



Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (Private) Limited.

QUARTERLY REPORT

30th September, 2023

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CORPORATE INFORMATION

MODARABA COMPANY

AI-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

1st Floor, H.M. House, 7-Bank Square, Lahore Telephone: 042- 37235081-2 Fax: 042-37358817

DIRECTORS' REPORT

The Board of Directors of Al-Zamin Modaraba Management (Private) Limited, the management company of Trust Modaraba is pleased to present the un-audited financial statements of Trust Modaraba for the quarter ended 30th September, 2023.

ECONOMIC REVIEW

The previous financial year ended with significant pressure on domestic prices, exchange rate, fiscal account and business environment. The challenges along with record high energy and food prices, loss of crops and livestock added further to the woes of the common man. However, since beginning of the current financial year 2023-24, economic situation has shown some signs of recovery due to the measures initiated by the government aimed at improving the near-term economic situation during the current year. The pro-farmer incentives of the government appear to auger well for the agriculture sector as according to initial estimates cotton production is expected to post remarkable growth of almost over 80% over the previous year. During the first quarter of the current financial year, export of services moved positively and depicted increase though marginally by 2%. Pakistan Stock Market (PSX) remained significantly higher than its past six months average of 43,000 points. Strict administrative actions against foreign exchange dealers has also helped in stabilizing the exchange rate.

However, to ensure long term macro-economic stability and growth, careful economic management and deep structural reforms are required to place the Country on a comprehensive and all-inclusive development trajectory. Until then Pakistan economy will remain vulnerable to domestic and external shocks.

PERFORMANCE

It is encouraging to report that even under the challenging circumstances, the operating performance of your Modaraba remained positive and growth oriented during the first quarter of the financial year ended on 30th September, 2023 and the key performance indicators registered impressive increase over the preceding comparable quarter.

Income of Rs.12.662 million was achieved from core business operations comprising of Ijarah, Murabahah and Diminishing Musharakah during the quarter under consideration registering an increase of 50% over the comparable period of the previous financial year. In line with the guidance of the Board of Directors to reduce the level of exposure in the stock market, selected scrips were disposed of at optimum value and the liquidity thus generated was deployed in fresh business transactions to good risk clients at attractive rates. The strategy paid dividends as is evident from increase in the income from main components of the business operations. Disposal of shares during the period resulted in reversal of provisions of held against the respective shares and contributed net gain of Rs.2.943 million after adjusting on sale of shares. In line with the prudent portfolio risk management policy of the Modaraba, provision of Rs.1.18 million was made against the classified accounts. Income of the Modaraba after accounting for provisions and unrealized gain/loss on equity portfolio stood at Rs.15.047 million as against Rs.10.736 million of the previous comparable quarter. Every effort was made by your management to minimize the expenditure and despite significant surge in the inflation across the board, operating expenses decreased by 4% to Rs.9.03 million (Rs.9.37 million July-Sept, 2022). After accounting for all the provisions and expenses, profit before management fee of Rs.6.013 million was achieved as compared to Rs.1.36 million of the previous comparable quarter. After tax profit stood at Rs.3.76 million translating into 3.3 times increase over the previous comparable quarter of Rs.1.08 million.

The quarter (July-Sept 2023) also witnessed surge in disbursements which stood at Rs.50.65 million as compared to Rs.43.66 million for the previous comparable quarter. As a result of major shift in selection of clients towards corporate sector and individuals having sound financial standing and repayment capacity, risk profile of your Modaraba has improved considerably thereby restricting accruals of any fresh NPLs to the portfolio.

Asset base of your Modaraba as at 30th September, 2023 stood at Rs.394.289 million with an equity of Rs.324.546 million after incorporating unrealized loss of Rs.5.725 million on share portfolio.

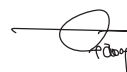
Your management is vigorously following up cases in litigation and hope to achieve final settlement of cases which are at an advance stage of the legal process.

EARNING PER CERTIFICATE

Earnings per certificate of your Modaraba works out to Rs.0.13 for the period ended 30th September, 2023.

Financial year 2023-24 has commenced on a positive note with regard to the performance of your Modaraba, every effort shall be made to achieve further progress and growth in business operations and profitability.

