقینی بنانے کے ساتھ ساتھ زبردستی مسمولات کی پالیسیوں، جن میں ہدف چھوٹے اور درمیانے سائز کے ادارے ہوں، کبھی سرمایہ کاری کی حوصلہ افزائی کی جائے جو معیشت کی ترقی کا اچھا نتیجہ ہو سکتے ہیں۔ جاری کھانے کو خرابہ اور غیر کبھی زر مہیا کار کا قدر دہنی ترسلا ز اور غیر کبھی مہیا کاروں میں استحکام کو رکھنے کے چھوٹے ہیں جہاں حکومت نے اچھا کام کیا ہے۔ دو سرے سرمایہ کاری اور کس کے ترخوں میں مسلسل اضافہ اور غذائی پیدا کی برحق ہوئی کیوں سے عام آدمی بہت زیادہ ہوا یا مہیا کار کے ساتھ کارہ ہا کر کے والوں پر کبھی ہوا یا مہیا کار سے ان کے منافع میں کمی ہو رہی ہے جس کی وجہ سے کبھی معیشت کا پیمانہ سست رہی کا کھلا ہے۔

علاوہ ازیں، گورنمنٹ کے مسمولات کے ذرائع سے بگاڑی اور عوامی مناد کے شعبے میں سرمایہ کاری میں اضافے سے سال 2021 میں معیشت کی بحال کے مثبت اشارے متوقع ہیں جو روزگار آمدنی کے ذرائع پیدا کرے گا۔ معیشت کو ترقی کی راہیں وہاں ڈالنے کے لیے سرمایہ کاری کے لیے زیادہ تر مسمولات کی بنیاد میں متعلق اور سرمایہ کاری کی حوصلہ افزائی اور برآمدات کرنے والی صنعتوں کی قدر میں اضافے جیسے چند فوری اقدامات کے ذریعے سے ضمنی پیداوار کو فروغ ضروری ہے۔

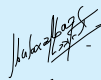
موجودہ معاشی مشکلات کے باوجود، آپ کے مندرجہ ذیل کارکردگی میں اطمینان بخش نتائج پیدا کئے۔ آپ کے مندرجہ ذیل بگاڑی آمدنی کی دوبارہ قدر پڑی کی داہنی کے وہ بیان کو شامل کرنے جس میں اضافہ کیا گیا ہے تاکہ ایک لاکھ اسی بیڑی کے بعد گزشتہ سال کی مدت سے 16.90 لاکھ روپے کے مقابلے میں سال 17.68 لاکھ روپے ہا جس میں اضافہ کیا گیا ہے سرمایہ کے پورٹ فولیو کے لیے کے گئے 1.2 لاکھ روپے کے وہ بیان بھی ایک مختصر قلم آپیشن سے ہونے والے خزانہ کو کھانوں پر بہتر ترخوں پر مؤثر طور پر استعمال کیا گیا تھا، آپریٹنگ لینز میں جو متخرج سر کریوں کا آغاز کیا گیا تھا اس لئے ضمنی ہدف حاصل کیے۔ آپریٹنگ اخراجات کو بھی چھوٹا کر دیا گیا تھا۔ تمام اخراجات کا حساب کتاب کرنے کے بعد، بعد ہوا کر کے برحق ہوئی کیوں سے باوجود، آپ کے مندرجہ ذیل 2.04 لاکھ روپے کا خاص منافع (بعد از محمول) حاصل کیا جو گزشتہ سال کی مدت سے معمولی کمی ہے۔ آپ کے مندرجہ ذیل 31 دسمبر 2019 میں سر بیٹھنے گئے گان کے نتیجے میں سرمایہ 307 لاکھ روپے کے ساتھ بیٹھنے ٹریٹ کی صورت حال 368 لاکھ روپے رہی۔

جیسا کہ آپ کا کہنا ہے کہ انکوائری کے لیے مقدمہ چلا رہی اور پچھلے پورٹ فولیو سے وصولیاتی ترجیح کری ہے۔ تسلسل سے جاری مقدمات میں کی جانے والی کوششوں کے نتیجے میں وہ مقدمات ٹھیکے کے مراحل میں ہیں۔ ان کے فیصلے سے مندرجہ ذیل سیلیٹ اور منافع پائی میں صحت مندانہ اضافہ ہو گا۔ آپ کی انکوائری کارہ ہا میں ترقی اور منافع پائی کے سلسلے میں اظہار، حاصل کرنے کا عمل (acquisitions) کی ترقی کارہ ہا کرنے کے مواقع اور اسے تلاش کرنے کے مراحل میں بھی ہے۔

31 دسمبر 2019 کو ختم ہونے والی نصف سالہ آمدنی کی سر بیٹھنے 0.07 روپے فی سر بیٹھنے جی ڈی سی سالہ مدت کے سی ملے ہے۔

آپ کی جینٹلمین سر بیٹھنے گئے گان کے ان قابل قدر اہم پر شکر گذار ہے اور منافع کو زیادہ سے زیادہ کرنے کے لیے بہتر کار کردگی اور مؤثر آپیشن کے ذریعے ہر کوشش جاری رکھی گی۔

ہاں ہر وقت ڈائریکٹرز کے چاہنے سے

  
 ڈائریکٹر

  
 چیئر مین

کراچی، 26 فروری 2020

## 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, 2019 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.

Karachi  
26<sup>th</sup> February, 2020

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, 2019 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, 2018 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2019.

