

# HALF YEARLY REPORT

DECEMBER 31, 2011

Ijarah

Murabaha

Musharaka

Equities

Trading



# Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (Pvt) Ltd

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**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**

M. Yousaf Adil Saleem & Co.

**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

The Board of Directors of Al-Zamin Modaraba Management (Private) Limited has pleasure in presenting financial statements of Trust Modaraba for the half year ended on 31<sup>st</sup> December, 2011. Statutory Auditors M/s Yousuf Adil Saleem & Company, Chartered Accountants have conducted limited review of the financial statements as per the requirements of the Code of Corporate Governance.

#### Performance Review:

As per the planned strategy, formulated by the Board of Directors, the operations during the year remained focused on recovery of stuck up receivables by expediting the legal process as much as could be and also achieving out of court settlements wherever possible. As a result three cases, involving a sum of Rs.19.50 million of past over dues have come to conclusive stage which would provide liquidity for the business and also add to the profitability in the forthcoming period. It is pertinent to mention here that during the period under review (July-Dec,2011), Trust Modaraba achieved reversal of provisioning of Rs.2.348 million against the classified accounts pertaining to the previous management regime. Operating income increased to Rs. 41.20 million, leasing comprising major component being 82% of the operating income. Administrative expenses have been kept under strict control. After accounting for management company fee, your Modaraba earned pretax profit of Rs.6.281 million during the half year ended on 31<sup>st</sup> December, 2011. Asset base of the Modaraba also increased to Rs.395 million as the profit earned from operations and liquidity generated from recovery efforts were deployed in writing fresh business. Extreme prudence is being exercised in evaluating credit risk resulting in recovery rate at almost 98% for fresh business. The net profit of the Modaraba for the half year has been recorded at Rs.6.281 million. The comparative profit figure for the previous year was Rs. 12.478 million which included a onetime gain of Rs.4.815 million on disposal of fixed assets. Also there was an increase of Rs.2.194 million in the administrative expenses of the Modaraba due to enhancement of its' operating base which will diversify the business and contribute towards future profitability.

As you are aware, Securities and Exchange Commission of Pakistan (SECP) has all along played an effective role in enhancement of system and procedures to ensure and verify that the business affairs of the Modaraba sector are managed in accordance with the principles of Shariah. In compliance with the directives of Religious Board and in consultation with the NBF1 and Modaraba Association of Pakistan, SECP has put in place a formal system namely Shariah Compliance and Shariah Audit Mechanism (SCSAM) to eliminate the risk of any possibility of violation of Shariah principles by the Modaraba. It is a pleasure to report that to ensure implementation of Internal Shariah Audit functions at the earliest, your Modaraba nominated Head Internal Audit Department for an extensive training course on "Islamic Finance & Shariah Compliance" organized by NBF1 and Modaraba Association of Pakistan in Karachi in association with the Centre for Islamic Studies. Your management reiterates its' resolve to implement SCAM in letter and spirit to achieve business objectives and also to maintain the trust of the stakeholders in the Islamic Financial Regime.

#### Future Outlook:

Your management is committed to add further strength to the operations of the Modaraba by adopting prudent business policies and strengthening internal control systems and procedures. Business growth opportunities would be implemented in line with the market trends and realities.

For and on behalf of the Board of Directors



**Basheer A. Chowdry**  
Chief Executive

**Karachi**

Date: February 27<sup>th</sup>, 2012.

## **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Trust Modaraba** (the Modaraba) as at December 31, 2011, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2011 and December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2011.

## **Scope of Review**

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

## **Conclusion**

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

Without qualifying our conclusion, we draw attention to the matter stated in note 8.2.3 to this condensed interim financial information the ultimate outcome of which cannot presently be determined and, hence, no provision that may result there from has been made in these financial statements.

The financial statements of the Modaraba for the year ended June 30, 2011 were audited by another firm of Chartered Accountants whose report dated October 07, 2011 expressed an unqualified opinion thereon. The condensed interim financial information of the Modaraba for the six months period ended December 31, 2010 were reviewed by the same firm of Chartered Accountants whose report dated February 24, 2011 expressed an unqualified conclusion thereon.