For and on behalf of Trust Modaraba



DIRECTOR



CHIEF EXECUTIVE

30th October, 2023.

ڈائریکٹر کی رپورٹ

الضامن مضاربه مینجمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز (بورڈ کے ناظمین)، جو ٹرسٹ مضاربه کی مینجمنٹ کمپنی ہے، کی جانب سے 30 ستمبر 2023 پر اختتام پذیر سہ ماہی پر مضاربه کی ڈائریکٹرز کی رپورٹ بمع غیر محتسب شدہ مالیاتی دستاویزات اپنے سرٹیفیکیٹ کنندگان کو پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معاشی جائزہ

گذشتہ مالی سال کا اختتام ملکی قیمتوں، شرح مبادلہ، مالیاتی کھاتے اور کاروباری ماحول خاصے دباؤ کے ساتھ ہوا۔ مشکلات کے ساتھ توانائی اور غذائی اشیاء رکارڈ بلند قیمتیں، فصلوں اور مال مویشی کے نقصان نے عام آدمی کے مالی مشکلات میں مزید اضافہ کر دیا ہے۔ تاہم، موجودہ مالی سال 2023-24 کے آغاز سے، معاشی صورتحال میں بہتری کے اشارے نمایاں ہیں جن کی وجہ موجودہ سال میں قلیل المدت معاشی صورتحال کی بہتری کے لیے اٹھائے جانے والے اقدامات ہیں۔ حکومت کی کسان دوست پالیسی نے زرعی سیکٹر میں بہتر نتائج دیے ہیں جیسا کہ ابتدائی اندازوں کے مطابق کہاس کی فصل گذشتہ سال کے مقابلے میں تقریباً 80 فیصد سے زیادہ ہونے کی امید ہے۔ جاری مالی سال کی پہلی سہ ماہی میں خدمات کی برآمدات میں تقریباً 2 فیصد اضافہ کا روجہاں ہے۔ پاکستان اسٹاک ایکسچینج گذشتہ چھ ماہ کے مقابلے میں خاصا بلند رہا اور اس کی اوسط 43,000 پوائنٹس رہی۔ ایکسچینج ڈیلر کے خلاف سخت انتظامی اقدامات نے بھی شرح مبادلہ کے استحکام لانے میں مدد کی۔

تاہم، طویل المدت معیشت کے استحکام اور نمو کو یقینی بنانے کے لئے، محتاط معاشی مینجمنٹ اور وسیع اصلاحات کی ضرورت ہے۔ تاوقت کہ ملک جامع اور تمام شعبہ جات کی ترقی کی شمولیت کے ساتھ ترقی کے راستے پر گامزن نہ ہو۔ اس وقت تک پاکستان کی معیشت اندرونی اور بیرونی مشکلات کی زد میں رہے گی۔

کارکردگی کا جائزہ

یہ بات حوصلہ افزا ہے کہ 30 ستمبر 2023 پر اختتام پذیر مالی سال کی پہلی سہ ماہی کے دوران آپ کے مضاربه نے، مشکل حالات کے باوجود، کارکردگی مثبت ترقی پر مبنی ہے اور کارکردگی کے اہم اشاروں نے گذشتہ سال کی اسی مدت کے دوران کے مقابلے میں متاثر کن اضافے کا اندراج کیا ہے۔

