



Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (Private) Limited.

QUARTERLY REPORT

September 30, 2024



www.trustmodaraba.com

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CORPORATE INFORMATION

Modaraba Company
AL-Zamin Modaraba Management (Private) Limited

Board of Directors

| | |
|--------------------------------|-----------------|
| Mr. Mian Sheikh Arshad Farooq | Chairman |
| Mr. Basheer Ahmed Chowdry | Chief Executive |
| Mr. Syed Shahnawaz Ahmed Rizvi | Director |
| Mr. Syed Etrat Hussain Rizvi | Director |
| Mr. Mohammad Yasin | Director |
| Mr. Muhammad Sami Ullah | Director |
| Dr. Mrs. Namoos Baquar | Director |

Management

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

Audit Committee

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

Human Resource Committee

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

Internal Auditors

UHY Hassan Naeem & Co.
Chartered Accountants

Auditors of the Modaraba

Grant Thornton Anjum Rahman.
Chartered Accountants

Banker

Meezan Bank Limited

Legal Advisors

Holscott International
S&B Durrani Law Associates

Registered Office/Principal Place of Business

104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi-75600
Telephone: 021-35876651, 35876652, 35873373, 35873369, 35867102
Fax: 021-35870408 Web: trustmodaraba.com
Email: info@trustmodaraba.com

Regional Office

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

Registrars

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

DIRECTORS' REPORT

The Board of Directors of Al-Zamin Modaraba Management (Private) Limited, the management company of Trust Modaraba is pleased to present the unaudited financial statements of Trust Modaraba for the quarter ended on 30th September 2024

ECONOMIC REVIEW

The previous financial year ended with slight ease on domestic prices, exchange rate, fiscal account, and business environment but the challenges on account of record high energy and food prices persist adding to the woes of the common man. However, the economic situation since the beginning of the current financial year 2024-25 has depicted some signs of recovery due to the measures initiated by the government aimed at improving the near term economic situation during the current fiscal year.

At present, the economy of Pakistan presents a positive outlook and business sentiments appear improved. Encouraging news on the current account position, improved home remittances, strengthening of the Pak rupee against the US dollar, reduction in prices of petroleum products and the rising index of the Pakistan Stock Exchange are indeed promising moves. Moreover, the government's commitment to speed up the privatization process have also contributed to the momentum. However, the sustainability of these short-term achievements is critical and most important for the stability of the economy.

PERFORMANCE

It is encouraging to report that despite challenging circumstances, your Modaraba's performance remained satisfactory during the first quarter of the current financial year ended on 30th September, 2024. All the key performance indicators registered growth as compared to the comparable period of the preceding quarter.

Income of Rs.16.32 million was achieved from core business operations (Ijarah, Murabahah, and Diminishing Musharakah) as against Rs.12.66 million of the previous comparable quarter depicting an increase of 29%. Diminishing musharakah remained predominant segment of the income. Trading in stock market resulted in capital gain of Rs.500,000 in addition to dividend income of Rs.212,500. Aggregate income from all the components amounted to Rs.20.701 million as compared to Rs.8.19 million of the previous quarter. Due to stock market fluctuations, unrealized loss of Rs.1.28 million on the shares portfolio was recorded during the period. Operating expenses increased by 20% due to inflationary impact on costs across the board. As a result of substantial improvement in credit risk profile, no new provision was required to be made against the credit portfolio. After accounting for all the expenses, your Modaraba achieved profit before tax of Rs.7.539 million as compared to Rs.5.304 million of the previous comparable period. As the earlier tax exemption available to the Modaraba sector has been revoked, tax liability of Rs. 1.24 million was recorded. Profit after tax of Rs. 6.25 million was achieved for the quarter ended on 30th September, 2024.

Disbursements during the period amounted to Rs.53.19 million to clients having good financial standing and demonstrated repayment capacity, Predominant mode of financing remained diminishing musharakah for assets having good secondary market. The asset base of your Modaraba stood at Rs.408.86 million, with an equity of Rs.350.15 million.

EARNINGS PER CERTIFICATE

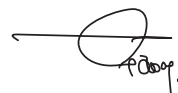
Earnings per certificate of your Modaraba works out to Rs.0.21 for the period ended 30th September 2024.

The financial year 2024-25 has commenced on a positive note for your Modaraba. Every effort will be made to achieve further progress and growth in business operations and profitability based on sound business principles and established credit norms.

24th October, 2024



Mr. Basheer A. Chowdry
Chief Executive



Mr. Mian Sheikh Arshad Farooq
Chairman

ڈائریکٹر کی رپورٹ

الضامن مضاربہ منجمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز (بورڈ کے ناظمین)، جو ٹرسٹ مضاربہ کی منجمنٹ کہتی ہے، کی جانب سے 30 ستمبر 2024 اختتام پذیر سال پر مضاربہ کی ڈائریکٹر کی رپورٹ جمع غیر محتب شدہ مالیاتی دستاویزات اپنے سرٹیفکیٹ کنندگان کو پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معاشی جائزہ

