

# Modaraba Al-Mali

Managed by:

**BankIslami Modaraba Investments Ltd.**



**First Quarter Report  
September 30, 2018  
(Un-audited)**

10th Floor, Progressive Square, Opposite Nursery, Sharea Faisal, Karachi.  
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Modaraba Al-Mali

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## CORPORATE INFORMATION

Board of Directors	Mr. Syed Akhtar Ausaf	Chairman
	Ms. Ayesha Ashraf Jangda	Director
	Mr. Kashif Nisar	Director
	Mr. Rehan Shuja Zaidi	Director (Resigned w.e.f 5-10-2018)
	Mr. Muhammad Farooq Anwar	Director
	Mr. Muhammad Hamid	Director
	Mr. Sohail Sikandar	Director
	Mr. Aziz Adil	Chief Executive Officer
Audit Committee	Mr. Muhammad Hamid	Chairman
	Mr. Rehan Shuja Zaidi	Member (Resigned w.e.f 5-10-2018)
	Mr. Kashif Nisar	Member
	Mr. Sohail Sikandar	Member
HR & Remuneration Committee	Mr. Muhammad Hamid	Chairman
	Mr. Syed Akhtar Ausaf	Member
	Mr. Muhammad Farooq Anwar	Member
	Mr. Aziz Adil	Member
Management Team	Mr. Aziz Adil	Chief Executive Officer
	Mr. Hasan Marfani	Chief Financial Officer & Company Secretary
	Mr. Zeeshan Bin Farrukh	Head of I.T
	Mr. Saleem Ahmed	Head of CAD and Operations
Auditors	A.F. Fergusons & Co.	
	Chartered Accountants	
Credit Rating Appraiser	The Pakistan Credit Rating Agency Limited	
Shari'ah Advisor	Mufti Attaullah	
Legal Advisor	Mohsin Tayebaly & Company, Advocate	
	Bawany & Partners	
Bankers & Financiers	BankIslami Pakistan Limited	
	Bank Alfalah Limited	
	Dubai Islamic Bank Ltd.	
	Meezan Bank Limited	
Share Registrar	JWAFFS Registrar Services (Pvt.) Ltd.	
Share Registration Office	407, 408 Al-Ameera Centre, Shahrah-e-Iraq, Karachi.	
Registered Office	10th Floor, Progressive Square, Opposite Nursery, Shahrah-e-Faisal, Karachi. Phone: 34547521-25, Fax: 34547526 E-mail: info@modarabaalmali.com URL: http://www.modarabaalmali.com	

## Directors' Review

On behalf of the Board of Directors, I am pleased to present un-audited interim Financial Statements of Modaraba Al-Mali for the period ended September 30, 2018.

### Operating Results

Performance of Modaraba has improved significantly following 2017-18 results as Modaraba's net profit increased by 32% (Rs. 0.792 million) during the quarter under review and reached at Rs.3.297 million as compared to Rs.2.505 million in the corresponding previous quarter. Gross revenue during the quarter stood at 8.65 million. Fuel station posted an encouraging result with net income of Rs.1.775 million for the quarter as against Rs.1.504 million earned in comparative period showing an increase of 18%. On the other hand, administrative expenses for the quarter stood at Rs.2.43 million as compared to Rs.2.66 million in corresponding quarter registering a reduction of 8%.

### Future Prospects

The Modaraba intends to book good quality assets in future through controlled leveraging of its balance sheet. It also plans to improve the fuel capacity of its Fuel station in order to meet the growing demand.

### Acknowledgement

We wish to place on record our appreciation and sincere gratitude to the regulators for their guidance, customers for their confidence, certificate holders for their continued support and to all the members of management and staff for their dedication and hard work.

