

HALF YERLY REPORT

December 31, 2017



Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (PVT) Ltd.

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CORPORATE INFORMATION

Modaraba Company

Al-Zamin Modaraba Management (Private) Limited

Board of Directors

Mr. Syed Manzoor Hussain Shah Kazmi	Chairman
Mr. Basheer Ahmed Chowdry	Chief Executive
Mr. Shaikh Arshad Farooq	Director
Mr. Muhammad Imranul Haque	Director
Mr. Sohail Ansar	Director
Dr. Namoos Baquar	Director
Mr. Syed Shahnawaz A. Rizvi	Director

Management

Mr. Basheer Ahmed Chowdry	Chief Executive
Ms. Hamida Aqeel	Chief Operating Officer/ Company Secretary
Mr. Ijaz Ahmed Khan	Chief Financial Officer/ Regional Head

Audit Committee

Mr. Syed Shahnawaz A. Rizvi	Chairman
Mr. Shaikh Arshad Farooq	Member
Mr. Sohail Ansar	Member
Ms. Hamida Aqeel	Secretary Audit Committee

Human Resource Committee

Mr. Shaikh Arshad Farooq	Chairman
Mr. Syed Shahnawaz A. Rizvi	Member
Mr. Basheer Ahmed Chowdry	Member
Dr. Namoos Baquar	Member

Internal Auditors

Grant Thornton Anjum Rahman.
Chartered Accountants

Auditors of the Modaraba

Horwath Hussain Chaudhary & Co.
Chartered Accountants

Bankers

Meezan Bank Limited

Legal Advisors

Shakeel Ahmed Awan
Advocate, Supreme Court of Pakistan.
S&B Durrani Law Associates
Sameera Usto & Associates

Registered Office/Principal Place of Business

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

Regional office

301-320, 3rd Floor, Garden Heights, 8- Aibak Block, New Garden Town, Lahore
Telephone: 042-35941957-8 Fax : 042-35866513

Gujranwala Branch

50-H, Adjacent Standerd Chartered Bank, Trust Plaza G. T. Road, Gujranwala.
Telephone: 055-3730308, 055-3730300 Fax : 055-3731108

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 present the financial statements of Trust Modaraba for the half year ended 31st December, 2017, duly reviewed by the external auditors in compliance of the Code of Corporate Governance.

Improved security conditions, strong credit growth and soaring investment have provided boost to the economic activity during the year. Agricultural output is also on positive trend due to normal monsoon rains. This in return has led to import growth, causing the current account deficit to deteriorate sharply. As a result, international reserves have been declining in recent months and, in November 2017, they hit their lowest level in over two years. Low reserves and the government's large fiscal deficit is a matter of grave concern for country's financial stability. A rising trade deficit, inflation, fall of stock market and increase in the exchange rate of the dollar were some of the factors which hampered economic development. Pakistan needs to continue with an economic growth rate of above 5% for next 10 years, which would require structural reform for economic & fiscal development. Foreign entrants, such as Hyundai, Kia, Renault, Puma Energy, Alibaba and Uber have, through their entry, acknowledged the economic potential of the Country though.

One significant aspect of the period under review is that due to political and other uncertainties, our stock exchange has seen a drastic downfall, thereby causing substantial erosion to the investments. This has affected a large number of investors and financial institutions and your Modaraba was no exception to it. Consequently your Modaraba has booked a loss of Rs. 0.723 million for the half year ended 31st December, 2017 as compared to profit of Rs. 9.775 million for the previous corresponding period. With the positive revival of Pakistan Stock Exchange, the loss would be recouped.

During the period under review, your Modaraba has recorded total income of Rs. 30.325 million as compared to Rs. 45.436 million of the previous comparable period. Balance sheet footing of your Modaraba stood at Rs. 380.576 million. Certificate holder's equity stands at Rs. 300.817 million.

EARNING PER CERTIFICATE

Earning per certificate of the Modaraba is Rs. (0.024) per certificate for the half year ended 31st December, 2017, as compared to Rs. 0.328 per certificate in the corresponding period last year.

Your Management being fully aware of the valuable contributions of the Certificate holders would continue to make every possible effort to maximize profits through efficiency and effectiveness in business operations.

For & on behalf of the Board of Directors



Karachi
February 24th 2018

Basheer A. Chowdry
Chief Executive

ڈائریکٹرز کی رپورٹ

الضامن مضاربہ بینچمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2017 کو اختتام پذیر نصف سال ٹرسٹ مضاربہ کے مالیاتی دستاویزات پیش کرتے ہیں جن کا اداراتی نظم و ضبط کے ضوابط کی تعمیل میں بیرونی محاسب نے باضابطہ جائزہ لیا۔