گذشتہ مالی سال کا اختتام ملک میں قیمتوں، شرح مبادلہ، اقتصادی اکاؤنٹ اور کاروباری ماحول پر معمولی سی آسانیوں ہوئیں لیکن توانائی اور فوڈ کی ریکارڈ بلند قیمتوں کا مسئلہ برقرار رہا جس نے عام آدمی کی مشکلات میں اضافہ کیا۔ تاہم، موجودہ مالی سال 2024-25 کے آغاز سے معاشی صورتحال کی بحالی کے اشارے ملے ہیں جس کی وجہ موجودہ سال میں گورنمنٹ کی جانب سے قریبی مدت کی معاشی صورتحال کی بہتری کے لیے اٹھائے گئے اقدامات ہیں۔

اس وقت پاکستان کی معیشت ایک مثبت منظر نامہ پیش کرتی ہے اور کاروباری احساسات بہتر ہوئے ہیں۔ جاری کھاتے کی صورتحال، بہتر ہوتی ہوئی ملکی ترسیل زر، امریکی ڈالر کے مقابلے میں پاک روپے کی مضبوط ہوتی ہوئی صورتحال، پیٹرولیم کی پروڈکٹس کہ قیمتوں میں کمی اور پاکستان اسٹاک ایکسچینج کو بڑھتا ہوا انڈیکس حوصلہ افزا ہے۔ علاوہ ازیں، چکاری کے پراسس کو تیز کرنے کے گورنمنٹ کے عزم نے بھی بحالی کی رفتار میں حصہ ڈالا ہے۔ تاہم، قلیل المدت کامیابیوں کے لیے ان کا تسلسل اہم ہے اور زیادہ اہم بات معیشت کا استحکام ہے۔

کارکردگی کا جائزہ

یہ بات حوصلہ افزا کہ مشکل حالات باوجود آپ کے مضاربہ کی کارکردگی 30 ستمبر 2024 کو اختتام پذیر پہلی سہ ماہی میں اطمینان بخش رہی۔ کارکردگی کے تمام اہم اشاروں نے، گذشتہ سال کے اس مدت کے مقابلے میں اس سال تمام نمونہ اندراج کیا ہے۔

مضاربہ کے بنیادی بزنس آپریشن (اجارہ، مراہبہ اور گھنٹا ہوا اشارہ) سے 16.32 ملین روپے کی آمدنی ہوئی جبکہ گذشتہ سال اسی مدت کے دوران اس کی مالیت 12.66 ملین روپے جو 29 فیصد کا اضافہ دکھارہا ہے۔ گھنٹا ہوا اشارہ آمدنی کا نمایاں حصہ رہا۔ اسٹاک مارکیٹ میں لین دین کا نتیجے میں 500,000 روپے کا کمیٹیبل میں اضافہ ہوا اور اس کے علاوہ منقسمہ منافع سے 212,500 روپے کی آمدنی ہوئی۔ تمام اجزاء سے مجموعی آمدنی کی مالیت 20.701 ملین روپے جبکہ اس کے مقابلے میں گذشتہ سہ ماہی میں اس کی مالیت 8.19 ملین روپے تھی۔ زیر غور مدت میں، اسٹاک مارکیٹ میں اتار چڑھاؤ کی وجہ سے حصص کے پورٹ فولیو نے 1.28 ملین روپے غیر حقیقی نقصان کا اندراج کیا۔ ہر چیز کی لاگت پر افراطی اثر کے سبب آپریٹنگ اخراجات میں 20 فیصد کا اضافہ ہوا۔ کریڈٹ رسک پر وفا کیل نمایاں بہتری کے نتیجے میں کریڈٹ پورٹ فولیو میں مختص (provision) کرنے کی ضرورت پیش نہیں آئی۔

آپ کے مضاربہ نے تمام اخراجات کا حساب کتاب کرنے کے بعد 7.539 ملین روپے کا بڑا منافع قبل از محصول کا اندراج کیا ہے، اس کے مقابلے میں گذشتہ سال اسی مدت کے دوران اس کی مالیت 5.304 ملین روپے تھی۔ جیسا کہ پہلے مضاربہ سیکر کو ٹیکس کا استثنائی حاصل تھا جسے واپس لے لیا گیا ہے جس کی وہ سے 1.24 ملین روپے کا ٹیکس واجبات کا اندراج کیا گیا ہے۔ 30 ستمبر 2024 پر اختتام پذیر سہ ماہی پر 6.25 ملین روپے کا منافع بعد از محصول حاصل کیا۔

زیر غور مدت کے دوران قرضوں کی فراہمی کی مالیت 53.19 ملین روپے رہی جو اچھی مالی حیثیت اور قرضوں کی واپسی کی استعداد دکھانیا اور جن اثاثہ جات کی اچھی ثانوی مارکیٹ رہی اس میں فنانشنگ کا نمایاں طریقہ کار گھنٹا ہوا اشارہ رہا۔

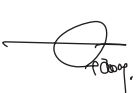
آپ کے مضاربہ کی اثاثہ جات کی بنیاد بڑھ کر 408.86 ملین روپے ہو گئی اور ملکی سرمایہ 350.15 ملین روپے ہو گیا۔

