

Modaraba Al-Mali
Managed by:
BankIslami Modaraba Investments Ltd.



**First Quarter Report
September 30, 2019
(Un-audited)**

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CORPORATE INFORMATION

Board of Directors	Mr.Sohail Sikandar	Chairman
	Ms.Ayesha Ashraf Jangda	Director
	Mr.Kashif Nisar	Director
	Mr.Muhammad Hamid	Director
	Mr.Khurram Jamil	Director
	Mr.Rizwan Qamar Lari	Director
	Mr.Muhammad Haris Munawar	Director (appointed w.e.f.17-10-2019)
	Mr.Mohammad Sadiq Sheikh	Chief Executive Officer
Audit Committee	Mr.Muhammad Hamid	Chairman
	Mr.Kashif Nisar	Member
	Mr.Sohail Sikandar	Member
	Mr.Khurram Jamil	Member
	Mr.Rizwan Qamar Lari	Director
HR & Remuneration Committee	Mr.Muhammad Hamid	Chairman
	Mr.Sohail Sikandar	Member
	Mr.Mohammad Sadiq Sheikh	Member
Management Team	Mr.Mohammad Sadiq Sheikh	Chief Executive Officer
	Rashid Matin Khan	Chief Financial Officer & Company Secretary
Auditors	A.F. Ferguson & Co.	
	Chartered Accountants	
Credit Rating Appraiser	The Pakistan Credit Rating Agency Limited	
Shari'ah Advisor	Mufti Attaullah	
Legal Advisor	Bawany & Partners Mohsin Tayeabaly & Company-Advocate	
Bankers & Financiers	BankIslami Pakistan Limited Bank Alfalah Limited Dubai Islamic Bank Ltd. Meezan Bank Limited	
Share Registrar	JWAFFS Registrar Services (Pvt.) Ltd.	
Share Registration Office	407, 408 Al-Ameera Centre, Shahrah-e-Iraq, Karachi.	
Registered Office	10th Floor, Progressive Square, Opposite Nursery, Shahrah-e-Faisal, Karachi. Phone: 34547521-25, Fax: 34547526 E-mail: info@modarabaalmali.com URL: http://www.modarabaalmali.com	

Directors' Review

The Directors of BankIslami Modaraba Investments Limited take pleasure in presenting un-audited interim Financial Statements of Modaraba Al-Mali for the quarter ended September 30, 2019.

Operating Results

The management of your Modaraba has been vigilant of the situation prevailing in the country, and by taking appropriate measures it continued to maintain its profitability. During the quarter under review your Modaraba has earned a net profit after tax of Rs.2.821 M as compared to Rs.3.297 of the previous corresponding quarter. The decrease in profitability was mainly due to reduction in Ijarah finances portfolios. Administrative and operating for the quarter were Rs.1.642 M as compared to Rs.2.438 million in corresponding quarter.

Future Prospects

Your Management being fully aware of the valuable contribution of the Certificate Holders would continue to make every possible effort to maximize profits through efficiency and effectiveness in business operations.

Acknowledgement

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

On behalf of the Board

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Mohammed Sadiq Sheikh
Chief Executive Officer

Karachi: October 29, 2019

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at September 30, 2019

ASSETS	Note	Unaudited	Audited
		September 30, 2019	June 30, 2019
----- (Rupees) -----			
Current assets			
Cash and bank balances	5	53,653,867	49,182,224
Ijarah finance	6	3,755,007	3,755,007
Murabaha finance	7	-	-
Current portion of Diminishing musharaka		7,729,899	7,662,921
Receivable against ijarah rentals and maintenance service	8	5,906,841	6,077,340
Advances, deposits, prepayments, other assets and receivables	9	4,936,581	4,280,914
Tax refunds due from government		29,692,309	29,386,162
Inventory		2,447,447	2,864,170
		108,121,951	103,208,738
Non-current assets			
Long-term portion of Diminishing musharaka		9,480,831	11,232,893
Investment Property-at fair value		70,604,000	70,604,000
Property and equipment	10	69,197,789	69,334,215
Property and equipment under Ijarah arrangements	11	6,647,306	6,706,006
		155,929,926	157,877,114
Total assets		264,051,877	261,085,852
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities		9,214,397	9,069,136
Current portion of security deposits		10,380,738	10,380,738
Unclaimed profit distribution		8,236,230	8,236,300
Dividend payable-2019		2,947,831	-
		30,779,196	27,686,174
Non-current liabilities			
Security deposits		100,000	100,000
		100,000	100,000
Total liabilities		30,879,196	27,786,174
NET ASSETS		233,172,681	233,299,678
REPRESENTED BY: CAPITAL AND RESERVES			
Authorised certificate capital			
30,000,000 Modaraba certificates of Rs.10 each		300,000,000	300,000,000
Issued, subscribed and paid-up certificate capital		184,239,450	184,239,450
Premium on issue of certificates		511,409	511,409
Statutory reserve		63,164,012	63,164,012
Accumulated Loss		(81,274,420)	(81,147,423)
Surplus on revaluation on investment property		66,532,230	66,532,230
		233,172,681	233,299,678

