

QUARTERLY REPORT

March 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

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

Management

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

Audit Committee

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

Human Resource Committee

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

Internal Auditors

Grant Thornton Anjum Rahman.
Chartered Accountants

Auditors of the Modaraba

Horwath Hussain Chaudhary & Co.
Chartered Accountants

Bankers

Meezan Bank Limited
The Bank of Punjab

Legal Advisors

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 take pleasure in presenting the financial statements of Trust Modaraba for the quarter ended 31st March, 2019.

Pakistan economy has slowdown, the rupee has been devaluated, interest rates have gone up and there has been increase in the inflation rate in the country. Economic growth is projected to slowdown markedly in 2019. Fiscal deficit continued to expend on the back of weak revenue growth and large increases in recurrent spending. Energy sector arrears have also been accumulated, as well as fiscal contingencies, due to investment guarantees mainly associated with project for the CPEC. Taken together, these imbalances imply increased risks and liabilities. Pakistan is expecting to secure a financial assistance package from the IMF in near future. This, together with loan from bilateral donors, will help to ease the strained balance of payment situation but would necessitate a sharp fiscal consolidation.

During the quarter under review, your Modaraba has recorded total income at Rs. 45.151 million as compared to Rs. 48.306 million of the previous comparable period. The Modaraba has earned a profit of Rs. 1.324 million before management fee for the nine months ended 31st March, 2019 as compared to Rs. 1.185 million of the previous corresponding period. Balance sheet footing of your Modaraba stood at Rs. 374.399 million. Certificate holder's equity stands at Rs. 305.485 million.

EARNING PER CERTIFICATE

Earning per certificate of the Modaraba is Rs. 0.04 per certificate for the nine months ended 31st March, 2019 as compared to Rs. 0.03 per certificate in the corresponding period last year.

Management of your Modaraba is committed to achieve significant growth in the forthcoming period based on prudent business policies and market trends.

For & on behalf of the Board of Directors



Director



Chief Executive

Karachi
April 24, 2019

ڈائریکٹر رپورٹ

الضامن مضاربہ منجمنٹ (پرائیویٹ) لمیٹڈ کے ناظمین، ٹرسٹ مضاربہ کی 31 مارچ 2019 کو اختتام پزیر سہ ماہی کے مالیاتی دستاویزات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

پاکستان کی معیشت سست روی کا شکار ہے، روپے کی قدر میں کمی ہو چکی ہے، سودی نرخ بڑھ چکا ہے اور ملک میں افراط زر میں اضافہ ہو چکا ہے۔ سال 2019 کے کی کمزور نمو اور اخراجات میں دوبارہ سے بڑا اضافہ کے پس منظر میں اقتصادی (revenue) لیے معاشی نمو کا تخمینہ نمایاں طور پر سست رہے گا۔ مال گذاری کے مضبوطوں کے سرمایہ کاری کی ضمانتوں کی وجہ سے توانائی کا شعبے میں بتایا جاتے کے ساتھ ساتھ غیر CPEC خسارہ میں اضافہ جاری رہے گا۔ بنیادی طور پر متوقع اقتصادی ضروریات جمع ہو چکے ہیں۔ ان دونوں کے ساتھ یہ عدم توازن بڑھے ہوئے خطرات اور مالیاتی ذمہ داریوں کی نفاذ کی کرتا ہے۔ مستقبل قریب کا مالی معاونت کا پیکج توقع کر رہا ہے۔ اس کے ساتھ دوطرفہ قرض دینے والوں کے مالی اعانت سے دباؤ کا شکار اور ایجنگ کے توازن کی IMF میں پاکستان صورتحال کو بہتر کرنے میں مدد دے گی لیکن اس کے لیے ضروری ہے کہ تیزی سے اقتصادی انضمام کیا جائے۔