آمدنی سرٹیفکیٹ

30 ستمبر 2024 کو ختم ہونے والے سال پر آپ کے مضاربہ کی آمدنی سرٹیفکیٹ 0.21 روپے رہی جبکہ گذشتہ سال فی سرٹیفکیٹ معمولی نقصان کیا ہے۔

آپ کے مضاربہ نے مالی سال 2024-25 کا آغاز مثبت نوٹ پر کیا۔ ہر ممکن کوشش کی جائے گی کہ بزنس آپریشن اور منافع بخش کی بنیاد مضابطہ کاروباری اصول اور تسلیم شدہ کریڈٹ نارمز (norms) میں مزید ترقی اور نمو ہو۔

برائے بورڈ آف ڈائریکٹرز کے جانب سے



میاں شجید فاروق
چیئرمین



بشیر اے۔ چوہدری
چیف ایگزیکٹو آفیسر

کراچی،

24 اکتوبر 2024

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2024

| | | (Un-audited) | (Audited) |
|--|------|--------------------|--------------------|
| | | September 30, 2024 | June 30, 2024 |
| | Note | -----Rupees----- | |
| ASSETS | | | |
| Current assets | | | |
| Cash and bank balances | | 12,198,682 | 10,384,061 |
| Investments | 3 | 14,844,468 | 20,970,987 |
| Advances, prepayments and other receivables | 4 | 14,734,106 | 11,365,248 |
| Murabaha finances - secured | 5 | 25,379,998 | 25,400,000 |
| Ijarah rental receivables - secured | | 4,087,045 | 3,788,925 |
| Current portion of long term murabaha finances | 6 | 43,744,689 | 41,708,561 |
| Musharakah finances (secured - considered good) | 7 | 12,562,372 | 13,395,756 |
| Current portion of diminishing musharakah finances | 8 | 53,702,051 | 45,244,359 |
| Income tax refundable | | 4,239,764 | 3,997,069 |
| Total current assets | | 185,493,175 | 176,254,966 |
| Non-current assets | | | |
| Murabaha finances | 6 | 6,237,539 | 6,109,160 |
| Diminishing musharakah financing | 8 | 131,063,112 | 129,420,831 |
| Deposits | | 294,662 | 294,662 |
| Investments | 9 | 2,278,000 | 2,284,801 |
| Fixed assets given on lease / ijarah - tangible | 10 | 54,542,427 | 74,450,750 |
| Fixed assets in own use | 11 | 26,468,954 | 22,948,196 |
| Intangible asset | 12 | 847,108 | 948,940 |
| Deferred taxation - net | | 1,639,121 | 1,639,122 |
| Total non-current assets | | 223,370,923 | 238,096,462 |
| Total assets | | 408,864,098 | 414,351,428 |
| EQUITY AND LIABILITIES | | | |
| LIABILITIES | | | |
| Current liabilities | | | |
| Unclaimed profit distributions | | 12,799,781 | 12,828,131 |
| Creditors, accrued and other liabilities | 13 | 4,365,573 | 10,266,832 |
| Charity payable | | 115,392 | 269,532 |
| Current portion of deferred income on murabaha | | 2,554,597 | 2,272,786 |
| Current portion of customers' security deposits | | 6,358,570 | 11,660,170 |
| Current portion of lease liabilities against right of use assets | | 1,939,330 | 1,799,923 |
| Total current liabilities | | 28,133,243 | 39,097,374 |
| Non-current liabilities | | | |
| Deferred income on murabaha | | 704,970 | 907,964 |
| Customers' security deposits | | 20,613,368 | 24,338,468 |
| Lease liabilities against right of use assets | | 9,260,301 | 6,142,142 |
| Total non-current liabilities | | 30,578,639 | 31,388,574 |
| Total liabilities | | 58,711,882 | 70,485,948 |
| NET ASSETS | | 350,152,216 | 343,865,480 |
| REPRESENTED BY | | | |
| CAPITAL AND RESERVES | | | |
| Certificate capital | | 298,000,000 | 298,000,000 |
| Reserves | | 56,031,111 | 49,737,575 |
| Total equity | | 354,031,111 | 347,737,575 |
| Unrealized loss on revaluation of investments | 14 | (3,878,895) | (3,872,095) |
| | | 350,152,216 | 343,865,480 |
| Contingencies and commitments | 15 | | |

The annexed notes from 1 to 23 form an integral part of these financial statements.

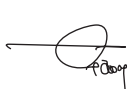
For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024

| | Note | September 2024 | September 2023 |
|---|------|---------------------|--------------------|
| | | -----Rupees----- | |
| Income from ijarah - net | 16 | 2,617,590 | 3,527,987 |
| Profit on murabaha finances | | 1,059,291 | 1,280,441 |
| Profit on musharakah finances | | 12,691,005 | 7,853,264 |
| Dividend income on equity investments | | 212,500 | 230,154 |
| Gain/ (loss) on sale of short term investments | | 499,471 | (5,090,352) |
| Other income | 17 | 3,621,748 | 391,616 |
| | | 20,701,605 | 8,193,110 |
| Provision for doubtful receivables | | - | (1,180,395) |
| through profit or loss | | (1,282,177) | 8,034,226 |
| | | 19,419,428 | 15,046,941 |
| Operating expenses | 18 | (10,871,753) | (9,033,604) |
| | | 8,547,675 | 6,013,337 |
| Modaraba Management Company's fee | | (854,768) | (601,334) |
| Workers' Welfare Fund | | (153,858) | (108,240) |
| Profit before taxation | | 7,539,049 | 5,303,763 |
| Taxation | | (1,245,513) | (1,538,091) |
| Net profit for the period | | 6,293,536 | 3,765,672 |
| Earnings per certificate - basic and diluted | | 0.21 | 0.13 |

The annexed notes from 1 to 23 form an integral part of these financial statements.

