

QUARTERLY REPORT
March 31. 2014

Ijarah

Murabaha

Musharaka

Equities

Trading



Trust Modaraba

Managed By:

Al-Zamin Modaraba Management (Pvt) Ltd



Trust Modaraba

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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

Internal Auditors

M/s Feroze Sharif Tariq & Co.
Chartered Accountants

Auditors of the Modaraba

M. Yousaf Adil Saleem & Co.
Chartered Accountants

Bankers

Meezan Bank Limited
Bank Alfalah Limited – Islamic Banking

Legal Advisors

Shakeel Ahmed Awan
Advocate, Supreme Court of Pakistan

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



The Board of Directors of Al-Zamin Modaraba Management (Private) Limited are pleased to present the unaudited financial statements of Trust Modaraba for the period ended 31st March, 2014.

The government has embarked upon a program of fiscal and structural reforms, supported by extended Fund Facility Arrangement with the International Monetary Fund aimed at stabilizing the economy. However, the economic conditions still remain challenging and call for urgent attention of economic managers to promptly address vital issues to reduce vulnerabilities. Additional steps to broaden tax base and improve tax administration are needed to sustain reforms. Security concerns and energy shortages still remain critical risk factor for growth prospects.

Even under these challenging conditions, your Modaraba witnessed a steady growth over the period. The Modaraba has earned a profit of Rs.5.137 million for the quarter before management fee as compared to Rs.3.850 million in the previous corresponding quarter depicting an increase of 33%. Total operating income for the nine months period of the financial year 2013-14 stood at Rs.75.782 million as compared to Rs.68.563 million showing an increase of 10% over the previous period. Profit for the three quarters stood at Rs.14.780 million before providing for management fee. Assets base and equity of your Modaraba stood at Rs.414.978 million and Rs.299.748 million respectively as at 31st March 2014. Earning per certificate is Rs.0.45 for the period ended 31st March, 2014.

Your Management would continue to make every possible effort to achieve improved results through effective risk management, efficiency and effectiveness in business operations.

For and on behalf of the Board of Directors

Basheer A. Chowdry

Chief Executive

Karachi

Date: April 24, 2014

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2014

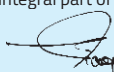


	Note	(Un-audited) March 31 2014 Rupees	(Audited) June 30 2013 Rupees
ASSETS			
Current assets			
Cash and bank balances	4	3,385,132	3,412,266
Short term investments	5	883,581	34,040
Advances, deposits, prepayments and other receivables		8,310,578	18,667,244
Short term murabaha finances		66,042,919	62,840,060
Current portion of long term murabaha finances		69,738,595	59,524,001
Ijara rental receivable		22,915,060	18,777,698
Short term diminishing musharakah finances		18,742,542	14,892,542
Current portion of long term diminishing musharakah finances		862,496	553,263
Accrued profit		3,774,861	3,963,832
Tax refunds due from government		2,161,932	1,545,766
Stock in trade	6	8,591,470	100,000
Total current assets		205,409,165	184,310,712
Non-current assets			
Long term murabaha finances		24,172,080	29,595,217
Long term diminishing musharakah finances		1,065,632	1,087,504
Long term deposits		1,608,462	1,303,962
Long term investments	7	6,024,450	8,535,001
Fixed assets	8	176,698,678	203,684,965
Total non-current assets		209,569,302	244,206,649
TOTAL ASSETS		414,978,467	428,517,361
LIABILITIES			
Current liabilities			
Current portion of customers' security deposits		38,728,523	34,943,535
Creditors, accrued and other liabilities		21,266,718	24,682,082
Total current liabilities		59,995,241	59,625,617
Non-current liabilities			
Deferred income on murabaha		5,305,820	4,933,567
Customers' security deposits		49,928,815	59,444,140
Total Liabilities		115,229,876	124,003,324
NET ASSETS		299,748,590	304,514,037
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital		298,000,000	298,000,000
Reserves		1,748,590	6,514,037
		299,748,590	304,514,037

Contingencies and Commitments 9

The annexed notes from 1 to 13 form an integral part of this interim condensed financial information.