زیر غور سہ ماہی کے دوران، بنیادی کاروبار کے آپریشن جو اجارہ، مراحبہ اور مشارکہ کے ذریعے سے 12.662 ملین روپے کی آمدنی حاصل کی۔ جو گذشتہ مالی سال کے اسی مدت کے دوران آمدنی کے مقابلے میں 50 فیصد اضافے کا اندراج کیا ہے۔ بورڈ آف ڈائریکٹرز کی ہدایات کے مطابق، اسٹاک مارکیٹ کے کاروبار میں شمولیت کم کرنا، منتخب سکرانپس کو مناسب قیمت پر بیچ دینے سے حاصل رقوم کو نئے کاروبار میں اچھے نرخوں پر استعمال کیا۔ زیر غور مدت کے دوران، حصص کی فروخت کا نتیجہ ان حصص کے لیے مختصات کی واپسی سے، حصص کے سلسلے میں ضروری درستگی کے بعد، 2.943 ملین روپے کا خالص اضافہ ہوا۔ مضاربه کی پورٹ فولیو رسک مینجمنٹ پالیسی کے مطابق، کلاسیفائڈ کھاتوں کی مد میں 1.18 ملین روپے کی مختصات کی گئیں ہیں۔ مختصات اور غیر حقیقی اضافہ/نقصان کا حساب کتاب کرنے کے بعد اس سہ ماہی میں، ملکیتی سرمایہ پورٹ فولیو کی آمدنی مالیت 15.047 ملین روپے رہی جبکہ گذشتہ سال اسی مدت کے دوران اس کی مالیت 10.736 ملین روپے تھی۔ افراط زر کی خاصی بڑھتی لہر کے باوجود، اخراجات میں ہر ممکن کوششوں سے 4 فیصد کمی سے ان کی مالیت 9.03 ملین روپے رہی (جولائی ستمبر 2022 اس کی مالیت 9.37 ملین روپے تھی)۔ زیر غور سہ ماہی کے دوران، مختصات اور اخراجات کے حساب کتاب کے بعد منافع قبل از مینجمنٹ فیس کی مالیت 6.013 ملین روپے حاصل کیا تھا جبکہ گذشتہ سال اسی مدت کے دوران اس کی مالیت 1.36 ملین روپے تھی۔ منافع بعد از محصول 3.76 ملین روپے رہا جو گذشتہ سال اسی مدت کے دوران اس کی مالیت 1.08 ملین روپے تھی جس میں تین گنا اضافہ ہوا ہے۔

زیر غور سہ ماہی (جولائی - ستمبر 2023) نئے قرضہ جات کی فراہمی میں تیزی دیکھی گئی اور اس کی مالیت 50.65 ملین روپے رہی جبکہ گذشتہ سال اسی مدت کے دوران اس کی مالیت 43.66 ملین روپے تھی۔ ادارجاتی سیکٹر اور افراد جن کی مالی صورتحال مستحکم اور واپس ادائیگی رکھنے والے افراد جیسے گاہکوں کے انتخاب کی جانب توجہ سے، آپ کے مضاربه کے رسک پروفائل میں خاصی بہتری آئی ہے اور اس طرح سے پورٹ فولیو میں نئے غیر فعال قرضہ جات شامل نہ ہوئے ہیں۔

30 ستمبر 2023 پر آپ کے مضاربه کی اثاثہ جات کی بنیاد 394,289 ملین روپے رہی اس کے ساتھ ملکیتی سرمایہ کی مالیت 324,546 ملین روپے جس میں سینئر پورٹ فولیو کا 5,725 ملین روپے کا غیر حقیقی نقصان کو شامل ہے۔

آپ کی انتظامیہ پوری توجہ کے ساتھ قرضوں کی وصولی کے لئے کورٹ میں درج مقدمات کی پیروی کر رہی ہے اور کوشاں ہے کہ ان مقدمات کا حتمی فیصلہ جلد از جلد حاصل کر سکے۔

آپ کے مضاربه کی کارکردگی کے حوالے سے، مالی سال 2023-24 نے مثبت آغاز کیا ہے۔ ہر ممکن کوشش ہے کہ کاروبار کے آپریشنز اور منافع بخشی میں مزید ترقی ہو۔

آمدنی فی سرٹیفیکیٹ

30 ستمبر 2023 پر اختتام پذیر مدت پر آمدنی فی سرٹیفیکیٹ 0.13 روپے رہی۔ آپ کی انتظامیہ، تمام شرکاء کے فائدے اور نمو میں اضافے کے لیے پرعزم ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