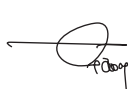
For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024

| Note | September 2024 | September 2023 |
|---|-------------------|-------------------|
| | -----Rupees----- | |
| Profit for the period | 6,293,536 | 3,765,672 |
| Other comprehensive income | | |
| <i>Items that will not be reclassified to profit and loss account</i> | | |
| - Net change in fair value of investments classified as fair value through other comprehensive income | (6,800) | 776,187 |
| <i>Items that may be reclassified subsequently to profit and loss account</i> | - | - |
| Other comprehensive (loss) / income for the period | (6,800) | 776,187 |
| Total comprehensive income for the period | 6,286,736 | 4,541,859 |

The annexed notes from 1 to 23 form an integral part of these financial statements.

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024

| Particulars | Certificate capital | Capital reserves | | Revenue reserves | | Total reserves | Total equity |
|---|---------------------|-------------------|---------------------|------------------|--------------------|-------------------|--------------------|
| | | Statutory reserve | Accumulated losses | Revenue reserves | Accumulated losses | | |
| Balance as at June 30, 2023 | 298,000,000 | 83,785,844 | (55,279,395) | | | 28,506,449 | 326,506,449 |
| Profit for the period | - | - | 3,765,672 | | | 3,765,672 | 3,765,672 |
| Other comprehensive income for the period | - | - | - | | | - | - |
| Total comprehensive income for the period | - | - | 3,765,672 | | | 3,765,672 | 3,765,672 |
| Balance as at September 30, 2023 | 298,000,000 | 83,785,844 | (51,513,723) | | | 32,272,121 | 330,272,121 |
| Balance as at June 30, 2024 | 298,000,000 | 88,032,069 | (38,294,494) | | | 49,737,575 | 347,737,575 |
| Net profit for the period | - | - | 6,293,536 | | | 6,293,536 | 6,293,536 |
| Other comprehensive income for the period | - | - | - | | | - | - |
| Total comprehensive income for the period | - | - | 6,293,536 | | | 6,293,536 | 6,293,536 |
| Balance as at September 30, 2024 | 298,000,000 | 88,032,069 | (32,000,958) | | | 56,031,111 | 354,031,111 |

The annexed notes from 1 to 23 form an integral part of these financial statements.

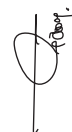
For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024

| | | September 2024 | September 2023 |
|---|------|--------------------|--------------------|
| | Note | -----Rupees----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | | | |
| Cash generated from operations | 20 | 4,726,085 | 13,190,202 |
| <i>Decrease / (Increase) in non-current assets:</i> | | | |
| - Long term murabaha finances | | (2,164,507) | 7,619,003 |
| - Long term musharakah finances | | (10,099,973) | (25,485,816) |
| <i>(Decrease) / Increase in non-current liabilities:</i> | | | |
| - Deferred income on murabaha | | 78,817 | (1,381,773) |
| - Customers security deposits | | - | 220,000 |
| Purchase of ijarah assets | | - | (1,100,000) |
| Long term deposits | | - | - |
| Proceeds from disposal of ijarah assets | | 6,557,662 | - |
| Income tax paid / deducted | | (1,488,207) | (3,026,954) |
| Net cash used in operating activities | | (2,390,123) | (9,965,338) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of owned assets | | - | (302,732) |
| Purchase of intangible assets | | - | (120,000) |
| Proceeds from disposal of owned assets | | 1,175,000 | - |
| Disposal of investments - net | | 5,343,814 | 13,988,516 |
| Dividends received | | - | 140,154 |
| Net cash generated from investing activities | | 6,518,814 | 13,705,938 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment made against lease liability | | (2,285,720) | (388,800) |
| Profit distributed to certificate holders | | (28,350) | (797) |
| Net cash used in financing activities | | (2,314,070) | (389,597) |
| Net increase / (decrease) in cash and cash equivalents | | 1,814,621 | 3,351,003 |
| Cash and cash equivalents at the beginning of the year | | 10,384,061 | 7,403,438 |
| Cash and cash equivalents at the period | | 12,198,682 | 10,754,441 |

The annexed notes from 1 to 23 form an integral part of these financial statements.

