

Modaraba Al-Mali

Managed by:

BankIslami Modaraba Investments Ltd.



**Half Yearly Report
December 31, 2013
(Un-audited)**

10th Floor, Progressive Square, Opposite Nursery, Sharea Faisal, Karachi.
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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. Zahid Ali H. Jamall	Director (Subject to approval of Registrar Modaraba SECP)
	Mr. Zulfiqar Ali	Chief Executive
Audit Committee	Mr. Asad Alim	Member/Director
	Mr. Muhammad Hamid	Member/Director
	Mr. Rehan Shuja Zaidi	Member/Director
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
	Mr. Zafar Ahmed Khan	Manager Finance
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

We are pleased to present un-audited Financial Statements of Modaraba Al-Mali for the period ended 31st December 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. 3.62 million as against loss of Rs. 6.49 million during the corresponding period ended December 31, 2012. Despite a 24% increase in gross revenue over the corresponding period of last year, the bottom line did not improved substantially due to nearly 18.50% increase in operating costs. During the period under review, the management continued its efforts for disposal of non-financial businesses and subsequent to the period end it succeeded in entering into an agreement for sale of its tower site sharing business.

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 earlier reports, the management intends to focus on Sharia compliant financing activities in the future. It has entered into an agreement for disposal of its tower site sharing business and is hopeful for completion of disposal process within next two months. It also intends to wind up Modaraba's maintenance and refueling business within the current financial year. At the same time, the management company of the Modaraba is also evaluating other options regarding future of the Modaraba

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
Dated : February 27, 2014

AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the condensed interim balance sheet of Modaraba Al Mali (the Modaraba) as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected notes forming part thereof, for the half year ended (here-in-after referred to as the "condensed interim financial information"). Management Company (BankIslami Modaraba Investment Limited) is responsible for the preparation and presentation of condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

-- Sd --

Engagement Partner
Mushtaq Ali Hirani

Karachi
Dated : February 27, 2014

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at December 31, 2013

		Unaudited December 31, 2013	Audited June 30, 2013
		(Rupees)	
ASSETS			
Current assets			
Cash and bank balances		10,615,172	8,756,698
Ijarah finance	4	3,755,007	3,755,007
Murabaha finance	5	-	-
Investments	6	-	-
Receivable against operating lease/ijarah rentals and maintenance service	7	25,134,765	36,672,311
Advances, deposits, prepayments and other receivables	8	31,586,085	28,008,744
Inventory		6,415,393	7,594,541
		77,506,422	84,787,301
Assets classified as 'held for sale'	9	25,274,196	-
Total current assets		102,780,618	84,787,301
Non-current assets			
Property and equipment	10	93,498,076	115,459,805
Property and equipment under ijarah arrangement	11	27,808,517	18,961,743
Long term deposits		7,295,680	20,104,770
Total non-current assets		128,602,273	154,526,318
Total assets		231,382,891	239,313,619
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities		15,696,657	19,712,574
Current portion of security deposits		3,880,006	5,955,506
Unclaimed profit distribution		6,567,310	6,567,310
		26,143,973	32,235,390
Liabilities classified as 'held for sale'	9	9,765,745	-
Total current liabilities		35,909,718	32,235,390
Non-current liabilities			
Security deposits		22,110,287	27,784,187
Total liabilities		58,020,005	60,019,577
NET ASSETS		173,362,886	179,294,042
REPRESENTED BY CAPITAL AND RESERVES			
Authorized capital			
30,000,000 Modaraba certificates of Rs. 10 each		300,000,000	300,000,000
Issued, subscribed and paid-up			
18,423,945 Modaraba certificates of Rs. 10 each		184,239,450	184,239,450
Reserves			
Accumulated loss		56,582,879	56,582,879
		(67,459,443)	(61,528,287)
		(10,876,564)	(4,945,408)
Total capital and reserves		173,362,886	179,294,042
Contingencies and commitments	12		

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

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Executive

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the half year ended December 31, 2013

