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Mission Statement

The mission statement of the Management Company and Modaraba Al-Mali stems from its commitment to follow the Divine Commandment:

“But Allah hath permitted trade and forbidden usury”

Accordingly, the mandate it has set for itself is to seek investment, raise funds, trade and re-invest in accordance with Islamic principles and continuously endeavor to conduct business in conformity with Sharia to the maximum extent possible in the prevailing secular economic environment, which is not yet fully geared and ready to adopt Islamic financial set-up as a way of life.

Our Vision

Our vision is to become vibrant organization of choice for our customers and investors, contribute in the development of national economy, and maximize profitability for sharing halal profits to our certificate holders and partners. The Management Company is committed to continuous, sustainable and impressive growth in the sphere of its activities.

The cornerstone of investment management philosophy is to grow through consortium effort entering into investment and technical collaboration with effort entering into investment and technical collaboration with interested organizations, sharing common objectives, who would like to invest and grow in Pakistan through their skills and equity. This approach is not a sideline at our organization. It is at the heart of our design for growth and in pursuit of excellence.

CORPORATE INFORMATION

Board of Directors	Mr. Muhammad Hamid	Chairman
	<u>In Alphabetical Order</u>	
	Mr. Asad Alim	Director
	Mr. Hasan Aziz Bilgrami	Director
	Mr. Mujtaba Hussain Kazmi	Director
	Mr. Muhammad Imran	Director
	Mr. S. Shah Sajid Hussain	Director
	Mr. Tariq Usman Bhatti	Director
	Mr. Zulfiqar Ali	Chief Executive
Audit Committee	Mr. Tariq Usman Bhatti	Chairman
	Mr. Muhammad Hamid	Member
	Mr. S. Shah Sajid Hussain	Member
HR & Remuneration Committee	Mr. Asad Alim	Chairman
	Mr. Hasan Aziz Bilgrami	Member
	Mr. Zulfiqar Ali	Member
Management Team	Mr. Zulfiqar Ali	Chief Executive
	Mr. Muhammad Saad	Chief Operating Officer
	Syed Ahmed Asim	CFO/Company Secretary
	Mr. Tahir Zuberi	General Manager Operations
Company Secretary	Syed Ahmed Asim	
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountants A-35, Cawish Court Block # 7&8, KCUSU, Karachi.	
Bankers & Financiers	BankIslami Pakistan Limited Bank Alfalah Limited Meezan Bank Limited	
Registrar & Share Registration Office	Technology Trade (Pvt.) Limited Dagia House, 241-C, Block-2, P.E.C.H.S., Karachi.	
Registered Office	10th Floor, Progressive Square, Opposite Nursery, Sharea Faisal, Karachi. Phone: 34547521-25, Fax: 34547526 E-mail: info@modarabaalmali.com URL: http://www.modarabaalmali.com	

Modaraba Al-Mali

DIRECTORS' REPORT

On behalf of the Board of Directors of BankIslami Modaraba Investments Limited we are presenting the 26th annual report of Modaraba Al-Mali together with Audited Accounts for the year ended June 30, 2012.

1. Operating Results

A summary of operating results for the year ended June 30, 2012 are presented as under:

	(Rs. in "000")	
	2012	2011
Total operating income	<u>105,617</u>	<u>85,484</u>
Net loss for the year	<u>(2,688)</u>	<u>(20,155)</u>
Appropriations:		
Statutory reserves @ 20%	<u>--</u>	<u>--</u>
	<u>(2,688)</u>	<u>(20,155)</u>
Un-appropriated loss brought forward	<u>(61,314)</u>	<u>(41,159)</u>
Un-appropriated loss carried forward	<u>(64,002)</u>	<u>(61,314)</u>
Loss per certificate of Rs. 10/- each	<u>(0.15)</u>	<u>(1.09)</u>

2. Profit distribution

Due to loss during the year, the Directors have not declared any dividend for the year ended 30th June 2012.

3. Statutory reserve

As per Prudential Regulations issued by Securities & Exchange Commission of Pakistan, Modarabas are required to transfer a minimum 20% and maximum 50% post-tax profit to statutory reserves. However, as the Modaraba has incurred loss during the year, no appropriation has been made towards statutory reserves.

4. Operational review

The Modaraba incurred loss of Rs. 0.15 per certificate during the current financial year as compared to loss of Rs. 1.09 per certificate during the corresponding year ended June 30, 2011. During the year under review, some of our towers turned idle as the main user of our tower sites substantially shrunk its business in Islamabad region. These towers were dismantled to save the operational cost. The impairment booked on these towers and against the amount receivable from the said party was the main cause of loss during the year under review. Performance of the fuel station was also below expectations due to short supply of fuel from OMC. Profits from maintenance and refueling business and recovery from an old defaulter helped in reducing the loss to the reported level.

5. Future Prospects

The management is focusing on gradually building a high quality financing portfolio through controlled leveraging of balance sheet. We are also in negotiation with a renowned cellular operator for renting of several tower sites. Contract for providing maintenance services to a bank branches in southern region is expected to be executed shortly. Strenuous efforts are being made for recovery of stuck-up funds of the Modaraba and reducing the non-earning assets on the balance sheet. We hope that these steps will lead to improved performance of the Modaraba in coming years.

