

Modaraba Al-Mali

Managed by:

BankIslami Modaraba Investments Ltd.



**First Quarter Report
September 30, 2013
(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. Muhammad Hamid	Chairman
	<u>In Alphabetical Order</u>	
	Mr. Asad Alim	Director
	Mr. Hasan Aziz Bilgrami	Director
	Mr. Muhammad Faisal Shaikh	Director
	Mr. Rehan Shuja Zaidi	Director
	Mr. Tariq Usman Bhatti	Director
	Mr. Zulfiqar Ali	Chief Executive
Audit Committee	Mr. Tariq Usman Bhatti	Chairman
	Mr. Muhammad Hamid	Member
	Mr. Asad Alim	Member
HR & Remuneration Committee	Mr. Asad Alim	Chairman
	Mr. Hasan Aziz Bilgrami	Member
	Mr. Zulfiqar Ali	Member
Shariah Advisor	Mufti Irshad Ahmed Aijaz	
Management Team	Mr. Zulfiqar Ali	Chief Executive
	Mr. Muhammad Saad	Chief Operating Officer
	Mr. Tahir Zuberi	General Manager Operations
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountants A-35, Cawish Court Block # 7&8, KCUSU, Karachi.	
Bankers & Financiers	BankIslami Pakistan Limited Bank Alfalah Limited Meezan Bank Limited	
Registrar & Share Registration Office	Technology Trade (Pvt.) Limited Dagia House, 241-C, Block-2, P.E.C.H.S., Karachi.	
Registered Office	10th Floor, Progressive Square, Opposite Nursery, Sharea Faisal, Karachi. Phone: 34547521-25, Fax: 34547526 E-mail: info@modarabaalmali.com URL: http://www.modarabaalmali.com	

Directors' Review

Directors' Review

We are pleased to present un-audited Financial Statements of Modaraba Al-Mali for the period ended 30th September 2013, as required under section 245 of the Companies Ordinance 1984, prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting" as applicable in Pakistan.

Operating Results

During the period under review the Modaraba incurred loss of Rs. 0.58 million as against loss of Rs. 1.47 million during the corresponding period ended September 30, 2013. The gross revenue increased by 22.67% as compared to corresponding quarter of the last year; whereas the operating costs increased by 18.38%. On the operational side, contract for renting of two tower sites to a renowned telecom operator was finalized during the quarter under review.

Internal Audit

In compliance with the Code of Corporate Governance, the Audit Committee has reviewed these financial statements before approval of the Board of Directors.

Future Prospects

As stated in our report with annual audited accounts, the management intends to focus on Sharia compliant financing activities in the future. It is hopeful that the process of disposal of substantial portion of non financial assets will be completed within the FY-2014. The liquidity generated through the disposal will be used in building a high quality financing portfolio. Strenuous efforts will be continued for recovery of stuck-up funds of the Modaraba and further control over the operating cost. We hope that these steps will lead to improved performance of the Modaraba in coming years.

Acknowledgment

We wish to place on record our appreciation and thanks to the certificate-holders for their continued confidence, to the authorities for guidance and to all the members of management and staff for their dedication and hard work.

On behalf of the Board

-- Sd --

Zulfiqar Ali

Chief Executive

Karachi: October 29, 2013

Modaraba Al-Mali

BALANCE SHEET (UN-AUDITED)

As at September 30, 2013

		September 30, 2013	June 30, 2013
	Note	----- (Rupees) -----	
ASSETS			
Current Assets			
Cash and bank balances	3	5,534,731	8,756,698
Ijarah finance		3,755,007	3,755,007
Receivable against operating lease			
/ Ijarah rentals and maintenance service	4	36,042,470	36,672,311
Advances, deposits, prepayments and other receivables	5	34,537,782	28,008,744
Inventory		8,228,478	7,594,541
Total current assets		88,098,468	84,787,301
Non-current Assets			
Property and equipment	6	115,596,229	115,459,805
Property and equipment under ijarah arrangement	7	25,904,551	18,961,743
Long term deposits		11,305,430	20,104,770
Total non-current assets		152,806,210	154,526,318
Total Assets		240,904,678	239,313,619
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities		24,896,983	19,712,574
Current portion of security deposits		11,650,626	5,955,506
Unclaimed profit distribution		6,567,310	6,567,310
Total current liabilities		43,114,919	32,235,390
Non-Current Liabilities			
Security deposits		19,083,267	27,784,187
Total liabilities		62,198,186	60,019,577
NET ASSETS		178,706,492	179,294,042

