

# Modaraba Al-Mali

Managed by:

**BankIslami Modaraba Investments Ltd.**



**Financial Statement (un-audited)  
For the nine months period ended  
March 31, 2014**

10th Floor, Progressive Square, Opposite Nursery, Sharea Faisal, Karachi.  
Phone : (92-21) 34547521-5 Fax : (92-21) 34547526

**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. Zahid Ali H. Jamall	Director
	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. Tahir Zuberi	General Manager Operations
	Mr. Zafar Ahmed Khan	CFO/Company Secretary
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 March 2014, 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. 3.52 million as against loss of Rs. 7.65 million during the corresponding period ended March 31, 2013. In line with its plan of disposing the non-financing businesses, the Modaraba entered into an agreement for sale of its tower site sharing business, during the quarter under review. Further, the scope of maintenance services also reduced substantially during the quarter.

### 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 is expected that the disposal process of tower business will be completed shortly. The management also intends to completely wind up Modaraba's maintenance business within the current financial year. The management company of the Modaraba is also considering other potential options regarding the future direction of the Modaraba. It is expected that the decision in this regard will be taken before the end of current financial year.

### 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

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**Zulfiqar Ali**  
Chief Executive

Karachi  
Dated : April 24, 2014

# Modaraba Al-Mali

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at March 31, 2014

		Unaudited March 31, 2014	Audited June 30, 2013
	Note	------(Rupees)-----	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		21,877,768	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	21,335,093	36,672,311
Advances, deposits, prepayments and other receivables	8	32,904,948	28,008,744
Inventory		5,036,100	7,594,541
		84,908,916	84,787,301
Assets classified as 'held for sale'	9	24,830,539	-
<b>Total current assets</b>		<b>109,739,455</b>	<b>84,787,301</b>
<b>Non-current assets</b>			
Property and equipment	10	90,833,465	115,459,805
Property and equipment under ijarah arrangement	11	25,244,019	18,961,743
Long term deposits		7,295,680	20,104,770
<b>Total non-current assets</b>		<b>123,373,164</b>	<b>154,526,318</b>
<b>Total assets</b>		<b>233,112,619</b>	<b>239,313,619</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Creditors, accrued and other liabilities		20,875,753	19,712,574
Current portion of security deposits		9,333,356	5,955,506
Unclaimed profit distribution		6,567,310	6,567,310
		36,776,419	32,235,390
Liabilities classified as 'held for sale'		7,143,719	-
<b>Total current liabilities</b>		<b>43,920,138</b>	<b>32,235,390</b>
<b>Non-current liabilities</b>			
Security deposits		16,015,440	27,784,187
<b>Total liabilities</b>		<b>59,935,578</b>	<b>60,019,577</b>
<b>NET ASSETS</b>		<b>173,177,041</b>	<b>179,294,042</b>
<b>REPRESENTED BY</b>			
<b>CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
30,000,000 Modaraba certificates of Rs. 10 each		300,000,000	300,000,000
<b>Issued, subscribed and paid-up</b>			
18,423,945 Modaraba certificates of Rs. 10 each		184,239,450	184,239,450
Reserves		56,582,879	56,582,879
Accumulated loss		(67,645,288)	(61,528,287)
		(11,062,409)	(4,945,408)
<b>Total capital and reserves</b>		<b>173,177,041</b>	<b>179,294,042</b>
Contingencies and commitments	12		

