

ANNUAL REPORT 2013

Ijarah

Murabaha

Musharakah

Equities

Trading



Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (Private) Limited

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Mission Statement

Trust Modaraba aims to evolve and practice exemplary standards of integrity and proficiency by achieving balanced growth, building quality investment portfolio, maintaining high standards of efficiency and providing good returns to its certificate holders. Trust Modaraba shall endeavor to maintain a competitive edge in the industry and contribute effectively in promotion of Islamic financial regime. It shall adopt a management culture based on participation, motivation and accountability to achieve professional and personal excellence and growth of human resource. Trust Modaraba shall achieve a balanced texture of being a prudent and progressive organization with a sound image in the market place.

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
Ms. Roomana Nasir	Head of Human Resources

Audit Committee

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

Head of Internal Audit

Mr. Shaikh Jamal Yousuf

Auditors of the Modaraba

M. Yousaf Adil Saleem & Co.

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
Fax : 042- 37358817



Notice of Annual Review Meeting

Notice is hereby given that the Annual Review Meeting of Trust Modaraba to review the performance of the Modaraba for the year ended June 30th, 2013 will be held on Tuesday 22nd October, 2013 at 09.00 am at The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi.

The certificate transfer books of the Modaraba will remain closed from 15th October, 2013 to 22nd October, 2013 (both days inclusive).

Karachi
2nd October, 2013.

Hamida Aqeel
Company Secretary

Directors' Report

For the year ended June 30, 2013

The Board of Directors of Al-Zamin Modaraba Management (Private) Limited, the management company of Trust Modaraba has pleasure in presenting the annual audited financial statement of Trust Modaraba for the financial year ending 30th June, 2013.

ECONOMY REVIEW:

The world economy still continues to struggle to come out of the shocks of global financial crises onset four years ago. Developing economies have still not been able to uplift their economic activities to the level of pre crises period.

For Pakistan, the government led by Pakistan Peoples Party completed its' five years term in 2013. During the past five years, the country remained engulfed in myriad challenges at external and domestic front, which limited economic growth well below the potential of the country. The year 2012-13 being the election year for the country was heightened by uncertainty and speculations as to the outcome of elections, future governance structure economic policies and priorities. As a result, GDP growth rate remained restricted at 3.6% (target 4.3%) during the year. Though State Bank reduced mark up/ interest rates by a total of 250 basis points, bringing it to 9.5% in December, 2012, nevertheless constraints coming from energy shortages and other uncertainties such as law and order limited impact of interest rate reductions on investments and business conditions across the board. Sustained inflation and pressure on foreign exchange reserves induced further depreciation of Pak Rupee against US dollar.

On the positive front, Agriculture sector being the mainstay of economy, showed improvement as better weather conditions favored production of major crops, though minor crops in parts of the country were adversely effected by floods. Consistent increase in workers' remittances remained a positive feature of the economy and had been a major source of foreign exchange earnings and significant support to the balance of payment position of Pakistan.

Post peaceful transition of the government, economic policies/developments are unfolding with deep concerns over the security issues, energy crises, and fiscal deficit. There are expectations that new government will launch investment friendly policies to gain confidence of the investors to initiate new business activities. The drivers of the current situation such as security issues, energy deficit and fiscal prudence require urgent attention to secure economic stability and sustainability.

PERFORMANCE REVIEW:

It is pleasure to report that even under such challenging business and economic environment, key performance indicators of your Modaraba have shown significant improvement as to the business generation, profitability, recoveries, equity market operations and diversification translating into marked increase in earnings per certificate to Rs. 0.77 as compared to Rs. 0.41 for the previous year. Total income of the Modaraba increased by over 15% during the year under review, of which 87% was contributed by the core business segment of Ijarah, Musharakha and Murabahah. Efficient deployment of funds resulted in increase of disbursement by 33% during the year as compared to the preceding period. Healthy addition to the income was achieved through equity market operations, implementation of diversification initiatives and settlement of recovery suits. The growth in business and profitability has been achieved by strengthening relationships with the existing clients having satisfactory track record of performance with Trust Modaraba and also initiating relationships with good names in the medium enterprise sector. Operating expenses increased by 9% mainly on account of inflationary pressure on costs. An effective internal control system is in place to ensure maximum efficiency of financial and human resources available with the organization. As a result, net profit of your Modaraba, before Management Fee registered almost two fold increase from Rs. 13.5 million in the previous financial year to Rs. 26.16 million during the year under review. Prudent risk management has enabled your Modaraba to build quality portfolio with satisfactory rate of recovery of receivables. Balance sheet footings of your Modaraba stood at Rs. 424 million. Total shareholders' equity also increased to Rs. 304 million as against Rs. 281 million of the previous year. Asset mix of your Modaraba depict fair balance of short and long term position. Until now, Trust Modaraba is operating solely on certificate holders funds. In order to utilize Modarabas capacity to leverage, credit rating is in offing, which will interalia, open window for resource mobilization to achieve further growth and potential of the organization.

FUTURE OUTLOOK:

The Management of your Modaraba is committed to keep its' policies aligned to the market trends and realities and will continue to keep its' focus on realization of opportunities that add value for the stake holders. Initiatives contemplated by the Management for a gradual paradigm shift in operating strategy supported by conducive business environment augers well for the future of your Modaraba.

DIVIDEND DISTRIBUTION:

The Board is pleased to announce that based on the profit earned by the Modaraba during the year ended 30th June 2013, a cash dividend of 6% i.e.Rs 0.60 per certificate has been declared.

COMPLIANCE UNDER CODE OF CORPORATE GOVERNANCE:

- The financial statements prepared by the management of Trust Modaraba present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements of Modaraba and accounting estimates are based on reasonable and prudent judgement.
- International Accounting Standards, as applicable to Modaraba, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and motored.
- There are no doubts about Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices and corporate governance as detailed in the listing regulations.

BOARD MEETINGS:

Four meetings of the Board were held, which were attended as follows:

		No. of Meetings Attended
Mr. Manzoor Hussain Shah Kazmi	Director	1
Mr. Basheer A. Chowdry	CEO/Director	4
Mr. Sohail Ansar	Director	1
Mr. Sheikh Arshad Farooq	Director	4
Dr. Namoos Baquar	Director	3
Syed. Shahnawaz A. Rizvi	Director	4
*Mr. Mohammad Imran ul Haq	Director	4

*(Represented by Mr. Ansar Husain being alternate Director)

Leave of absence was granted to the members who could not attend the meetings due to their pre-occupation.

AUDIT COMMITTEE AND INTERNAL CONTROL SYSTEM:

The Management of your Modaraba believes in good Corporate Governance, implemented through a well defined system of check and balances. The board of directors established a system of sound internal controls, which is effectively implemented at all levels within the Modaraba.

The Audit committee comprises of three members who are all non-executive directors including the Chairman of the committee.

AUDITORS:

As per suggestion of the Audit Committee, the Board has recommended the re-appointment of auditors M/s Yousaf Adil Saleem & Co. for the financial year ending June 30, 2014, subject to the approval of Registrar Modaraba.

PATTERN OF CERTIFICATE HOLDING:

Pattern of certificate holding as at 30th June 2013 is attached. No trade in the certificates of the Modaraba was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

VALUE OF THE FUNDS INVESTMENT:

The Modaraba operates a contributory provident fund for all its permanent employees. Equal monthly contributions are made, both by the Modaraba and employees to the fund @10% of the basic salary. Based on latest accounts of the fund, the value of its' investments as at 30th June, 2013 works out to Rs.2,749,998.

ACKNOWLEDGEMENTS:

The Board wishes to place on record its appreciations for the support and guidance provided by the Registrar Modarabas and Securities and Exchange Commission of Pakistan. The Board also acknowledges the hard work and commitment of the executives and staff members. Finally, the Board extends its gratitude to the certificateholders who remained committed to the Modaraba and looks forward to their continued support in future.

For and on behalf of the Board of Directors



Basheer A. Chowdry
Chief Executive

Karachi
Date: October 2nd, 2013.

Key Operating & Financial Data for the Last Six Years

(Rupees in Thousands)

	2013	2012	2011	2010	2009	2008
Paid-up capital	298,000	298,000	298,000	298,000	298,000	273,000
Reserves	6,514	(17,352)	(14,611)	(18,418)	(40,971)	(29,437)
Net equity	304,514	280,647	283,389	279,581	257,028	243,562
Morabaha financing	151,959	144,354	143,282	157,215	138,459	168,929
Fixed Assets	14,219	14,834	14,062	14,120	13,236	11,555
Assets given on lease	323,109	358,318	309,023	285,320	190,803	126,445
Total assets	428,517	400,546	377,213	371,133	300,052	271,567

Income Statement

Income	100,611	84,029	73,690	59,304	47,497	22,082
Financial charges		-	-	-	-	1,586
Operating expenses	75,421	75,705	50,336	36,580	80,585	22,427
Profit/(Loss) before Management fee	25,591	13,455	23,354	22,724	(33,087)	(1,932)
Profit/(Loss) after Management fee	23,032	12,109	21,019	23,396	(33,087)	(1,671)
Earning/(Loss) per certificate	0.77	0.41	0.71	0.79	(1.11)	(0.06)

Statement of Compliance with the Code of Corporate Governance (COCG2012)

[SEE CLAUSE (XI)]

For the year ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Al-Zamin Modaraba Management (Private) Limited (Modaraba Company) is not listed, however, Trust Modaraba (the Modaraba) is listed at Karachi, Lahore and Islamabad Stock Exchanges. The Board of Directors of the Modaraba Company is responsible for management of the affairs of the Modaraba.

The Modaraba Company has applied the principles contained in the Code in the following manner:

1. The Modaraba Company encourages representation of independent/non executive directors and director representing minority interest on its' Board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Syed Shahnawaz A. Rizvi
Executive Director	Mr. Basheer A. Chowdry
Non - Executive Directors	Mr. Sheikh Mian Arshad Farooq
	Mr. Syed Manzoor Husain Shah Kazmi
	Mr. Sohail Ansar
	Mrs. Dr. Namoos Baquar
	Mr. Imran ul Haque

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The Directors have confirmed that none of them is serving as director on more than seven listed companies, including this Modaraba
3. All the resident directors of the Modaraba Company have confirmed that they are registered as tax payers and have not defaulted in payment of any loan to a banking company, a Modaraba, Development Financial Institution or a Non Banking Financial Institution, Further non of the Director is a member of any stock exchange in Pakistan.
4. No casual vacancy occurred in the Board during the year.
5. The Modaraba Company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its' supporting policies and procedures.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained in the form of minutes of meetings of the board and internal circulars. The overall corporate strategy of the Modaraba is discussed from time to time in the Board meetings and documented in the minutes.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board including changes in remuneration of the Chief Executive Officer and other executive director.
8. The Board has met once in every quarter. All meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. One of its' Director attended Directors Training Programme conducted by Institute of Corporate Governance during the year.