**REPRESENTED BY
CAPITAL AND RESERVES**

Issued, subscribed and paid-up	184,239,450	184,239,450
Reserves	56,582,879	56,582,879
Accumulated loss	(62,115,837)	(61,528,287)
	(5,532,958)	(4,945,408)
	<u>178,706,492</u>	<u>179,294,042</u>
Contingencies	8	

The annexed notes form an integral part of these financial statements.

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Executive

Director

Director

Modaraba Al-Mali

PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the quarter ended September 30, 2013

		September 30, 2013	September 30, 2012
	Note	----- (Rupees) -----	
Income from maintenance services		22,775,875	18,185,698
Income from Ijarah finance		6,398,968	5,586,225
Income from operation of fuel station	9	634,519	500,882
Other income	10	1,111,255	934,934
		<u>30,920,617</u>	<u>25,207,739</u>
Depreciation on assets under Ijarah arrangements		1,481,192	1,067,671
Operating costs	11	29,943,181	25,478,240
		<u>31,424,373</u>	<u>26,545,911</u>
		(503,756)	(1,338,172)
Impairment reversal - net		-	26,654
		<u>(503,756)</u>	<u>(1,311,518)</u>
Modaraba company's management fee		-	-
Net loss for the quarter before taxation		(503,756)	(1,311,518)
Taxation	12	(83,794)	(156,893)
		<u>(587,550)</u>	<u>(1,468,411)</u>
Other comprehensive income		-	-
Total comprehensive loss for the period		<u>(587,550)</u>	<u>(1,468,411)</u>
Earnings per certificate - basic & diluted		<u>(0.027)</u>	<u>(0.071)</u>

The annexed notes form an integral part of these financial statements.

For BankIslami Modaraba Investments Limited
Modaraba Management Company

Chief Executive

Director

Director

CASH FLOW STATEMENT (UN-AUDITED)*For the quarter ended September 30, 2013*

	September 30, 2013	September 30, 2012
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
	------(Rupees)-----	
Loss before taxation	(503,756)	(1,311,518)
Adjustments of non-cash and other items		
Depreciation - property and equipment- owned	1,765,898	1,936,767
Depreciation on property and equipment - fuel operations	111,948	111,948
Depreciation on property and equipment - ijarah	1,481,192	1,067,671
(Gain) /Loss on disposal property and equipment	6,102	(85,177)
Reversal of impairment loss	-	(26,654)
	2,861,384	1,693,037
(Increase) / decrease in current assets		
Ijarah finance		26,645
Receivable against operating lease rentals and maintenance service	629,841	1,272,284
Advances, deposits, prepayments and other receivables	(5,551,784)	(3,874,900)
Inventory	(633,937)	(1,019,392)
	(5,555,880)	(3,595,363)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	5,184,409	2,311,069
Security deposits received/(paid)	(3,005,800)	2,970,600
	2,178,609	5,281,669
	(515,887)	3,379,343
Income taxes paid	(1,061,012)	(797,182)
Net cash flows generated from operating activities	(1,576,899)	2,582,211
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment- ijarah	(8,424,000)	(1,554,500)
Purchase of property and equipment - own	(2,045,408)	(11,499)
Proceeds from disposal of property and equipment - own	25,000	865,000
Net cash flows used in investing activities	(10,444,408)	(700,999)
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term deposits	8,799,340	(2,696,200)
Net decrease in cash and cash equivalents	(3,221,967)	(814,988)
Cash and cash equivalents at beginning of the period	8,756,698	8,643,597
Cash and cash equivalents at end of the period	5,534,731	7,828,609

The annexed notes form an integral part of these financial statements.

