

Modaraba Al-Mali

Managed by:

BankIslami Modaraba Investments Ltd.



**Financial Statement (un-audited)
For the nine months period ended
March 31, 2017**

CONTENTS

	Page
Corporate Information	1
Directors' Review	2
Balance Sheet	3
Profit and Loss Account	4
Cash Flow Statement	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7

CORPORATE INFORMATION

Board of Directors	Mr. Muhammad Hamid	Chairman
	Ms. Ayesha Ashraf Jangda	Director
	Mr. Muhammad Faisal Shaikh	Director
	Mr. Rehan Shuja Zaidi	Director
	Mr. Syed Mujtaba Hussain Kazmi	Director
	Mr. Syed Akhtar Ausaf	Director
	Mr. Sohail Sikandar	Director
	Mr. Aziz Adil	Chief Executive Officer
Audit Committee	Mr. Rehan Shuja Zaidi	Chairman
	Mr. Muhammad Hamid	Member
	Mr. Muhammad Faisal Shaikh	Member
	Mr. Sohail Sikandar	Member
HR & Remuneration Committee	Mr. Syed Mujtaba Hussain Kazmi	Chairman
	Mr. Muhammad Faisal Shaikh	Member
	Mr. Aziz Adil	Member
Management Team	Mr. Aziz Adil	Chief Executive Officer
	Mr. Hasan Marfani	Chief Financial Officer & Company Secretary
	Mr. Zeeshan Bin Farrukh	Assistant General Manager
Auditors	A.F. Fergusons & Co.	
	Chartered Accountants	
Credit Rating Appraiser	The Pakistan Credit Rating Agency Limited	
Shari'ah Advisor	Mufti Irshad Ahmad Aijaz	
Legal Advisor	Mohsin Tayebaly & Company, Advocate	
Bankers & Financiers	BankIslami Pakistan Limited	
	Bank Alfalah Limited	
	Dubai Islamic Bank Ltd.	
	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 nine months ended March 31, 2017 as required under section 245 of the Companies Ordinance, 1984, presented in accordance with the requirements of the International Accounting Standard-34 "Interim financial Reporting" as applicable in Pakistan.

Operating Results

Modaraba earned profit after tax of Rs. 4.266 million for nine months period ended March 31, 2017 as against Rs.3.342 million earned during corresponding period showing an increase of over 27%. Overall the progress has been positive during the period especially on account of Profit from fuel station operations which registered an increase of 42% over corresponding period whereas Administrative expenses and Musharaka profit expenses both decreased by 24% and 69% respectively over corresponding period. In an effort to diversify the product portfolio, the Modaraba has introduced Diminishing Musharaka product during the period and intends to add other shariah compliant products in the future.

Future Prospects

Modaraba is primarily focused on financing business. Our endeavor is to optimize the utilization of our own resources and the leverage of the balance sheet and gradually build a good quality assets portfolio.

Acknowledgement

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

On behalf of the Board

-- sd --

Aziz Adil

Chief Executive Officer

Karachi: April 13, 2017

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at March 31, 2017

		Unaudited March 31, 2017	Audited June 30, 2016
ASSETS			
Current assets			
Cash and bank balances	5	11,952,619	5,935,865
Ijarah finance	6	3,755,007	3,755,007
Murabaha finance	7	-	-
Diminishing musharaka		3,940,548	-
Investments	8	-	-
Receivable against ijarah rentals and maintenance service	9	5,084,081	1,061,324
Advances, deposits, prepayments and other receivables	10	9,970,826	7,687,598
Tax refunds due from government		26,369,861	25,665,671
Inventory		1,454,358	726,341
		62,527,300	44,831,806
Non-current assets			
Property and equipment	11	71,680,311	72,333,205
Property and equipment under ijarah arrangement	12	64,099,632	102,174,347
Total non-current assets		135,779,943	174,507,552
Total assets		198,307,243	219,339,358
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities		10,324,800	9,151,394
Current portion of musharika finance		-	4,826,383
Current portion of security deposits		4,864,686	12,132,336
Unclaimed profit distribution		7,517,523	7,047,853
		22,707,009	33,157,966
Non-current liabilities			
Long term portion of musharika finance	13	-	7,530,913
Security deposits		15,477,464	19,109,504
Total liabilities		38,184,473	59,798,383
NET ASSETS		160,122,770	159,540,975