10. Appointment of Internal Auditor was duly approved by the Board.
11. The directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Chief Executive Officer, directors and other executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.
14. The Modaraba Company has complied with all the corporate and financial reporting requirements of the Code with respect to the Modaraba.
15. The Board has formed an Audit Committee. It comprises of three members and secretary to the Audit Committee. The members are non-executive directors. The Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held once in every quarter as required by the Code prior to approval of interim and final results of the Modaraba. The terms of reference of the Committee have been framed and advised to the Committee for compliance.
17. The Board has set-up an Internal Audit function on full time basis.
18. The Board has formed an HR and Remuneration Committee. It comprises of three members who are non executive directors.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modarabas' securities was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles contained in the Code have been complied with.



Basheer A. Chowdry
Chief Executive

Karachi
Date: October 02, 2013.

Shari'ah Advisor's Report

For the year ended June 30, 2013

I have conducted Shariah Review of Trust Modaraba managed by Al-Zamin Modaraba Management (Private) Limited for the financial year ended 30th June, 2013 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.
- vii. the earnings that have been realized from the sources or by means prohibited by Shariah have been credited to charity accounts.

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.

2nd October, 2013.

Muhammad Zubair Usmani
Jamia Darul Uloom Karachi

Review Report to the Certificate Holders on Statement of Copmliance with Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Al-Zamin Modaraba Management (Private) Limited (the Modaraba Company) in respect of Trust Modaraba (the Modaraba) to comply with the relevant Listing Regulations No.35 of the Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited where the Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Modaraba Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Code of Corporate Governance and report, if it does not. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the Modaraba Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Modaraba's corporate governance procedures and risks.

Further, Listing Regulation 35 requires the Modaraba to place before the Board of Directors of the Modaraba Company for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail at arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Modaraba for the year ended June 30, 2013.

M.Yousaf Adil Saleem and Company
Chartered Accountants

Engagement Partner: Talat Javed

Lahore
Dated: October 02, 2013

Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of Trust Modaraba as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (herein after referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Management Company's responsibility [Al-Zamin Modaraba Management (Private) Limited] which is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by Trust Modaraba, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) In our opinion, proper books of account have been kept by the management company in respect of Trust Modaraba as required by the Modaraba Companies and Modaraba (Floatation and control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) In our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion Zakat deductible at source under Zakat and Usher Ordinance, 1980 (XVIII of 1980) was deducted by the Modaraba and deposited in Central Zakat Fund established under section 7 of the Ordinance.

We draw attention to the matter stated in note 17.2.1 to these financial statements the ultimate outcome of which cannot presently be determined and, hence, no loss that may result therefrom has been recorded in these financial statements. Our opinion is not qualified in respect of this matter.

M.Yousaf Adil Saleem and Company
Chartered Accountants

Engagement Partner: Talat Javed

Lahore
Dated: October 02, 2013

Balance Sheet

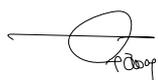
As at June 30, 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
Current assets			
Cash and bank balances	5	3,412,266	24,538,761
Short term investments	6	34,040	2,106,540
Advances, deposits, prepayments and other receivables	7	18,667,244	7,023,100
Short term murabaha finances	8	62,840,060	94,053,516
Current portion of long term murabaha finances	9	59,524,001	44,084,028
Ijarah rental receivables	10	18,777,698	16,068,334
Short term diminishing musharakah finances	11	14,892,542	10,900,000
Current portion of long term diminishing musharakah finances	11	553,263	919,027
Accrued profit	12	3,963,832	3,409,529
Tax refunds due from Government		1,545,766	946,780
Stock in trade	13	100,000	177,603
Total current assets		184,310,712	204,227,218
Assets classified as held for sale	14	-	1,890,526
Non-current assets			
Long term murabaha finances	9	29,595,217	6,216,554
Long term diminishing musharakah finances	11	1,087,504	286,976
Long term deposits	15	1,303,962	1,184,362
Long term investments	16	8,535,001	9,981,573
Fixed assets	17	203,684,965	176,759,545
Total non-current assets		244,206,649	194,429,010
Total Assets		428,517,361	400,546,754
LIABILITIES			
Current liabilities			
Current portion of customers' security deposits	18	34,943,535	33,758,135
Creditors, accrued and other liabilities	19	24,682,082	24,774,593
Total current liabilities		59,625,617	58,532,728
Non-current liabilities			
Deferred income on murabaha	19.1	4,933,567	762,406
Customers' security deposits	18	59,444,140	60,603,882
Total liabilities		124,003,324	119,899,016
NET ASSETS		304,514,037	280,647,738
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital	20	298,000,000	298,000,000
Reserves	21	6,514,037	(17,352,262)
		304,514,037	280,647,738
CONTINGENCIES AND COMMITMENTS	22	3,894,154	3,913,862

The annexed notes from 1 to 40 form an integral part of these financial statements.



Chief Executive



Director



Director

Profit and Loss Account

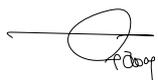
For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Income from leasing (Ijarah) operations	23	75,179,809	71,772,610
Profit on murabaha finances	24	11,400,029	11,100,587
Profit on musharakah finances		3,012,043	1,800,510
Dividend income on equity investments		13,765	73,245
Profit on long term investment - available-for-sale		949,819	1,226,678
Profit on sale of short term investments - held-for-trading		1,275,608	37,646
Profit on sale of long term investments - available-for-sale		759,326	262,755
Trading (loss)/income	25	2,007,844	(740,038)
Other income	26	6,012,775	1,569,171
		100,611,018	87,103,164
Reversal of provision against non performing murabaha finances and other receivables-net	27	401,000	2,125,986
Impairment on available-for-sale investments		-	(68,800)
		101,012,018	89,160,350
Depreciation on fixed assets given on lease/ijarah	17	54,254,275	56,169,868
Administrative expenses	28	20,592,209	19,198,067
Other charges	29	574,128	337,111
		(75,420,612)	(75,505,046)
		25,591,406	13,455,304
Modaraba management company's fee		(2,559,141)	(1,345,530)
Profit before taxation		23,032,265	12,109,774
Taxation	30	-	-
Profit after taxation		23,032,265	12,109,774
Earnings per certificate - basic and diluted	31	0.77	0.41

The annexed notes from 1 to 40 form an integral part of these financial statements.



Chief Executive



Director



Director



Statement of Comprehensive Income

For the year ended June 30, 2013

	2013 Rupees	2012 Rupees
Profit for the year	23,032,265	12,109,774
Other comprehensive Income		
Net change in fair value of available-for-sale investments	1,031,437	48,962
Net change in fair value of available-for-sale investments reclassified to profit and loss account	(197,403)	-
	834,034	48,962
Total comprehensive income for the year	23,866,299	12,158,736

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

Director

Cash Flow Statement

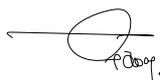
For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		23,032,265	12,109,774
Adjustment for :			
Depreciation	(17.1&17.2)	55,281,494	56,887,013
Reversal against non performing murabaha finances - net	(27)	(401,000)	(2,125,986)
Gain on disposal of fixed assets	(17.3.1)	(944,389)	(878,975)
Gain on disposal of held for sale		(4,409,474)	-
Dividend income		(13,765)	(73,245)
		49,512,866	53,808,807
Cash from operating activities before changes in working capital		72,545,131	65,918,581
Changes in working capital			
(Increase) / decrease in current assets:			
Short term investments		1,518,197	(1,372,299)
Advances, deposits, prepayments and other receivables		(11,644,144)	596,220
Short term murabaha finance		16,174,483	1,035,531
Long term murabaha finance		(23,378,663)	17,886
Ijarah rental receivables		(2,709,364)	(3,339,083)
Short term diminishing musharakah finances		(3,626,778)	(6,819,027)
Long term diminishing musharakah finances		(800,528)	(286,976)
Stock in trade		77,603	5,922,397
		(24,389,194)	(4,245,351)
Increase / (decrease) in current liabilities:			
Creditors, accrued and other liabilities		4,078,650	907,773
Customers' security deposits		25,658	25,166,364
		4,104,308	26,074,137
Cash from operating activities		52,260,245	87,747,367
Taxes paid		(598,986)	(294,428)
Dividend paid		-	(14,900,000)
Net cash from operating activities		51,661,259	72,552,939
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure (including assets given on ijarah)	(17.1&17.2)	(132,167,156)	(85,867,474)
Sale proceeds of fixed assets (including assets given on ijarah)	(17.3.1)	50,904,631	20,022,967
Sale proceeds of held for sale assets		6,300,000	-
Sale of Investments - net		2,280,606	1,590,657
Long term deposits paid during the year		(119,600)	(610,500)
Dividend received		13,765	73,245
Net cash used in investing activities		(72,787,754)	(64,791,105)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in the cash and cash equivalents		(21,126,495)	7,761,834
Cash and cash equivalents at the beginning of year		24,538,761	16,776,927
Cash and cash equivalents at the end of year		3,412,266	24,538,761

The annexed notes from 1 to 40 form an integral part of these financial statements.



Chief Executive



Director



Director

Statement of Changes in Equity

For the year ended June 30, 2013

	Certificate capital	Statutory reserve	Revenue Reserves		Total Reserves	Total Equity
			Unrealized	Accumulated		
-----Rupees-----						
Balance as at 30 June 2011	298,000,000	55,106,639	(2,631,834)	(67,085,803)	(14,610,999)	283,389,001
Dividend paid	-	-	-	(14,900,000)	(14,900,000)	(14,900,000)
Total comprehensive income for the year	-	-	48,962	12,109,774	12,158,737	12,158,737
Transfer to statutory reserve at 50%	-	6,054,887	-	(6,054,887)	-	-
Balance as at 30 June 2012	298,000,000	61,161,526	(2,582,872)	(75,930,916)	(17,352,262)	280,647,738
Dividend paid	-	-	-	-	-	-
Total comprehensive income for the year	-	-	834,034	23,032,265	23,866,299	23,866,299
Transfer to statutory reserve at 20%	-	4,606,453	-	(4,606,453)	-	-
Balance as at 30 June 2013	298,000,000	65,767,979	(1,748,838)	(57,505,104)	6,514,037	304,514,037

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive


Director


Director

Notes to the Financial Statements

For the year ended June 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Trust Modaraba was formed in Pakistan under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and had been managed by Trust Management Services (Private) Limited (TMSL). The registration of the Management Company was cancelled by the Registrar Modaraba vide order dated August 20, 2007 and consequently, an Administrator had been appointed to protect the interest of the certificate holders till new management was decided upon. During 2009, vide SECP Order dated January 30, 2009, the Administrator ceased to hold his office with effect from February 23, 2009 and Al-Zamin Modaraba Management (Private) Limited (AMML) took over the control of the Modaraba along with all assets, liabilities, contingencies and commitments. Under the terms of this take over arrangement, AMML injected Rs. 25 million as certificate deposit money into the fund of the Modaraba against which Modaraba certificates were issued to AMML on June 04, 2009.
- 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 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 301-302, 3rd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore. It is listed on the Karachi, Lahore and Islamabad Stock Exchanges.