6. Corporate Governance

The modarabas are required to comply with various requirements of the Code of Corporate Governance (CCG) issued by the SECP and enforced through listing regulations of the Stock Exchanges in Pakistan. Your management has taken significant steps in line with the requirements formulating a vision and mission statement, over all corporate strategy, strengthened internal audit function, constituting an Audit Committee and adoption of Charter of Audit Committee.

The statutory auditors are also required to issue their review report over the compliance statement of the best practices, which is published with the financial statements.

The Board of Directors has reviewed the CCG and confirms that:

Financial statements, prepared by the management, present fairly the state of affairs, the results of its operations, cash flows and change in equity;

Proper books of account have been maintained;

Appropriate accounting policies have been consistently applied in preparation of financial statements except for the changes explained in financial statements and accounting estimates are based on reasonable and prudent judgment;

International Financial Reporting Standards, as applicable to modarabas in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained;

The system of internal control is sound in design and has been effectively implemented and monitored; and

There are no significant doubts upon the modaraba's ability to continue as a going concern.

Key operating and financial data of last six years is annexed.

7. Pattern of certificate holding

Pattern of certificate holding is annexed to this report.

Modaraba Al-Mali

8. Attendance of Board Meetings

In all, five Board meetings of the Modaraba Company were held during the year. Attendance of each director is appended hereunder:

Name of Directors	No. of Meetings attended	Leave of Absence	Remarks
In Alphanumeric Order			
Mr. Asad Alim	4	1	
Mr. Hasan Aziz Bilgrami	4	1	
Mr. Muhammad Hamid	5	--	
Mr. Muhammad Imran	2	3	
Mr. Mujtaba Hussain Kazmi	1	4	
Mr. S. Shah Sajid Hussain	5	--	
Mr. Tariq Usman Bhatti	5	--	
Mr. Zulfiqar Ali-CEO	4	1	

9. Attendance of Audit Committee

In all, four Audit Committee meetings of the Modaraba were held during the year. Attendance of each member is appended hereunder:

Name of Members	No. of Meetings attended	Leave of Absence	Remarks
1. Mr. Tariq Usman Bhatti	3	1	
2. Mr. Muhammad Hamid	4	--	
3. Mr. S. Shah Sajid Hussain	4	--	

10. Human Resource & Remuneration Committee

In compliance of Code of Corporate Governance, the Modaraba has established Human Resource & Remuneration Committee, comprising the following members;

1. Mr. Asad Alim	Chairman
2. Mr. Hasan Aziz Bilgrami	Member
3. Mr. Zulfiqar Ali	Member

10. Credit Rating

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

On behalf of the Board

-- sd --

Zulfiqar Ali
Chief Executive

Karachi:
September 27, 2012

Modaraba Al-Mali

KEY OPERATING AND FINANCIAL DATA

Balance Sheet Summary

(Rupees in Million)

Year Ended June 30,	2007	2008	2009	2010	2011	2012
EQUITY						
Issued, subscribed and paid up capital	184.24	184.24	184.24	184.24	184.24	184.24
Statutory Reserves	54.23	55.45	55.45	55.45	55.45	55.45
Revenue Reserves and unappropriated profit	(5.70)	(0.30)	(27.73)	(40.65)	(60.80)	(63.49)
Total Equity	232.77	239.39	211.96	199.04	178.89	176.20
LIABILITIES						
Liability against Ijarah finances	21.08	12.40	5.07	-	-	-
Customer Security Deposit	33.95	9.10	9.24	10.46	10.60	22.89
Others	3.02	-	-	-	-	-
	58.05	21.50	14.31	10.46	10.60	22.89
Current Liabilities						
Short term Morabaha and Musharika	-	-	-	-	-	-
Other Current Liabilities	20.05	48.27	36.62	39.35	23.56	28.03
Total Current Liabilities	20.05	48.27	36.62	39.35	23.56	28.03
Total Liabilities	310.87	309.16	262.89	248.85	213.05	227.12
ASSETS						
Assets Leased Out	-	-	5.49	6.63	6.47	14.52
Net investment in Ijarah	33.28	7.35	0.69	-	-	-
Assets in Own Use	73.79	125.64	124.21	131.25	132.72	123.44
Long Term Morabaha and Musharika	0.51	0.06	32.82	8.79	-	-
Long Term Investment	-	27.54	33.10	22.27	-	-
Other Long Term Assets	20.67	3.15	3.15	1.49	2.52	11.94
	128.25	163.74	199.46	170.43	141.71	149.90
Current Assets						
Short Term Morabaha and Musharika	79.75	12.03	25.28	21.63	8.22	-
Current maturity of Net investment in Ijarah	34.51	22.43	5.83	3.82	3.75	3.75
Short Term Investment	5.03	5.50	-	12.50	9.75	6.00
Other Current Assets	18.29	33.17	21.82	39.35	46.39	58.83
Cash and Bank Balance	45.03	72.28	10.49	1.12	3.23	8.64
Total Current Assts	182.61	145.41	63.42	78.42	71.34	77.22
Total Assets	310.86	309.15	262.88	248.85	213.05	227.12