CONTINUING OPERATIONS	Note	Half year ended		Quarter ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		------(Rupees)-----		------(Rupees)-----	
INCOME					
Income from maintenance services		39,291,819	32,080,237	16,515,944	13,894,539
Income from ijarah finance - net	13	4,884,138	3,251,238	2,647,106	1,791,086
Profit from operation of a fuel station - net	14	1,010,476	1,112,095	375,957	611,213
Other income - net		2,731,661	2,125,255	1,620,406	1,190,321
		47,918,094	38,568,825	21,159,413	17,487,159
EXPENDITURE					
Depreciation on property and equipment - ijarah		3,374,226	2,104,076	1,893,034	1,036,405
Operating expenses	15	49,252,140	42,312,498	23,206,408	21,305,024
		52,626,366	44,416,574	25,099,442	22,341,429
		(4,708,272)	(5,847,749)	(3,940,029)	(4,854,270)
Reversal of impairment loss		157,221	26,654	157,221	-
		(4,551,051)	(5,821,095)	(3,782,808)	(4,854,270)
Modaraba company's management fee		-	-	-	-
Loss for the period before taxation		(4,551,051)	(5,821,095)	(3,782,808)	(4,854,270)
Taxation	16	(166,652)	(203,915)	(82,858)	(47,022)
Net loss for the period after taxation from continuing operations		(4,717,703)	(6,025,010)	(3,865,666)	(4,901,292)
DISCONTINUED OPERATIONS					
Net profit / (loss) for the period from discontinued operations	9	1,379,532	(471,029)	636,671	(126,336)
LOSS FOR THE PERIOD		(3,338,171)	(6,496,039)	(3,228,995)	(5,027,628)

Other comprehensive income

Items that will not be reclassified subsequently through profit and loss account

Remeasurement of defined benefit liability-gratuity	(289,992)	-	(289,992)	-
Total comprehensive loss for the period	(3,628,163)	(6,496,039)	(3,518,987)	(5,027,628)
Continuing operations				
Earning per certificate - basic and diluted	(0.26)	(0.33)	(0.21)	(0.27)
Discontinued operations				
Earning per certificate - basic and diluted	0.07	(0.03)	0.03	(0.01)

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

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Executive

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the half year ended December 31, 2013

CONTINUING OPERATIONS	Note	Half year ended		Quarter ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		------(Rupees)-----		------(Rupees)-----	
A CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(3,171,519)	(6,292,124)	(3,146,137)	(4,980,606)
Adjustments of non-cash and other items					
Depreciation on:					
Property and equipment - own use		2,670,382	3,738,634	904,484	1,801,867
Property and equipment - ijarah		3,374,226	2,104,076	1,893,034	1,036,405
Property and equipment - fuel operations		219,637	223,896	107,689	111,948
Loss/(gain) on disposal of property and equipment-own use		6,032	(287,922)	(70)	(202,745)
(Reversal of) / provision for impairment loss		(157,221)	(26,654)	(157,221)	-
		2,941,537	(540,094)	(398,221)	(2,233,131)
Decrease / (increase) in current assets					
Ijarah finance		157,221	26,654	157,221	9
Receivable against operating lease rentals and maintenance service		9,149,385	8,526,137	8,519,528	7,253,853
Advances, deposits, prepayments and other receivables		(1,897,184)	(2,162,099)	3,654,600	1,712,801
Inventory		1,179,148	(2,377,070)	1,813,085	(1,357,678)
		8,588,570	4,013,622	14,144,434	7,608,985
Increase / (decrease) in current liabilities					
Creditors, accrued and other liabilities		3,304,734	(1,036,055)	(1,879,675)	(3,347,124)
Security deposits		(6,189,400)	6,575,900	(3,183,600)	3,605,300
		(2,884,666)	5,539,845	(5,063,275)	258,176
		8,645,441	9,013,373	8,682,938	5,634,030
Income taxes paid		(3,626,604)	(1,849,003)	(2,565,592)	(1,051,821)
Net cash generated from operating activities		5,018,837	7,164,370	6,117,346	4,582,209
B CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment- ijarah		(12,221,000)	(1,554,500)	(3,797,000)	-
Purchase of property and equipment- own use		(2,065,647)	(863,898)	(20,239)	(852,399)
Proceeds from disposal of property and equipment- own use		25,000	865,000	-	-
Proceeds from disposal of property and equipment- Ijarah		-	1,347,664	-	1,347,664
Net cash (used in) / generated from investing activities		(14,261,647)	(205,734)	(3,817,239)	495,265
C CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(1,707,822)	-	(1,707,822)	-
Long term deposits received / (paid)		12,809,090	(6,291,400)	4,009,750	(3,595,200)
Net cash generated from / (used in) financing activities		11,101,268	(6,291,400)	2,301,928	(3,595,200)
Net increase in cash and cash equivalents (A+B+C)		1,858,458	667,236	5,080,409	1,482,274
Cash and cash equivalents at beginning of the period		8,756,714	8,643,597	5,534,763	7,828,559
Cash and cash equivalents at end of the period		10,615,172	9,310,833	10,615,172	9,310,833

