

# Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (Private) Limited.

## HALF YEARLY **REPORT**

31<sup>st</sup> DECEMBER, 2022



[www.trustmodaraba.com](http://www.trustmodaraba.com)

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# CORPORATE INFORMATION

## MODARABA COMPANY

Al-Zamin Modaraba Management (Private) Limited

### BOARD OF DIRECTORS

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

### MANAGEMENT

Mr. Basheer Ahmed Chowdry	Chief Executive
Ms. Hamida Aqeel	Chief Operating Officer/Company Secretary
Mr. Shiraz Butt	Chief Financial Officer

### AUDIT COMMITTEE

Mr. Syed Etrat Hussain Rizvi	Chairman
Mr. Mian Sheikh Arshad Farooq	Member
Mr. Syed Shahnawaz Ahmed Rizvi	Member
Mr. Mohammad Yasin	Member
Ms. Hamida Aqeel	Secretary to the committee

### HUMAN RESOURCE COMMITTEE

Mr. Muhammad Yasin	Chairman
Mr. Syed Etrat Hussain Rizvi	Member
Dr. Mrs. Namoos Baquar	Member
Mr. Basheer Ahmed Chowdry	Member
Ms. Hamida Aqeel	Secretary to the committee

### INTERNAL AUDITORS

UHY Hassan Naeem & Co.  
Chartered Accountants

### AUDITORS OF THE MODARABA

Grant Thornton Anjum Rahman.  
Chartered Accountants

### BANKER

Meezan Bank Limited

### LEGAL ADVISORS

Holscott International  
S&B Durrani Law 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

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

### REGISTRARS

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

## DIRECTORS' REPORT

The Directors of Al-Zamin Modaraba Management (Private) Limited are pleased to present the financial statements of Trust Modaraba for the half year ended on 31st December, 2022 to the certificate holders. External Auditors have conducted limited scope review of these financial statements as per the requirements of the Code of Corporate Governance.

### ECONOMIC REVIEW

In already struggling economies, any political shake up can disturb the economy's entire momentum of progress, slowing down the pace of economic activity, creating a sense of insecurity in the financial sector and diverting the nation's progress towards economic and financial security. This is exactly what has happened in Pakistan. The coalition government that assumed reins of power in early last year faces huge challenges by way of spiraling inflation, massive devaluation of Pak rupee against major world currencies, increasing fuel prices, inflation and depleting foreign exchange reserves. Political instability has reversed the process of development resulting in recurring financial crises.

An IMF deal is the urgent need for Pakistan at the moment. The coalition government held its initial talks with the IMF delegation in January to unlock stalled funds from US\$ 7 billion bailout package to ward off an economic meltdown. Though the government is optimistic about resumption of disbursements, nevertheless it is widely believed that the government will find the matters tough as IMF has demanded belt tightening that is bound to be unpopular with the public at large already grappling with decades of high inflation and fewer job prospects.

The economic outlook will be shaped largely by the restoration of political stability and continued implementation of reforms under the revived IMF program to stabilize the economy and restore external and fiscal buffers.

### PERFORMANCE

Earnings of your Modaraba during the half year ended on 31st December, 2022 from core business activities remained positive even during the most challenging economic conditions. The Modaraba's income from operating activities during the first six months of the current financial year stood at Rs.21.68 million. In addition to provision of Rs.0.75 million for doubtful receivables recorded in the books of accounts in accordance with the accounting standard IFRS 9, unrealized loss of Rs.2.17 million on re-valuation of held for trading investments had to be accounted for due to depreciation in the stock market index. Operating expenses stood at Rs.19.76 million. Mainly due to unprecedented decrease in the stock market index and depreciation in the market price of the shares, your Modaraba closed the half year ended on 31st December, 2022 at a loss of Rs.1.81 million. In view of the uncertain political and economic conditions, the Management as a prudent policy did not take benefit of the deferred tax asset which if accounted for would have translated into a positive net result. Certificate holders equity stood at Rs.324.76 million as at 31st December, 2022.

During the period under review, your Modaraba booked fresh disbursements of Rs.83.65 million mainly in Diminishing Musharakah and Murabahah modes of financing. The asset portfolio developed is a well-balanced combination of corporates, high net worth individuals and SMEs with a very satisfactory performance of repayments.

Pakistan currently is going through a period of profound uncertainty not only due to economic vulnerabilities across the world but also due to political instability which has triggered severe financial crises for the country. Times ahead are challenging and unless political stability is restored, way forward will remain hazy and unclear. Under the circumstances, your management will adopt cautious and conservative approach toward business transactions. Focus will also remain on achieving efficiencies in operating expenses without compromising on the quality of operations. Follow up for recoveries shall, as always, remain a priority area of attention to achieve realization of our funds stuck up in legal cases.

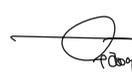
### EARNING PER CERTIFICATE

Earning per certificate of your Modaraba stands at Rs.(0.06) as at 31st December, 2022 as compared to Rs.0.49 for the previous corresponding period.

Your management is fully committed to achieve further growth in the operations of the Modaraba for the benefit of all the stakeholders.

22<sup>nd</sup> February, 2023.

For and on behalf of Trust Modaraba



DIRECTOR



CHIEF EXECUTIVE

## ڈائریکٹر کی رپورٹ

الضمان مضاربہ بینجمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز (بورڈ کے ناظمین)، جو ٹرسٹ مضاربہ کی بینجمنٹ کھینچی ہے، کی جانب سے 31 دسمبر 2022 پر اختتام پذیر نصف سال پر مضاربہ کی ڈائریکٹرز کی رپورٹ بمع غیر محتسب شدہ مالیاتی دستاویزات اپنے سرٹیفیکٹ کنندگان کو پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ اداراتی نظم و ضبط کے ضابطہ کی قدغن کے تحت بیرونی آڈیٹرز نے ان مالیاتی دستاویزات کے دائرہ کار کا محدود جائزہ لیا ہے۔

