

# Quarterly Report

March 31, 2011

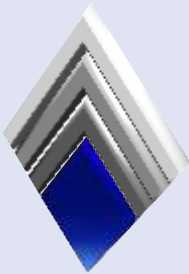
Ijarah

Murabaha

Musharaka

Equities

Trading



# Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (Pvt) Ltd



Modaraba Company  
Al-Zamin Modaraba Management (Private) Limited

**Board of Directors**

|                                |                 |
|--------------------------------|-----------------|
| Mr. Zafar Iqbal                | Chairman        |
| Mr. Basheer Ahmed Chowdry      | Chief Executive |
| Mr. Manzoor Hussain Shah Kazmi | Director        |
| Mr. Shaikh Arshad Farooq       | Director        |
| Mr. Mohammad Imranul Haque     | 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     |
| Ms. Roomana Nasir         | HR Head                                   |

**Audit Committee**

|                                |                                    |
|--------------------------------|------------------------------------|
| Mr. Manzoor Hussain Shah Kazmi | Chairman                           |
| Mr. Shaikh Arshad Farooq       | Member                             |
| Mr. Sohail Ansar               | Member                             |
| Ms. Hamida Aqeel               | Member/Secretary – Audit committee |

**Head of Internal Audit**

Ms. Roomana Nasir

**Auditors of the Modaraba**

Ernst & Young Ford Rhodes Sidat Hyder

**Bankers**

The Bank of Punjab  
Bank Alfalah Limited – Islamic Banking  
Meezan Bank Limited

**Legal Advisors**

Irfan & Irfan, Attorneys at Law

**Registered Office/Principal Place of Business**

104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi-75600  
Telephone: 021-35876651, 35876652, 111-111-303  
Fax : 021-35870408 Web: www.trustmodaraba.com

**Regional Office**

301-320, 3<sup>rd</sup> Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore  
Tel: (042) -35941957-8 Fax: (042) 35866513

**Registrars**

Hameed Majeed Associates (Private) Limited  
1<sup>st</sup> 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 (Al-Zamin) take pleasure in presenting the unaudited financial statements of Trust Modaraba for the quarter ended 31st March, 2011.

The operating results of the Modaraba as at 31st March, 2011 depict satisfactory performance. Business operations of the Modaraba are being built on sound credit fundamentals having excellent recovery rate. All out efforts are made to recover past stuck up receivables through aggressive follow up, legal process and also out of court settlements on a case to case basis. A number of cases relating to past stuck up receivables are at finalization stage, the positive impact of which would be reflected in the ensuing quarter of the current financial year.

Cumulative income of the Modaraba for the first three quarters stood at Rs.56.261 million depicting an increase of 30% over the previous comparable period. Profit for the same period was recorded at Rs.15.442 million. Operating expenses are being maintained at minimum level. Asset base of the Modaraba stood at Rs.361.490 million with very sound asset liability structure.

Further growth of the Modaraba is dependent on availability of cash resources, for which the current circumstances are not so conducive, specially for the NBFC sector. For future growth, as per Board's directives, it has been planned to secure credit rating for the Modaraba commensurate with its' sound financial position and the experience and capability of the Board and Management. Permission of Securities and Commission of Pakistan (SECP) would also be sought in due course for deposit mobilization from general public. The Board has also directed retention of earnings to build Statutory Reserves in accordance with the guidelines prescribed by the SECP vide its' Circular No. 11 of 2006. The aforesaid step would assist in the growth of business operations, increase earnings per certificate and enhance asset value of the certificates for the eventual benefit of all the certificate holders.

