

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



**Financial Statement (un-audited)
For the nine months period ended
March 31, 2021**

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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
	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	Member
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 Ameerullah	
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

DIRECTORS REVIEW

On behalf of the Board of Directors, we are pleased to present the Financial Statements of Modaraba Al-Mali for the nine months period ended March 31, 2021.

Operating Results

During the period under review, your Modaraba has earned profit after tax of Rs 7.756 million as compared to Rs 2.332 million of the previous comparable period, depicting an increase of 69.9 %. Income from operation of fuel station increased by 19.8% to Rs 3.360 million as against Rs 2.805 during the corresponding period last year. Administrative and operating expenses remained under strict control.

Future Prospects

The outbreak of Covid-19 pandemic has largely affected the living conditions and economic activities in many countries around the globe. Government has taken several economic and health precautionary measures to mitigate the adverse effects of the pandemic in the Country. The Board of Directors and the Management of the Modaraba continued to conduct business operations diligently.

Decision of sale of Modaraba Management Company (BankIslami Modaraba Investment Limited) by BankIslami Pakistan Limited, the parent company, was mentioned in the last half yearly report of the Modaraba. The parties are currently in the process of completing all the regulatory requirements.

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 the staff for their hard work.

On behalf of the Board

Karachi:
April 28, 2021

-- sd --
Ayesha Ashraf
Director

-- sd --
Mohammed Sadiq Sheikh
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at March 31, 2020

ASSETS	Note	Unaudited	Audited
		March 31, 2021	June 30, 2020
------(Rupees)-----			
Current assets			
Cash and bank balances	5	77,443,771	64,479,573
Ijarah finance	6	3,755,007	3,755,007
Murabaha finance	7	-	-
Current portion of Diminishing Musharaka	8	5,149,803	7,388,866
Receivable against Ijarah rentals and maintenance service	9	-	12,647,513
Advances, deposits, prepayments, other assets and receivables	10	4,967,286	3,781,590
Tax refunds due from government	11	26,950,312	29,386,162
Inventory		2,716,573	1,569,368
		120,982,752	123,008,079
Non-current assets			
Long-term portion of Diminishing Musharaka	8	875,785	4,358,408
Investment property	12	72,090,040	72,090,400
Property and equipment under Ijarah arrangements	13	-	4,064,006
Property and equipment	14	68,409,754	68,794,659
		141,375,579	149,307,473
Total assets		262,358,331	272,315,552
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities	15	5,175,472	7,208,632
Current portion of security deposits		3,777,138	7,841,138
Unclaimed profit distribution		9,685,975	8,406,113
		18,638,585	23,455,883
Non-current liabilities			
Security deposits		100,000	100,000
Total liabilities		18,738,585	23,555,883
NET ASSETS		243,619,746	248,759,669
REPRESENTED BY: CAPITAL AND RESERVES			
Authorised certificate capital			
30,000,000 (June 30, 2020: 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
Capital reserves		133,929,056	133,929,056
Revenue reserves		(74,548,760)	(69,408,837)
		243,619,746	248,759,669

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Financial Officer

Chief Executive Officer

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the nine months period ended March 31, 2021

Note	Nine months period ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
------(Rupees)-----				
Income on Diminishing Musharaka transactions	856,540	1,842,500	211,447	541,153
Ijarah rentals - net	-	143,545	-	-
Income from operation of fuel station	7,876,210	7,445,510	2,765,412	2,434,350
Profit on term deposits	2,894,098	2,634,670	967,683	1,314,999
Income on deposits with bank	399,985	1,363,188	115,903	143,392
	12,026,833	13,429,413	4,060,445	4,433,894
Depreciation on assets under Ijarah arrangements	-	(117,400)	-	-
Expenses on fuel station operations	(4,246,156)	(4,640,635)	(1,366,704)	(1,483,423)
Provision against doubtful Ijarah rentals	-	(5,960,746)	-	(5,960,746)
Reversal of provision against doubtful Ijarah rentals	-	104,617	-	-
	7,780,677	2,815,249	2,693,741	(3,010,275)
Other income	5,764,239	5,240,827	1,921,413	1,747,345
Administrative and operating expenses	(5,021,643)	(5,141,034)	(1,612,010)	(1,596,150)
	8,523,273	2,915,042	3,003,144	(2,859,080)
Modaraba Management Company's remuneration	15.1	-	-	-
Provision for services sales tax on management company's remuneration	15.1	(1,193)	(408)	773
Provision for Workers' Welfare Fund	19	(167,123)	(57,158)	(58,885)
Profit for the period before taxation	8,354,957	2,857,476	2,943,486	(2,802,620)
Taxation	20	598,118	525,007	192,785
Profit for the period after taxation	7,756,839	2,332,469	2,750,701	(2,970,988)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	7,756,839	2,332,469	2,750,701	(2,970,988)
Earnings per certificate - basic & diluted	21	0.42	0.13	0.15
				(0.16)