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		184,239,450	184,239,450
18,423,945 Modaraba certificates of Rs. 10 each		58,459,395	58,459,395
Reserves		(82,576,075)	(83,157,870)
Accumulated loss		(24,116,680)	(24,69,8475)
		160,122,770	159,540,975
Total capital and reserves			
Contingencies and commitments	14		

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 nine months period ended March 31, 2017

		Nine Months period ended March 31, 2017	March 31, 2016	Quarter ended March 31, 2017	March 31, 2016
INCOME					
Income from ijarah finance - net		35,359,172	33,811,253	11,540,904	13,823,644
Profit from operation of a fuel station	15	6,021,945	4,849,296	2,305,394	1,577,259
Profit on Islamic Saving accounts		162,793	284,248	63,162	24,204
Income on diminishing musharaka		78,471	-	67,598	-
		41,622,381	38,944,797	13,977,058	15,425,107
EXPENDITURE					
Depreciation on property and equipment - ijarah		(29,288,219)	(27,328,393)	(9,566,116)	(11,380,013)
Musharaka profit expense		(251,716)	(809,277)	-	(557,317)
Expenses on fuel station operations	15	(3,460,385)	(3,048,109)	(1,195,924)	(962,520)
		(33,000,320)	(31,185,779)	(10,762,040)	(12,899,850)
		8,622,061	7,759,018	3,215,018	2,525,257
Reversal of provision against impairment		-	1,024,082	-	-
Other income		3,952,333	5,212,027	1,287,729	2,151,252
Operating expenses	16	(7,688,816)	(10,150,903)	(2,208,621)	(3,459,708)
		4,885,578	3,844,224	2,294,126	1,216,801
Modaraba company's management fee		-	-	-	-
Service sales tax on managemnet fee		(684)	(538)	(321)	(170)
Provision for workers welfare fund		(95,796)	(76,884)	(44,989)	(25,367)
Profit for the period before taxation		4,789,098	3,766,801	2,248,816	1,191,263
Taxation	17	(522,514)	(424,609)	(193,247)	(224,774)
Profit for the period after taxation		4,266,584	3,342,192	2,055,569	966,489
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		4,266,584	3,342,192	2,055,569	966,193
Earning per certificate - basic and diluted		0.23	0.18	0.11	0.05