For and on behalf of the Board of Directors

Karachi  
Date: 26<sup>th</sup> April, 2011

  
**Basheer A. Chowdry**

## INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)

### AS AT MARCH 31, 2011

|   |      | March 31, 2011         | June 30, 2010       |
|---|------|------------------------|---------------------|
|   | Note | Rupees<br>(Un-Audited) | Rupees<br>(Audited) |
| <b>ASSETS</b>   |      |                        |                     |
| <b>Current assets</b>                                 |      |                        |                     |
| Cash and bank balances                                |      | 5,781,966              | 8,313,978           |
| Short term investments                                | 4    | 5,872,416              | 7,498,486           |
| Advances, deposits, prepayments and other receivables |      | 17,801,307             | 22,174,062          |
| Murabaha receivables                                  |      | 159,911,318            | 157,215,280         |
| Stock in trade  |      | 6,100,000              | 990,439             |
| <b>Total current assets</b>                           |      | <b>195,467,008</b>     | <b>196,192,245</b>  |
| <b>Non-current assets</b>                             |      |                        |                     |
| Long term deposits                                    |      | 394,862                | 394,862             |
| Long term investments - available for sale            | 5    | 9,303,800              | 11,359,267          |
| Fixed assets  | 6    | 156,324,365            | 163,187,531         |
| <b>Total non-current assets</b>                       |      | <b>166,023,027</b>     | <b>174,941,660</b>  |
| <b>TOTAL ASSETS</b>                                   |      | <b>361,490,035</b>     | <b>371,133,905</b>  |
| <b>LIABILITIES AND EQUITY</b>                         |      |                        |                     |
| <b>Current liabilities</b>                            |      |                        |                     |
| Creditors, accrued and other liabilities              |      | 19,765,924             | 24,636,422          |
| <b>Total current liabilities</b>                      |      | <b>19,765,924</b>      | <b>24,636,422</b>   |
| <b>Non-current liabilities</b>                        |      |                        |                     |
| Customers' security deposits                          |      | 61,370,401             | 66,915,658          |
| Liabilities against assets subject to lease finance   |      | 1,537,010              | -                   |
|   |      | <b>62,907,411</b>      | <b>66,915,658</b>   |
| <b>Certificate holders' equity</b>                    |      |                        |                     |
| Certificate capital                                   |      | 298,000,000            | 298,000,000         |
| Reserves  |      | (19,183,300)           | (18,418,175)        |
| <b>Total certificate holders' equity</b>              |      | <b>278,816,700</b>     | <b>279,581,825</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                   |      | <b>361,490,035</b>     | <b>371,133,905</b>  |
| <b>CONTINGENCIES AND COMMITMENTS</b>                  |      |                        |                     |
|   | 7    |                        |                     |

The annexed notes from 1 to 11 form an integral part of this interim condensed financial information.



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

# INTERIM CONDENSED PROFIT AND LOSS (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2011



| Note   | Quarter ended    |                  | Nine months ended |                   |
|--|------------------|------------------|-------------------|-------------------|
|  | March 31, 2011   | March 31, 2010   | March 31, 2011    | March 31, 2010    |
| <b>Operating income</b>  |                  |                  |                   |                   |
| Income from leasing / ijarah operations  | 13,088,361       | 10,626,600       | 39,944,903        | 28,271,788        |
| Profit on murabaha finances  | 2,930,916        | 3,327,836        | 8,834,931         | 8,520,747         |
| Dividend income  | 38,601           | 41,750           | 123,711           | 610,590           |
| Profit on short term investment-held to maturity   | 371,956          | 611,161          | 1,277,466         | 2,300,796         |
| Gain/(Loss) on sale of investments   | 47,510           | 1,536,948        | 731,880           | 3,209,318         |
| (Loss)/Gain on sale of assets  | 103,686          | 75,148           | (341,808)         | 88,147            |
| Other income   | 359,200          | 77,647           | 5,436,353         | 243,181           |
| Trading Income   | -                | -                | 233,544           | -                 |
|  | 16,940,230       | 16,297,090       | 56,240,980        | 43,244,568        |
| (Addition)/reversal of provision against non performing murabaha finances & other receivable | 404,300          | 230,310          | 3,539,442         | 1,217,912         |
| Reversal / (impairment) on available for sale investments                                    | -                | -                | (8,453)           | -                 |
|  | 17,344,530       | 16,527,400       | 59,771,969        | 44,462,480        |
| <b>Operating costs</b>   |                  |                  |                   |                   |
| Depreciation on operating assets given on lease/ijarah                                       | 10,525,966       | 7,917,321        | 32,816,643        | 20,519,586        |
| Administrative expenses  | 3,525,666        | 1,931,940        | 9,797,240         | 6,571,372         |
|  | 14,051,632       | 9,849,261        | 42,613,883        | 27,090,958        |
|  | 3,292,898        | 6,678,139        | 17,158,086        | 17,371,522        |
| Modaraba company's management fee  | 329,290          | 667,814          | 1,715,809         | 1,737,152         |
| Profit/(loss) for the period before taxation   | 2,963,608        | 6,010,325        | 15,442,277        | 15,634,370        |
| Taxation   | -                | -                | -                 | -                 |
| <b>Profit/(loss) for the period</b>  | <b>2,963,608</b> | <b>6,010,325</b> | <b>15,442,277</b> | <b>15,634,370</b> |
| Earnings/(loss) per certificate<br>- basic and diluted                                       | <b>0.10</b>      | <b>0.20</b>      | <b>0.52</b>       | <b>0.52</b>       |