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Financial Officer

Chief Executive Officer

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the nine months period ended March 31, 2021

Note	March 31, 2021	March 31, 2020
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	8,354,957	2,857,476
Adjustments for non-cash charges and other items:		
Depreciation on assets under Ijarah arrangements	-	117,400
Depreciation on fixed assets in own use	384,907	406,116
	384,907	523,516
	8,739,864	3,380,992
Decrease / (increase) in assets		
Receivable against Ijarah rentals and maintenance service	12,647,513	6,077,340
Advances, deposits, prepayments and other receivable	(1,185,696)	604,377
Inventory	(1,147,205)	2,298,065
	10,314,612	8,979,782
(Decrease) / increase in current liabilities		
Creditors, accrued and other liabilities	(2,033,160)	(1,569,890)
Security deposits	(4,064,000)	(2,539,600)
	(6,097,160)	(4,109,490)
Cash generated from operations	12,957,316	8,251,284
Income taxes refunded / (paid)	1,837,731	(1,634,784)
Net cash generated from operating activities	14,795,047	6,616,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of assets under Ijarah arrangements	4,064,006	2,524,599
Diminishing Musharaka finances	5,722,045	5,400,395
Net cash generated from investing activities	9,786,051	7,924,994
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders	(11,616,900)	(2,602,347)
Net cash used in financing activities	(11,616,900)	(2,602,347)
Net increase in cash and cash equivalents	12,964,198	11,939,147
Cash and cash equivalents at beginning of the period	64,479,573	49,182,224
Cash and cash equivalents at end of the period	5 77,443,771	61,121,371

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Financial Officer

Chief Executive Officer

Director

Director

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

For the nine months period ended March 31, 2021

	Paid-up certificate capital	Capital reserves			Revenue reserves	Total Reserves	Total
		Premium on issue of certificates	Statutory reserve	Surplus on revaluation of Investment Property	Accumulated Losses (Note)		
	----- (Rupees) -----						
Balance as at June 30, 2019	184,239,450	511,409	63,164,012	66,532,230	(81,147,423)	49,060,228	233,299,678
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)
Total comprehensive income for the nine months period ended March 31, 2019	-	-	-	-	5,303,457	5,303,457	5,303,457
Balance as at March 31, 2019	184,239,450	511,409	63,164,012	66,532,230	(78,791,797)	51,415,854	235,655,304
Total comprehensive income for the six months period ended June 30, 2020	-	-	-	-	13,303,567	13,303,567	13,303,567
Other comprehensive loss for the year ended June 30, 2020	-	-	-	-	(199,202)	(199,202)	(199,202)
Transfer to statutory reserve	-	-	3,721,405	-	(3,721,405)	-	-
Balance as at June 30, 2020	184,239,450	511,409	66,885,417	66,532,230	(69,408,837)	64,520,219	248,759,669
Final cash dividend of Re. 0.70 per certificate for the year ended June 30, 2020	-	-	-	-	(12,896,762)	(12,896,762)	(12,896,762)
Total comprehensive income for the nine months period ended March 31, 2021	-	-	-	-	7,756,839	7,756,839	7,756,839
Balance as at March 31, 2021	184,239,450	511,409	66,885,417	66,532,230	(74,548,760)	59,380,296	243,619,746

Note: Accumulated loss as at March 31, 2021 includes unrealised gain on investment property amounting to Rs. 5,202,400 (June 30, 2020: Rs. 5,202,400) which is not distributable in terms of Section 240 of the Companies Act, 2017.