سال کے دوران امن و امان کے بہتر حالات، مستحکم قرضہ کی نمو اور سرمایہ کاری میں غیر معمولی اضافہ نے معاشی سرگرمیوں میں تیزی پیدا کی۔ معمول کی مون سون کی وجہ سے زرمعی پیداوار نے بھی مثبت رجحان دکھایا۔ اس کے بدلے میں درآمدات میں اضافہ ہوا، جسکے نتیجے میں جاری کھاتے کا خسارہ تیزی سے ابتر ہوا۔ اس کے نتیجے میں حالیہ مہینوں میں غیر ملکی زرمبادلہ کے ذخائر گرتے جا رہے ہیں اور نومبر 2017 میں دو سالوں کی انتہائی چلی سٹخ کو چھوہ کم ذخائر اور حکومت کا بڑا مالیاتی خسارہ ملک کی مالیاتی استحکام کے لیے سنگین خطرہ ہے۔ بڑھتا ہوا تجارتی خسارہ، افراط زر، حصص مندی کا گرنا اور ڈالر کے مبادلہ نرخ میں اضافہ چند عوامل ہیں جو معاشی ترقی میں مزاحم ہیں۔ معاشی اور مالیاتی ترقی کے لیے ضروری ہے کہ اگلے دس سالوں میں پاکستان معاشی نمو 5 فیصد سے زیادہ رکھے جس کے لیے ڈھانچائی اصلاحات کی ضرورت ہے۔ نئے غیر ملکی آنے والے اداروں جیسا کہ ہنڈائی (Hyundai)، کیا (Kia)، رینالت (Renault)، پوما انرجی (PumaEnergy)، علی بابا (Alibaba) اور اوبر (Uber) کی اگرچہ کام کر رہے ہیں یہ ملک کے معاشی امکانات کا اعتراف ہے۔

زیر جائزہ مدت کا اہم پہلو سیاسی اور دیگر غیر یقینی صورتحال ہمارے اسٹاک ایکسیجھنے نے انتہائی تنزلی دیکھی اور وہ سرمایہ کاری میں خاصی کمی کا سبب بنا۔ اس نے بہت بڑی تعداد میں سرمایہ کاروں اور مالیاتی اداروں کو متاثر کیا اور آپ کا مضاربہ بھی اس سے مستثنیٰ نہیں۔ نتیجتاً آپ کے مضاربہ 31 دسمبر 2017 کے نصف سال میں گزشتہ سال اسی مدت کے 9,775 ملین روپے کے منافع کے مقابلے میں 0.723 ملین روپے کا نقصان اٹھایا۔ پاکستان اسٹاک ایکسیجھنے کی مثبت تبدیلی سے اس نقصان کو پورا کر لیا جانے لگا۔ زیر جائزہ مدت کے دوران آپ کے مضاربہ نے گزشتہ سال اسی مدت کی کل آمدنی 45,436 ملین روپے کے مقابلے میں کل آمدنی 30,325 ملین روپے کا اندراج کیا۔ آپ کے مضاربہ کی بیلنس شیٹ کی مالیت 380,576 ملین روپے رہی۔ سرٹیفیکیٹ ہولڈرز کا ملکیتی سرمایہ (یکوٹی) 300,817 ملین روپے رہا

آمدنی فی سرٹیفیکیٹ

گزشتہ سال اسی مدت آمدنی فی حصص 0.328 روپے فی سرٹیفیکیٹ کے مقابلے میں 31 دسمبر 2017 پر نصف سال کی آمدنی فی سرٹیفیکیٹ (0.024) روپے فی سرٹیفیکیٹ رہی۔ آپ کی منجمنہ سرٹیفیکیٹ ہولڈرز کے قابل قدر حصہ سے مکمل طور پر آگاہ ہے اور ہر ممکن کوشش کرے گی کہ کاروباری آپریشن میں تیز رفتاری اور موثر پن کے ذریعے سے منافع کو زیادہ بنانے کے لیے کوششیں جاری رکھے۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے



بشیر اے چودھری

چیف ایگزیکٹو

کراچی: 24 فروری 2018

Report of Shariah Advisor

I have conducted Shariah Review of Trust Modaraba managed by Al-Zamin Modaraba Management (Private) Limited for the half year ended 31th December, 2017 in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. the Modaraba has introduced a mechanism which has strengthened the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles;
- ii. Following were the major developments that took place during the year:
 - a) Research and new product developments.
Adopted new inducted Shariah Compliance and Shariah Audit Mechanism.
 - b) Followed Model Islamic Financing Agreements approved by Religious Board.
- iii. the agreements entered into by the Modaraba are Shariah compliant and the financing agreements have been executed on the formats as approved by the Religious Board and all the related conditions have been met.
- iv. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modarabas.
- v. profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conform to the basis and principles of Shariah.
- vi. No earnings have been realized by any means prohibited by Shariah.

In my opinion, the operations of Trust Modaraba are in conformity with the Shariah Compliance and Audit Mechanism for Modarabas.



Signature

Stamp of Shariah Advisor.

Karachi
24th February, 2018

Muhammad Zubair Usmani
Jamia Darul Uloom karachi



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Trust Modaraba ("the Modaraba") as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended ("the interim financial information"). The Modaraba Management Company [Al Zamin Modaraba Management (Private) Limited] is responsible for the preparation and presentation of this interim financial information in accordance with the 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.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons 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 cause 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.

Emphasis of Matter

We draw attention to the matter stated in Note 10.2.3 to the condensed interim financial information, the ultimate outcome of which cannot presently be determined and hence, no loss that may result therefrom has been made in this interim financial information. Our conclusion is not qualified in respect of this matter.

