



HALF YEARLY REPORT

December 31, 2020



Trust Modaraba
Managed By:
Al-Zamin Modaraba Management (Pvt) Ltd



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CORPORATE INFORMATION

Modaraba Company

Al-Zamin Modaraba Management (Private) Limited

Board of Directors

Mr. Sheikh Arshad Farooq	Chairman
Mr. Basheer Ahmed Chowdry	Chief Executive
Mr. Syed Shah Nawaz Ahmed Rizvi	Director
Mr. Syed Etrat Hussain Rizvi	Director
Mr. Mohammad Yasin	Director
Mr. Sohail Ansar	Director
Dr. Namoos 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 Shah Nawaz Ahmed Rizvi	Chairman
Mr. Sheikh Arshad Farooq	Member
Mr. Syed Etrat Hussain Rizvi	Member
Mr. Sohail Ansar	Member

Human Resource Committee

Mr. Syed Etrat Hussain Rizvi	Chairman
Mr. Syed Shah Nawaz Ahmed Rizvi	Member
Mr. Basheer Ahmed Chowdry	Member
Mr. Mohammad Yasin	Member

Internal Auditors

Grant Thornton Anjum Rahman.
Chartered Accountants

Auditors of the Modaraba

Crowe Hussain Chaudhury & Co.
Chartered Accountant

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: 021-35876651-2 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

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** are pleased to present the financial statements of Trust Modaraba for the half year ended on 31st December, 2020. External Auditors have conducted limited scope review of these financial statements as per the requirements of the Code of Corporate Governance.

ECONOMIC REVIEW

Pakistan's economy emerged as more resilient to unprecedented challenges caused by Covid 19 pandemic as compared to other economies around the region. With the outbreak of Covid 19, Pakistan had to brave the difficulties of saving the poor class of the society from the adverse impact of the pandemic and also support local businesses to ensure continuity of economic activity. The government resorted to extra ordinary measures to safeguard the economy by rolling out a multi billion rupee Coronavirus relief package through its' "Ehsaas Programme" and provided subsidies to the construction sector to spur economic activities. The government also took steps to accelerate the momentum of under implementation projects of China Pakistan Economic Corridor (CPEC) which played a multi dimensional role even during the period of pandemic crisis when most of the economies around the world came to a stand still with strict lockdowns imposed. Workers' remittances maintained a strong momentum which provided much needed support to strengthen the rupee dollar parity and also contributed to maintaining a favorable current account balance. Pakistan Stock Exchange also played a key role and remained one of the best performing markets in Asia. The index picked up gradually from 27,000 mark in March, 2020 to cross 43,000 in December, 2020. Robust performance of large scale manufacturing sector, increase in exports, turnaround of textile sector, inflow of foreign remittances, progress of CPEC Projects are all positive signs of economic revival. However, the intensity and duration of resurgence of second wave of Corona Virus will undoubtedly remain a major risk factor. Specific well designed policies including corona virus vaccinations, and its prudent implementation will ease the adverse impact of the pandemic on Pakistan's economic growth prospects.

PERFORMANCE

Operating performance of your Modaraba during the half year ended on 31st December, 2020 remained well above the previous corresponding period and all the indicators registered impressive increase indicating a healthy come back to our traditional performance. Trust Modaraba generated total gross revenue of Rs.21.83 million during the half year of the current fiscal period translating into an increase of 38% over the previous half year. Income derived from stock market operations and gain on sale of vehicles under fleet management project contributed significantly to the gross revenue for the period under consideration. Opportunities emanating from surge in stock market index were duly capitalized and unrealized gain of Rs. 3.082 million depicting a comparative increase of 55% was recorded. Operating expenses despite inflationary impact were kept under strict control and only a minimal increase of 0.3% was recorded during the period. After accounting for all the expenses, your Modaraba earned a net profit of Rs. 7.95 million registering 4 times increase over the previous comparable period. Total Assets of the Modaraba increased from Rs. 357.50 million as at 30th June, 2020 to Rs. 372.80 million as at 31st December, 2020. A healthy addition of Rs. 9.2 million was achieved in the reserves which stood at Rs. 18.00 million as at 31st December, 2020 thereby increasing equity to Rs. 316 million at the close of the first half of the current fiscal year.

As you are aware, recovery from the litigated portfolio has always been a top priority of the management. During the period under consideration, settlement was achieved in three cases under litigation for a total amount of Rs. 12.80 million by virtue of which income of Rs. 1.40 million earlier suspended was added back. Aggressive follow up of other cases in litigation is also being maintained in close coordination with the solicitors. Given the stage of the legal cases and our concerted efforts, it is hoped that at least two more cases would be concluded during the year.

