

QUARTERLY REPORT

March 31, 2017



Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (PVT) Ltd.

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Trust Modaraba

CORPORATE INFORMATION

Modaraba Company

Al-Zamin Modaraba Management (Private) Limited

Board of Directors

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

Chairman
Chief Executive
Director
Director
Director
Director
Director

Management

Mr. Basheer Ahmed Chowdry
Ms. Hamida Aqeel
Mr. Ijaz Ahmed Khan
Ms. Roomana Nasir

Chief Executive
Chief Operating Officer/ Company Secretary
Chief Financial Officer/ Regional Head
Head of Human Resources

Audit Committee

Mr. Syed Shahnawaz A. Rizvi
Mr. Shaikh Arshad Farooq
Mr. Sohail Ansar
Ms. Hamida Aqeel

Chairman
Member
Member
Secretary Audit Committee

Human Resource Committee

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

Chairman
Member
Member
Member

Internal Auditors

Grant Thornton Anjum Rahman.
Chartered Accountants

Auditors of the Modaraba

M/S Harwath 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

Regional office

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

Gujranwala Branch

51-A, Adjacent Standard 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 take pleasure in presenting the financial statements of Trust Modaraba for the quarter ended 31st March, 2017.

Pakistan is the 5th fastest growing economy in the world and becoming an emerging market from being a frontier economy. Year 2017 may be an eventful year in the Pakistan's long history. Government's pro-growth policies as indicated in its economic indicators are likely increase all significant parameters, including foreign investments. China Pakistan Economic Corridor (CPEC) will bring an industrial revolution in Pakistan and turn the country into a trade hub. Due to this, national economy is forecasted to register a 5% expansion rate over the coming two years. Pakistan will enter MSCI's emerging market category during this financial year meaning larger amount will inflow, as MSCI's is a leading provider of international investment support tools. Pakistan's total liquid foreign exchange reserve stood at \$21.55 billion as on 31st March 2017. Agriculture sector will continue to remain effected because of declining cotton production.

During the period under review, your Modaraba has recorded total income at Rs. 64.014 million as compared to Rs. 62.486 million of the previous comparable period. During the period ending 31st March, 2017, your Modaraba has earned a profit of Rs. 12.384 million before management fee as compared to Rs. 10.030 million in the previous corresponding period. Balance sheet footing of your Modaraba stood at Rs. 390.931 million. Certificate holder's equity increased to Rs. 312.521 million from Rs. 310.165 million.

EARNING PER CERTIFICATE

Earning per certificate of the Modaraba comes to Rs. 0.37 per certificate for the nine months ended 31st March, 2017 as compared to Rs. 0.30 per certificate in the corresponding period last year.

Your Management being fully aware of the valuable confidence 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
26th April 2017

Basheer A. Chowdry
Chief Executive

ڈائریکٹر پروڈکٹ

انصاف من مضارب منجمنٹ (پرائیویٹ) لمیٹڈ 31 مارچ 2017 کو ختم ہونے والی سالانہ پرٹرسٹ مضارب کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