2. STATEMENT OF COMPLIANCE

- 2.1 These Financial Statements have been prepared in accordance with approved accounting standards as applicable in Pakistan except for International Accounting Standard (IAS) 17 "Leases", and the requirements of the Companies Ordinance, 1984, Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Islamic Financial Accounting Standard 1 (IFAS-1) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the approved accounting standards differ with the requirement of Companies Ordinance, 1984, Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the Securities and Exchange Commission of Pakistan (SECP), the requirements of later take precedence.

The SECP has issued directive (Vide SRO 431 (IJ/2007 dated May 22, 2007)) that Islamic Financial Accounting Standard 2 (IFAS-2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Ijara (Lease) transactions as defined by the said standards. The Modaraba is in compliance with the requirements of the aforesaid IFAS-2.

2.2 Standards not complied in preparation of the financial statements by the Modaraba

SECP vide its circular No. 10 of 2004 dated February 13, 2004 has deferred, till further orders, the applicability of IAS 17 on Modarabas with effect from July 01, 2003 and advised the management companies of Modarabas that they may continue to prepare the financial statements of the Modarabas without applying the requirements of the said IAS to the Modarabas.

2.3 Standards, interpretations and amendments to published approved accounting standards those are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than certain additional disclosures except for amendments in IAS 19:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IAS 1 - Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income	July 01, 2012
IFRS 7 – Financial Instruments : Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2013
Amendments to IAS 16 - Property, Plant and Equipment - Classification of servicing equipment	January 01, 2013
IAS 19 – Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2013
Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	January 01, 2013
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 01, 2014
Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	January 01, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013
Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
IFRS 1- First Time Adoption of International Financial Reporting Standards	
IFRS 9 – Financial Instruments	
IFRS 10 – Consolidated Financial Statements	
IFRS 11 – Joint Arrangements	
IFRS 12 – Disclosure of Interests in Other Entities	
IFRS 13 – Fair Value Measurement	
IAS 27- (Revised 2011)-Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11	
IAS 28- (Revised 2011)- Investment in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11	

3. **BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention, except certain financial instruments which are measured at fair value.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. In the process of applying the Modaraba's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

4.1.1 Useful lives, pattern of flow of economic benefits and impairment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits based on the analysis by the management of the Modaraba. Further, the Modaraba reviews the value of the assets for possible impairments on an annual basis and any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment established. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

4.1.2 Provisions against non performing financings

The Modaraba reviews its overdue leases at each reporting date to assess whether provision should be recorded in the profit and loss account, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

4.2 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash at bank and other short-term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.3 Investments

4.3.1 Available-for-sale

These are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value. For listed securities, fair value is determined on the basis of period end bid prices obtained from stock exchange quotations, while for unquoted securities, fair value is determined considering break up value of securities.

All purchases and sales of investments are recognized on the trade date which is the date when Modaraba commits to purchase or sell the investment. Cost of purchase includes transaction cost.

Changes in carrying value are recognized in equity until the investment is sold or determined to be impaired at which time the cumulative gain or loss previously recognized in equity is included in profit and loss account for the year.

4.3.2 Held-for-trading

Investments that are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as trading investments and included in current assets. These are initially measured at fair value and at subsequent reporting dates, these investments are re-measured at fair value. Realized and unrealized gains and losses arising from changes in fair value are included in profit and loss account for the year in which they arise.

The fair value of publicly traded securities is based on market prices quoted on the Karachi Stock Exchange at the balance sheet date. The investment for which a quoted market price is not available, are measured at cost as it is not practical to apply any other valuation methodology.

All purchases and sales of investments are recognized on the trade date which is the date that the Modaraba commits to purchase or sell the investment.

At each balance sheet date, the Modaraba reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial assets previously recognized in profit and loss account is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.4 Murabaha

Murabaha to the purchase orderer is sale transaction wherein the first party (the Modaraba) sells to the client / customer sharia compliant asset / goods for cost plus a pre-agreed profit. In principal on the basis of undertaking (promise-to-purchase) from the client (the purchase orderer), The Modaraba purchases the assets/goods subject of the Murabaha from third party and takes possession thereof, however, the Modaraba can appoint the client as its agent to purchase the assets/goods on its behalf. Thereafter, its sells it to the client at cost plus the profit agreed upon in the promise. Murabaha financing is recorded at the invoiced amount and profit is recognized. Profit on that portion of sale revenue not due for payment is deferred and recognized as liability. Goods purchased by the Modaraba but remained unsold, if any with the Modaraba at balance sheet date constitute inventories.

4.5 Leases (Ijarahs)

Modarabas are required to enter into lease contracts in accordance with the principles of Sharia and in the form approved by Modaraba's Religious Board. The principles of Sharia prohibit the Modaraba from undertaking any interest based transactions. The application of these principles has profound implications on the accounting treatment for leases which are divergent from the accounting treatment pronounced by IAS 17, which are explained as follows:

- (i) Although all the leases entered into by the Modaraba are fully paid out leases but, in accordance with the principles of Sharia substantial risks and rewards incidental to ownership of leased assets remain with the Modaraba as a lessor and are not transferred to the lessee, and
- (ii) The method of income recognition of finance lease prescribed by IAS-17 is interest based which is against the injunctions of Sharia.

In view of the above anomalies and in accordance with the injunctions of Sharia, the leased out asset is recorded in the Modaraba's accounts as operating lease.

4.6 Diminishing Musharakah Financing

In Diminishing Musharakah based financing, the Modaraba enters into a Musharakah based on Shirkat-ul-milk for financing an agreed share of asset (e.g. house, land, plant or machinery, crops etc) with its customers and enters into periodic profit payment agreement for the utilization of the Modaraba's Musharakah share by the customer.

4.7 Tangible fixed assets

4.7.1 Operating fixed assets in own use and depreciation

Operating fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to income by applying the straight-line method at the rates given in note 17.2.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain/loss on disposal of assets is charged to current year's income.

4.7.2 Assets given to customers on lease and depreciation

Leased assets are stated at cost less accumulated depreciation. Depreciation is charged to income by applying the straight line method whereby the cost of an asset less salvage value is written off over the leased period, which is considered to be the estimated useful life of the asset. Depreciation on additions and disposals during the year is charged proportionately from the date of commencement of the lease to the date of its maturity/termination.

4.7.3 Assets given to customers under ijarah agreements

Assets given to customers under ijarah arrangements on or after 01 July 2008 are accounted for as operating lease and are stated at cost less accumulated depreciation and impairment loss, if any. Assets under ijarah arrangements are depreciated on straight line basis over the shorter of ijarah term or asset's useful life. In respect of additions and transfer during the year, depreciation is charged proportionately to the period of ijarah.

4.7.4 Impairment

Services of independent valuers are used to value the assets. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss account.

4.8 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Fixed assets once classified as held for sale are not depreciated.

4.9 Trade debts

Trade debts originated by the Modaraba are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. Known bad debts are written off and provision is made against debts considered doubtful when collection of the full amount is no longer probable.

4.10 Inventories

Murabaha transaction are entered into on customer order basis, therefore, in normal circumstances there is no inventory. However, if any inventory remains unsold by the modaraba at period end will be measured at lower of cost and net realizable value. Cost is determined on the first in first out basis.

4.11 Ijarah Assets

The Modaraba recognizes ijarah payments under an Ijarah agreement as an expense in the profit and loss account on a straight line basis over the Ijarah term.

4.12 Revenue recognition

4.12.1 Murabaha profit

Profit on finances under Murabaha arrangements is recognized on a pro-rata basis taking into account the duration of placement of funds. Income on Murabaha executed on or after 1 July 2009 is accounted for on culmination of murabaha transaction. However, profit not due for payment in the current year is deferred by accounting for unearned murabaha income with corresponding credit to deferred Murabaha income which is recorded as a liability. The same is then recognized as revenue on a time proportionate basis.

4.12.2 Diminishing Musharakah profit

Profit on Diminishing Musharakah financings are recognised on accrual basis.

4.12.3 Lease rentals

The Modaraba records all lease transactions as operating leases. Lease rentals are recognized as income when lease installments become due under the agreements.

4.12.4 Ijarah rentals

For ijarah agreements executed on or after July 01, 2008 ijarah rentals are recognized as income on accrual basis as and when the rental become due over the ijarah period.

4.12.5 Dividend income

Dividend income is recognized when the right to receive payment is established.

4.12.6 Capital gain or loss

Capital gain or loss on sale of investments is recognized in the period in which it arises.

4.13 Taxation

Current:

Provision for current taxation is based on taxable income at current rates of taxation after taking into account applicable tax credit, rebates and exemption available, if any. The income of non-trading modarabas is exempt from tax provided that not less than 90% of their profits are distributed to the certificate holders.

Deferred:

Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary timing differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated based on the rates that have been enacted or substantively enacted up to the balance sheet date and are expected to apply to the period when the difference arises.

4.14 Financial instruments

Financial instruments include long term deposits, trade debts, advances, deposits and other receivables, cash and bank balances, murabaha finances, ijarah rental receivables, investments, creditors, accrued and other liabilities.

Financial assets and liabilities are recognized at the time the Modaraba becomes a party to the contractual provisions of the instruments.

The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the Modaraba loses control of the contractual rights that comprise the financial asset. The Modaraba loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Modaraba surrenders those rights.

Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit and loss account currently.

Financial assets and liabilities are offset when the Modaraba has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

4.15 Retirement and termination benefits

The Modaraba operates a defined contributory approved provident fund for all its employees. The Modaraba and the employees both make equal monthly contributions to the fund at the rate of 10% of the basic salary of employees.

4.16 Dividend

Dividend distribution to the Modaraba's certificate holders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Modaraba Management Company.

4.17 Earnings per certificate

Earnings per certificate is calculated by dividing the profit after taxation for the year by the weighted average number of certificates outstanding during the year.