For BankIslami Modaraba Investments Limited
Modaraba Management Company

Chief Executive

Director

Director

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)*For the quarter ended September 30, 2013*

	Reserves				
	Certificate Capital	Capital reserves	Statutory reserve*	Revenue reserves	Total
		Certificate premium		Accumulated loss	
------(Rupees)-----					
Balance as on 01 July 2012	184,239,450	511,409	55,452,920	(64,002,488)	176,201,291
Comprehensive loss					
Loss for the quarter ended September 30,2012	-	-	-	(1,468,411)	(1,468,411)
Other Comprehensive income	-	-	-	-	-
				(1,468,411)	(1,468,411)
Balance as at 30 September 2012	184,239,450	511,409	55,452,920	(65,470,899)	174,732,880
Comprehensive Income					
Profit for the period	-	-	-	4,561,162	4,561,162
Other Comprehensive income	-	-	-	-	-
Transfer to statutory reserve	-		618,550	(618,550)	-
Balance as at 30 June 2013	184,239,450	511,409	56,071,470	(61,528,287)	179,294,042
Comprehensive loss					
Loss for the quarter ended September 30,2013	-	-	-	(587,550)	(587,550)
Other Comprehensive income	-	-	-	-	-
	-	-	-	(587,550)	(587,550)
Balance as at 30 September 2013	184,239,450	511,409	56,071,470	(62,115,837)	178,706,492

The statutory reserve representing profits set aside in accordance with the provisions of prudential regulations for modarabas promulgated by the Securities and Exchange Commission of Pakistan, is transferred annually at the year end.

For BankIslami Modaraba Investments Limited
Modaraba Management Company

Chief Executive

Director

Director

**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

For the quarter ended September 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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 and is managed by BankIslami Modaraba Investments Limited, a company registered under the Companies Ordinance 1984. It is engaged in the business of leasing, morabaha financing, musharika financing, construction and renting of mobile towers, maintenance services, operating a petrol and diesel filling / service station and other related business. The Modaraba is listed on the Karachi, Lahore and Islamabad Stock Exchanges. Its registered office is situated at Progressive Square, Shahrae Faisal, Karachi, in the province of Sindh.

During the FY-2013, the Board of Directors resolved to explore opportunities of disposal of non-financing business segments i.e. 'Maintenance Services', 'Mobile Towers' and 'Fuel Station'. Management is in process of identifying disposal avenues along with the fair price determination of 'Maintenance Services' and 'Mobile Towers'. Process of disposal of 'Fuel Station' will commence after the disposal of these two segments.

- 1.2 These financial statements are presented in Pak Rupees which is the modaraba's functional and presentation currency.
- 1.3 These condensed interim financial information comprise of condensed interim balance sheet, condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected explanatory notes forming part thereof. The disclosures made in this interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2013.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial information have been prepared under the "historical cost convention" except for certain investments that are carried at fair value.

2.2 Summary of significant accounting policies

The accounting policies adopted for the preparation of these condensed interim financial information are consistent with those applied for the preparation of the audited financial statements for the year ended June 30, 2013

3. BANK BALANCES

	September 30, 2013	June 30, 2013
<i>Note</i>	<i>------(Rupees)-----</i>	
With banks:		
In profit and loss sharing accounts	3.1 5,081,819	8,065,652
Balance with State Bank of Pakistan	3,395	3,395
	<u>5,085,214</u>	<u>8,069,047</u>
On hand:		
Cash in hand	425,567	686,801
Security stationery	23,950	850
	<u>5,534,731</u>	<u>8,756,698</u>

- 3.1 These carry profit rates ranging from 3.49% to 6.08% per annum. (June 2013: 3.49% to 6.08%)