CONTINGENCIES AND COMMITMENTS

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

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Financial Officer

Chief Executive

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the quarter ended September 30, 2019

	Note	September 30, 2019	September 30, 2018
		----- (Rupees) -----	
Ijarah rentals - net		71,772	4,546,379
Income from operation of a fuel station	13	2,601,998	3,157,998
Income on deposits with bank		1,019,748	409,086
Income on diminishing musharaka transactions		634,838	537,062
		4,328,356	8,650,525
Depreciation on assets under Ijarah arrangements		(58,700)	(4,014,752)
Reversal of provision against doubtful Ijarah rentals		44,822	-
Expenses on fuel station operations	13	(1,359,424)	(1,382,253)
		2,955,054	3,253,520
Other income		1,746,741	2,813,945
Administrative and operating expenses	14	(1,642,289)	(2,436,821)
		3,059,506	3,630,644
Modaraba Management Company's remuneration		-	-
Provision for services sales tax on management company's remuneration		(428)	(508)
Provision for Workers' Welfare Fund	15	(59,982)	(77,179)
Profit for the quarter before taxation		2,999,096	3,552,957
Taxation	16	(178,262)	(255,291)
Profit for the quarter after taxation		2,820,834	3,297,666
Other comprehensive income for the period		-	-
Total comprehensive income for the period		2,820,834	3,297,666
Earnings per certificate - basic & diluted		0.163	0.193

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

For BankIslami Modaraba Investments Limited
Modaraba Management Company

Chief Financial Officer

Chief Executive

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2019

Note	September 30, 2019	September 30, 2018
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the quarter before taxation	2,999,096	3,552,957
Adjustments for non-cash charges and other items:		
Depreciation on assets under Ijarah arrangements	58,700	4,014,752
Depreciation on fixed assets in own use	136,336	237,772
Gain on disposal of own assets	-	(1,226,000)
Gain on disposal of Ijarah assets	-	-
	<u>195,036</u>	<u>3,026,524</u>
	3,194,132	6,579,481
(Increase) / decrease in assets		
Receivable against ijarah rentals and maintenance service	170,499	(2,754,100)
Advances, deposits, prepayments and other receivable	(655,667)	2,207,996
Diminshing Musharaka	1,685,084	(7,437,897)
Inventory	416,723	(450,807)
	<u>1,616,639</u>	<u>(8,434,808)</u>
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	145,281	112,073
Security deposits	-	(85,900)
	<u>145,281</u>	<u>26,173</u>
Cash generated from operations	<u>4,956,052</u>	<u>(1,829,154)</u>
Income taxes paid	(484,409)	(551,776)
Net cash (used) / generated from operating activities	<u>4,471,643</u>	<u>(2,380,930)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets in own use	-	(91,970)
Proceeds from disposal of fixed assets in own use	-	1,226,000
Disposal of assets under Ijarah arrangements	-	105,900
Net cash generated from investing activities	<u>-</u>	<u>1,239,930</u>
Net (decrease) / increase in cash and cash equivalents	<u>4,471,643</u>	<u>(1,141,000)</u>
Cash and cash equivalents at the beginning of the period	49,182,224	47,176,421
Cash and cash equivalents at the end of the period	<u>53,653,867</u>	<u>46,035,421</u>