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

Note	Nine months ended		Three months ended	
	March 31 2014	March 31 2013	March 31 2014	March 31 2013
	----- Rupees -----			
Operating income				
Income from leasing (Ijarah) operations	57,940,491	54,321,965	19,118,783	19,081,396
Profit on murabaha finances	10,267,267	8,195,079	3,721,219	2,714,027
Profit on musharakah finances	3,510,136	2,131,349	1,128,956	669,752
Dividend income on equity investments	65,569	12,265	5,569	9,765
Profit on long term investment - available for sale	604,819	728,107	202,037	218,996
Profit on sale of short term investment - held for trading	418,308	718,596	302,087	(13,259)
Profit on sale of long term investment - available for sale	800,535	321,987	338,106	(2,273)
Other income	2,175,199	2,134,035	550,254	718,807
	75,782,324	68,563,383	25,367,011	23,397,211
Reversal of provision against non performing murabaha finances and other receivable Reversal / (impairment) - available for sale investment	- (23,710)	601,000 371,436	- (23,710)	200,000 11,328
	75,758,614	69,535,819	25,343,301	23,608,539
Depreciation on fixed assets given on lease / ijarah	40,771,382	39,735,484	13,297,838	13,800,464
Administrative expenses	20,206,870	15,356,872	6,404,089	5,530,160
Other charges	-	118,000	(66,511)	-
	(60,978,252)	(55,210,356)	(19,635,416)	(19,330,624)
	14,780,362	14,325,463	5,707,885	4,277,915
Modaraba management company's fee	(1,478,036)	(1,432,546)	(570,788)	(427,792)
Profit before taxation	13,302,326	12,892,917	5,137,096	3,850,123
Taxation	10 -	-	-	-
Profit after taxation	13,302,326	12,892,917	5,137,096	3,850,123
Earnings per certificate - basic and diluted	11 0.45	0.43	0.17	0.13

The annexed notes from 1 to 13 form an integral part of this interim condensed financial information.


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014**



	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>March 31</i> <i>2014</i>	<i>March 31</i> <i>2013</i>	<i>March 31</i> <i>2014</i>	<i>March 31</i> <i>2013</i>
	-----Rupees-----			
Profit for the period	13,302,326	12,892,674	5,137,099	3,850,124
Other comprehensive Income				
Net change in fair value of -available for sale investment	(176,603)	886,380	(523,710)	
Net change in fair value of available for sale investments reclassified to profit and loss account	(11,170)	-	-	276,476
	(187,773)	886,380	(523,710)	276,476
Total comprehensive income	13,114,553	13,779,054	4,613,389	4,126,600

The annexed notes from 1 to 13 form an integral part of this interim condensed financial information.


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

	<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>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	----- Rupees -----			
NET CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	13,302,325	12,892,674	5,137,098	3,850,124
Adjustment for:				
Depreciation	41,719,526	40,506,074	13,654,288	14,061,418
Surplus on revaluation of available for sale investment	(187,773)	886,380	(523,710)	276,476
Gain on disposal of fixed assets	(1,145,542)	(660,503)	(35,573)	(144,764)
Dividend income	(65,569)	(12,265)	(5,569)	(9,765)
Profit before working capital change	53,622,967	53,612,360	18,226,534	18,033,489
Changes in working capital:				
(Increase) / decrease in current assets				
Morabaha receivables	(7,994,316)	6,065,627	3,529,159	8,273,312
Musharakah receivables	(4,137,361)	(619,654)	(7,291,668)	(3,099,928)
Short term investment	(849,541)	1,693,669	(351,290)	539,068
Advances, deposits, prepayments and other receivables	5,487,610	(4,277,542)	(1,767,465)	(1,708,346)
Stock in trade	(8,491,470)	(5,087,320)	(1,400,000)	2,013,700
	(15,985,078)	(2,225,220)	(7,281,264)	6,017,805
Increase / (decrease) in current liabilities:				
Creditors accrued and other liabilities	(4,366,969)	(1,779,964)	(1,692,730)	97,484
Customers' security deposits	(5,730,337)	9,481,714	2,043,627	6,433,840
	(10,097,306)	7,701,750	350,897	6,531,324
Cash generated from operations	27,540,583	59,088,890	11,296,167	30,582,617
Dividend paid	(16,556,140)	-	-	-
Net cash flow (used in) / from operating activities	10,984,443	59,088,890	11,296,167	30,582,617
NET CASH FLOWS FROM INVESTING ACTIVITIES				
Fixed capital expenditure				
(including assets given on ijarah)	(40,803,384)	(92,618,683)	(18,565,313)	(27,974,314)
Sale proceeds of fixed assets on ijarah	27,215,687	27,341,146	4,206,766	3,139,409
Sale of Investments - net	2,510,551	1,091,093	942,048	1,166,297
Dividend received	65,569	12,265	5,569	9,765
Net cash flow from / (used in) investing activities	(11,011,577)	(64,174,179)	(13,410,930)	(23,658,843)
Net (decrease) / increase in the cash and cash equivalents	(27,134)	(5,085,289)	(1,652,336)	6,923,774
Cash and cash equivalents at beginning of the period	3,412,266	24,538,761	5,037,468	12,529,698
Cash and cash equivalents at end of the period	3,385,132	19,453,472	3,385,132	19,453,472