4. RECEIVABLE AGAINST OPERATING LEASE RENTALS AND MAINTENANCE SERVICE

Unsecured

Considered good

Maintenance fee	30,715,427	32,869,777
Operating lease rentals of tower & allied equipments	5,017,065	3,843,083
Ijarah rentals	309,978	(40,549)
	<u>36,042,470</u>	<u>36,672,311</u>

Considered doubtful

Operating lease rentals of tower and allied equipments	10,194,320	10,194,320
	<u>46,236,790</u>	<u>46,866,631</u>
Provision for impairment loss against doubtful recoveries	(10,194,320)	(10,194,320)
	<u>36,042,470</u>	<u>36,672,311</u>

**5. ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES**

	September 30, 2013	June 30, 2013
<i>Note</i>	<i>------(Rupees)-----</i>	
Advances - considered good		
- Income tax	17,694,279	16,717,025
- Advances to Suppliers	904,281	2,494,801
- Employees	1,020,594	1,194,904
	<u>19,619,154</u>	<u>20,406,730</u>
Current portion of long term Deposits	5,995,120	2,416,979
Deposits	196,400	261,400
Prepayments	4,086,691	2,314,604
Other Considered good		
- Commission receivable	239,407	376,528
- Premises rent receivable	350,000	583,784
- Receivable against sale of Petroleum	658,750	661,996
- Others	3,392,260	986,723
Other receivables - consider doubtful		
- Terminated leases	6,242,260	6,242,260
- Miscellaneous amount recoverable from the lessees	1,188,872	1,188,872
- Dividend receivable	16,275	16,275
- Receivable from brokers	22,422	22,422
- Others	208,732	208,732
	<u>7,678,561</u>	<u>7,678,561</u>
Provision for impairment loss against doubtful debts	(7,678,561)	(7,678,561)
	<u>-</u>	<u>-</u>
	<u>34,537,782</u>	<u>28,008,744</u>

6. PROPERTY AND EQUIPMENT- OWN

Following additions and disposals in property and equipment-own, at cost, were made during the period:-

	<i>Additions / Transfers</i>		<i>Disposals / Transfers</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>September 30,</i>	<i>June 30,</i>	<i>September 30,</i>	<i>June 30,</i>
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
Office and computer equipment	10,500	117,098	78,400	192,700
Motor Vehicles	6.1 1,931,249	768,000	-	1,365,740
Furniture and fixtures	91,374	-	-	38,312
Tower allied equipment	12,285	-	-	1,756,550
	<u>2,045,408</u>	<u>885,098</u>	<u>78,400</u>	<u>3,353,302</u>

- 6.1 Includes Rs. 1,889,401/- on account of vehicles purchased against security deposits on maturity of Ijarah.

7. PROPERTY AND EQUIPMENT UNDER IJARAH ARRANGEMENT

Following additions and disposals in assets leased out, at cost, were made during the period:-

	<i>Additions</i>		<i>Disposals</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>September 30,</i>	<i>June 30,</i>	<i>September 30,</i>	<i>June 30,</i>
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
Vehicles	8,424,000	4,651,500	-	8,495,500
Generators	-	8,465,000	-	925,000
	<u>8,424,000</u>	<u>13,116,500</u>	<u>-</u>	<u>9,420,500</u>

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8. CONTINGENCIES

The status of contingencies is same as stated in the annual financial statements of the Modaraba for the year ended June 30, 2013

9. FUEL STATION

	Quarter ended	
	September 30, 2013	September 30, 2012
	----- (Rupees) -----	
Income		
Sale of fuel	35,507,397	31,809,918
Cost of Sales	(34,258,795)	(30,692,633)
	1,248,602	1,117,285
Rental income	270,000	210,000
	1,518,602	1,327,285
Expenses		
Salaries and allowances	412,089	348,527
Marketing	3,000	4,500
Electricity	45,476	81,616
Generator fuel	144,181	139,388
Printing and stationery	735	1,119
Telephone	10,568	13,109
Repairs and maintenance	30,062	31,363
Fuel & Conveyance	-	2,500
Security guard	67,200	57,000
Insurance	15,519	5,548
Depreciation	111,948	111,948
Miscellaneous	43,305	29,785
	884,083	826,403
	634,519	500,882

9.1 The Modaraba started operation of petrol filling / service station 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 operate the fuel station and deal exclusively in petroleum products of the company on a predetermined margin.