	Note	2013 Rupees	2012 Rupees
5. CASH AND BANK BALANCES			
Cash in hand		22,133	67,417
Balances with bank in:			
Current accounts		391,747	5,601,870
Saving accounts	5.1	2,998,386	18,869,474
		3,390,133	24,471,344
		3,412,266	24,538,761

5.1 These carry profit at the rate of 5% to 6% (2012: 6%) per annum.

6. SHORT TERM INVESTMENTS

Financial assets at fair value through profit and loss - Held-for-trading

Shares of listed companies - at cost	6.1	23,960	3,146,090
Less: Unrealized loss on revaluation of held-for-trading investments		10,080	(1,039,550)
	6.1	34,040	2,106,540

	2013		2012	
	Average cost	Market value	Average cost	Market value
	-----Rupees-----			

6.1 Shares of listed companies

Mari Gas Company Ltd	23,960	34,040	120,039	117,263
250 (2012: 1,250) ordinary shares of Rupees 10 each fully paid				
Azgard Nine Limited	-	-	379,733	160,000
Nil (2012: 25,000) ordinary shares of Rupees 10 each fully paid				
Pakistan International Airlines	-	-	315,059	225,944
Nil (2012: 102,702) ordinary shares of Rupees 10 each fully paid				
Kohinoor Textile Mills Limited	-	-	1,261,547	796,733
Nil (2012: 191,063) ordinary shares of Rupees 10 each fully paid				
Pakistan State Oil Company Limited	-	-	313,549	235,840
Nil (2012: 1,000) ordinary shares of Rupees 10 each fully paid				
Fauji Cement Company Limited	-	-	168,120	140,750
Nil (2012: 25,000) ordinary shares of Rupees 10 each fully paid				
Engro Polymer & Chemicals Limited	-	-	72,290	49,250
Nil (2012: 5,000) ordinary shares of Rupees 10 each fully paid				

	2013		2012	
	Average cost	Market value	Average cost	Market value
	-----R u p e e s-----			
Engro Chemicals Ltd	-	-	318,512	238,306
Nil (2012: 2,340) ordinary shares of Rupees 10 each fully paid				
Descon Oxychem Limited	-	-	125,323	64,020
Nil (2012: 16,500) ordinary shares of Rupees 10 each fully paid				
Nishat Chunian Limited	-	-	71,918	78,434
Nil (2012: 4,500) ordinary shares of Rupees 10 each fully paid				
	23,960	34,040	3,146,090	2,106,540

	Note	2013 Rupees	2012 Rupees
7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to employees against salary - considered good		67,000	238,442
Security deposits		4,500	4,500
Prepayments		2,009,290	704,290
Due from brokers against sale of shares		119,975	10,214
Trade receivables	7.1	10,005,331	3,882,033
Receivable from Trust Management Services (Pvt) Ltd		1,490,418	1,490,418
Provision for doubtful receivables		(1,490,418)	(1,490,418)
		-	-
Legal suits charges receivable	7.2	2,155,856	2,335,856
Provision for doubtful receivables		(1,285,346)	(1,485,346)
		870,510	850,510
Late payment charges receivable		3,192,155	3,192,155
Suspended income		(3,192,155)	(3,192,155)
		-	-
Sundry receivables		5,963,164	1,624,963
Provision for doubtful receivables		(372,526)	(291,852)
		5,590,638	1,333,111
		18,667,244	7,023,100
7.1	This represents amount receivable against the sale of stock in trade.		
7.2	Legal suits charges receivable		
Opening balance		2,335,856	2,449,648
Addition during the year		30,000	170,010
Reversal due to recovery		(210,000)	-
Write off during the year		-	(283,802)
		2,155,856	2,335,856

	Note	2013 Rupees	2012 Rupees
8. SHORT TERM MURABAHA FINANCES - Secured			
Considered good	8.1	16,750,061	53,196,073
Considered doubtful			
- Regular parties		10,000,000	-
- Parties under litigation	8.2	70,458,743	83,508,743
- Recovery during the year		(5,168,443)	(4,130,469)
- Written off		(500,000)	(8,919,531)
		64,790,300	70,458,743
		74,790,300	70,458,743
Provision for classified receivables under Prudential Regulations for Modarabas	8.3	(28,700,301)	(29,601,300)
		62,840,060	94,053,516
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	These Include an amount of Rs. 61.690 million (2012: Rs. 64.508 million) is receivable from 7 (2012: 9) customers under Murabaha finance. Legal proceedings against these customers are in process in the Honorable Courts of Law. The Courts have awarded decree in favour of Modaraba in 7 (2012: 9) cases for recovery of Rs.53.599 million (2012: Rs.91.047 million), while execution petitions for these cases are pending. Settlement / compromise agreements have been made with two parties during the year ended June 30, 2013.		
8.3 Provision for classified receivables under Prudential Regulations			
Opening balance	8.3.1	29,601,300	38,451,932
Provision for the year		-	68,899
Reversal due to recovery		(401,000)	-
Written off		(500,000)	(8,919,531)
		28,700,300	29,601,300
8.3.1	Provision is adjusted for any amount of liquid assets, realizable without recourse to a court of law and the forced sale value of any mortgaged/pledged securities as valued by professional valuers.		
9. LONG TERM MURABAHA FINANCES - Secured			
Considered good		57,119,218	18,300,582
Considered doubtful	9.2	40,000,000	40,000,000
		97,119,218	58,300,582
Current portion grouped under current assets	9.3	(67,524,001)	(52,084,028)
		29,595,217	6,216,554
9.1	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.		

	Note	2013 Rupees	2012 Rupees
9.2			
It includes Rs. 40 million (2012: Rs. 40 million) receivable from 1 (2012: 1) customer under murabaha finance which is under litigation. Legal proceedings against this customer is in process in the Honorable Courts of Law. The Courts have awarded decree in favour of Modaraba in this case for recovery of Rs. 50.035 million (2012: Rs. 50.035 million).			
9.3			
Current portion of long term murabaha finances			
- Installments overdue		40,000,000	40,000,000
- Installments receivable within next 12 months		27,524,001	12,084,028
		67,524,001	52,084,028
Provision for classified receivables under Prudential Regulations for Modarabas	9.3.1	(8,000,000)	(8,000,000)
		59,524,001	44,084,028
9.3.1			
Provision is adjusted for any amount of liquid assets realizable without recourse to a court of law and the forced sale value of mortgaged/pledged securities as valued by professional valuers.			
10. IJARAH RENTAL RECEIVABLES - secured			
Ijarah rentals receivables	10.1	40,872,988	38,004,071
Written off		(493,545)	(52,976)
		40,379,443	37,951,095
Suspended ijarah income - considered doubtful	10.2	(18,643,562)	(18,924,578)
Provision for doubtful Ijarah rental receivables	10.3	(2,958,183)	(2,958,183)
		18,777,698	16,068,334
10.1			
It includes receivable from a customer amounting to Rs.7,250,040 (2012: Rs.7,250,040) against which the Modaraba has a claim due from a financial institution in respect of prorata share of the sale proceed of jointly attached two properties sold by the said financial institution under the Court orders.			
10.2			
The movement in suspense account against lease rental receivable is given below:			
Opening balance		18,924,578	17,601,625
Write off during the year		(493,545)	-
Recovery during the year		-	-
Suspension made during the year		212,529	1,322,953
		18,643,562	18,924,578
10.3			
Provision for doubtful ijarah rental receivables:			
Opening balance		2,958,183	2,958,183
Recovery during the year		-	-
Written off		-	-
		2,958,183	2,958,183

11. DIMINISHING MUSHARAKA FINANCES

These are secured against land of musharaka's participant and is considered good by the management of the Modaraba.

	Note	2012 Rupees	2011 Rupees
12. ACCRUED PROFIT			
Profit receivable on long term investment		2,508,806	2,312,940
Profit receivable on diminishing musharakah finances		1,072,018	697,262
Profit on murabaha finances		9,327,746	8,178,312
Suspended income	12.1	(8,944,738)	(7,778,985)
		383,008	399,327
		3,963,832	3,409,529
12.1 Suspended income account against murabaha profit receivable is as follows:			
Opening balance		7,778,985	9,135,049
For the year		1,165,753	839,508
Recovery during the year		-	(135,616)
Written off		-	(2,059,956)
		8,944,738	7,778,985
13. STOCK IN TRADE			
This represents goods purchased for trading purpose.			
14. ASSETS CLASSIFIED AS HELD FOR SALE			
This represented the property acquired in satisfaction of the Modaraba's claim through court decree. The management sold the property during the year.			
15. LONG TERM DEPOSITS			
Central Depository Company		154,862	154,862
Others		1,149,100	1,029,500
		1,303,962	1,184,362
16. LONG TERM INVESTMENTS			
Available for sale			
Equity securities - listed	16.1	1,696,630	8,208,643
Certificates of Mutual Funds - listed	16.2	-	528,702
Sukuk certificates - listed	16.3	8,031,750	8,719,250
Total investment at cost		9,728,380	17,456,595
Provision for diminution in value of investments (impairment)	16.4	(503,479)	(6,160,512)
		9,224,901	11,296,083
Unrealized gain / (loss) on revaluation of investments		(689,900)	(1,314,510)
Net investments at fair value		8,535,001	9,981,573

	2013		2012	
	Average cost	Market value	Average cost	Market value
16.1 Equity Securities - listed	-----Rupees-----			
Amin Spinning Mills Limited Nil (2012: 400) ordinary shares of Rupees 10 each fully paid	-	-	7,516	1,168
Azgard Nine Limited Nil (2012: 30,000) ordinary shares of Rupees 10 each fully paid	-	-	877,704	192,000
Dewan Salman Fibres Limited Nil (2012: 14,499) ordinary shares of Rupees 10 each fully paid	-	-	400,968	23,778
Kohinoor Textile Mills Limited Nil (2012: 17,209) ordinary shares of Rupees 10 each fully paid	-	-	573,672	71,762
Fauji Cement Company Limited Nil (2012: 79,900) ordinary shares of Rupees 10 each fully paid	-	-	1,606,713	449,837
Pakistan Telecommunication Company Limited 75,000 (2012:105,000) ordinary shares of Rupees 10 each fully paid	1,530,230	1,638,000	2,142,320	1,437,450
Pakistan International Airlines Corporation Limited 'A' Nil (2012: 107,298) ordinary shares of Rupees 10 each fully paid	-	-	1,844,467	236,056
Descon Oxychem Limited Nil (2012: 1,500) ordinary shares of Rupees 10 each fully paid	-	-	13,737	5,820
Engro Polymer & Chemicals Limited Nil (2012: 25,000) ordinary shares of Rupees 10 each fully paid	-	-	575,150	246,250
Mari Gas Company Limited 1,250 (2012: 1,250) ordinary shares of Rupees 10 each fully paid	166,400	170,438	166,396	117,263
	1,696,630	1,808,438	8,208,643	2,781,384

	2013		2012	
	Average cost	Market value	Average cost	Market value
-----Rupees-----				
16.2 Certificates of Mutual Funds				
Investec Mutual Fund	-	-	528,702	4,845
Nil (2012: 28,500) certificates of Rupees 10 each				
	-	-	528,702	4,845

16.3 This represents 2,000 (2012: 2,000) BRR Guardian Modaraba certificates having face value Rs. 10 million carrying profit at one month KIBOR (2012: one months KIBOR plus 130 basis points). These will mature in December 2016 and are secured against joint ownership of musharaka assets. The fair value of each certificate as on 30 June is Rs. 3,750 (2012: Rs. 3,750).