## معاشی جائزہ

پہلے ہی سے جدوجہد کرتی ہوئی معیشت میں، کوئی بھی سیاسی بالچیل تمام معیشت کی ترقی کی رفتار کو متاثر کر سکتی ہے؛ معاشی سرگرمی کی رفتار میں سست روی، مالیاتی شعبے میں عدم تحفظ کا احساس پیدا کرنے اور قومی ترقی کارخ معاشی اور مالیاتی عدم تحفظ کی جانب موڑنا ہوتا ہے۔ یہ بالکل ویسا ہے جو پاکستان میں ہو چکا ہے۔ گلہ جوڑی حکومت، جس نے گذشتہ سال کے آغاز میں حکومت کی باگ دوڑ سنبھالی، جسے گولے کی طرح بڑھتی ہوئی چھوٹائی، غیر ملکی کرنسیز (currencies) کے مقابلے میں پاکستانی روپے کی قدر میں بے پناہ کمی، ایندھن کی بڑھتی ہوئی قیمتیں،، مہنگائی اور کم ہوتے ہوئے غیر ملکی زرمبادلہ کے کم ہوتے ہوئے ذخائر جیسے سنگین مسائل کا سامنا ہے۔ سیاسی عدم استحکام نے ترقی کے عمل کا پہیہ اٹا گھما دیا ہے جس کا نتیجہ ملک کو بار بار کے مالیاتی بحرانوں کا سامنا ہے۔ فی الوقت پاکستان کے لیے بین القوامی مالیاتی فنڈ (IMF) سے معاہدہ کرنا اس کی فوری ضرورت ہے۔ اتحادی حکومت نے جنوری میں بین القوامی مالیاتی فنڈ کے وفد سے ابتدائی مذاکرات کا آغاز کیا تاکہ سات (7) ارب امریکی ڈالر کے منجملہ آؤٹ (bailout) پیکیج میں رکاوٹوں کو دور کر کے معاشی تباہی سے بچا جاسکے۔ اگرچہ حکومت پر امید ہے کہ ادائیگیاں کا آغاز ہو جائے گا، اس کے باوجود وسیع پیمانے پر یہ خیال موجود ہے کہ دہائیوں سے بلند افراط زر اور روزگار کے کم مواقعوں کے پس منظر میں بین القوامی مالیاتی فنڈ کے سخت اقدامات کے تقاضے سے، حکومت کے لئے معاملات کو سنبھالنا مشکل ہو گا کیونکہ سخت فیصلوں سے حکومت غیر مقبول ہو گی۔

معیشت کے منظر نامہ کی حتمی شکل کا زیادہ انحصار سیاسی استحکام کی بحالی اور بین القوامی مالیاتی فنڈ کے بحال ہونے والے پروگرام کے تحت اصلاحات کا تسلسل سے نفاذ پر ہے تاکہ معاشی استحکام ہو سکے اور بیرونی اور مالیاتی بفرز (buffer) کو بحال کیا جاسکے۔

## کارکردگی کا جائزہ

31 دسمبر 2022 پر اختتام پذیر نصف سال کے دوران، انتہائی مشکل معاشی حالات میں، آپ کے مضاربہ کی اپنی بنیاد یکا رو باہمی سرگرمیوں سے حاصل آمدنی مثبت رہی۔ جاری مالی سال کے پہلے چھ ماہ میں مضاربہ کی آپریٹنگ سرگرمیوں سے آمدنی نے 21.68 ملین روپے رہی۔ اس کے علاوہ اکاؤنٹنگ اسٹیٹمنٹ (IFRS 9) کے مطابق حساب کتاب کے کھاتوں میں 0.75 ملین روپے مشکوک قابل وصولی اثاثہ جات کو مختص کیا اور اسٹاک مارکیٹ انڈیکس کی فرسودگی کی وجہ سے تجارتی سرمایہ کاری کی دوبارہ قدر پذیری کے سبب ہونے والا 2.17 ملین روپے کے غیر حتمی نقصان کی مد میں مختص کئے۔ آپریٹنگ اخراجات 19.76 ملین روپے رہے۔ آپ کے مضاربہ نے 31 دسمبر 2022 پر اختتام پذیر نصف سال پر 1.81 ملین روپے کا نقصان دکھایا جس کی بنیادی وجہ اسٹاک مارکیٹ انڈیکس میں غیر معمولی کمی اور حصص کی مارکیٹ پر انس کی فرسودگی تھیں۔ غیر یقینی سیاسی اور معاشی حالات میں، انتظامیہ نے بطور محتاط پالیسی کے، اتوا شدہ ٹیکس اثاثہ کا فائدہ نہیں اٹھایا جسے اگر کر لیا جاتا تو اس کا اثر مثبت خالص نتیجہ دیتا۔ 31 دسمبر 2022 پر سرٹیفیکٹ کنندگان کے ملکی سرمایہ 324.76 ملین روپے رہا۔

زیر غور جائزہ مدت میں، آپ کے مضاربہ نے زیادہ تر گھٹنا ہوا امٹار کہ اور مراحمہ کی اقسام کی فرانسنگ میں 83.65 ملین روپے کی نیا ادائیگیاں کیں۔ موجودہ اثاثہ جات کا پور نفویو اداراتی، اچھی خالص مالی قدر والے افراد اور SMEs کا ایک بہترین ملاپ ہے جس کی واپس ادا ایلیوں کی کارکردگی اطمینان بخش ہے۔

فلوٹ پاکستان ایک سنگین غیر یقینی کے دور سے گذر رہا ہے جس کی وجہ نہ صرف دنیا بھر میں ہونے والی معاشی زد پذیر یوں کے ساتھ ساتھ ملک میں سیاسی عدم استحکام ہے جو ملک میں شدید مالی بحرانوں کا سلسلہ شروع کر چکا ہے۔ آنے والے وقت مشکلات کا ہو گا تا وقتیکہ سیاسی استحکام بحال ہو، آنے والا وقت دھندلہ اور غیر واضح رہے گا۔ موجودہ حالات میں، آپ کی انتظامیہ کاروباری لین دین میں محتاط اور قدامت پسندانہ رویہ اختیار کرے گی۔ ہماری توجہ آپریشن کے معیار پر مفاہمت کئے بغیر آپریٹنگ اخراجات میں بہتری لانے پر ہو گی۔ ہمیشہ کی طرح، مقدمے بازی میں پھنسے ہوئے فنڈز کی وصولیات حاصل کرنا توجہ کا مرکز رہے گی۔

## آمدنی سرٹیفیکٹ

31 دسمبر 2022 پر آمدنی سرٹیفیکٹ (0.60) روپے فی سرٹیفیکٹ رہی جبکہ گذشتہ سال اسی مدت میں یہ آمدنی 0.49 روپے سرٹیفیکٹ تھی۔

آپ کی انتظامیہ، مضاربہ کے آپریشن کے ذریعے سے، تمام شرکاء مفاد کے فائدے کے لیے نمویں اضافے کے لیے پر عزم ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



ڈائریکٹر



چیف ایگزیکٹو آفیسر

کراچی،

22 فروری 2023

## 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 December 31, 2022, in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas, 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. 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.
- III. 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.
- IV. 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.

22nd February 2023, Karachi

**Muhammad Zubair Usmani**  
Jamia Darul Uloom Karachi.

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE CERTIFICATE HOLDERS OF TRUST MODARABA

## INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of Trust Modaraba (the Modaraba) as at **December 31, 2022** and the related condensed interim statement of profit or loss, 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 half year then ended (here-in-after referred to as "the condensed interim financial statements"). The Modaraba Management Company [Al Zamin Modaraba Management (Private) Limited] is responsible for the preparation and presentation of the interim financial statements in accordance with approved 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.

