

HALF YEARLY REPORT
December 31, 2019



Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (PVT) Ltd.

Contents

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



CORPORATE INFORMATION

Modaraba Company

Al-Zamin Modaraba Management (Private) Limited

Board of Directors

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

Management

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

Audit Committee

Mr. Syed Shahnawaz Ahmed Rizvi	Chairman
Mr. Sheikh Arshad Farooq	Member
Mr. Syed Etrat Hussain Rizvi	Member
Mr. Sohail Ansar	Member

Human Resource Committee

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

Internal Auditors

Grant Thornton Anjum Rahman.
Chartered Accountants

Auditors of the Modaraba

Crowe Hussain Chaudhary & Co.
Chartered Accountants

Bankers

Meezan Bank Limited
The Bank of Punjab

Legal Advisors

Salim & Baig, Advocate
Shakeel Ahmed Awan
S&B Durrani Law Associates
Sameera Usto & Associates

Registered Office/Principal Place of Business

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

Regional office

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

Gujranwala Branch

51-A, Adjacent Standerd Chartered Bank, Trust Plaza G. T. Road, Gujranwala.
Telephone: 055-3730308, 055-3730300 Fax : 055-3731108

Registrars

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

DIRECTORS' REPORT

The Directors of Al-Zamin Modaraba Management (Private) Limited present the financial statements of Trust Modaraba for the Half year ended 31st December, 2019 duly reviewed by the external Auditor's in compliance of Corporate Governance.

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

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

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

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

EARNING PER CERTIFICATE

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

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

For & on behalf of the Board of Directors



Director



Basheer A. Chowdry
Chief Executive



ڈائریکٹرز کی رپورٹ

الحمد للہ، مجنبت (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز (پورے سال 2019ء کو ختم ہونے والی ششماہی کے باقیاتی ٹھوسے چول کے ہونے کو ختمی محسوس کرتے ہیں۔

پاکستان کی معیشت اب بھی تک ادا جی کے توازن، بلند فراہم کار کے مسئلہ، قرضوں کی ادائیگیوں کے غیر معمولی بڑے بوجھ جیسے مسئلوں سے نبرد آزما ہے جس کی وجہ سے مجموعی طور پر پورا اور کاسٹ صرف معمولی تکثر پر اظہار کے لیے رہ چکا ہے۔ جو قسمی سے کلی معیشت کی تباہی حکومت کو IMF کے ساتھ انتظام کرنا چاہیے اور پاکستانی تینج کو جاری رکھنا پورا کرچہ IMF اور دیگر دوست ممالک کی معاونت کی وجہ سے وقتی نوعیت کی آسانی ٹی لیکن یہ بات اہم ہے کہ جرائمندان اور بہتر منصوبہ بندی کے لیے کیے گئے اقدامات کی وجہ سے یہ بات جیسی ہائی کر دیا کا کھلا معیشت میں تدارک لیکن جیسی بہتری ہو۔

پاکستان کو تھوڑی کھانے کے خرابے پر موڈ پر اثر ہوا ہے اور بڑھانے کے لیے، ضروری ہے کہ برہد اس تفریحی سرمایہ کو لانے کے لیے مہیا کار ماحول کو جیسی بنانے کے ساتھ ساتھ زیادہ دستان مصدقات کی پالیسیوں، جن کو ہدف چھوٹے اور درمیانے سائز کے ادارے ہوں، کلی سرمایہ کاری کی حوصلہ افزائی کی جائے جو معیشت کی ترقی کا اچھا نتیجہ ہو سکتے ہیں۔ جاری کھانے کا خرابہ اور غیر ملکی زر مبادلہ کا گھٹا رہنے کی تیسرا اور غیر ملکی مبادلہ نرخوں میں استحکام برکری کے چھپانے ہیں جہاں حکومت نے اچھا کام کیا ہے۔ دور سمری مہیا، کلی اور جس کے نرخوں میں مسلسل اضافہ اور گھٹائی اظہار کی باقی ہوئی قیوں نے عام آدمی بہت زیادہ بوجھ مہیا بنانے کے ساتھ ساتھ ہار کرنے والوں پر بھی بوجھ زیادہ مہیا بنانے سے ان کے منافع میں کمی ہو رہی ہے جس کی وجہ سے کلی معیشت کا پھینک سہہ رہی کا کھلا ہے۔