On behalf of the Board

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**Aziz Adil**

Chief Executive Officer

Karachi: October 11, 2018

## CONDENSED INTERIM BALANCE SHEET

As at September 30, 2018

		Un-Audited September 30, 2018	Audited June 30, 2018
ASSETS	Note	(Rupees)	
<b>Current assets</b>			
Cash and bank balances	5	46,035,421	47,176,421
Ijarah finance	6	3,755,007	3,755,007
Murabaha finance	7	-	-
Current portion of Diminishing musharaka		7,345,449	4,576,378
Receivable against ijarah rentals and maintenance service	8	10,819,219	8,065,119
Advances, deposits, prepayments, other assets and receivables	9	4,671,350	6,879,346
Tax refunds due from government		28,346,244	28,049,759
Inventory		2,996,776	2,545,969
		103,969,466	101,047,999
<b>Non-current assets</b>			
Long-term portion of Diminishing musharaka		15,070,515	10,401,689
Property and equipment	10	70,115,681	70,261,483
Property and equipment under Ijarah arrangements	11	9,778,150	13,988,802
		94,964,346	94,561,974
<b>Total assets</b>		198,933,812	195,609,973
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Creditors, accrued and other liabilities		8,926,977	8,814,904
Current portion of security deposits		10,245,938	10,331,841
Unclaimed profit distribution		7,749,769	7,749,769
Dividend payable-2018		9,211,973	-
		36,134,657	26,896,514
<b>Non-current liabilities</b>			
Security deposits		234,800	234,797
		234,800	234,797
<b>Total liabilities</b>		36,369,457	27,131,311
<b>NET ASSETS</b>		162,564,355	168,478,662
<b>REPRESENTED BY: CAPITAL AND RESERVES</b>			
Authorised certificate capital			
30,000,000 Modaraba certificates of Rs.10 each		300,000,000	300,000,000
Issued, subscribed and paid-up certificate capital		184,239,450	184,239,450
Premium on issue of certificates		511,409	511,409
Statutory reserve		61,571,075	61,571,075
Accumulated Loss		(83,757,579)	(77,843,272)
		162,564,355	168,478,662

## CONTINGENCIES AND COMMITMENTS

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The annexed notes form an integral part of this condensed interim financial information.

For BankIslami Modaraba Investment Limited  
Modaraba Management Company

Chief Financial Officer

Chief Executive

Director

Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the quarter ended September 30, 2018

		September 30, 2018	September 30, 2017
	Note	(Rupees)	
Ijarah rentals - net		4,546,379	10,103,108
Income from operation of a fuel station	13	3,157,998	2,669,260
Income on deposits with bank		409,086	217,315
Income on diminishing musharaka transactions		537,062	221,163
		8,650,525	13,210,846
Depreciation on assets under Ijarah arrangements		(4,014,752)	(8,374,007)
Musharaka profit expense		-	-
Expenses on fuel station operations	13	(1,382,253)	(1,164,894)
		3,253,520	3,671,945
Other income		2,813,945	1,818,143
Administrative and operating expenses	14	(2,436,821)	(2,656,162)
		3,630,644	2,833,926
Modaraba Management Company's remuneration		-	-
Provision for services sales tax on management company's remuneration		(508)	(397)
Provision for Workers' Welfare Fund		(77,179)	(55,559)
Profit for the quarter before taxation	15	3,552,957	2,777,970
Taxation	16	(255,291)	(272,497)
Profit for the quarter after taxation		3,297,666	2,505,473
Other comprehensive income for the period		-	-
Total comprehensive income for the period		3,297,666	2,505,473
Earnings per certificate - basic & diluted		0.193	0.151

The annexed notes form an integral part of this condensed interim financial information.

For BankIslami Modaraba Investments Limited  
Modaraba Management Company

Chief Financial Officer

Chief Executive

Director

Director

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2018

	September 30, 2018	September 30, 2017
<i>Note</i>	<b>(Rupees)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the quarter before taxation	3,552,957	2,777,970
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on assets under Ijarah arrangements	4,014,752	8,374,007
Depreciation on fixed assets in own use	237,772	295,972
Gain on disposal of own assets	(1,226,000)	-
Gain on disposal of Ijarah assets	-	(38,903)
	<b>3,026,524</b>	<b>8,631,076</b>
	<b>6,579,481</b>	<b>11,409,046</b>
<b>(Increase) / decrease in assets</b>		
Receivable against ijarah rentals and maintenance service	(2,754,100)	731,399
Advances, deposits, prepayments and other receivable	2,207,996	1,740,122
Diminishing Musharaka	(7,437,897)	624,975
Inventory	(450,807)	(1,374,524)
	<b>(8,434,808)</b>	<b>1,721,972</b>
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	112,073	204,919
Security deposits	(85,900)	(87,497)
	<b>26,173</b>	<b>117,422</b>
<b>Cash generated from operations</b>	<b>(1,829,154)</b>	<b>13,248,440</b>
Income taxes paid	(551,776)	(466,628)
<b>Net cash (used) / generated from operating activities</b>	<b>(2,380,930)</b>	<b>12,781,812</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets in own use	(91,970)	-
Proceeds from disposal of fixed assets in own use	1,226,000	-
Disposal of assets under Ijarah arrangements	105,900	366,983
<b>Net cash generated from investing activities</b>	<b>1,239,930</b>	<b>366,983</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,141,000)</b>	<b>13,148,795</b>
Cash and cash equivalents at the beginning of the period	47,176,421	19,591,033
<b>Cash and cash equivalents at the end of the period</b>	<b>46,035,421</b>	<b>32,739,828</b>