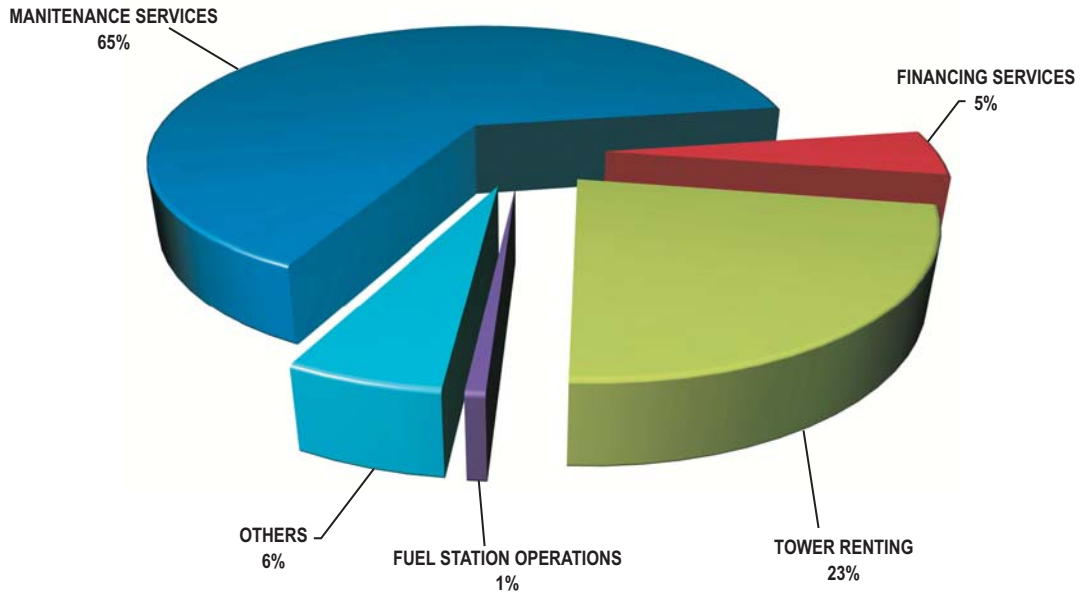
Income Statement Highlights

(Rupees in Million)

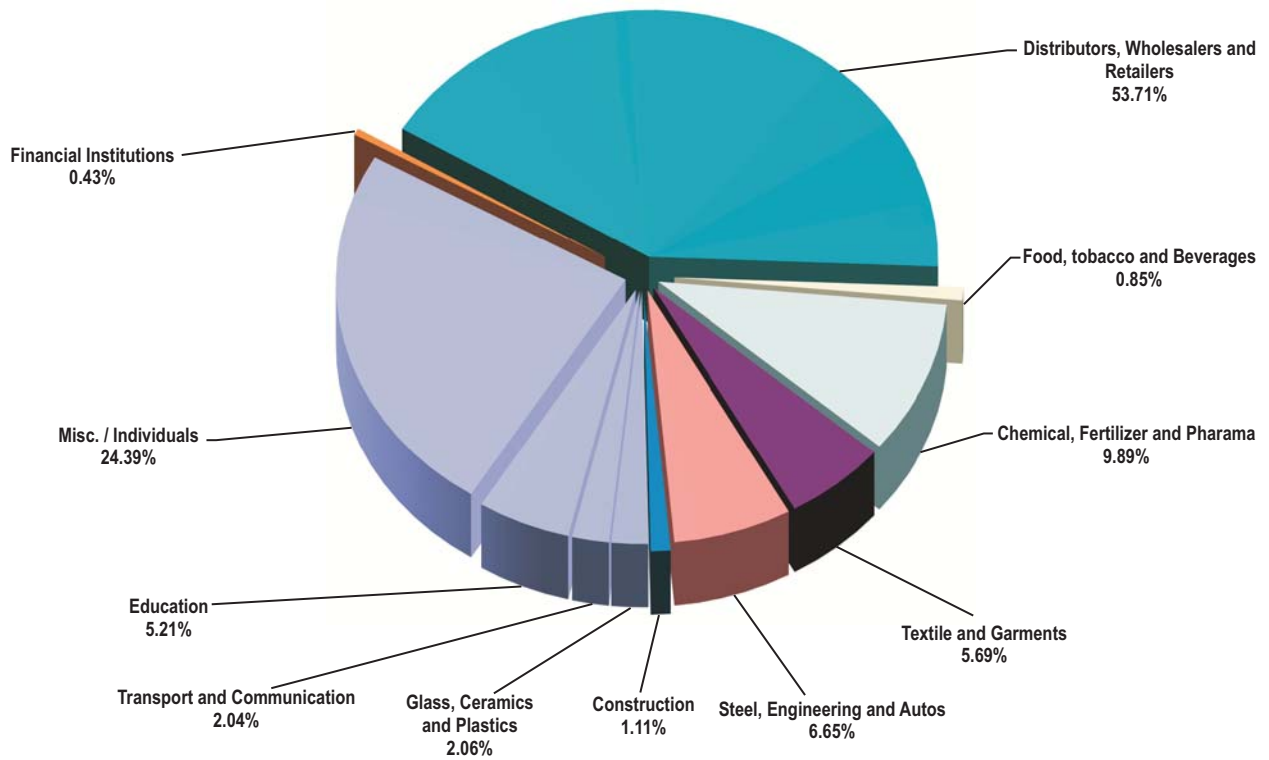
Year Ended June 30,	2007	2008	2009	2010	2011	2012
INCOME						
Lease	38.21	27.76	21.79	21.25	30.36	29.30
Musharika and Morabaha	18.54	8.74	7.80	7.45	3.18	0.66
Capital Gain on Investments	-	(0.06)	-	-	-	-
Dividend	0.16	0.17	-	-	-	-
Certificate of Investment	-	5.07	-	-	-	-
Maintenance services	-	-	-	26.89	42.82	69.10
Other	2.54	3.81	8.95	5.91	9.12	6.69
Total Income	59.45	45.49	38.54	61.50	85.48	105.75
EXPENSES						
Operating	31.96	28.92	39.65	68.94	79.46	102.45
Financial	10.86	2.79	2.25	1.14	0.16	-
Amortization, depreciation	9.32	9.88	1.67	2.84	3.51	3.01
Provision for doubtful receivables	19.03	(2.22)	17.25	1.49	22.36	2.74
Management fee	-	-	-	-	-	-
Profit / (loss) before taxation	(11.72)	6.12	(22.28)	(12.91)	(20.01)	(2.43)
Taxation	-	-	-	-	0.14	0.25
Net profit / (loss)	(11.72)	6.12	(22.28)	(12.91)	(20.15)	(2.68)
APPROPRIATIONS						
Total Dividend	-	4.61	-	-	-	-
Statutory Reserves	-	1.22	-	-	-	-
VALUE OF INVESTMENT OF						
Provident Fund	3.70					
Gratuity Fund	5.28					