چیف ایگزیکٹو آفیسر

30 اکتوبر 2023



ڈائریکٹر

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2023

		(Un-audited) September 30, 2023	(Audited) June 30, 2023
	Note	-----Rupees-----	
ASSETS			
Current assets			
Cash and bank balances		10,754,441	7,403,438
Investments		15,199,361	23,673,280
Advances, deposits, prepayments and other receivables	4	11,959,672	9,252,174
Murabaha finances - secured	5	32,538,031	33,138,031
Ijarah rental receivables - secured	6	3,675,838	2,797,830
Current portion of long term murabaha finances	7	47,172,909	54,965,658
Musharakah finances (secured - considered good)	8	17,908,426	16,399,135
Current portion of diminishing musharakah finances	9	21,665,728	15,004,620
Income tax refundable		1,142,558	1,840,370
		162,016,964	164,474,536
Assets classified as held for sale		8,625,000	8,625,000
Total current assets		170,641,964	173,099,536
Non-current assets			
Murabaha finances		4,251,973	4,078,227
Diminishing musharakah financing	9	81,420,059	62,386,644
Deposits		602,962	602,962
Investments	10	4,477,364	6,271,900
Fixed assets given on lease / ijarah - tangible	11	114,157,131	123,427,562
Fixed assets in own use	12	16,096,939	16,346,263
Intangible asset	13	252,218	155,552
Deferred taxation - net		2,388,431	2,388,431
Total non-current assets		223,647,077	215,657,541
Total assets		394,289,041	388,757,077
EQUITY AND LIABILITIES			
LIABILITIES			
Current liabilities			
Unclaimed profit distributions		12,830,810	12,831,607
Creditors, accrued and other liabilities	14	4,574,596	1,661,255
Current portion of deferred income on murabaha		1,435,836	2,400,180
Current portion of customers' security deposits		13,391,875	8,936,875
Current portion of lease liabilities against right of use assets		944,980	1,083,251
Total current liabilities		33,178,097	26,913,168
Non-current liabilities			
Deferred income on murabaha		595,327	1,012,756
Customers' security deposits		34,668,638	39,380,638
Lease liabilities against right of use assets		1,300,123	1,445,518
Total non-current liabilities		36,564,088	41,838,912
Total liabilities		69,742,185	68,752,080
NET ASSETS			
REPRESENTED BY		324,546,856	320,004,997
CAPITAL AND RESERVES			
Certificate capital		298,000,000	298,000,000
Reserves		32,272,121	28,506,449
Total equity		330,272,121	326,506,449
Unrealized loss on revaluation of investments	15	(5,725,265)	(6,501,452)
		324,546,856	320,004,997
Contingencies and commitments	16		

The annexed notes from 1 to 24 form an integral part of these 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 QUARTER ENDED SEPTEMBER 30, 2023

		September 2023	September 2022
	Note	-----Rupees-----	
Income from ijarah - net	17	3,527,987	4,289,845
Profit on murabaha finances		1,280,441	2,414,508
Profit on musharakah finances		7,853,264	1,787,402
Dividend income on equity investments		230,154	1,701,509
Gain / (Loss) on sale of short-term investments		(5,090,352)	(566,866)
Other income	18	391,616	304,566
		8,193,110	9,930,964
Provision for doubtful receivables		(1,180,395)	-
Unrealized Gain / (loss) on revaluation of held for-sale-trading investment		8,034,226	805,280
		15,046,941	10,736,244
Operating expenses	19	(9,033,604)	(9,371,650)
		6,013,337	1,364,594
Modaraba Management Company's fee		(601,334)	(136,459)
Workers' Welfare Fund		(108,240)	(24,563)
Profit before taxation		5,303,763	1,203,572
Taxation		(1,538,091)	(118,604)
Profit for the period		3,765,672	1,084,968
Earnings per certificate - basic and diluted	20	0.13	0.04

The annexed notes from 1 to 24 form an integral part of these 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 QUARTER ENDED SEPTEMBER 30, 2023**

	September 2023	September 2022
Note	-----Rupees-----	
Profit for the period	3,765,672	1,084,968
Other comprehensive income / (loss) :		
- Net change in fair value of investments classified as 'fair value through other comprehensive income	776,187	(275,748)
Other comprehensive income / (loss) for the period	776,187	(275,748)
Total comprehensive income for the period	4,541,859	809,220

The annexed notes from 1 to 24 form an integral part of these 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 QUARTER ENDED SEPTEMBER 30, 2023