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

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Executive

Director

Director

**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)**
For the half year ended December 31, 2013

	Certificate Capital	Reserves			Total Reserves	Total
		Capital reserves	Statutory reserve *	Revenue reserves (Accumulated loss)		
		Certificate premium				
------(Rupees)-----						
Balance at July 01, 2012	184,239,450	511,409	55,452,920	(64,002,488)	(8,038,159)	176,201,291
Comprehensive income						
Loss for the half year ended December 31, 2012	-	-	-	(6,496,039)	(6,496,039)	(6,496,039)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(6,496,039)	(6,496,039)	(6,496,039)
Balance at December 31, 2012	184,239,450	511,409	55,452,920	(70,498,527)	(14,534,198)	169,705,252
Comprehensive income						
Profit for the half year ended June 30, 2013	-	-	-	9,588,790	9,588,790	9,588,790
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	9,588,790	9,588,790	9,588,790
Transfer to statutory reserve	-	-	618,550	(618,550)	-	-
	184,239,450	511,409	56,071,470	(61,528,287)	(4,945,408)	179,294,042
Comprehensive income						
Loss for the half year ended December 31, 2013	-	-	-	(3,338,171)	(3,338,171)	(3,338,171)
Other comprehensive income	-	-	-	(289,992)	(289,992)	(289,992)
Total comprehensive loss for the period	-	-	-	(3,628,163)	(3,628,163)	(3,628,163)
Transaction with owners:						
Final cash dividend of Re. 0.125 per certificate for the year ended June 30, 2013	-	-	-	(2,302,993)	(2,302,993)	(2,302,993)
Balance at December 31, 2013	184,239,450	511,409	56,071,470	(67,459,443)	(10,876,564)	173,362,886

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 these condensed interim financial information.

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Executive

Director

Director

**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)**
For the half year ended December 31, 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 Modaraba Companies and Modaraba Rules, 1981 and is managed by BankIslami Modaraba Investments Limited, a company registered under the Companies Ordinance, 1984. It is engaged in the business of leasing, murabaha, musharaka financing, construction and renting of mobile towers, maintenance services, operation of petrol and diesel filling / service station. The Modaraba is listed on the Karachi, Lahore and Islamabad Stock Exchanges Limited. Registered office is situated at Progressive Square, Shahr-e Faisal, Karachi, in the province of Sindh.

1.2 The Board of Directors in its meeting held on March 19, 2013 decided to dispose of non-financing businesses / segments i.e. 'Maintenance Services', 'Mobile Towers' and 'Fuel Station'. The management entered into an agreement to sale on February 17, 2014 for disposal of Mobile Towers.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Modaraba for the half year ended December 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information required for the full financial statements and therefore should be read in conjunction with the annual audited financial statements of the Modaraba for the year ended June 30, 2013.

2.2 This condensed interim financial information has been prepared under the historical cost convention except that staff retirement benefits are carried at present value.

2.3 The condensed interim financial information is presented in Pak Rupees, which is the Modaraba's functional and presentation currency and figures presented in this condensed interim financial information has been rounded off to the nearest rupee.

2.4 This condensed interim financial information is unaudited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of the provisions of the Code of Corporate Governance and these condensed interim financial information are being circulated to the certificate holders as required under the Modaraba Companies and Modaraba Rules, 1981.

2.5 The comparative balance sheet presented has been extracted from annual audited financial statements for the year ended June 30, 2013, whereas comparative condensed profit and loss account, condensed cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the half year ended December 31, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

3.1 The accounting policies, estimates, judgements and the methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2013, except for the adoption of IAS-19 'Employees Benefits' as more described in 3.2 below

3.2 Change in accounting policy for employee benefits -funded gratuity scheme

IAS 19 (revised) 'Employee benefits' amends the accounting for employment benefits which became effective to the Modaraba from July 1, 2013. The changes introduced by the IAS 19 (revised) are as follows:

- The standard requires past service cost to be recognised immediately in profit and loss account;
- The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year;
- There is new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and return implied by the net interest cost; and
- The amendment requires an entity to recognise remeasurements immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services of the employees.