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, 2017

A. CASH FLOWS FROM OPERATING ACTIVITIES	Nine Months period ended March 31, 2017		Quarter ended March 31, 2017	
	----- (Rupees)-----		----- (Rupees)-----	
Profit before taxation	4,789,098	3,766,801	2,248,816	1,190,967
Adjustments of non-cash and other items				
Depreciation on:				
Property and equipment- own use	563,145	684,165	188,482	200,627
Property and equipment - ijarah	29,288,219	27,328,393	9,566,116	11,380,013
Property and equipment - fuel operations	334,575	328,340	112,071	110,433
(Gain) on disposal of property and equipment - Ijarah	-	(19,366)	-	-
Los/(Gain) on disposal of property and equipment - own use	5,492	(763,268)	-	(763,268)
(Reversal of) / provision for impairment loss	-	(1,024,082)	-	-
	34,980,529	30,300,984	12,115,485	12,118,773
(Increase) / Decrease in current assets				
Ijarah finance	-	24,082	-	-
Receivable against operating lease rentals and maintenance service	(4,022,757)	(1,696,776)	(2,019,264)	(1,696,776)
Advances, deposits, prepayments and other receivables	(2,283,228)	2,222,522	(5,292,207)	22,481,997
Inventory	(727,991)	(1,441,304)	738,138	(2,201,426)
	(7,033,976)	(891,476)	(6,573,333)	18,583,795
Increase / (decrease) in current liabilities				
Creditors, accrued and other liabilities	1,173,406	(2,310,513)	2,202,245	(3,989,749)
Security deposits received (paid)	(10,899,690)	2,936,092	(5,643,543)	(2,290,390)
	(9,726,284)	625,579	(3,441,298)	(6,280,139)
	18,220,269	30,035,087	2,100,854	24,422,429
Income taxes paid	(1,226,704)	(992,255)	(462,576)	(221,046)
Net cash generated from operating activities	16,993,565	29,042,832	1,638,278	24,201,383
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment- ijarah	(2,348,000)	(63,148,000)	-	(20,000,000)
Purchase of property and equipment- own use	(270,804)	(259,382)	(52,555)	450
Proceeds from disposal of property and equipment- own use	20,500	950,000	-	950,000
Disposal of assets under Ijarah arrangements	11,134,498	4,624,088	5,643,542	4,028,070
Proceeds from disposal of long term investments	-	1,000,000	-	-
Diminishing musharaka finances	(3,940,548)	-	(2,455,590)	-
Net cash generated (used in) investing activities	4,595,646	(56,833,294)	3,135,397	(15,021,480)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Profit paid to certificate holders	(3,215,160)	(2,972,597)	(6,286,286)	(5,828,601)
Musharaka finance	(12,357,296)	21,490,164	-	9,814,018
Net cash generated (used in) from financing activities	(15,572,456)	18,517,567	(6,286,286)	(15,642,619)
Net increase in cash and cash equivalents (A+B+C)	6,016,755	(9,272,895)	4,629,550	(924,306)
Cash and cash equivalents at beginning of the period	5,935,865	12,284,683	7,323,069	3,936,093
Cash and cash equivalents at end of the period	11,952,619	3,011,787	11,952,619	3,011,787

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, 2017

	Reserves					Total
	Certificate Capital	Capital reserves		Revenue reserves	Total Reserves	
		Certificate premium	Statutory reserve *	(Accumulated loss)		
	(Rupees)					
Balance at July 01, 2015	184,239,450	511,409	57,011,854	(82,996,006)	(25,472,743)	158,766,707
Comprehensive income						
Profit for the period ended March 31, 2016	-	-	-	3,342,192	3,342,192	3,342,192
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,342,192	3,342,192	3,342,192
Final cash dividend of Re.0.20 per certificate for the year ended June 30, 2015	-	-	-	(3,684,789)	(3,684,789)	(3,684,789)
Balance at March 31, 2016	184,239,450	511,409	57,011,854	(83,338,603)	(25,815,340)	158,424,110
Comprehensive income						
Profit for the period ended June 30, 2016	-	-	-	1,338,470	1,338,470	1,338,470
Other comprehensive loss	-	-	-	(221,605)	(221,605)	(221,605)
Transfer to statutory reserve	-	-	936,132	(936,132)	-	-
Total comprehensive income for the period	-	-	936,132	180,733	1,116,865	1,116,865
Balance at June 30, 2016	184,239,450	511,409	57,947,986	(83,157,870)	(24,698,475)	159,540,975
Comprehensive income						
Profit for the period ended March 31, 2017	-	-	-	4,266,584	4,266,584	4,266,584
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	4,266,584	4,266,584	4,266,584
Transaction with owners:						
Final cash dividend of Re.0.20 per certificate for the year ended June 30, 2016	-	-	-	(3,684,789)	(3,684,789)	(3,684,789)
Balance at March 31, 2017	184,239,450	511,409	57,947,986	(82,576,075)	(24,116,680)	160,122,770

* 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

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

For the nine months period ended March 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Modaraba is engaged in the business of leasing, murabaha, musharaka financing, operation of petrol and diesel filling / service station. The Board of Directors in its meeting held on March 19, 2013 decided to dispose off non-financing business / segment i.e. 'Fuel Station'. The management is in process of identifying disposal avenues along with fair price determination of 'Fuel Station' business. Pakistan Credit Rating Agency (PACRA) has maintained long term entity rating of A- and short term rating of A2, of the Modaraba.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the SECP. Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, IFASs, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, IFASs, Modaraba Companies and Modaraba Rules, 1981, or the directives issued by SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information required for a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2016.