## **Chartered Accountants**

### **Engagement Partner:**

Talat Javed

**Dated:** February 27<sup>th</sup>, 2012.

**Lahore**

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT DECEMBER 31, 2011**



		<i>(Un-audited) December 31, 2011 Rupees</i>	<i>(Audited) June 30 2011 Rupees</i>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	4	4,509,939	16,776,927
Short term investments	5	1,850,261	2,316,755
Advances, deposits, prepayments and other receivables		12,580,982	7,619,320
Short term murabaha finances		95,020,286	92,965,736
Musharka receivable		6,054,000	5,000,000
Current portion of long term murabaha finances		42,792,115	44,081,352
Ijara rental receivable		14,007,396	12,729,251
Accrued profit		2,553,097	1,827,015
Tax refunds due from government		655,152	652,352
Stock in trade	6	177,603	6,100,000
<b>Total current assets</b>		<b>180,200,831</b>	<b>190,068,708</b>
<b>Assets classified as held for sale</b>		<b>1,890,526</b>	<b>1,890,526</b>
<b>Non-current assets</b>			
Long term murabaha finances		6,425,058	6,234,440
Long term deposits		779,362	573,862
Long term investments - available for sale	7	10,298,331	11,523,268
Fixed assets	8	195,886,187	166,923,076
<b>Total non-current assets</b>		<b>213,388,938</b>	<b>185,254,646</b>
<b>TOTAL ASSETS</b>		<b>395,480,295</b>	<b>377,213,880</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Current portion of customers security deposits		17,956,488	2,995,604
Creditors, accrued and other liabilities		28,256,350	24,629,226
<b>Total current liabilities</b>		<b>46,212,838</b>	<b>27,624,830</b>
<b>Non-current liabilities</b>			
Customers' security deposits		75,565,840	66,200,049
<b>TOTAL LIABILITIES</b>		<b>121,778,678</b>	<b>93,824,879</b>
<b>NET ASSETS</b>		<b>273,701,617</b>	<b>283,389,001</b>
<b>REPRESENTED BY:</b>			
<b>CAPITAL AND RESERVES</b>			
Certificate capital		298,000,000	298,000,000
Reserves		(24,298,383)	(14,610,999)
		<b>273,701,617</b>	<b>283,389,001</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	-	-

The annexed notes from 1 to 14 form an integral part of this interim condensed financial information.

Chief Executive

Director

Director

**CONDENSED INTERIM PROFIT AND LOSS (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011**

Note	Six months ended		Three months ended	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
	----- Rupees -----			
<b>Operating income</b>				
	33,783,441	26,856,542	17,964,890	12,852,922
	6,190,515	5,904,015	3,319,117	3,001,184
	739,209	-	406,469	-
	43,225	85,110	23,600	-
	640,278	688,846	301,647	514,218
	-	216,664	-	154,117
	(466,494)	(322,245)	(410,712)	(461,709)
	-	201,781	-	44,182
	(740,047)	233,544	(740,047)	160,363
10	1,032,678	5,077,153	882,593	4,911,764
	41,222,805	38,941,410	21,747,557	21,177,041
	2,348,332	3,135,142	2,348,332	3,135,142
	-	796,381	-	(217,288)
	43,571,137	42,872,933	24,095,889	24,094,895
	27,502,603	22,290,677	14,510,014	10,551,242
	8,465,958	6,271,574	4,588,436	3,817,676
	623,350	445,493	623,350	-
	(36,591,911)	(29,007,744)	(19,721,800)	(14,368,918)
	6,979,226	13,865,189	4,374,089	9,725,977
	(697,923)	(1,386,519)	(437,409)	(972,598)
	6,281,303	12,478,670	3,936,680	8,753,379
11	-	-	-	-
	6,281,303	12,478,670	3,936,680	8,753,379
12	0.21	0.42	0.13	0.29

The annexed notes from 1 to 14 form an integral part of this interim condensed financial information.



**Chief Executive**



**Director**



**Director**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011**



	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>December 31 2011</i>	<i>December 31 2010</i>	<i>December 31 2011</i>	<i>December 31 2010</i>
	----- Rupees -----			
Profit for the period	6,281,303	12,478,670	3,936,680	8,753,379
<b><i>Other comprehensive income</i></b>				
(Deficit) / surplus on revaluation of available for sale investments	(1,068,687)	(1,043,923)	(555,654)	(1,043,923)
<b><i>Total comprehensive income</i></b>	<u>5,212,616</u>	<u>11,434,747</u>	<u>3,381,026</u>	<u>7,709,456</u>

The annexed notes from 1 to 14 form an integral part of this interim condensed financial information.