Note: Above figures are based on respective audited accounts for the year ended June 30, 2011 of the funds

REVENUE ANALYSIS



SECTOR WISE EXPOSURE





Modaraba Al-Mali

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

BankIslami Modaraba Investments Limited (the Modaraba Management Company) is not listed, however, Modaraba Al-Mali (the Modaraba) is listed at Karachi, Lahore and Islamabad Stock Exchanges. The Board of Directors of the Modaraba Management Company is responsible for management of affairs of the Modaraba.

The Modaraba Management Company has applied the principles contained in the Code of Corporate Governance in respect of the Modaraba in the following manner:

1. The Company encourages representation of independent non-executive directors on its board of directors. At present the board includes;

Category	Names
Independent Directors	Mr. Muhammad Hamid / Mr. Tariq Usman Bhatti
Executive Directors	None
Non-Executive Directors	Mr. Hasan Aziz Bilgrami / Mr. S. Shah Sajid Hussain / Mr. Mujtaba Hussain Kazmi / Mr. Muhammad Imran / Mr. Asad Alim

The independent directors meet the criteria of independence under Code of Corporate Governance

2. The Directors of the Modaraba Management Company have confirmed that none of them is serving as director on more than seven listed companies, including this company (excluding the listing subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Modaraba Management Company have confirmed that they are registered as tax payers and none of them have defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial company, or being a member of a stock exchange, has been declared as defaulter by the stock exchange.
4. No casual vacancy occurred in the board of directors of Modaraba Management Company during the year.
5. The Modaraba Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a Vision and Mission statement, overall corporate strategy and certain significant policies. A complete record of particulars of significant policies along with dates on which they were approved or amended has been maintained.
7. All the powers of Board have been duly exercised and decisions on material transactions, including the appointment and determination of remuneration and terms and conditions of the employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. Five meetings of the Board held during the year were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

Modaraba Al-Mali

9. Board members are fully aware of their duties and responsibilities under the relevant laws and regulations, including the Code of Corporate Governance. They are experienced individuals and few of them are also on the Board of other listed companies due to which no orientation course was arranged during the year.
10. The Board has approved appointment of Chief Financial Officer (CFO) and Company Secretary, including their remuneration and terms and conditions of employment, as determined by the CEO. There was no new appointment of the CFO or the Company Secretary during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by the CEO and the CFO before the approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holdings.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors of the Modaraba Management Company and the Chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of the interim and final results of the Modaraba, as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, majority of whom are non-executive directors including the Chairman.
18. The Board of the Modaraba Management Company has outsourced the internal audit function to a firm of Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Modaraba.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in the compliance with International Federation of Accounts (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services to the Modaraba except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Modaraba's securities, was determined and intimated to directors, employees and stock exchanges(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges(s).
23. We confirm that all other material principles enshrined in the code have been complied with.

On behalf of the Board

-- sd --

Zulfiqar Ali
Chief Executive

Karachi:
September 27, 2012

Modaraba Al-Mali

REVIEW REPORT TO THE CERTIFICATE HOLDERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance the statement with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **BankIslami Modaraba Investments Limited (the Modaraba Management Company)** representing **Modaraba Al-Mali (the Modaraba)**, for the year ended June 30, 2012, to comply with the relevant Listing Regulations of the respective Stock Exchange where the Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Modaraba Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Modaraba personnel and review of various documents prepared by the Modaraba Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risk and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Stock Exchanges requires the Modaraba Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Modaraba for the year ended June 30, 2012.

We draw attention to the paragraph 9 of the Statement regarding non-arrangement of orientation course of directors of the Modaraba Management Company.