The annexed notes form an integral part of this condensed interim financial information.

For BankIslami Modaraba Investments Limited  
Modaraba Management Company

Chief Financial Officer

Chief Executive

Director

Director

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the quarter ended September 30, 2018

	Paid-up certificate capital	Premium on issue of certificates	Statutory reserve	Accumulated loss	Total Reserves	Total
	<b>(Rupees)</b>					
Balance as at July 01, 2017	184,239,450	511,409	59,252,298	(81,625,609)	(21,861,902)	162,377,548
<b>Comprehensive Income</b>						
Profit for the period ended June 30, 2018	-	-	-	11,593,885	11,593,885	11,593,885
Other comprehensive loss	-	-	-	(334,066)	(334,066)	(334,066)
Transfer to statutory reserve			2,318,777	(2,318,777)	-	-
Total Comprehensive income for the period	-	-	2,318,777	8,941,042	11,259,819	11,259,819
Final cash dividend of Re. 0.28 per certificate for the year ended June 30, 2017	-	-	-	(5,158,705)	(5,158,705)	(5,158,705)
<b>Balance as at June 30, 2018</b>	<b>184,239,450</b>	<b>511,409</b>	<b>61,571,075</b>	<b>(77,843,272)</b>	<b>(15,760,788)</b>	<b>168,478,662</b>
<b>Balance as at July 01, 2018</b>	<b>184,239,450</b>	<b>511,409</b>	<b>61,571,075</b>	<b>(77,843,272)</b>	<b>(15,760,788)</b>	<b>168,478,662</b>
<b>Comprehensive Income</b>						
Profit for the quarter ended September 30, 2018	-	-	-	3,297,666	3,297,666	3,297,666
Final cash dividend of Re. 0.50 per certificate for the year ended June 30, 2018	-	-	-	(9,211,973)	(9,211,973)	(9,211,973)
Transfer to statutory reserve	-	-	-	-	-	-
<b>Balance as at September 30, 2018</b>	<b>184,239,450</b>	<b>511,409</b>	<b>61,571,075</b>	<b>(83,757,579)</b>	<b>(9,211,973)</b>	<b>162,564,355</b>

Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

The annexed notes form an integral part of this condensed interim financial information.

For BankIslami Modaraba Investments Limited  
Modaraba Management Company

Chief Financial Officer

Chief Executive

Director

Director

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

*For the quarter ended September 30, 2018*

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Modaraba Al-Mali (the "Modaraba") is a multipurpose and perpetual Modaraba floated in Pakistan on July 8, 1987 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 ("Modaraba Ordinance, 1980"), and Modaraba Companies and Modaraba Rules, 1981 (Modaraba Rules, 1981) and is managed by BankIslami Modaraba Investments Limited (the "Management Company"), a company registered under the Companies Ordinance, 1984. The Modaraba is listed on the Pakistan Stock Exchange Limited. Registered office is situated at 10th Floor, Progressive Square, Shahr-e Faisal, Karachi, in the province of Sindh.

The Modaraba is engaged in the business of leasing, murabaha, musharaka financing, operation of petrol and diesel filling / service station. Pakistan Credit Rating Agency (PACRA) has maintained long term entity rating of A- and short term rating of A2, of the Modaraba.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981;
- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, IFAS, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the SECP differ from the Companies Act and IFRS Standards, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, IFASs, Modaraba Companies and Modaraba Rules, 1981, or the provisions of and directives issued by the SECP under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information required for a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2018.