پاکستان دنیا کی 5 ویں تیز ترین ترقی کرنے والی معیشت ہے جو سرحدی (frontier) معیشت سے ابھرتی ہوئی منڈی میں تبدیل ہو رہی ہے۔ سال 2017 میں پاکستان اپنی طویل تاریخ میں اقتصادت سے بھرپور ہو سکتا ہے۔ حکومت کی محو میں انصاف کرنے والی پالیسیوں جبکہ معاشی اشاریے ظاہر کر رہے ہیں تو امکان ہے کہ تمام اہم عوامل میں انصاف ہو گا بشمول غیر ملکی سرمایہ کاری کے۔ چین پاکستان اقتصادی راہداری (CPEC) منصوبہ پاکستان میں ایک صنعتی انقلاب لانے کا اور ملک کو ایک تجارتی مرکز بنانے کا۔ اسی وجہ سے توقع کی جا رہی ہے کہ اگلے دو سالوں میں قومی معیشت 5 فیصد سے ترقی کا اندراج کرے گی۔ اس مالی سال میں پاکستان MSCI کی ابھرتی ہوئی منڈی کے درجے میں شامل ہو جائے گا، جس کا مطلب زیادہ سرمایہ ملک میں آنے کا۔ کیونکہ MSCI ایک اہم بین الاقوامی سرمایہ کاری کی مدد کرنے کا محسوس (tool) ہے۔ 31 مارچ 2017 کو پاکستان کے کل سیال (liquid) غیر ملکی زرمبادلہ کے ذخائر 21.55 بلین امریکی ڈالر رہے۔ زراعت کا شعبہ کپاس کی کم ہوتی ہوئی پیداوار کی وجہ سے متاثر ہے گا۔

زیر غور مدت میں، آپ کے مضارب نے 64,014 ملین روپے کے کل آمدنی کا اندراج کیا جو گذشتہ سال اسی مدت میں 62,486 ملین روپے تھا۔ 31 مارچ کو ختم ہونے والی مدت کے دوران، آپ کا مضارب، منجمنٹ کی فیس کی ادائیگی سے پہلے 12,384 ملین روپے کا منافع حاصل کر چکا ہے جو گذشتہ سال اسی مدت میں 10,030 ملین روپے تھا۔ آپ کے مضارب کی بیلنس شیٹ کا میگزین 390,931 ملین روپے رہا۔ سرٹیفیکیٹ کنندگان کی ایکویٹی (equity) 310,165 ملین روپے سے بڑھ کر 312,521 ملین روپے ہو گیا۔

آمدنی فی حصص

31 مارچ 2017 کو ختم ہونے والے نو ماہ میں مضارب کی آمدنی فی حصص 0.37 روپے فی حصص تک پہنچ گئی جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں 0.30 روپے فی حصص تھی۔

آپ کی انتظامیہ اپنے سرٹیفیکیٹ کنندگان کے قیمتی اقتصادے پوری طرح آگاہ ہے اور ہر ممکن کوشش کرے گی کہ وہ اپنے کاروبار کے آپریشن میں کارکردگی بہتر اور مؤثر کر کے منافع کو بڑھائے۔

بورڈ آف ڈائریکٹرز کے حباب سے



بشیر احمد

چیف ایکزیکوٹو

کراچی

بتاریخ 26 اپریل 2017

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2017**

		(Un-audited) March 31, 2017 Rupees	(Audited) June 30, 2016 Rupees
Note			
ASSETS			
Current assets			
		4,650,120	11,920,526
		16,905,057	11,741,863
4		33,061,644	22,307,460
5		42,453,487	38,086,090
6		82,254,039	76,842,699
		22,833,681	22,529,575
8		12,700,000	12,900,000
9		3,857,698	1,818,634
		4,087,700	2,641,431
		4,599,099	3,850,825
		8,789,493	2,796,592
		236,192,018	207,435,695
Non-current assets			
		22,715,218	41,608,871
7		1,988,814	1,803,208
		1,956,840	1,788,640
		4,513,260	8,848,649
10		123,565,597	134,687,314
11		154,739,729	188,736,682
		390,931,747	396,172,377
TOTAL ASSETS			
LIABILITIES			
Current liabilities			
		19,697,670	24,438,310
		26,653,323	24,142,415
12		46,350,993	48,580,725
Non-current liabilities			
		2,561,722	5,769,711
		29,498,092	31,656,452
		32,059,814	37,426,163
		78,410,807	86,006,888
Total Liabilities			
NET ASSETS			
		312,520,940	310,165,489
REPRESENTED BY			
CAPITAL AND RESERVES			
		298,000,000	298,000,000
13		14,520,940	12,165,489
14		-	-
15		312,520,940	310,165,489