علاوہ ازیں، گورنمنٹ کے مصدقات کے ذرائع سے بگڑا رہی اور عوامی مہیا کے شعبے میں سرمایہ کاری میں انسانے سے سال 2021 میں معیشت کی بحالی کے مثبت اشارے متوقع ہیں جو روزگار آمدنی کے ذرائع پیدا کرے گا۔ معیشت کو ترقی کی راہیں اور ہائیڈرو پاور کے لیے سرمایہ کاری کے لیے زیادہ دستان ماحول، مصدقات کی بنیاد میں تعلق اور سرمایہ کاری کی حوصلہ افزائی اور برآمدات کرنے والی صنعتوں کی قدر میں انسانے جیسے چند فوری اقدامات کے ذریعے سے ضمنی پیداوار کو فروغ ضروری ہے۔

موجودہ معاشی مشکلات کے باوجود، آپ کے مطابہ سے زیر جائزہ مدت میں اطمینان بخش نتائج پیدا کئے۔ آپ کے مطابہ کا کل بگڑا رہی، ادا کی دوبارہ قدر پڑ پڑی کی داہنی کے وہ بیان کو شامل کرنے جس میں اسٹاک ایکسٹریٹ لائیکس میں بہتری کے بعد گزشتہ مالی مدت سے 16.90 ملین روپے کے مقابلے میں سال 17.68 ملین روپے ہائیں میں اسٹاک ایکسٹریٹ سرمایہ کے پورٹ فولیو کے لیے کے گئے 1.2 ملین روپے کے وہ بیان بھی ایک تکثر تھا آپ بیٹن سے ہونے والے خزانہ کو سنے کا کھول پر موڈ طور پر استعمال کیا تھا، آپ ریٹنگ لیو ز میں جو متنوع سر کریوں کا آنا زیا کی اکتاس نے ضمنی اہداف حاصل کیے۔ آپ چھٹا فراہمات کو بھی چھوٹوں کا کھالہ کھالہ تمام فراہمات کا حساب کتاب کرنے کے بعد ابھار دے کر سہہ سے باقی ہوئی آگسٹوں کے باوجود، آپ کے مطابہ سے 2.04 ملین روپے کا خاص منافع (بعد از حصول) حاصل کیا جو گزشتہ سال کی ہی مدت سے معمولی کمی ہے۔ آپ کے مطابہ پر کی 13 دسمبر 2019 میں سرٹیفیکیٹ گنہ گان کے گنتیقت سرمایہ 307 ملین روپے کے ساتھ سٹیشن ٹریٹ کی صورتحال 368 ملین روپے رہی۔

جیسا کہ آپ کا کہنا ہے کہ انتظامیہ کے لیے مقدمہ چوری اور پھینکے ہوئے پورٹ فولیو سے وصولیاتی ترجیح کری ہے۔ تسلسل سے جاری مقدمت میں کی جانے والی کوششوں کے نتیجے میں وہ مقدمت تھپنے کے مراحل میں ہیں۔ ان کے فیصلہ سے مطابہ پر کی سیلیت اور منافع پائی میں صحت مدافعات ہو گا۔ آپ کی انتظامیہ کارہد میں ترقی اور منافع پائی کے سلسلے میں اظہار، حاصل کرنے کا عمل (acquisitions) کو تیز کر کارہد کرنے کے مواقع اور اسے تلاش کرنے کے مراحل میں بھی ہے۔

31 دسمبر 2019 کو ختم ہونے والی نصف سالہ آمدنی پر سرٹیفیکیٹ 0.07 روپے فی سرٹیفیکیٹری جو گزشتہ سال ہی مدت کے سی ملے ہے۔ آپ کی مجنبت سرٹیفیکیٹ گنہ گان کے ان قابل قدر ادا پر شکر گذار ہے اور منافع کو زیادہ سے زیادہ کرنے کے لیے بہتر کار کردگی اور موڈ پڑ پڑ بیٹن کے ذریعے برکوش ہدی رہی گی۔ برائے روز آفات ڈائریکٹرز کے چاہنے سے


وکیل


چیرمانہ چوری
چھٹا

کراچی، 26 فروری 2020

Report of Shariah Advisor

I have conducted Shariah Review of Trust Modaraba managed by Al-Zamin Modaraba Management (Private) Limited for the half year ended 31th December, 2019 in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

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

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



Signature

Stamp of Shariah Advisor.