EARNING PER CERTIFICATE

Earning per certificate of your Modaraba has increased to Rs. 0.27 for the half year ended 31st December, 2020 as compared to Rs. 0.07 for the previous corresponding period.

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

For & on behalf of the Board of Directors

Director

Chief Executive



Report of Shariah Advisor

I have conducted Shariah Review of Trust Modaraba managed by Al-Zamin Modaraba Management (Private) Limited for the half year ended December 31, 2020 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
February 18th 2021

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, 2020 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, 2020 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2020.

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 10.2.2.1 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 review resulting in this independent auditor's review report is Muhammad Nasir Muneer.

CROWE HUSSAIN CHAUDHURY & CO.

Chartered Accountants

LAHORE

Dated: February 18th 2021



CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2020

	Note	December 31, 2020 (Un-audited) Rupees	June 30, 2020 (Audited) Rupees
ASSETS			
Current Assets			
Cash and bank balances		11,240,234	8,093,386
Short term investments	4	20,847,187	18,274,492
Advances, deposits, prepayments and other receivables	5	23,808,922	27,204,641
Short term murabaha finances	6	41,017,206	41,485,468
Current portion of long term murabaha finances	8	72,827,804	70,578,971
Ijarah rental receivables	7	18,868,861	17,151,789
Short term musharakah finances (secured - considered good)		23,242,232	31,070,328
Current portion of long term diminishing musharakah finances		601,937	598,411
Income tax refunds due from the Government		5,570,987	5,508,038
Stock in trade		429,561	429,561
Total Current Assets		218,454,931	220,395,085
Non-Current Assets			
Long term murabaha finances	8	13,205,433	6,102,446
Long term diminishing musharakah finances		580,110	893,033
Long term deposits		772,262	412,262
Long term investments	9	12,703,285	9,254,769
Investment properties		20,405,000	20,405,000
Fixed assets	10	106,675,914	100,041,154
Total Non-Current Assets		154,342,004	137,108,664
Total Assets		372,796,935	357,503,749
LIABILITIES			
Current Liabilities			
Current portion of customers' security deposits		10,205,665	7,651,000
Current portion of deferred income on murabaha		4,578,488	3,702,398
Current portion of lease liabilities against right of use assets		-	153,052
Unclaimed dividends		12,891,301	12,891,301
Creditors, accrued and other liabilities	11	2,299,897	1,626,307
Total Current Liabilities		29,975,351	26,024,058
Non-Current Liabilities			
Deferred income on murabaha		2,616,054	822,658
Customers' security deposits		24,219,879	23,791,315
Total Non-Current Liabilities		26,835,933	24,613,973
Total Liabilities		56,811,284	50,638,031
NET ASSETS		315,985,651	306,865,718
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital		298,000,000	298,000,000
Reserves		17,985,651	8,865,718
		315,985,651	306,865,718
Contingencies and commitments	12	-	-

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, 2020**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
		Rupees			
Income from ijarah	13	4,504,634	4,911,412	2,657,089	2,474,042
Profit on murabaha finances		5,253,166	5,410,939	3,233,788	2,535,803
Profit on musharakah finances		3,302,870	3,990,457	1,814,142	1,918,328
Income from investments - net	14	5,370,841	185,144	1,858,542	97,065
Trading income		-	64,497	-	64,497
Other income	15	3,400,801	1,132,214	3,282,765	544,521
		<u>21,832,312</u>	<u>15,694,663</u>	<u>12,846,326</u>	<u>7,634,256</u>
Unrealized gain on revaluation of held-for-trading investments		3,082,092	1,985,928	878,133	2,568,243
		<u>24,914,404</u>	<u>17,680,591</u>	<u>13,724,459</u>	<u>10,202,499</u>
Operating expenses	16	(15,756,485)	(15,241,396)	(8,158,292)	(8,206,884)
		<u>9,157,919</u>	<u>2,439,195</u>	<u>5,566,167</u>	<u>1,995,615</u>
Charge of Modaraba Management Company's fee		(915,792)	(243,920)	(556,617)	(199,562)
Worker's Welfare Fund		(164,843)	-	(100,191)	-
Profit before Taxation		<u>8,077,284</u>	<u>2,195,275</u>	<u>4,909,359</u>	<u>1,796,053</u>
Taxation		(127,950)	(150,567)	(114,450)	(150,567)
Net Profit for the Period		<u><u>7,949,334</u></u>	<u><u>2,044,708</u></u>	<u><u>4,794,909</u></u>	<u><u>1,645,486</u></u>
Earnings per Certificate - Basic and Diluted		<u>0.27</u>	<u>0.07</u>	<u>0.16</u>	<u>0.06</u>