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)

LAHORE
Dated: 24th February 2018

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2017

		(Un-audited) Dec 31, 2017	(Audited) June 30, 2017
Note		-----Rupees-----	
ASSETS			
Current assets			
		3,317,748	15,996,812
	4	9,975,238	12,476,192
	5	32,794,859	29,653,675
	6	29,332,259	30,019,480
	8.3	84,164,996	78,158,580
	7	24,448,833	24,530,948
		15,053,031	16,400,000
		7,216,343	5,658,882
		4,721,872	4,620,590
		7,947,628	3,267,316
Total Current Assets		218,972,807	220,782,475
Non-current assets			
	8	24,770,328	24,231,535
		2,233,773	1,677,240
		2,433,590	2,093,590
	9	10,416,305	7,576,698
	10	121,749,970	133,572,070
Total Non-Current Assets		161,603,966	169,151,133
TOTAL ASSETS		380,576,773	389,933,608
LIABILITIES			
Current liabilities			
		22,859,195	22,786,530
	11	20,657,426	23,013,510
	12	10,000,000	-
Total current liabilities		53,516,621	45,800,040
Non-current liabilities			
		2,891,742	2,384,375
		23,350,650	26,580,292
		26,242,392	28,964,667
Total Liabilities		79,759,013	74,764,707
NET ASSETS		300,817,760	315,168,901
REPRESENTED BY			
CAPITAL AND RESERVES			
		298,000,000	298,000,000
		2,817,760	17,168,901
		300,817,760	315,168,901
Contingencies and Commitments	13	-	-

The annexed notes form an integral part of this condensed interim financial information (un-audited).

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER



Trust Modaraba

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEARLY AND QUARTER ENDED DECEMBER 31, 2017

	Note	Half Yearly ended		Quarter ended	
		Dec 31	Dec 31	Dec 31	Dec 31
		2017	2016	2017	2016
Rupees-----					
Operating income					
Income from ijarah operations		22,581,494	29,152,449	11,553,779	14,369,188
Profit on murabaha finances		4,222,526	8,998,653	1,898,126	5,935,564
Profit on musharakah finances		2,868,867	2,114,993	1,460,280	983,260
Dividend income on equity investments		376,500	262,650	298,250	129,375
Profit on long term investment - available for sale		212,693	738,976	162,634	-
Profit on sale of short term investments - held-for-trading		153,088	1,483,476	153,088	460,260
Profit on sale of long term investments - available-for-sale		2,013	1,062,314	2,013	1,062,314
Trading income		1,368,554	-	95,000	-
Other income	14	875,647	826,508	624,844	165,718
		32,661,382	44,640,019	16,248,014	23,105,679
Unrealized (loss)/ gain on revaluation of held for trading investments		(2,335,466)	796,136	(1,230,731)	635,648
		30,325,916	45,436,155	15,017,283	23,741,327
Operating costs					
Depreciation on fixed assets given on ijarah		15,793,676	19,874,914	7,566,839	9,869,033
Administrative expenses	15	15,054,842	14,637,769	8,552,619	8,072,056
Provision for doubtful balances	16	134,831	-	134,831	-
Trading loss		-	61,947	-	19,500
		(30,983,349)	(34,574,630)	(16,254,289)	(17,960,589)
		(657,433)	10,861,525	(1,237,006)	5,780,738
Modaraba management company's fee (Loss) / Profit before taxation		-	(1,086,153)	57,957	(600,737)
		(657,433)	9,775,372	(1,179,049)	5,180,001
Taxation	17	(66,000)	-	(66,000)	-
Net (Loss) / Profit for the Period		(723,433)	9,775,372	(1,245,049)	5,180,001
(Loss) / Earnings per certificate basic -and diluted		(0.024)	0.328	(0.042)	0.174

The annexed notes form an integral part of this condensed interim financial information (un-audited).

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEARLY AND QUARTER ENDED DECEMBER 31, 2017

	<i>Half Yearly ended</i>		<i>Quarter ended</i>	
	<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>-----Rupees-----</i>			
Net (Loss) / Profit for the Period	(723,433)	9,775,372	(1,245,049)	5,180,001
Other comprehensive Income:				
Items that may be reclassified to profit or loss				
Net change in fair value of available-for-sale investments	(3,197,708)	126,406	(4,956,980)	(30,289)
Items that will not be reclassified to profit or loss	-	-	-	-
Other comprehensive (loss) / income for the period	(3,197,708)	126,406	(4,956,980)	(30,289)
Total comprehensive (loss) / income for the period	(3,921,141)	9,901,778	(6,202,029)	5,149,712

The annexed notes form an integral part of these condensed interim financial information (un-audited).

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER



		Half Yearly ended	
		Dec 31	Dec 31
		2017	2016
Note		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations			
Cash generated from operations	18	8,366,222	17,925,749
Decrease / (increase) in non-current assets:			
- Long term murabaha finances		(6,545,209)	8,267,453
- Long term musharakah finances		(2,113,994)	(3,209,426)
(Decrease) / increase in non-current liabilities:			
- Deferred income on murabaha		452,748	(2,914,341)
- Customers' security deposits		(3,156,977)	(4,820,550)
Purchase of Ijarah assets		(22,257,944)	(27,281,682)
Proceeds from disposal of Ijarah assets		18,849,795	13,611,971
Income tax paid		(167,282)	(411,138)
Net Cash (used in) / generated from Operating Activities		(6,572,641)	1,168,036
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of owned assets		(471,302)	-
Proceeds from disposal of owned assets		-	1,089,831
Sale / (purchase) of investments - net		(5,822,609)	5,683,907
Long term deposits and loan		(256,000)	(334,800)
Dividends received		341,388	262,650
Net Cash (used in) / generated from Investing Activities		(6,208,523)	6,701,588
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distributed to certificate holders		(9,897,900)	(8,940,000)
Loan from the modaraba management company		10,000,000	-
Net Cash generated from / (used in) Financing Activities		102,100	(8,940,000)
Net Decrease in the Cash and Cash Equivalents		(12,679,064)	(1,070,376)
Cash and cash equivalents at the beginning of the period		15,996,812	11,920,526
Cash and Cash Equivalents at the End of the Period		3,317,748	10,850,150

The annexed notes form an integral part of this condensed interim financial information (un-audited).