## 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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

## EMPHASIS OF MATTER

We draw attention to note 12.3.3 to the condensed interim financial statements for the half year ended December 31, 2022, which inter alia states the details of land which is owned but not in the possession of the Modaraba. Our opinion is not modified in respect of this matter.

## OTHER MATTER

The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the three month's ended December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six month's ended December 31, 2022.

The engagement partner on the review resulting in this independent auditors' review report is **Muhammad Shaukat Naseeb**.

## Grant Thornton Anjum Rahman

Chartered Accountants

Date: 22<sup>nd</sup> February, 2023.

Karachi

UDIN:

# CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2022

(Un-audited) (Audited)  
December 31, 2022 June 30, 2022

	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		8,170,450	7,690,515
Short term investments	4	25,499,745	32,908,149
Advances, deposits, prepayments and other receivables	5	10,420,404	28,291,113
Short term murabaha finances	6	28,068,608	30,990,535
Ijarah rental receivables	7	4,022,134	4,048,929
Current portion of long term murabaha finances	8	73,383,365	79,992,821
Short term musharakah finances (secured - considered good)	9	14,126,225	23,689,845
Current portion of long term diminishing musharakah finances	10	10,241,927	1,704,637
Income tax refundable		2,694,676	3,072,891
		176,627,534	212,389,435
Assets classified as held for sale		8,625,000	8,625,000
<b>Total current assets</b>		185,252,534	221,014,435
<b>Non-current assets</b>			
Murabaha finances	8	4,188,513	19,195,330
Diminishing musharakah finances	10	31,375,663	2,773,749
Deferred taxation		1,160,917	1,160,917
Deposits		707,962	1,106,562
Long term investments	11	6,773,351	7,281,478
Fixed assets	12	162,189,420	163,055,963
<b>Total non-current assets</b>		206,395,826	194,573,999
<b>Total assets</b>		391,648,360	415,588,434
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Unclaimed profit distributions		12,834,792	12,834,792
Creditors, accrued and other liabilities	13	1,542,266	11,361,125
Current portion of deferred income on murabaha		4,233,342	6,698,560
Current portion of customers' security deposits		4,505,342	8,810,600
Current portion of lease liabilities against right of use assets		1,113,941	430,555
Due to director		-	5,000,000
<b>Total current liabilities</b>		24,229,683	45,135,632
<b>Non-current liabilities</b>			
Deferred income on murabaha		794,727	2,366,206
Customers' security deposits		45,945,171	45,071,713
Lease liabilities against right of use assets		1,950,213	1,964,011
<b>Total non-current liabilities</b>		48,690,111	49,401,930
<b>Total liabilities</b>		72,919,794	94,537,562
<b>NET ASSETS</b>		318,728,566	321,050,872
<b>REPRESENTED BY</b>			
<b>CAPITAL AND RESERVES</b>			
Certificate capital		298,000,000	298,000,000
Reserves		26,765,375	28,579,554
<b>Total equity</b>		324,765,375	326,579,554
Unrealized loss on revaluation of investments	14	(6,036,809)	(5,528,682)
		318,728,566	321,050,872
Contingencies and commitments	15		

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

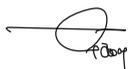
For Al-Zamin Modaraba Management (Private) Limited  
(Modaraba Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Note	Half Year Ended December 31,		Quarter Year Ended December 31,	
		2022	2021	2022	2021
-----Rupees-----					
Income from ijarah	16	9,326,975	8,821,909	5,037,130	3,456,264
Profit on murabaha finances		4,514,420	5,669,205	2,099,912	2,663,090
Profit on musharakah/diminishing finances		5,690,183	3,408,562	3,902,781	1,553,778
Income/(loss) from investments - net	17	803,741	547,755	(330,901)	(272,792)
Other income	18	1,346,258	43,470,130	1,041,692	5,819,468
		<u>21,681,577</u>	<u>61,917,561</u>	<u>11,750,614</u>	<u>13,219,808</u>
(Provision)/reversal for doubtful receivables		(747,114)	(10,010,482)	(747,114)	100,000
Bad debts written off		-	(1,072,849)	-	(753,750)
Unrealized loss on revaluation of held-for-trading investments		(2,165,355)	(9,906,233)	(2,970,635)	(2,098,177)
		<u>18,769,108</u>	<u>40,927,997</u>	<u>8,032,865</u>	<u>10,467,881</u>
<b>Operating expenses</b>	19	<b>(19,763,789)</b>	<b>(19,924,471)</b>	<b>(10,392,139)</b>	<b>(8,183,814)</b>
		<u>(994,681)</u>	<u>21,003,526</u>	<u>(2,359,274)</u>	<u>2,284,067</u>
Modaraba management company's fee		-	(2,100,353)	136,459	(228,407)
Sindh worker welfare fund		-	(378,063)	24,563	(41,113)
		<u>(994,681)</u>	<u>18,525,110</u>	<u>(2,198,252)</u>	<u>2,014,547</u>
<b>(Loss)/profit before taxation</b>		<b>(994,681)</b>	<b>18,525,110</b>	<b>(2,198,252)</b>	<b>2,014,547</b>
Taxation		(819,498)	(3,879,416)	(700,894)	(950,839)
		<u>(1,814,179)</u>	<u>14,645,694</u>	<u>(2,899,146)</u>	<u>1,063,708</u>
<b>Net (loss)/profit for the period</b>		<b>(1,814,179)</b>	<b>14,645,694</b>	<b>(2,899,146)</b>	<b>1,063,708</b>
<b>Earnings per certificate - basic and diluted</b>	20	<b>(0.06)</b>	0.49	<b>(0.10)</b>	0.04

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

	Note	Half Year Ended December 31,		Quarter Year Ended December 31,	
		2022	2021	2022	2021
<b>Net (loss)/profit for the period</b>		(1,814,179)	14,645,694	(2,899,146)	1,063,708
<i>Other comprehensive (loss)/income:</i>					
- Net change in fair value of investments classified at fair value through other comprehensive income- net of tax	14.1	(508,127)	(1,043,466)	(232,379)	(1,311,510)
Other comprehensive (loss)/income for the period		(508,127)	(1,043,466)	(232,379)	(1,311,510)
<b>Total Comprehensive Income for the Period</b>		<u>(2,322,306)</u>	<u>13,602,228</u>	<u>(3,131,525)</u>	<u>(247,802)</u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