  
Chief Executive

  
Director

  
Director



## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>December 31 2011</i>	<i>December 31 2010</i>	<i>December 31 2011</i>	<i>December 31 2010</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	6,281,303	12,478,670	3,936,680	8,753,379
Adjustment for :				
Depreciation	27,562,603	22,579,642	14,416,709	10,719,385
Gain on sale of investments	-	(201,781)	-	(201,781)
Gain on disposal of fixed assets	(588,182)	(4,369,769)	(411,727)	(4,845,963)
Unrealized loss on revaluation of short term investment	466,494	684,370	234,258	684,370
Impairment on available for sale investment	-	(796,381)	-	(796,381)
Dividend income	(43,225)	(85,110)	(23,600)	-
	<u>33,678,993</u>	<u>30,289,641</u>	<u>18,152,320</u>	<u>14,313,009</u>
Changes in working capital :				
(Increase) / decrease in current assets				
Murabaha receivables	(955,931)	(2,779,184)	(3,984,119)	(4,038,465)
Ijarah rental receivables	(1,278,145)	721,066	(1,278,145)	721,066
Musharika receivables	(1,054,000)	-	(54,000)	-
Accrued profit	(726,082)	(17,065)	(726,082)	(17,065)
Tax refunds due from government	(2,800)	(72,204)	(2,800)	(72,204)
Trade debts	-	2,762,257	-	2,762,257
Short term investments	-	2,147,100	-	11,423,583
Advances, deposits, prepayments and other receivables	(4,961,662)	(5,858,187)	(3,356,800)	(8,021,484)
Stock in trade	5,922,397	990,439	5,922,397	-
	<u>(3,056,223)</u>	<u>(2,105,778)</u>	<u>(3,479,549)</u>	<u>2,757,688</u>
Increase / (decrease) in current liabilities				
Creditors, accrued and other liabilities	3,627,124	(3,048,906)	9,724,130	2,191,438
Customers' security deposits	24,326,675	(8,790,307)	6,260,025	206,271
	<u>27,953,799</u>	<u>(11,839,213)</u>	<u>15,984,155</u>	<u>2,397,709</u>
Cash generated from operations	58,576,569	16,344,650	30,656,926	19,468,406
Dividend paid	(14,900,000)	(14,900,000)	(14,900,000)	(14,900,000)
Net cash from operating activities	<u>43,676,569</u>	<u>1,444,650</u>	<u>15,756,926</u>	<u>4,568,406</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Additions to fixed assets	(67,548,200)	(30,437,233)	(23,407,985)	(12,234,431)
Sale proceeds on disposal of fixed assets	11,610,668	26,758,417	9,267,885	5,344,708
Proceed from redemption / disposal of long term investments	156,250	2,178,514	93,750	2,985,514
Long term deposits paid	(205,500)	-	(205,500)	-
Dividend received	43,225	85,110	23,600	-
Net cash used in investing activities	<u>(55,943,557)</u>	<u>(1,415,192)</u>	<u>(14,228,250)</u>	<u>(3,904,209)</u>
Net (decrease) / increase in the cash and cash equivalents	(12,266,988)	29,458	1,528,676	664,197
Cash and cash equivalents at the beginning of period	16,776,927	8,313,978	2,981,263	7,679,239
Cash and cash equivalents at the end of period	<u>4,509,939</u>	<u>8,343,436</u>	<u>4,509,939</u>	<u>8,343,436</u>


The annexed notes from 1 to 14 form an integral part of this interim condensed financial information.