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Financial Officer

Chief Executive Officer

Director

Director

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

For the nine months period ended March 31, 2021

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 repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Modaraba is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 10th Floor, Progressive Square, Shahrae Faisal, Karachi, in the province of Sindh.

The Modaraba is engaged in the business of Leasing / Ijarah, Murabaha, Musharaka Financing, operation of petrol and diesel filling / service station.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017;
- Requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas; and
- Provisions of and directives issued by the Securities & Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas and IFASs differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas and IFASs have been followed.

2.1.2 These condensed interim financial statements do not include all the information required for a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2020.

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupee, which is the functional and presentation 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 modarabas without applying the requirements of IAS 17. However, the requirements of IAS 17 were considered for the purpose of leasing transactions (net investment in finance lease, assets given on finance lease, liabilities against assets subject to finance lease, and assets obtained on finance lease) entered into by the Modaraba upto June 30, 2008. 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 on 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 to 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 these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of Modaraba for the year ended June 30, 2020 except for change as disclosed in Note 3.2.1 to the condensed interim financial statements.

3.2 Standards, amendments and interpretations to accounting and reporting standards that are effective in the current year

3.2.1 IFRS 9: "Financial Instruments" has become applicable effective for accounting periods beginning on or after July 1, 2018. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach.

During 2019, the Modaraba Association of Pakistan informed its members that the SECP has deferred the applicability of IFRS 9 to the extent of provision against financings made by the modaraba and required the modaraba to follow all other requirements of IFRS 9. The aforementioned communication by the Modaraba Association of Pakistan to its members was based on the clarification given by the SECP to the Modaraba Association of Pakistan. Accordingly, the Modaraba had adopted all requirements of IFRS 9 and had determined the provision against financings (Ijarah and Diminishing Musharaka) as per the requirements of the Prudential Regulations issued by the SECP at the time of finalization of the financial statements for the year ended June 30, 2019.

During the year ended June 30, 2020, the SECP extended the applicability of IFRS 9 for modarabas for period / year ending on or after June 30, 2021. Moreover, the management also sought a clarification from the SECP with respect to the applicability date of IFRS 9. Based on the clarification received from the SECP, the requirements of IFRS 9 are applicable on the annual financial statements of the Modaraba for the year ending June 30, 2021 and not on the condensed interim financial statements for the nine months period ended March 31, 2021. The Modaraba had already adopted all the requirements of IFRS 9 in the year 2019 with the exception of determining the provision against financing (Ijarah and Diminishing Musharaka). The provision against financing (Ijarah and Diminishing Musharaka) has been currently determined in accordance with the requirements of the Prudential Regulations issued by the SECP.

The Management is currently in the process of assessing the impact of IFRS 9 on the financial statements of the Modaraba for the year ending June 30, 2021.

3.2.2 There are certain other standards, amendments and interpretations that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2020 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 these condensed interim financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

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, 2021 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 these condensed interim financial statements.

3.4 The preparation of these condensed interim financial statements 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.

3.5 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, 2020.

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, 2020.