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


CHIEF EXECUTIVE

DIRECTOR

DIRECTOR



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) **FOR THE NINE MONTHS ENDED MARCH 31, 2017**

Note	Nine months ended		Three months ended	
	March 31	March 31	March 31	March 31
	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees
Operating income				
Income from ijarah operations	43,291,837	46,354,186	14,139,388	15,679,364
Profit on murabaha finances	11,374,139	9,975,288	2,375,486	3,254,146
Profit on musharakah finances	3,092,335	2,214,074	977,342	1,495,247
Dividend income on equity investments	372,650	216,299	110,000	137,805
Profit on long term investment - available for sale	804,112	-	65,136	-
Gain realised on sale of short term investment - held-for-trading	2,361,915	1,601,965	878,439	436,973
Gain realised on sale of long term investment - available for sale	1,110,096	10,601	47,782	-
Trading income	-	24,901	-	-
Other income	16 1,607,196	2,088,361	780,688	180,245
	64,014,280	62,485,675	19,374,261	21,183,780
Reversal / (Provision) against non performing morabaha finances and other receivable	4,681,190	506,641	-	506,641
Unrealised gain on revaluation of held for trading investment	515,321	-	(280,815)	-
	69,210,791	62,992,316	19,093,446	21,690,421
Operating costs				
Depreciation on operating assets given on lease/ijarah	29,667,974	31,189,276	9,793,060	10,721,027
Administrative expenses	17 22,442,276	20,975,294	7,804,507	6,877,573
Trading loss	34,947	-	(27,000)	165,029
Other charges	-	797,308	-	(217,618)
Written off	4,681,191	-	-	-
	(56,826,388)	(52,961,878)	(17,570,567)	(17,546,011)
	12,384,403	10,030,438	1,522,879	4,144,410
Modaraba company's management fee	(1,238,440)	(1,003,044)	(152,287)	(414,441)
Profit before taxation	11,145,963	9,027,394	1,370,592	3,729,969
Taxation	18 -	-	-	-
Net Profit for the Period	11,145,963	9,027,394	1,370,592	3,729,969
Earnings per certificate basic -and diluted	19 0.37	0.30	0.05	0.13

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Profit for the period	11,145,963	9,027,394	1,370,592	3,729,969
<i>Other comprehensive Income</i>				
<i>Items that may be reclassified subsequently to the profit or loss</i>				
Net change in fair value of available-for-sale investment	149,488	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>				
<i>Total comprehensive income for the period</i>	11,295,451	9,027,394	1,370,592	3,729,969

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



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

		<i>Nine months ended</i>	
		<i>March 31</i>	<i>March 31</i>
		<i>2017</i>	<i>2016</i>
<i>Note</i>		<i>Rupees</i>	<i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations			
	20	14,148,738	28,621,553
		(36,318,682)	(41,334,520)
		16,653,421	39,954,836
		(748,274)	(189,409)
		(6,264,797)	27,052,460
NET CASH FLOWS FROM INVESTING ACTIVITIES			
		(198,800)	-
		1,529,656	-
		6,399,085	2,051,106
		-	2,100,000
		(168,200)	179,000
		372,650	216,299
		7,934,391	4,546,405
CASH FLOWS FROM FINANCING ACTIVITIES			
		(8,940,000)	(12,665,000)
		(8,940,000)	(12,665,000)
		(7,270,406)	18,933,865
		11,920,526	827,212
		4,650,120	19,761,077