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The management believes that the effects of these changes would not have significant effect on this condensed interim financial information except for the changes referred to in (d) above that has been accounted for. The Modarba has changed its accounting policy wherein, the actuarial gains and losses on employees' retirement benefit plan are recognised immediately in other comprehensive income. The comparative figures have not been restated for change in accounting policy due to immaterial impact. Unrecognised actuarial loss as at June 30, 2013 of Rs 289,992 has been accounted for as other comprehensive income for the period ended December 31, 2013.

3.3 Amendments to IAS 1

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

	Note	Unaudited December 31, 2013	Audited June 30, 2013
		------(Rupees)-----	
4. IJARAH FINANCE			
Ijarah contracts commencing up to June 30, 2008			
- accounted for as finance leases			
Minimum lease payments due		41,062,309	41,262,309
Residual value of leased assets		<u>3,755,007</u>	<u>3,755,007</u>
Total receivable		44,817,316	45,017,316
Suspended lease income		(7,626,059)	(7,668,838)
Provision for Impairment against potential lease losses	4.1	<u>(33,436,250)</u>	<u>(33,593,471)</u>
		<u>(41,062,309)</u>	<u>(41,262,309)</u>
		<u>3,755,007</u>	<u>3,755,007</u>

4.1 These ijarah finances are fully provided and the remaining amount represents amount of security deposits to be adjusted at the time of final settlement.

5. MORABAHA FINANCE

Considered doubtful	2,517,068	2,517,068
Provision for impairment loss against doubtful recoveries	<u>(2,517,068)</u>	<u>(2,517,068)</u>
	<u>-</u>	<u>-</u>

5.1 These represent amount receivable against Morabaha transactions i.e. sale of goods on a deferred payment basis at a specified profit margin ranging from 10% to 24% per annum. The finance is non-performing and no income is accrued on it in accordance with the Prudential Regulations for Modarabas.

6. INVESTMENTS

New Allied Electronics Industries (Private) Limited - Sukuk Certificates

Cost (2,000 sukuk certificates of Rs.5,000 each)	10,000,000	10,000,000
Amount realized from lien on security	<u>(6,000,000)</u>	<u>(6,000,000)</u>
	4,000,000	4,000,000
Provision for impairment loss against doubtful recovery	<u>(4,000,000)</u>	<u>(4,000,000)</u>
	<u>-</u>	<u>-</u>

Last redemption / coupon was received on December 17, 2008 and accordingly the Modaraba had made a provision of Rs. 4 million. No accrual of profit has been made on this investment.

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	Note	Unaudited December 31, 2013	Audited June 30, 2013
		------(Rupees)-----	
7. RECEIVABLE AGAINST OPERATING LEASE RENTALS AND MAINTENANCE SERVICE			
Unsecured			
Considered good			
- Maintenance fee	7.1	25,135,200	32,869,777
- Operating lease rentals of tower and allied equipments		-	3,843,083
- Operating lease rentals from assets under IFAS-2		(435)	(40,549)
Considered doubtful			
- Operating lease rentals		<u>10,194,320</u>	<u>10,194,320</u>
		35,329,085	46,866,631
Provision for impairment loss against doubtful recoveries		<u>(10,194,320)</u>	<u>(10,194,320)</u>
		<u>25,134,765</u>	<u>36,672,311</u>

7.1 This represents receivables from customers in respect of maintenance and refueling services.

8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good			
- Income tax		20,176,977	16,717,025
- Supplier		933,486	2,494,801
- Employees		457,823	1,194,904
- Others		<u>1,180,091</u>	<u>-</u>
		22,748,377	20,406,730
Current portion of long term deposits		4,419,869	2,416,979
Other deposits		329,400	261,400
Prepayments		1,595,287	2,314,604

Other receivables - considered good

- Commission receivable	30,000	376,528
- Premises rent receivable	734,488	583,874
- Receivable against sale of fuel	664,502	661,996
- Others	<u>1,064,162</u>	<u>986,723</u>