Modaraba Al-Mali

	Note	Un-audited March 31, 2021	Audited June 30, 2020
------(Rupees)-----			
5. CASH AND BANK BALANCES			
Balances with banks in:			
- Profit and loss sharing accounts	5.1 & 5.2	13,832,075	16,871,499
- Term deposit account	5.3	60,000,000	45,000,000
- Current accounts	5.2	2,886,847	1,757,171
		<u>76,718,922</u>	<u>63,628,670</u>
Balance with the State Bank of Pakistan		14,191	14,191
		<u>76,733,113</u>	<u>63,642,861</u>
Cash in hand		710,408	836,462
Stamp Paper		250	250
		<u>77,443,771</u>	<u>64,479,573</u>
5.1 Balances with banks include an amount of Rs. 12.42 million (June 30, 2020: Rs. 16.70 million) held with BankIslami Pakistan Limited, (parent company of the Modaraba Management Company).			
5.2 These accounts carry profit at rates ranging from 2.2% to 6.6% (June 30, 2020: 2.74% to 6.21%) per annum.			
5.3 These represent amounts placed with BankIslami Pakistan Limited, holding company of the Modaraba Management Company under Islami Amadni Certificates amounting to Rs. 60 million with latest maturity on June 18 2021. These carry profit at rates ranging from 6.9% to 7.00% per annum.			
6. IJARAH FINANCE			
Ijarah contracts commencing up to June 30, 2008	Note	Un-audited March 31, 2021	Audited June 30, 2020
- accounted for as finance leases		------(Rupees)-----	
Minimum lease payments due		40,480,939	40,480,939
Residual value of leased assets		3,755,007	3,755,007
Total receivable		<u>44,235,946</u>	<u>44,235,946</u>
Suspended lease income		(7,491,364)	(7,491,364)
Provision for impairment against potential lease losses	6.1	(32,989,575)	(32,989,575)
		<u>(40,480,939)</u>	<u>(40,480,939)</u>
		<u>3,755,007</u>	<u>3,755,007</u>
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.			
7. MURABAHA FINANCE			
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>
		-	-
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.			
8. DIMINISHING MUSHARIKA			
Musharaka Finance		6,025,588	11,747,274
Less: Current portion of Diminishing		(5,149,803)	(7,388,866)
Long-term portion of Diminishing Musharaka		<u>875,785</u>	<u>4,358,408</u>

Modaraba Al-Mali

	Note	Un-audited March 31, 2021	Audited June 30, 2020
------(Rupees)-----			
9. RECEIVABLE AGAINST IJARAH RENTALS AND MAINTENANCE SERVICES			
Considered good			
- Ijarah rentals receivable		-	12,647,513
Considered doubtful			
- Maintenance fee	9.1	4,275,537	4,275,537
- Ijarah lease rentals of tower and allied equipments		<u>10,194,319</u>	<u>10,194,320</u>
		<u>14,469,857</u>	<u>27,117,370</u>
Less: Provision against potential Ijarah losses		<u>(14,469,857)</u>	<u>(14,469,857)</u>
		-	<u>12,647,513</u>
9.1 This relates to discontinued operations.			
10. ADVANCES, DEPOSITS, PREPAYMENTS, OTHER ASSETS AND RECEIVABLES			
Considered Good			
Advances			
- to suppliers		1,786,640	-
- to employees against salary		-	62,200
Prepayments		573,787	712,693
Defined benefit plan - staff gratuity		1,284,354	1,284,354
Other deposits		<u>40,899</u>	<u>40,899</u>
		<u>3,685,680</u>	<u>2,100,146</u>
Other receivables			
- Receivable from BankIslami Pakistan Limited - Related Party		852,297	580,680
- Others		<u>427,883</u>	<u>1,100,764</u>
		<u>1,280,180</u>	<u>1,681,444</u>
Considered doubtful			
Other receivables		6,242,260	6,242,260
- Terminated leases		1,188,872	1,188,872
- Miscellaneous amount recoverable from the lessees			
- Dividend receivable		16,275	16,275
- Receivable from brokers		22,422	22,422
- Receivable against sale of fuel		355,102	355,102
- Others		<u>230,158</u>	<u>228,732</u>
		<u>8,055,089</u>	<u>8,053,663</u>
Provision for impairment loss against doubtful receivable		<u>(8,053,663)</u>	<u>(8,053,663)</u>
		<u>4,967,286</u>	<u>3,781,590</u>
11. TAX REFUNDS DUE FROM GOVERNMENT			
These represent amounts either withheld by various withholding agents on account of payments received by the Modaraba or advance tax paid by the Modaraba as required under the Income Tax Ordinance, 2001 at the time of making certain payments. The income of the Modaraba is exempt from income tax provided it distributes 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves, in accordance with the Second Schedule to the Income Tax Ordinance, 2001. The Modaraba has either incurred loss in prior years on account of which no distribution was required to be made or has made the required distribution of 90% in prior years. Accordingly, no tax was required to be paid by the Modaraba and the entire amount has been recorded as recoverable. The Modaraba has filed application for refund for each tax year in which withholding tax have been deducted.			
During the current period, in respect of tax years 2014, 2015 and 2019, the FBR have passed an order of refund for an amount less than claimed by the Modaraba in its refund applications. The Modaraba has filed an appeal against the said orders and is confident that the deficient amounts will be refunded.			