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



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

Particulars	Certificate capital	Capital reserves		Revenue reserves		Total reserves	Total equity
		Statutory reserve	Accumulated losses	Revenue reserves	Accumulated losses		
Balance as at June 30, 2021	298,000,000	81,512,797	(63,629,835)	17,882,962		315,882,962	
Profit for the period	-	-	14,645,694	14,645,694		14,645,694	
Other comprehensive income for the period	-	-	-	-		-	
Total comprehensive income for the period	-	-	-	14,645,694		14,645,694	
Balance as at December 31, 2021	298,000,000	81,512,797	(48,984,141)	32,528,656		330,528,656	
Balance as at June 30, 2022	298,000,000	83,785,844	(55,206,290)	28,579,554		326,579,554	
Loss for the period	-	-	(1,814,179)	(1,814,179)		(1,814,179)	
Other comprehensive income for the period	-	-	-	-		-	
Total comprehensive loss for the period	-	-	(1,814,179)	(1,814,179)		(1,814,179)	
Balance as at December 31, 2022	298,000,000	83,785,844	(57,020,469)	26,765,375		324,765,375	

-----Rupees-----

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

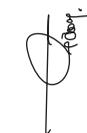
**For Al-Zamin Modaraba Management (Private) Limited**  
(Modaraba Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

December 31,  
2022 2021

CASH FLOWS FROM OPERATING ACTIVITIES	Note	-----Rupees-----	
<b>Cash generated from operations</b>			
Cash generated from operations	21	42,582,283	70,822,788
<i>Decrease / (increase) in non-current assets:</i>			
- Long term murabaha finances		22,050,009	(11,373,625)
- Long term musharakah finances		(37,936,012)	312,923
<i>Increase / (decrease) in non-current liabilities:</i>			
- Deferred income on murabaha		(4,036,697)	3,282,874
- Receipts of customers security deposits		6,416,300	18,942,023
Purchase of ijarah assets		(29,787,000)	(84,526,939)
Proceeds from disposal of ijarah assets		1,886,447	14,553,415
Income tax paid/deducted		(441,283)	(321,020)
<b>Net cash generated from operating activities</b>		<b>734,047</b>	<b>11,692,439</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of owned assets		(1,187,172)	(576,400)
Purchase of intangible assets		(200,000)	-
Proceeds from disposal of owned assets		465,000	313,312
Proceeds from disposal of investment properties		-	9,436,474
(Purchase) / sale of investments - net		4,148,124	(19,627,892)
Long term deposits received		398,600	-
Dividends received		1,898,933	1,483,250
<b>Net cash generated from/(used in) investing activities</b>		<b>5,523,485</b>	<b>(8,971,256)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment made against lease liability		(777,597)	-
Profit distributed to certificate holders		-	(54,582)
Loan repaid to Director		(5,000,000)	-
<b>Net cash used in financing activities</b>		<b>(5,777,597)</b>	<b>(54,582)</b>
<b>Net increase in cash and cash equivalents</b>		<b>479,935</b>	<b>2,666,601</b>
Cash and cash equivalents at the beginning of the period		7,690,515	5,394,699
<b>Cash and cash equivalents at the end of the period</b>		<b>8,170,450</b>	<b>8,061,300</b>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

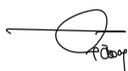
**For Al-Zamin Modaraba Management (Private) Limited**  
(Modaraba Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2022

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Trust Modaraba (the Modaraba) was formed in Pakistan under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and the rules framed thereunder and is 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 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 320, 3rd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore. 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 affairs, activities and transactions performed by the modaraba during the period comply with the rules and principles of Islamic Shariah in accordance with the guidelines and directives given by the Shariah advisor, Registrar (Modaraba) and the Securities & Exchange Commission of Pakistan.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.
- 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 Modaraba Regulation 2021 issued by the Securities and Exchange Commission of Pakistan (hereinafter referred to as the relevant laws).

Where the provisions of relevant laws differ with the requirements of IAS 34, IFASs and Companies act, 2017, the provisions of and directives of relevant laws have been followed.

2.2 The disclosures in these condensed interim financial statements do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended June 30, 2022. Comparative condensed interim statement of financial position is extracted from annual financial statements as at June 30, 2022 whereas comparative condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the six month period ended December 31, 2021.

2.3 These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange. These condensed interim financial statements for the half year ended December 31, 2022 has been subjected to limited scope review by the auditors.

### 2.4 Critical accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgments in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Modaraba's accounting policies and the key sources of estimation of uncertainty were the same as those that were applied in the annual published audited financial statements for the year ended June 30, 2022.

### 2.5 Functional and presentation currency

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 THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2022

## 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, 2022. Except for the adoption of new and amended standards as set out below.

### 3.1 Standards, Amendments And Interpretations to approved accounting standards

There are certain adoptions, amendments and interpretations with respect to the approved accounting standards that are not yet effective and are not expected to have any material impact on the Company's condensed interim financial statements in the period of initial application. Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company. The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

#### 3.1.1 Standards, amendments and interpretations to the published standards that may be relevant to the Modaraba and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

New or Revised Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 16 - Proceeds before intended use	January 1, 2022
IAS 37 - Onerous Contracts- Cost of Fulfilling a contract	January 1, 2022

#### 3.1.2 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Modaraba

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 1, 2023
IAS 1 - 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
IAS 8 - 'Definition of Accounting Estimates	January 1, 2023
IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS 16 - Lease liability in a sale and leaseback	January 1, 2024
IAS 1 - Non-current liabilities with covenants	January 1, 2024

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

#### Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date "(Annual periods beginning on or after)"
IFRS 17 'Insurance Contracts' and amendments to IFRS 17	January 1, 2023

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
<b>4. SHORT TERM INVESTMENTS</b>	<b>Note</b>	-----Rupees-----	
Financial assets at fair value through profit and loss - Held for trading	4.1	418,741	431,563
NIT Islamic Unit Fund	4.2	25,081,004	32,476,586
Shares of listed companies		25,499,745	32,908,149

4.1 These represent 58,158 (2022: 55,901) number of units held as at the reporting date. Average cost of these units as at the reporting date amounts to Rs. 648,133 (2022: Rs. 631,503).