		(Un-audited)	
		September 2023	September 2022
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Cash generated from operations			
Cash generated from operations	21	13,190,202	23,486,228
<i>Decrease / (Increase) in non-current assets:</i>			
- Long term murabaha finances		7,619,003	10,787,147
- Long term musharakah finances		(25,485,816)	(12,874,956)
<i>(Decrease) / Increase in non-current liabilities:</i>			
- Deferred income on murabaha		(1,381,773)	(1,952,048)
- Customers security deposits		220,000	4,229,200
Purchase of ijarah assets		(1,100,000)	(20,712,000)
Long term deposits		-	398,600
Proceeds from disposal of ijarah assets		-	888,006
Income tax paid / deducted		(3,026,954)	(203,275)
Net cash generated from operating activities		(9,965,338)	4,046,902
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of owned assets		(302,732)	(1,162,172)
Purchase of intangible assets		(120,000)	-
Proceeds from disposal of owned assets		-	5,040
Disposal / (purchase) of investments - net		13,988,516	1,136,465
Dividends received		140,154	1,681,943
Net cash generated from / (used in) investing activities		13,705,938	1,661,276
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment made against lease liability		(388,800)	(100,257)
Loan (repaid) / obtained from a director		-	-
Profit distributed to certificate holders		(797)	-
Net cash (used in) / generated from financing activities		(389,597)	(100,257)
Net (decrease) / increase in cash and cash equivalents		3,351,003	5,607,921
Cash and cash equivalents at the beginning of the year		7,403,438	7,690,515
Cash and cash equivalents at the end of the year		10,754,441	13,298,436

The annexed notes from 1 to 25 form an integral part of these 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 (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

Particulars	Certificate capital	Capital reserves		Revenue reserves		Total reserves	Total equity
		Statutory reserve	Accumulated losses	Revenue reserves	Accumulated losses		
Balance as at June 30, 2022	298,000,000	83,785,844		(55,206,290)		28,579,554	326,579,554
Profit for the period	-	-	1,084,967			1,084,967	1,084,967
Other comprehensive income for the year	-	-				-	-
Balance as at September 30, 2022	298,000,000	83,785,844		(54,121,323)		29,664,521	327,664,521
Balance as at July 01, 2023	298,000,000	83,785,844		(55,279,395)		28,506,449	326,506,449
Profit for the period	-	-		3,765,672		3,765,672	3,765,672
Other comprehensive loss for the period	-	-				-	-
Total comprehensive loss for the period	-	-				3,765,672	3,765,672
Balance as at September 30, 2023	298,000,000	83,785,844		(51,513,723)		32,272,121	330,272,121

----- (Rupees) -----

The annexed notes from 1 to 24 form an integral part of these financial statements.

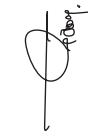
For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

Trust Modaraba (the Modaraba) was formed in Pakistan under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is 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 301 & 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 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2023. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2023 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial statements for the quarter ended September 30, 2022.
- 2.3 These condensed interim financial statements are unaudited; however, a limited scope review has been performed by the external auditors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- 2.4 **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, 2023.

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.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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, 2023.

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

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

		(Un-audited) September 30, 2023	(Audited) June 30, 2023
4	SHORT TERM INVESTMENTS	Note	-----Rupees-----
	Financial assets at fair value through profit and loss - Held for trading		
	NIT Islamic Unit Fund	-	439,685
	Shares of listed companies	4.1 <u>15,199,361</u>	<u>23,233,595</u>
		<u>15,199,361</u>	<u>23,673,280</u>