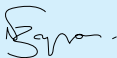
آپ کے مضاربہ نے گزشتہ سال اسی مدت کے 48,306 ملین روپے کی کل آمدنی کے مقابلے میں اس سہ ماہی میں 45,151 ملین روپے کی کل آمدنی حاصل کی۔ مضاربہ نے 31 مارچ 2019 نو ماہ کے اختتام پر 1,324 ملین روپے کا قفل از منجمنٹ نہیں منافع کمایا جبکہ گزشتہ سال اسی مدت میں 1,185 ملین روپے ملین روپے 305,485 (equity) رہا۔ آپ کے مضاربہ کی بیلنس شیٹ کی فوننگ 374,399 ملین روپے رہی۔ سرٹیفیکٹ کنندگان کا ملکیتی سرمایہ رہا۔


آمدنی فی سرٹیفیکٹ

مارچ 2019 پر اختتام پزیر سہ ماہی پر مضاربہ کی آمدنی فی سرٹیفیکٹ 0.04 روپے فی سرٹیفیکٹ رہی اور اس کے مقابلے میں گزشتہ سال کی اسی مدت میں 0.03 روپے فی سرٹیفیکٹ تھی۔

آپ کی انتظامیہ آنے والی مدت میں، جملہ کاروباری پالیسیوں اور منڈی کے رجحان کی بنیاد پر، نمایاں نمو حاصل کرنے کے لیے پرعزم ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے


ڈائریکٹر


چیف ایگزیکٹو

24 اپریل 2019

کراچی

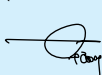
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2019

		(Un-audited) March 31, 2019	(Audited) June 30, 2018
	Note	-----Rupees-----	
ASSETS			
Current assets			
Cash and bank balances		2,273,165	4,161,839
Short term investments	4	10,713,347	8,755,918
Advances, deposits, prepayments and other receivables	5	37,369,438	38,159,611
Short term murabaha finances	6	32,951,645	40,595,741
Current portion of long term murabaha finances		79,751,263	82,462,816
Ijarah rental receivables	7	15,631,412	20,108,224
Short term musharakah finances (secured - considered good)		16,240,000	20,590,000
Current portion of long term musharakah finances		1,972,108	5,123,180
Tax refunds due from Government		5,782,505	4,902,107
Stock in trade		8,681,516	12,570,471
		211,366,399	237,429,907
Non-current assets			
Long term murabaha finances	8	24,767,027	18,239,018
Long term diminishing musharakah finances		1,574,703	406,122
Long term deposits		2,220,912	2,706,690
Long term investments	9	7,010,463	9,489,399
Investment property		2,835,000	2,835,000
Fixed assets	10	124,624,849	106,229,059
		163,032,954	139,905,288
TOTAL ASSETS		374,399,353	377,335,195
LIABILITIES			
Current liabilities			
Current portion of customers' security deposits		24,248,716	18,747,319
Current portion of deferred income on murabaha		6,736,791	6,575,950
Unclaimed dividends		12,930,463	12,930,548
Creditors, accrued and other liabilities	11	586,444	6,568,698
Loan from Management Company		5,000,000	5,000,000
Total current liabilities		49,502,414	49,822,515
Non-current liabilities			
Deferred income on murabaha		3,604,401	2,753,959
Customers' security deposits		15,807,199	18,755,851
Total Non-Current Liabilities		19,411,600	21,509,810
Total Liabilities		68,914,014	71,332,325
NET ASSETS		305,485,339	306,002,870
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital	12	298,000,000	298,000,000
Reserves		7,485,339	8,002,870
Contingencies and commitments	13	-	-
		305,485,339	306,002,870

The annexed notes from 1 to 21 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