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2024

1 Legal Status and Nature of Business

Trust Modaraba (the Modaraba) was formed in Pakistan under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is managed by Al-Zamin Modaraba Management (Private) Limited (AZMML). The Modaraba commenced its business operations from November 12, 1991. It is listed on Pakistan Stock Exchange Limited. The principal place of business and registered office is located at 104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi - 75600 while the regional office is located at 320, 3rd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore. The Modaraba is perpetual, multi-purpose and multi-dimensional, engaged in the business of Murabahas, Musharakahs, Ijarah, investment in marketable securities, trading and other permissible businesses. The affairs, activities and transactions performed by the modaraba during the period comply with the rules and principles of Islamic Shariah in accordance with the guidelines and directives given by the Shariah advisor, Registrar (Modaraba) and the Securities & Exchange Commission of Pakistan.

2 Basis of Preparation

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting 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, IFASs and Companies act, 2017, the provisions of and directives of relevant laws have been followed.

2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2024. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2024 whereas comparative statement profit and loss, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial statements for the quarter ended September 30, 2023.

2.3 These condensed interim financial statements are unaudited; however, a limited scope review has been performed by the external auditors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019.

2.4 Critical accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgments in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Modaraba's accounting policies and the key sources of estimation of uncertainty were the same as those that were applied in the annual published audited financial statements for the year ended June 30, 2024.

2.5 Functional and presentation currency

These condensed interim un-audited financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2024

| | Note | (Un-audited) September 30, 2024 | (Audited) June 30, 2024 |
|--|------|---------------------------------------|-------------------------------|
| -----Rupees----- | | | |
| 3 INVESTMENTS | | | |
| Financial assets at fair value through profit or loss: | | | |
| NIT Islamic Equity Fund | | 814 | 814 |
| Shares of listed companies | 3.1 | 14,843,654 | 20,970,173 |
| | | 14,844,468 | 20,970,987 |

3.1 Shares of listed companies

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

| Number of shares Sep-03 2024 | Number of shares Jun-30 2024 | Name of Investee | September 30, 2024 | | June 30, 2024 | |
|------------------------------------|------------------------------------|---------------------------------------|--------------------|-------------------|-------------------|-------------------|
| | | | Average Cost | Market Value | Average Cost | Market Value |
| -----Rupees----- | | | | | | |
| 20,000 | 40,000 | Fauji Cement Company Limited | 220,678 | 169,000 | 888,863 | 916,400 |
| 100,000 | 100,000 | Cnergyco Pk Limited | 1,092,241 | 378,000 | 1,092,241 | 385,000 |
| 120,000 | 120,000 | Hascol Petroleum Limited | 1,622,511 | 793,200 | 1,622,511 | 742,800 |
| 5,000 | 30,000 | Pakistan Petroleum Limited | 573,632 | 534,100 | 3,563,730 | 3,513,300 |
| - | 15,000 | Shell Pakistan Limited | - | - | 2,427,483 | 2,011,500 |
| 30,500 | 25,500 | Nishat Mills Limited | 2,837,480 | 1,873,614 | 2,488,379 | 1,806,675 |
| - | 10,000 | Netsol Technologies Limited | - | - | 1,372,309 | 1,357,600 |
| - | 10,000 | Oil & Gas Development Company Limited | - | - | 1,377,431 | 1,353,700 |
| - | 10,000 | Unity Foods Ltd | - | - | 327,977 | 301,500 |
| 10,000 | 10,000 | Century Paper and Board Mills | 498,164 | 249,600 | 498,164 | 299,500 |
| 20,000 | - | K-Electric Limited | 97,090 | 75,200 | - | - |
| 5,000 | 5,000 | The Searle Company Limited | 304,024 | 284,750 | 294,629 | 285,600 |
| 6,000 | 4,000 | Attock Refinery Limited | 2,180,720 | 1,930,440 | 1,509,564 | 1,406,360 |
| 20,000 | 20,000 | Engro Polymer & Chemical Limited | 959,374 | 668,000 | 959,374 | 898,400 |
| - | 20,000 | Fauji Foods Limited | - | - | 220,678 | 177,400 |
| 25,000 | 10,000 | Hub Power Company | 3,894,157 | 2,983,500 | 1,632,763 | 1,630,800 |
| - | 20,000 | Maple Leaf Cement Limited | - | - | 756,280 | 760,000 |
| 25,000 | 25,000 | Pakistan International Bulk Terminal | 163,098 | 140,500 | 163,098 | 154,250 |
| 25,000 | 25,000 | Pakistan Refinery Limited | 822,742 | 586,500 | 822,742 | 580,000 |
| 25,000 | 11,000 | Pakistan State Oil Company Limited | 4,310,970 | 4,032,250 | 1,968,341 | 1,828,310 |
| - | 6,086 | Sui Northern Gas Pipelines Limited | - | - | 434,668 | 386,278 |
| 20,000 | 20,000 | TPL Properties Limited | 231,678 | 145,000 | 231,678 | 174,800 |
| | | | 19,808,559 | 14,843,654 | 24,652,903 | 20,970,173 |