### **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 10.3.2.1 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 made 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.

**CROWE HUSSAIN CHAUDHURY & CO.**  
Chartered Accountants

LAHORE  
Dated: 26<sup>th</sup> February 2020



**CONDENSED INTERIM BALANCE SHEET**  
AS AT DECEMBER 31, 2019

		(Un-audited) Dec 31, 2019	(Audited) June 30, 2019
	<b>Note</b>	-----Rupees-----	
<b>Current assets</b>			
Cash and bank balances		3,927,932	4,057,050
Short term investments	4	10,670,099	8,445,401
Advances, deposits, prepayments and other receivables	5	28,590,508	28,343,871
Short term murabaha finances	6	47,024,598	41,022,319
Current portion of long term murabaha finances	8	78,384,945	79,358,837
Ijarah rental receivables	7	14,766,440	14,756,103
Short term musharakah finances (secured - considered good)		31,045,754	29,336,042
Current portion of long term diminishing musharakah finances		592,041	912,833
Income tax refunds due from the Government		6,147,988	6,094,347
Stock in trade		908,209	1,130,042
<b>Total Current Assets</b>		<b>222,058,514</b>	<b>213,456,845</b>
<b>Non-current assets</b>			
Long term murabaha finances	8	17,632,105	19,764,637
Long term diminishing musharakah finances		1,182,047	1,448,984
Long term deposits		1,699,662	1,800,162
Long term investments	9	6,479,123	5,256,149
Investment property		13,702,550	13,702,550
Fixed assets	10	105,188,729	115,839,781
<b>Total Non-Current Assets</b>		<b>145,884,216</b>	<b>157,812,263</b>
<b>TOTAL ASSETS</b>		<b>367,942,730</b>	<b>371,269,108</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current portion of customers' security deposits		10,928,000	12,698,000
Current portion of deferred income on murabaha		6,234,609	6,854,911
Unclaimed dividends		12,911,540	12,930,127
Creditors, accrued and other liabilities	11	746,650	2,618,976
Loan from Modaraba Management Company - interest free unsecured		4,000,000	5,000,000
<b>Total current liabilities</b>		<b>34,820,799</b>	<b>40,102,014</b>
<b>Non-current liabilities</b>			
Deferred income on murabaha		2,086,889	2,685,512
Customers' security deposits		24,010,115	24,610,865
<b>Total Non-Current Liabilities</b>		<b>26,097,004</b>	<b>27,296,377</b>
<b>Total Liabilities</b>		<b>60,917,803</b>	<b>67,398,391</b>
<b>NET ASSETS</b>		<b>307,024,927</b>	<b>303,870,717</b>
<b>REPRESENTED BY</b>			
<b>CAPITAL AND RESERVES</b>			
Certificate capital		298,000,000	298,000,000
Reserves		9,024,927	5,870,717
Contingencies and Commitments	12	-	-
		<b>307,024,927</b>	<b>303,870,717</b>

The annexed notes from 1 to 22 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 YEARLY AND QUARTER ENDED DECEMBER 31, 2019**

Note	Half Yearly ended		Quarter ended		
	Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018	
	-----Rupees-----				
<b>Operating income</b>					
Income from ijarah	13	4,911,412	6,495,547	2,474,042	2,909,642
Profit on murabaha finances		5,410,939	6,640,675	2,535,803	4,108,779
Profit on musharakah finances		3,990,457	2,864,524	1,918,328	1,293,463
Income from investments - net	14	185,144	178,331	97,065	(55,178)
Trading income		64,497	636,209	64,497	468,379
Other income	15	1,132,214	882,386	544,521	530,860
		<b>15,694,663</b>	<b>17,697,672</b>	<b>7,634,256</b>	<b>9,255,945</b>
(Provision) / Reversal of provision against non performing finance and other receivables - net		-	335,945	-	50,000
Unrealized gain / (loss) on revaluation of held-for-trading investments		1,985,928	(1,152,937)	2,568,243	(603,244)
		<b>17,680,591</b>	<b>16,880,680</b>	<b>10,202,499</b>	<b>8,702,701</b>
Operating expenses	16	(15,241,396)	(14,391,493)	(8,206,884)	(7,893,222)
		<b>2,439,195</b>	<b>2,489,187</b>	<b>1,995,615</b>	<b>809,479</b>
Charge of Modaraba Management Company's fee		(243,920)	(248,919)	(199,562)	(80,948)
Profit before Taxation		<b>2,195,275</b>	<b>2,240,268</b>	<b>1,796,053</b>	<b>728,531</b>
Taxation		(150,567)	(72,383)	(150,567)	4,000
Net Profit for the Period		<b>2,044,708</b>	<b>2,167,885</b>	<b>1,645,486</b>	<b>732,531</b>
Earnings per Certificate - Basic and Diluted		<b>0.07</b>	<b>0.07</b>	<b>0.06</b>	<b>0.02</b>