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Certificate capital	Capital reserve Statutory reserve	Revenue reserves		Total reserves	Total equity
			Unrealized gain/(loss) on revaluation	Accumulated loss		
-----Rupees-----						
Balance as at July 01, 2015						
Profit for the period	298,000,000	73,294,987	-	(61,236,014)	12,058,973	310,058,973
Other comprehensive income for the period						
Total comprehensive income for nine months period ended March 31, 2016			-	9,027,394	9,027,394	9,027,394
Final Dividend for the year ended June 30, 2016 @ Rs. 0.425 per certificate	-	-	-	9,027,394	9,027,394	9,027,394
Balance as at March 31, 2016						
	298,000,000	73,294,987	-	(64,873,620)	8,421,367	306,421,367
Balance as at July 01, 2016	298,000,000	76,422,242	(258,715)	(63,998,038)	12,165,489	310,165,489
Profit for the period			-	11,145,963	11,145,963	11,145,963
Other comprehensive income for the period			149,488	-	149,488	149,488
Total comprehensive income for nine months period ended March 31, 2017			-	11,145,963	11,295,451	11,295,451
Final Dividend for the year ended June 30, 2016 @ Rs. 0.30 per certificate	-	-	-	(8,940,000)	(8,940,000)	(8,940,000)
Balance as at March 31, 2017						
	298,000,000	76,422,242	(109,227)	(61,792,075)	14,520,940	312,520,940

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



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Trust Modaraba was formed in Pakistan under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and being managed BY Al-Zamin Modaraba Management (Private) Limited (AMML) since February 23, 2009. The Modaraba is perpetual, multi-purpose and multi-dimensional, engaged in the business of Murabahas, Musharikas, leasing (Ijraha), investment in marketable securities, tradings and other permissible businesses. The Modaraba commenced its business operations from 12 November 1991. The Principal place of business and registered office 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. The Modaraba is listed on the Pakistan Stock Exchange (PSX).

2. BASIS OF PREPARATION

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 and has been prepared in accordance with the requirements of the international Accounting Standards (IAS) - 34, "Interim Financial Reporting". This should be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting and financial risk management policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual published financial statements for the year ended June 30, 2016.

4. SHORT TERM INVESTMENTS

Financial Assets at Fair Value Through Profit and Loss - Held-For-Trading

	<i>(Un-audited)</i> March 31	<i>(Audited)</i> June 30
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
NIT Islamic Unit Fund - at cost	2,084,000	2,084,000
Meezan Islamic Fund - at cost	1,627,833	1,627,833
Shares of listed companies - at cost	12,663,095	8,008,015
Unrealized gain on revaluation of held-for-trading investments	530,129	22,015
	16,905,057	11,741,863

**SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	<i>(Un-audited)</i>		<i>(Audited)</i>	
	March 31, 2017		June 30, 2016	
	<i>cost</i>	<i>Value</i>	<i>Cost</i>	<i>Value</i>
	-----Rupees-----			
4.1 Shares of listed companies				
Byco Petroleum Pakistan Ltd. 40,000 (June 30, 2016: 25,000) ordinary shares of Rupees 10 each fully paid	973,734	859,600	517,647	513,500
Engro Corporation Pakistan Nil (June 30, 2016: 1,000) ordinary shares of Rupees 10 each fully paid	-	-	334,440	332,970
Fauji Fertilizers Company Ltd. 10,000 (June 30, 2016: 5,000) ordinary shares of Rupees 10 each fully paid	1,151,658	1,039,000	575,106	573,600
Fauji Fertilizer Bin Qasim Ltd Nil (June 30, 2016: 19,000) ordinary shares of Rupees 10 each fully paid	-	-	1,066,551	1,007,190
GalaxoSmithKline Pakistan Ltd. Nil (June 30, 2016: 2,000) ordinary shares of Rupees 10 each fully paid	-	-	436,996	414,220
K- Electric Ltd. Nil (June 30, 2016: 15,000) ordinary shares of Rupees 10 each fully paid	-	-	125,754	120,900
Mari Petroleum Company Ltd. Nil (June 30, 2016: 2,000) ordinary shares of Rupees 10 each fully paid	-	-	1,835,495	1,816,440
Mughal Iron and Steel Industries Ltd. 5,000 (June 30, 2016: 1,000) ordinary shares of Rupees 10 each fully paid	685,652	704,000	75,542	67,190
Pakistan Int'l Container Ltd. Nil (June 30, 2016: 300) ordinary shares of Rupees 10 each fully paid	-	-	93,476	100,950
Sui North Gas Pipeline Ltd. Nil (June 30, 2016: 15,000) ordinary shares of Rupees 10 each fully paid	-	-	526,793	544,350
The Searle Company Ltd. 2,750 (June 30, 2016: 2,500) ordinary shares of Rupees 10 each fully paid	1,707,986	1,738,000	1,399,775	1,340,375
Treet Corporation Ltd. Nil (June 30, 2016: 10,000) ordinary shares of Rupees 10 each fully paid	-	-	595,064	494,300
Lucky Cement Ltd. Nil (June 30, 2016: 500) ordinary shares of Rupees 10 each fully paid	-	-	272,955	324,255



SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

	<i>(Un-audited)</i> March 31, 2017		<i>(Audited)</i> June 30, 2016	
	<i>cost</i>	<i>Value</i>	<i>Cost</i>	<i>Value</i>
	-----Rupees-----			
Lotte Chemical Pakistan Ltd. Nil (June 30, 2016: 20,000) ordinary shares of Rupees 10 each fully paid	-	-	152,421	120,200
Attock Refinery Limited 3,000 (June 2016: Nil) ordinary shares of Rupees 10 each fully paid	1,395,778	1,344,000	-	-
Engro Foods Limited 4,000 (June 2016: Nil) ordinary shares of Rupees 10 each fully paid	766,117	648,520	-	-
Fauji Cement Co. Ltd 15,000 (June 2016: Nil) ordinary shares of Rupees 10 each fully paid	681,808	640,500	-	-
General Tyre & Rubber Co. 3,500 (June 2016: Nil) ordinary shares of Rupees 10 each fully paid	1,005,671	946,050	-	-
Hub Power Company Ltd. 1,500 (June 2016: Nil) ordinary shares of Rupees 10 each fully paid	203,423	196,485	-	-
Hascol Petroleum Ltd. 2,000 (June 2016: Nil) ordinary shares of Rupees 10 each fully paid	695,356	595,260	-	-
Linde Pakistan Limited 3,000 (June 2016: Nil) ordinary shares of Rupees 10 each fully paid	963,589	873,000	-	-
Oil & Gas Development Company Ltd. 4,500 (June 2016: Nil) ordinary shares of Rupees 10 each fully paid	700,718	668,925	-	-
Packages Ltd. 1,500 (June 2016: Nil) ordinary shares of Rupees 10 each fully paid	1,310,978	1,302,000	-	-
Sui Southern Gas Co Ltd. 10,000 (June 2016: Nil) ordinary shares of Rupees 10 each fully paid	420,627	369,500	-	-
Glaxo SmithKline Healthcare Pak Ltd. 300 (June 2016: 300) ordinary shares of Rupees 10 each fully paid	-	24,867	-	-
	12,663,095	11,949,707	8,008,015	7,770,440

**SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	(Un-audited) March 31 2017 Rupees	(Audited) June 30 2016 Rupees
Note		
5. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances to employees against salary - considered good	1,408,500	392,500
Security deposits	4,500	4,500
Prepayments	1,815,209	2,415,041
Due from brokers against sale of shares	3,871	70,769
Advance to supplier	12,752,000	3,382,000
Trade receivables	13,186,637	12,443,324
Receivable from Trust Management Services (Pvt) Ltd.	-	1,489,036
Provision for doubtful receivables	-	(1,489,036)
	-	-
Legal suits charges receivable	3,015,950	3,087,595
Provision for doubtful receivables	(781,223)	(781,223)
	2,234,727	2,306,372
Late payment charges receivable	-	3,192,155
Suspended income	-	(3,192,155)
	-	-
Sundry receivables	2,154,654	1,791,408
Provision for doubtful sundry receivables	(498,454)	(498,454)
	1,656,200	1,292,954
	<u>33,061,644</u>	<u>22,307,460</u>
6. Short Term Murabaha Finances		
Considered good	4,497,391	20,084
Considered doubtful		
- Regular parties	690,084	800,000
- Parties under litigation	66,432,312	66,432,306
Recovery during the year	-	-
	67,122,396	67,232,306
Provision for classified receivables under Prudential Regulations for Modarabas	(29,166,300)	(29,166,300)
	<u>42,453,487</u>	<u>38,086,090</u>
7. Long Term Murabaha Finances		
Considered good	54,589,475	65,929,667
Considered doubtful	50,379,782	55,248,510
	104,969,257	121,178,177
Less: Current portion	(82,254,039)	(79,569,306)
	<u>22,715,218</u>	<u>41,608,871</u>