4 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

| | | | |
|---|-----|-------------------|-------------------|
| Loans to / receivable from employees - considered good | | 595,000 | 344,500 |
| Prepayments | | 4,866,657 | 4,128,226 |
| Advance against lease | | - | 962,000 |
| Advance against expenses | | 550,000 | 550,000 |
| Accrued profit (secured - considered good) | | 3,841,237 | 2,527,683 |
| Trade receivables - considered good (secured) | 4.1 | - | - |
| Legal suits' charges receivable (secured - considered good) | 4.2 | 2,311,076 | 2,311,076 |
| Receivable against sale of Faisalabad Property | 4.3 | - | - |
| Sundry receivables (unsecured - considered good) | | 2,570,136 | 541,763 |
| | | 14,734,106 | 11,365,248 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024

| | (Un-audited) September 30, 2024 | (Audited) June 30, 2024 |
|---|---------------------------------------|-------------------------------|
| Note | -----Rupees----- | |
| 4.1 Trade receivables | | |
| Opening balance | 100,000 | 100,000 |
| Gross amount | 100,000 | 100,000 |
| Allowance for doubtful trade receivables | (100,000) | (100,000) |
| | - | - |
| 4.2 Legal suits' charges receivable | | |
| Opening balance | 2,718,002 | 2,675,852 |
| Expenses incurred | - | 102,150 |
| Write off due to settlement | - | (60,000) |
| Gross amount | 2,718,002 | 2,718,002 |
| Allowance for doubtful legal suits' charges | (406,926) | (406,926) |
| | 2,311,076 | 2,311,076 |
| 4.3 Receivable against sale of Faisalabad Property | | |
| Opening balance | 549,000 | 549,000 |
| Received during the year | - | - |
| | 549,000 | 549,000 |
| Less: provision recognized | (549,000) | (549,000) |
| | - | - |
| 5 MURABAHA FINANCES - SECURED | | |
| Considered good | - | - |
| Considered doubtful: | | |
| - Regular parties | - | - |
| - Parties under litigation | 33,779,998 | 33,800,000 |
| | 33,779,998 | 33,800,000 |
| Provision for doubtful receivables | (8,400,000) | (8,400,000) |
| | 25,379,998 | 25,400,000 |
| 6 MURABAHA FINANCES - SECURED | | |
| Considered good | 19,195,448 | 16,579,718 |
| Considered doubtful | 38,984,511 | 37,912,999 |
| Provision for doubtful long term murabaha finances | (8,197,731) | (6,674,996) |
| | 49,982,228 | 47,817,721 |
| Current portion | (43,744,689) | (41,708,561) |
| Non-current portion | 6,237,539 | 4,078,227 |
| 7 MUSHARAKAH FINANCES - SECURED | | |
| Considered good | 12,883,433 | 13,716,817 |
| Provision for Musharakah finances | (321,061) | (321,061) |
| | 12,562,372 | 13,395,756 |
| 8 DIMINISHING MUSHARAKAH FINANCING - SECURED | | |
| Considered good | 188,499,985 | 178,400,012 |
| Current portion | (53,702,051) | (45,244,359) |
| Provision for Diminishing Musharakah finances | (3,734,822) | (3,734,822) |
| Non-current portion | 131,063,112 | 129,420,831 |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

9 INVESTMENTS

Long term investments at fair value through OCI

Investment in shares of listed companies

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

| Number of shares | | Name of Investee | September 30, 2024 | | June 30, 2024 | |
|------------------|--------------|----------------------------|--------------------|-----------------|-----------------|-----------------|
| Sep 2024 | June 2024 | | Average Cost | Market Value | Average Cost | Market Value |
| 40,000 | 40,000 | The Searle Company Limited | 4,163,294 | 2,278,000 | 4,163,294 | 2,284,801 |
| | | | 4,163,294 | 2,278,000 | 4,163,294 | 2,284,801 |

| 10 | FIXED ASSETS GIVEN ON LEASE/IJARAH-TANGIBLE | Note | (Un-audited) | (Audited) |
|------|---|------|----------------------|-----------------|
| | | | September 30 2024 | June 30 2024 |
| | Operating fixed assets given on lease (ijarah) - tangible | 10.1 | 54,542,427 | 74,450,750 |
| 10.1 | Fixed assets given on lease/ijarah - tangible | | | |
| | Opening written down value | | 74,450,750 | 123,427,562 |
| | Additions during the period | | - | 1,100,000 |
| | Disposals during the period | | (14,398,623) | (15,870,113) |
| | Depreciation charge for the period | | 60,052,127 | 108,657,449 |
| | | | (5,509,700) | (34,206,699) |
| | | | 54,542,427 | 74,450,750 |
| 11 | FIXED ASSETS IN OWN USE | | | |
| | Fixed assets in own use | 11.1 | 13,498,118 | 13,979,664 |
| | Right of use assets | 11.2 | 12,970,836 | 8,968,532 |
| | | | 26,468,954 | 22,948,196 |
| 11.1 | Fixed assets in own use | | | |
| | Opening written down value | | 13,979,664 | 14,105,600 |
| | Additions during the period | | - | 1,096,652 |
| | Disposals during the period | | (216,000) | (136,792) |
| | Depreciation charge for the period | | 13,763,664 | 15,065,460 |
| | | | (265,546) | (1,085,796) |
| | | | 13,498,118 | 13,979,664 |
| 11.2 | Right of use assets | | | |
| | Opening written down value | | 8,968,532 | 2,240,663 |
| | Additions during the period | | 4,901,200 | 8,584,347 |
| | Depreciation charge for the period | | 13,869,732 | 10,825,010 |
| | | | (898,896) | (1,856,478) |
| | | | 12,970,836 | 8,968,532 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2024