Chartered Accountants

-- sd --

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi:
September 27, 2012

Engagement Partner
Mushtaq Ali Hirani

Modaraba Al-Mali

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed Balance Sheet of **Modaraba Al-Mali** as at June 30, 2012 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Company's [Bank Islami Modaraba Investments Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Modaraba Company in respect of Modaraba Al-Mali as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion:
 - i. the balance sheet and the related profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii. the business conducted, investments made and expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2012 and of the loss, its cash flows and changes in equity for the year then ended, and
- d) in our opinion, no Zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants

-- sd --

**Engagement Partner
Mushtaq Ali Hirani**

Karachi:
September 27, 2012

Modaraba Al-Mali

BALANCE SHEET

As at June 30, 2012

		2012	2011
		----- (Rupees) -----	
ASSETS	<i>Note</i>		
Current Assets			
Cash and bank balances	5	8,643,597	3,237,265
Ijarah finance	6	3,755,007	3,755,007
Morabaha finance	7	-	-
Diminishing musharaka finance			8,225,064
Current portion of long term investments	8	6,000,000	9,750,000
Receivable against operating lease rentals and maintenance service	9	35,091,042	25,431,306
Advances, deposits, prepayments and other receivables	10	19,611,602	18,297,838
Inventory	11	4,119,801	2,631,564
Total current assets		77,221,049	71,328,044
Non-current Assets			
Property and equipment	12	123,443,024	132,728,030
Property and equipment under ijarah arrangement	13	14,520,589	6,469,486
Long term deposits		11,942,649	2,526,899
Total non-current assets		149,906,262	141,724,415
Total assets		227,127,311	213,052,459
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities	14	21,467,607	16,953,741
Current portion of security deposits	15	4,650,107	4,539,807
Unclaimed profit distribution		6,567,310	6,567,310
Total current liabilities		32,685,024	28,060,858
Non-Current Liabilities			
Security deposits	15	18,240,996	6,101,546
Total liabilities		50,926,020	34,162,404
NET ASSETS		176,201,291	178,890,055
REPRESENTED BY			
CAPITAL AND RESERVES			
Issued, subscribed and paid-up	16	184,239,450	184,239,450
Reserves		55,964,329	55,964,329
Accumulated loss		(64,002,488)	(61,313,724)
		(8,038,159)	(5,349,395)
		176,201,291	178,890,055
Contingencies and Commitments	17		

The annexed notes form an integral part of these financial statements.

Chief Executive

BankIslami Modaraba Investments Limited
Modaraba Management Company

Director

BankIslami Modaraba Investments Limited
Modaraba Management Company

Director

BankIslami Modaraba Investments Limited
Modaraba Management Company

Modaraba Al-Mali

PROFIT AND LOSS ACCOUNT

For The Year Ended June 30, 2012

INCOME	Note	2012	2011
		------(Rupees)-----	
Income from maintenance services		69,101,994	42,827,320
Income from Ijarah finance		29,302,347	30,367,791
Profit on diminishing musharaka finance		377,592	3,146,904
Profit on investments in sukuk certificate		27,411	1,027,769
Profit on morabaha finance		278,664	38,851
Income from operation of fuel station - net	18	758,644	515,962
Other operating income - net	19	5,913,294	7,559,736
		<u>105,759,946</u>	<u>85,484,333</u>
EXPENDITURE			
Profit on ijarah finance		-	157,739
Depreciation on property and equipment - ijarah	13	3,006,697	3,510,414
Operating expenses	20	102,446,537	79,467,849
		<u>105,453,234</u>	<u>83,136,002</u>
		306,712	2,348,331
Provision for impairment loss	21	(2,736,881)	(22,362,869)
		(2,430,169)	(20,014,538)
Modaraba company's management fee	22	-	-
Loss for the year before taxation		(2,430,169)	(20,014,538)
Taxation	23	(258,595)	(140,582)
Loss for the year after taxation		(2,688,764)	(20,155,120)
Other comprehensive income		-	-
Total loss after other comprehensive income		<u>(2,688,764)</u>	<u>(20,155,120)</u>
Earnings per certificate - basic and diluted	24	<u>(0.15)</u>	<u>(1.09)</u>

The annexed notes form an integral part of these financial statements.