Other receivables - considered 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	<u>208,732</u>	<u>208,732</u>
	7,678,561	7,678,561
Provision for impairment loss against doubtful recoveries	<u>(7,678,561)</u>	<u>(7,678,561)</u>

	<u>31,586,085</u>	<u>28,008,744</u>
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9. ASSETS CLASSIFIED AS 'HELD FOR SALE'

The Board of Directors in their meeting held on March 19, 2013 decided to dispose of the Non-financing operations of the Modaraba i.e. a) mobile towers b) maintenance services and c) fuel station business. During the current period, mobile towers segment fulfilled the conditions specified under IFRS-5, and accordingly has been classified as assets held for sale and hence no depreciation was charged on these assets. Management considers that fair value of these assets is higher than its carrying value.

	Unaudited December 31, 2013	Audited June 30, 2013
	------(Rupees)-----	
Assets		
Towers and allied equipment	21,106,239	-
Prepayments	1,707,809	-
Tower related advances	2,460,148	-
	<u>25,274,196</u>	<u>-</u>
Liabilities		
Security deposits	1,560,000	-
Creditors, accrued and other liabilities	<u>8,205,745</u>	<u>-</u>
	<u>9,765,745</u>	<u>-</u>

9.1 Analysis of profit / (loss) for the period from discontinued operations

The results of the discontinued operations (i.e mobile towers) included in the loss for the period are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	------(Rupees)-----			
	------(Unaudited)-----			
Income				
Income from mobile tower	8,688,872	7,721,274	4,526,936	3,860,637
Expenses				
Premises rent - tower sites	2,842,988	2,831,859	1,398,821	1,429,347
Electricity	1,413,180	1,175,454	722,861	391,879
Travelling and conveyance	11,290	37,000	-	37,000
Repairs and maintenance	195,965	190,000	130,965	190,000
Security guards	1,291,680	1,404,000	697,680	648,000
Insurance	52,418	105,823	3,016	70,712
Miscellaneous	1,501,819	1,158,435	936,922	589,434
Depreciation	-	1,289,732	-	630,601
	<u>7,309,340</u>	<u>8,192,303</u>	<u>3,890,265</u>	<u>3,986,973</u>
Net profit / (loss) from discontinued operations	<u>1,379,532</u>	<u>(471,029)</u>	<u>636,671</u>	<u>(126,336)</u>

9.2 Cash flow from discontinued operations

	Unaudited December 31, 2013	Audited June 30, 2013
	------(Rupees)-----	
Net cash inflows from operating activities	4,990,087	3,895,649
Net cash outflows from investing activities	(12,285)	-
Net cash inflows from financing activities	-	-
Net cash inflows from discontinued operations	<u>4,977,802</u>	<u>3,895,649</u>

10. PROPERTY AND EQUIPMENT - OWN USE

	Unaudited December 31, 2013	Audited June 30, 2013
	------(Rupees)-----	
Operating property and equipment - in own use	91,442,380	92,310,155
Towers and allied equipment-held for operating lease/ijarah	<u>2,055,696</u>	<u>23,149,650</u>
	<u>93,498,076</u>	<u>115,459,805</u>

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

		Additions		Disposals	
	Note	(Unaudited) December 31, 2013	(Unaudited) December 31, 2012	(Unaudited) December 31, 2013	(Unaudited) December 31, 2012
		------(Rupees)-----			
Vehicles - maintenance services	10.1.1	1,646,049	670,000	-	1,365,740
Vehicles		285,200	98,000	-	152,900
Furniture and fixtures		111,613	-	-	38,312
Office and computer equipment		10,500	117,098	78,400	192,700
Tower and allied equipment		12,285	-	-	-
Other allied equipment		-	-	-	1,756,550
		<u>2,065,647</u>	<u>885,098</u>	<u>78,400</u>	<u>3,506,202</u>

10.1.1 Includes Rs. 1,604,201 on account of vehicles purchased against security deposits on maturity of Ijarah.

11. PROPERTY AND EQUIPMENT UNDER IJARAH ARRANGEMENT

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

	Additions		Disposals	
	(Unaudited) December 31, 2013	(Unaudited) December 31, 2012	(Unaudited) December 31, 2013	(Unaudited) December 31, 2012
	------(Rupees)-----			
Generators	-	8,465,000	-	(925,000)
Vehicles	12,221,000	4,651,500	-	(8,495,500)
	<u>12,221,000</u>	<u>13,116,500</u>	<u>-</u>	<u>(9,420,500)</u>