12 INTANGIBLE ASSET

| | (Un-audited) September 30 2024 | (Audited) June 30 2024 |
|----------------------------------|--------------------------------------|------------------------------|
| | -----Rupees----- | |
| Cost | | |
| Balance at beginning of the year | 2,272,000 | 1,250,000 |
| Additions during the period | - | 1,022,000 |
| Closing balance | 2,272,000 | 2,272,000 |
| Accumulated amortisation | | |
| Balance at beginning of the year | 1,323,060 | 1,094,448 |
| Charged during the period | 101,832 | 228,612 |
| Closing balance | 1,424,892 | 1,323,060 |
| Written down value | 847,108 | 948,940 |
| Rate % | 33% | 33% |

13 CREDITORS, ACCRUED AND OTHRE LIABILITIES

| | | |
|--|------------------|------------------|
| Payable to Modaraba Management Company | 854,768 | 1,608,454 |
| Provision for Workers' Welfare Fund | 203,821 | 339,485 |
| Accrued Expenses | - | 760,802 |
| Other liabilities | 3,306,984 | 5,967,867 |
| | 4,365,573 | 8,676,608 |

14 UNREALIZED LOSS ON REVALUATION OF INVESTMENTS

| | | |
|--|--------------------|--------------------|
| Opening balance | (3,872,095) | (6,501,452) |
| Surplus / (deficit) on revaluation during the year | (6,800) | 2,629,357 |
| | (3,878,895) | (3,872,095) |

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

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

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

The Modaraba along with other Modarabas has filed a petition in Honorable Sindh High Court (SHC) on September 1, 2018, challenging the demand of Sindh Revenue Board (SRB) on the grounds of non-applicability of sales tax. A stay order in this regard has been granted by the SHC stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners. The management of the Modaraba based on its discussions with its legal counsel is of the view that in light of the stay order of the Court and the merits of the matter involved, the impugned charge of sales tax will be quashed and favorable outcome is expected. Therefore, no provision for any sales tax liability on rentals of lease financing has been made in the financial statements. The expected date of hearing is November 22, 2024 for further processing of the case.

The Assistant commissioner Inland Revenue (ACIR) has issued order dated June 30, 2022 by creating demand under sub-section 161 of Rs 1,038,285 along with default surcharge of Rs 809,862. The tax payer has filed appeal against said order on July 16, 2022 before commissioner Inland Revenue (CIR). During the year, CIR remanded back the case to (ACIR) and taxpayer being aggrieved by the order of CIR filed appeal before Appellate Tribunal Inland Revenue (ATIR). The ATIR annulled the findings ACIR and remit the matter to officer of Inland Revenue (OIR). As at year end, the matter is pending before the OIR.

The Deputy commissioner Inland Revenue (DCIR) issued notices dated August 18, 2023 by confronting amount of Rs. 143,347 and Rs. 732,850 against tax years 2020 and 2021 respectively under sub-section 221(2) of the Income Tax Ordinance, 2001. These demands pertain to the adjustment of refunds against the admitted tax liabilities. The Modaraba has submitted a detailed response to the DCIR, accompanied by comprehensive documentary evidence. Decision is pending but the management, in consultation with its tax advisor, has determined that favorable outcome is expected.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2024

On December 06, 2022, Sindh Revenue Board (SRB) issued a notice under Section 73 of the Stamps Act, 1899 to several modaraba companies for inspection of the records regarding stamp duty applicability. The Modaraba responded on December 22, 2022 that the Modaraba is a non-banking financial institution and Stamps act, 1899 is not applicable. However without prejudice to the rights and remedies and only as a matter of cooperation, the management partially complied.

On December 12, 2023 the Modaraba received a demand from Sindh Revenue Board (SRB) against stamp duty of Rs. 280,509 and Rs. 108,900 applicable on purchase orders and promissory notes respectively, covering the period July 01, 2020 to March 03, 2023. The Modaraba responded on January 08, 2024 that Article 15(b) of the stamps act, 1899 deals with the manufacturing concerns or business which undertake cartage of stores and materials and as such it is not applicable to NBFs and Modarabas involved in Shariah compliant asset financing. The matter is being dealt at the association level.