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	September 30, 2023		June 30, 2023	
30-Sep 2023	30-Jun 2023		Average Cost	Market Value	Average Cost	Market Value
-----Rupees-----						
106,250	106,250	Fauji Cement Company Limited	2,379,274	1,201,688	2,379,274	1,249,500
52,000	32,000	D.G. Khan Cement Company Limited	4,005,341	2,257,840	3,017,682	1,641,600
165,000	165,000	Cnergyico Pk Limited	1,802,198	501,600	1,802,198	468,600
120,000	120,000	Hascol Petroleum Limited	1,622,511	582,000	1,622,511	666,000
30,000	30,000	Pakistan Petroleum Limited	2,434,434	2,222,100	2,434,434	1,774,200
12,500	35,500	Shell Pakistan Limited	2,268,672	1,684,000	6,443,029	4,105,575
40,000	50,000	Sui Southern Gas Company Limited	418,473	367,600	523,091	429,500
5,000	5,154	Dawood Hercules Corporation Limited	665,877	555,750	686,386	515,400
10,000	13,000	Descon Oxychem Limited	286,567	234,600	372,537	314,860
28,000	30,000	Nishat Mills Limited	2,941,861	1,680,560	3,151,994	1,703,100
-	18,000	National Refinery Limited	-	-	6,479,953	2,700,000
17,500	22,500	Netsol Technologies Limited	2,259,349	1,365,175	2,904,877	1,683,675
107	14,000	Oil & Gas Development Company Limited	10,144	10,321	1,205,765	1,092,000
-	45,000	Pakistan Telecommunication Company Limited	-	-	462,248	270,450
15,845	67,000	Unity Foods Ltd	519,679	398,819	2,197,445	1,047,210
25,740	25,740	Century Paper and Board Mills	1,282,273	648,648	1,282,273	726,898
5,000	-	Pakistan State Oil Company Limited	591,000	613,700	-	-
5,500	7,500	Frieslandcampins Engro Foods	461,858	305,910	629,806	442,725
-	3,800	Lucky Cement Limited	-	-	2,222,170	1,983,942
-	8,000	The Searl Company Limited	-	-	400,428	306,560
65,000	65,000	K-Electric Limited	174,704	127,400	174,704	111,800
5,000	-	Hub Power Company	435,767	441,650	-	-
			<u>24,559,982</u>	<u>15,199,361</u>	<u>40,392,805</u>	<u>23,233,595</u>

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

		(Un-audited) September 30, 2023	(Audited) June 30, 2023
		Note	-----Rupees-----
Loans to / receivable from employees - considered good			737,000
Prepayments			661,400
Advance against expenses			5,305,109
Accrued profit (secured - considered good)			3,426,183
Trade receivables - considered good (secured)			550,000
Legal suits' charges receivable (secured - considered good)			750,000
Receivable against sale of Faisalabad Property			2,530,296
Sundry receivables (unsecured - considered good)			1,155,192
	5.1	-	-
	5.2	2,208,926	2,208,926
	5.3	-	-
		628,341	1,050,473
		<u>11,959,672</u>	<u>9,252,174</u>

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	(Un-audited) September 30, 2023	(Audited) June 30, 2023
Note	-----Rupees-----	
5.1 Trade receivables		
Gross amount	100,000	100,000
Allowance for doubtful trade receivables	(100,000)	(100,000)
	-	-
5.2 Legal suits' charges receivable		
Gross amount	2,675,852	2,675,852
Allowance for doubtful legal suits' charges	(466,926)	(466,926)
	2,208,926	2,208,926
5.3 Receivable against sale of Faisalabad Property		
Gross amount	549,000	549,000
Allowance for doubtful legal suits' charges	(549,000)	(549,000)
	-	-
6 MURABAHA FINANCES - SECURED		
Considered good	5,500,000	5,800,000
Considered doubtful:		
- Regular parties	-	-
- Parties under litigation	38,579,019	38,879,019
	38,579,019	38,879,019
Provision for doubtful receivables	(11,540,988)	(11,540,988)
	32,538,031	33,138,031
7 MURABAHA FINANCES - SECURED		
Considered good	18,025,498	28,374,158
Considered doubtful	40,722,240	36,180,742
Provision for doubtful long term murabaha finances	(7,322,856)	(5,511,015)
	51,424,882	59,043,885
Current / overdue portion shown under current assets	(47,172,909)	(54,965,658)
	4,251,973	4,078,227
8 MUSHARAKAH FINANCES - SECURED		
Considered good	18,728,900	17,219,609
Provision for Musharakah finances	(820,474)	(820,474)
	17,908,426	16,399,135
9 DIMINISHING MUSHARAKAH FINANCING - SECURED		
Considered good	105,655,284	78,780,366
Current portion	(21,665,728)	(15,004,620)
Provision for Diminishing Musharaka finances	(2,569,497)	(1,389,102)
	81,420,059	62,386,644