10. OTHER INCOME

Profit on bank balances	52,274	50,146
Rental income	879,516	799,611
Gain /(Loss) on disposal of fixed assets	(6,102)	85,177
Others	185,567	-
	1,111,255	934,934

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11. OPERATING EXPENSES

	Quarter ended	
	September 30, 2013	September 30, 2012
	----- (Rupees) -----	
Salaries, allowances and other benefits	8,803,331	8,651,013
Rent, rates and taxes	2,496,152	2,804,192
Depreciation	1,765,898	1,936,767
Expenditure on maintenance service	8,774,192	5,053,783
Fuel and conveyance	1,824,016	1,355,113
Repairs and maintenance	1,542,471	918,522
Ijarah lease rentals	146,132	804,615
Security services charges	594,000	756,000
Legal and professional	517,650	166,080
Electricity	1,381,452	1,318,924
Telephone	607,955	529,442
Travelling and accommodation	548,882	190,177
Entertainment	163,071	111,063
Insurance	249,870	415,868
Printing and stationery	171,688	100,937
Transportation	84,809	35,940
Subscription	91,956	78,200
Shares registrar services	50,640	50,640
Postage	32,871	20,375
Others	96,145	180,589
	29,943,181	25,478,240

12. TAXATION

Non-trading income of Modaraba is exempt from tax provided that not less than 90% of the profits are distributed to the certificate-holders. Current tax charge represents tax on income under presumptive tax regime.

13. TRANSACTIONS WITH RELATED PARTIES

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 the 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.

Modaraba Al-Mali

Details of transactions with related parties and balances with them as at the period end / year end, if not mentioned elsewhere, are as follows: -

13.1 Balances outstanding at the period / year end	September 30, 2013	June 30, 2013
<i>BankIslami Pakistan Limited (holding company of the management company)</i>	----- (Rupees) -----	
Bank deposits	<u>3,191,054</u>	<u>4,876,356</u>
Amount payable in respect of ijarah arrangement	<u>1,478,289</u>	<u>991,886</u>
Amount receivable in respect of maintenance services	<u>7,890,103</u>	<u>11,426,392</u>
Amount receivable in respect of genset and premises rent income and others	<u>817,240</u>	<u>583,784</u>
Security deposit in respect of ijarah arrangement	<u>17,263,050</u>	<u>22,521,749</u>

13.2 Transactions during the quarter	September 30, 2013	September 30, 2012
<i>BankIslami Pakistan Limited (parent company of the management company)</i>	----- (Rupees) -----	
Profit on Islamic profit and loss sharing account	<u>43,249</u>	<u>37,420</u>
Rental income	<u>879,516</u>	<u>799,611</u>
Maintenance service income	<u>8,319,904</u>	<u>6,545,990</u>
Bank charges	<u>5,465</u>	<u>823</u>
Vehicles purchased on maturity of Ijarah	<u>1,889,401</u>	<u>-</u>
Lease rentals-ijarah	<u>6,436,412</u>	<u>5,768,800</u>
<i>BankIslami Modaraba Investments Limited (management company)</i>		
Amount receivable in respect of Premises rent	<u>723,568</u>	<u>-</u>
<i>Key management personnel remunerations</i>		
Salaries and allowances	<u>1,825,800</u>	<u>1,837,800</u>
<i>Others</i>		
Contributions to staff provident fund	<u>75,645</u>	<u>103,248</u>
Contribution to staff gratuity fund	<u>228,801</u>	<u>240,927</u>

14. DATE OF AUTHORISATION

These financial information were authorised for issue by the board of directors of the management company in their meeting held on October 29, 2013.

15. GENERAL

Figures have been rounded off to the nearest rupees.

*For BankIslami Modaraba Investments Limited
Modaraba Management Company*

Chief Executive

Director

Director