**4.2 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	March 31, 2022		June 30, 2021	
31-Dec 2022	30-Jun 2022		Average Cost	Market Value	Average Cost	Market Value
-----Rupees-----						
1,500	12,500	Attock Refinery Limited	260,186	215,250	2,508,071	2,197,250
101,250	90,000	Fauji Cement Company Limited	2,326,055	1,217,025	2,326,055	1,275,300
27,000	22,500	D.G. Khan Cement Company Limited	2,804,821	1,394,280	2,525,849	1,390,275
90,000	90,000	Cenergyco Pk Limited	1,521,156	332,100	1,521,156	480,600
120,000	120,000	Hascol Petroleum Limited	1,622,511	673,200	1,622,511	504,000
32,000	35,000	Pakistan Petroleum Limited	2,977,125	2,180,480	3,324,124	2,362,850
35,500	32,500	Shell Pakistan Limited	6,600,469	3,778,620	6,372,095	3,839,225
53,500	32,000	Sui Southern Gas Company Limited	620,517	493,270	409,163	285,120
5,154	5,154	Dawood Hercules Corporation	686,386	487,053	686,386	477,054
19,000	19,000	Descon Oxychem Limited	625,949	419,140	625,949	298,300
30,000	30,000	Nishat Mills Limited	3,151,994	1,649,700	3,151,994	2,205,300
17,000	14,000	National Refinery Limited	6,321,185	2,992,850	5,582,675	3,535,980
24,500	24,000	Netsol Technologies Limited	3,163,088	2,103,080	3,283,764	2,393,760
15,000	25,000	Oil & Gas Development Company Limited	1,490,985	1,194,900	2,484,976	1,966,750
25,000	25,000	Pakistan Telecommunication Company Limited	338,570	152,500	338,570	173,750
57,000	52,000	Unity Foods Ltd	2,069,106	804,840	1,953,861	1,043,640
9,000	-	The Searl Pak Limited	618,997	529,830	-	-
8,500	-	Engro Polymer & Chemical Limited	434,611	359,720	-	-
14,300	13,000	Century Paper and Board Mills	1,282,273	707,564	1,282,273	803,400
-	41,500	Allied Rental Modaraba	-	-	935,786	931,675
55,000	-	K-Electric Limited	154,365	148,500	-	-
-	13,000	Avanceon Limited	-	-	1,065,627	1,012,830
3,000	7,000	Pakistan State Oil Company Limited	487,575	431,970	1,310,107	1,202,880
5,000	5,000	Frieslandcampins Engro Foods	476,850	328,500	476,850	341,250
5,400	5,200	Lucky Cement Limited	3,251,874	2,411,532	3,252,003	2,387,008
2,000	40,000	Sui Northern Gas Pipelines Limited	73,124	75,100	1,579,606	1,368,389
			<b>43,359,772</b>	<b>25,081,004</b>	<b>48,619,451</b>	<b>32,476,586</b>

**5. ADVANCES, DEPOSITS, PREPAYMENTS  
AND OTHER RECEIVABLES**

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	<b>Note</b>	-----Rupees-----	
Loans to / receivable from employees - considered good		851,500	585,000
Prepayments		3,073,938	2,172,608
Advance against expenses		300,000	250,000
Accrued profit (secured -considered good)		1,317,840	1,098,826
Advances to supplier (considered good)		1,986,000	20,420,000
Trade receivables (secured -considered good)	5.1	-	-
Legal suits' charges receivable (secured -considered good)	5.2	2,138,926	1,988,926
Receivable against sale of Faisalabad Property		-	669,000
Sundry receivables (unsecured -considered good)		752,200	1,106,753
		<b>10,420,404</b>	<b>28,291,113</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		(Un-audited) Dec 31, 2022	(Audited) June 30, 2022
<b>5.1 Trade receivables</b>	<b>Note</b>	-----Rupees-----	
Gross amount		100,000	100,000
Allowance for expected credit losses		(100,000)	(100,000)
		-	-
<b>5.2 Legal suits' charges receivable</b>			
Gross amount		2,605,852	2,455,852
Allowance for expected credit losses		(466,926)	(466,926)
		2,138,926	1,988,926
<b>6 SHORT TERM MURABAHA FINANCES - SECURED</b>			
Considered good		-	2,721,927
Considered doubtful:			
- Regular parties		-	-
- Parties under litigation	6.1	39,479,019	39,679,019
		39,479,019	39,679,019
Provision for doubtful receivables	6.2	(11,410,411)	(11,410,411)
		28,068,608	30,990,535
<b>6.1</b>			
These represent receivables from 4 (2022: 4) customers under Murabaha finance. Legal proceedings against these customers are in process in the Honorable Courts of Law (Banking court of Lahore). The Courts have awarded decree in favor of Modaraba in 4 (2022: 3) cases for recovery of Rs. 50.277 million (2022: Rs. 50.277 million).			
<b>6.2 Provision for classified receivables:</b>			
Opening balance		11,410,411	8,400,000
Provision during the period / year		-	3,010,411
Closing balances		11,410,411	11,410,411
<b>7 IJARAH RENTAL RECEIVABLES - SECURED</b>			
Considered good		284,184	319,733
Considered doubtful			
- Parties under litigation		5,155,832	5,155,831
Suspended ijarah income - considered doubtful	7.2	(845,534)	(856,442)
Provision for doubtful ijarah rental receivables	7.3	(572,348)	(570,193)
		4,022,134	4,048,929
<b>7.1</b>			
These are secured against ijarah assets and personal guarantees. In some ijarahs, additional collateral is also obtained in the form of the mortgaged property. The Modaraba is entitled to repossess and sell the ijarah assets in case of default by the customers.			
<b>7.2 Suspended ijarah income - considered doubtful</b>			
Opening balance		856,442	3,537,194
Recovery during the period / year		(10,908)	(2,705,472)
Suspension made during the period / year		-	24,720
Closing balance		845,534	856,442
<b>7.3 Provision for doubtful ijarah rental receivables:</b>			
Opening balance		570,193	2,958,183
Written off during the period / year		-	(2,958,183)
Impact of IFRS-9 provision during the period / year		2,155	570,193
Closing balance		572,348	570,193
<b>8 LONG TERM MURABAHA FINANCES - SECURED</b>			
Considered good		47,667,416	69,047,726
Considered doubtful	8.2	36,128,023	36,797,722
Provision for doubtful long term murabaha finances	8.3	(6,223,561)	(6,657,297)
		77,571,878	99,188,151
Less: current portion		(73,383,365)	(79,992,821)
Non-current portion		4,188,513	19,195,330
<b>8.1</b>			
The Modaraba has sold goods under murabaha arrangements whereby payment is deferred along with specified profit margin. These finances are secured by way of hypothecation stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.			

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

			(Un-audited) Dec 31, 2022	(Audited) June 30, 2022
<b>Break up of considered doubtful Murabaha finances</b>		<b>Note</b>	-----Rupees-----	
8.2	Considered doubtful Suspended income	8.2.1	37,387,247	38,087,247
		8.2.2	(1,259,224)	(1,289,525)
			<u>36,128,023</u>	<u>36,797,722</u>
8.2.1	<b>Suspended income</b>			
	Opening balance		1,289,525	1,857,818
	Suspension reversed during the period/year		(30,301)	(568,293)
	Closing balance		<u>1,259,224</u>	<u>1,289,525</u>
8.2.2	This includes receivables from 5 (2022: 5) 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 (2022: 3) cases for recovery of Rs. 60.662 million (2022: Rs. 60.662 million). Amount receivable from one party has been settled through purchase of properties and cash.			
8.3	<b>Provision for doubtful morabaha finances</b>			
	Opening balance		6,657,297	3,060,159
	Provision for the period/year		-	1,787,596
	Impact of IFRS-9 (revesal)/provision		(433,736)	1,809,542
	Closing balance		<u>6,223,561</u>	<u>6,657,297</u>
9	<b>SHORT TERM MUSHARAKAH FINANCES - SECURED</b>			
	Considered good		14,601,801	24,385,893
	Provision for short term Musharakah finances	9.1	(475,576)	(696,048)
			<u>14,126,225</u>	<u>23,689,845</u>
9.1	<b>Provision for short term Musharakah finances</b>			
	Opening balance		696,048	-
	Impact of IFRS-9 (revesal)/provision during the period / year		(220,472)	696,048
	Closing balance		<u>475,576</u>	<u>696,048</u>
10	<b>DIMINISHING MUSHARAKAH FINANCING</b>			
	Considered good		42,517,815	4,528,444
	Current/overdue portion grouped under current assets		(10,241,927)	(1,704,637)
	Provision for Diminishing Musharakah finances	10.1	(900,225)	(50,058)
	Non-current portion		<u>31,375,663</u>	<u>2,773,749</u>
10.1	<b>Provision for Diminishing Musharakah finances</b>			
	Opening balance		50,058	-
	Impact of IFRS-9 provision during the period / year		850,167	50,058
	Closing balance		<u>900,225</u>	<u>50,058</u>