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, 2020

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	Rupees			
Net Profit for the Period	7,949,334	2,044,708	4,794,909	1,645,486
Other Comprehensive Income:				
<i>Items that may be reclassified subsequently to profit and loss account</i>	-	-	-	-
<i>Items that will not be reclassified to profit and loss account</i>				
- Net change in fair value of financial assets held at fair value through other comprehensive income	1,170,599	1,109,502	(825,673)	1,865,573
Other comprehensive income / (loss) for the period	1,170,599	1,109,502	(825,673)	1,865,573
Total Comprehensive Income for the Period	<u>9,119,933</u>	<u>3,154,210</u>	<u>3,969,236</u>	<u>3,511,059</u>

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, 2020**

	Note	Half Year ended December 31,	
		2020	2019
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from Operations			
Cash generated from operations	17	19,640,330	4,579,787
<i>(Increase) / decrease in non-current assets:</i>			
- Long term murabaha finances		(9,351,820)	3,106,424
- Long term musharakah finances		309,397	587,729
<i>Increase / (decrease) in non-current liabilities:</i>			
- Deferred income on murabaha		2,669,486	(1,218,925)
Purchase of ijarah assets		(25,717,034)	(15,322,000)
Receipts of customers' security deposits		7,200,829	5,146,000
Proceeds from disposal of ijarah assets		5,953,989	4,415,370
Income tax paid / deducted		(190,899)	(204,208)
Net Cash Generated from Operating Activities		514,278	1,090,177
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of owned assets		(376,900)	(141,810)
Proceeds from disposal of owned assets		8,998	-
Disposal / (Purchase) of investments - net		2,743,244	(299,316)
Long term deposits		(360,000)	100,500
Dividends received		759,077	139,918
Net Cash Generated from / (Used in) Investing Activities		2,774,419	(200,708)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment made against lease liability		(141,849)	-
Profit distributed to certificate holders		-	(18,587)
Loan repaid to the Modaraba Management Company		-	(1,000,000)
Net Cash Used in Financing Activities		(141,849)	(1,018,587)
Net Increase / (Decrease) in Cash and Cash Equivalents		3,146,848	(129,118)
Cash and cash equivalents at the beginning of the period		8,093,386	4,057,050
Cash and Cash Equivalents at the End of the Period		11,240,234	3,927,932

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, 2020**

Particulars	Certificate Capital	Reserves				Total	Total Equity
		Statutory Reserve	Surplus on Revaluation of Fixed Assets	Unrealized Loss on Revaluation of Investments	Accumulated Loss		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
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 loss for the period	-	-	-	1,109,502	-	1,109,502	1,109,502
Total comprehensive (loss) / 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
Balance as at June 30, 2020	298,000,000	80,191,484	2,457,200	(4,867,878)	(68,915,088)	8,865,718	306,865,718
Net profit for the period	-	-	-	-	7,949,334	7,949,334	7,949,334
Other comprehensive income for the period	-	-	-	1,170,599	-	1,170,599	1,170,599
Total comprehensive income for six months period ended December 31, 2020	-	-	-	1,170,599	7,949,334	9,119,933	9,119,933
Balance as at December 31, 2020	298,000,000	80,191,484	2,457,200	(3,697,279)	(60,965,754)	17,985,651	315,985,651

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

CHIEF FINANCIAL OFFICER

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Note 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-Albak Block, New Garden Town, Lahore.

Note 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 (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas 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 and IFASs, the provisions of and directives of relevant laws have been followed.

The financial statements provide comparative information in respect of the previous year. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. There was no such restatement/re-classification during the period.

- 2.2** These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2020. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2020 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, 2019.
- 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, 2020.
- 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, 2020

Note 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, 2020.