The annexed notes from 1 to 22 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 YEARLY AND QUARTER ENDED DECEMBER 31, 2019**

	<i>Half Yearly ended</i>		<i>Quarter ended</i>	
	<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	-----Rupees-----			
Net Profit for the Period	2,044,708	2,167,885	1,645,486	732,531
<b>Other comprehensive Income:</b>				
Items that may be reclassified subsequently to profit and loss account	-	-	-	-
<b>Items that will not be reclassified to profit and loss account</b>				
- Net change in fair value of financial assets held at fair value through other comprehensive income	1,109,502	(1,374,488)	1,865,873	(846,249)
Other comprehensive income / (loss) for the period	1,109,502	(1,374,488)	1,865,873	(846,249)
<b>Total Comprehensive Income / (Loss) for the Period</b>	<b>3,154,210</b>	<b>793,397</b>	<b>3,511,359</b>	<b>(113,718)</b>

The annexed notes from 1 to 22 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 YEARLY ENDED DECEMBER 31, 2019**

	Note	Half Yearly ended	
		Dec 31 2019	Dec 31 2018
-----Rupees-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>			
Cash generated from operations	17	<b>4,393,943</b>	27,926,682
Decrease / (Increase) in non-current assets:			
- Long term murabaha finances		<b>3,106,424</b>	(9,059,852)
- Long term musharakah finances		<b>587,729</b>	690,429
(Decrease) / Increase in non-current liabilities:			
- Deferred income on murabaha		<b>(1,218,925)</b>	2,954,889
Purchase of ijarah assets		<b>(15,322,000)</b>	(35,671,956)
Receipts of customers' security deposits		<b>5,146,000</b>	10,108,165
Proceeds from disposal of ijarah assets		<b>4,415,370</b>	3,927,411
Income tax paid / deducted		<b>(204,208)</b>	(851,757)
<b>Net Cash Generated from Operating Activities</b>		<b>904,333</b>	24,011
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of owned assets		<b>(141,810)</b>	(281,300)
Proceeds from disposal of owned assets		-	40,000
Purchase of investments - net		<b>(113,472)</b>	(359,555)
Long term deposits		<b>100,500</b>	485,778
Dividends received		<b>139,918</b>	381,904
<b>Net Cash (used in) / generated from Investing Activities</b>		<b>(14,864)</b>	266,827
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit distributed to certificate holders		<b>(18,587)</b>	(85)
Loan repaid to the Modaraba Management Company		<b>(1,000,000)</b>	-
<b>Net Cash Used in Financing Activities</b>		<b>(1,018,587)</b>	(85)
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>		<b>(129,118)</b>	290,753
Cash and cash equivalents at the beginning of the period		<b>4,057,050</b>	4,161,839
<b>Cash and Cash Equivalents at the End of the Period</b>		<b>3,927,932</b>	4,452,592

The annexed notes from 1 to 22 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 YEARLY ENDED DECEMBER 31, 2019**

	Certificate capital	Statutory reserve	Reserves			Total	Total equity
			Surplus on Revaluation of Fixed Assets	Unrealized Loss on Revaluation of Investments	Accumulated loss		
<b>Balance as at June 30, 2018</b>	298,000,000	79,637,766	2,457,200	(3,586,151)	(70,505,945)	8,002,870	306,002,870
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) / income for six months period ended December 31, 2018	-	-	-	(1,374,488)	2,167,885	793,397	793,397
<b>Balance as at December 31, 2018</b>	<b>298,000,000</b>	<b>79,637,766</b>	<b>2,457,200</b>	<b>(4,960,639)</b>	<b>(68,338,060)</b>	<b>8,796,267</b>	<b>306,796,267</b>
Balance as at June 30, 2019	298,000,000	79,845,133	2,457,200	(6,755,141)	(69,676,475)	5,870,717	303,870,717
Net Profit for the period	-	-	-	-	2,044,708	2,044,708	2,044,708
Other comprehensive income for the period	-	-	-	1,109,502	-	1,109,502	1,109,502
Total comprehensive income for six months period ended December 31, 2019	-	-	-	1,109,502	2,044,708	3,154,210	3,154,210
<b>Balance as at December 31, 2019</b>	<b>298,000,000</b>	<b>79,845,133</b>	<b>2,457,200</b>	<b>(5,645,639)</b>	<b>(67,631,767)</b>	<b>9,024,927</b>	<b>307,024,927</b>

The annexed notes from 1 to 22 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, 2019**

### **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 offices are located at 301-320, 3rd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore and 51-A, Adjacent Standard Chartered Bank, Trust Plaza G.T Road, Gujranwala.