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

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

For the nine months period ended March 31, 2014

		Half year ended March 31, 2014	March 31, 2013	Quarter ended March 31, 2014	March 31, 2013
	Note	------(Rupees)-----		------(Rupees)-----	
<b>CONTINUING OPERATIONS</b>					
<b>INCOME</b>					
Income from maintenance services		49,693,880	48,821,157	10,402,061	16,740,920
Income from ijarah finance - net	13	8,155,761	4,996,689	3,271,623	1,745,451
Profit from operation of a fuel station - net	14	1,251,140	1,698,344	240,664	586,249
Other income - net		5,080,143	2,977,960	2,348,482	852,705
		64,180,924	58,494,150	16,262,830	19,925,325
<b>EXPENDITURE</b>					
Depreciation on property and equipment - ijarah		5,424,716	2,987,913	2,050,490	883,837
Operating expenses	15	64,867,715	64,518,766	15,615,575	22,206,268
		70,292,431	67,506,679	17,666,065	23,090,105
		(6,111,507)	(9,012,529)	(1,403,235)	(3,164,780)
Reversal of impairment loss		279,703	2,119,549	122,482	2,092,895
		(5,831,804)	(6,892,980)	(1,280,753)	(1,071,885)
Modaraba company's management fee		-	-	-	-
Loss for the period before taxation		(5,831,804)	(6,892,980)	(1,280,753)	(1,071,885)
Taxation	16	(241,700)	(269,271)	(75,048)	(65,356)
Net loss for the period after taxation from continuing operations		(6,073,504)	(7,162,251)	(1,355,801)	(1,137,241)
<b>DISCONTINUED OPERATIONS</b>					
Net profit / (loss) for the period from discontinued operations	9	2,549,488	(484,747)	1,169,956	(13,718)
<b>LOSS FOR THE PERIOD</b>		<b>(3,524,016)</b>	<b>(7,646,998)</b>	<b>(185,845)</b>	<b>(1,150,959)</b>
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently through profit and loss account					
Remeasurement of defined benefit liability-gratuity		(289,992)	-	-	-
<b>Total comprehensive loss for the period</b>		<b>(3,814,008)</b>	<b>(7,646,998)</b>	<b>(185,845)</b>	<b>(1,150,959)</b>
<b>Continuing operations</b>					
Earning per certificate - basic and diluted		(0.33)	(0.39)	(0.07)	(0.06)
<b>Discontinued operations</b>					
Earning per certificate - basic and diluted		0.14	(0.03)	0.06	(0.00)

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 nine months period ended March 31, 2014**

	Nine months period ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rupees)		(Rupees)	
A CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(3,282,316)	(7,377,727)	(110,797)	(1,085,603)
Adjustments of non-cash and other items				
Depreciation on:				
Property and equipment- own use	3,989,877	5,546,631	1,319,495	1,807,997
Property and equipment - ijarah	5,424,716	2,987,913	2,050,490	883,837
property and equipment - fuel operations	328,897	335,844	109,260	111,948
Loss / (gain) on disposal of property and equipment - Ijarah	(28,865)			
Loss / (gain) on disposal of property and equipment - own use	(1,292,561)	(318,706)	(1,298,593)	(30,784)
(Reversal of) / provision for impairment loss	(279,703)	(2,119,549)	(122,482)	(2,092,895)
	4,860,045	(945,594)	1,947,373	(405,500)
Decrease / (increase) in current assets				
Ijarah finance	279,703	26,654	122,482	-
Receivable against operating lease rentals and maintenance service	12,354,153	8,810,488	12,354,153	284,351
Advances, deposits, prepayments and other receivables	(712,536)	95,755	(9,861,921)	2,257,874
Inventory	2,558,441	(2,096,014)	1,379,293	281,056
	14,479,761	6,836,883	3,994,007	2,823,281
Increase / (decrease) in current liabilities				
Creditors, accrued and other liabilities	6,530,523	2,187,487	3,225,789	3,223,522
Security deposits	(6,830,897)	6,122,400	(641,497)	(453,500)
	(300,374)	8,309,887	2,584,292	2,770,022
	19,039,432	14,201,176	8,525,672	5,187,803
Income taxes paid	(5,166,693)	(2,954,330)	(1,540,089)	(1,105,327)
Net cash generated from operating activities	13,872,739	11,246,846	6,985,583	4,082,476
B CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment- ijarah	(12,221,000)	(4,001,500)	-	(2,447,000)
Purchase of property and equipment- own use	(2,118,147)	(885,098)	(52,500)	(21,200)
Proceeds from disposal of property and equipment- own use	2,612,000	1,058,350	2,587,000	193,350
Proceeds from disposal of property and equipment- Ijarah	177,000	1,347,664	177,000	-
Net cash (used in ) / generated from investing activities	(11,550,147)	(2,480,584)	2,711,500	(2,274,850)