Chief Executive

BankIslami Modaraba Investments Limited
Modaraba Management Company

Director

BankIslami Modaraba Investments Limited
Modaraba Management Company

Director

BankIslami Modaraba Investments Limited
Modaraba Management Company

Modaraba Al-Mali

CASH FLOW STATEMENT

For The Year Ended June 30, 2012

	2012	2011
	----- <i>(Rupees)</i> -----	
A CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,430,169)	(20,014,538)
Adjustments of non-cash and other items		
Depreciation on:		
Property and equipment- own use	4,719,465	3,734,286
Property and equipment- held for operating lease	3,651,194	4,558,458
Property and equipment - fuel operations	447,273	337,469
Property and equipment - ijarah	3,006,697	3,510,414
Gain on:		
Disposal property and equipment- own use	(68,196)	(533,376)
Disposal property and equipment- held for operating lease	(1,350,000)	-
Provision for impairment loss	2,736,881	22,362,869
Profit on ijarah finance	-	157,739
	13,143,314	14,113,321
(Increase) / decrease in current assets		
Diminishing musharaka finance	8,225,064	22,196,160
Ijarah finance	-	309,644
Morabaha finance	4,939,804	276,146
Receivable against operating lease rentals and maintenance service	(13,824,816)	(4,501,303)
Advances, deposits, prepayments and other receivables	3,212,784	416,887
Inventory	(1,488,237)	192,059
	1,064,599	18,889,593
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	4,397,734	(4,813,422)
Security deposits received / (paid)	12,249,750	(3,646,754)
	16,647,487	(8,460,176)
	30,855,397	24,542,738
Income taxes paid	(4,574,523)	(3,497,568)
Profit paid on ijarah finance	-	(157,739)
Net cash flows generated from operating activities	26,280,874	20,887,431
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment- ijarah	(11,701,800)	(3,669,000)
Proceeds from disposal of property- ijarah	644,000	347,000
Purchase of property and equipment - own	(3,186,973)	(13,828,315)
Additions to capital work in progress	-	(1,605,266)
Proceeds from disposal of property and equipment - own	1,466,150	715,000
Redemption of long term investments	3,750,000	7,500,000
Net cash flows used in investing activities	(9,028,623)	(10,540,581)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Long term deposits paid	(9,415,750)	(1,034,693)
Repayment against ijarah finance	-	(7,190,082)
Net cash flows used in financing activities	(9,415,750)	(8,224,775)
Net increase in cash and cash equivalents (A+B+C)	5,406,332	2,122,075
Cash and cash equivalents at beginning of the year	3,237,265	1,115,190
Cash and cash equivalents at end of the year	8,643,597	3,237,265

The annexed notes form an integral part of these financial statements.

Chief Executive

BankIslami Modaraba Investments Limited
Modaraba Management Company

Director

BankIslami Modaraba Investments Limited
Modaraba Management Company

Director

BankIslami Modaraba Investments Limited
Modaraba Management Company

Modaraba Al-Mali

STATEMENT OF CHANGES IN EQUITY

For The Year Ended June 30, 2012

	Certificate capital	Reserves			Total	
		Capital reserves		Revenue reserve		Total reserves
		Certificate premium	Statutory reserve *	(Accumulated loss)		
-----Rupees-----						
Balance at June 30, 2010	184,239,450	511,409	55,452,920	(41,158,604)	14,805,725	199,045,175
Loss for the year ended June 30, 2011	-	-	-	(20,155,120)	(20,155,120)	(20,155,120)
Balance at June 30, 2011	184,239,450	511,409	55,452,920	(61,313,724)	(5,349,395)	178,890,055
Loss for the year ended June 30, 2012	-	-	-	(2,688,764)	(2,688,764)	(2,688,764)
Balance at June 30, 2012	<u>184,239,450</u>	<u>511,409</u>	<u>55,452,920</u>	<u>(64,002,488)</u>	<u>(8,038,159)</u>	<u>176,201,291</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 these financial statements.

Chief Executive

BankIslami Modaraba Investments Limited
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Director

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Modaraba Management Company

Modaraba Al-Mali

NOTES TO THE FINANCIAL STATEMENT *For The Year Ended June 30, 2012*

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, and Modaraba Companies and Modaraba Rules, 1981 and is managed by BankIslami Modaraba Investments Limited, a company registered under the Companies Ordinance, 1984. It is engaged in the business of leasing, morabaha, musharaka financing, construction and renting of mobile towers, maintenance services, operation of petrol and diesel filling / service station. The Modaraba is listed on the Karachi, Lahore and Islamabad Stock Exchanges. Registered office is situated at Progressive Square, Shahrae Faisal, Karachi, in the province of Sindh.

These financial statements are presented in Pak Rupees which is the Modaraba's functional and presentation currency.

2. BASIS OF PREPARATION

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention except that staff retirement benefits are carried at present value.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in application of accounting policies are as follows:-

- i) classification of investments (Note 4 & 7)
- ii) provision for impairment loss (Note 21)
- iii) depreciation on property and equipment - own/ijarah (Note 12 & 13)
- iv) provision against non-performing leasing portfolio, investments, musharaka and morabaha finances and other receivables (Note 21)
- v) Staff retirement benefits (Note 22.2)

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulations'] together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Ordinance, 1984 and made applicable to Modarabas under 'the Modaraba Regulations'. Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

3.1 Adoption of new International Financial Reporting Standards

3.1.1 During the year, the following standards, amendments to standards and interpretations including amendments to interpretations became effective, however, the application of these amendments and interpretations did not have material impact on the financial statements of the Modaraba:

Standards/Amendments/Interpretations	Effective date (accounting period beginning on or after)
Amendment to IAS 1 - Presentation of Financial Statements	January 1, 2011
IAS 24 (as revised in 2009) - Related Party Disclosures	January 1, 2011
Amendment to IAS 34 - Interim Financial Reporting	January 1, 2011
Amendment to IFRS 7 - Disclosures - Transfer of Financial Assets	July 1, 2011
Amendment to IFRIC 13 - Customer Loyalty Programmes	January 1, 2011
Amendment to IFRIC 14 - Prepayments of a Minimum Funding Requirement	January 1, 2011

3.1.2 Standards, interpretations and amendments to the published approved accounting standards not yet effective:

During the year, the following standards, amendments to standards and interpretations including amendments to interpretations became effective, however, the application of these amendments and interpretations did not have material impact on the financial statements of the Modaraba:

Modaraba Al-Mali

Standards/Amendments/Interpretations	Effective date (accounting period beginning on or after)
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Amendments to IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	July 1, 2012
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Amendments to IAS 12 - Income Taxes – Deferred Tax: Recovery of Underlying Assets	January 1, 2012
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Amendments to IAS 19 - Employee Benefits	January 1, 2013
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IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013
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Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been considered by the Modaraba as the standards and their relevant amendments have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 – First Time Adoption of International Financial Reporting Standards

IFRS 9 – Financial Instruments

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11

IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11

Improvements / amendments to IFRS and interpretations (Others)

IFRS 7 – Financial Instruments: Disclosures (Amendment)

IAS 24 - Related Party Disclosures (Revised)

IFRIC 14 - IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Property and equipment

4.1.1 Owned

Operating assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account currently.

Depreciation method, useful lives and residual values are reassessed at least at each balance sheet date and changes, if any, are recognized prospectively.

4.1.2 Under ijarah arrangements

Modaraba adopted Islamic Financial Accounting Standard 2-Ijarah in the year June 2009 for all ijarah contracts commencing on or after 1 July 2008. The assets subject to Ijarah commencing on or after 1 July 2008 are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on these assets using straight line method over the period of the lease. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the corresponding assets.

Allowance for non-performing leases is made in accordance with Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit and loss account currently.

4.1.3 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost (less impairment losses, if any) and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to relevant operating fixed assets category as and when the assets are available for intended use.

4.2 Investments

All investments are initially recognised at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in case of held for trading investments, if any, in which case these transaction costs are charged off to the profit and

Modaraba Al-Mali

loss account. All regular way of purchases and sale of investments are recognised / derecognised on the trade date. At initial recognition, these are categorised and accounted for as follows:

4.2.1 Held for trading "at fair value through profit or loss"

These investments are initially recognised at fair value and subsequently measured at fair value. As per requirement of IAS-39 "Financial Instruments, Recognition and Measurement" the gain or loss on revaluation of investment held for trading is to be included in profit and loss account.

4.2.2 Available for sale

Investment securities held by the Modaraba which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at fair value plus transaction cost and subsequently measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognised in profit and loss as other comprehensive income.

4.2.3 Held to maturity

These are investments with fixed or determinable payments and fixed maturity, and which, the Modaraba has positive intent and ability to hold till maturity. Held to maturity investments are initially recognised at fair value plus transaction cost and are subsequently measured at amortized cost using effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

4.2.4 Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

4.3 Ijarah finance

Ijarah agreements commencing up to 30 June 2008 are accounted for as finance lease and are included in the financial statements as "Net investment in Ijarah finance" at an amount equal to the present value of the lease payments, including estimated residual value (Refer note 8). Modaraba also entered into sub-Ijarah / lease arrangements, where Modaraba takes certain assets on Ijarah and sub let it to its customers. Ijarah rentals expense and Ijarah rentals income is recognised on accrual basis on these assets. Since the assets are taken on sub-lease / Ijarah, therefore, no assets are recorded in the books.

4.4 Receivable from terminated / matured contracts

These are stated net of impairment loss. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for Modarabas issued by the SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.

4.5 Inventory

4.5.1 Stores and consumables

These are valued at the moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

4.5.2 Oil and lubricants

Oil and lubricants are valued at the lower of moving average cost and net realisable value. Cost comprise invoice value and other charges like freight, franchise fee, excise duty and GST etc.

4.6 Impairment

4.6.1 Financial assets

Impairment is recognised by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an ongoing basis.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

4.6.2 Available-for-sale investments

For available-for-sale financial investments, the Modaraba assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit and loss account - is removed from equity and recognised in the profit and loss account. Impairment losses on equity investments are not reversed through the profit and loss account; increases in their fair value after impairment are recognised directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Interest continues to be accrued at the original effective interest rate on the carrying amount of the asset and is recorded as part of 'Interest and similar income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed through the profit and loss account.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

4.6.3 Non-financial assets

The Modaraba assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognised as income.

4.7 Revenue recognition

4.7.1 Ijarah income / Operating lease income

The Modaraba follows the finance method for recognising income on ijarah contracts commencing prior to 30 June 2008 and are accounted for as finance leases. Under this method, the unearned income i.e. the excess of aggregate ijarah rentals (including residual value) over the cost of the asset under ijarah facility is deferred and then amortised over the term of the ijarah, so as to produce a constant rate of return on net investment in the ijarah.

For ijarah arrangements commencing on or after 1 July 2008, ijarah rentals are recognized as income on accrual basis, as and when rentals become due on a systematic basis over the lease and ijarah period.

Documentation charges, front-end fee and other ijarah income are recognised as income on receipt basis. Unrealized lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations.

Leases in which a significant portion of the risk and reward is retained by the Modaraba are classified as operating lease. Rental income from operating leases is recognised on straight line under the time proportion basis (on an accrual basis).

4.7.2 Income on sukuk securities and bank deposits

Income on above assets is recognised on a time proportion basis under the effective yield method.

4.7.3 Morabaha and musharaka finances

Profit from musharaka transactions is recognised on the basis of pro rata accrual of the profit

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estimated for the transaction over the period.