Modaraba Al-Mali

	Note	Un-audited March 31, 2021	Audited June 30, 2020
------(Rupees)-----			
12. INVESTMENT PROPERTY			
Carrying amount - opening		72,090,040	70,604,000
Net gain from fair value adjustment		-	1,486,400
Carrying amount - closing		<u>72,090,040</u>	<u>72,090,400</u>

12.1 The leasehold office premises (investment property) of the Modaraba were valued by an independent valuer Harvester Services (Private) Limited, as at June 30, 2020, on the basis of professional assessment of the market values.

12.2 Forced sale value of the investment property was assessed at Rs. 61.28 million as at June 30, 2020.

13. PROPERTY AND EQUIPMENT UNDER IJARAH ARRANGEMENTS

**13.1 Ijarah contracts commenced from July 01, 2008
-accounted for under IFAS2**

	March 31, 2021 (Un-audited)		
	Machinery	Vehicles	Total
------(Rupees)-----			
At July 01, 2020			
Cost	-	40,640,000	40,640,000
Accumulated depreciation	-	(36,575,994)	(36,575,994)
Net book value	-	<u>4,064,006</u>	<u>4,064,006</u>
Additions	-	-	-
Transfers / disposals	-	-	-
Cost	-	40,640,000	40,640,000
Depreciation	-	(36,575,994)	(36,575,994)
Depreciation charge for the period	-	4,064,006	4,064,006
Closing net book value	-	-	-
At March 31, 2020	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
Net book value	-	-	-
Life (years)	-	-	-

	June 30, 2020 (Audited)		
	Machinery	Vehicles	Total
------(Rupees)-----			
At July 01, 2019			
Cost	-	54,437,000	54,437,000
Accumulated depreciation	-	(47,730,994)	(47,730,994)
Net book value	-	<u>6,706,006</u>	<u>6,706,006</u>
Additions	-	-	-
Transfers / disposals	-	-	-
Cost	-	(13,797,000)	(13,797,000)
Depreciation	-	11,272,400	11,272,400
Depreciation charge for the year	-	(2,524,600)	(2,524,600)
Closing net book value	-	<u>(117,400)</u>	<u>(117,400)</u>
At June 30, 2020	-	4,064,006	4,064,006
Cost	-	40,640,000	40,640,000
Accumulated depreciation	-	(36,575,994)	(36,575,994)
Net book value	-	<u>4,064,006</u>	<u>4,064,006</u>
Life (years)	-	<u>3 to 5</u>	

Modaraba Al-Mali

	Note	Un-audited March 31, 2021	Audited June 30, 2020
------(Rupees)-----			
14. PROPERTY AND EQUIPMENT			
Property and equipment - own use	14.1	68,059,754	68,444,659
Towers and allied equipment	13.2	<u>350,000</u>	<u>350,000</u>
		<u>68,409,754</u>	<u>68,794,659</u>