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 nine months period ended March 31, 2014**

	Reserves					
	Capital reserves		Revenue reserves			
	Certificate Capital	Certificate premium	Statutory reserve *	(Accumulated loss )	Total Reserves	Total
	------(Rupees)-----					
<b>Balance at July 01, 2012</b>	184,239,450	511,409	55,452,920	(64,002,488)	(8,038,159)	176,201,291
<b>Comprehensive income</b>						
Loss for the period ended						
March 31, 2013	-	-	-	(7,646,998)	(7,646,998)	(7,646,998)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(7,646,998)	(7,646,998)	(7,646,998)
<b>Balance at March 31, 2013</b>	184,239,450	511,409	55,452,920	(71,649,486)	(15,685,157)	168,554,293
<b>Comprehensive income</b>						
Loss for the period ended						
June 30, 2013	-	-	-	10,739,749	10,739,749	10,739,749
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	10,739,749	10,739,749	10,739,749
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
<b>Comprehensive income</b>						
Loss for the period ended						
March 31, 2014	-	-	-	(3,524,016)	(3,524,016)	(3,524,016)
Other comprehensive income	-	-	-	(289,992)	(289,992)	(289,992)
Total comprehensive loss for the period	-	-	-	(3,814,008)	(3,814,008)	(3,814,008)
<b>Transaction with owners:</b>						
Final cash dividend of Re. 0.125 per certificate	-	-	-	(2,302,993)	(2,302,993)	(2,302,993)
<b>Balance at March 31, 2014</b>	184,239,450	511,409	56,071,470	(67,645,288)	(11,062,409)	173,177,041

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 nine months period ended March 31, 2014*

### 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, Shahrae 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 Modarba 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 Modarba 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 period ended March 31, 2014.

### 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 Modarba 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.

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 Modaraba 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 March 31, 2014.

### 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 Modaraba.

	Note	Unaudited March 31, 2014	Audited June 30, 2013
		------(Rupees)-----	
<b>4. IJARAH FINANCE</b>			
Ijarah contracts commencing up to June 30, 2008			
- accounted for as finance leases			
Minimum lease payments due		40,912,309	41,262,309
Residual value of leased assets		3,755,007	3,755,007
Total receivable		44,667,316	45,017,316
Suspended lease income		(7,598,541)	(7,668,838)
Provision for Impairment against potential lease losses	4.1	(33,313,768)	(33,593,471)
		(40,912,309)	(41,262,309)
		3,755,007	3,755,007
<b>4.1</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>5. MORABAHA</b>			
Considered doubtful		2,517,068	2,517,068
Provision for impairment loss against doubtful recoveries		(2,517,068)	(2,517,068)
		-	-

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	4,000,000	4,000,000
Provision for impairment loss against doubtful recovery	(4,000,000)	(4,000,000)
	-	-

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.

## Modaraba Al-Mali

	Note	Unaudited March 31, 2014	Audited June 30, 2013
<b>7. RECEIVABLE AGAINST OPERATING LEASE RENTALS AND MAINTENANCE SERVICE</b>			
<b>----- (Rupees) -----</b>			
Unsecured			
Considered good			
- Maintenance fee	7.1	21,658,442	32,869,777
- Operating lease rentals of tower and allied equipments		-	3,843,083
- Operating lease rentals from assets under IFAS-2		(323,349)	(40,549)
Considered doubtful			
- Operating lease rentals		10,194,320	10,194,320
		31,529,413	46,866,631
Provision for impairment loss against doubtful recoveries		(10,194,320)	(10,194,320)
		21,335,093	36,672,311
<b>7.1</b> This represents receivables from customers in respect of maintenance and refueling services.			
<b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances - considered good			
- Income tax		21,642,018	16,717,025
- Supplier		-	2,494,801
- Employees		348,780	1,194,904
- Others		1,308,405	-
		23,299,203	20,406,730
Current portion of long term deposits		4,163,870	2,416,979
Other deposits		291,400	261,400
Prepayments		1,706,368	2,314,604
Other receivables - considered good			
- Commission receivable		147,098	376,528
- Premises rent receivable		933,484	583,784
- Receivable against sale of fuel		950,145	661,996
- Others		1,413,380	986,723
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		208,732	208,732
		7,678,561	7,678,561
Provision for impairment loss against doubtful recoveries		(7,678,561)	(7,678,561)
		32,904,948	28,008,744