Trust Modaraba

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Note	Nine Months ended		Quarter ended	
		March 31	March 31	March 31	March 31
		2019	2018	2019	2018
-----Rupees-----					
Operating income					
Income from ijarah		30,311,393	33,735,660	10,925,686	11,154,166
Profit on murabaha finances		8,827,681	7,092,774	2,187,006	2,870,248
Profit on musharakah finances		4,155,097	3,848,067	1,290,573	979,200
Dividend income on equity investments		310,980	427,688	9,076	51,188
Profit on long term investments - available-for-sale		47,019	248,239	7,218	35,546
Profit/(loss) on disposal of short term investments - held-for-trading		(583,097)	221,279	(419,723)	68,191
Profit on disposal of long term investments - available-for-sale		5,945	2,013	5,945	-
Trading income		992,189	1,356,554	355,980	(12,000)
Other income	14	1,083,971	1,374,172	201,585	498,525
		45,151,178	48,306,446	14,563,346	15,645,064
(Provision)/Reversal of provision against non performing finance and other receivables-net	15	335,945	(134,831)	-	(134,831)
Unrealized loss on revaluation of held-for-trading investments		(1,109,280)	(962,901)	43,657	1,372,565
		44,377,843	47,208,714	14,607,003	16,882,798
Operating expenses	16	23,687,518	22,633,221	8,317,644	7,578,379
Depreciation on fixed assets given on ijarah		19,365,709	23,390,034	7,453,930	7,596,358
		(43,053,227)	(46,023,255)	(15,771,574)	(15,174,737)
		1,324,616	1,185,459	(1,164,571)	1,708,061
Modaraba Management Company's fee		(132,462)	(118,546)	116,457	(118,546)
Profit/(loss) before taxation		1,192,154	1,066,913	(1,048,114)	1,589,515
Taxation	17	(72,383)	(66,000)	-	-
Net Profit/(loss) for the Period		1,119,771	1,000,913	(1,048,114)	1,589,515
Earnings/(Loss) per Certificate - Basic and Diluted					
		0.04	0.03	(0.04)	0.05

The annexed notes from 1 to 21 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 NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	<i>Nine Months ended</i>		<i>Quarter ended</i>	
	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>-----Rupees-----</i>			
Net Profit/(loss) for the Period	1,119,771	1,000,913	(1,048,114)	1,724,346
Other comprehensive Income:				
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that may be reclassified subsequently to the profit or loss</i>				
Net change in fair value of available-for-sale investment	(1,637,302)	(1,725,414)	(262,814)	1,472,294
Other comprehensive loss for the period	(1,637,302)	(1,725,414)	(262,814)	1,472,294
Total Comprehensive Income/(Loss) for the Period	(517,531)	(724,501)	(1,310,928)	3,196,640

The annexed notes from 1 to 21 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 NINE MONTHS PERIOD ENDED MARCH 31, 2019**

		Nine Months ended	
		March 31	March 31
		2019	2018
Note		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations			
Cash generated from operations	18	33,437,782	4,880,448
Decrease / (increase) in non-current assets:			
- Long term murabaha finances		(3,816,456)	6,475,833
- Long term musharakah finances		1,982,491	(94,369)
Increase in non-current liabilities:			
- Deferred income on murabaha		1,011,283	(1,071,933)
- Customers security deposits		12,284,765	(3,905,827)
Purchase of ijarah assets		(51,135,650)	(28,189,440)
Proceeds from disposal of ijarah assets		4,070,163	23,091,050
Income tax paid / deducted		(952,781)	(243,611)
Net Cash Generated from / (Used in) Operating Activities		(3,118,403)	942,151
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of owned assets		(319,820)	(479,302)
Proceeds from disposal of owned assets		40,000	234,000
Purchase of investments - net		665,931	(5,397,452)
Long term deposits		485,778	(613,100)
Dividends received		357,925	427,688
Net Cash Generated from / (Used in) Investing Activities		1,229,814	(5,828,166)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit Distributed To Certificate Holders		(85)	(10,430,000)
Loan From The Modaraba Management Company		-	3,000,000
Net Cash (Used in) / Generated from Financing Activities		(85)	(7,430,000)
Net Increase / (Decrease) in Cash and Cash Equivalents		(1,888,674)	(12,316,015)
Cash and cash equivalents at the beginning of the period		4,161,839	15,996,812
Cash and Cash Equivalents at the End of the Period		2,273,165	3,680,797