7.1 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.



SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

		(Un-audited) March 31 2017 Rupees	(Audited) June 30 2016 Rupees
Note			
7.2	Considered doubtful-repurchase price Suspended income	52,600,500 <u>(2,220,718)</u> 50,379,782	56,770,732 <u>(1,522,222)</u> 55,248,510
7.2.2			
	Opening balance Recovery during the year Suspension made during the year	1,522,222 (340,520) 1,039,016 <u>2,220,718</u>	444,724 (216,489) 1,293,987 <u>1,522,222</u>
7.3	Current portion of long term murabaha finances Installments overdue Installments receivable within next 12 months Provision for classified receivables under Prudential Regulations for Modarabas	46,863,305 <u>35,390,734</u> 82,254,039 (2,726,607) <u>79,527,432</u>	43,350,504 <u>36,218,802</u> 79,569,306 (2,726,607) <u>76,842,699</u>
8.	Ijarah Rentals Receivable		
	Considered good Considered doubtful - Regular parties - Parties under litigation Suspended ijarah income - considered doubtful Provision for doubtful Ijarah rental receivables	2,545,506 4,241,356 38,765,081 (19,324,101) (3,394,161) <u>22,833,681</u>	4,243,379 4,383,306 36,107,112 (18,810,061) (3,394,161) <u>22,529,575</u>
	Suspended ijarah income - considered doubtful		
	Opening balance Recovery during the year Suspension made during the year	18,810,061 310,785 (166,110) <u>18,954,736</u>	18,995,855 (717,697) 531,903 <u>18,810,061</u>
	Provision for doubtful Ijarah rental receivables: Opening balance Charge for the year	3,394,161 - <u>3,394,161</u>	3,394,161 - <u>3,394,161</u>
9.	Short Term Musharakah Finances- Secured		
	Considered good	<u>12,700,000</u>	<u>12,900,000</u>
10.	Long Term Investments		
	Available For Sale - Equity securities - listed - Sukuk certificates	1,627,197 2,886,063 <u>4,513,260</u>	2,973,149 5,875,500 <u>8,848,649</u>

**SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

		<i>(Un-audited)</i> March 31	<i>(Audited)</i> June 30
<i>Note</i>	<i>Rupees</i>	<i>2017</i>	<i>2016</i>
		<i>Rupees</i>	<i>Rupees</i>
11. FIXED ASSETS			
Operating fixed assets given on lease (ijarah) - tangible		110,607,831	120,610,544
Operating fixed assets in own use - tangible		12,957,766	14,076,770
		123,565,597	134,687,314
11.1 Operating assets given on Ijarah			
Opening written down value		120,610,544	139,426,280
Additions during the period / year		36,318,682	59,207,170
Disposals during the period / year		(16,653,421)	(36,896,374)
		140,275,805	161,737,076
Depreciation charge for the period / year		(29,667,974)	(41,126,532)
		110,607,831	120,610,544
11.2 Fixed assets in own use			
Opening written down value		14,076,770	13,634,127
Additions during the period / year	22.2.1	198,800	1,034,200
Disposals during the period / year		(918,155)	(7,350)
		13,357,415	14,660,977
Depreciation charge for the period / year		(399,649)	(584,207)
	22.2.2	12,957,766	14,076,770
11.2.1 Additions during the period / year			
Office equipments		37,700	855,200
Vehicles		161,100	179,000
		198,800	1,034,200
11.2.2 Book value at the end of period / year			
Land	22.2.3	11,106,200	11,106,200
Furniture and fixtures		553,459	538,404
Office equipments		606,078	1,534,168
Vehicles		428,097	511,437
Electrical equipments		263,932	386,561
		12,957,766	14,076,770