The annexed notes from 1 to 11 form an integral part of this interim condensed financial information.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2011

|  | Quarter ended    |                  | Nine months ended |                        |
|--|------------------|------------------|-------------------|------------------------|
|  | March 31, 2011   | March 31, 2010   | March 31, 2011    | March 31, 2010<br>2009 |
|  | .....Rupees..... |                  |                   |                        |
| Profit / (loss) for the period                                     | 2,963,607        | 6,010,325        | 15,442,277        | 15,634,370             |
| <b>Other comprehensive Income</b>                                  |                  |                  |                   |                        |
| (Deficit)/surplus on revaluation of available for sale investments | (263,479)        | 104,440          | (1,307,402)       | (233,410)              |
| (Reversal) / impairment of available for sale investments          | -                | (184,576)        | -                 | 525,942                |
| <b>Total comprehensive income</b>                                  | <b>2,700,128</b> | <b>5,930,189</b> | <b>14,134,875</b> | <b>15,926,902</b>      |

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CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

# INTERIM CONDENSED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2011



|   | Nine months<br>March 31, 2011<br>Rupees | Nine months<br>March 31, 2010<br>Rupees |
|---|---|---|
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                               |   |   |
| Profit/(loss) before taxation   | 15,442,277                              | 15,634,370                              |
| Add / (less) adjustment for :   |   |   |
| Depreciation  | 33,347,057                              | 20,793,715                              |
| Impairment loss on investments  | (1,307,402)                             | 292,532                                 |
| Loss on disposal of fixed assets  | 341,808                                 | (88,147)                                |
| Dividend income   | (123,711)                               | (610,590)                               |
|   | <u>32,257,752</u>                       | <u>20,387,510</u>                       |
| <b>Cash flows from operating activities before changes in working capital</b> | 47,700,029                              | 36,021,880                              |
| Changes in working capital :  |   |   |
| Decrease/(increase) in current assets:  |   |   |
| Murabaha receivables  | (2,696,038)                             | (7,070,005)                             |
| Short term investment   | 1,626,070                               | 9,268,052                               |
| Advances, deposits, prepayments and other receivables                         | 4,372,755                               | (4,827,959)                             |
| Stock in trade  | (5,109,561)                             | (6,191,916)                             |
|   | (1,806,775)                             | (8,821,828)                             |
| Increase / (decrease) in current liabilities:                                 |   |   |
| Creditors, accrued and other liabilities                                      | (4,870,498)                             | 5,963,029                               |
| Customers' security deposits  | (5,545,257)                             | 23,523,249                              |
|   | <u>(10,415,755)</u>                     | <u>29,486,278</u>                       |
| Cash flow from operating activities   | 35,477,499                              | 56,686,330                              |
| Income tax paid   | -                                       | (56,140)                                |
| Dividend paid   | (14,900,000)                            | -                                       |
| <b>Net cash / flow from operating activities</b>                              | 20,577,499                              | 56,630,190                              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |   |   |
| Fixed capital expenditure (including assets given on lease/ijarah)            | (52,479,433)                            | (67,340,159)                            |
| Sale proceeds of fixed assets (including assets given on lease/ijarah)        | 25,653,734                              | 3,589,009                               |
| Long term investments   | 2,055,467                               | 6,838,742                               |
| Long term Liabilities - subject to lease finance                              | 1,537,010                               | -                                       |
| Dividend received   | 123,711                                 | 610,590                                 |
| <b>Net cash flow from investing activities</b>                                | (23,109,511)                            | (56,301,818)                            |
| <b>Net increase in the cash and cash equivalents</b>                          | (2,532,012)                             | 328,372                                 |
| <b>Cash and cash equivalents at the beginning of period</b>                   | 8,313,978                               | 8,161,115                               |
| <b>Cash and cash equivalents at the end of period</b>                         | <u>5,781,966</u>                        | <u>8,489,487</u>                        |