Chief Executive



Director



Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011**

	Certificate capital	Capital reserve		Revenue reserves		Total reserves	Total equity
		Statutory reserve	loss on revaluation of investments	loss on revaluation of investments	Accumulated loss		
Balance as at July 01, 2010	298,000,000	49,851,774	(319,550)	(67,950,399)	(18,418,175)	279,581,825	
Profit for the period	-	-	-	12,478,670	12,478,670	12,478,670	12,478,670
Other comprehensive income	-	-	(1,043,923)	-	(1,043,923)	(1,043,923)	(1,043,923)
Total comprehensive income for the half year ended December 31, 2010	-	-	(1,043,923)	12,478,670	11,434,747	11,434,747	11,434,747
Dividend @ Rs. 0.5 per certificate	-	-	-	(14,900,000)	(14,900,000)	(14,900,000)	(14,900,000)
<b>Balance at December 31, 2010</b>	<b>298,000,000</b>	<b>49,851,774</b>	<b>(1,363,473)</b>	<b>(70,371,729)</b>	<b>(21,883,428)</b>	<b>276,116,572</b>	
Balance as at July 01, 2011	298,000,000	55,106,639	(2,631,833)	(67,085,805)	(14,610,999)	283,389,001	
Profit for the period	-	-	-	6,281,303	6,281,303	6,281,303	6,281,303
Other comprehensive income	-	-	(1,068,687)	-	(1,068,687)	(1,068,687)	(1,068,687)
Total comprehensive income for the half year ended December 31, 2011	-	-	(1,068,687)	6,281,303	5,212,616	5,212,616	5,212,616
Dividend @ Rs. 0.5 per certificate	-	-	-	(14,900,000)	(14,900,000)	(14,900,000)	(14,900,000)
<b>Balance as at December 31, 2011</b>	<b>298,000,000</b>	<b>55,106,639</b>	<b>(3,700,520)</b>	<b>(75,704,502)</b>	<b>(24,298,383)</b>	<b>273,701,617</b>	

The annexed notes from 1 to 14 form an integral part of this interim condensed financial information.



Chief Executive



Director



Director

**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**

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 June 30, 2011.

**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 June 30, 2011.

**4. CASH AND BANK BALANCE**

	<i>(Un-audited)</i> <b>December 31</b> <b>2011</b> <b>Rupees</b>	<i>(Audited)</i> <b>June 30</b> <b>2011</b> <b>Rupees</b>
Cash in hand	37,047	8,714
Balance with banks in:		
Current Accounts	4,457,206	16,752,583
Deposit Accounts	15,686	15,630
	<u>4,472,892</u>	<u>16,768,213</u>
	<u>4,509,939</u>	<u>16,776,927</u>

**5. SHORT TERM INVESTMENTS**

Held for trading - shares of listed companies	3,393,190	3,393,190
Less: Unrealized loss on revaluation of held for trading investment	(1,542,929)	(1,076,435)
	<u>1,850,261</u>	<u>2,316,755</u>

**6. STOCK IN TRADE**

This represents goods purchased for trading purposes.

**SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011**



		<i>(Un-audited)</i> <b>December 31</b> <b>2011</b> <b>Rupees</b>	<i>(Audited)</i> <b>June 30</b> <b>2011</b> <b>Rupees</b>
<b>7. LONG TERM INVESTMENTS - Available for sale</b>			
<b>Available for sale</b>			
Shares of listed companies		9,580,612	9,580,612
Certificates of mutual funds		715,117	715,117
Sukuk certificates		8,906,750	9,063,000
		19,202,479	19,358,729
Provision for diminution in value of investments (impairment)		<u>(5,203,627)</u>	<u>(5,203,627)</u>
		13,998,852	14,155,102
Unrealized loss on revaluation of investments		<u>(3,700,521)</u>	<u>(2,631,834)</u>
		<b>10,298,331</b>	<b>11,523,268</b>
<b>8. FIXED ASSETS</b>			
Operating assets given on lease - tangible	8.1	181,417,234	152,860,822
Operating assets in own use - tangible	8.2	14,468,953	14,062,253
		<u>195,886,187</u>	<u>166,923,075</u>
<b>8.1 Operating assets given on lease - tangible</b>			
Opening book value		152,860,823	149,067,322
Add: additions during the period / year	8.1.1	67,081,500	79,339,769
		219,942,323	228,407,091
Less: disposals during the period / year			
Plant and equipments		2,000,000	-
Vehicles		15,890,656	55,635,941
Accumulated depreciation		<u>(6,868,170)</u>	<u>(23,812,947)</u>
		11,022,486	31,822,994
		208,919,837	196,584,097
Less: depreciation during the period / year		27,502,603	43,723,274
Book value at end of the period / year		<u>181,417,234</u>	<u>152,860,823</u>
<b>8.1.1 Additions during the period / year</b>			
Plant and equipments		26,265,000	19,938,320
Vehicles		40,551,500	59,228,449
Furniture and fixtures		265,000	173,000
		<u>67,081,500</u>	<u>79,339,769</u>
<b>8.2 Fixed assets in own use - tangible</b>			
Opening book value		14,062,253	14,120,209
Add: additions during the period / year	8.2.1	740,660	532,243
Less: depreciation during the period / year		333,960	590,199
Book value at end of the period / year	8.2.2	<u>14,468,953</u>	<u>14,062,253</u>
<b>8.2.1 Additions during the period / year</b>			
Furniture and fixtures		104,800	-
Office equipments		153,710	327,328
Vehicles		42,605	152,800
Lease hold improvements		311,625	14,785
Electrical equipments		127,920	37,330
		<u>740,660</u>	<u>532,243</u>

**SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011**

		(Un-audited) December 31 2011 Rupees	(Audited) June 30 2011 Rupees
<b>8.2.2 Book value at end of the period / year</b>			
Land	8.2.3	11,106,200	11,106,200
Furniture and fixtures		874,807	823,296
Office equipments		673,392	556,127
Vehicles		747,384	861,967
Lease hold improvements		571,312	319,289
Electrical equipments		495,858	395,374
		<u>14,468,953</u>	<u>14,062,253</u>

**8.2.3** The present management, after taking over the control of Modaraba on February 23, 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.

**9. CONTINGENCIES AND COMMITMENTS**

There were no contingencies outstanding as at December 31, 2011. Commitments in respect of unavailed murabaha facilities as on balance sheet date were Rs. Nil (2010: Rs. Nil), while commitments in respect of ijarah facilities are as follows:

***Ijarah commitments***

The Modaraba has entered into ijarah arrangements for assets. These arrangements have remaining terms of less than five years. Such arrangements also includes a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future ijarah payments due under these arrangements, as at December 31, 2011 are as follows:

Within one year	1,073,436	489,852
After one year but not more than five years	2,393,564	1,714,482
	<u>3,467,000</u>	<u>2,204,334</u>

----- (Un-audited) -----			
Half year ended		Quarter ended	
December 31 2011	December 31 2010	December 31 2011	December 31 2010
----- Rupees -----			

**10. OTHER INCOME**

Processing, documentation, other fees and charges	302,500	108,000	302,500	58,000
Gain on disposal of fixed assets	588,182	4,815,262	438,097	4,815,262
Miscellaneous income	141,996	153,891	141,996	38,502
	<u>1,032,678</u>	<u>5,077,153</u>	<u>882,593</u>	<u>4,911,764</u>

**11. 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 condensed interim financial information.

----- (Un-audited) -----

<i>Half year ended</i>		<i>Quarter ended</i>	
<i>December 31</i>	<i>December 31</i>	<i>December 31</i>	<i>December 31</i>
<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
----- Rupees -----			

**12. EARNINGS PER CERTIFICATE**

***Basic and diluted***

Profit after taxation	6,281,303	12,478,670	3,936,680	8,753,379
Weighted average number of ordinary certificates in issue during the period	29,800,000	29,800,000	29,800,000	29,800,000
Earnings per certificate - basic and diluted	0.21	0.42	0.13	0.29

**13. DATE OF AUTHORIZATION**

These financial statements were authorized for issuance on February 27th 2012 by the Board of Directors of Al-Zamin Modaraba Management (Private) Limited (the management company).

**14. GENERAL**

**14.1** Corresponding figures have been rearranged, where necessary, for purpose of comparison. However, no significant reclassification has been made during the period.

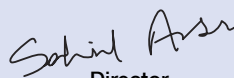
**14.2** Figures have been rounded off to the nearest rupee.



Chief Executive



Director



Director

## **BOOK POST**

**301-320, 3<sup>rd</sup> Floor, Garden Heights, 8-Aibak Block,  
New Garden Town, Lahore  
Tel: (042) -35941957-8 Fax: (042) 35866513  
Web: [www.trustmodaraba.com](http://www.trustmodaraba.com)**