2.2 Functional and presentation currency

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

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

2.3.1 SECP vide its circular No. 10 of 2004 dated February 13, 2004 had deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on modarabas with effect from July 1, 2003 and advised the management companies of modarabas that they may continue to prepare the financial statements of the modarabas without applying the requirements of IAS 17 to the modarabas. Currently, lease transactions (both for assets given and assets obtained) are being accounted for in accordance with the requirements of IFAS 2 as explained in note 2.3.2.

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

- Muj'ir (lessor) presents assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognised as expense.
- Ijarah income is recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

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

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

3.1 The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Modaraba for the year ended June 30, 2016.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or do not have any significant effect on the Modaraba's operations and are therefore not detailed in this condensed interim financial information.

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

3.4 The significant judgments made by the management in applying the Modaraba's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the annual published financial statements for the year ended June 30, 2016.

4. RISK MANAGEMENT POLICIES

The financial risk management objectives and policies are consistent with those disclosed in the annual published financial statements of the Modaraba for the year ended June 30, 2016.

5. CASH AND BANK BALANCES

Note	Unaudited March 31, 2017	Audited June 30, 2016
	------(Rupees)-----	
With banks:		
In profit and loss sharing accounts	5.1 10,611,280	4,903,813
In current accounts	966,913	542,243
Balance with State Bank of Pakistan	11,516	11,516
	11,589,709	5,457,572
On hand:		
Cash	361,610	456,593
Stamp paper	1,300	21,700
	11,952,619	5,935,865

5.1 These carry profit rates ranging from 1.73% to 4.11% per annum. (June 2016: 1.65% to 5.88%)

6. IJARAH FINANCE

Ijarah contracts commencing up to June 30, 2008
- accounted for as finance leases

Minimum lease payments due	40,480,939	40,480,939
Residual value of leased assets	3,755,007	3,755,007
Total receivable	44,235,946	44,235,946
Suspended lease income	(7,491,364)	(7,491,364)
Provision for Impairment against potential lease losses	(32,989,575)	(32,989,575)
	(40,480,939)	(40,480,939)
	3,755,007	3,755,007

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

Modaraba Al-Mali

	Note	Unaudited March 31, 2017	Audited June 30, 2016
7. MURABAHA			
(Rupees)			
Considered doubtful		2,517,068	2,517,068
Provision for impairment loss against doubtful recoveries	7.1	(2,517,068)	(2,517,068)
		<u>-</u>	<u>-</u>
7.1 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.			
8. INVESTMENTS			
Available-for-sale investments			
New Allied Electronics Industries (Private) Limited			
- Sukuk Certificates			
Cost		1,000,000	1,000,000
Disposed		(1,000,000)	(1,000,000)
		<u>-</u>	<u>-</u>
Povision for impairment loss against doubtful recovery		<u>-</u>	<u>-</u>
9. RECEIVABLE AGAINST OPERATING LEASE RENTALS AND MAINTENANCE SERVICE			
Unsecured			
Considered good			
- Ijarah rentals receivables		5,084,081	1,061,324
Considered doubtful			
- Maintenance Fee	9.1	4,275,537	4,275,537
- Ijarah lease rentals of tower and allied equipments		10,194,320	10,194,320
		19,553,938	15,531,181
		(14,469,857)	(14,469,857)
Provision for impairment loss against doubtful recoveries		5,084,081	1,061,324
9.1 This relates to discontinued operations.			