#### 2.2 Functional and presentation currency

This condensed interim financial information has been presented in Pakistani Rupees, which is the functional and presentational currency of the Modaraba.

#### 2.3 Applicability of International Accounting Standard (IAS) 17 'Leases' and Islamic Financial Accounting Standard (IFAS) 2 'Ijarah'

2.3.1 SECP vide its circular No. 10 of 2004 dated February 13, 2004 had deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on modarabas with effect from July 1, 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 IAS 17 to the modarabas. Currently, lease transactions (both for assets given and assets obtained) are being accounted for in accordance with the requirements of IFAS 2 as explained in note 2.3.2.

2.3.2 Islamic Financial Accounting Standard (IFAS) 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan was adopted by the SECP vide SRO 431(1)/ 2007 dated May 5, 2007. Under the above IFAS 2, the Ijarah transactions are accounted for in the following manner:

- Muj'ir (lessor) presents assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.

- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognised as expense.
- Ijarah income is recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

SECP, vide its letter No. SC/ M/ RW/ SCM /2009 dated March 9, 2009, allowed that in case of Modarabas, IFAS 2 shall be applied for Ijarah transactions executed on or after July 1, 2008. Accordingly, the Modaraba has accounted for leasing transactions executed before July 01, 2008 as finance leases and has treated the leasing transactions executed on or after July 01, 2008 in accordance with the requirements of IFAS 2.

### 3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

3.1 The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Modaraba for the year ended June 30, 2018.

#### 3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or do not have any significant effect on the Modaraba's operations and are therefore not detailed in this condensed interim financial information.

3.3 The preparation of this condensed interim financial information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.4 The significant judgments made by the management in applying the Modaraba's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the annual published financial statements for the year ended June 30, 2018.

### 4. RISK MANAGEMENT POLICIES

The financial risk management objectives and policies are consistent with those disclosed in the annual published financial statements of the Modaraba for the year ended June 30, 2018.

### 5. CASH AND BANK BALANCES

Note	Unaudited September 30, 2018	Audited June 30, 2018
	------(Rupees)-----	
Balances with banks in:		
- profit and loss sharing accounts	5.1 & 5.2 43,314,812	45,187,636
- current accounts	1,115,682	1,115,682
	44,430,494	46,303,318
Balances with State Bank of Pakistan	24,092	9,092
	44,454,586	46,312,410
Cash in hand	1,580,835	858,511
Stamp Paper	-	5,500
	46,035,421	47,176,421

5.1 These accounts carry profit at rates ranging from 1.73% to 4.15% (June 30, 2018: 1.73% to 4.08%) per annum.

5.2 Balances with banks include an amount of Rs.32.35 million (June 30, 2018: Rs.29.50 million) held with BankIslami Pakistan Limited, (parent company of the Modaraba Management Company). The Profit rate from BankIslami Pakistan Limited was 3.25% per annum.)

## Modaraba Al-Mali

		Unaudited September 30, 2018	Audited June 30, 2018
		<b>(Rupees)</b>	
<b>6. IJARAH FINANCE</b>			
Ijarah contracts commencing up to June 30, 2008			
- accounted for as finance leases			
Minimum lease payments due		<b>40,480,939</b>	40,480,939
Residual value of leased assets		<b>3,755,007</b>	3,755,007
Total receivable		<b>44,235,946</b>	44,235,946
Suspended lease income		<b>(7,491,364)</b>	(7,491,364)
Provision for Impairment against potential lease losses	6.1	<b>(32,989,575)</b>	(32,989,575)
		<b>(40,480,939)</b>	(40,480,939)
		<b>3,755,007</b>	3,755,007
<b>6.1</b>	These ijarah finances are fully provided and the remaining amount represents amount of security deposits to be adjusted at the time of final settlement.		
<b>7. MURABAHA</b>			
Considered doubtful	7.1	<b>2,517,068</b>	2,517,068
Provision for impairment loss against doubtful recoveries		<b>(2,517,068)</b>	(2,517,068)
		<b>-</b>	-
<b>7.1</b>	These represent amounts receivable against Murabaha transactions i.e. sale of goods on deferred payment basis at a specified profit margin ranging from 10% to 24% per annum. Since the finance is non-performing, no income is accrued on it in accordance with the Prudential Regulations for Modarabas.		
<b>8. RECEIVABLE AGAINST OPERATING LEASE RENTALS AND MAINTENANCE SERVICE</b>			
<b>Considered good</b>			
- Ijarah rentals receivable		<b>10,819,219</b>	8,065,119
<b>Considered doubtful</b>			
- Maintenance Fee	8.1	<b>4,275,537</b>	4,275,537
- Ijarah lease rentals of tower and allied equipments		<b>10,194,320</b>	10,194,320
		<b>25,289,076</b>	22,534,976
Less: Provision against potential ijarah losses		<b>(14,469,857)</b>	(14,469,857)
		<b>10,819,219</b>	8,065,119
<b>8.1</b>	This relates to discontinued operations.		