**11 LONG TERM INVESTMENTS**

**Long term investments at fair value through OCI**

**Investment in 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, 2022		June 30, 2022	
Dec-22	Jun-22		Average Cost	Market Value	Average Cost	Market Value
-----Rupees-----						
90,000	90,000	Sui Northern Gas Pipelines Limited	5,806,704	3,379,500	5,806,704	3,078,900
26,875	21,500	The Searle Company Limited	4,743,273	1,582,131	4,743,273	2,343,930
75,000	75,000	Pakistan Telecommunication Company Limited	1,029,049	457,500	1,029,049	521,250
17,000	17,000	Oil & Gas Development Company	1,924,858	1,354,220	1,924,850	1,337,398
			<u>13,503,884</u>	<u>6,773,351</u>	<u>13,503,876</u>	<u>7,281,478</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		(Un-audited) Dec 31, 2022	(Audited) June 30, 2022
<b>12</b>	<b>FIXED ASSETS</b>		
		-----Rupees-----	
	Intangible assets	188,888	-
	Operating fixed assets given on lease (ijarah) - tangible	145,384,387	147,262,006
	Operating fixed assets in own use - tangible	13,780,258	13,527,952
	Right of use assets	2,835,887	2,266,005
		<u>162,189,420</u>	<u>163,055,963</u>
<b>12.1</b>	<b>Intangible assets</b>		
	Opening written down value	-	-
	Additions during the period / year	200,000	94,956,022
	Disposals during the period / year	-	106,776,227
		<u>200,000</u>	<u>(21,648,231)</u>
	Amortization for the period / year	19 (11,112)	180,084,018
		<u>188,888</u>	<u>(32,822,012)</u>
<b>12.2</b>	<b>Operating assets given on Ijarah</b>		147,262,006
	Opening written down value	147,262,006	13,126,289
	Additions during the period / year	29,787,000	1,103,050
	Disposals during the period / year	(11,549,115)	(146,845)
		<u>165,499,891</u>	<u>14,082,494</u>
	Depreciation charge for the period / year	16 (20,115,504)	(554,542)
		<u>145,384,387</u>	<u>13,527,952</u>
<b>12.3</b>	<b>Fixed assets in own use</b>		
	Opening written down value	13,527,952	13,126,289
	Additions during the period / year	12.3.1 1,187,172	1,103,050
	Disposals during the period / year	(107,965)	(146,845)
		<u>14,607,159</u>	<u>14,082,494</u>
	Depreciation charge for the period / year	19 (826,901)	(554,542)
		<u>12.3.2 13,780,258</u>	<u>13,527,952</u>
<b>12.3.1</b>	<b>Additions during the period / year</b>		
	Office equipment	33,500	280,500
	Furniture and fixtures	-	183,350
	Electrical equipment	-	343,800
	Vehicle	1,153,672	295,400
		<u>1,187,172</u>	<u>1,103,050</u>
<b>12.3.2</b>	<b>Book value at the end of period / year</b>		
	Land	12.3.3 10,728,400	10,728,400
	Furniture and fixtures	339,430	369,637
	Office equipment	463,885	906,236
	Vehicles	1,742,389	929,565
	Electrical equipment	506,154	594,114
		<u>13,780,258</u>	<u>13,527,952</u>

**12.3.3** It includes a piece of land measuring 10 Kanals, costing Rs. 10,728,400 situated at Mauza Amer Sidhu, Lahore Cantt. acquired through settlement of certain Murabaha facilities. The subject land is presently in the possession of Defence Housing Authority, Lahore (DHA). The Modaraba has filed legal suit in the Civil Court, Lahore for possession of land. 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 recorded against such land. Management is also making efforts to achieve out of court settlement and next date of hearing is February 17, 2023 for further processing of the case.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

		(Un-audited) Dec 31, 2022	(Audited) June 30, 2022
<b>12.4 Right of use assets</b>	<b>Note</b>	-----Rupees-----	
Opening balance		2,266,005	-
Additions during the year		1,165,106	2,774,700
		<u>3,431,111</u>	<u>2,774,700</u>
Depreciation charge for the year	19	(595,224)	(508,695)
Closing balance		<u>2,835,887</u>	<u>2,266,005</u>
<b>13 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Payable to Modaraba Management Company		-	1,484,020
Provision for Workers' Welfare Fund		49,963	317,087
Accrued expenses		-	232,156
Other liabilities		1,492,303	9,327,862
		<u>1,542,266</u>	<u>11,361,125</u>
<b>14 UNREALIZED LOSS ON REVALUATION OF INVESTMENTS</b>			
Opening balance		(5,528,682)	(2,728,426)
Deficit on revaluation during the year	14.1	(508,127)	(2,800,256)
Closing balance		<u>(6,036,809)</u>	<u>(5,528,682)</u>

14.1 This represents deficit on revaluation of investments classified as fair value through other comprehensive income. Unrealized gain on revaluation of investment cannot be distributed to the certificate holders.

**15 CONTINGENCIES AND COMMITMENTS**

**15.1 Contingencies**

15.1.1 Notice was served to Trust Modaraba dated 28 August 2018, along with certain other modarabas, by Sindh Revenue Board (SRB) for the recovery of tax under Sindh Sales Tax on Services Act, 2011 amounting to Rs. 38.52 million comprising allegedly unpaid sales tax on services rendered in Sindh from years 2011-12 to 2017-18.

The Modaraba along with other Modarabas has filed a petition in Honorable Sindh High Court (SHC) on September 1, 2018 challenging the demand of Sindh Revenue Board (SRB) on the grounds of non-applicability of sales tax. A stay order in this regard has been granted by the SHC stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners. The management of the Modaraba based on its discussions with its legal counsel is of the view that in light of the stay order of the Court and the merits of the matter involved, the impugned charge of sales tax will be quashed and favorable outcome is expected. Therefore, no provision for any sales tax liability on rentals of lease financing has been made in the financial statements. The expected date of hearing is 31 January, 2023 for further processing of the case.