Note 4

Short Term Investments

	Note	December 31, 2020 Rupees	June 30, 2020 Rupees
NIT Islamic Unit Fund		993,410	796,920
Meezan Islamic Fund		1,792,975	1,415,194
Shares of listed companies	4.1	18,060,802	16,062,378
		<u>20,847,187</u>	<u>18,274,492</u>

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

Number of shares		Name of Investee	December 31, 2020		June 30, 2020	
December 31, 2020	June 30, 2020		Average Cost ------(Un-Audited)----- -----Rupees-----	Market Value	Average Cost ------(Audited)-----	Market Value
5,000	19,000	Attock Refinery Limited	906,575	910,250	2,588,873	1,697,080
70,000	70,000	Byco Petroleum Pakistan Limited	1,293,581	619,500	1,293,581	421,400
45,000	20,000	Frieslandcampina Engro pakistan Limited	4,041,074	3,702,150	2,100,712	1,470,200
70,000	50,000	Fauji Cement Company Limited	1,929,588	1,516,900	1,502,732	844,000
10,000	25,000	The Hub Power Company Limited	828,291	793,300	2,135,546	1,812,500
12,000	-	Dawood Hercules Corporation Limited	1,598,105	1,458,480	-	-
35,000	-	Engro Fertilizers Limited	2,243,647	2,213,050	-	-
5,000	-	Interloop Limited	344,196	340,350	-	-
5,000	-	Nishat Mills Limited	495,861	508,850	-	-
4,000	-	Pakistan Oilfields Limited	1,590,763	1,581,640	-	-
40,000	50,000	Hascol Petroleum Limited	701,387	587,600	968,838	680,000
23,000	5,000	Pakistan Petroleum Limited	2,090,261	2,077,590	461,026	433,900
2,000	2,000	Shell Pakistan Limited	552,960	554,860	368,640	365,160
4,800	3,000	The Searle Company Limited	1,212,304	1,196,282	601,324	597,690
-	11,000	Packages Limited	-	-	4,416,045	3,819,310
-	17,000	D.G. Khan Cement Company Limited	-	-	1,457,686	1,450,610
-	3,000	Lucky Cement Limited	-	-	1,350,596	1,384,740
-	15,000	Sui Northern Gas Pipelines Limited	-	-	825,338	819,000
-	20,000	Sui Southern Gas Company Limited	-	-	282,128	266,788
			<u>19,828,593</u>	<u>18,060,802</u>	<u>20,353,065</u>	<u>16,062,378</u>

**NOTES TO AND FORMING PART OF
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

Note 5

Advances, Deposits, Prepayments and Other Receivables

		December 31, 2020	June 30, 2020
	Note	(Un-audited)	(Audited)
Loans to / receivable from employees - considered good		341,344	610,340
Current portion of long term deposits		827,400	1,374,300
Prepayments		4,806,647	4,805,943
Accrued profit (secured - considered good)		2,760,124	2,879,504
Advances to suppliers - considered good	5.1	-	1,821,113
Trade receivables - (secured - considered good)	5.2	9,886,352	9,886,352
Legal suits' charges receivable (secured - considered good)	5.3	2,783,702	2,783,702
Receivable against sale of vehicles		-	1,800,000
Sundry receivables (unsecured - considered good)	5.4	2,403,353	1,243,387
		<u>23,808,922</u>	<u>27,204,641</u>
5.1 Profit receivable on musharakah finances		<u>2,760,124</u>	<u>2,879,504</u>
Profit receivable on murabaha finances		1,368,683	1,368,683
Suspended income		(1,368,683)	(1,368,683)
		<u>-</u>	<u>-</u>
		<u>2,760,124</u>	<u>2,879,504</u>
5.2 Trade receivables			
Gross amount		10,610,210	10,610,210
Allowance for expected credit losses		(723,858)	(723,858)
		<u>9,886,352</u>	<u>9,886,352</u>
Trade receivables are secured against mortgage of properties and memorandum of deposit of title deed.			
5.3 Legal suits' charges receivable			
Gross amount		3,555,652	3,555,652
Allowance for expected credit losses		(771,950)	(771,950)
		<u>2,783,702</u>	<u>2,783,702</u>
5.4 Sundry receivables			
Gross amount		3,299,564	2,139,598
Allowance for expected credit losses	5.5.1	(896,211)	(896,211)
		<u>2,403,353</u>	<u>1,243,387</u>
5.5.1 Allowance for expected credit losses			
Opening balance		896,211	498,454
Add: Provision for the year		-	397,757
		<u>896,211</u>	<u>896,211</u>



**NOTES TO AND FORMING PART OF
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Note 6

Short Term Murabaha Finances - Secured

	Note	December 31, 2020 (Un-audited) Rupees	June 30, 2020 (Audited) Rupees
Considered good		13,774,783	4,416,361
Considered doubtful:			
- Regular parties		-	4,036,596
- Parties under litigation	6.1	35,642,423	62,160,811
- Suspended income		-	(428,000)
		35,642,423	65,769,407
Provision for classified receivables under Prudential Regulations for Modarabas	6.2	(8,400,000)	(28,700,300)
		<u>41,017,206</u>	<u>41,485,468</u>

- 6.1** These represent receivables from 4 (June 30, 2020: 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 3 (June 30, 2020: 4) cases for recovery of Rs. 35.692 million (June 30, 2020: Rs. 65.442 million), while execution petitions for these cases are pending.