## Modaraba Al-Mali

		Unaudited September 30, 2018	Audited June 30, 2018
		<b>(Rupees)</b>	
<b>9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Advances			
- to suppliers		<b>144,133</b>	145,196
- to employees against salary		<b>31,750</b>	72,625
Advance against Diminishing Musharaka			2,949,999
Prepayments		<b>1,337,269</b>	424,018
Defined benefit plan - staff gratuity		<b>1,531,304</b>	1,531,304
Other deposits		<b>43,899</b>	43,899
		<b>3,088,355</b>	5,167,041
Other receivables			
- Receivable from BankIslami Pakistan Limited - Related Party		<b>415,221</b>	420,843
- Others		<b>1,167,774</b>	1,291,462
		<b>1,582,995</b>	1,712,305
<b>Considered doubtful</b>			
Other receivables			
- Terminated leases		<b>6,242,260</b>	6,242,260
- Miscellaneous amount recoverable from the lessees		<b>1,188,872</b>	1,188,872
- Dividend receivable		<b>16,275</b>	16,275
- Receivable from brokers		<b>22,422</b>	22,422
- Receivable against sale of fuel		<b>355,102</b>	355,102
- Others		<b>228,732</b>	228,732
		<b>8,053,663</b>	8,053,663
Provision for impairment loss against doubtful recoveries		<b>(8,053,663)</b>	(8,053,663)
		<b>4,671,350</b>	6,879,346
<b>10. PROPERTY AND EQUIPMENT</b>			
Property and equipment - in own use		<b>69,765,681</b>	69,911,483
Towers and allied equipment		<b>350,000</b>	350,000
		<b>70,115,681</b>	70,261,483
<b>10.1</b>	Following additions and disposals, at cost, were made during the period		
		<b>Additions</b>	<b>Disposals</b>
		<b>Unaudited September 30, 2018</b>	<b>Audited June 30, 2018</b>
		<b>2018</b>	<b>2018</b>
		<b>(Rupees)</b>	
Office premises		<b>85,970</b>	-
Building Fuel Station		-	-
Vehicles		-	<b>285,200</b>
Furniture and fixtures		-	-
Office and computer equipment		<b>6,000</b>	26,800
		<b>91,970</b>	26,800
		<b>285,200</b>	-
<b>11. PROPERTY AND EQUIPMENT UNDER IJARAH ARRANGEMENT</b>			
		<b>Additions</b>	<b>Disposals</b>
		<b>Unaudited September 30, 2018</b>	<b>Audited June 30, 2018</b>
		<b>2018</b>	<b>2018</b>
		<b>(Rupees)</b>	
Machinery & Equipments		-	-
Vehicles		-	<b>1,059,000</b>
		<b>1,059,000</b>	64,403,240
<b>12. CONTINGENCIES AND COMMITMENTS</b>			
The status of contingencies is same as stated in the financial statemnets of the Modaraba for the year ended June 30,2018.			

## Modaraba Al-Mali

		(Unaudited)	
		Quarter ended	
	Note	September 30, 2018	September 30, 2017
		(Rupees)	
<b>13. FUEL STATION</b>			
<i>Income</i>			
Sale of fuel	13.1	80,169,197	56,799,056
Cost of sales		(77,337,699)	(54,455,296)
		2,831,498	2,343,760
Rental income	13.2	326,500	325,500
		3,157,998	2,669,260
<i>Expenses</i>			
Salaries and allowances		654,965	548,005
Generator fuel		154,134	112,117
Depreciation		113,556	111,171
Electricity		40,871	25,782
Repairs and maintenance		153,923	107,350
Printing and stationery		2,850	2,515
Security guards		123,200	118,800
Insurance		26,400	22,992
Telephone		8,019	5,432
Rent, rates & taxes		65,463	71,413
Miscellaneous		38,872	39,317
		1,382,253	1,164,894
Profit before taxation		1,775,745	1,504,366
Taxation		(255,291)	(272,497)
Profit after taxation		1,520,454	1,231,869