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

10 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	September 30, 2023		June 30, 2023	
30-Sep 2023	30-Jun 2023		Average Cost Rupees	Market Value Rupees	Average Cost Rupees	Market Value Rupees
65,489	90,000	Sui Northern Gas Pipelines Limited	4,225,281	3,076,673	5,806,704	3,543,300
26,875	26,875	The Searle Company Limited	4,746,483	946,631	4,743,273	1,029,850
60,000	75,000	Pakistan Telecommunication Company Limited	823,239	357,600	1,029,049	450,750
1,000	16,000	Oil & Gas Development Company	113,227	96,460	1,811,631	1,248,000
			9,908,230	4,477,364	13,390,657	6,271,900

			(Un-audited) September 30, 2023	(Audited) June 30, 2023
		Note	-----Rupees-----	
11	FIXED ASSETS GIVEN ON LEASE/IJARAH-TANGIBLE			
	Operating fixed assets given on lease (ijarah) - tangible	11.1	114,157,131	123,427,562
11.1	Fixed assets given on lease/ijarah - tangible			
	Opening written down value		123,427,562	147,262,006
	Additions during the period / year		1,100,000	31,773,000
	Disposals during the period / year		(477,000)	(15,559,674)
			<u>124,050,562</u>	<u>163,475,332</u>
	Depreciation charge for the period / year		(9,893,431)	(40,047,770)
			<u>114,157,131</u>	<u>123,427,562</u>
12	FIXED ASSETS IN OWN USE			
	Fixed assets in own use	12.01	14,153,888	14,105,600
	Right of use assets	12.02	1,943,051	2,240,663
			<u>16,096,939</u>	<u>16,346,263</u>
12.1	Fixed assets in own use			
	Opening written down value		14,105,600	13,527,952
	Additions during the period		302,732	2,037,972
	Disposals during the period		-	(146,769)
			<u>14,408,332</u>	<u>15,419,155</u>
	Depreciation charge for the period		(254,444)	(1,313,555)
			<u>14,153,888</u>	<u>14,105,600</u>
12.2	Right of use assets			
	Opening written down value		2,240,663	2,266,005
	Additions during the period		-	1,165,106
			<u>2,240,663</u>	<u>3,431,111</u>
	Depreciation charge for the period		(297,612)	(1,190,448)
			<u>1,943,051</u>	<u>2,240,663</u>

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	(Un-audited) September 30, 2023	(Audited) June 30, 2023
13	INTENGIBLE ASSET	
	Note	-----Rupees-----
	Cost	
	Balance at beginning of the year	1,250,000 1,050,000
	Additions during the period / year	120,000 200,000
	Closing balance	1,370,000 1,250,000
	Accumulated amortisation	
	Balance at beginning of the year	1,094,448 1,050,000
	Charged during the period	23,334 44,448
	Closing balance	1,117,782 1,094,448
	Written down value	252,218 155,552
	Rate %	33% 33%
14	Creditors, Accrued and Other Liabilities	
	Payable to Modaraba Management Company	601,334 114,947
	Provision for Workers' Welfare Fund	178,893 70,653
	Accrued Expenses	366,370 311,020
	Other liabilities	3,427,999 1,164,635
	4,574,596	1,661,255
15	Unrealized loss on Revaluation of Investments	
	Opening balance	(6,501,452) (5,528,682)
	Surplus / (deficit) on revaluation during the year	776,187 (972,770)
	(5,725,265)	(6,501,452)
15.1	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.	
16	Contingencies and Commitments	
16.1	Contingencies	
	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.	
16.2	Musharakah Commitments	
	Disbursement of Musharakah to be made	24,689,990 18,118,000
17	Income from Ijarah - net	
	Income from leasing and Ijarah operations	14,321,274 15,799,000
	Less: Depreciation on fixed assets given on ijarah	(9,893,431) (9,952,411)
	Less: Insurance on ijarah assets	(899,856) (1,556,744)
	3,527,987	4,289,845
18	Other Income	
	Gain on disposal of owned fixed assets	- 5,040
	Profit on deposit and saving accounts with banks	236,066 48,042
	Miscellaneous income	155,550 251,484
	391,616	304,566