	2013 Rupees	2012 Rupees
16.4 Particulars of provision for diminution in value of investments (impairment)		
Opening balance	6,160,512	6,471,988
Reversal of impairment on disposal of available-for-sale investments	(5,657,033)	(380,278)
Impairment for the year	-	68,802
Closing balance	503,479	6,160,512

17 FIXED ASSETS

Operating fixed assets given on lease (ijarah) - tangible
Operating fixed assets in own use - tangible

Note

	2013	2012
	189,465,903	161,924,663
	14,219,062	14,834,882
	203,684,965	176,759,545

17.1 Operating fixed assets given on lease (ijarah) - tangible

PARTICULARS	BALANCE AS AT 01 JULY 2012			FOR THE YEAR			BALANCE AS AT 30 JUNE 2013		
	Cost	Accumulated Depreciation	Net book value	Additions	Disposal Cost / (Accumulated Depreciation)	Depreciation Charge	Cost	Accumulated Depreciation	Net book value
Plant and equipments	244,814,304	164,330,694	80,483,610	26,520,000	123,654,900 (97,480,057)	22,624,490	147,679,404	89,475,127	58,204,277
Vehicles	113,107,609	31,902,970	81,204,639	104,974,000	42,836,460 (19,255,403)	31,500,118	175,245,149	44,147,685	131,097,464
Furniture and fixtures	397,000	160,586	236,414	185,000	397,000 (269,415)	129,667	185,000	20,838	164,162
	358,318,913	196,394,250	161,924,663	131,679,000	166,888,360 (117,004,875)	54,254,275	323,109,553	133,643,650	189,465,903

PARTICULARS	BALANCE AS AT 01 JULY 2011			FOR THE YEAR			BALANCE AS AT 30 JUNE 2012		
	Cost	Accumulated Depreciation	Net book value	Additions	Disposal Cost / (Accumulated Depreciation)	Depreciation Charge	Cost	Accumulated Depreciation	Net book value
Plant and equipments	219,069,304	135,605,319	83,463,985	27,245,000	1,500,000 (291,670)	29,017,045	244,814,304	164,330,694	80,483,610
Vehicles	89,781,607	20,525,630	69,255,977	56,840,700	33,514,698 (15,610,706)	26,988,046	113,107,609	31,902,970	81,204,639
Furniture and fixtures	173,000	32,139	140,861	292,000	68,000 (36,330)	164,777	397,000	160,586	236,414
	309,023,911	156,163,088	152,860,823	84,377,700	35,082,698 (15,938,706)	56,169,868	358,318,913	196,394,250	161,924,663

17.1.1 Modaraba has filed suits for possession of leased assets valuing Rs. 74.639 million (2012: Rs. 73.78 million) against 5 clients (2012: 3 clients). The respective courts have granted decrees against these 4 (2012: 3) clients in favor of Modaraba. The Courts have decided to attach some properties of customers in addition to their assets to the Modaraba. However, execution petitions for recovery of the decretal amount are still pending.

17.2 Operating fixed assets in own use - tangible

PARTICULARS	BALANCE AS AT 01 JULY 2012			FOR THE YEAR			BALANCE AS AT 30 JUNE 2013			RATE %
	Cost	Accumulated Depreciation	Net book value	Additions	Disposal Cost / (Accumulated Depreciation)	Depreciation Charge	Cost	Accumulated Depreciation	Net book Value	
OWNED										
Land	11,106,200	-	11,106,200	-	-	-	11,106,200	-	11,106,200	-
Furniture & fixtures	1,442,405	623,560	818,845	-	-	111,924	1,442,405	735,484	706,921	10
Office equipments	1,609,813	958,377	651,436	358,083	-	100,119	1,967,896	1,058,496	909,400	10
Vehicles	1,615,595	1,025,723	589,872	-	152,800 (76,043)	304,818	1,462,795	1,254,498	208,297	20
Lease hold improvements	700,000	226,062	473,938	-	-	194,748	700,000	420,810	279,190	20
Books	16,423	16,423	-	-	-	-	16,423	16,423	-	20
Electrical equipments	699,708	234,284	465,424	130,073	-	65,614	829,781	299,898	529,883	10
Computer software	750,000	20,833	729,167	-	-	249,996	750,000	270,829	479,171	33.33
	17,940,144	3,105,262	14,834,882	488,156	152,800 (76,043)	1,027,219	18,275,500	4,056,438	14,219,062	

PARTICULARS	BALANCE AS AT 01 JULY 2011			FOR THE YEAR			BALANCE AS AT 30 JUNE 2012			RATE %
	Cost	Accumulated depreciation	Net book value	Additions	Disposal Cost / (Accumulated Depreciation)	Depreciation Charge	Cost	Accumulated depreciation	Net book Value	
OWNED										
Land	11,106,200	-	11,106,200	-	-	-	11,106,200	-	11,106,200	-
Furniture & fixtures	1,337,605	514,309	823,296	104,800	-	109,251	1,442,405	623,560	818,845	10
Office equipments	1,438,103	881,976	556,127	171,710	-	76,401	1,609,813	958,377	651,436	10
Vehicles	1,572,990	711,023	861,967	42,605	-	314,700	1,615,595	1,025,723	589,872	20
Lease hold improvements	407,261	87,972	319,289	292,739	-	138,090	700,000	226,062	473,938	20
Books	16,423	16,423	-	-	-	-	16,423	16,423	-	20
Electrical equipments	571,788	176,414	395,374	127,920	-	57,870	699,708	234,284	465,424	10
Computer software	16,450,370	2,388,117	14,062,253	750,000	-	20,833	750,000	20,833	729,167	33.33
				1,489,774		717,145	17,940,144	3,105,262	14,834,882	

17.2.1 The present management, after taking over the control of Modaraba on February 23, 2009, prompted to verify the status of land measuring 10 kanals, costing Rs. 10,728,400 situated at Mauza Amer Sidhu, Lahore Cantt with the revenue authorities and it was known that the land was acquired by Defence Housing Authority, Lahore (DHA) many years ago. After then, contact was made with DHA and various communications were exchanged to take possession of land from DHA. DHA through its letter dated June 11, 2009 intimated that DHA is the lawful owner of the land; therefore, its possession cannot be handed over to the Modaraba. DHA officials are of the view that the said land was purchased by DHA much earlier to the alleged purchase of Modaraba, however, no documentary proof to this affect has been made available to the Modaraba so far. Meanwhile, the Modaraba has 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.

17.2.2 Management intends to use this land for administration purposes in near future.

17.3 Disposal of operating fixed assets

17.3.1 Disposal of assets given on lease (Ijarah)

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
Suzuki Mehran VX	470,500	58,810	411,690	434,553	22,863	Term of lease agreement	4th Floor, AWT Plaza, The Mall, Rawalpindi
Suzuki Mehran VX	433,000	177,288	255,712	324,950	69,238	Term of lease agreement	33-G, State Life Housing Society Lahore
Toyota Land Crusier	6,500,000	1,084,721	5,415,279	5,600,947	185,668	Term of lease agreement	4-C Farooq Heights, 36th commercial Street,DHA Karachi
Toyota Corolla XLI	1,394,000	151,008	1,242,992	1,272,600	29,608	Term of lease agreement	House No.594, Nizam Block, Allama Iqbal Town, Lahore
Unique Motor Bike	43,000	4,299	38,701	38,886	185	Term of lease agreement	L-344 Sector 6-A Maripur Hawksbay Karachi
CNG Equipment	10,875,330	10,875,330	-	-	-	Term of lease agreement	Union CNG Station 7-KM, Lahore Road, Sheikhpura
Machinery	13,000,000	4,399,992	8,600,008	8,600,000	(8)	Term of lease agreement	Katcha Fatomund, Commissioner Road, Gujranwala
Embroidery Machine	12,600,000	9,999,984	2,600,016	2,600,000	(16)	Term of lease agreement	4/2-Judge Wala, Shersingh Road Faisalabad
Honda CD-70	37,700	32,045	5,655	5,655	-	Term of lease agreement	House No.131, Nishiar Block, Allama Iqbal Town, Lahore
Toyota Corolla 2.0D	1,287,000	965,268	321,732	321,750	18	Term of lease agreement	284/4 Block-X, DHA, Lahore
Cuore CX CNG	664,000	102,003	561,997	562,200	203	Term of lease agreement	15, Aurangzeb Block, New Garden Town, Lahore
Suzuki Cultus-ARG 532	546,065	479,880	66,185	66,200	15	Term of lease agreement	26/771 Drig Road Cantt Bazar Sharah-e-Faisal Karachi
Suzuki Cultus-ARG-534	546,065	479,550	66,515	66,200	(315)	Term of lease agreement	House No.E 1/2, Block-17, Gulshan-e-Iqbal, Karachi
Daihatsu Cuore	715,000	571,992	143,008	143,000	(8)	Term of lease agreement	House No. 61, Street No. 6, Block Y, Peoples Colony, Gujranwala
Toyota Corolla GLI	1,679,000	1,343,196	335,804	329,705	(6,099)	Term of lease agreement	180-Shadman-II, Lahore
Suzuki Cultus ARH-502	546,065	479,880	66,185	66,200	15	Term of lease agreement	House No.76/4, Abdul Rasool Qazi Road, Karachi
Suzuki Cultus ARH-503	546,065	479,880	66,185	66,200	15	Term of lease agreement	Sheikh Sultan Trust Building No.2, Beaumont Raod, Karachi
Home Appliance	140,000	111,996	28,004	35,265	7,261	Term of lease agreement	C-2 Glaxy Apartment Block -8 Clifton Karachi
Toyota Beita	1,050,000	428,750	621,250	671,625	50,375	Term of lease agreement	Chani Da Qila, G.T. Road, Gujranwala
Suzuki Mehran VX	517,500	251,351	266,149	284,483	18,334	Term of lease agreement	155/9, Street Ghari Awan, Hafizabad
Toyota Corolla GLI	1,426,000	459,476	966,524	990,284	23,760	Term of lease agreement	15, Aurangzeb Block, New Garden Town, Lahore
Suzuki Mehran	539,000	173,651	365,349	375,156	9,807	Term of lease agreement	15, Aurangzeb Block, New Garden Town, Lahore
Toyota Vitz	985,000	396,749	588,251	609,010	20,759	Term of lease agreement	15, Aurangzeb Block, New Garden Town, Lahore
Honda Citi	850,000	472,200	377,800	435,410	57,610	Term of lease agreement	House No. 74-D block-B, North Nazimabad Karachi
Suzuki Bolan	450,000	174,993	275,007	301,458	26,451	Term of lease agreement	C-19-1A Punjab Colony Karachi
Laptop	27,000	7,425	19,575	20,636	1,061	Term of lease agreement	Chak No. 225 E/B, Gagoo Mandi, Burewala
Suzuki Alto VXR	796,000	201,214	594,786	651,902	57,116	Term of lease agreement	P.O Ghakkar Mandi, Tehsil Wazirabad, Gujranwala
Super Star Bike	39,500	35,544	3,956	3,950	(6)	Insurance claim	EFU House, M.A Jimnah Road, Karachi
Suzuki Bolan	549,000	439,200	109,800	109,800	-	Term of lease agreement	Model Town, Noyenky, Tehsil and District Gujranwala
Toyota Corolla Xli	1,337,000	1,069,600	267,400	267,400	-	Term of lease agreement	Peoples Colony, Gujranwala
Suzuki Alto VXR	500,000	450,000	50,000	50,000	-	Term of lease agreement	House No 197-198, Ravi Block, Allama Iqba Town, Lahore
Water Jet Machines	4,000,000	2,800,000	1,200,000	1,200,000	-	Term of lease agreement	Kot Habib Ullah, Near By Pass Road, Gujranwala
Toyota Corolla Gili	1,384,000	1,107,216	276,784	276,800	16	Term of lease agreement	Ferozwala, Gujranwala
Toyota Vitz	1,252,000	862,482	389,518	479,199	89,681	Term of lease agreement	Aliabad, Tehsil Waniky Tarrar, Hafizabad
Honda CD-70	66,500	28,821	37,679	34,575	(3,104)	Term of lease agreement	Bhelawal, Post Office Bhagawal Kalan, Gujrat
Suzuki Bolan	564,000	463,992	100,008	100,000	(8)	Term of lease agreement	7 A-S-9, Shaht Street, Abdali Road, Islam Pura Lahore
Toyota Corolla GJI	1,604,000	761,155	842,845	869,114	26,269	Term of lease agreement	7 A-S-9, Shaht Street, Abdali Road, Islam Pura Lahore
Balances - carried forward	69,959,290	42,380,941	27,578,349	28,265,113	686,764		