| | (Un-audited) September 30 2024 | (Audited) June 30 2024 |
|--|--------------------------------------|--------------------------------------|
| | -----Rupees----- | |
| 15.2 Musharakah Commitments | | |
| Disbursement of Musharakah to be made | 4,449,700 | 18,118,000 |
| | | |
| | (Un-audited) September 30 2024 | (Un-audited) September 30 2023 |
| | -----Rupees----- | |
| 16 INCOME FROM IJARAH - NET | | |
| Income from leasing and Ijarah operations | 8,775,399 | 14,321,274 |
| Less: Depreciation on fixed assets given on ijarah | (5,509,700) | (9,893,431) |
| Less: Insurance on ijarah assets | (648,109) | (899,856) |
| | 2,617,590 | 3,527,987 |
| 17 OTHER INCOME | | |
| Gain on disposal of ijarah assets | 1,185,739 | - |
| Gain on disposal of owned fixed assets | 959,000 | - |
| Profit on deposit and saving accounts with banks | 135,619 | 236,066 |
| Miscellaneous income | 1,341,390 | 155,550 |
| | 3,621,748 | 391,616 |
| 18 OPERATING EXPENSES | | |
| Salaries, allowances and other benefits | 4,852,831 | 4,456,766 |
| Legal and professional charges | 80,000 | 40,000 |
| Fees and subscription | 805,259 | 910,137 |
| Electricity, gas and water | 458,835 | 215,837 |
| Telephone, postage and courier | 374,867 | 286,982 |
| Printing and stationery | 155,057 | 255,034 |
| Traveling and conveyance | 164,031 | 249,416 |
| Entertainment | 285,779 | 192,322 |
| Insurance | 33,668 | 58,272 |
| Vehicle running | 678,371 | 510,915 |
| Newspaper and periodicals | 3,410 | 3,480 |
| Rent, rates and taxes | 302,565 | 199,900 |
| Repairs and maintenance | 686,406 | 736,156 |
| Depreciation on own assets | 265,546 | 254,444 |
| Depreciation on right of use assets | 898,896 | 297,612 |
| Amortization of intangible assets | 101,832 | 23,334 |
| Bank charges and commission | 2,415 | 1,810 |
| Sales tax | 26,594 | 25,123 |
| Unwinding of lease liabilities | 642,086 | 105,134 |
| Miscellaneous | 53,305 | 210,930 |
| | 10,871,753 | 9,033,604 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2024

| | | (Un-audited) September 30 2024 | (Un-audited) September 30 2023 |
|---|--|--------------------------------------|--------------------------------------|
| 19 | EARNING PER CERTIFICATE - BASIC AND DILUTED | | |
| | Profit for the period | Rupees 6,293,536 | 3,765,672 |
| | Weighted average number of certificates | Number 29,800,000 | 29,800,000 |
| | Earnings per certificate | Rupees 0.211 | 0.13 |
| 19.1 | There is no dilution effect on the basic earnings per certificate of the Modaraba. | | |
| 20 | CASH GENERATED FROM OPERATIONS | | |
| | Profit before taxation | 7,539,049 | 5,303,763 |
| | Adjustments for non-cash and other items: | | |
| | - Depreciation: | | |
| | Under ijarah | 5,509,700 | 9,893,431 |
| | In own use | 265,546 | 254,444 |
| | Right of use assets | 898,896 | 297,612 |
| | Amortization of intangible assets | 101,832 | 23,334 |
| | Provision for doubtful receivable | - | 1,180,395 |
| | - (Gain) / loss on disposal own assets | (959,000) | - |
| | - (Gain) / loss on disposal ijarah assets | (1,185,739) | - |
| | - Loss on sale of long term investment | - | 911,707 |
| | - (Gain) / Loss on sale of short term investment | (499,471) | 5,090,352 |
| | - Unrealized (gain)/loss on revaluation of held for trading investment | 1,282,177 | (8,034,226) |
| | - Unwinding for lease liabilities | 642,086 | - |
| | - Workers' Welfare Fund | 153,858 | 108,240 |
| | - Dividend income | (212,500) | (230,154) |
| | | 5,997,385 | 9,495,135 |
| | Operating profit before working capital changes | 13,536,434 | 14,798,898 |
| | Decrease / (increase) in current assets | | |
| | - Advances, deposits, prepayments and other receivables | (3,156,358) | (2,707,498) |
| | - Short term murabaha finances | 20,002.00 | 600,000 |
| | - Short term musharakah finances | 833,384 | (1,509,291) |
| | - Ijarah rental receivables | (298,120) | (878,008) |
| | Increase / (decrease) in current liabilities | | |
| | - Charity payable | (154,140) | - |
| | - Creditors, accrued and other liabilities | (6,055,117) | 2,805,101 |
| | | (8,810,349) | (1,689,696) |
| | Cash generated from operations | 4,726,085 | 13,109,202 |
| 21 | TRANSACTION WITH RELATED PARTIES | (Un-audited) September 30 2024 | (Un-audited) September 30 2023 |
| | Transactions during the period | -----Rupees----- | |
| Related party | Relationship | Nature of transaction | |
| Al-Zamin Modaraba Management (Private) Limited | Modaraba Management Company | 854,768 | 601,334 |
| | | 624,000 | 624,000 |
| | | - | 129,113 |
| Employees' Provident Fund | Associated undertaking | 243,553 | 245,007 |
| | | | |
| | | (Un-audited) September 30 2024 | (Audited) June 30, 2024 |
| Outstanding Balance as at the period end | | -----Rupees----- | |
| Al-Zamin Modaraba Management (Private) Limited | | 854,768 | 2,956,102 |
| Executives | | 385,000 | 210,000 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2024

22 NON ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Management Company in their meeting held on September 05, 2024, has declared a final cash distribution of Rs. 0.5 per certificate, amounting to Rs. 14,900,000 for the year ended on 30th June 2024 (2023: Nil)

23 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the Board of Directors of the Management company in their meeting held on October, 24, 2024.

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



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER



KARACHI

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