15.1.2 The Assistant commissioner Inland Revenue has issued order dated June 30, 2022 by creating demand under sub-section 161 of Rs 1,038,285 along with default surcharge of Rs 809,862. The tax payer has filed appeal against said order on July 16, 2022. Hearing of the case is pending and date of hearing is not yet fixed. In view of tax consultant, the favorable outcome is expected in favor of Modaraba.

**15.2 Ijarah commitments**

The Modaraba has entered into ijarah arrangements for vehicles. These arrangements have remaining terms of less than five years. Such arrangements also include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future ijarah payments due under these arrangements at the year end are as follows:

		(Un-audited) Dec 31, 2022	(Audited) June 30, 2022
	<b>Note</b>	-----Rupees-----	
Disbursement of Ijarah to be made	15.2	<u>1,986,000</u>	<u>39,911,500</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Note	Half year ended December 31		Quarter ended December 31	
		2022	2021	2022	2021
<b>16 INCOME FROM IJARAH - NET</b>		-----Rupees-----			
Income from leasing and Ijarah operations		31,221,791	25,729,159	15,422,791	12,090,559
Less: depreciation on fixed assets given on ijarah		(20,056,838)	(15,367,409)	(10,104,427)	(7,848,095)
Less: insurance on ijarah assets		(1,837,978)	(1,539,841)	(281,234)	(786,200)
		<u>9,326,975</u>	<u>8,821,909</u>	<u>5,037,130</u>	<u>3,456,264</u>
<b>17 INCOME FROM INVESTMENT - NET</b>					
Dividend income on equity investments		1,898,933	1,483,250	197,425	808,250
(Loss)/gain on sale of short term investments		(1,095,192)	(935,495)	(528,326)	(1,081,042)
		<u>803,741</u>	<u>547,755</u>	<u>(330,901)</u>	<u>(272,792)</u>
<b>18 OTHER INCOME</b>					
Gain on disposal of ijarah assets		185,432	5,900,141	185,432	5,847,746
Gain on disposal of owned fixed assets		357,035	-	351,995	-
Profit on deposit and saving accounts with banks		333,203	273,900	285,161	169,141
Rental income from investment properties		-	20,001	-	-
Gain on settlement		-	37,335,047	-	-
Fair value loss on investment properties		-	(1,435,350)	-	(1,435,350)
Processing, documentation charges		350,650	300,280	168,350	169,970
Miscellaneous income		119,938	1,076,111	50,754	1,067,961
		<u>1,346,258</u>	<u>43,470,130</u>	<u>1,041,692</u>	<u>5,819,468</u>
<b>19 OPERATING EXPENSES</b>					
Salaries, allowances and other benefits		10,119,573	9,641,672	5,277,516	4,585,296
Legal and professional charges		100,000	283,000	60,000	(513,750)
Fees and subscription		2,156,829	3,859,715	1,111,101	966,443
Electricity, gas and water		815,974	516,539	412,150	307,368
Telephone, postage and courier		563,553	421,795	297,046	290,366
Advertisement		63,435	82,783	38,435	38,435
Printing and stationery		436,981	492,113	311,665	179,485
Traveling and conveyance		347,751	247,753	170,194	225,251
Entertainment		419,147	329,518	206,428	170,781
Insurance		133,974	137,939	68,599	72,111
Vehicle running		1,058,697	950,210	522,274	431,000
Newspaper and periodicals		7,405	-	1,950	-
Rent, rates and taxes		444,352	900,040	11,190	414,430
Repairs and maintenance		1,178,517	1,080,497	568,581	494,294
Depreciation on own assets	12.3	826,901	273,210	614,482	129,143
Depreciation on right of use assets	12.4	595,224	-	456,489	-
Amortization on intangible assets	12.1	11,112	-	11,112	-
Bank charges and commission		12,769	6,538	-	5,120
Sales tax		43,535	-	12,858	-
Ijarah rental expense - vehicle		-	618,359	-	340,272
Unwinding of lease liabilities		282,079	-	171,502	-
Miscellaneous		145,981	82,790	68,567	47,769
		<u>19,763,789</u>	<u>19,924,471</u>	<u>10,392,139</u>	<u>8,183,814</u>
<b>20 EARNINGS PER CERTIFICATE - BASIC AND DILUTED</b>					
(Loss)/profit for the period	Rupees	(1,814,179)	14,645,694	(2,899,146)	1,063,708
Weighted average number of certificates	Number	<u>29,800,000</u>	<u>29,800,000</u>	<u>29,800,000</u>	<u>29,800,000</u>
Earnings per certificate	Rupees	<u>(0.06)</u>	<u>0.49</u>	<u>(0.10)</u>	<u>0.04</u>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

			Dec 31, 2022 (Un-audited)	Dec 31, 2021 (Un-audited)
<b>21</b>	<b>CASH GENERATED FROM OPERATIONS</b>	<b>Note</b>	------(Rupees)-----	
	(Loss)/profit before taxation		(994,681)	18,525,110
	<b>Adjustments for non-cash and other items:</b>			
	- Depreciation:			
	Under ijarah	16	20,056,838	15,367,409
	In own use	12.2	826,901	273,210
	Right of use assets	12.3	595,224	-
	- Amortization on intangible assets	12.4	11,112	-
	- Provision for doubtful receivables	12.1	747,114	-
	- Gain on disposal of ijarah assets		(185,432)	(5,700,277)
	- Gain on disposal own assets	18	(357,035)	(199,864)
	- Loss on disposal investment properties	18	-	3,887,550
	- Loss on sale of short term investment		1,095,192	935,495
	- Unrealized (gain)/loss on revaluation of held for trading investment		2,165,355	9,906,233
	- Unwinding of lease liabilities		282,079	-
	- Surplus on revaluation of fixed assets		-	(2,457,200)
	- Workers' Welfare Fund		-	378,063
	- Dividend income	17	(1,898,933)	(1,483,250)
			<b>23,338,415</b>	<b>20,907,369</b>
	<b>Operating profit before working capital changes</b>		<b>22,343,734</b>	<b>39,432,479</b>
	Decrease / (increase) in current assets			
	- Advances, deposits, prepayments and other receivables		17,875,749	9,949,303
	- Short term murabaha finances		2,372,927	4,478,454
	- Short term musharakah finances		9,784,092	3,356,642
	- Ijarah rental receivables		24,640	12,320,967
	- Stock in trade		-	319,099
	Increase / (decrease) in current liabilities			
	- Creditors, accrued and other liabilities		(9,818,859)	965,844
			<b>20,238,549</b>	<b>31,390,309</b>
	<b>Cash generated from operations</b>		<b>42,582,283</b>	<b>70,822,788</b>