6.2 Provision for classified receivables:

Opening balance	28,700,300	28,700,300
Written off during the period / year	(20,300,300)	-
Closing balances	<u>8,400,000</u>	<u>28,700,300</u>

Note 7

Ijarah Rental Receivables - Secured

Considered good		4,902,771	3,185,699
Considered doubtful:			
- Parties under litigation		17,503,284	34,824,912
Suspended ijarah income - considered doubtful	7.2	(3,537,194)	(17,900,639)
Provision for doubtful ijarah rental receivables	7.3	-	(2,958,183)
		<u>18,868,861</u>	<u>17,151,789</u>

- 7.1** These are secured against ijarah assets and personal guarantees. In some ijarahs, additional collateral is also obtained in the form of mortgaged property. The Modaraba is entitled to repossess and sell the ijarah assets in case of default by the customers.

7.2 Suspended ijarah income - considered doubtful

Opening balance	17,900,639	17,900,639
Written off during the period / year	(14,363,445)	-
	<u>3,537,194</u>	<u>17,900,639</u>

**NOTES TO AND FORMING PART OF
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7.3 Provision for doubtful ijarah rental receivables:	December 31, 2020	June 30, 2020
	(Un-audited) Rupees	(Audited) Rupees
Opening balance	2,958,183	2,958,183
Written off during the period / year	(2,958,183)	-
Closing balances	-	2,958,183

Note 8

Long Term Murabaha Finances - Secured

Considered good		42,318,103	37,801,969
Considered doubtful	8.2	46,775,293	41,939,607
Provision for doubtful morabaha finances	8.3	(3,060,159)	(3,060,159)
		86,033,237	76,681,417
Current / overdue portion grouped under current assets		(72,827,804)	(70,578,971)
		13,205,433	6,102,446

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

8.2 Considered doubtful	48,709,647	43,753,927
Suspended income	(1,934,354)	(1,814,320)
	46,775,293	41,939,607

Suspended income

Opening balance	1,814,320	3,439,669
Suspension reversed during the period/year	(453,451)	(1,802,662)
Suspension transferred from short term	428,000	-
Suspension made during the period/year	145,485	177,313
	1,934,354	1,814,320

This includes receivables from 6 (2020: 6) 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 2 (2020: 2) cases for recovery of Rs. 54.123 million (2020: Rs. 54.1232 million). Amount receivable from one party has been settled through purchase of properties and cash.

8.3 Provision for doubtful morabaha finances

Opening balance	3,060,159	2,726,607
Provision for the period/year	-	333,552
Closing balances	3,060,159	3,060,159



**NOTES TO AND FORMING PART OF
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Note 9

Long Term Investments**Long term investments at fair value through OCI****Shares of Listed Companies**

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

Number of shares		Name of investee	December 31, 2020		June 30, 2020	
December 31, 2020	June 30, 2020		Average Cost	Market Value	Average Cost	Market Value
			------(Un-Audited)-----		------(Audited)-----	
			Rupees		Rupees	
75,000	20,000	Sui Northern Gas Pipelines Limited	5,146,664	3,331,500	2,087,390	1,092,000
11,200	5,175	The Searle Company Limited	3,576,859	2,791,376	1,999,367	1,031,015
25,000	15,000	D.G. Khan Cement Company Limited	3,039,179	2,864,500	1,891,516	1,279,950
145,000	130,000	Pakistan Telecommunication Company Limited	2,021,302	1,319,500	1,887,000	1,154,400
7,000	-	Pakistan Petroleum Limited	691,701	632,310	-	-
17,000	-	Oil & Gas Development Company Limited	1,924,859	1,764,099	-	-
-	10,000	Shell Pakistan Limited	-	-	2,577,617	1,825,800
-	4,500	Lucky Cement Limited	-	-	2,575,204	2,077,110
-	30,581	Maple Leaf Cement Factory Limited	-	-	1,104,553	794,494
			<u>16,400,564</u>	<u>12,703,285</u>	<u>14,122,647</u>	<u>9,254,769</u>