The annexed notes from 1 to 21 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 NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Certificate capital	Statutory reserve	Reserves			Total reserves	Total equity
			Surplus on Revaluation of Fixed Assets	"Unrealized loss on revaluation of investments"	Accumulated loss		
					-Rupees		
Balance as at July 01, 2017	298,000,000	79,253,192	-	(470,050)	(61,614,241)	17,168,901	315,168,901
Net loss for the period	-	-	-	-	1,000,913	1,000,913	1,000,913
Other comprehensive loss for the period	-	-	-	(1,725,414)	-	(1,725,414)	(1,725,414)
Total comprehensive income for nine months period ended March 31, 2018	-	-	-	(1,725,414)	1,000,913	(724,501)	(724,501)
Profit distribution for the year ended June 30, 2017 @ Rs. 0.35 per certificate	-	-	-	-	(10,430,000)	(10,430,000)	(10,430,000)
Balance as at March 31, 2018	298,000,000	79,253,192	-	(2,195,464)	(71,043,328)	6,014,400	304,014,400
Balance as at June 30, 2018	298,000,000	79,637,766	2,457,200	(3,586,151)	(70,505,945)	8,002,870	306,002,870
Net Profit for the period	-	-	-	-	1,119,771	1,119,771	1,119,771
Other comprehensive loss for the period	-	-	-	(1,637,302)	-	(1,637,302)	(1,637,302)
Total comprehensive loss for nine months period ended March 31, 2019	-	-	-	(1,637,302)	1,119,771	(517,531)	(517,531)
Balance as at March 31, 2019	298,000,000	79,637,766	2,457,200	(5,223,453)	(69,386,174)	7,485,339	305,485,339

The annexed notes from 1 to 21 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



1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

This interim condensed financial information is unaudited and is being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, Interim Financial Reporting". This should be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

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

	(Un-audited) March 31 2019	(Audited) June 30 2018
Note	-----Rupees-----	

4. SHORT TERM INVESTMENTS

Investments held for trading:

NIT Islamic Unit Fund - at cost		2,187,970	2,187,970
Meezan Islamic Fund - at cost		1,763,965	1,763,965
Shares of listed companies - at cost	4.1	10,865,494	7,798,785
		14,817,429	11,750,720
Unrealized loss on revaluation - net	4.2	(4,104,082)	(2,994,802)
		10,713,347	8,755,918

SELECTED NOTES TO INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

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	March 31, 2019		June 30, 2018	
March 31, 2019	June 30, 2018		Average cost	Market Value	Average Cost	Market Value
-----Rupees-----						
9,425	2,500	Attock Refinery Limited	1,743,403	1,008,287	904,664	538,275
4,000	3,500	Hub Power Company Limited	503,750	293,320	457,676	322,560
12,000	10,000	Engro Foods Limited	1,573,598	829,920	1,421,855	890,600
40,000	20,000	Fauji Cement Company Limited	1,334,304	798,400	899,160	457,000
1,000	1,000	Pakistan Oxygen Limited (formerly Linde Pakistan Limited)	296,123	250,000	296,127	240,000
5,100	3,500	Packages Limited	2,528,940	1,936,776	2,705,577	1,714,020
70,000	50,000	Byco Petroleum Pakistan Limited	1,293,600	556,500	1,113,726	610,000
12,000	-	Sui Northern Gas Pipelines Limited	923,274	901,320	-	-
3,000	-	D.G Khan Cement Co. Ltd	293,547	256,230	-	-
7,000	-	Lotte Chemical Pakistan Ltd	111,611	99,540	-	-
1,000	-	Shell Pakistan Ltd	263,344	263,233	-	-
			10,865,494	7,193,526	7,798,785	4,772,455

- 4.2 It also includes unrealized revaluation loss on NIT Islamic Unit Fund of Rs. 313,782 (June 30, 2018: Rs. 40,779) and unrealized loss on Meezan Islamic Equity Fund of Rs. 118,332 (June 30, 2018: unrealized loss of Rs. 72,307).