14.1. Property and equipment - own use

	March 31, 2021 (Un-audited)							
	Lease hold land - fuel station	Building - fuel station	Office premises - lease hold	Vehicles	Furniture and fixtures	Office Equipment	Computers	Total
------(Rupees)-----								
At July 01, 2020								
Cost	63,848,000	8,399,474	963,178	42,500	2,004,827	3,396,074	2,388,488	81,042,541
Accumulated depreciation	-	(4,016,942)	(963,178)	(26,196)	(1,860,850)	(3,342,228)	(2,388,488)	(12,597,882)
Net book value	<u>63,848,000</u>	<u>4,382,532</u>	-	<u>16,304</u>	<u>143,977</u>	<u>53,846</u>	-	<u>68,444,659</u>
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	(314,982)	-	(6,372)	(30,426)	(33,125)	-	(384,905)
Closing net book value	<u>63,848,000</u>	<u>4,067,550</u>	-	<u>9,932</u>	<u>113,551</u>	<u>20,721</u>	-	<u>68,059,754</u>
At March 31, 2021								
Cost	63,848,000	8,399,474	963,178	42,500	2,004,827	3,396,074	2,388,488	81,042,541
Accumulated depreciation	-	(4,331,924)	(963,178)	(32,568)	(1,891,017)	(3,375,353)	(2,388,488)	(12,982,528)
Net book value	<u>63,848,000</u>	<u>4,067,550</u>	-	<u>9,932</u>	<u>113,551</u>	<u>20,721</u>	-	<u>68,059,754</u>
Life (Years)	-	<u>20</u>	<u>20</u>	<u>5</u>	<u>10</u>	<u>2 to 5</u>	<u>3</u>	
------(Rupees)-----								
June 30, 2020 (Audited)								
	Lease hold land - fuel station	Building - fuel station	Office premises - lease hold	Vehicles	Furniture and fixtures	Office Equipment	Computers	Total
------(Rupees)-----								
At July 01, 2019								
Cost	63,848,000	8,399,474	963,178	42,500	2,004,827	3,396,074	2,388,488	81,042,541
Accumulated depreciation	-	(3,596,966)	(963,178)	(17,700)	(1,817,839)	(3,274,155)	(2,388,488)	(12,058,326)
Net book value	<u>63,848,000</u>	<u>4,802,508</u>	-	<u>24,800</u>	<u>186,988</u>	<u>121,919</u>	-	<u>68,984,215</u>
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	(419,976)	-	(8,496)	(43,011)	(68,073)	-	(539,556)
Closing net book value	<u>63,848,000</u>	<u>4,382,532</u>	-	<u>16,304</u>	<u>143,977</u>	<u>53,846</u>	-	<u>68,444,659</u>
At June 30, 2020								
Cost	63,848,000	8,399,474	963,178	42,500	2,004,827	3,396,074	2,388,488	81,042,541
Accumulated depreciation	-	(4,016,942)	(963,178)	(26,196)	(1,860,850)	(3,342,228)	(2,388,488)	(12,597,882)
Net book value	<u>63,848,000</u>	<u>4,382,532</u>	-	<u>16,304</u>	<u>143,977</u>	<u>53,846</u>	-	<u>68,444,659</u>
Life (Years)	-	<u>20</u>	<u>20</u>	<u>5</u>	<u>10</u>	<u>2 to 5</u>	<u>3</u>	

14.2 Towers and allied equipment

	March 31, 2021 (Un-audited)		
	Towers with allied equipment	Other allied equipment	Total
	(Rupees)		
At July 01, 2020			
Cost	2,216,553	2,127,811	4,344,364
Accumulated depreciation	(762,539)	(2,127,811)	(2,890,350)
Provision for impairment losses	(1,104,014)	-	(1,104,014)
Net book value	<u>350,000</u>	<u>-</u>	<u>350,000</u>
Additions	-	-	-
Disposals			
Cost	-	-	-
Depreciation	-	-	-
Depreciation charge for the period	-	-	-
Closing net book value	<u>350,000</u>	<u>-</u>	<u>350,000</u>
At March 31, 2021			
Cost	2,216,553	2,127,811	4,344,364
Accumulated depreciation	(762,539)	(2,127,811)	(2,890,350)
Provision for impairment losses	(1,104,014)	-	(1,104,014)
Net book value	<u>350,000</u>	<u>-</u>	<u>350,000</u>
Life (Years)	<u>20</u>	<u>5</u>	

15. CREDITORS, ACCRUED AND OTHER LIABILITIES

	(Rupees)		
	Note	Un-audited March 31, 2021	Audited June 30, 2020
Accrued liabilities		4,611,852	5,524,211
Charity and donation		64,707	63,965
Payable to provincial government	15.1	8,877	7,988
Others		366,790	1,454,264
Ijarah rental received in advance		123,246	158,204
		<u>5,175,472</u>	<u>7,208,632</u>

15.1 The Modaraba Management Company is entitled to a remuneration for services rendered to Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of Modaraba.