**NOTES TO AND FORMING PART OF
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Note 10

Fixed Assets

		December 31, 2020	June 30, 2020
	Note	(Un-audited) Rupees	(Audited) Rupees
Operating fixed assets given on lease / ijarah - tangible	10.1	94,546,665	87,935,874
Operating fixed assets in own use - tangible	10.2	12,129,249	11,971,304
Intangible asset	10.3	-	-
Right of use assets	10.4	-	133,976
		<u>106,675,914</u>	<u>100,041,154</u>

10.1 Operating assets given on ijarah

Opening written down value	87,935,874	103,576,825
Additions during the period / year	27,517,034	36,566,300
Disposals during the period / year	<u>(7,092,884)</u>	<u>(23,343,663)</u>
	108,360,024	116,799,462
Depreciation charge for the period / year	<u>(13,813,359)</u>	<u>(28,863,588)</u>
	<u>94,546,665</u>	<u>87,935,874</u>

10.2 Fixed assets in own use

Opening written down value	11,971,304	12,262,956
Additions during the period / year	376,900	229,895
Disposals during the period / year	<u>(10,406)</u>	-
	12,337,798	12,492,851
Depreciation charge for the period / year	<u>(208,549)</u>	<u>(521,547)</u>
	<u>12,129,249</u>	<u>11,971,304</u>

10.2.1 Additions during the period / year

Office equipment	45,000	71,630
Furniture and fixtures	-	115,815
Electrical equipment	145,000	42,450
Vehicle	<u>186,900</u>	-
	<u>376,900</u>	<u>229,895</u>

10.2.2 Book value at the end of period / year

Land	10,728,400	10,728,400
Furniture and fixtures	274,298	301,304
Office equipment	472,111	525,704
Vehicles	257,535	116,751
Electrical equipment	<u>396,905</u>	<u>299,145</u>
	<u>12,129,249</u>	<u>11,971,304</u>

10.2.2.1 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 recognized against such land.

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

10.4 Right of use assets

Opening written down value	133,976	535,904
Depreciation charge for the period / year	<u>(133,976)</u>	<u>(401,928)</u>
	<u>-</u>	<u>133,976</u>



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Note 11

Creditors, Accrued and Other Liabilities

		December 31, 2020	June 30, 2020
	Note	(Un-audited) Rupees	(Audited) Rupees
Salaries and benefits payable		-	9,363
Payable to Modaraba Management Company		915,792	320,927
Provision for Workers' Welfare Fund		243,689	78,846
Payable to SQZ Business Management Consultancy (Pvt) Ltd.		159,904	159,904
Accrued expenses		424,980	582,234
Other liabilities	11.1	555,532	475,033
		<u>2,299,897</u>	<u>1,626,307</u>

11.1 It includes charity payable amounting to Rs. 118,249 (June 30, 2020: Rs. 109,223). The reconciliation is as follows:

Opening balance	109,223	100,054
Additions during the period / year	249,026	9,169
Charity paid during the period / year	(240,000)	-
Closing balance	<u>118,249</u>	<u>109,223</u>

None of the directors and employees of the Modaraba Management Company have any interest in the charity.

Note 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, 2020.

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:

	December 31, 2020	June 30, 2020
	(Un-audited) Rupees	(Audited) Rupees
Not later than one year	791,439	1,144,581
Later than one year and not later than five years	153,717	461,151
	<u>945,156</u>	<u>1,605,732</u>
Disbursements of Ijarah / Murabaha / Musharakah to be made	<u>5,300,000</u>	<u>7,900,000</u>

Note 13

Income from Ijarah - net

	Half Year Ended December 31,		Quarter Ended December 31,	
	2020	2019	2020	2019
	Rupees			
	------(Un-Audited)-----			
Income from ijarah operations	19,528,927	20,968,565	10,287,438	10,458,306
Less: Depreciation on fixed assets given on ijarah	(13,813,359)	(14,620,957)	(7,029,651)	(7,269,433)
Less: Insurance on ijarah assets	(1,210,934)	(1,436,196)	(600,698)	(714,831)
	<u>4,504,634</u>	<u>4,911,412</u>	<u>2,657,089</u>	<u>2,474,042</u>

**NOTES TO AND FORMING PART OF
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Note 14

Income from Investments - net

	Half Year Ended December 31,		Quarter Ended December 31,	
	2020	2019	2020	2019
	Rupees ----- (Un-Audited) -----			
Dividend income on equity investments	859,077	132,218	548,077	70,668
Profit on sale of long term investments	619,403	-	130,511	-
Profit on sale of short term investments	3,892,361	52,926	1,179,954	26,397
	<u>5,370,841</u>	<u>185,144</u>	<u>1,858,542</u>	<u>97,065</u>