Karachi
26th February, 2020

Muhammad Zubair Usmani
Jamia Darul Uloom karachi



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Trust Modaraba ("the Modaraba") as at December 31, 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity, and notes to the financial statements for the six-month period then ended (here-in-after referred to as "the interim financial statements"). The Modaraba Management Company [Al Zamin Modaraba Management (Private) Limited] is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures included in the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2019.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to the matter stated in Note 10.3.2.1 to the condensed interim financial statements, the ultimate outcome of which cannot presently be determined and hence, no loss that may result therefrom has been made in these interim financial statements. Our conclusion is not qualified in respect of this matter.

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

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

LAHORE
Dated: 26th February 2020

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2019

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

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements (un-audited).

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEARLY AND QUARTER ENDED DECEMBER 31, 2019**

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

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements (un-audited).

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEARLY AND QUARTER ENDED DECEMBER 31, 2019**

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

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements (un-audited).

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEARLY ENDED DECEMBER 31, 2019**

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

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements (un-audited).

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEARLY ENDED DECEMBER 31, 2019**

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

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements (un-audited).

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



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER



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

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Modaraba is perpetual, multi-purpose and multi-dimensional, engaged in the business of Murabahas, Musharakahs, Ijarah, investment in marketable securities, trading and other permissible businesses. The principal place of business and registered office is located at 104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi - 75600 while regional offices are located at 301-320, 3rd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore and 51-A, Adjacent Standard Chartered Bank, Trust Plaza G.T Road, Gujranwala.

2. BASIS OF PREPARATION

- 2.1** These interim condensed financial statements are unaudited and are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981. These condensed interim financial statements of the Modaraba for the half year ended December 31, 2019 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017, Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. Wherever, the requirements of IAS 34 differ with the requirements of the Companies Act, 2017, Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the Securities and Exchange Commission of Pakistan (SECP), the requirements of latter take precedence.
- 2.2** These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial statements for the half year ended December 31, 2018.
- 2.3** These condensed interim financial statements are unaudited; however, a limited scope review has been performed by the external auditors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- 2.4** The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2019.
- 2.5** These condensed interim un-audited financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The Modaraba's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim un-audited financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Modaraba for the year ended June 30, 2019.

4. SHORT TERM INVESTMENTS

Financial assets held at fair value through profit and loss:

NIT Islamic Unit Fund - at cost
Meezan Islamic Fund - at cost
Shares of listed companies - at cost

Unrealized loss on revaluation - net

	(Un-audited) Dec 31 2019	(Audited) June 30 2019
Note	-----Rupees-----	
	2,229,137	2,187,970
	1,763,965	1,763,965
4.1	10,646,583	10,448,980
	14,639,685	14,400,915
	(3,969,586)	(5,955,514)
	<u>10,670,099</u>	<u>8,445,401</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	(Un-audited)		(Audited)	
		December 31, 2019		June 30, 2019	
Dec 31, 2019	June 30, 2019	Average cost	Market Value	Average Cost	Market Value
-----Rupees-----					
9,425	9,425	1,743,403	1,052,678	1,743,403	728,270
4,000	4,000	503,750	373,400	503,750	315,000
12,000	12,000	1,573,598	951,600	1,573,598	699,960
40,000	40,000	1,334,304	622,400	1,334,304	629,200
1,300	1,300	296,123	214,500	296,123	195,000
5,600	5,600	2,712,662	2,232,944	2,712,662	1,683,136
70,000	70,000	1,293,600	477,400	1,293,600	448,700
3,000	3,000	293,547	222,810	293,547	169,620
1,000	1,000	263,344	253,410	263,344	182,463
25,000	-	632,252	672,505	-	-
-	1,100	-	-	323,038	292,160
-	7,000	-	-	111,611	106,750
		<u>10,646,583</u>	<u>7,073,647</u>	<u>10,448,980</u>	<u>5,450,259</u>