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

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Financial Officer

Chief Executive

Director

Director

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

For the quarter ended September 30, 2019

	Paid-up certificate capital	Premium on issue of certificates	Statutory reserve	Accumulated Losses	Total Reserves	Surplus on revaluation of Investment Property	Total
	----- (Rupees) -----						
Balance as at July 01, 2018	184,239,450	511,409	61,571,075	(77,843,272)	(15,760,788)	-	168,478,662
Comprehensive Income							
Profit for the period ended June 30, 2018	-	-	-	7,964,683	7,964,683	-	7,964,683
Other comprehensive loss	-	-	-	(463,924)	(463,924)	66,532,230	66,068,306
Transfer to statutory reserve	-	-	1,592,937	(1,592,937)	-	-	-
Total Comprehensive income for the period	-	-	1,592,937	5,907,822	7,500,759	66,532,230	74,032,989
Final cash dividend of Re. 0.28 per certificate for the year ended June 30, 2018	-	-	-	(9,211,973)	(9,211,973)	-	(9,211,973)
Balance as at June 30, 2019	<u>184,239,450</u>	<u>511,409</u>	<u>63,164,012</u>	<u>(81,147,423)</u>	<u>(17,472,002)</u>	<u>66,532,230</u>	<u>233,299,678</u>
Balance as at July 01, 2019	184,239,450	511,409	63,164,012	(81,147,423)	(17,472,002)	66,532,230	233,299,678
Comprehensive Income							
Profit for the quarter ended September 30, 2019	-	-	-	2,820,834	2,820,834	-	2,820,834
Final cash dividend of Re. 0.16 per certificate for the year ended June 30, 2019	-	-	-	(2,947,831)	(2,947,831)	-	(2,947,831)
Transfer to statutory reserve	-	-	-	-	-	-	-
Balance as at September 30, 2019	<u>184,239,450</u>	<u>511,409</u>	<u>63,164,012</u>	<u>(81,274,420)</u>	<u>(2,947,831)</u>	<u>66,532,230</u>	<u>233,172,681</u>

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

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

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Financial Officer

Chief Executive

Director

Director

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

For the quarter ended September 30, 2019

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. Pakistan Credit Rating Agency (PACRA) has maintained long term entity rating of A- and short term rating of A2, of the Modaraba.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information required for a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2019.

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, 2019.

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, 2019 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, 2019.

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, 2019.

5. CASH AND BANK BALANCES

	Note	Un-audited September 30, 2019	Audited June 30, 2019
----- (Rupees) -----			
Balances with banks in:			
- profit and loss sharing accounts	5.1 & 5.2	51,260,640	47,049,411
- current accounts		1,607,040	1,607,040
		52,867,680	48,656,451
Balances with State Bank of Pakistan		16,374	16,374
		52,884,054	48,672,825
Cash in hand		769,563	509,149
Stamp Paper		250	250
		53,653,867	49,182,224

5.1 Balances with banks include an amount of Rs.50.12 million (June 30,2018: Rs.45.17 million) held with BankIslami Pakistan Limited,(parent company of the Modaraba Management Company).

5.2 These accounts carry profit at rates ranging from 7.06% to 12.40% (June 30, 2019: 6.72% to 10.05%) per annum.

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	6.1	(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	Un-audited September 30, 2019	Audited June 30, 2019
------(Rupees)-----			
7. MURABAHA			
Considered doubtful	7.1	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>
7.1	These represent amounts receivable against Murabaha transactions i.e. sale of goods on deferred payment basis at a specified profit margin ranging from 10% to 24% per annum. Since the finance is non-performing, no income is accrued on it in accordance with the Prudential Regulations for Modarabas.		
8. RECEIVABLE AGAINST IJARAH RENTALS AND MAINTENANCE SERVICES			
Considered good			
- Ijarah rentals receivable		5,906,841	6,077,340
Considered doubtful			
- Ijarah rentals receivable		5,909,028	6,782,496
- Maintenance Fee	8.1	4,275,537	4,275,537
- Ijarah lease rentals of tower and allied equipments		10,194,320	10,194,320
		<u>26,285,726</u>	<u>27,329,693</u>
Less: Provision against potential ijarah losses		<u>(20,378,885)</u>	<u>(35,722,210)</u>
		<u>5,906,841</u>	<u>6,077,340</u>
8.1	This relates to discontinued operations.		
9. ADVANCES, DEPOSITS, PREPAYMENTS, OTHER ASSETS AND RECEIVABLES			
Considered Good			
Advances			
- to suppliers		35,947	35,947
- to employees against salary		-	-
Advance against Diminishing Musharaka			
Prepayments		789,671	421,180
Defined benefit plan - staff gratuity		1,392,775	1,392,775
Other deposits		43,899	43,899
		<u>2,262,292</u>	<u>1,893,801</u>
Other receivables			
- Receivable from BankIslami Pakistan Limited - Related Party		784,725	742,824
- Others		1,889,564	1,644,291
		<u>2,674,289</u>	<u>2,387,115</u>
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
		<u>8,053,663</u>	<u>8,053,663</u>
Provision for impairment loss against doubtful recoveries		<u>(8,053,663)</u>	<u>(8,053,663)</u>
		<u>4,936,581</u>	<u>4,280,916</u>