(Un-audited) March 31, 2019	(Audited) June 30, 2018
-----Rupees-----	

5. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to employees against salary - considered good	-	17,000
Loans to / receivable from employees - considered good	1,659,402	1,860,733
Security deposits	-	4,500
Advance fees paid	3,025,737	514,369
Prepayments	1,611,056	1,281,944
Accrued profit	4,083,501	3,918,035
Advances to suppliers - considered good	6,807,000	1,229,000
Advances for murabaha	1,500,000	5,000,000
Trade receivables - considered good	10,759,145	17,782,283
Legal suits' charges receivable	3,568,953	3,509,713
Provision for doubtful receivables	(771,950)	(844,960)
	2,797,003	2,664,753
Sundry receivables	5,625,048	4,385,448
Provision for doubtful receivables	(498,454)	(498,454)
	5,126,594	3,886,994
	37,369,438	38,159,611



SELECTED NOTES TO INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

		(Un-audited) March 31, 2019	(Audited) June 30 2018
	Note	-----Rupees-----	
6. SHORT TERM MURABAHA FINANCES			
Considered good		2,501,545	12,863,729
- Regular parties:			
Gross		20,084	20,084
Less: written off		(20,084)	-
- Parties under litigation		59,150,400	56,432,312
		59,150,400	56,452,396
Provision for classified receivables under Prudential Regulations for Modarabas		(28,700,300)	(28,720,384)
		<u>32,951,645</u>	<u>40,595,741</u>
7. IJARAH RENTAL RECEIVABLES - SECURED			
Considered good		1,060,284	2,141,779
Considered doubtful:			
- Regular parties		612,162	2,310,096
- Parties under litigation:			
Gross		34,860,277	38,530,657
Less: Written off during the period / year		(35,364)	-
		34,824,913	38,530,657
Suspended ijarah income - considered doubtful	7.1	(17,907,764)	(19,480,147)
Provision for doubtful ijarah rental receivables	7.2	(2,958,183)	(3,394,161)
		<u>15,631,412</u>	<u>20,108,224</u>
7.1 Suspended ijarah income - considered doubtful			
Opening balance		19,480,147	19,306,847
Recovery during the period / year		(1,582,843)	(563,066)
Suspension made during the period / year		10,460	736,366
		<u>17,907,764</u>	<u>19,480,147</u>
7.2 Provision for doubtful ijarah rental receivables:			
Opening balance		3,394,161	3,394,161
Add: Charge for the period / year		-	-
		3,394,161	3,394,161
Less: Reversal due to recovery		(435,978)	-
Closing balances		<u>2,958,183</u>	<u>3,394,161</u>
8. LONG TERM MURABAHA FINANCES			
Considered good		60,992,769	53,550,757
Considered doubtful	8.2	46,252,128	49,877,684
		107,244,897	103,428,441
Provision for doubtful long term murabaha finances	8.3	(2,726,607)	(2,726,607)
		104,518,290	100,701,834
Current / overdue portion grouped under current assets	8.4	(79,751,263)	(82,462,816)
		<u>24,767,027</u>	<u>18,239,018</u>

SELECTED NOTES TO INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

- 8.1** The Modaraba has sold goods under murabaha arrangements whereby payment is deferred alongwith specified profit margin. These finances are secured by way of hypothecation / pledge of stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.

		(Un-audited) March 31, 2019	(Audited) June 30 2018
	Note	-----Rupees-----	
8.2	Considered doubtful	49,763,416	53,490,686
	Suspended income	8.2.1 (3,511,288)	(3,613,002)
		8.2.2 46,252,128	49,877,684
8.2.1	Suspended income		
	Opening balance	3,613,002	2,722,266
	Recovery during the year	(1,026,865)	(512,262)
	Suspension made during the period/year	925,151	1,402,998
		3,511,288	3,613,002
8.2.2	This includes receivable from 4 (June 30, 2018: 4) customers under murabaha finance which are under litigation. Legal proceedings against these customers are in process in the Honorable Court of Law. The Court has awarded decree in favour of Modaraba in 3 (June 30, 2018: 3) cases for recovery of Rs. 60.662 million (June 30, 2018: Rs. 60.662 million). No recoveries have been made from these customers during the period.		
8.3	Provision for classified receivables under Prudential Regulations		
	Opening balance	2,726,607	2,726,607
	Reversal due to recovery	-	-
		2,726,607	2,726,607
8.4	Current portion of long term murabaha finances		
	Installments overdue	50,625,971	48,747,728
	Installments receivable within next 12 months	29,125,292	33,715,088
		79,751,263	82,462,816
9.	LONG TERM INVESTMENTS		
	Available For Sale		
	Equity securities - listed	9.1 11,387,275	11,443,301
	Sukuk certificates	9.2 222,626	1,261,586
	Total investment at cost	11,609,901	12,704,887
	Unrealized loss on revaluation of investments	(4,599,438)	(3,215,488)
	Net investments at fair value	7,010,463	9,489,399