13.1 Income relates to the operation of petrol and diesel filling / service station which was started from October 03, 2010 under a retailer agreement with an oil marketing company (the Company). In accordance with the agreement, the Company has granted the right to the Modaraba to operate the fuel station and deal exclusively in petroleum products of the Company on a predetermined margin.

13.2 Rent is received in respect of the plot of land used for fuel station under a lease agreement with the Company.

## 14. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and other benefits	799,598	890,843
Rent, rates and taxes	36,615	33,934
Depreciation	124,216	184,801
Fuel and conveyance	85,008	63,727
Repairs and maintenance	98,306	76,654
Legal and professional	359,852	571,127
Electricity	166,985	141,146
Telephone	55,933	47,621
Entertainment	13,844	15,066
Insurance	32,538	32,445
Printing and stationery	150,466	99,541
Gratuity	8,026	24,132
Auditors' remuneration	150,900	123,900
Subscription	95,488	130,335
Registrar services	43,505	76,727
Postage	29,950	30,375
Advertisement	105,100	102,600
Others	80,491	11,188
	2,436,821	2,656,162

## Modaraba Al-Mali

## 15. WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) due to which the Modaraba became liable to pay contribution to the Workers' Welfare Fund (WWF) at the rate of 2% on the higher of the profit before taxation as per the accounts or the return of income.

## 16. TAXATION

16.1 As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation for statutory reserves. Accordingly, no provision in respect of current and deferred tax has been made in this condensed interim financial information except for minimum tax deducted on certain items which has been treated as a full and final tax charge.

## 17. RELATED PARTY TRANSACTIONS

The related parties comprise of BankIslami Modaraba Investments Limited being the Modaraba management company, BankIslami Pakistan Limited (being the parent company of the management company), major certificate holders and their family members, directors of the Modaraba management company and their close family members, key management personnel of the Modaraba and the management company and their close family members, the provident and gratuity funds and entities with common directors or under common management.

The remuneration of key management employees (executives) are determined in accordance with their terms of appointment. Contribution to the provident and gratuity funds are made in accordance with the services rules and actuarial advise respectively. Modaraba management fee payable in accordance with the provision of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. Other transactions are in accordance with the agreed terms.

## 17.1 Details of transactions with related parties during the quarter are as follows:

		(Unaudited)	
		Quarter ended	
		September 30, 2018	September 30, 2017
		(Rupees)	
<b>BankIslami Pakistan Limited (Holding company of the management company)</b>			
Profit on Islamic profit and loss sharing account		243,850	63,119
Rental income		1,587,945	1,287,729
Bank charges		2,000	496
<b>BankIslami Modaraba Investment Limited (Modaraba Management Company)</b>			
<b>Other transactions</b>			
Contributions to staff provident fund		31,473	28,275
Contribution to staff gratuity fund		9,667	26,234

**17.2 Details of balances with related parties as at period / year end are as follows:**

	(Unaudited) September 30, 2018	(Audited) June 30, 2018
<b>BankIslami Modaraba Investment Limited (Modaraba Management Company)</b>	----- <b>(Rupees)</b> -----	
Dividend payable	<u>1,171,245</u>	<u>-</u>
Receivable against Fuel expense	<u>64,738</u>	<u>-</u>
Payable against Retainership Fee	<u>112,500</u>	<u>-</u>
 BankIslami Pakistan Limited (Holding company of the management company)		
Bank deposits	<u>33,480,262</u>	<u>29,503,524</u>
 Amount receivable in respect of genset and premises rental income and others	<u>415,221</u>	<u>420,843</u>

**18. GENERAL**

The figures in this condensed interim financial information have been rounded off to the nearest Rupee.

**19. DATE OF AUTHORISATION**

This condensed interim financial information was authorised for issue by the Board of Directors of the Modaraba Management Company on October 11, 2018.

*For BankIslami Modaraba Investments Limited  
Modaraba Management Company*

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director