Modaraba Al-Mali

	Note	Un-audited September 30, 2019	Audited June 30, 2018
------(Rupees)-----			
10. PROPERTY AND EQUIPMENT			
Property and equipment - in own use	13.1	68,847,789	68,984,215
Towers and allied equipment		350,000	350,000
		<u>69,197,789</u>	<u>69,334,215</u>

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

	Additions		Disposals	
	Unaudited September 30, 2019	Audited June 30, 2019	Unaudited September 30, 2019	Audited June 30, 2019
------(Rupees)-----				
Office premises	-	85,970	-	-
Building Fuel Station	-	-	-	-
Vehicles	-	-	-	285,200
Furniture and fixtures	-	-	-	-
Office and computer equipment	-	6,000	-	-
	<u>-</u>	<u>91,970</u>	<u>-</u>	<u>285,200</u>

10. PROPERTY AND EQUIPMENT UNDER IJARAH ARRANGEMENT

	Additions		Disposals	
	Unaudited September 30, 2019	Audited June 30, 2019	Unaudited September 30, 2019	Audited June 30, 2019
------(Rupees)-----				
Equipments	-	-	-	1,059,000
Vehicles	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,059,000</u>

12. CONTINGENCIES AND COMMITMENTS

The status of contingencies is same as stated in the financial statements of the Modaraba for the year ended June 30,2019.

13. PROFIT FROM OPERATIONS OF FUEL STATION

	(Un-audited)	
	Quarter ended	
	September 30, 2019	September 30, 2018
Note	------(Rupees)-----	
Income		
Sale of fuel	67,268,856	80,169,197
Cost of sales	(65,095,858)	(77,337,699)
	2,172,998	2,831,498
Rental income	429,000	326,500
	2,601,998	3,157,998
Expenses		
Salaries and allowances	645,552	654,965
Generator fuel	77,175	154,134
Depreciation	113,556	113,556
Electricity	88,430	40,871
Repairs and maintenance	165,530	153,923
Printing and stationery	3,000	2,850
Security guards	125,400	123,200
Insurance	26,421	26,400
Telephone	5,687	8,019
Rent, rates & taxes	74,243	65,463
Miscellaneous	34,430	38,872
	1,359,424	1,382,253
Profit before taxation	1,242,574	1,775,745
Taxation	(178,262)	(255,291)
Profit after taxation	1,064,312	1,520,454

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

13.2 The amount represents rent earned in respect of the plot of land used for fuel station under a lease deed dated August 13, 2009 with the oil marketing company. Initial term of the rent agreement is for fifteen years. The amount also includes rental income earned from operation of tuck shop and car wash facility.

14. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and other benefits	328,949	799,598
Rent, rates and taxes	37,430	36,615
Depreciation	22,780	124,216
Fuel and conveyance	34,787	85,008
Repairs and maintenance	80,907	98,306
Legal and professional	348,308	359,852
Electricity	136,244	166,985
Telephone	41,896	55,933
Entertainment	16,563	13,844
Insurance	27,834	32,538
Printing and stationery	121,490	150,466
Gratuity	-	8,026
Auditors' remuneration	150,900	150,900
Subscription	106,767	95,488
Registrar services	42,375	43,505
Postage	27,770	29,950
Advertisement	102,600	105,100
Others	14,689	80,491
	1,642,289	2,436,821

15. WORKERS' WELFARE FUND

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

16. TAXATION

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

17. RELATED PARTY TRANSACTIONS

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

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

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

	(Un-audited)	
	Half year ended	
	September 30, 2019	September 30, 2018
	------(Rupees)-----	
BankIslami Pakistan Limited (Holding company of the management company)		
Profit on Islamic profit and loss sharing account	986,267	243,850
Rental income	1,746,741	1,587,945
Bank charges	-	2,000
BankIslami Modaraba Investment Limited (Modaraba Management Company)		
Other transactions		
Contributions to staff provident fund	21,534	31,473
Contribution to staff gratuity fund	-	9,667

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17.2 Details of balances with related parties as at period / year end are as follows:	(Un-audited)	
	Quarter year ended	
	September 30, 2019	September 30, 2018
	------(Rupees)-----	
BankIslami Modaraba Investments Limited (Modaraba Management Company)		
Dividend payable	<u>374,798</u>	<u>-</u>
Receivable against Retainership Fee	<u>123,750</u>	<u>-</u>
BankIslami Pakistan Limited (Holding company of the management company)		
Bank deposits	<u>50,140,570</u>	<u>45,170,854</u>
Amount receivable in respect of genset and premises rental income and others	<u>784,725</u>	<u>724,824</u>

18. GENERAL

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

19. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue by the Board of Directors of the Modaraba Management Company on October 29, 2019.

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Financial Officer

Chief Executive

Director

Director