<b>22 TRANSACTIONS WITH RELATED PARTIES</b>			Half year ended December 31		Quarter ended December 31	
<b>Transactions during the period</b>			2022	2021	2022	2021
			-----Rupees-----			
<b>Related party</b>	<b>Relationship</b>	<b>Nature of transaction</b>				
Al-Zamin	Modaraba	Management	-	2,100,353	(136,459)	228,407
Modaraba Management	Management Company	fee and others				
Employees' Provident Fund	Associated undertaking	Contribution for the period	517,614	481,485	258,807	227,674
Director	Director	Interest free loan repaid	5,000,000	-	5,000,000	-
Executives and close relatives thereof	Associated person	Repayment of loan received	-	90,000	-	45,000
					(Un-audited) Dec 31, 2022	(Audited) June 30, 2022

**Outstanding Balance as at the period end**

<b>Related party</b>	<b>Relationship</b>	<b>Nature of transaction</b>	-----Rupees-----	
Al-Zamin	Modaraba	Payable against	-	1,484,020
Modaraba Management	Managemnt Company	management fee and others		
Director	Director	Loan payable	-	5,000,000
Executives and close relatives thereof	Associated person	Loan receivables	500,000	500,000

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

**23 SEGMENT REPORTING**

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.

**23.1 Segment analysis**

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

	31-Dec-22				December 31, 2021				Total	Murabaha Finances	Ijarah Finances	Musharakah Finances	Investments	Trading	Total
	Murabaha Finances	Ijarah Finances	Musharaka h Finances	Investments	Total	Murabaha Finances	Ijarah Finances	Musharakah Finances							
Revenues	4,514,420	31,221,791	6,026,021	803,741	42,565,973	5,669,205	25,729,159	3,408,562	547,755	-	-	-	-	-	35,354,681
Depreciation	-	(20,056,838)	-	-	(20,056,838)	-	(15,367,409)	-	-	-	-	-	-	-	(15,367,409)
Insurance	-	(1,837,978)	(335,838)	-	(2,173,816)	-	(1,539,841)	-	-	-	-	-	-	-	(1,539,841)
Other income	-	-	-	-	-	70,870	5,904,387	25,300	-	-	-	-	-	-	6,000,557
Net income	4,514,420	9,326,975	5,690,183	803,741	20,335,319	5,740,075	14,726,296	3,433,862	547,755	-	-	-	-	-	24,447,988
Unrealized gain on revaluation of investments	-	-	-	(2,165,355)	(2,165,355)	-	-	-	(9,906,233)	-	-	-	-	-	(9,906,233)
<i>Reportable segment profit</i>	4,514,420	9,326,975	5,690,183	(1,361,614)	18,169,964	5,740,075	14,726,296	3,433,862	(9,358,478)	-	-	-	-	-	14,541,755
<i>Reportable segment assets</i>	107,136,412	152,035,521	57,061,655	32,592,771	348,826,359	141,097,658	150,491,097	26,140,780	44,565,754	110,462	362,405,751	-	-	-	84,526,939
<i>Reportable segment liabilities</i>	5,028,069	50,867,212	-	-	55,895,281	10,172,588	47,796,204	-	-	-	-	-	-	-	57,968,792
<i>Additions to non-current assets</i>	-	29,787,000	-	-	29,787,000	-	84,526,939	-	-	-	-	-	-	-	84,526,939

Rupees  
(Un-Audited)

*Segment revenues / profits*

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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

	<b>(Un-audited) Dec 31, 2022</b>	<b>(Un-Audited) Dec 31, 2021</b>
<b>Revenues</b>	<b>Note</b>	<b>Rupees</b>
Total revenues for reportable segments	<b>20,335,319</b>	24,447,988
Other revenues	<b>1,346,258</b>	37,469,573
Modaraba's revenues	<b>21,681,577</b>	<u>61,917,561</u>
<b>Profit</b>		
Total profit for reportable segments	<b>18,169,964</b>	14,541,755
Other income	<b>1,346,258</b>	37,469,573
Provision for doubtful receivables	<b>(747,114)</b>	(11,083,331)
Operating expenses	<b>(19,763,789)</b>	(19,924,471)
Modaraba Management Company's fee	-	(2,100,353)
Workers' Welfare Fund	-	(378,063)
Taxation	<b>(819,498)</b>	(3,879,416)
	<b>(1,814,179)</b>	<u>14,645,694</u>
	<b>(Un-audited) Dec 31, 2022</b>	<b>(Audited) June 30, 2022</b>
<b>Assets</b>	<b>Note</b>	<b>Rupees</b>
Total assets for reportable segments	<b>348,826,359</b>	363,193,012
Corporate assets unallocated:		
Advances, deposits, prepayments and other receivables	<b>4,716,195</b>	14,945,580
Deferred taxation	<b>1,160,917</b>	1,160,917
Income tax refunds due from the Government	<b>2,694,676</b>	3,072,891
Deposits	<b>707,962</b>	1,106,562
Non-current assets held for sale	<b>8,625,000</b>	8,625,000
Fixed assets in own use	<b>16,746,801</b>	15,793,957
	<b>34,651,551</b>	44,704,907
Cash and bank balances	<b>8,170,450</b>	7,690,515
Total assets as per the condensed interim balance sheet	<b>391,648,360</b>	<u>415,588,434</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	<b>55,895,281</b>	70,930,424
Corporate liabilities unallocated:		
Unclaimed dividends	<b>12,834,792</b>	12,834,792
Creditors, accrued and other liabilities	<b>1,125,567</b>	3,377,780
Due to director	-	5,000,000
Lease liabilities against right of use assets	<b>3,064,154</b>	2,394,566
Total liabilities as per the condensed interim balance sheet	<b>72,919,794</b>	<u>94,537,562</u>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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.

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

### 24 FAIR VALUE HIERARCHY

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Modaraba to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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, 2022 (Un-audited):	Level 1	Level 2	Level 3	Total
<b>Assets</b>	-----Rupees-----			
Short term investments	25,499,745	-	-	25,499,745
Long term investments	6,773,351	-	-	6,773,351
	<u>32,273,096</u>	-	-	<u>32,273,096</u>
June 30, 2022				
Assets				
Short term investments	32,908,149	-	-	32,908,149
Long term investments	7,281,478	-	-	7,281,478
	<u>40,189,627</u>	-	-	<u>40,189,627</u>

During the half year ended December 31, 2022, 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.

### 25 SUBSEQUENT EVENT

Netsol Technologies Limited having market value of Rs 2,103,080 were excluded from PSX KMI all shares Islamic Index (List of sharia compliant shares) with effect from July 15, 2022. However, subsequently it has been included in PSX KMI all shares Islamic Index (List of sharia compliant shares) with effect from January 12, 2023.

### 26 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest Rupee.

### 27 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements are approved and authorized for issuance on February, 22<sup>nd</sup>, 2023 by the Board of Directors of the Management Company.

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



# BOOK POST

To,

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