## Modaraba Al-Mali

### 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 Modarba 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 March 31, 2014	Audited June 30, 2013
<b>----- (Rupees) -----</b>		
<b>Assets</b>		
Towers and allied equipment	21,106,239	-
Prepayments	741,235	-
Tower related advances	2,983,065	-
	24,830,539	-
<b>Liabilities</b>		
Security deposits	1,560,000	-
Creditors, accrued and other liabilities	5,583,719	-
	7,143,719	-

#### 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.

	Nine months period ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>----- (Rupees) -----</b>				
<b>----- (Unaudited) -----</b>				
<b>Income</b>				
Income from mobile tower	13,330,808	11,633,542	4,641,936	3,912,268
<b>Expenses</b>				
Premises rent - tower sites	4,294,379	3,931,502	1,451,391	1,099,643
Electricity	2,039,665	1,761,411	626,485	585,957
Travelling and conveyance	80,166	134,859	68,876	97,859
Repairs and maintenance	195,965	193,000	-	3,000
Security guards	1,937,160	2,052,000	645,480	648,000
Insurance	141,859	158,733	89,441	52,910
Miscellaneous	2,092,126	1,966,440	590,307	808,005
Depreciation	-	1,920,344	-	630,612
	10,781,320	12,118,289	3,471,980	3,925,986
<b>Net profit / ( loss) from discontinued operations</b>	<b>2,549,488</b>	<b>(484,747)</b>	<b>1,169,956</b>	<b>(13,718)</b>

	Unaudited March 31, 2014	Audited June 30, 2013
<b>----- (Rupees) -----</b>		
<b>9.2 Cash flow from discontinued operations</b>		
Net cash inflows from operating activities	3,859,568	3,895,649
Net cash outflows from investing activities	(12,285)	-
Net cash inflows from financing activities	-	-
<b>Net cash inflows from discontinued operations</b>	<b>3,847,283</b>	<b>3,895,649</b>

## Modaraba Al-Mali

### 10. PROPERTY AND EQUIPMENT - OWN USE

	Unaudited March 31, 2014	Audited June 30, 2013
	(Rupees)	
Operating property and equipment - in own use	88,777,769	92,310,155
Towers and allied equipment-held for operating lease/ijarah	2,055,696	23,149,650
	<u>90,833,465</u>	<u>115,459,805</u>

10.1 Following additions and disposals, at cost, were made during the period/year:

Note	Additions		Disposals	
	Unaudited March 31, 2014	Audited June 30, 2013	Unaudited March 31, 2014	Audited June 30, 2013
	(Rupees)			
Vehicles - maintenance services	1,646,049	670,000	2,003,100	1,365,740
Vehicles	285,200	98,000	62,600	152,900
Furniture and fixtures	111,613	-	-	38,312
Office and computer equipment	63,000	117,098	78,400	192,700
Tower and allied equipment	12,285	-	-	-
Other allied equipment	-	-	-	1,756,550
	<u>2,118,147</u>	<u>885,098</u>	<u>2,144,100</u>	<u>3,506,202</u>

10.1.1 Includes Rs. 1,889,401 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 March 31, 2014	Audited June 30, 2013	Unaudited March 31, 2014	Audited June 30, 2013
	(Rupees)			
Generators	-	8,465,000	-	(925,000)
Vehicles	12,221,000	4,651,500	771,000	(8,495,500)
	<u>12,221,000</u>	<u>13,116,500</u>	<u>771,000</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 refuelling operation of the Modaraba in Central Region. The management is evaluating these claims and in process of conducting a detailed review in this regard. However, presently these claims are not acknowledged by Modaraba.