11.2.3 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 the Modaraba and accordingly no loss has been charged against such land.



SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

	(Un-audited) March 31 2017 Rupees	(Audited) June 30 2016 Rupees
12. Creditors, Accrued And Other Liabilities		
Accrued expenses	18,045	13,659
Management fee payable	1,238,440	1,447,804
Deferred income on murabaha	7,184,547	9,529,717
Security deposit	40,000	40,000
Unclaimed dividends	12,625,679	12,241,820
Advance against termination	842	-
Advance against new Lease	4,858,998	-
Other liabilities	686,772	869,415
	<u>26,653,323</u>	<u>24,142,415</u>
13. Certificate Capital		
Authorised Certificate Capital 50,000,000 Modaraba Certificates (June 30, 2016: 50,000,000) of Rs.10/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up Certificate Capital		
150,000,000 Modaraba Certificates (June 30, 2016: 15,000,000) of Rs.10/- each fully paid-up in cash	150,000,000	150,000,000
12,300,000 Modaraba Certificates (June 30, 2016: 12,300,000) of Rs.10/- each issued as fully paid bonus certificates	123,000,000	123,000,000
2,500,000 Modaraba Certificates (June 30, 2016: 2,500,000) of Rs.10/- each issued as fully paid as a result of take over	<u>25,000,000</u>	<u>25,000,000</u>
	<u>298,000,000</u>	<u>298,000,000</u>
14. Reserves		
Statutory reserve	76,422,242	76,422,242
Revenue reserves:		
Unrealized loss on revaluation of investments	(109,227)	(258,715)
Accumulated loss	<u>(61,792,075)</u>	<u>(63,998,038)</u>
	<u>(61,901,302)</u>	<u>(64,256,753)</u>
	<u>14,520,940</u>	<u>12,165,489</u>
15. Contingencies and Commitments		
Contingencies		
There is no known commitment as at March 31, 2017 (June 30, 2016: Nil).		
Commitments		
The Modaraba has acquired assets through ijarah arrangements. 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.		

SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

Future Ijarah payments payable under these arrangements, as at March 31, 2017 are as follows:

	(Un-audited) March 31 2017	(Audited) June 30 2016
Note	Rupees	Rupees
Within one year	1,613,118	1,157,684
After one year but not more than five years	4,485,084	1,749,429
	<u>6,098,202</u>	<u>2,907,113</u>
Disbursement of ijarah to be made	<u>16,735,000</u>	<u>9,012,000</u>