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEARLY ENDED DECEMBER 31, 2017

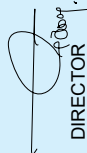
	Certificate capital	Capital reserve	Revenue reserves		Total reserves	Total equity
			"Unrealized loss on revaluation of investments" ⁽¹⁾	Accumulated loss		
Rupees						
Balance as at June 01, 2016	298,000,000	76,422,242	(258,715)	(63,998,038)	12,165,489	310,165,489
Profit for the period			-	9,775,372	9,775,372	9,775,372
Other comprehensive income for the period			126,406	-	126,406	126,406
Total comprehensive income for six months period ended December 31, 2016			126,406	9,775,372	9,901,778	9,901,778
Profit distribution for the year ended June 30, 2016 @ Rs. 0.30 per certificate	-	-	-	(8,940,000)	(8,940,000)	(8,940,000)
Balance as at December 31, 2016	298,000,000	76,422,242	(132,309)	(63,162,666)	13,127,267	311,127,267
Balance as at June 30, 2017	298,000,000	79,253,192	(470,050)	(61,614,241)	17,168,901	315,168,901
Net loss for the period			-	(723,433)	(723,433)	(723,433)
Other comprehensive loss for the period			(3,197,708)	-	(3,197,708)	(3,197,708)
Total comprehensive loss for six months period ended December 31, 2017			(3,197,708)	(723,433)	(3,921,141)	(3,921,141)
Profit distribution for the year ended June 30, 2017 @ Rs. 0.35 per certificate	-	-	-	(10,430,000)	(10,430,000)	(10,430,000)
Balance as at December 31, 2017	298,000,000	79,253,192	(3,667,758)	(72,767,674)	2,817,760	300,817,760

The annexed notes form an integral part of this condensed interim financial information (un-audited).

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



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER



SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

Trust Modaraba (the Modaraba) was formed in Pakistan under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is being managed by Al-Zamin Modaraba Management (Private) Limited (AZMML). The Modaraba commenced its business operations from November 12, 1991. It is listed on Pakistan Stock Exchange Limited.

The Modaraba is perpetual, multi-purpose and multi-dimensional, engaged in the business of Murabahas, Musharakahs, Ijarah, investment in marketable securities, trading and other permissible businesses. The principal place of business and registered office of the Modaraba is located at 104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi - 75600 while regional office is located at 301-320, 3rd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore.

2. BASIS OF PREPARATION

- 2.1 This interim condensed financial information is unaudited and is being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981. This condensed interim financial information of the Modaraba for the half year ended December 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2017. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2017 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial information for the half year ended December 31, 2016.
- 2.3 This condensed interim financial information is unaudited; however, a limited scope review has been performed by the external auditors as required by the Code of Corporate Governance. The figures for the quarters ended on December 31, 2016 and 2017 presented in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed by the external auditors.
- 2.4 The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2017.
- 2.5 This condensed interim un-audited financial information is 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The Modaraba's accounting and financial risk management policies and methods of computation adopted in the preparation of this condensed interim un-audited financial information are the same as those applied in the preparation of preceding annual published financial statements of the Modaraba for the year ended June 30, 2017.

SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

		(Un-audited) Dec 31 2017	(Audited) June 30 2017
Note		-----Rupees-----	
4. SHORT TERM INVESTMENTS			
	Financial Assets at Fair Value Through Profit and Loss - Held-For-Trading		
	NIT Islamic Unit Fund - at cost	2,187,970	2,187,970
	Meezan Islamic Fund - at cost	1,763,965	1,763,965
	Shares of listed companies - at cost	9,369,528	9,535,016
4.1		13,321,463	13,486,951
	Unrealized loss on revaluation - net	(3,346,225)	(1,010,759)
		9,975,238	12,476,192

4.1 Shares of Listed Companies

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

Number of shares		Name of Investee	December 31, 2017		June 30, 2017	
Dec 31, 2017	June 30, 2017		Average cost	Market Value	Average Cost	Market Value
-----Rupees-----						
2,000	1,000	Attock Refinery Limited	793,713	468,240	465,259	382,580
3,500	3,500	Hub Power Company Limited	457,676	318,500	457,676	411,005
10,000	4,000	Engro Foods Limited	1,421,865	803,100	766,117	485,960
20,000	20,000	Fauji Cement Company Limited	899,160	500,200	899,160	820,600
856	4,000	Linde Pakistan Limited	264,398	189,048	1,235,522	964,080
3,500	2,500	Packages Limited	2,705,580	1,784,405	2,114,025	1,738,947
50,000	40,000	Byco Petroleum Pakistan	1,113,726	640,000	973,734	764,000
12,500	10,000	Fauji Fertilizers Company Limited	1,353,282	988,875	1,151,658	826,400
5,000	5,000	Mughal Iron and Steel Industries Limited	360,128	290,506	360,128	403,650
-	1,750	The Searle Company Limited.	-	-	1,111,737	895,965
			<u>9,369,528</u>	<u>5,982,874</u>	<u>9,535,016</u>	<u>7,693,187</u>



SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) **FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

		(Un-audited) Dec 31 2017	(Audited) June 30 2017
Note		-----Rupees-----	
5.	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Advances to employees against salary - considered good	-	26,463
	Loans to / receivable from employees	1,674,897	2,067,562
	Current portion of long term loans and deposits	120,000	204,000
	Security deposits	4,500	4,500
	Prepayments	1,517,855	1,803,658
	Due from brokers against sale of shares	1,789	-
	Accrued profit	4,439,345	4,327,385
	Advances to suppliers	9,479,125	6,971,500
	Trade receivables	11,891,162	10,693,662
	Legal suits charges receivable	3,429,187	3,196,187
	Provision for doubtful receivables	(844,960)	(729,960)
		2,584,227	2,466,227
	Sundry receivables	1,580,413	1,587,172
	Provision for doubtful sundry receivables	(498,454)	(498,454)
		1,081,959	1,088,718
		32,794,859	29,653,675
5.1	These include Rs. 3.01 million (2017: Rs. 3.01 million) receivable from 1 (2016: 1) customer under Murabaha finance. Auction in respect of two properties held as collateral, measuring 408 square feet, was made during the period against purchase price of Rs. 13.66 million. Title of the shops has not yet passed to the Modaraba.		
5.2	Provision for doubtful receivables		
	Opening balance	729,960	781,223
	Add: Provision for the year	115,000	-
		844,960	781,223
	Less: Receivable written off against provision	-	(51,263)
		844,960	729,960
6.	SHORT TERM MURABAHA FINANCES		
	Considered good	1,599,994	-
	Considered doubtful		
	- Regular parties	20,084	2,287,468
	- Parties under litigation	56,432,312	56,432,312
		56,452,396	58,719,780
	Provision for classified receivables under Prudential Regulations for Modarabas	(28,720,131)	(28,700,300)
		29,332,259	30,019,480
6.1	These include Rs. 2.13 million (2017: Rs. 2.13 million) receivable from 1 (2016: 1) customer under Murabaha finance. Auction in respect of two properties held as collateral, measuring 408 square feet, was made during the period against purchase price of Rs. 13.66 million. Title of the shops has not yet passed to the Modaraba.		

**SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

		<i>(Un-audited)</i> Dec 31	<i>(Audited)</i> June 30
		2017	2017
Note	-----Rupees-----		
6.2	Provision for classified receivables under Prudential Regulations for Modarabas		
	Opening balance	28,700,300	29,166,300
	Add: Provision for the year	19,831	-
		28,720,131	29,166,300
	Less: Reversal of provision	-	(466,000)
		28,720,131	28,700,300
7.	IJARAH RENTALS RECEIVABLE		
	Considered good	2,890,446	2,924,915
	Considered doubtful:		
	- Regular parties	4,969,963	4,926,384
	- Parties under litigation	39,380,657	39,380,657
	Suspended ijarah income - considered doubtful	(19,398,072)	(19,306,847)
	Provision for doubtful ijarah rental receivables	(3,394,161)	(3,394,161)
		24,448,833	24,530,948
7.1	Suspended ijarah income - considered doubtful		
	Opening balance	19,306,847	18,810,061
	Recovery during the period / year	(145,410)	(119,385)
	Suspension made during the period / year	236,635	616,171
		19,398,072	19,306,847
8.	LONG TERM MURABAHA FINANCES		
	Considered good	57,181,738	50,261,697
	Considered doubtful	54,480,193	54,855,025
		111,661,931	105,116,722
	Less: Current portion	(86,891,603)	(80,885,187)
		24,770,328	24,231,535
8.1	The Modaraba has sold goods under murabaha arrangements whereby payment is deferred along with specified profit margin. These finances are secured by way of hypothecation / pledge of stocks, shares of listed public limited companies, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.		
8.2	Considered doubtful-repurchase price	57,842,551	57,577,291
	Suspended income	(3,362,358)	(2,722,266)
		54,480,193	54,855,025
8.2.1	Opening balance	2,722,266	1,522,222
	Recovery during the period / year	-	(340,520)
	Suspension made during the period / year	640,092	1,540,564
		3,362,358	2,722,266
8.3	Current portion of long term murabaha finances		
	Installments overdue	52,180,166	46,121,151
	Installments receivable within next 12 months	34,711,437	34,764,036
		86,891,603	80,885,187
	Provision for classified receivables under Prudential Regulations for Modarabas	(2,726,607)	(2,726,607)
		84,164,996	78,158,580



SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) **FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

		(Un-audited) Dec 31 2017	(Audited) June 30 2017
Note		-----Rupees-----	
9. LONG TERM INVESTMENTS			
	Available For Sale		
	Equity securities - listed	9.1 11,942,816	5,371,781
	Sukuk certificates	1,866,649	2,572,947
	Total investment at cost	13,809,465	7,944,728
	Unrealized loss on revaluation of investments	(3,393,160)	(368,030)
	Net investments at fair value	10,416,305	7,576,698