12. CONTINGENCIES AND COMMITMENTS

Contingencies

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

Some fuel stations have recently claimed that they provided fuel on credit to the tune of Rs. 7.3 million for the vehicles used in refueling operations of the Modaraba in Central Region. The management is evaluating these claims and is in process of conducting a detailed review in this regard. However, presently these claims are not acknowledged by the Modaraba.

	Unaudited December 31, 2013	Audited June 30, 2013
	------(Rupees)-----	
Commitments		
Future rentals of Ijarah finance under IFAS 2 "Ijarah Finance"	<u>45,169,715</u>	<u>43,152,495</u>

13. INCOME FROM IJARAH FINANCE - NET

Note	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2013	2012	2013	2012
	(Rupees)		(Rupees)	
	(Unaudited)		(Unaudited)	
Income from ijarah finance	16,617,606	13,445,044	7,294,343	6,755,271
Ijarah rental expenses	(10,825,067)	(10,193,806)	(4,388,655)	(4,964,185)
Other expenses	(908,401)	-	(258,581)	-
Net income from ijarah finance	4,884,138	3,251,238	2,647,107	1,791,086

14. PROFIT FROM OPERATIONS OF FUEL STATION - NET

Income				
Sale of fuel	14.1	71,666,240	65,736,527	36,158,843
Cost of sales		(69,358,121)	(63,475,090)	(35,099,326)
		2,313,369	2,261,437	1,059,517
Rental income	14.2	535,000	540,000	265,000
		2,848,369	2,801,437	1,324,517
				1,474,152
Expenses				
Salaries and allowances		821,617	695,461	409,528
Generator fuel		282,971	278,356	138,790
Depreciation		219,637	223,896	107,689
Professional fees		2,550	860	2,550
Electricity		104,153	98,387	58,677
Repairs and maintenance		36,484	122,325	6,422
Printing and stationery		865	1,119	130
Security guards		138,600	114,000	71,400
Transportation		16,100	2,500	16,100
Insurance		11,352	20,976	-
Telephone		24,019	23,862	13,451
Advertisement		6,950	9,000	3,950
Miscellaneous		172,595	98,600	129,290
		1,837,893	1,689,342	957,977
		1,010,476	1,112,095	366,540

14.1 Income relates to the 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 the Modaraba to operate the fuel station and deal exclusively in petroleum product of the company on a predetermined margin.

14.2 Rent is received in respect of the plot of land used for fuel station under an agreement dated August 5, 2009 with the oil marketing company. Initial term of the rent agreement is for five years.

15. OPERATING EXPENSES

	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2013	2012	2013	2012
	(Rupees)		(Rupees)	
	(Unaudited)		(Unaudited)	
Salaries, allowances and other benefits	16,915,952	16,800,841	8,336,193	8,390,755
Rent, rates and taxes	421,447	1,462,483	34,359	1,209,583
Depreciation	2,670,382	2,448,902	1,382,858	1,171,266
Expenditure on maintenance service	13,975,400	8,584,190	5,201,208	3,530,407
Fuel and conveyance	4,546,839	2,821,890	2,722,823	877,343
Repairs and maintenance	3,352,769	2,480,143	1,875,298	1,561,621
Ijarah lease rentals	146,132	1,609,230	-	1,070,051
Legal and professional	790,576	431,142	272,926	265,062
Electricity	1,164,075	1,121,692	372,942	586,343
Telephone	1,155,030	990,600	547,075	461,158
Travelling and accommodation	806,204	428,388	268,612	238,211
Entertainment	349,118	283,496	186,047	169,113
Insurance	551,523	468,278	351,055	87,521
Printing and stationery	632,595	619,832	460,907	518,895
Gratuity	447,144	530,160	223,572	289,233
Transportation	88,509	134,530	3,700	98,590
Auditors' remuneration	123,200	114,500	123,200	114,500
Subscription	183,083	180,223	91,127	102,023
Registrar services	101,280	101,280	50,640	50,640
Postage	139,752	104,773	106,881	84,398
Advertisement	196,000	26,650	196,000	26,650
Others	495,130	569,275	398,985	401,661
	49,252,140	42,312,498	23,206,408	21,305,024

16. 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.