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
Balances - Brought forward	69,959,290	42,380,941	27,578,349	28,265,113	686,764		
Toyota Corolla Xli	3,730,000	2,872,080	857,920	857,900	(20)	Term of lease agreement	4th Floor, AWT Plaza, The Mall, Rawalpindi
Toyota Corolla Gli	1,529,000	764,496	764,504	764,500	(4)	Term of lease agreement	33-G, State Life Housing Society Lahore
Suzuki Cultus VXR CNG	830,000	663,984	166,016	166,000	(16)	Term of lease agreement	4-C Farooq Heights, 36th commercial Street,DHA Karachi
Toyota Corolla Gli	1,414,000	1,060,488	353,512	353,500	(12)	Term of lease agreement	House No.594, Nizam Block, Allama Iqbal Town, Lahore
Machinery	8,134,250	5,662,440	2,471,810	2,471,800	(10)	Term of lease agreement	L-344 Sector 6-A Maripur Hawksbay Karachi
Plant & Machinery	650,000	552,492	97,508	97,635	127	Term of lease agreement	Union CNG Station 7-KM, Lahore Road, Sheikhupura
Plant & Machinery	150,000	150,000	-	-	7	Term of lease agreement	Katcha Fatmunda, Commissioner Road, Gujranwala
Plant & Machinery	1,875,000	1,687,507	187,493	187,500	-	Term of lease agreement	4/2-Judge Wala, Shersingh Road Faisalabad
Plant & Machinery	50,000,000	50,000,000	-	-	-	Term of lease agreement	House No.131, Nishtar Block, Allama Iqbal Town, Lahore
Toyota Corolla Xli, Suzuki Alto	2,475,000	268,124	2,206,876	2,306,751	99,875	Term of lease agreement	284/4 Block-X, DHA, Lahore
Honda City	1,425,000	53,700	1,371,300	1,384,037	12,737	Term of lease agreement	15, Aurangzeb Block, New Garden Town, Lahore
Panasonic Camera	230,000	149,994	80,006	80,000	(6)	Term of lease agreement	26771 Drig Road Cantt Bazar Sharah-e-Faisal Karachi
Embroidery Machine	18,000,000	7,999,992	10,000,008	10,000,000	(8)	Term of lease agreement	House No.E 1/2, Block-17, Gulshan-e-Iqbal, Karachi
Super Star Bike	42,500	1,594	40,906	41,139	233	Term of lease agreement	House No. 61, Street No. 6, Block Y, Peoples Colony, Gujranwala
Toyota Corolla Gli	1,690,000	887,247	802,753	841,146	38,393	Term of lease agreement	180-Shadman-II, Lahore
Toyota Hilux Vigo	2,700,000	555,560	2,144,440	2,250,773	106,333	Term of lease agreement	House No.76/4, Abdul Rasool Qazi Road, Karachi
Toyota Corolla GLI	1,414,000	813,996	600,004	600,000	(4)	Term of lease agreement	Sheikh Sultan Trust Building No.2, Beaumont Raod, Karachi
Diesel Power Generator	640,320	480,240	160,080	160,080	-	Term of lease agreement	C-2 Glaxy Apartment Block -8 Clifton Karachi
Total	166,888,360	117,004,875	49,883,485	50,827,874	944,389		

17.3.2 Disposal of assets in own use

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
Motor Cycle Honda CG-125	87,400	42,253	45,147	45,147	-	As per service rule	House No. 3, Block No. 3, Chowk Rannager Rajgarh Rd, Lahore
Motor cycle Honda CD-70	65,400	33,790	31,610	31,610	-	As per service rule	Chak No. 463 EB, Distt. Vehari Tehsil Burawala
Total	152,800	76,043	76,757	76,757	-		

	Note	2013 Rupees	2012 Rupees
18. CUSTOMERS' SECURITY DEPOSITS			
Opening balance		94,362,017	69,195,653
Received during the year		42,137,039	36,620,697
Adjusted during the year	18.2	(42,111,381)	(11,454,333)
Closing balance		94,387,675	94,362,017
Less: Current portion shown as current liabilities		(34,943,535)	(33,758,135)
		<u>59,444,140</u>	<u>60,603,882</u>
18.1 These represent the customers' deposits to secure the lease finances given to customers.			
18.2 This includes an amount of Rs. 541,552 pertaining to two lease proposals against which the facility was not accepted by the clients and the security deposit was refunded.			
19. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Accrued expenses		214,477	-
Management fee payable		2,559,142	1,345,530
Deferred income on murabaha	19.1	8,942,443	5,667,324
Security deposit against sale of property		30,000	2,030,000
Unclaimed dividends		9,875,342	9,878,675
Other liabilities		3,060,678	5,853,064
		<u>24,682,082</u>	<u>24,774,593</u>
19.1 Deferred income on murabaha			
Opening balance		6,429,730	5,972,111
Total income for the year		18,869,143	12,039,452
Recognized during the year		(11,422,838)	(11,581,833)
		<u>13,876,035</u>	<u>6,429,730</u>
Long term portion shown as non-current liabilities		(4,933,567)	(762,406)
		<u>8,942,468</u>	<u>5,667,324</u>
20. CERTIFICATE CAPITAL			
Authorized Capital			
50,000,000 (2012: 50,000,000) Modaraba Certificates of Rs.10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital			
15,000,000 (2012: 15,000,000) Modaraba Certificates of Rs.10/- each fully paid-up in cash		150,000,000	150,000,000
12,300,000 (2012: 12,300,000) Modaraba Certificates of Rs.10/- each issued as fully paid bonus certificates		123,000,000	123,000,000
2,500,000 (2012: 2,500,000) Modaraba Certificates of Rs.10/- each issued as fully paid as a result of take over	20.1	25,000,000	25,000,000
		<u>298,000,000</u>	<u>298,000,000</u>
20.1 Al-Zamin Modaraba Management (Private) Limited held 5,261,388 (2012: 5,261,388) modaraba certificates as required by the SECP vide Order No. SC/M/RW/Trust/2009-43.			

	Note	2013 Rupees	2012 Rupees
21 RESERVES			
Statutory reserve	21.1	65,767,979	61,161,526
Revenue reserves:			
Unrealized gain (loss) on revaluation of investments		(1,748,838)	(2,582,872)
Accumulated loss		(57,505,104)	(75,930,916)
		(59,253,942)	(78,513,788)
		6,514,037	(17,352,262)
21.1	This represents profit set aside to comply with the Prudential Regulations for modarabas issued by the SECP. These regulations require a modaraba to transfer not less than 20% and not more than 50% of its after tax profits till such time that reserves equals to 100% of the paid up capital. Thereafter, a sum not less than 5% of its after tax profits.		
22. CONTINGENCIES AND COMMITMENTS			
	There were no contingencies outstanding as at 30 June 2013. Commitments in respect of unavailed murabaha facilities as on balance sheet date were Rs. Nil (2012: Rs. Nil), while commitments in respect of ijarah facilities are as follows:		
-	Ijarah commitments		
	The Modaraba has entered into ijarah arrangement for vehicle. 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 due under these arrangements, at year end are as follows:		
	Within one year	1,861,548	1,466,868
	After one year but not more than five years	2,032,606	2,446,994
		3,894,154	3,913,862
23. INCOME FROM LEASING (IJARAH) OPERATIONS			
Income from leasing and Ijarah operations		75,392,338	70,345,476
Suspended income during the year		(212,529)	(1,375,928)
Receipts against suspended income		-	-
		75,179,809	68,969,548
24. PROFIT ON MURABAHA FINANCES			
Profit on Murabaha finance		12,565,782	11,934,834
Suspended income during the year		(1,165,753)	(834,247)
Receipts against suspended income		-	-
		11,400,029	11,100,587

	Note	2013 Rupees	2012 Rupees
25. TRADING INCOME / (LOSS)			
Sale		9,279,925	5,282,359
Cost of sales		(7,272,081)	(6,022,397)
		2,007,844	(740,038)
26. OTHER INCOME			
Processing, documentation, other fees and charges		-	75,000
Gain on disposal of assets classified as held for sale		4,409,474	-
Miscellaneous income	26.1	1,603,301	2,166,198
		6,012,775	2,241,198
26.1	This includes an amount of Rs. 578,772 pertaining to documentation fee.		
27. REVERSAL/ (EXCESS) OF PROVISION AGAINST NON PERFORMING MURABAHA FINANCES AND OTHER RECEIVABLE - Net			
Short term Murabaha finance		401,000	(64,325)
Long term Murabaha finance		-	114,631
Other receivable		-	2,075,680
		401,000	2,125,986
28. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	28.1	7,563,011	7,475,331
Legal and professional charges		183,178	193,895
Fees and subscription		1,270,286	764,162
Electricity, gas and water		769,354	888,373
Telephone, postage and courier		542,795	576,835
Advertisement		39,250	122,850
Printing and stationery		467,887	489,964
Traveling and conveyance		363,831	280,149
Entertainment		428,839	395,728
Insurance		2,848,255	2,259,795
Vehicle running		1,957,100	1,517,681
Auditors' remuneration	28.2	312,500	320,000
Repairs and maintenance		1,810,059	1,640,911
Registrar's services		84,808	78,995
Depreciation on own assets	17.2	1,027,219	717,145
Bank charges and commission		16,775	68,626
Miscellaneous		785,992	784,269
Freight and other expense		121,070	623,358
		20,592,209	19,198,067

28.1 This includes salaries and allowances paid to executives as per the following details:

		2013		
		Executives	Others	Total
-----Rupees-----				
Basic salary		2,084,772	2,067,839	4,152,611
House rent		938,147	930,528	1,868,675
Utilities		388,316	518,595	906,911
Other benefits	28.1.2	416,954	295,556	712,510
		3,828,189	3,812,518	7,640,707
Number of persons		<u>3</u>		

		2012		
		Executives	Others	Total
-----Rupees-----				
Basic salary		2,084,772	2,051,349	4,136,121
House rent		928,148	865,596	1,793,744
Utilities		442,309	154,970	597,279
Other benefits		486,933	461,254	948,187
		3,942,162	3,533,169	7,475,331
Number of persons		<u>3</u>		

28.1.1 Two executives have been provided with Modaraba maintained car and are also entitled for reimbursement of fuel expenses.