SELECTED NOTES TO INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 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	March 31, 2019		June 30, 2018	
March 31, 2019	June 30, 2018		Average cost	Market Value	Average Cost	Market Value
-----Rupees-----						
8,000	6,000	D.G Khan Cement Co. Limited	1,321,722	683,280	1,115,513	686,940
3,500	4,000	Lucky Cement Limited	2,112,901	1,498,840	2,588,636	2,031,720
11,000	11,000	Sui North Gas Pipeline Limited	1,589,637	826,210	1,589,629	1,102,420
110,000	100,000	Pakistan Telecommuni- cation company Limited	1,723,144	999,900	1,627,207	1,144,000
11,125	5,625	Maple Leaf Cement Factory Limited	730,203	416,631	498,917	285,413
3,000	3,000	Shell Pakistan	1,318,331	789,690	1,318,331	948,270
10,000	4,000	Pioneer Cement Limited	591,961	347,700	334,239	187,440
5,175	4,500	The Searle Company Limited	1,999,376	1,225,586	1,999,386	1,527,750
-	1,000	Engro Corporation Pakistan	-	-	371,443	313,860
			11,387,275	6,787,837	11,443,301	8,227,813

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

Note	(Un-audited)		(Audited)	
	March 31, 2019	June 30, 2018	March 31, 2019	June 30, 2018
-----Rupees-----				
FIXED ASSETS				
Intangible asset	10.1	-	-	-
Operating fixed assets given on lease / ijarah - tangible	10.2	101,854,993	83,315,572	83,315,572
Operating fixed assets in own use - tangible	10.3	22,769,856	22,913,487	22,913,487
		124,624,849	106,229,059	106,229,059

**SELECTED NOTES TO INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

		<i>(Un-audited)</i> March 31, 2019	<i>(Audited)</i> June 30 2018
Note	-----Rupees-----		
10.1 Operating assets given on ijarah			
Cost - ERP		1,050,000	1,050,000
Accumulated amortization		(1,050,000)	(1,050,000)
Net book value		<u>-</u>	<u>-</u>
Rate of amortization		33.33%	33.33%
10.2 Operating assets given on ijarah			
Opening written down value		83,315,572	110,137,916
Additions during the period / year		51,135,650	38,294,840
Disposals during the period / year		(13,327,742)	(35,089,568)
		121,123,480	113,343,188
Depreciation charge for the period / year		(19,268,487)	(30,027,616)
		101,854,993	83,315,572
10.3 Fixed assets in own use			
Opening written down value		22,913,487	23,434,154
Additions during the period / year	10.3.1	319,820	658,467
Revaluation adjustment		-	2,457,200
Disposals during the period / year	10.3.2	-	(3,034,642)
		23,233,307	23,515,179
Depreciation charge for the period / year	10.3.3	(463,451)	(601,692)
		22,769,856	22,913,487
10.3.1 Additions during the period / year			
Furniture and fixtures		96,520	22,500
Office equipment		131,800	216,802
Vehicles		-	317,165
Electrical equipment		91,500	102,000
		319,820	658,467
10.3.2 Disposals / Transfers during the period / year			
Land - at cost		-	2,835,000
Electrical equipment:			
-Cost		194,466	-
-Accumulated depreciation		(194,466)	-
		-	-
Vehicles:			
-Cost		-	290,500
-Accumulated depreciation		-	(90,858)
		-	199,642
		-	3,034,642



		(Un-audited) March 31, 2019	(Audited) June 30 2018
	Note	-----Rupees-----	
10.3.3	Book value at the end of period / year		
Land	10.3.3.1	21,125,950	21,125,950
Furniture and fixtures		302,942	295,116
Office equipment		717,360	820,239
Vehicles		244,944	358,089
Electrical equipment		378,660	314,093
		22,769,856	22,913,487