9.1 Shares of Listed Companies

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

Number of shares		Name of Investee	December 31, 2017		June 30, 2017	
Dec 31, 2017	June 30, 2017		Average cost	Market Value	Average Cost	Market Value
			-----Rupees-----			
5,625	-	Maple Leaf Cement	498,917	384,975	-	-
3,000	-	Shell Pakistan	1,318,331	921,540	-	-
4,000	-	Pioneer Cement	334,239	252,480	-	-
4,500	-	The Searle Company Limited	1,999,376	1,416,860	-	-
5,000	3,000	D.G Khan Cement Co. Limited	983,792	668,600	670,597	639,480
1,000	1,000	Engro Corporation Pakistan	371,443	274,750	371,443	325,901
30,000	20,000	Lotte Chemical Pakistan Limited	331,317	215,100	236,379	197,000
4,000	1,500	Lucky Cement Limited	2,888,557	2,069,640	1,291,260	1,254,390
11,000	5,000	Sui North Gas Pipeline Limited	1,589,637	1,040,710	829,750	744,600
100,000	100,000	Pakistan Telecommunication company Limited	1,627,207	1,305,000	1,627,207	1,561,000
-	2,000	Oil & Gas Development Company Limited	-	-	345,145	281,380
			11,942,816	8,549,655	5,371,781	5,003,751

**SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

		(Un-audited) Dec 31 2017	(Audited) June 30 2017	
Note		-----Rupees-----		
10. FIXED ASSETS				
	Operating fixed assets given on lease (ijarah) - tangible	10.1	98,137,944	110,137,916
	Operating fixed assets in own use - tangible	10.2	23,612,026	23,434,154
			<u>121,749,970</u>	<u>133,572,070</u>
10.1 Operating assets given on Ijarah				
	Opening written down value		110,137,916	120,610,544
	Additions during the period / year		22,257,944	54,509,631
	Disposals during the period / year		(18,464,240)	(26,126,410)
			<u>113,931,620</u>	<u>148,993,765</u>
	Depreciation charge for the period / year		(15,793,676)	(38,855,849)
			<u>98,137,944</u>	<u>110,137,916</u>
10.2 Fixed assets in own use				
	Opening written down value		23,434,154	14,076,770
	Additions during the period / year	10.2.1	471,302	10,810,050
	Disposals during the period / year		-	(918,155)
			<u>23,905,456</u>	<u>23,968,665</u>
	Depreciation charge for the period / year		(293,430)	(534,511)
		10.2.2	<u>23,612,026</u>	<u>23,434,154</u>
10.2.1 Additions during the period / year				
	Land		-	10,397,550
	Furniture & fixtures		14,500	-
	Office equipment		192,602	251,400
	Vehicles		204,000	161,100
	Electrical equipment		60,200	-
			<u>471,302</u>	<u>10,810,050</u>
10.2.2 Book value at the end of period / year				
	Land	10.2.3	21,503,750	21,503,750
	Furniture and fixtures		339,732	406,440
	Office equipment		1,024,559	827,905
	Vehicles		522,352	394,050
	Electrical equipment		221,633	302,009
			<u>23,612,026</u>	<u>23,434,154</u>

10.2.3 It includes a piece of land measuring 10 Kanals, costing Rs. 10,728,400 situated at Mauza Amer Sidhu, Lahore Cantt acquired through settlement of certain Murabaha facilities. The subject land is presently in the possession of Defence Housing Authority, Lahore (DHA). The Modaraba has filed legal suit for possession of land in the Civil Court. The management and legal counsel of the Modaraba are confident that Modaraba has valid claim against DHA because title and sale deed is in name of Modaraba and accordingly no loss has been charged against such land.

10.3 Fixed assets of the Modaraba also include fully amortized ERP system.



SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	(Un-audited) Dec 31 2017	(Audited) June 30 2017
	-----Rupees-----	
11. CREDITORS, ACCURED AND OTHER LIABILITIES		
Accrued expenses	8,979	8,979
Withholding tax payable	2,620	38,489
Sales tax payable	-	9,590
Management fee payable	-	1,508,750
Current portion of deferred income on murabaha	6,937,800	6,992,419
Security deposit	40,000	40,000
Unclaimed dividends	13,151,153	12,619,053
Other liabilities	516,874	1,796,230
	<u>20,657,426</u>	<u>23,013,510</u>
12. LOAN FROM THE MODARABA MANAGEMENT COMPANY		
Loan from the modaraba management company - unsecured	<u>10,000,000</u>	-

12.1 This represents unsecured, interest-free loan obtained from the Management Company in order to meet working capital requirements of the Modaraba.

13. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no known commitment as at December 31, 2017 (June 30, 2017: Nil).

Commitments

The Modaraba has acquired assets through ijarah arrangements. These arrangements have remaining terms of less than five years. Such arrangements also include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future Ijarah payments payable under these arrangements are as follows:

Within one year	1,443,252	1,528,185
After one year but not more than five years	3,402,645	4,124,271
	<u>4,845,897</u>	<u>5,652,456</u>
Disbursement of ijarah / musharakah to be made	<u>9,836,500</u>	<u>10,471,000</u>

Half Yearly ended		Quarter ended	
Dec 31 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
-----Rupees-----			

14. OTHER INCOME

Processing, documentation, other fees and charges	195,000	139,000	123,000	85,000
Gain on disposal of fixed assets	385,555	305,931	405,970	71,936
Miscellaneous income	295,092	381,577	95,874	8,782
	<u>875,647</u>	<u>826,508</u>	<u>624,844</u>	<u>165,718</u>

SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) **FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	<i>Half Yearly ended</i>		<i>Quarter ended</i>	
	<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>	<i>Dec 31</i>
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	-----Rupees-----			
15. ADMINISTRATIVE EXPENSES				
Salaries, allowances and other benefits	6,311,575	5,612,348	3,327,974	3,010,009
Legal and professional charges	27,500	324,263	27,500	324,263
Fees and subscription	1,184,848	1,457,105	659,860	720,146
Electricity, gas and water	479,731	421,063	216,515	194,926
Telephone, postage and courier	534,754	425,040	351,447	249,898
Rent, rate and taxes	898,202	934,082	451,916	863,079
Printing and stationery	456,765	354,083	356,853	354,083
Traveling and conveyance	248,887	132,422	53,333	79,238
Entertainment	312,321	303,463	173,463	153,827
Insurance	1,555,545	2,046,968	1,366,669	1,001,143
Advertisement	107,748	65,488	94,548	65,488
Vehicle running and maintenance	1,053,248	1,107,856	521,725	591,458
Newspaper and periodicals	10,527	10,645	4,219	6,777
Repairs and maintenance	621,589	489,310	329,067	-
Depreciation on own assets	293,430	264,905	152,789	132,450
Bank charges and commission	18,880	8,615	7,807	-
Miscellaneous	126,933	71,017	91,721	-
Lease rental expense - vehicles	806,559	598,386	360,813	322,311
Sales tax	5,800	10,710	4,400	2,960
	15,054,842	14,637,769	8,552,619	8,072,056
16. PROVISION FOR DOUBTFUL BALANCES				
Short term murabaha finances	19,831	-	19,831	-
Legal suits charges receivable	115,000	-	115,000	-
	134,831	-	134,831	-
17. TAXATION				

The income of non-trading modarabas is exempt from tax under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, provided not less than 90% of its profits after appropriation to statutory reserve as required under Modaraba Regulations is distributed to the certificate holders. The Modaraba has decided to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liabilities for the current period. However, a prior year charge for tax charged on dividend income is recorded.



SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	<i>(Un-audited)</i> Dec 31 2017	<i>(Audited)</i> Dec 31 2016
	-----Rupees-----	
18. CASH GENERATED FROM OPERATIONS		
(Loss) / Profit before taxation	(657,433)	9,775,372
Adjustments for non-cash and other items:		
- Depreciation:		
- Under ijarah	15,793,676	19,874,914
- In own use	293,430	264,905
- Gain on disposal of fixed assets	(385,555)	(305,931)
- Profit on long term investments - available-for-sale	(212,693)	(738,976)
- Profit on sale of short term investments - held-for-trading	(153,088)	(1,483,476)
- Profit on sale of long term investments - available-for-sale	(2,013)	(1,062,314)
- Unrealized loss / (gain) on revaluation of held-for-trading investments	2,335,466	(796,136)
- Dividend income	(376,500)	(262,650)
	17,292,723	15,490,336
	16,635,290	25,265,708
Operating profit before working capital changes		
Decrease / (increase) in current assets		
- Short term investment - net	318,576	(8,667,778)
- Advances, deposits, prepayments and other receivables	(3,190,072)	(2,131,878)
- Short term murabaha finances	687,221	(5,397,397)
- Short term musharakah finances	1,346,969	7,700,000
- Ijarah rental receivables	82,115	198,123
- Stock in trade	(4,680,312)	(358,600)
(Decrease) / increase in current liabilities	(2,833,565)	1,317,571
- Creditors, accrued and other liabilities	(8,269,068)	(7,339,959)
Cash generated from operations	8,366,222	17,925,749

19 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties of the Modaraba include the Modaraba Management Company [Al-Zamin Modaraba Management (Private) Limited], directors and key management personnel of the Modaraba Management Company, key management personnel of the Modaraba and their close family members, the provident fund trust and entities with common directors or under common management and control.

Contribution to the provident fund is made in accordance with the services rules. Modaraba Management fee, if any, is accrued in accordance with the requirements of the Modaraba Regulations. Remuneration of key management personnel is paid in accordance with the terms of their employment. Other transactions are carried out at agreed terms.

**SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

			Half Yearly ended	
			Dec 31 2017	Dec 31 2016
			(Un-audited)	(Un-audited)
			-----Rupees-----	
Transactions during the period				
Related party	Relationship	Nature of transaction		
Al-Zamin Modaraba Management (Private) Limited	Modaraba Management Company	Management fee and others	-	1,086,153
		Dividend paid	1,565,262	1,578,416
Employees' Provident Fund	Associated undertaking	Contribution for the period	289,783	279,030
Muhammad Aslam Motiwala	Associated person	Dividend for the period	5,036,675	5,099,400
Executives and close relatives thereof	Associated persons	Loan given during the period	1,100,000	-
		Receipt of principal under long term diminishing musharakah finances	133,333	133,333
		Profit accrued under long term diminishing musharakah finances	24,667	40,809
		Receipts of profit under long term diminishing musharakah finances	24,667	40,666
		Sale of vehicles	-	322,462
			Dec 31, 2017	June 30, 2017
			-----Rupees-----	
Outstanding Balances as at,				
Al-Zamin Modaraba Management (Private) Limited		Payable against management fee and others	-	1,508,750
Executives and close relatives thereof		Loan receivables	1,200,000	691,500
		Receivable against sale of vehicle	322,462	752,062
		Principal receivable under long term diminishing musharakah finances	333,335	466,668
		Profit receivable under long term diminishing musharakah finances	155	155



SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

20 Segment Information

20.1 The segment information for the reportable segments for the period ended December 31, 2017 is as follows:

	Murabaha finances		Ijarah finances		Total	
	2017	2016	2017	2016	2017	2016
	December 31		December 31		December 31	
	(Un-Audited)		(Un-Audited)		(Un-Audited)	
	Rupees		Rupees		Rupees	
Segment revenues / profits						
Revenue	4,272,526	8,998,653	23,029,049	29,442,280	27,301,575	38,440,933
Costs	(19,831)	-	(15,908,676)	(19,874,914)	(15,928,507)	(19,874,914)
Reportable Segment Profit	4,252,695	8,998,653	7,120,373	9,567,366	11,373,068	18,566,019
	Dec 31	June 30	Dec 31	June 30	Dec 31	June 30
	2017	2017	2017	2017	2017	2017
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
Segment assets and Liabilities						
Reportable Segment assets						
Rental receivables	138,267,583	132,409,595	24,448,833	24,530,948	162,716,416	156,940,543
Accrued profit	3,010,158	3,010,411	-	-	3,010,158	3,010,411
Legal suits charges receivable	1,681,727	1,448,727	902,500	1,017,500	2,584,227	2,466,227
Sundry receivables	-	-	146,759	66,545	146,759	66,545
Fixed assets given on lease / ijarah	-	-	98,137,944	110,137,916	98,137,944	110,137,916
	142,959,468	136,868,733	123,636,036	135,752,909	266,595,504	272,621,642
Reportable Segment Liabilities						
Deferred income	9,829,542	9,376,794	-	-	9,829,542	9,376,794
Customers' security deposits	-	-	46,209,845	49,366,822	46,209,845	49,366,822
	9,829,542	9,376,794	46,209,845	49,366,822	56,039,387	58,743,616

**SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

		(Un-audited)	
		Dec 31	Dec 31
		2017	2016
Note		-----Rupees-----	
20.2 Reconciliation of reportable segments revenues, profit or loss, assets and liabilities is as follows:			
Revenue			
	20.1	27,301,575	38,440,933
		2,868,867	2,114,993
		376,500	262,650
		212,693	738,976
		153,088	1,483,476
		2,013	1,062,314
		1,368,554	-
		(2,252,466)	796,136
	14	295,092	536,677
		30,325,916	45,436,155
(Loss) / Profit			
	20.1	11,373,068	18,566,019
		2,868,867	2,114,993
		376,500	262,650
		212,693	738,976
		153,088	1,483,476
		2,013	1,062,314
		1,368,554	-
		(2,252,466)	796,136
	14	295,092	536,677
		-	(1,086,153)
		(66,000)	-
		-	(61,947)
	15	(15,054,842)	(14,637,769)
		(723,433)	9,775,372



SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

		Dec 31 2017 (Un-audited)	June 30 2017 (Audited)
	Note	-----Rupees-----	
Assets			
Total assets of reportable segments	20.1	266,595,504	272,621,642
Cash and bank balances		3,317,748	15,996,812
Short term investments		9,975,238	12,476,192
Advances, deposits, prepayments and other receivables		27,053,715	24,110,492
Musharakah financing		24,503,147	23,736,122
Stock in trade		7,947,628	3,267,316
Long term investments		10,416,305	7,576,698
Tax refunds due from the Government		4,721,872	4,620,590
Long term deposits and loan		2,433,590	2,093,590
Fixed assets in own use - tangible	10.2	23,612,026	23,434,154
		380,576,773	389,933,608
Liabilities			
Total liabilities of reportable segments	20.1	56,039,387	58,743,616
Creditors, accrued and other liabilities		13,719,626	16,021,091
Loan from management compay		10,000,000	-
		79,759,013	74,764,707

21 FINANCIAL RISK MANAGEMENT

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, fair value profit rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information (un-audited) does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Modaraba's annual financial statements as at June 30, 2017.

There have been no changes in any risk management policies since year end.

21.2 LIQUIDITY RISK

Compared to the year ended June 30, 2017, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

21.3 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

The following table presents the Modaraba's assets and liabilities that are measured at fair value at December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>
	<u>-----Rupees-----</u>			
Assets				
Short term investments	9,975,238	-	-	9,975,238
Long term investments	8,549,656	-	1,866,649	10,416,305
	<u>18,524,894</u>	<u>-</u>	<u>1,866,649</u>	<u>20,391,543</u>

The following table presents the Modaraba's assets and liabilities that are measured at fair value at December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>
	<u>-----Rupees-----</u>			
Assets				
Short term investments	12,476,192	-	-	12,476,192
Long term investments	5,003,751	-	2,572,947	7,576,698
	<u>17,479,943</u>	<u>-</u>	<u>2,572,947</u>	<u>20,052,890</u>

During the half year ended December 31, 2017, there were no significant changes in the business or economic circumstances that affect the fair value of the Modaraba's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets and there were no changes in valuation techniques during the period.

22 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information (un-audited) is authorized for issuance on February 24, 2018 by the Board of Directors of the Management Company.

23 General

Corresponding figures have been rearranged, wherever necessary, to facilitate comparison. However, no significant rearrangement / reclassification has been made during the period.

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


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

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