28.1.2 It includes an amount of Rs. 208,477 (2012: Rs. 152,787) against the provident fund contribution.

28.2 Auditors' remuneration	Note	2013	2012
		Rupees	Rupees
Annual	28.2.1	212,500	220,000
Half yearly		50,000	50,000
Out of pocket expenses		50,000	50,000
		312,500	320,000

28.2.1 It includes an amount of Rs. 12,500 for audit fee of provident fund.

29. OTHER CHARGES

Reversal of provision against doubtful receivables	29.1	(119,326)	(11,150)
Lease rental expense - vehicle		1,647,923	1,221,520
Gain on disposal of fixed assets		(944,389)	(878,975)
Unrealized (gain) / loss on revaluation of held-for-trading investments		(10,080)	5,716
		574,128	337,111

29.1 This represents provision held against legal suit charges receivable from defaulters.

	Note	2013 Rupees	2012 Rupees
30. TAXATION			
Current:			
For the year		-	-
Prior year		-	-
Deferred tax		-	-
		-	-

30.1 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.

31. EARNINGS PER CERTIFICATE - BASIC & DILUTED

Profit for the year	Rupees	23,032,265	12,109,774
Weighted average number of certificates	Number	29,800,000	29,800,000
Earnings per certificate	Rupees	0.77	0.41

32. RENTALS RECEIVABLE WITHIN NEXT TWELVE MONTHS

Future minimum lease rentals receivable on the basis of lease agreements executed up to 30 June are as follows:

Receivable not later than one year	68,707,841	46,453,977
Receivable later than one year but not later than 5 years	67,829,324	34,943,845
	136,537,165	81,397,822

33. MATURITIES OF ASSETS AND LIABILITIES

Total	2013		
	Up to one year	Over one to five years	Over five years
..... Rupees			

Assets:

Cash and bank balances	3,412,266	3,412,266	-	-
Short term investments	34,040	34,040	-	-
Advances, deposits, prepayments and other receivables	18,667,244	18,667,244	-	-
Short term murabaha finances	62,840,060	62,840,060	-	-
Current portion of long term murabaha finances	59,524,001	59,524,001	-	-
Ijarah rental receivables	18,777,698	18,777,698	-	-
Short term diminishing musharakah finances	16,533,309	15,445,805	1,087,504	-
Accrued profit	3,963,832	3,963,832	-	-
Tax refunds due from Government	1,545,766	1,545,766	-	-
Stock in trade	100,000	100,000	-	-
Long term murabaha finances	29,595,217	-	29,595,217	-

	2013			
	Total	Up to one year	Over one to five years	Over five years
..... Rupees				
Long term deposits	1,303,962	189,362	1,114,600	-
Long term investments	8,535,001	687,500	7,847,501	-
Assets given on Ijarah	189,465,903	70,575,568	118,890,335	-
Assets in own use	14,219,062	1,088,362	1,811,290	11,319,410
Assets classified as held for sale	-	-	-	-
	428,517,361	256,851,504	160,346,447	11,319,410
Liabilities:				
Current portion of long term liabilities	34,943,535	34,943,535	-	-
Creditors, accrued and other liabilities	29,615,649	24,682,082	4,933,567	-
Customers' security deposits	59,444,140	-	59,444,140	-
	124,003,324	59,625,617	64,377,707	-
Net Balance	304,514,037	197,225,887	95,968,740	11,319,410
Certificate holders' equity	304,514,037			

	2012			
	Total	Up to one year	Over one to five years	Over five years
..... Rupees				
Assets:				
Cash and bank balances	24,538,761	24,538,761	-	-
Short term investments	2,106,540	2,106,540	-	-
Advances, deposits, prepayments and other receivables	7,023,100	7,023,100	-	-
Short term murabaha finances	94,053,516	94,053,516	-	-
Current portion of long term murabaha finances	44,084,028	44,084,028	-	-
Ijarah rental receivables	16,068,334	16,068,334	-	-
Short term diminishing musharakah finances	12,106,003	11,819,027	286,976	-
Accrued profit	3,409,529	3,409,529	-	-
Tax refunds due from Government	946,780	946,780	-	-
Stock in trade	177,603	177,603	-	-
Long term murabaha finances	6,216,554	-	6,216,554	-
Long term deposits	1,184,362	189,362	995,000	-
Long term investments	9,981,573	687,500	9,294,073	-
Assets given on Ijarah	161,924,663	69,390,168	92,534,495	-
Assets in own use	14,834,882	1,088,362	2,427,110	11,319,410
Assets classified as held for sale	1,890,526	1,890,526	-	-
	400,546,754	277,473,136	111,754,208	11,319,410

Total	2012		
	Up to one year	Over one to five years	Over five years

..... Rupees

Liabilities:

Current portion of long term liabilities	33,758,135	33,758,135	-	-
Creditors, accrued and other liabilities	25,536,999	24,774,593	762,406	-
Customers' security deposits	60,603,882	-	60,603,882	-
	<u>119,899,016</u>	<u>58,532,728</u>	<u>61,366,288</u>	<u>-</u>
Net Balance	<u>280,647,738</u>	<u>218,940,408</u>	<u>50,387,920</u>	<u>11,319,410</u>
Certificate holders' equity	<u>280,647,738</u>			

34. FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Modaraba's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) of the management company, chief operating officer and chief financial officer. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Modaraba is not exposed to currency risk arising from currency exposure as Modaraba is not involved in foreign currency transactions.

(ii) Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Modaraba is exposed to equity price risk as modaraba hold available for sale and held for trading investments.

	2013	2012
Reporting date all index points	<u>21,006</u>	<u>13,801</u>

	Changes in KSE all Index	Effects on Profit Before Tax	Effects on Equity
Available-for-sale investments		-----Rupees-----	
	+10%	-	853,500
2013	-10%	-	(853,500)
	+10%	-	998,157
2012	-10%	-	(998,157)
Held-for-trading investments			
	+10%	3,404	-
2013	-10%	(3,404)	-
(iii) Profit rate risk			
	+10%	210,654	-
2012	-10%	(210,654)	-

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market mark up rates.

The Modaraba has no significant long-term interest-bearing assets. The Modaraba's mark up/profit rate risk arises from long term Murabaha financing, short term Murabaha financing, short term musharika financing, investments and ijarah.

At the balance sheet date the interest rate profile of the Modaraba's mark up bearing financial instruments was:

Fixed rate instruments

Financial assets:

	2013 Rupees	2012 Rupees
Short term murabaha finances	62,840,060	94,053,516
Long term murabaha finances	89,119,218	50,300,582
Ijarah rental receivables	18,777,698	16,068,334
Short term diminishing musharakah finances	16,533,309	12,106,003

Floating rate instruments

Financial assets:

	2013 Rupees	2012 Rupees
Bank balances - deposit accounts	-	-
Long term investments - available-for-sale	8,031,750	8,719,250

Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Modaraba.

Cash flow sensitivity analysis for variable rate instruments

If interest rates, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 100,019 lower / higher (2012: Rupees 98,568). This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2013 Rupees	2012 Rupees
Bank balances	3,412,266	24,538,761
Short term investments	34,040	2,106,540
Advances, deposits and other receivables	16,657,954	6,318,810
Short term murabaha finances	62,840,060	94,053,516
Ijarah rental receivables	18,777,698	16,068,334
Short term diminishing musharakah finances	16,533,309	12,106,003
Accrued profit	3,963,832	3,409,529
Long term murabaha finances	29,595,217	6,216,554
Long term deposits	1,303,962	1,184,362
Long term Investments	8,535,001	9,981,573
	161,653,339	175,983,982

Geographically all credit exposure is concentrated in Pakistan.

The maximum exposure to credit risk for receivables (murabaha financing, musharika financing and lease rental receivables) at the reporting date by type of customer was:

Textile Spinning	10,534,172	9,230,290
Textile Composite	31,498,283	19,453,962
Fuel and Energy	3,567,482	2,376,700
Engineering	8,442,261	9,551,620
Chemical & Pharmaceuticals	14,108,379	10,165,000
Vanaspatic and Allied Industries	22,071,588	22,071,588
Steel	3,100,000	5,950,000
Food and Allied	88,598,129	83,763,291
Educational Institutions	5,089,800	-
Miscellaneous	55,062,236	65,574,959
Books and publications	3,500,000	3,875,085
	245,572,330	232,012,495

The age of murabaha, musharika and lease / ijarah rental receivables and related impairment loss at the balance sheet date was:

Aging of murabaha, musharika and lease / ijarah rental receivables

Not past due	84,680,316	68,819,495
Past due 0 - 180 days	7,615,039	1,237,000
Past due 181 - 365 days	12,394,286	1,277,000
1 - 2 years	9,023,308	1,699,000
More than 2 years	131,859,381	158,980,000
	245,572,330	232,012,495

	2013 Rupees	2012 Rupees
Aging of impaired murabaha and lease / ijarah rental receivables		
Not past due	-	-
Past due 0 - 180 days	55,622	266,175
Past due 181 - 365 days	94,369	364,779
1 - 2 years	693,488	744,975
More than 2 years	57,458,566	58,108,132
	58,302,045	59,484,061

Collaterals held against murabaha financing and ijarah rentals receivables

	2013				
	Gross exposure	Collaterals			Net exposure
		Mortgage	Hypothecation	Liquid-collaterals	
	----- Rupees -----				
Long term murabaha finances	89,119,218	163,821,859	-	(74,702,641)	
Short term murabaha finances	62,840,060	213,768,500	69,735,000	(220,663,440)	
Ijarah / lease rental receivables	189,465,903	108,822,548	-	80,643,355	
Short term diminishing musharakah finances	16,533,309	79,700,000	-	(63,166,691)	

	2012				
	Gross exposure	Collaterals			Net exposure
		Mortgage	Hypothecation	Liquid-collaterals	
	----- Rupees -----				
Long term murabaha finances	58,300,582	216,742,000	-	(158,441,418)	
Short term murabaha finances	123,654,817	456,481,500	27,646,500	(360,473,183)	
Ijarah / lease rental receivables	161,924,663	119,521,000	-	42,403,663	
Short term diminishing musharakah finances	12,106,003	91,567,000	-	(79,460,997)	

The Modaraba has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Modaraba has internally developed rating criteria to rate its customers which is supplemented by ratings supplied by independent rating agencies where available. The Modaraba also uses other publicly available financial information and its own trading records to rate its customers. The Modaraba's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed annually.