The annexed notes from 1 to 13 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 NINE MONTHS ENDED MARCH 31, 2014**

	Certificate capital	Capital reserve		Revenue reserves		Total reserves	Total equity
		Statutory reserve	Unrealized gain/(loss) on revaluation of investments	Unrealized gain/(loss) on revaluation of investments	Accumulated loss		
Balance as at July 01, 2012	298,000,000	61,161,526	(2,582,872)	(75,930,916)	(17,352,262)	280,647,738	
Profit for the period	-	-	-	12,892,674	12,892,674	12,892,674	
Other comprehensive income	-	-	886,380	-	886,380	886,380	
Total comprehensive income for the							
Nine months ended March 31, 2013	-	-	886,380	12,892,674	13,779,054	13,779,054	
Balance at March 31, 2013	298,000,000	61,161,526	(1,696,492)	(63,038,242)	(3,573,208)	294,426,792	
Balance as at July 01, 2013	298,000,000	65,767,979	(1,748,838)	(57,505,104)	6,514,037	304,514,037	
Profit for the period	-	-	-	13,302,326	13,302,326	13,302,326	
Net change in fair value of							
- available for sale investments	-	-	(176,603)	-	(176,603)	(176,603)	
Net change in fair value of available for sale							
investments reclassified to profit and loss account	-	-	(11,170)	-	(11,170)	(11,170)	
Total comprehensive income for the							
Nine months ended March 31, 2014	-	-	(187,773)	13,302,326	13,114,553	13,114,553	
Final dividend for the year ended							
June 30, 2013 @ Rs. 0.6 per certificate	-	-	-	(17,880,000)	(17,880,000)	(17,880,000)	
Balance as at March 31, 2014	298,000,000	65,767,979	(1,936,617)	(62,082,778)	1,748,590	299,748,590	

Rupees

The annexed notes from 1 to 13 form an integral part of this interim condensed financial information.


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR



**SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

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 2009, 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 Murabahah, Musharakah, leasing (Ijarah), 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

This condensed interim financial information is un-audited and are 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 requirements of the International Accounting Standard (IAS) - 34, "Interim Financial Reporting". This should be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2013.

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, 2013 except as follows;

Change in accounting policies

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application.

4. CASH AND BANK BALANCES

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30</i>
	<i>2014</i>	<i>2013</i>
	<i>Rupees</i>	<i>Rupees</i>
Cash in hand	72,159	22,133
Cash at banks		
- Current accounts	498,784	391,747
- Saving accounts	2,814,189	2,998,386
	3,312,973	3,390,133
	3,385,132	3,412,266

SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014



Trust Modaraba

			<i>(Un-audited)</i>	<i>(Audited)</i>
			<i>March 31,</i>	<i>June 30</i>
			<i>2014</i>	<i>2013</i>
			<i>Rupees</i>	<i>Rupees</i>
5. SHORT TERM INVESTMENTS				
<i>Financial assets at fair value through profit and loss - held for trading</i>				
Shares of listed companies - at cost			907,291	23,960
Less: Unrealized (loss) / gain on revaluation of held for trading investments			(23,710)	10,080
			883,581	34,040
			March 31, 2014	June 30, 2013
			Average Cost	Market Value
			Average Cost	Market value
Shares of Listed companies				
Sui North Gas				
20,000 (2013: Nil) ordinary shares of Rupees 10 each fully paid	483,645	448,000	-	-
Mari Gas Compnay Ltd				
2,000 (2013: 250) ordinary shares of Rupees 10 each fully paid	423,646	435,581	23,960	34,040
	907,291	883,581	23,960	34,040
6. STOCK IN TRADE				
This represents goods purchased for trading purposes.			8,591,470	100,000
7. LONG TERM INVESTMENTS				
<i>Available for sale</i>				
Equity securities - Listed			204,043	1,696,630
Sukuk certificates - Listed			6,688,000	8,031,750
			6,892,043	9,728,380
Provision for diminution in value of investments (impairment)			-	(503,479)
			6,892,043	9,224,901
Unrealized loss on revaluation of investments			(867,593)	(689,900)
Net investment at fair value			6,024,450	8,535,001
			March 31, 2014	June 30, 2013
			Average Cost	Market Value
			Average Cost	Market value
Equity Securities - listed				
Pakistan Telecommunication Company Ltd				
10,000 (2013: 75,000) ordinary shares of Rupees 10 each fully paid	204,043	305,700	1,530,230	1,638,000
Mari Gas Compnay Ltd				
Nil (2013: 1,250) ordinary shares of Rupees 10 each fully paid	-	-	166,400	170,438
	204,043	305,700	1,696,630	1,808,438



SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>March 31,</i>	<i>June 30</i>
		<i>2014</i>	<i>2013</i>
		<i>Rupees</i>	<i>Rupees</i>
8. FIXED ASSETS			
Operating fixed assets given on lease / ijarah	8.1	162,872,876	189,465,903
Operating fixed assets in own use	8.2	13,825,802	14,219,062
		176,698,678	203,684,965
8.1 Operating fixed assets given on lease / ijarah			
Opening book value		189,465,903	161,924,663
Add: additions during the period / year	8.1.1	40,248,500	131,679,000
		229,714,403	293,603,663
Less: disposals during the period / year			
Plant and equipments		8,254,000	123,654,900
Vehicles		43,415,200	42,836,460
Furniture and fixtures		-	397,000
Accumulated depreciation		(25,599,055)	(117,004,875)
		26,070,145	49,883,485
		203,644,258	243,720,178
Less: depreciation charged during the period / year		(40,771,382)	(54,254,275)
Book value at end of the period / year		162,872,876	189,465,903
8.1.1 Additions during the period / year			
Plant and equipments		5,620,000	26,520,000
Vehicles		34,628,500	104,974,000
Furniture and fixtures		-	185,000
		40,248,500	131,679,000
8.2 Operating fixed assets in own use			
Opening book value		14,219,062	14,834,882
Add: additions during the period / year		554,884	488,156
Less: disposed off during the period / year		-	76,757
Less: depreciation charged during the period / year		948,144	1,027,219
Book value at end of the period / year		13,825,802	14,219,062

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 morabaha facilities. The subject land is under the possession of Defence Housing Authority, Lahore (DHA) through illegal acquisition. The Modaraba has filed suit for declaration with recovery of possession against DHA, which is pending in the civil court. The management and legal counsel of the Modaraba are confident that Modaraba has a valid claim, therefore, no loss has been charged against such land.

9. CONTINGENCIES AND COMMITMENTS

Contingencies

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

**SELECTED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014**



10. 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.

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

		<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>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
----- Rupees -----					

11. EARNINGS PER CERTIFICATE - BASIC & DILUTED

Profit for the period	Rupees	13,302,326	12,892,917	5,137,096	3,850,123
Weighted average number of certificates	Number	29,800,000	29,800,000	29,800,000	29,800,000
Earnings per certificate	Rupees	0.45	0.43	0.17	0.13

12. DATE OF AUTHORIZATION

These financial statements were approved for issue on by the Board of Directors of the Management Company in their meeting held on April 24, 2014.

13. GENERAL

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

13.2 Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

BOOK POST

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New Garden Town, Lahore
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