Modaraba Al-Mali

	Unaudited March 31, 2017	Audited June 30, 2016
(Rupees)		
10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Considered good		
- Advance against property and equipment under Ijarah arrangement	2,837,000	2,348,000
- Advances to Supplier	2,466,544	1,678,727
- Loan to employees	247,297	134,769
- Prepayments	683,661	259,385
- Defined benefit plan - staff gratuity	1,865,568	1,865,568
- Others deposits	49,899	57,899
	8,149,969	6,344,348
Other receivables		
- Premises rent receivable	974,547	414,935
- Receivable against common group expenses	64,281	226,991
- Receivable against sale of fuel	5,173	10,669
- Others	776,856	690,655
	1,820,857	1,343,250
- Considered doubtful		
Other receivables		
- 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
- Receivable against sale of fuel	355,102	355,102
- Others	228,732	228,732
	8,053,663	8,053,663
Provision for impairment loss against doubtful recoveries	(8,053,663)	(8,053,663)
	<u>-</u>	<u>-</u>
	9,970,826	7,687,598
11. PROPERTY AND EQUIPMENT- OWN USE		
Operating property and equipment - in own use	71,330,311	71,983,205
Towers and allied equipment	350,000	350,000
	71,680,311	72,333,205
11.1 Following additions and disposals, at cost, were made during the period/year:		

	Additions/transfers		Disposals/transfers	
	Unaudited March 31, 2017	Audited June 30, 2016	Unaudited March 31, 2017	Audited June 30, 2016
(Rupees)				
Vehicles		-	68,400	7,812,092
Office premises -leasehold		330,000		
Building fuel station	130,937	-		
Furniture and fixtures	7,800	237,168	-	269,722
Office and computer equipment	132,067	47,829	180,000	354,480
	270,804	614,997	248,400	8,436,294

12. PROPERTY AND EQUIPMENT UNDER IJARAH ARRANGEMENT

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

	Additions		Disposals	
	Unaudited March 31, 2017	Audited June 30, 2016	Unaudited March 31, 2017	Audited June 30, 2016
(Rupees)				
Machinery & Equipments	-	-	12,382,353	-
Vehicles	2,348,000	63,148,000	4,086,008	12,071,860
	2,348,000	63,148,000	16,468,361	12,071,860

Modaraba Al-Mali

13. MUSHARAKA FINANCE

	Unaudited March 31, 2017	Audited June 30, 2016
	------(Rupees)-----	
Musharaka finance	-	12,357,296
Less: Current portion of musharaka finance	-	(4,826,383)
	-	7,530,913

This represents two separate musharika finance arrangements with the Management company wherein the profit will be shared between the Modaraba and Management company at predetermined ratios and are due to mature from October to December 2018. The Modaraba has agreed to use the musharika funds only for financing of ijarah customers. The musharika finance arrangements have been secured against specific charge over moveable assets.

14. CONTINGENCIES AND COMMITMENTS

The status of contingencies is same as stated in annual audited financial statements of the Modaraba for the year ended June 30, 2016, other than explained below.

In 2014, SRB had issued a "show cause notice (SCN)" to Modaraba Al-Mali for not depositing Sind Sales Tax against "maintenance services" it had provided during the years ended 2012, 2013 and 2014 amounting to Rs.6,503.MAM filed a petition and obtained "stay order" from Sind High Court against this SCN which was subsequently dismissed in October 2016. Currently the Company's Management is contesting its position with SRB & hopeful for a favorable outcome. Based on the discussion with its tax advisors, no provision has been made in these condensed interim financial statements.