11. CREDITORS, ACCURED AND OTHER LIABILITIES

Salaries and benefits payable	11,000	15,700
Withholding tax payable	799	44,524
Payable to Modaraba Management Company	132,462	226,007
Security deposit	-	40,000
Payable to SQZ Business & Management	159,904	5,000,000
Other liabilities	282,279	1,242,467
	<u>586,444</u>	<u>6,568,698</u>

Authorised Certificate Capital

50.000.000 Modaraba Certificates

(June 30, 2018: 50,000,000) of Rs.10/- each

500,000,000	500,000,000
-------------	-------------

Issued, subscribed and paid-up Certificate Capital

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

150,000,000	150,000,000
-------------	-------------

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

123,000,000	123,000,000
-------------	-------------

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

25,000,000	25,000,000
<u>298.000.000</u>	<u>298.000.000</u>

**THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

13. CONTINGENCIES AND COMMITMENTS

Contingencies

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

Ijarah commitments

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

	<i>(Un-audited)</i> <i>March 31,</i> <i>2019</i>	<i>(Audited)</i> <i>June 30</i> <i>2018</i>
<i>Note</i>	-----Rupees-----	
Not later than one year	1,800,000	1,800,000
Later than one year and not later than five years	2,405,328	3,305,328
	4,205,328	5,105,328
Disbursements of Ijarah / Murabaha / Musharakah to be made	2,269,000	10,825,000

	<i>Nine Months ended</i> <i>March 31</i> <i>2019</i>	<i>March 31</i> <i>2018</i>	<i>Quarter ended</i> <i>March 31</i> <i>2019</i>	<i>March 31</i> <i>2018</i>
	-----Rupees-----			
14. OTHER INCOME				
Processing, documentation, other fees and charges	293,390	224,000	106,030	29,000
Gain on disposal of fixed assets	514,441	719,262	(3,088)	333,707
Miscellaneous income	276,140	430,910	98,643	135,818
	1,083,971	1,374,172	201,585	498,525
15. (PROVISION) / REVERSAL OF PROVISION AGAINST NON PERFORMING Murabaha Finances and Other Receivables - Net				
Murabaha finances	19,831	(19,831)	-	(19,831)
Ijarah rental receivables	400,614	-	-	-
Legal suits charges receivables	(84,500)	(115,000)	-	(115,000)
	335,945	(134,831)	-	(134,831)



THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	<i>Nine Months ended</i>		<i>Quarter ended</i>	
	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>-----Rupees-----</i>			
16. ADMINISTRATIVE EXPENSES				
Salaries, allowances and other benefits	10,332,016	9,764,970	3,818,805	3,453,395
Legal and professional charges	442,246	27,500	234,998	-
Fees and subscription	2,242,828	2,099,531	846,221	914,683
Electricity, gas and water	595,912	621,016	155,915	141,285
Telephone, postage and courier	537,575	707,792	153,078	173,038
Rent, rates and taxes	1,430,628	1,339,394	503,367	441,192
Auditors' remuneration	80,000	-	80,000	-
Printing and stationery	640,646	595,404	158,928	138,639
Travelling and conveyance	234,776	298,729	26,701	49,842
Entertainment	431,116	425,738	124,225	113,417
Insurance	1,752,029	2,251,976	657,001	696,431
Advertisement	287,600	107,748	-	-
Vehicle running	1,492,008	1,629,776	513,530	576,528
Newspaper and periodicals	20,109	16,501	8,578	5,974
Repairs and maintenance	1,160,492	921,013	378,290	299,424
Depreciation on own assets	463,451	449,092	145,710	155,662
Ijarah rental expense - vehicle	1,350,000	1,167,372	450,000	360,813
Bank charges and commission	24,318	31,455	6,188	12,575
Sales Tax	45,772	8,600	19,646	2,800
Miscellaneous	123,996	169,614	36,463	42,681
	23,687,518	22,633,221	8,317,644	7,578,379