The Management Company has waived the management fees for the current period. Accordingly, no provision for the same has been made in these condensed interim financial statements. However, the Modaraba has accrued Sindh Services Sales Tax on a notional amount of management fees calculated at 0.1% of the net profit for the period.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

There were no contingencies as at March 31, 2021 and June 30, 2020 other than as explained below:

The Additional Commissioner of Income Tax (ACIT) amended the assessment for the tax year 2007, dismissing the exemption claimed by the Modaraba on the contention of non distribution of profit as per the provisions of the respective tax laws and created tax demand of Rs. 1.93 million. The Modaraba filed an appeal against the said order with the Commissioner of Income Tax (CIT) who in his order maintained the treatment of ACIT. The second appeal filed against the said order with the Appellate Tribunal Inland Revenue (the Tribunal) was also decided against Modaraba. The Modaraba filed an application with the Tribunal for a review, which has also been decided against the Modaraba during the year ended June 30, 2017. The Modaraba has filed a second review application with the Tribunal and a reference in the High Court of Sindh. As at December 31, 2020 the application is pending for hearing before the High Court of Sindh. The management based on the advice of its legal counsel is hopeful for a favourable outcome and therefore, no provision has been made in these condensed interim financial statements.

16.2 Commitments

There were no commitments outstanding as at March 31, 2021 and June 30, 2020.

17. PROFIT FROM OPERATIONS OF FUEL STATION

	(Un-audited)		(Un-audited)	
	Half year ended	Quarter ended	March 31, 2021	March 31, 2020
	(Rupees)			
Income				
Sale of fuel	177,281,782	198,636,735	59,495,632	65,213,653
Cost of sales	(170,718,972)	(192,484,825)	(57,182,720)	(63,210,503)
	<u>6,562,810</u>	<u>6,151,910</u>	<u>2,312,912</u>	<u>2,003,150</u>
Rental income	1,313,400	1,293,600	452,500	431,200
	<u>7,876,210</u>	<u>7,445,510</u>	<u>2,765,412</u>	<u>2,434,350</u>
Expenses				
Salaries and allowances	2,056,190	1,983,856	681,787	695,919
Generator fuel	130,290	163,592	60,960	38,756
Depreciation	324,202	340,531	105,846	113,419
Electricity	259,682	300,854	65,420	90,285
Repairs and maintenance	523,672	941,259	171,642	179,682
Printing and stationery	16,641	18,000	6,642	3,000
Security guards	510,300	482,400	138,600	231,600
Insurance	86,646	87,381	31,685	27,675
Telephone	19,888	17,547	6,202	5,853
Rent, rates & taxes	187,389	186,306	62,463	62,643
Miscellaneous	131,256	118,909	35,457	34,591
	<u>4,246,156</u>	<u>4,640,635</u>	<u>1,366,704</u>	<u>1,483,423</u>
	<u>3,630,054</u>	<u>2,804,875</u>	<u>1,398,708</u>	<u>950,927</u>

17.1 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.

17.2 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.

18. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and other benefits	1,089,139	1,025,537	338,913	368,148
Rent, rates and taxes	59,735	152,147	18,915	48,493
Depreciation	60,705	65,585	20,235	20,264
Fuel and conveyance	101,462	105,096	34,032	35,337
Repairs and maintenance	209,589	209,263	61,548	30,802
Legal and professional	1,275,834	1,145,915	392,863	379,452
Electricity	123,407	245,575	18,568	35,396
Telephone	120,065	119,923	40,544	37,994
Entertainment	31,058	34,865	11,380	9,622
Insurance	71,118	76,660	23,706	24,006
Printing and stationery	348,691	339,322	106,803	112,155
Auditors' remuneration	688,369	786,888	256,255	181,738
Subscription	339,398	320,305	113,138	106,771
Registrar services	217,052	210,996	84,750	110,103
Postage	82,871	91,795	26,534	36,727
Advertisement	110,899	115,066	50,299	26,966
Others	92,251	96,096	13,527	32,176
	<u>5,021,643</u>	<u>5,141,034</u>	<u>1,612,010</u>	<u>1,596,150</u>

19. WORKERS' WELFARE FUND

This represents charge in respect of Workers' Welfare Fund recognised in line with the requirements of Sindh Workers' Welfare Fund Act, 2014.