Note 15

Other Income

	Half Year Ended December 31,		Quarter Ended December 31,	
	2020	2019	2020	2019
	Rupees ----- (Un-Audited) -----			
Gain on disposal of fixed assets	3,077,298	725,370	3,078,705	307,477
Profit on deposit and saving accounts with banks	84,600	125,961	54,404	53,565
Rental income on investment properties	40,002	40,002	20,001	20,001
Processing, documentation and other fee and charges	162,670	146,250	109,930	96,320
Miscellaneous income	36,231	94,631	19,725	67,158
	<u>3,400,801</u>	<u>1,132,214</u>	<u>3,282,765</u>	<u>544,521</u>

Note 16

Operating Expenses

	Half Year Ended December 31,		Quarter Ended December 31,	
	2020	2019	2020	2019
	Rupees ----- (Un-Audited) -----			
Salaries, allowances and other benefits	7,494,941	6,902,434	4,049,051	3,558,586
Legal and professional charges	444,375	338,078	190,375	161,578
Fees and subscription	1,958,174	1,484,560	830,912	845,662
Electricity, gas and water	501,965	570,315	309,953	331,711
Telephone, postage and courier	403,264	378,109	251,485	240,917
Rent, rates and taxes	883,025	1,010,351	472,323	499,712
Printing and stationery	469,545	409,844	345,785	276,353
Travelling and conveyance	131,051	285,810	36,064	251,142
Entertainment	236,743	297,949	112,031	148,202
Insurance	113,191	116,463	55,891	58,101
Advertisement	46,585	144,931	46,585	144,931
Vehicle running	1,015,680	1,070,048	500,100	555,360
Repairs and maintenance	993,346	811,724	474,295	426,194
Depreciation on own assets	208,549	287,155	97,382	143,094
Depreciation on right of use assets	133,976	-	33,494	-
Ijarah rental expense - vehicle	660,576	954,432	330,288	473,328
Bank charges and commission	3,278	3,635	887	2,671
Miscellaneous	58,221	175,558	21,391	89,342
	<u>15,756,485</u>	<u>15,241,396</u>	<u>8,158,292</u>	<u>8,206,884</u>



**NOTES TO AND FORMING PART OF
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Cash Generated From Operations	December 31,	December 31,
	2020	2019
	(Un-audited) Rupees	(Un-audited) Rupees
Profit before taxation	8,077,284	2,195,275
Adjustments for non-cash and other items:		
- Depreciation:		
Under ijarah	13,813,359	14,620,957
In own use	208,549	287,155
Right of use assets	133,976	-
- Gain on termination / disposal of ijarah assets	(3,078,705)	(725,370)
- Loss on disposal of owned assets	1,407	-
- Profit on long term investment - available for sale	(619,403)	-
- Gain realized on sale of short term investment - held for trading	(3,892,361)	(52,926)
- Liabilities written back	(11,203)	-
- Unrealized gain on revaluation of short term investments - held for trading	(3,082,092)	(1,985,928)
- Worker's welfare fund	164,843	-
- Dividend income	(859,077)	(132,218)
	<u>2,779,293</u>	<u>12,011,670</u>
Operating profit before working capital changes	10,856,577	14,206,945
Decrease / (increase) in current assets		
- Advances, deposits, prepayments and other receivables	1,695,720	(254,337)
- Short term murabaha finances	468,262	(6,002,279)
- Short term musharakah finances	7,828,096	(1,709,712)
- Ijarah rental receivables	(1,717,072)	(10,337)
- Stock in trade	-	221,833
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	508,747	(1,872,326)
	<u>8,783,753</u>	<u>(9,627,158)</u>
Cash generated from operations	19,640,330	4,579,787

Note 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.

Transactions during the period

	Half Year Ended December 31,	
	2020	2019
	(Un-audited)	(Un-audited)
	-----Rupees-----	
Related party	Relationship	Nature of transaction
Al-Zamin Modaraba Management (Private) Limited	Modaraba Management Company	Management fee and others
		915,792
Employees' Provident Fund	Associated undertaking	Contribution for the period
		385,793
Executives and close relatives thereof	Associated persons	Repayment of loan
		175,000
		937,000

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Outstanding Balances as at,		December 31, 2020 (Un-audited)	June 30, 2020 (audited)
		-----Rupees-----	
Al-Zamin Modaraba Management (Private) Limited	Payable against management fee and others	915,792	320,927
Executives and close relatives thereof	Loan receivable	125,000	300,000