### **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, 2019 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 (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. Wherever, the requirements of IAS 34 differ with the requirements of the 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, 2019. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2019 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, 2018.
- 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 Listed Companies (Code of Corporate Governance) Regulations, 2019.
- 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, 2019.
- 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, 2019**

**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, 2019.

**4. SHORT TERM INVESTMENTS**

*Financial assets held at fair value through profit and loss:*

	(Un-audited) Dec 31 2019	(Audited) June 30 2019
NIT Islamic Unit Fund - at cost	2,229,137	2,187,970
Meezan Islamic Fund - at cost	1,763,965	1,763,965
Shares of listed companies - at cost	10,646,583	10,448,980
	<b>14,639,685</b>	<b>14,400,915</b>
Unrealized loss on revaluation - net	<b>(3,969,586)</b>	<b>(5,955,514)</b>
	<b>10,670,099</b>	<b>8,445,401</b>

**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	(Un-audited)		(Audited)	
		December 31, 2019		June 30, 2019	
Dec 31, 2019	June 30, 2019	Average cost	Market Value	Average Cost	Market Value
-----Rupees-----					
9,425	9,425	1,743,403	1,052,678	1,743,403	728,270
4,000	4,000	503,750	373,400	503,750	315,000
12,000	12,000	1,573,598	951,600	1,573,598	699,960
40,000	40,000	1,334,304	622,400	1,334,304	629,200
1,300	1,300	296,123	214,500	296,123	195,000
5,600	5,600	2,712,662	2,232,944	2,712,662	1,683,136
70,000	70,000	1,293,600	477,400	1,293,600	448,700
3,000	3,000	293,547	222,810	293,547	169,620
1,000	1,000	263,344	253,410	263,344	182,463
25,000	-	632,252	672,505	-	-
-	1,100	-	-	323,038	292,160
-	7,000	-	-	111,611	106,750
		<b>10,646,583</b>	<b>7,073,647</b>	<b>10,448,980</b>	<b>5,450,259</b>



**NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

		<i>(Un-audited)</i> <b>Dec 31</b>	<i>(Audited)</i> <b>June 30</b>
		<b>2019</b>	<b>2019</b>
<b>Note</b>	<b>-----Rupees-----</b>		
<b>5. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Loans / receivable from employees - considered good	5.1	<b>883,434</b>	1,737,404
Current portion of long term deposits		<b>186,900</b>	186,900
Prepayments		<b>5,091,117</b>	4,522,906
Accrued profit	5.2	<b>5,730,945</b>	4,701,611
Trade receivables - considered good		<b>11,199,620</b>	11,601,100
Legal suits' charges receivable		<b>3,726,453</b>	3,658,953
Provision for doubtful receivables		<b>(771,950)</b>	(771,950)
		<b>2,954,503</b>	2,887,003
Sundry receivables		<b>3,042,443</b>	3,205,401
Provision for doubtful receivables		<b>(498,454)</b>	(498,454)
		<b>2,543,989</b>	2,706,947
		<b>28,590,508</b>	28,343,871
<b>5.1</b>	This includes loan given to and receivables from executives amounting to Rs. 0.443 million (June 30, 2019: Rs. 1.380 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. 1.720 million (June 30, 2019: Rs. 2.090 million).		
<b>5.2</b>	<b>Accrued profit</b>		
Profit receivable on musharakah finances		<b>2,720,534</b>	1,691,200
Profit receivable on murabaha finances		<b>4,379,094</b>	4,379,094
Suspended income		<b>(1,368,683)</b>	(1,368,683)
		<b>3,010,411</b>	3,010,411
		<b>5,730,945</b>	4,701,611
<b>6. SHORT TERM MURABAHA FINANCES - SECURED</b>			
Considered good		<b>17,002,498</b>	10,572,219
Considered doubtful:			
- Regular parties		-	6,218,088
- Parties under litigation	6.1	<b>58,722,400</b>	52,932,312
		<b>58,722,400</b>	59,150,400
Provision for classified receivables under Prudential Regulations for Modarabas		<b>(28,700,300)</b>	(28,700,300)
		<b>47,024,598</b>	41,022,319
<b>6.1</b>	These represent receivables from 6 (June 30, 2019: 5) 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, 2019: 5) cases for recovery of Rs. 73.771 million (June 30, 2019: Rs. 73.771 million), while execution petitions for these cases are pending.		



**NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

		(Un-audited) Dec 31 2019	(Audited) June 30 2019
Note		-----Rupees-----	
<b>7. IJARAH RENTALS RECEIVABLE - SECURED</b>			
Considered good		595,224	642,783
Considered doubtful:			
- Regular parties		180,952	123,056
- Parties under litigation		34,849,086	34,849,086
Suspended ijarah income - considered doubtful		(17,900,639)	(17,900,639)
Provision for doubtful ijarah rental receivables		(2,958,183)	(2,958,183)
		<u>14,766,440</u>	<u>14,756,103</u>
<b>8. LONG TERM MURABAHA FINANCES - SECURED</b>			
Considered good		53,995,896	55,455,838
Considered doubtful	8.2	44,747,761	46,394,243
		98,743,657	101,850,081
Provision for doubtful long term murabaha finances		(2,726,607)	(2,726,607)
		96,017,050	99,123,474
Current / overdue portion grouped under current assets		(78,384,945)	(79,358,837)
		<u>17,632,105</u>	<u>19,764,637</u>
<b>8.1</b>	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.		
<b>8.2</b>		48,201,945	49,833,912
Considered doubtful			
Suspended income	8.2.1	(3,454,184)	(3,439,669)
	8.2.2	44,747,761	46,394,243
<b>8.2.1 Suspended income</b>			
Opening balance		3,439,669	3,613,002
Recovery during the period / year		(108,176)	(676,471)
Suspension made during the period / year		122,691	503,138
		<u>3,454,184</u>	<u>3,439,669</u>
<b>8.2.2</b>	This includes receivable from 4 (June 30, 2019: 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, 2019: 3) cases for recovery of Rs. 60.662 million (June 30, 2019: Rs. 60.662 million) out of which Rs. 15.5 million have been recovered.		
<b>9. LONG TERM INVESTMENTS</b>			
<b>Financial assets held at fair value through other comprehensive income:</b>			
Equity securities (quoted - at cost)	9.1	11,500,747	11,387,275
Unrealized loss on revaluation of investments		(5,021,624)	(6,131,126)
Net investments at fair value		<u>6,479,123</u>	<u>5,256,149</u>



**NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

**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	<i>(Un-audited)</i>		<i>(Audited)</i>		
		December 31, 2019		June 30, 2019		
<i>Dec 31, 2019</i>	<i>June 30, 2019</i>	Average cost	Market Value	Average Cost	Market Value	
-----Rupees-----						
8,000	8,000	D.G. Khan Cement Company Limited	1,321,722	594,160	1,321,722	452,320
3,500	3,500	Lucky Cement Limited	2,112,901	1,499,400	2,112,901	1,331,645
11,000	11,000	Sui Northern Gas Pipelines Limited	1,589,637	837,870	1,589,637	764,390
110,000	110,000	Pakistan Telecommunication company Limited	1,723,144	1,029,600	1,723,144	909,700
20,581	11,125	Maple Leaf Cement Factory Limited	843,675	476,244	730,203	265,776
3,000	3,000	Shell Pakistan Limited	1,318,331	760,230	1,318,331	547,380
10,000	10,000	Pioneer Cement Limited	591,961	304,900	591,961	226,500
5,175	5,175	The Searle Company Limited	1,999,376	976,719	1,999,376	758,438
			<b>11,500,747</b>	<b>6,479,132</b>	<b>11,387,275</b>	<b>5,256,149</b>

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>Dec 31</i>	<i>June 30</i>
	<i>2019</i>	<i>2019</i>
Note	-----Rupees-----	

**10. FIXED ASSETS**

Intangible asset	10.1	-	-
Operating fixed assets given on lease / ijarah - tangible	10.2	<b>93,071,118</b>	103,576,825
Operating fixed assets in own use - tangible	10.3	<b>12,117,611</b>	12,262,956
		<b>105,188,729</b>	<b>115,839,781</b>

**10.1** This represents fully amortized Enterprise Resource Planning (ERP) software costing Rs. 1.05 million.

**10.2 Operating assets given on ijarah**

Opening written down value	<b>103,576,825</b>	83,315,572
Additions during the period / year	<b>15,322,000</b>	67,439,150
Disposals during the period / year	<b>(11,206,750)</b>	(19,864,812)
	<b>107,692,075</b>	130,889,910
Depreciation charge for the period / year	<b>(14,620,957)</b>	(27,313,085)
	<b>93,071,118</b>	<b>103,576,825</b>

**NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

		(Un-audited) Dec 31 2019	(Audited) June 30 2019
Note		-----Rupees-----	
<b>10.3 Fixed assets in own use</b>			
		12,262,956	22,913,487
		141,810	356,498
		-	(10,397,550)
		<u>12,404,766</u>	<u>12,872,435</u>
		(287,155)	(609,479)
		<u>12,117,611</u>	<u>12,262,956</u>
<b>10.3.1 Additions during the period / year</b>			
		53,630	96,520
		49,630	156,278
		38,550	103,700
		<u>141,810</u>	<u>356,498</u>
<b>10.3.2 Book value at the end of period / year</b>			
		10,728,400	10,728,400
		286,468	279,245
		633,473	715,266
		137,427	207,765
		331,843	332,280
		<u>12,117,611</u>	<u>12,262,956</u>
<b>10.3.2.1</b>	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.		
<b>11. CREDITORS, ACCURED AND OTHER LIABILITIES</b>			
		-	9,360
		243,920	133,116
		159,904	159,904
		342,826	2,316,596
		<u>746,650</u>	<u>2,618,976</u>
<b>11.1</b>	It includes charity payable amounting to Rs. 100,737 (June 30, 2019: Rs. 100,054). The reconciliation is as follows:		
		100,054	66,292
		683	50,762
		-	(17,000)
		<u>100,737</u>	<u>100,054</u>
None of the directors and employees of the Modaraba Management Company have any interest in the charity.			



**NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	<i>(Un-audited)</i> <b>Dec 31</b>	<i>(Audited)</i> <b>June 30</b>
	<b>2019</b>	<b>2019</b>
<b>Note</b>	-----	-----
	<b>Rupees</b>	<b>Rupees</b>

**12. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

There is no material change in the status of contingencies as reported in financial statements of the Company for the year ended June 30, 2019.

**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:

Not later than one year	<b>1,455,432</b>	1,800,000
Later than one year and not later than five years	<b>882,744</b>	1,219,602
	<b>2,338,176</b>	<b>3,019,602</b>
Disbursements of Ijarah / Murabaha / Musharakah to be made	<b>-</b>	<b>2,000,000</b>

*(Un-audited)*

<i>Half Yearly ended</i>		<i>Quarter ended</i>	
<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>
<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
-----Rupees-----			

**13. INCOME FROM IJARAH - NET**

Income from leasing and ijarah operations	<b>20,968,565</b>	17,980,073	<b>10,458,306</b>	9,583,164
Income suspended during the year	-	(10,460)	-	(10,460)
Receipts against suspended income	-	1,416,094	-	8,850
	<b>20,968,565</b>	19,385,707	<b>10,458,306</b>	9,581,554
Less: Depreciation on fixed assets given on ijarah	<b>(14,620,957)</b>	(11,911,779)	<b>(7,269,433)</b>	(6,160,695)
Less: Insurance on ijarah assets	<b>(1,436,196)</b>	(978,381)	<b>(714,831)</b>	(511,217)
	<b>4,911,412</b>	6,495,547	<b>2,474,042</b>	2,909,642

**14. INCOME FROM INVESTMENTS - NET**

Dividend income on equity investments	<b>132,218</b>	301,904	<b>70,668</b>	91,404
Profit on long term investments	-	39,801	-	16,792
Profit / (loss) on sale of short term investments	<b>52,926</b>	(163,374)	<b>26,397</b>	(163,374)
	<b>185,144</b>	178,331	<b>97,065</b>	(55,178)

**15. OTHER INCOME**

Processing, documentation, other fees and charges	<b>146,250</b>	187,360	<b>96,320</b>	131,860
Gain on disposal of fixed assets	<b>725,370</b>	517,529	<b>307,477</b>	295,950
Miscellaneous income	<b>260,594</b>	177,497	<b>140,724</b>	103,050
	<b>1,132,214</b>	882,386	<b>544,521</b>	530,860

**NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

<i>(Un-audited)</i>			
<i>Half Yearly ended</i>		<i>Quarter ended</i>	
<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>
<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
-----Rupees-----			

**16. OPERATING EXPENSES**

Salaries, allowances and other benefits	<b>6,902,434</b>	6,513,211	<b>3,558,586</b>	3,595,609
Legal and professional charges	<b>338,078</b>	207,248	<b>161,578</b>	207,248
Fees and subscription	<b>1,484,560</b>	1,396,607	<b>845,662</b>	793,636
Electricity, gas and water	<b>570,315</b>	439,997	<b>331,711</b>	220,143
Telephone, postage and courier	<b>378,109</b>	384,497	<b>240,917</b>	220,567
Rent, rates and taxes	<b>994,649</b>	927,261	<b>498,797</b>	463,467
Printing and stationery	<b>397,384</b>	481,718	<b>270,633</b>	297,655
Travelling and conveyance	<b>285,810</b>	208,075	<b>251,142</b>	132,348
Entertainment	<b>297,949</b>	306,891	<b>148,202</b>	139,673
Insurance	<b>116,463</b>	116,647	<b>58,101</b>	53,677
Advertisement	<b>144,931</b>	287,600	<b>144,931</b>	163,425
Vehicle running	<b>1,070,048</b>	978,478	<b>555,360</b>	444,508
Newspaper and periodicals	<b>12,460</b>	11,531	<b>5,720</b>	5,775
Repairs and maintenance	<b>811,724</b>	782,202	<b>426,194</b>	466,650
Depreciation on own assets	<b>287,155</b>	317,741	<b>143,094</b>	156,951
Ijarah rental expense - vehicle	<b>954,432</b>	900,000	<b>473,328</b>	450,000
Bank charges and commission	<b>3,635</b>	18,130	<b>2,671</b>	12,795
Sales Tax	<b>15,702</b>	26,126	<b>915</b>	23,726
Miscellaneous	<b>175,558</b>	87,533	<b>89,342</b>	45,369
	<b>15,241,396</b>	14,391,493	<b>8,206,884</b>	7,893,222



**NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	<i>(Un-audited)</i>	
	<u>Dec 31</u>	<u>Dec 31</u>
	<u>2019</u>	<u>2018</u>
	-----Rupees-----	
<b>17. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	2,195,275	2,240,268
<b>Adjustments for non-cash and other items:</b>		
- Depreciation:		
Under ijarah	14,620,957	317,741
In own use	287,155	(19,831)
- Charges / (reversal) against short term murabaha receivables - net	-	(400,614)
- Charges / (reversal) against ijarah rentals receivables - net	-	84,500
- Charges / (reversal) against legal suits' charges receivables - net	-	(477,529)
- Gain on termination / disposal of ijarah assets	(725,370)	(40,000)
- Gain on disposal of owned assets	-	(39,801)
- Profit on long term investment - available for sale	-	163,374
- (Gain) / loss realized on sale of short term investment - held for trading	(52,926)	
- Unrealized (gain) / loss on revaluation of short term investments - held for trading	(1,985,928)	1,152,937
- Dividend income	(132,218)	(301,904)
	<u>12,011,670</u>	<u>12,350,652</u>
<b>Operating profit before working capital changes</b>	<b>14,206,945</b>	<b>14,590,920</b>
Decrease / (increase) in current assets		
- Short term investment - net	(185,844)	(2,526,587)
- Advances, deposits, prepayments and other receivables	(254,337)	(5,273,752)
- Short term murabaha finances	(6,002,279)	5,717,639
- Short term musharakah finances	(1,709,712)	3,970,775
- Ijarah rental receivables	(10,337)	4,841,959
- Stock in trade	221,833	4,888,955
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	(1,872,326)	1,716,773
	<u>(9,813,002)</u>	<u>13,335,762</u>
<b>Cash generated from operations</b>	<b>4,393,943</b>	<b>27,926,682</b>

**18 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, 2019**

	Half Yearly ended			
	Dec 31	Dec 31		
	2019	2018		
	(Un-audited)	(Un-audited)		
	-----Rupees-----			
<b>Transactions during the period</b>				
<b>Related party</b>	<b>Relationship</b>	<b>Nature of transaction</b>		
Al-Zamin Modaraba Management (Private) Limited	Modaraba Management Company	Management fee and others	<b>243,920</b>	248,919
Employees' Provident Fund	Associated undertaking	Contribution for the period	<b>343,593</b>	309,550
Executives and close relatives thereof	Associated persons	Repayment of loan	<b>937,000</b>	133,332
		Receipt of principal under long term diminishing musharakah finances	-	133,333
		Profit accrued under long term diminishing musharakah finances	-	8,643
		Receipts of profit under long term diminishing musharakah finances	-	8,668
			<b>Dec 31,</b>	<b>June 30,</b>
			<b>2019</b>	<b>2019</b>
			(Un-audited)	(Audited)
			-----Rupees-----	
<b>Outstanding Balances as at,</b>				
Al-Zamin Modaraba Management (Private) Limited		Payable against management fee and others	<b>243,920</b>	133,116
		Loan payable	<b>4,000,000</b>	5,000,000
Executives and close relatives thereof		Loan receivables	<b>111,002</b>	1,048,002
		Receivable against sale of vehicle	<b>332,062</b>	332,062



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

### 19 Segment Reporting

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

<b>Types of segments</b>	<b>Nature of business</b>
- 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.



**NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

**19.2 Segment analysis**

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

	December 31, 2019		December 31, 2018		Total	Trading	Invest- ments	Murabaha Finances	Ijarah Finances	Musharakah Finances	Invest- ments	Trading	Total
	Murabaha Finances	Ijarah Finances	Musharakah Finances	Invest- ments									
<b>Segment revenues / profits</b>	Rupees—												
	(Un-Audited)												
Revenues	5,453,109	21,836,946	4,042,407	132,218	64,497	31,529,177	6,699,225	20,032,422	2,891,474	341,705	636,209	30,601,035	
Depreciation	-	(14,620,957)	-	-	-	(14,620,957)	-	(11,911,779)	-	-	-	(11,911,779)	
Loss on disposal	-	-	-	52,926	-	52,926	-	-	-	(163,374)	-	(163,374)	
Unrealized loss on revaluation of investments (Provision) / Reversal for doubtful receivables	-	-	-	1,985,928	-	1,985,928	-	-	-	(1,152,937)	-	(1,152,937)	
<b>Reportable segment profit</b>	<b>5,453,109</b>	<b>7,215,989</b>	<b>4,042,407</b>	<b>2,171,072</b>	<b>64,497</b>	<b>18,947,074</b>	<b>6,769,056</b>	<b>8,386,757</b>	<b>2,891,474</b>	<b>(974,606)</b>	<b>636,209</b>	<b>17,708,890</b>	
	December 31, 2019—												
	(Un-Audited)												
<b>Reportable segment assets</b>	<b>147,993,662</b>	<b>112,125,466</b>	<b>35,540,376</b>	<b>17,149,223</b>	<b>12,107,629</b>	<b>324,916,456</b>	<b>144,590,662</b>	<b>122,417,702</b>	<b>33,389,059</b>	<b>13,709,250</b>	<b>12,731,142</b>	<b>326,837,815</b>	
<b>Reportable segment liabilities</b>	<b>8,321,498</b>	<b>34,938,115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,259,613</b>	<b>9,540,423</b>	<b>39,008,865</b>	<b>-</b>	<b>100,054</b>	<b>-</b>	<b>48,649,342</b>	
<b>Additions to non-current assets</b>	<b>-</b>	<b>15,322,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,322,000</b>	<b>-</b>	<b>67,439,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,439,150</b>	



**NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	<i>(Un-audited)</i>	<i>(Un-audited)</i>
	<u>Dec 31</u>	<u>Dec 31</u>
	<u>2019</u>	<u>2018</u>
	-----Rupees-----	

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

**Revenue**

Total revenues for reportable segments	<b>31,529,177</b>	30,601,035
Other revenues	<b>(15,834,514)</b>	150,171
Modaraba's revenues	<u><b>15,694,663</b></u>	<u>30,751,206</u>

**Profit / (Loss)**

Total profit for reportable segments	<b>18,947,074</b>	17,708,890
Other expenses - net	<b>(16,902,366)</b>	(15,541,005)
	<u><b>2,044,708</b></u>	<u>2,167,885</u>

	<u>Dec 31</u>	<u>June 30</u>
	<u>2019</u>	<u>2019</u>
	(Un-audited)	(Audited)
	-----Rupees-----	

**Assets**

Total assets for reportable segments	<b>324,916,456</b>	326,837,815
Corporate assets unallocated	<b>39,098,342</b>	40,374,243
Cash and bank balances	<b>3,927,932</b>	4,057,050
Total assets as per the balance sheet	<u><b>367,942,730</b></u>	<u>371,269,108</u>

**Liabilities**

Total liabilities for reportable segments	<b>43,259,613</b>	48,649,342
Corporate liabilities unallocated	<b>17,658,190</b>	18,749,049
Total liabilities as per the balance sheet	<u><b>60,917,803</b></u>	<u>67,398,391</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.

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

**20 FINANCIAL RISK MANAGEMENT**

**20.1 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.

**NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

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, 2019. There have been no changes in any risk management policies since the year end.

**20.2 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, 2019 (Un-audited):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>
	-----Rupees-----			
<b>Assets</b>				
Short term investments	10,670,099	-	-	10,670,099
Long term investments	6,479,123	-	-	6,479,123
	<u>17,149,222</u>	<u>-</u>	<u>-</u>	<u>17,149,222</u>

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>
	-----Rupees-----			
<b>Assets</b>				
Short term investments	8,445,401	-	-	8,445,401
Long term investments	5,256,149	-	-	5,256,149
	<u>13,701,550</u>	<u>-</u>	<u>-</u>	<u>13,701,550</u>

During the half year ended December 31, 2019, 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.

**21 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements (un-audited) are approved and authorized for issuance on February 26, 2020 by the Board of Directors of the Management Company.

**22 General**

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



**NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

<b>Nature</b>	<b>From</b>	<b>To</b>	<b>Amount (Rupees)</b>
Dividend income on equity investments	Face of condensed interim profit and loss account	Income from investments - net (Note 14)	301,904
Profit on disposal of long term investments - available-for-sale	Face of condensed interim profit and loss account	Income from investments - net (Note 14)	39,801
Loss on disposal of short term investments - held-for-trading	Operating expenses (Note 16)	Income from investments - net (Note 14)	163,374
Depreciation on fixed assets given on ijarah	Face of condensed interim profit and loss account	Income from ijarah (Note 13)	11,911,779
Insurance expense on ijarah assets	Operating expenses (Note 16)	Income from ijarah (Note 13)	978,381

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER



















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