17. TAXATION

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

	<i>(Un-audited) March 31, 2019</i>	<i>(Un-audited) March 31, 2018</i>
	<i>-----Rupees-----</i>	
18. CASH GENERATED FROM OPERATIONS		
Profit / (Loss) before taxation	1,192,154	1,066,913
Adjustments for non-cash and other items:		
- Depreciation:		
Under ijarah	19,365,709	23,390,034
In own use	463,451	449,092
- Charges / (reversal) against short term murabaha receivables - net	(19,831)	-
- Charges / (reversal) against ijarah rentals receivables - net	(400,614)	-
- Charges / (reversal) against legal suit charges receivables - net	84,500	-
- Gain on termination / disposal of ijarah assets	(474,441)	-
- Gain on disposal of owned assets	(40,000)	(719,262)
- Profit on long term investment - available for sale	(47,019)	(248,239)
- Loss / (gain) realized on sale of short term investment - held for trading	583,097	(221,279)
- Gain realized on sale of long term investment - available for sale	(5,945)	(2,013)
- Unrealized loss on revaluation of short term investments - held for trading	1,109,280	962,901
- Dividend income	(310,980)	(427,688)
	20,307,207	23,183,546
Operating profit before working capital changes	21,499,361	24,250,459

**THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	<i>(Un-audited)</i> March 31, 2019	<i>(Un-audited)</i> March 31 2018
	-----Rupees-----	
Decrease / (increase) in current assets		
- Short term investment - net	(3,649,806)	677,631
- Advances, deposits, prepayments and other receivables	790,173	2,128,031
- Short term murabaha finances	7,663,927	(5,573,858)
- Short term musharakah finances	4,350,000	(1,550,000)
- Ijarah rental receivables	4,877,426	1,123,893
- Stock in trade	3,888,955	(16,710,937)
(Decrease) / increase in current liabilities		
Creditors, accrued and other liabilities	(5,982,254)	535,229
	11,938,421	(19,370,011)
Cash generated from operations	33,437,782	4,880,448

19. Balances and Transactions with Related Parties

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

Contribution to the provident fund is made in accordance with the services rules. Modaraba management fee, if any, is accrued in accordance with the requirements of the Modaraba Regulations. Remuneration of key management personnel is paid in accordance with the terms of their employment. Other transactions are carried out at agreed terms.

Transactions during the period

			<i>Nine Months ended March 31, 2019</i>	<i>2018</i>
			<i>(Un-audited)</i>	<i>(Un-audited)</i>
			-----Rupees-----	
Related party	Relationship	Nature of transaction		
Al-Zamin Modaraba Management (Private) Limited	Modaraba Management Company	Management fee and others	132,462	-
		Dividend paid	-	1,841,485
Employees' Provident Fund	Associated undertaking	Contribution for the period	473,149	434,674
Muhammad Aslam Motiwala	Associated person	Dividends for the period	-	5,925,500
Executives and close relatives thereof	Associated persons	Loan given during the period	-	1,100,000
		Repayment of loan received	133,332	599,999
		Receipt of principal under long term diminishing musharakah finances	200,000	200,000
		Receipts of profit under long term diminishing musharakah finances	9,998	29,333



**THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

<i>Outstanding Balances as at,</i>		March 31, 2019 (Un-audited)	June 30, 2018 (audited)
		-----Rupees-----	
Al-Zamin Modaraba Management (Private) Limited	Payable against management fee and others	132,462	226,007
	Payable against loan	5,000,000	5,000,000
Executives and close relatives thereof	Loan receivables	900,002	103,334
	Receivable against sale of vehicle	332,062	332,062
	Principal receivable under long term diminishing musharakah finances	-	200,000
	Profit receivable under long term diminishing musharakah finances	-	9,998

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements (un-audited) are approved and authorized for issuance on April 24, 2019 by the Board of Directors of the Management Company.

21 General

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

<i>Nature</i>	<i>Reason</i>	<i>From</i>	<i>To</i>	<i>Amount</i>
Loan from Management Co	Better presentation	IMBL Project Fund	Face of balance sheet	5,000,000
Creditors, accrued and other liabilities	Better presentation	IMBL Project Fund	Face of balance sheet	159,904

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

BOOK POST

104-106, Kassam Court,
BC-9, Block-5, Clifton, Karachi-75600
Tel: 021-35876651, 35876652 Fax: 021-35870408
Web: www.trustmodaraba.com