17. SEGMENT RESULTS

Half year ended December 31, 2013

	Maintenance services	Fuel station	Mobile towers	Financing / Investments	Consolidated
	(Rupees)				
	(Unaudited)				
Revenue	39,291,819	71,666,240	8,266,090	4,884,137	124,108,286
Result					
Profit for the period before taxation	494,706	1,069,008	1,379,532	962,363	3,905,609
Profit for the period after taxation	494,706	902,356	1,379,532	962,363	3,738,957

For Comparative Period

Half year ended December 31, 2012

Revenue	32,080,237	65,736,527	7,721,274	13,445,044	118,983,082
Result					
Profit/(loss) for the period before taxation	585,799	1,112,095	(471,029)	915,501	2,142,366
Profit/(loss) for the period after taxation	585,799	1,018,127	(471,029)	915,501	2,048,398

17.1 There is no material changes in total assets from the amount disclosed in the last annual financial statement.

There is no difference from the last annual financial statement in the basis of segmentation or in the basis of measurement of segment profit and loss

	Half year ended	
	December 31, 2013	December 31, 2012
	(Rupees)	
	(Unaudited)	
Reconciliation of segment results		
Total results for reportable segments	3,738,957	2,048,398
Rental income	1,759,032	1,599,222
Other income	442,324	526,033
Operating expenses:		
Salaries, allowances and other benefits	(4,898,839)	(5,742,330)
Depreciation	(590,720)	(810,705)
Fuel and conveyance	(610,402)	(617,541)
Other unallocated operating expenses	(3,178,523)	(3,499,116)
Loss before tax as per profit and loss account	<u>(3,338,171)</u>	<u>(6,496,039)</u>

18. 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.

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

	Unaudited December 31, 2013	Audited June 30, 2013
	(Rupees)	
18.1 Balances outstanding at year end		
Relationship		
BankIslami Pakistan Limited (parent company of the management company)		
Nature of transaction		
Bank deposits	<u>8,294,113</u>	<u>4,867,356</u>
Amount payable in respect of ijarah arrangement	<u>1,833,687</u>	<u>991,886</u>
Amount receivable in respect of maintenance services	<u>7,920,664</u>	<u>11,426,392</u>
Amount receivable in respect of genset and premises rent income and others	<u>1,499,690</u>	<u>583,784</u>
Security deposit in respect of ijarah arrangement	<u>11,678,050</u>	<u>22,521,749</u>

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(Rupees)			
	(Unaudited)			
18.2 Transactions during the period				
BankIslami Pakistan Limited (holding company of the management company)				
Profit on Islamic profit and loss sharing account	<u>110,175</u>	101,963	<u>66,926</u>	64,543
Rental income	<u>1,759,032</u>	1,599,222	<u>879,516</u>	799,611
Maintenance service income	<u>15,006,939</u>	12,160,838	<u>6,687,035</u>	5,614,848
Bank charges	<u>9,066</u>	8,383	<u>3,601</u>	7,560
Vehicle purchase on maturity of Ijarah	<u>1,889,401</u>	-	<u>-</u>	-
Ijarah lease rentals	<u>10,825,067</u>	11,803,036	<u>4,388,655</u>	6,034,236
Other related parties (key management personnel)				
Salaries and benefits	<u>3,447,794</u>	3,675,600	<u>1,621,994</u>	1,837,800
Contributions to staff provident fund	<u>149,935</u>	206,568	<u>74,290</u>	103,320
Contribution to staff gratuity fund	<u>457,602</u>	541,662	<u>228,801</u>	300,735

19. RECLASSIFICATION

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

From	To	Half year ended December 31, 2012	Quarter ended December 31, 2012
		(Rupees)	
Operating expenses			
Ijarah lease rentals	Income from ijarah finance - net	(10,193,806)	(4,964,185)

20. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The management of the Modaraba has entered into a Business Transfer Agreement (BTA) on February 17, 2014 to sale the business of Mobile Towers.

21. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue by the board of directors of the management company in their meeting held on February 27, 2014.

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Executive

Director

Director