	Nine months ended		Three months ended	
	March 31 2017	March 31 2016	March 31 2017	March 31 2016
	Rupees	Rupees	Rupees	Rupees
16. Other Income				
Processing, documentation, other fees and charges	229,000	90,000	175,000	16,925
Gain on disposal of fixed assets	611,501	305,570	71,936	20,275
Miscellaneous income	766,695	385,118	393,900	143,045
	<u>1,607,196</u>	<u>780,688</u>	<u>640,836</u>	<u>180,245</u>
17. Administrative Expenses				
Salaries, allowances and other benefits	8,806,821	7,977,865	3,194,473	2,660,485
Legal and professional charges	398,026	401,500	73,763	-
Fees and subscription	2,455,022	2,254,426	997,917	1,005,570
Electricity, gas and water	569,197	595,937	148,134	147,591
Telephone, postage and courier	638,645	527,053	213,605	143,950
Rent, rate and taxes	1,507,836	1,239,959	573,754	428,760
Printing and stationery	408,707	382,399	54,624	52,010
Traveling and conveyance	165,991	220,640	33,569	61,840
Entertainment	408,344	372,484	104,881	114,238
Insurance	2,912,564	2,897,437	865,596	1,082,880
Advertisement	85,878	182,861	20,390	60,450
Auditor remuneration	52,500	109,800	52,500	-
Vehicle running and maintenance	1,634,366	1,531,282	526,510	447,486
Newspaper and periodicals	14,865	15,149	4,220	4,469
Repairs and maintenance	812,562	863,056	-	-
Depreciation on own assets	399,649	420,450	134,744	146,100
Bank charges and commission	21,526	22,061	-	8,509
Miscellaneous	126,620	116,637	-	44,637
Donation	50,605	48,437	-	48,437
Lease rental expense - vehicles	961,842	795,861	363,456	183,603
Sales tax	10,710	-	-	(11,155)
	<u>22,442,276</u>	<u>20,975,294</u>	<u>7,362,136</u>	<u>6,629,860</u>
18. Taxation				

No provision with respect to current and deferred taxation has been made in these accounts on the premise that under the current tax law the income of non-trading Modarabas 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 is intending 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 these condensed interim



SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>	<i>March 31</i>
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
19. Earnings per Certificate - Basic & Diluted				
Profit for the period (Rupees)	11,170,713	9,027,394	1,395,342	3,729,969
Weighted average number of certificates outstanding during the period (Number)	29,800,000	29,800,000	29,800,000	29,800,000
Earnings per certificate - basic (Rupees)	0.37	0.30	0.05	0.13

19.1 Diluted earnings per certificate

There is no dilution effect on the basic earnings per certificate of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>March 31</i>	<i>March 31</i>
	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
20. Cash Generated from Operations		
Profit before taxation	11,145,623	9,027,394
Adjustments for non-cash and other items:		
- Depreciation	30,067,623	31,609,726
- Gain on disposal of fixed assets	(611,501)	(1,194,163)
- Profit on long term investment - available for sale	(804,112)	-
- Gain realised on sale of short term investment - held-for-trading	(2,361,915)	(1,601,965)
- Gain realised on sale of long term investment - available for sale	(1,110,096)	(10,601)
- Unrealised gain on revaluation of held for trading investment	(515,321)	-
- Dividend income	(372,650)	(216,299)
	24,292,028	28,586,698
	35,437,991	37,614,092
Operating profit before working capital changes		
Decrease / (increase) in current assets		
- Short term investment	(2,285,958)	(10,506,308)
- Advances, deposits, prepayments and other receivables	(10,754,184)	17,458,741
- Accrued Profit	(1,446,269)	133,346
- Short term murabaha finances	(9,778,737)	3,638,354
- Long term murabaha finances	18,893,653	4,317,315
- Short term musharakah finances	(1,839,064)	(1,773,007)
- Long term musharakah finances	(185,606)	(1,234,720)
- Ijarah rental receivables	(304,106)	(1,084,340)
- Stock in trade	(5,992,901)	3,867,116
(Decrease) / increase in current liabilities		
- Deferred income on murabaha	(5,553,159)	-
- Creditors, accrued and other liabilities	4,858,828	(4,290,003)
- Customers security deposits	(6,899,000)	(19,519,033)
	(21,289,253)	(8,992,539)
Cash generated from operations	14,148,738	28,621,553

**SELECTED NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

21. Date of Authorization for Issue

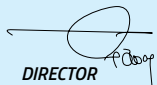
This condensed interim financial information (un-audited) is authorized for issuance on April 26, 2017 by the Board of Directors of the Management Company.

22. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

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