	Unaudited March 31, 2014	Audited June 30, 2013
	(Rupees)	
<b>Commitments</b>		
Future rentals of Ijarah finance under IFAS 2 "Ijarah Finance"	<u>38,557,064</u>	<u>43,152,495</u>

## Modaraba Al-Mali

### 13. INCOME FROM IJARAH FINANCE - NET

Note	Nine months period ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rupees)			
	(Unaudited)			
Income from ijarah finance	23,874,700	20,886,555	7,257,094	7,441,511
Ijarah rental expenses	(14,502,926)	(15,889,866)	(3,677,859)	(5,696,060)
Other expenses	(1,216,013)	-	(307,612)	-
Net income from ijarah finance	<u>8,155,761</u>	<u>4,996,689</u>	<u>3,271,623</u>	<u>1,745,451</u>

### 14. PROFIT FROM OPERATIONS OF FUEL STATION - NET

#### Income

Sale of fuel	14.1	108,385,228	96,302,477	36,718,988	30,565,950
Cost of sales		(105,119,960)	(92,922,799)	(35,767,089)	(29,447,709)
		3,265,268	3,379,678	951,899	1,118,241
Rental income	14.2	820,000	810,000	285,000	270,000
		<u>4,085,268</u>	<u>4,189,678</u>	<u>1,236,899</u>	<u>1,388,241</u>

#### Expenses

Salaries and allowances	1,092,883	1,038,880	271,266	343,419
Generator fuel	437,543	430,159	154,572	151,803
Depreciation	328,897	335,844	109,260	111,948
Professional fees	2,550	860	0-	-
Electricity	168,732	117,971	64,579	19,584
Repairs and maintenance	251,043	127,848	214,559	5,523
Printing and stationery	4,855	1,429	3,990	310
Security guards	207,900	171,000	69,300	57,000
Transportation	17,300	2,500	1,200	-
Insurance	18,954	35,994	7,602	15,018
Telephone	35,363	32,027	11,344	8,165
Advertisement	10,050	12,000	3,100	3,000
Miscellaneous	258,058	184,822	85,463	86,222
	<u>2,834,128</u>	<u>2,491,334</u>	<u>996,235</u>	<u>801,992</u>
	<u>1,251,140</u>	<u>1,698,344</u>	<u>240,664</u>	<u>586,249</u>

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.



## Modaraba Al-Mali

15. OPERATING EXPENSES	Nine months period ended		Quarter ended	
	March 31,	March 31,	March 31,	March 31,
	2014	2013	2014	2013
	(Rupees)			
	(Unaudited)			
Salaries, allowances and other benefits	23,153,833	25,174,129	6,237,881	8,373,288
Rent, rates and taxes	687,900	2,471,669	266,453	988,743
Depreciation	3,989,877	3,626,287	1,319,495	1,177,385
Expenditure on maintenance service	16,291,343	13,638,432	2,315,943	5,054,242
Fuel and conveyance	6,839,034	4,357,721	2,292,195	1,535,831
Repairs and maintenance	4,611,529	4,135,288	1,258,760	1,655,145
Ijarah lease rentals	146,132	2,413,845	-	804,615
Legal and professional	1,078,977	686,292	288,401	255,150
Electricity	1,346,913	1,305,087	182,838	183,395
Telephone	1,560,297	1,392,113	405,267	401,513
Travelling and accommodation	842,199	813,222	35,995	384,834
Entertainment	480,163	484,826	131,045	201,330
Insurance	775,403	665,304	223,880	197,026
Printing and stationery	735,138	766,883	102,543	147,051
Gratuity	670,716	795,240	223,572	265,080
Transportation	133,129	169,010	44,620	34,480
Auditors' remuneration	133,200	121,500	10,000	7,000
Subscription	274,191	263,818	91,108	83,595
Registrar services	152,030	151,920	50,750	50,640
Postage	183,113	136,134	43,361	31,360
Advertisement	211,000	34,850	15,000	8,200
Others	571,598	915,196	76,468	366,365
	<u>64,867,715</u>	<u>64,518,766</u>	<u>15,615,575</u>	<u>22,206,268</u>