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
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19.2 Segment analysis

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

	December 31, 2020				December 31, 2019				Total			
	Murabaha Finances	Ijarah Finances	Musharakah Finances	Investments	Trading	Total	Murabaha Finances	Ijarah Finances		Musharakah Finances	Investments	Trading
Segment revenues / profits	Rupees— (Un-Audited)											
Revenues	5,313,456	22,710,240	3,327,670	5,370,841	-	36,722,207	5,453,109	21,836,946	4,042,407	132,218	64,497	31,529,177
Depreciation	-	(13,813,359)	-	-	-	(13,813,359)	-	(14,620,957)	-	-	-	(14,620,957)
Insurance	-	(1,210,934)	-	-	-	(1,210,934)	-	-	-	-	-	-
Profit on disposal of investments	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized gain on revaluation of investments	-	-	-	3,082,092	-	3,082,092	-	-	-	1,985,928	-	1,985,928
Reportable segment profit	5,313,456	7,685,947	3,327,670	8,452,933	-	24,780,006	5,453,109	7,215,989	4,042,407	2,171,072	64,497	18,947,074
Reportable segment assets	December 31, 2020											
Reportable segment assets	128,758,645	116,115,824	27,084,403	34,661,820	10,415,914	317,136,606	119,875,087	111,243,717	35,441,276	27,529,262	10,315,913	304,405,255
Reportable segment liabilities	7,194,542	34,472,471	-	118,249	-	41,785,262	4,525,036	31,801,455	3,678	109,223	-	36,439,412
Additions to non-current assets	-	27,517,034	-	-	-	27,517,034	-	36,566,300	-	-	-	36,566,300

**NOTES TO AND FORMING PART OF
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Reconciliation of reportable segments revenues, profit or loss, assets and liabilities is as follows:

	December 31, 2020	December 31, 2019
	----- (Un-Audited) -----	----- (Un-Audited) -----
	----- Rupees -----	
Revenues		
Total revenues for reportable segments	24,780,006	18,947,074
Other revenues	134,398	(1,266,483)
Modaraba's revenues	<u>24,914,404</u>	<u>17,680,591</u>
Profit		
Total profit for reportable segments	24,780,006	18,947,074
Other expenses - net	(16,830,672)	(16,902,366)
	<u>7,949,334</u>	<u>2,044,708</u>
Assets		
Total assets for reportable segments	317,136,606	304,405,255
Corporate assets unallocated:		
Advances, deposits, prepayments and other receivables	5,542,597	6,574,528
Income tax refunds due from the Government	5,570,987	5,508,038
Long term deposits	772,262	412,262
Investment properties	20,405,000	20,405,000
Fixed assets	12,129,249	12,105,280
	44,420,095	45,005,108
Cash and bank balances	11,240,234	8,093,386
Total assets as per the balance sheet	<u>372,796,935</u>	<u>357,503,749</u>
Liabilities		
Total liabilities for reportable segments	43,259,613	36,439,412
Corporate liabilities unallocated:		
Unclaimed dividends	12,891,301	12,891,301
Creditors, accrued and other liabilities	660,370	1,154,266
Lease liabilities against right of use assets	-	153,052
Total liabilities as per the balance sheet	<u>56,811,284</u>	<u>50,638,031</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.



**NOTES TO AND FORMING PART OF
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

Note 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.

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, 2020. 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, 2020 (Un-audited):

	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Short term investments	20,847,187	-	-	20,847,187
Long term investments	<u>12,703,285</u>	-	-	<u>12,703,285</u>
	<u>33,550,472</u>	-	-	<u>33,550,472</u>

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at June 30, 2020

	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Short term investments	18,274,492	-	-	18,274,492
Long term investments	<u>9,254,769</u>	-	-	<u>9,254,769</u>
	<u>27,529,261</u>	-	-	<u>27,529,261</u>

During the half year ended December 31, 2020, 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.

**NOTES TO AND FORMING PART OF
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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Note 21

Corresponding Figures

Corresponding figures have been re-arranged, wherever necessary, to facilitate comparison. Following re-arrangements have been made during the period for better presentation:

Nature	From	To	Amount (Rupees)
Cash flows from investments	Cash generated from operations	Cash flows from investing activities	(185,844)

Note 22

Date of Authorization for Issue

These condensed interim financial statements (un-audited) are approved and authorized for issuance on **February 18th 2021** by the Board of Directors of the Management Company.

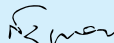
For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

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