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

		(Un-audited) Sept 30, 2023	(Un-audited) Sept 30, 2022
19 Operating Expenses	Note	-----Rupees-----	
Salaries, allowances and other benefits		4,456,766	4,842,057
Legal and professional charges		40,000	40,000
Fees and subscription		910,137	1,045,728
Electricity, gas and water		215,837	403,824
Telephone, postage and courier		286,982	266,507
Advertisement		-	25,000
Printing and stationery		255,034	125,316
Traveling and conveyance		249,416	177,557
Entertainment		192,322	212,719
Insurance		58,272	65,375
Vehicle running		510,915	536,423
Newspaper and periodicals		3,480	5,455
Rent, rates and taxes		199,900	433,162
Repairs and maintenance		736,156	609,936
Depreciation on own assets		254,444	212,419
Depreciation on right of use assets		297,612	138,735
Amortization of intangible assets		23,334	-
Bank charges and commission		1,810	12,769
Sales tax		25,123	30,677
Unwinding of lease liabilities		105,134	110,577
Miscellaneous		210,930	77,414
		9,033,604	9,371,650

		(Un-audited) Sept 30, 2023	(Un-audited) Sept 30, 2022
	Note	-----Rupees-----	
20 Earnings per Certificate - Basic and Diluted			
Profit for the period	Rupees	3,765,672	1,084,967
Weighted average number of certificates	Number	29,800,000	29,800,000
Earnings per certificate	Rupees	0.13	0.04

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

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

		(Un-audited) Sept 30, 2023	(Un-audited) Sept 30, 2022
21	CASH GENERATED FROM OPERATIONS	-----Rupees-----	
	Profit before taxation	5,303,763	1,228,134
	Adjustments for non-cash and other items:		
	- Depreciation:		
	Under ijarah	9,893,431	9,952,411
	In own use	254,444	212,419
	Right of use assets	297,612	138,735
	Amortization of intangible assets	23,334	-
	Provision for doubtful receivable	1,180,395	-
	- (Gain) / loss on disposal own assets	-	(5,040)
	- Loss on sale of long term investment	911,707	-
	- Loss on sale of short term investment	5,090,352	566,866
	- Unrealized (gain)/loss on revaluation of held for trading investment	(8,034,226)	(805,280)
	- Workers' Welfare Fund	108,240	24,563
	- Dividend income	(230,154)	(1,701,509)
	Operating profit before working capital changes	9,495,135	8,383,165
	Decrease / (increase) in current assets		
	- Advances, deposits, prepayments and other receivables	(2,707,498)	17,397,996
	- Short term murabaha finances	600,000	1,814,618
	- Short term musharakah finances	(1,509,291)	(1,067,155)
	- Ijarah rental receivables	(878,008)	(6,077)
	Increase / (decrease) in current liabilities		
	- Creditors, accrued and other liabilities	2,805,101	(4,264,455)
	Cash generated from operations	(1,689,696)	13,874,927
		13,109,202	23,486,226

		(Un-audited) Sept 30, 2023	(Un-audited) Sept 30, 2022
22	Transactions with Related Parties	-----Rupees-----	
	Transactions during the period		
Related party	Relationship	Nature of transaction	
Al-Zamin Modaraba	Modaraba	Management fee and others	601,334 136,459
Management (Private) Limited	Management Company	Office rent	624,000 -
		Electric bill expenses received	129,113 -
Employees' Provident Fund	Associated undertaking	Contribution for the period	245,007 258,807
			(Un-audited) (Audited)
			Sept 30, 2023 June 30, 2023
	Outstanding Balance as at the period end	-----Rupees-----	
Al-Zamin Modaraba Management (Private) Limited		Payable against management fee and others	601,334 114,947
Executives		Loan receivables	500,000 500,000

**SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

23. NON ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Management Company in their meeting held on September 12, 2023 has decided to pass over the dividend for the year ended on 30th June, 2023 (2023: Nil)

24. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the Board of Directors of the Management company in their meeting held on 30th October, 2023.


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



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER



KARACHI

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