## 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

For the period ended March 31, 2014

	Maintenance services	Fuel station	Mobile towers	Financing / Investments	Consolidated
	(Rupees)				
	(Unaudited)				
<b>Revenue</b>	<u>49,693,880</u>	<u>108,385,228</u>	<u>13,330,808</u>	<u>23,874,700</u>	<u>195,284,616</u>
<b>Result</b>					
Profit for the period before taxation	808,616	1,251,140	2,549,488	2,002,526	6,611,770
Profit for the period after taxation	<u>808,616</u>	<u>1,009,440</u>	<u>2,549,488</u>	<u>2,002,526</u>	<u>6,370,070</u>

### For Comparative Period

For the period ended March 31, 2013

	48,821,157	96,302,577	11,633,542	20,886,555	118,983,082
<b>Revenue</b>	<u>48,821,157</u>	<u>96,302,577</u>	<u>11,633,542</u>	<u>20,886,555</u>	<u>118,983,082</u>
<b>Result</b>					
Profit/(loss) for the period before taxation	88,321	1,698,343	1,608,148	984,822	4,379,634
Profit/(loss) for the period after taxation	<u>585,799</u>	<u>1,429,072</u>	<u>1,608,148</u>	<u>984,822</u>	<u>4,607,841</u>

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

## Modaraba Al-Mali

Reconciliation of segment results	Nine months period ended	
	March 31,	March 31,
	2014	2013
	(Rupees)	
	(Unaudited)	
Total results for reportable segments	6,370,070	4,110,363
Rental income	2,639,088	2,606,227
Other income	573,351	152,716
<b>Operating expenses:</b>		
Salaries, allowances and other benefits	(7,139,839)	(8,458,721)
Depreciation	(885,545)	(859,746)
Fuel and conveyance	(821,267)	(950,837)
Other unallocated operating expenses	(4,259,874)	(4,247,000)
Loss before tax as per profit and loss account	<u>(3,524,016)</u>	<u>(7,646,998)</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 / year end, if not mentioned elsewhere, are as follows:

Relationship	Nature of transaction	Unaudited	Audited
		March 31,	June 30,
		2014	2013
		(Rupees)	
BankIslami Pakistan Limited (parent company of the management company)	Bank deposits	<u>19,415,173</u>	<u>4,867,356</u>
	Amount payable in respect of ijarah arrangement	<u>1,205,331</u>	<u>991,886</u>
	Amount receivable in respect of maintenance services	<u>9,748,657</u>	<u>11,426,392</u>
	Amount receivable in respect of genset and premises rent income and others	<u>1,750,330</u>	<u>583,784</u>
	Security deposit in respect of ijarah arrangement	<u>11,422,050</u>	<u>22,521,749</u>



## Modaraba Al-Mali

18.2 Transactions during the period	Half year ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	<b>(Rupees)</b>			
	<b>(Unaudited)</b>			
<i>BankIslami Pakistan Limited (holding company of the management company)</i>				
Profit on Islamic profit and loss sharing account	189,291	133,765	79,116	31,802
Rental income	2,641,255	2,606,227	882,223	1,008,005
Maintenance service income	21,857,147	18,109,443	6,850,208	5,948,605
Bank charges	12,613	13,108	3,547	4,725
Vehicle purchase on maturity of Ijarah	1,889,401	-	-	-
Ijarah lease rentals	14,649,058	18,303,711	3,823,991	6,500,675
<i>Other related parties (key management personnel)</i>				
Salaries and benefits	4,620,794	1,173,000	1,621,994	1,837,800
Contributions to staff provident fund	207,572	57,637	74,290	93,206
Contribution to staff gratuity fund	686,403	228,801	228,801	270,966

## 19. 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 April 24, 2014.

For BankIslami Modaraba Investment Limited  
Modaraba Management Company

Chief Executive

Director

Director