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

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

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

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



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

9.1 Shares of Listed Companies

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

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

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

10. FIXED ASSETS

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

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

10.2 Operating assets given on ijarah

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

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

		<i>(Un-audited)</i> Dec 31	<i>(Audited)</i> June 30
		2019	2019
Note	-----Rupees-----		
10.3 Fixed assets in own use			
		12,262,956	22,913,487
		141,810	356,498
10.3.1		-	(10,397,550)
		12,404,766	12,872,435
		(287,155)	(609,479)
10.3.2		12,117,611	12,262,956
10.3.1 Additions during the period / year			
		53,630	96,520
		49,630	156,278
		38,550	103,700
		141,810	356,498
10.3.2 Book value at the end of period / year			
		10,728,400	10,728,400
10.3.2.1		286,468	279,245
		633,473	715,266
		137,427	207,765
		331,843	332,280
		12,117,611	12,262,956
10.3.2.1 It includes a piece of land measuring 10 Kanals, amounting to Rs. 10,728,400 situated at Mauza Amer Sidhu, Lahore Cantt acquired through settlement of certain Murabaha facilities. The subject land is presently in the possession of Defence Housing Authority, Lahore (DHA). The Modaraba has filed legal suit for possession of land in the Civil Court. The management and legal counsel of the Modaraba are confident that Modaraba has valid claim against DHA because title and sale deed is in the name of the Modaraba and accordingly no loss has been charged against such land.			
11. CREDITORS, ACCURED AND OTHER LIABILITIES			
		-	9,360
		243,920	133,116
		159,904	159,904
11.1		342,826	2,316,596
		746,650	2,618,976
11.1 It includes charity payable amounting to Rs. 100,737 (June 30, 2019: Rs. 100,054). The reconciliation is as follows:			
		100,054	66,292
		683	50,762
		-	(17,000)
		100,737	100,054
None of the directors and employees of the Modaraba Management Company have any interest in the charity.			



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

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

12. CONTINGENCIES AND COMMITMENTS

Contingencies

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

Ijarah commitments

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

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

(Un-audited)

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

13. INCOME FROM IJARAH - NET

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

14. INCOME FROM INVESTMENTS - NET

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

15. OTHER INCOME

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

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

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

16. OPERATING EXPENSES

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



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

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

18 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

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

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

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



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

19 Segment Reporting

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

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

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

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

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

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

19.2 Segment analysis

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

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



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

	<i>(Un-audited)</i>	
	<u>Dec 31</u>	<u>Dec 31</u>
	2019	2018
	-----Rupees-----	
Reconciliation of reportable segments revenues, profit or loss, assets and liabilities is as follows:		
Revenue		
Total revenues for reportable segments	31,529,177	30,601,035
Other revenues	<u>(15,834,514)</u>	150,171
Modaraba's revenues	<u>15,694,663</u>	<u>30,751,206</u>
Profit / (Loss)		
Total profit for reportable segments	18,947,074	17,708,890
Other expenses - net	<u>(16,902,366)</u>	<u>(15,541,005)</u>
	<u>2,044,708</u>	<u>2,167,885</u>

	<u>Dec 31</u>	<u>June 30</u>
	2019	2019
	(Un-audited)	(Audited)
	-----Rupees-----	
Assets		
Total assets for reportable segments	324,916,456	326,837,815
Corporate assets unallocated	<u>39,098,342</u>	40,374,243
Cash and bank balances	<u>3,927,932</u>	4,057,050
Total assets as per the balance sheet	<u>367,942,730</u>	<u>371,269,108</u>
Liabilities		
Total liabilities for reportable segments	43,259,613	48,649,342
Corporate liabilities unallocated	<u>17,658,190</u>	18,749,049
Total liabilities as per the balance sheet	<u>60,917,803</u>	<u>67,398,391</u>

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

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

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

There are no asymmetrical allocations to reportable segments.

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

20 FINANCIAL RISK MANAGEMENT

20.1 Financial risk factors

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

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

These condensed interim financial statements (un-audited) do not include all financial risk management information and disclosures required in the annual financial statements; and should be read in conjunction with the Modaraba's annual financial statements for the year ended June 30, 2019. There have been no changes in any risk management policies since the year end.

20.2 FAIR VALUE ESTIMATION

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

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

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at December 31, 2019 (Un-audited):

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

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

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

During the half year ended December 31, 2019, there were no significant changes in the business or economic circumstances that affect the fair value of the Modaraba's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets and there were no changes in valuation techniques during the period.

21 DATE OF AUTHORIZATION FOR ISSUE

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

22 General

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



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

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

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR








CHIEF FINANCIAL OFFICER










**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  7? FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

BOOK POST

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