The annexed notes from 1 to 11 form an integral part of this interim condensed financial information.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR PERIOD ENDED MARCH 31, 2010**

|  | Certificate capital | Capital Reserve   |  | Revenue Reserves                                     |                           | Total Reserves     | Total Equity |
|--|---------------------|-------------------|--|--|---------------------------|--------------------|--------------|
|  |                     | Statutory reserve | Unrealized Gain/(loss) on revaluation of investments | Unrealized Gain/(loss) on revaluation of investments | Accumulated Profit/(loss) |                    |              |
| Balance as at 01 July 2009                                     | 298,000,000         | 42,832,697        | 524,100  | (84,328,247)   | (40,971,450)              | 257,028,550        |              |
| Total comprehensive income for the quarter ended 31 March 2010 |                     | 292,532           |  | 15,634,370   | 15,926,902                | 15,926,902         |              |
| Transferred to statutory reserve                               |                     | 3,126,874         |  | (3,126,874)  |                           |                    |              |
| <b>Balance as at 31 March 2010</b>                             | <b>298,000,000</b>  | <b>45,959,571</b> | <b>816,832</b>                                       | <b>(71,820,751)</b>                                  | <b>(25,044,548)</b>       | <b>272,955,452</b> |              |
| Balance as at 01 July 2010                                     | 298,000,000         | 49,851,774        | (319,550)  | (67,950,399)   | (18,418,175)              | 279,581,825        |              |
| Total comprehensive income for the period ended 31 March 2011  |                     | -                 | (1,307,402)  | 15,442,277   | 14,134,875                | 14,134,875         |              |
| Dividend Payable   |                     |                   |  | (14,900,000)   | (14,900,000)              | (14,900,000)       |              |
| <b>Balance as at 31 March 2011</b>                             | <b>298,000,000</b>  | <b>49,851,774</b> | <b>(1,626,952)</b>                                   | <b>(67,408,122)</b>                                  | <b>(19,183,300)</b>       | <b>278,816,700</b> |              |

The annexed notes from 1 to 11 form an integral part of this interim condensed financial information.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

  
 DIRECTOR

# NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENT FOR THE PERIOD ENDED MARCH 31, 2011



## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Trust Modaraba (the Modaraba) was formed under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 and the Rules framed there under and had been managed by Trust Management Services (Private) Limited. Its registration was cancelled by Registrar Modarabas vide his order dated August 20, 2007 and an Administrator was appointed to protect interest of the certificate holders. During last year, vide SECP Order dated 30-01-2009, the Administrator had ceased to hold his office with effect from 23 February 2009 and Al-Zamin Modaraba Management (Private) Limited (AMML) took over the control of the Modaraba along with its all assets, liabilities and contingencies and commitments. Under the terms of this take over arrangement, AMML had injected Rs. 25 million as certificate deposit money into the fund of the Modaraba against which Modaraba certificates had been issued to AMML.
- 1.2 The Modaraba is perpetual, multi-purpose and multi-dimensional, engaged in the business of Murabahas, Musharikas, leasing, investment in marketable securities and other permissible businesses. The Modaraba commenced its business operations from November 12, 1991. It is listed on the Karachi, Lahore and Islamabad Stock Exchanges.

## 2. BASIS OF PREPARATION

- 2.1 These interim condensed financial information are unaudited and are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981 and have been prepared in accordance with requirements of the International Accounting Standard (IAS)-34, "Interim Financial Reporting". These should be read in conjunction with the financial statements of the Modaraba for the year ended 30 June 2010.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, judgments and estimates made by the management in the preparation of the condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Modaraba for the year ended 30 June 2010, except as discussed below:

- 3.1. IFAS 1 "Murabaha", introduced by the Institute of Chartered Accountants of Pakistan and notified for adoption by Securities and Exchange Commission of Pakistan, vide SRO 865(1)/2005 dated August 24, 2005, by all financial institutions for the period beginning on or after January 01, 2006. However, the Modaraba has opted to apply the standard in current year financial statements. Pursuant to requirements of the said standard, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha'. On culmination of murabaha transaction, i.e. sale of goods to the customer, murabaha financing is recorded at the invoiced amount and profit is recognized. Profit on that portion of sale revenue not due for payment is deferred and recognized as liability. Goods purchased by the Modaraba but remained unsold, if any with the Modaraba at balance sheet date constitute inventories.
- Modaraba's inventories are measured at lower of cost and net realizable value. Cost is determined on the first in first out basis.
- 3.2 IAS 1 (Revised), "Presentation of Financial Statement" (effective from 01 January 2009), was issued in September 2007. According to revised standard, those items of income and expenses that are not recognized in the profit or loss, and non-owner changes in equity should be recognized through Statement of comprehensive income. The revised standard requires an entity to opt for presenting such items of income and expenses in (a) single statement (a 'statement of comprehensive income') or (b) two statements (a separate 'income statement') and a ('statement of comprehensive income').

