

Quarterly Report

March 31, 2011

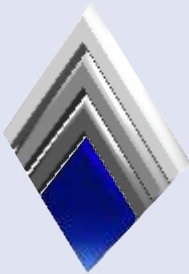
Ijarah

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, 3rd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore
Tel: (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 (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: 26th April, 2011


Basheer A. Chowdry

INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)


AS AT MARCH 31, 2011

		March 31, 2011	June 30, 2010
	Note	Rupees (Un-Audited)	Rupees (Audited)
ASSETS			
Current assets			
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
Total current assets		195,467,008	196,192,245
Non-current assets			
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
Total non-current assets		166,023,027	174,941,660
TOTAL ASSETS		361,490,035	371,133,905
LIABILITIES AND EQUITY			
Current liabilities			
Creditors, accrued and other liabilities		19,765,924	24,636,422
Total current liabilities		19,765,924	24,636,422
Non-current liabilities			
Customers' security deposits		61,370,401	66,915,658
Liabilities against assets subject to lease finance		1,537,010	-
		62,907,411	66,915,658
Certificate holders' equity			
Certificate capital		298,000,000	298,000,000
Reserves		(19,183,300)	(18,418,175)
Total certificate holders' equity		278,816,700	279,581,825
TOTAL LIABILITIES AND EQUITY		361,490,035	371,133,905
CONTINGENCIES AND COMMITMENTS			
	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
Operating income				
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
Operating costs				
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	-	-	-	-
Profit/(loss) for the period	2,963,608	6,010,325	15,442,277	15,634,370
Earnings/(loss) per certificate - basic and diluted	0.10	0.20	0.52	0.52

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 2009
Rupees.....			
Profit / (loss) for the period	2,963,607	6,010,325	15,442,277	15,634,370
Other comprehensive Income				
(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
Total comprehensive income	2,700,128	5,930,189	14,134,875	15,926,902

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


 CHIEF EXECUTIVE


 DIRECTOR


 DIRECTOR


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



	Nine months March 31, 2011 Rupees	Nine months March 31, 2010 Rupees
NET CASH FLOWS FROM OPERATING ACTIVITIES		
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>
Cash flows from operating activities before changes in working capital	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)	-
Net cash / flow from operating activities	20,577,499	56,630,190
CASH FLOWS FROM INVESTING ACTIVITIES		
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
Net cash flow from investing activities	(23,109,511)	(56,301,818)
Net increase in the cash and cash equivalents	(2,532,012)	328,372
Cash and cash equivalents at the beginning of period	8,313,978	8,161,115
Cash and cash equivalents at the end of period	<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)	-	-	
Balance as at 31 March 2010	298,000,000	45,959,571	816,632	(71,820,751)	(25,044,548)	272,955,452	
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)	
Balance as at 31 March 2011	298,000,000	49,851,774	(1,626,952)	(67,408,122)	(19,183,300)	278,816,700	

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.

4. SHORT TERM INVESTMENTS

Held to maturity - certificate of deposits
Held for trading - shares of listed companies
Less: Unrealized loss on revaluation of held for trading investment

March 31, 2011 Rupees (Un-Audited)	June 30, 2010 Rupees (Audited)
-	-
6,989,073	8,882,265
(1,116,657)	(1,383,779)
5,872,416	7,498,486
5,872,416	7,498,486

5. INVESTMENTS

Available for sale

Shares of listed companies
Certificates of mutual funds
Sukuk certificates
Provision for diminution in value of investments (impairment)
Provision Unrealized gain/(loss) on revaluation of investments

4,444,079	7,627,601
2,337,389	1,130,479
9,063,000	9,063,000
15,844,468	17,821,080
(5,177,195)	(6,142,263)
10,667,273	11,678,817
(1,363,473)	(319,550)
9,303,800	11,359,267

6. FIXED ASSETS

Operating assets given on lease - tangible
Operating assets in own use - tangible

140,376,957	149,067,322
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 Rupees (Un-Audited)	June 30, 2010 Rupees (Audited)
6.1 Operating assets given on lease - tangible		
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 - 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 during the period	14,965,463	6,788,955
Book value at the end of period	<u>140,376,957</u>	<u>149,067,322</u>
	-	-
6.1.1 Additions during 9 months / 12 months		
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>50,121,820</u>	<u>117,936,287</u>
6.1.2 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.		
6.2 Operating assets in own use - tangible		
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 during the period	-	46,500
Book value at the end of period	<u>15,947,408</u>	<u>14,120,209</u>
6.2.1 Additions during 9 months / 12 months		
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>2,357,613</u>	<u>1,270,990</u>
6.2.2 Book value at the end of 9 months/12 months		
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>14,084,708</u>	<u>14,120,209</u>
6.2.3 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 effect 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.

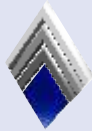
11.2 Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

BOOK POST



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

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