15. PROFIT FROM OPERATIONS OF FUEL STATION

Note

	-----Unaudited-----			
	Nine Months period ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	------(Rupees)-----			
Income				
Sale of fuel	107,303,122	90,759,290	42,359,194	28,928,590
Cost of sales	(102,201,177)	(86,785,994)	(40,386,800)	(27,657,331)
	5,101,945	3,973,296	1,972,394	1,271,259
Rental income	920,000	876,000	333,000	306,000
	6,021,945	4,849,296	2,305,394	1,577,259
Expenses				
Salaries and allowances	1,207,515	1,168,651	420,272	380,728
Generator fuel	301,893	336,576	107,678	108,922
Depreciation	334,575	328,340	112,071	110,433
Electricity	504,292	238,823	205,295	58,572
Repairs and maintenance	376,398	311,818	85,799	94,984
Printing and stationery	15,975	13,290	7,625	4,110
Security guards	297,000	257,400	99,000	85,800
Insurance	53,244	57,348	16,608	16,650
Telephone	15,872	16,218	5,168	5,267
Rent rates & taxes	187,001	213,564	56,421	66,171
Miscellaneous	166,620	106,081	79,987	30,883
	3,460,385	3,048,109	1,195,924	962,520
	2,561,560	1,801,187	1,109,470	614,739

15.1 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.

15.2 Rent is received in respect of the plot of land used for fuel station with the oil marketing company and other related units.

Modaraba Al-Mali

16. OPERATING EXPENSES

	-----Unaudited-----			
	Nine Months period ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	------(Rupees)-----			
Salaries, allowances and other benefits	3,189,904	4,806,479	756,321	1,711,534
Rent, rates and taxes	122,485	156,798	44,402	39,833
Depreciation	563,145	684,165	188,482	200,627
Fuel and conveyance	209,748	194,583	49,062	66,534
Repairs and maintenance	217,535	588,807	83,657	69,273
Legal and professional	968,328	1,120,141	359,886	541,834
Electricity	288,349	186,621	49,378	35,334
Telephone	133,967	153,093	41,662	50,516
Entertainment	57,931	66,787	11,282	23,106
Insurance	87,828	131,133	30,436	43,545
Printing and stationery	386,768	379,322	136,214	155,754
Gratuity	108,593	47,918	36,198	15,972
Transportation	-	63,000	-	63,000
Auditors' remuneration	383,700	344,723	123,900	122,120
Subscription	323,041	314,651	107,481	100,200
Registrar services	204,673	214,373	71,402	62,834
Postage	98,671	101,190	38,111	49,394
Advertisement	237,829	331,702	59,600	69,801
Others	106,321	265,417	21,147	38,497
	7,688,816	10,150,903	2,208,621	3,459,708

17. 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.

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:

		Unaudited March 31, 2017	Audited June 30, 2016
		------(Rupees)-----	
18.1 Balances outstanding at the period end			
Relationship	Nature of transaction		
BankIslami Modaraba Investments Limited (Management company)	Musharaka Finance	-	12,357,296
BankIslami Pakistan Limited (parent company of the management company)	Bank deposits	3,752,846	4,214,320
	Amount receivable in respect of genset and premises rent income and others	1,038,828	799,709

Modaraba Al-Mali

18.2 Transactions during the period

	Unaudited			
	Nine Months period ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(Rupees)				
BankIslami Pakistan Limited (Holding company of the management company)				
Profit on Islamic profit and loss sharing account	77,026	41,627	22,959	11,207
Rental income	3,815,825	3,560,527	1,287,729	1,240,663
Bank charges	900	1,038	494	632
BankIslami Modaraba Investments Limited (Management company)				
Musharaka profit expense	251,716	809,277	-	557,317
Disbursement of musharaka finance	-	32,126,000	-	
Other related parties (key management personnel)				
Salaries and benefits	949,776	2,477,496	-	850,608
Other transactions				
Contributions to staff provident fund	103,479	140,808	28,275	48,549
Contribution to staff gratuity fund	118,052	47,918	39,351	15,972

19. GENERAL

Certain prior period figures have been reclassified for the purpose of comparison. However, there are no material reclassifications in the report.

20. 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 13, 2017**.

For BankIslami Modaraba Investment Limited
Modaraba Management Company