The Modaraba has adopted IAS 1 (Revised), with effect from 01 July 2009 and accordingly, items of income and expense that are not recognized in the profit or loss, and non-owner changes in equity have been presented in a separate 'statement of comprehensive income' in these financial statements.

|   | March 31, 2011<br>Rupees<br>(Un-Audited) | June 30, 2010<br>Rupees<br>(Audited) |
|---|--|--------------------------------------|
| <b>4. SHORT TERM INVESTMENTS</b>                                    |  |                                      |
| Held to maturity - certificate of deposits                          | -  | -                                    |
| Held for trading - shares of listed companies                       | 6,989,073                                | 8,882,265                            |
| Less: Unrealized loss on revaluation of held for trading investment | (1,116,657)                              | (1,383,779)                          |
|   | 5,872,416                                | 7,498,486                            |
|   | 5,872,416                                | 7,498,486                            |
| <b>5. INVESTMENTS</b>   |  |                                      |
| <b>Available for sale</b>   |  |                                      |
| Shares of listed companies  | 4,444,079                                | 7,627,601                            |
| Certificates of mutual funds  | 2,337,389                                | 1,130,479                            |
| Sukuk certificates  | 9,063,000                                | 9,063,000                            |
|   | 15,844,468                               | 17,821,080                           |
| Provision for diminution in value of investments (impairment)       | (5,177,195)                              | (6,142,263)                          |
|   | 10,667,273                               | 11,678,817                           |
| Provision Unrealized gain/(loss) on revaluation of investments      | (1,363,473)                              | (319,550)                            |
|   | 9,303,800                                | 11,359,267                           |
| <b>6. FIXED ASSETS</b>  |  |                                      |
| Operating assets given on lease - tangible                          | 140,376,957                              | 149,067,322                          |
| Operating assets in own use - tangible                              | 15,947,408                               | 14,120,209                           |
|   | 156,324,365                              | 163,187,531                          |

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENT FOR THE PERIOD ENDED MARCH 31, 2011