The management monitors and limits Modaraba's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate. The table below shows the bank balances and investments held with some major counterparties at the balance sheet date:

	Rating			2013	2012
	Short term	Long term	Agency	(Rupees)	
Banks					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	-
Bank Alfalah Limited	A1+	AA	PACRA	378	517,269
The Bank of Punjab	A1+	AA-	PACRA	30,720	9,605
Meezan Bank	A1+	AA	JCR-VIS	3,342,928	23,939,836
State Bank of Pakistan				7,265	4,634
Silk Bank	A2	A-	JCR-VIS	8,842	-
				3,390,133	24,471,344
				2013	2012
				(Rupees)	

Available for Sale Securities

Fully Paid Ordinary Shares

	Rating	Agency	2013	2012
Amin Spinning Mills Limited	N/A	-	-	1,168
Dewan Salman Fibres Limited	N/A	-	-	23,778
Kohinoor Textile Mills Limited	N/A	-	-	71,762
Fauji Cement Company Ltd.	N/A	-	-	449,837
Pakistan Telecommunication Company Limited	N/A	-	1,638,000	1,437,450
Pakistan International Airlines Corporation Limited	N/A	-	-	236,056
Descon Oxychan Limited	N/A	-	-	5,820
Engro Polymer & Chemicals Limited	N/A	-	-	246,250
D.G.Khan Cement Company Limited	N/A	-	-	-
Mari Gas Company Limited	N/A	-	170,438	117,263
Azgard Nine Limited	N/A	-	-	192,000
			1,808,438	2,781,384

	Rating			2013	2012
	Short term	Long term	Agency	(Rupees)	
Sukkuks					
B.R.R Guardian Modaraba				8,031,750	8,719,250
Certificates of Mutual Funds					
Investec Mutual Fund		N/A	-	-	4,845
PICIC Investment Fund		N/A	-	-	-
				-	4,845

Held for Trading

	Rating	Agency	2013	2012
Descon Oxychan Limited	N/A	-	-	64,020
Azgard Nine Limited	N/A	-	-	160,000
Pakistan International Airlines	N/A	-	-	225,944
Kohinoor Textile Mills Limited	N/A	-	-	796,733
Pakistan State Oil Company Limited	N/A	-	-	235,840
Fauji Cement Company Limited	N/A	-	-	140,750
Engro Polymer & Chemicals Limited	N/A	-	-	49,250
Engro Chemicals Ltd	AA	PACRA	-	238,306
Mari Gas Company Ltd	N/A	-	34,040	117,263
Nishat Chunian Limited	N/A	-	-	78,434
			34,040	2,106,540

Further the Modaraba's exposure to credit risk and impairment losses related to murabaha financing, Ijarah financing, investments and other receivables is disclosed in Note 6,7,8,9,10,11 and 12 respectively.

Due to the Modaraba and its other related entity's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing and collaterals, the management does not expect non-performance by these counter parties on their obligations to the Modaraba. Accordingly, the credit risk is moderate.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. In spite of the fact that the Modaraba is in a positive working capital position at the year end, management believes the liquidity risk to be low.

The table below analysis the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equates to their carrying balances as the impact of discounting is not significant.

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
30 June 2013					
	------(Rupees)-----				
Customers' security deposits	94,387,675	94,387,675	34,943,535	59,444,140	-
Creditors, accrued and other liabilities	29,673,156	29,673,156	24,682,082	4,991,074	-
	124,060,831	124,060,831	59,625,617	64,435,214	-
30 June 2012					
Customers' security deposits	94,362,017	94,362,017	33,758,135	60,603,882	-
Creditors, accrued and other liabilities	25,536,999	25,536,999	24,774,593	762,406	-
	119,899,016	119,899,016	58,532,728	61,366,288	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup / profit rates effective as at 30 June 2012. The rates of mark up have been disclosed in respective notes to the financial statements.

34.2 Fair values of financial assets and liabilities

All financial assets and financial liabilities are initially recognized at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost.

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
30 June 2013	------(Rupees)-----		
Financial assets			
Short term investments	34,040	-	-
Long term Investments	1,193,151	7,341,850	-
Total financial assets	1,227,191	7,341,850	-
Financial liabilities			
	-	-	-
	-	-	-
30 June 2012	------(Rupees)-----		
Financial assets			
Short term investments	2,106,540	-	-
Long term Investments	2,576,833	7,404,740	-
Total financial assets	4,683,373	7,404,740	-
Financial liabilities			
	-	-	-
	-	-	-

34.3 Financial instruments by categories

	Cash and cash equivalents	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
As at June 30, 2013	------(Rupees)-----					
Assets as per balance sheet						
Cash and bank balances	3,412,266	-	-	-	-	3,412,266
Short term investments	-	-	-	-	34,040	34,040
Advances, deposits and other receivables	-	16,657,954	-	-	-	16,657,954
Short term murabaha finances	-	62,840,060	-	-	-	62,840,060
Short term diminishing musharakah finances	-	16,533,309	-	-	-	16,533,309
Ijarah rental receivables	-	18,777,698	-	-	-	18,777,698
Accrued profit	-	3,963,832	-	-	-	3,963,832
Tax refunds due from government	-	1,545,766	-	-	-	1,545,766
Stock in trade	-	100,000	-	-	-	100,000
Long term murabaha finances	-	89,119,218	-	-	-	89,119,218
Long term deposits	-	1,303,962	-	-	-	1,303,962
Long term Investments	-	-	8,535,001	-	-	8,535,001
	3,412,266	210,841,799	8,535,001	-	34,040	222,823,106

Financial liabilities at amortized cost					
(Rupees)					
Liabilities as per balance sheet					
Customers' security deposits					94,387,675
Creditors, accrued and other liabilities					29,615,649
					124,003,324
Cash and cash equivalents	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
------(Rupees)-----					

As at June 30, 2012**Assets as per balance sheet**

Cash and bank balances	24,538,761	-	-	-	-	24,538,761
Short term investments	-	-	-	-	2,106,540	2,106,540
Advances, deposits and other receivables	-	6,318,810	-	-	-	6,318,810
Short term murabaha finances	-	94,053,516	-	-	-	94,053,516
Short term diminishing musharakah finances	-	12,106,003	-	-	-	12,106,003
Ijarah rental receivables	-	16,068,334	-	-	-	16,068,334
Accrued profit	-	3,409,529	-	-	-	3,409,529
Tax refunds due from government	-	946,780	-	-	-	946,780
Stock in trade	-	177,603	-	-	-	177,603
Long term murabaha finances	-	50,300,582	-	-	-	50,300,582
Long term deposits	-	1,184,362	-	-	-	1,184,362
Long term Investments	-	-	9,981,573	-	-	9,981,573
	24,538,761	184,565,519	9,981,573	-	2,106,540	221,192,393

Financial liabilities at amortized cost					
(Rupees)					
Liabilities as per balance sheet					
Customers' security deposits					94,362,017
Creditors, accrued and other liabilities					25,536,999
					119,899,016

34.4 Capital risk management

The modaraba's objectives when managing capital are to safeguard the Modaraba's ability to continue as a going concern in order to provide return for certificate holders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize certificate holders value. The Modaraba manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Modaraba may adjust dividend payments to the shareholders, return on capital to certificate holders or issue new shares.

No changes were made in the objectives, policies or processes from the previous year. The modaraba monitors capital using gearing ratio, which is debt divided by equity plus debt. Debt represent loans, customer security deposits, creditors, accrued and other liabilities, less cash and cash equivalents of Modaraba. Total capital employed includes 'total equity' as shown in the balance sheet plus debt.

The gearing ratio as at year end is as follows:

	Note	2013 Rupees	2012 Rupees
Customers' security deposits	18	94,387,675	94,362,017
Creditors, accrued and other liabilities	19	29,615,649	25,536,999
Less: Cash and bank balances	5	(3,412,266)	(24,538,761)
Net debt		120,591,058	95,360,255
Equity		304,514,037	280,647,738
Capital and net debt		425,105,095	376,007,993
Gearing ratio		28.37%	25.36%

35. RELATED PARTY TRANSACTIONS

Related parties of the Modaraba include the Modaraba management company [Al-Zamin Modaraba Management (Private) Limited], directors of Al-Zamin Modaraba Management (Private) Limited, Unicap Modaraba, employees provident fund and key management personnel. Transactions with related parties are given below:

Nature of Relationship	Nature of Transaction		
Modaraba Management Company	Management fee	2,559,141	1,345,530
Common management	Purchase-sales and lease back	-	1,350,000
Employees' Provident Fund Contributions paid		356,255	355,008

Transactions with key management personnel under terms of employment are excluded from related party transactions.

36. NUMBER OF EMPLOYEES

	-----Numbers-----	
Average number of employees during the year	20	21
Number of employees as at June 30	20	21

37. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison. Significant reclassifications made are as follows:

From	To	Reason	Amount (Rupees)
Sundry receivables	Trade receivables	"For better presentation"	3,882,033
Other Income	Income from Leasing (ijarah) operations	"For better presentation"	2,803,062
Other Income	Administrative expenses	"For better presentation"	2,131,035



38. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on October 02, 2013, has approved dividend for the year ended June 30, 2013 @ 6% (2012: Nil)

39. DATE OF AUTHORIZATION

These financial statements were approved for issue by the Board of Directors of the Management company in their meeting held on October 02, 2013.

40. GENERAL

Figures have been rounded off to nearest rupee unless otherwise provided.

Chief Executive

Director

Director

Pattern of Certificate Holding

As On 30 June , 2013

Number of Certificate Holders	Certificate Holding		Total Certificate	Percentage Held
	From	To		
522	1	100	27,624	0.09
950	101	500	277,266	0.93
680	501	1000	593,475	1.99
348	1001	5000	823,201	2.76
77	5001	10000	596,008	2.00
17	10001	15000	212,178	0.71
11	15001	20000	191,741	0.64
7	20001	25000	157,907	0.53
4	25001	30000	111,004	0.37
3	30001	35000	95,910	0.32
2	35001	40000	78,550	0.26
2	45001	50000	92,412	0.31
2	50001	55000	106,600	0.36
2	60001	65000	127,000	0.43
2	65001	70000	137,038	0.46
2	70001	75000	146,668	0.49
1	75001	80000	78,382	0.26
1	95001	100000	100,000	0.34
1	110001	115000	115,000	0.39
1	115001	120000	118,100	0.40
1	180001	185000	181,230	0.61
1	265001	270000	265,500	0.89
1	290001	295000	291,200	0.98
1	340001	345000	344,500	1.16
1	500001	505000	502,322	1.69
1	665001	670000	670,000	2.25
1	1255001	1260000	1,258,896	4.22
1	5260001	5265000	5,261,388	17.66
1	16835001	16840000	16,838,900	56.51
2,644			29,800,000	100.00

Categories of Certificate Holders

As On June , 2013

Categories of Certificateholders	Number of Certificate Holders	Total Certificates Held	Percentage
Associated companies, undertakings and related parties			
Al-Zamin Modaraba Management (Private) Limited	1	5,261,388	17.66
Investment Corporation of Pakistan	1	11,700	0.04
Directors, CEO & their spouse and minor children			
Executives	-	-	-
Public sector companies and Corporations	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	16	1,577,216	5.29
Joint Stock Companies	24	108,844	0.37
Individuals	2,602	22,840,852	76.65
Others	-	-	-
	Total 2,644	29,800,000	100.00

Certificateholders holding ten percent or more certificate in the Modaraba

Al-Zamin Modaraba Management (Pvt.) LTD.	1	5,261,388	17.66
Mohammad Aslam Motiwala	1	16,838,900	56.51

BOOK POST

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