20. TAXATION

20.1 On March 22, 2021, the President of Pakistan promulgated the Tax Law (Second Amendment) Ordinance, 2021,(Ordinance 2021) whereby Clause 100 of the Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 relating to the Tax Exemption available to the Modarabas stands withdrawn.

Tax Exemption has been available to the Modarabas under Section 37 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, which is still operative and was specified under Clause 100 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, which exemption has been removed by Ordinance 2021. It is believed that the Ordinance 2021 will be placed before the Assembly to be ratified through a Finance Act. It is a settled law that the taxes can only be levied from prospective effect and any retrospective applicability thereof is ultra-vires under the Constitution. Based on the legal and professional advice, the Management along with other Modarabas, have made representations to the appropriate authorities to remove intended withdrawal of tax exemption available to the Modarabas, particularly any retrospective effect of the Ordinance 2021.

Accordingly, no provision for Income Tax has been made in the quarterly accounts for the period ended July 1, 2020 to March 31, 2021.”

20.2 The income tax returns of the Modaraba have been filed upto the financial year ended June 30, 2020 which are deemed assessed under the Income Tax Ordinance 2001, unless selected for audit by the taxation authorities.

21. EARNINGS PER CERTIFICATE

Diluted earnings per certificate has not been presented as the Modaraba did not have any convertible instruments in issue as at March 31, 2021 and March 31, 2020 which would have any effect on the earnings per certificate if the option to convert is exercised.

22. 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 service rules and actuarial advise respectively. Modaraba management fee is 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.

22.1 Details of transactions with related parties during the period are as follows:

	(Un-audited) Half year ended	
	March 31, 2021	March 31, 2020
BankIslami Pakistan Limited (Holding company of the management company)	----- (Rupees) -----	
Profit on Islamic profit and loss sharing account	340,483	1,150,938
Profit on term deposit account	2,894,098	1,363,188
Rental income	5,764,239	5,240,223
Other transactions		
Contributions to staff provident fund	44,211	43,068

22.2 Details of balances with related parties as at period / year end are as follows:

	(Un-audited)	(Un-audited)
	March 31, 2021	June 30, 2020
BankIslami Pakistan Limited (Holding company of the management company)	----- (Rupees) -----	
Bank deposits	15,514,750	16,700,000
Investment in term deposit	60,000,000	45,000,000
Amount receivable in respect of gaset and premises rent income and others	861,480	580,680

23. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As per the requirements of the IFRS 13, the Modaraba shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The Modaraba recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The Modaraba’s policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity); and
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the period.

Currently, the Modaraba holds investment property which is being carried and disclosed at fair value. The carrying values of all other financial assets and liabilities reflected in these condensed interim financial statements approximate their fair value.

The following is the categorisation of assets measured at fair value.

	March 31, 2021 (Un-audited)			
	Level 1	Level 2	Level 3	Total
Assets:	----- (Rupees) -----			
Investment property	-	-	72,090,040	72,090,040
	-----	-----	-----	-----
	June 30, 2020 (Un-audited)			
	Level 1	Level 2	Level 3	Total
Assets:	----- (Rupees) -----			
Investment property	-	-	72,090,040	72,090,040

24. GENERAL

24.1 The figures in these condensed interim financial statements have been rounded off to the nearest Rupee.

24.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. No significant reclassifications have been made during the half year.

25. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Board of Directors of the Modaraba Management Company on April 28, 2021.

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Financial Officer

Chief Executive Officer

Director

Director