|   | March 31, 2011<br>Rupees<br>(Un-Audited) | June 30, 2010<br>Rupees<br>(Audited) |
|---|--|--------------------------------------|
| <b>6.1 Operating assets given on lease - tangible</b>   |  |                                      |
| Opening book value  | 149,067,322                              | 76,561,506                           |
| Add: Additions during the period  | 50,121,820                               | 117,936,287                          |
|   | <u>199,189,142</u>                       | <u>194,497,793</u>                   |
| Less: Deletions during the period<br>- vehicles (at cost)   | 40,961,005                               | 23,419,166                           |
|   | <u>158,228,137</u>                       | <u>171,078,627</u>                   |
| Less: Depreciation during the period  | 32,816,643                               | 28,800,260                           |
|   | <u>125,411,494</u>                       | <u>142,278,367</u>                   |
| Add: Depreciation adjustments for assets sold<br>during the period  | 14,965,463                               | 6,788,955                            |
| Book value at the end of period   | <u><b>140,376,957</b></u>                | <u><b>149,067,322</b></u>            |
|   | -  | -                                    |
| <b>6.1.1 Additions during 9 months / 12 months</b>  |  |                                      |
| Plant and Machinery   | 13,937,320                               | 71,766,300                           |
| Vehicles  | 36,044,500                               | 37,173,228                           |
| Furniture and fixtures  | 140,000                                  | 8,996,759                            |
|   | <u><b>50,121,820</b></u>                 | <u><b>117,936,287</b></u>            |
| <b>6.1.2</b> Modaraba has filed suits for possession of leased assets valuing Rs. 78.6 million (June 2009: Rs. 78.6 million) against 4 clients (June 2009: 4 clients). The respective courts have granted decrees against these 4 (June 2009: 4) clients in favor of Modaraba. Courts have decided to attach some properties of customers in addition to the assets to the Modaraba. However, execution petitions for recovery of the decretal amount are still pending.  |  |                                      |
| <b>6.2 Operating assets in own use - tangible</b>   |  |                                      |
| Opening book value  | 14,120,209                               | 13,235,788                           |
| Add: Additions during the period  | 2,357,613                                | 1,270,990                            |
|   | <u>16,477,822</u>                        | <u>14,506,778</u>                    |
| Less: Deletions during the period - at cost   | -  | 46,500                               |
|   | <u>16,477,822</u>                        | <u>14,460,278</u>                    |
| Less: Depreciation during the period  | 530,414                                  | 386,569                              |
|   | <u>15,947,408</u>                        | <u>14,073,709</u>                    |
| Add: Depreciation adjustments for assets sold<br>during the period  | -  | 46,500                               |
| Book value at the end of period   | <u><b>15,947,408</b></u>                 | <u><b>14,120,209</b></u>             |
| <b>6.2.1 Additions during 9 months / 12 months</b>  |  |                                      |
| Office equipment  | 327,328                                  | 176,014                              |
| Furniture & Fixture   | -  | 472,400                              |
| Vehicles  | 152,800                                  | 34,500                               |
| lease hold improvements   | 14,785                                   | 392,476                              |
| Electrical equipment  | -  | 195,600                              |
| Vehicle - Subject to lease finance  | 1,862,700                                | -                                    |
|   | <u><b>2,357,613</b></u>                  | <u><b>1,270,990</b></u>              |
| <b>6.2.2 Book value at the end of 9 months/12 months</b>  |  |                                      |
| Land  | 11,106,200                               | 11,106,200                           |
| Furniture and fixture   | 848,658                                  | 924,744                              |
| Office equipment  | 572,846                                  | 287,319                              |
| Vehicles  | 846,079                                  | 1,012,800                            |
| Lease hold improvements   | 341,123                                  | 385,936                              |
| Electrical equipment  | 369,802                                  | 403,210                              |
|   | <u><b>14,084,708</b></u>                 | <u><b>14,120,209</b></u>             |
| <b>6.2.3</b> The present management, after taking over the control of Modaraba on 23rd February 2009, prompted to verify the status of land measuring 10 kanals, costing Rs. 10,728,400 situated at Mauza Amer Sidhu, Lahore Cantt with the revenue authorities and it was known that the land was acquired by Defence Housing Authority, Lahore (DHA) many years ago. After then, contact was made with DHA and various communications were exchanged to take possession of land from DHA. DHA through its letter dated June 11, 2009 intimated that DHA is the lawful owner of the land; therefore, its possession cannot be handed over to the Modaraba. DHA officials are of the view that the said land was purchased by DHA much earlier to the alleged purchase of Modaraba however, no documentary proof to this affect has been made available to the Modaraba so far. Meanwhile, the Modaraba has served legal notice on DHA claiming ownership of the land and demanding its possession. The Modaraba has filed a law suit in the court and both the management and legal counsel of the Modaraba are confident that Modaraba has valid claim against DHA and accordingly there is no need of provision against such land. |  |                                      |

# NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENT FOR THE PERIOD ENDED MARCH 31, 2011



**7. CONTINGENCIES AND COMMITMENTS**

There has been no significant change in contingencies and commitments since the date of preceding annual published financial statements.

**8. TAXATION**

As per the current tax law, income of non-trading Modaraba is exempt from income tax provided that they distribute ninety percent cash profit to certificate holders out of current year's total profit after appropriating statutory reserves. As the management intends to follow the aforesaid policy for profit distribution for the current year, no provision with respect to current and deferred taxation has been made in this interim condensed financial information.

**9. EARNINGS/(LOSS) PER CERTIFICATE – Basic and diluted**

|   | Quarter ended      |                | Nine months ended |                |
|---|--------------------|----------------|-------------------|----------------|
|   | March 31, 2011     | March 31, 2010 | March 31, 2011    | March 31, 2010 |
| Profit / (loss) after taxation  | 2,963,608          | 6,010,325      | 15,442,277        | 15,634,370     |
|   | .....(Rupees)..... |                |                   |                |
| Weighted average number of ordinary certificates in issue during the period | 29,800,000         | 29,800,000     | 29,800,000        | 29,800,000     |
|   | .....(Rupees)..... |                |                   |                |
| (Loss)/earnings per certificate - basic and diluted                         | 0.10               | 0.20           | 0.52              | 0.52           |

**10. DATE OF AUTHORIZATION**

This financial information is authorized for issuance by the board of directors of Al-Zamin Modaraba Management (Private) Limited (the management company) on April 27, 2011.

**11. GENERAL**

11.1 Corresponding figures have been rearranged, where necessary, for purpose of comparison. However, no significant reclassification, except as discussed in note 3.2 in these financial statements, has been made.

11.2 Figures have been rounded off to the nearest rupee.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

BOOK POST



**Trust Modaraba**  
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Al-Zāmin Modaraba Management (Pvt) Ltd

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