Profit from morabaha finance is accounted for on culmination of murabaha transaction. However, the profit on that portion of murabaha finance not due for payment is deferred by accounting for "Deferred Murabaha Income" with a corresponding credit to "Unearned Murabaha Income" which is recorded as a liability. The same is then recognised on a time proportion basis.

4.7.4 Dividend income

Dividend income is recognised when the Modaraba's right to receive dividend is established.

4.7.5 Gains / Losses on sale of investments

Gains and losses on sale of investments are accounted for when their commitment (trade date) for sale of security is made.

4.7.6 Income on maintenance services

Income on maintenance services is recognised on accrual basis.

4.7.7 Income from operation of fuel station

Income from sale of oil and lubricants is recognized when it is delivered and payment is received.

4.7.8 Unrealised income on non-performing assets

Unrealized income is suspended, where necessary, on non-performing assets (including non-performing net investment in Ijarah and morabaha and musharaka finances), in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. Unrealised suspended income is recognised in income on receipt basis.

4.8 Employees' benefits

4.8.1 Staff gratuity

The Modaraba participates in an approved group funded gratuity scheme for all its employees, who have completed minimum qualifying period of service. The group comprises of BankIslami Modaraba Investments Limited and Modaraba Al-Mali. Consolidated fund is being maintained for the employees of the group. Contributions to the fund are made on the basis of actuarial recommendation normally carried out on a yearly basis. The latest valuation was carried out as at June 30, 2012 under the projected unit credit method. Unrecognised actuarial gains / losses exceeding ten percent of the greater of the present value of defined benefit obligation or the fair value of plan assets are recognised in the profit and loss account over the expected average remaining working lives of the employees participating in the plan.

4.8.2 Staff provident fund

The Modaraba contributes to an approved group fund scheme covering all its employees who

are eligible under the scheme. Equal monthly contributions are made by the Modaraba and the employees to the fund at 8.33% of the basic salary.

4.8.3 Staff compensated absences

The Modaraba also makes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated up to the balance sheet date in accordance with the service rules.

4.9 Taxation

4.9.1 Current

Provision for taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and exemptions available, if any. Under clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, the non-trading income of modarabas is exempt from income tax, provided not less than 90% of its profits {after appropriation to statutory (mandatory) reserves as required under Modaraba Regulations} are distributed to the certificate holders. For items covered under presumptive tax regime, provision is made according to the presumptive tax rates provided in the Income Tax Ordinance, 2001.

4.9.2 Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method. However, deferred tax liability has not been recognised in these financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption.

4.10 Financial assets

Financial assets comprise of lease rentals receivable, investments, musharaka and morabaha finances, deposits, other receivables, excluding taxation. Lease rentals receivable, musharaka, morabaha and other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

4.11 Financial liabilities

Financial liabilities are classified according to the substance of contractual arrangements entered into. Significant financial liabilities are liabilities against ijarah finance, deposit on lease contracts and accrued and other liabilities.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks on profit and loss sharing accounts, as well as balance held with the State Bank of Pakistan (SBP).

4.13 Provisions

Provisions are recognised when the Modaraba has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.14 Trade and other payables

Liabilities for trade and other amounts payable are recognised and carried at cost which is the fair value of the consideration to be paid in the future.

4.15 Segment information

Operating segments are reported in a manner consistent with the internal reporting (Seen note 28).

4.16 Profit distribution to the certificate holders

Profit distribution to the Modaraba's certificate holders is recognised as a liability in the financial statements in the period in which the dividends are approved by the board of Modaraba management company.

4.17 Liabilities against assets acquired under ijarah arrangements

Lease obligations against assets acquired under ijarah arrangements before 1 July 2008 are accounted for by recording the asset and corresponding liability there against determined on the basis of discounted value of total minimum lease payment. Financial charges are recognised in the profit and loss account using the effective mark-up method (refer note 4.1.2 also).

4.18 Lease rentals - assets under ijarah arrangements - after 1 July 2008

Assets acquired under ijarah arrangements after 1st July 2008 are treated as assets acquired under operating lease arrangements. Lease rentals are charged to profit and loss account on accrual basis.

4.19 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also off- set.

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	Note	2012	2011
		------(Rupees)-----	
5. CASH AND BANK BALANCES			
With banks:			
in profit and loss sharing accounts	5.1	8,626,602	3,015,423
balance with State Bank of Pakistan		<u>3,395</u>	<u>12,539</u>
		<u>8,629,997</u>	<u>3,027,962</u>
On hand:			
Cash in hand		-	209,253
Security stationery		<u>13,600</u>	<u>50</u>
		<u>8,643,597</u>	<u>3,237,265</u>
5.1	These carry profit ranging from 5% to 6.02% (2011: 5% to 5.27%) per annum.		
6. IJARAH FINANCE			
Ijarah contracts commenced upto June 30, 2008			
- accounted for as finance leases			
Minimum lease payments due		41,362,309	41,362,309
Residual value of leased assets		<u>3,755,007</u>	<u>3,755,007</u>
Total receivable		<u>45,117,316</u>	<u>45,117,316</u>
Suspended lease income		(7,742,184)	(7,742,184)
Provision for impairment loss against potential lease losses	21	<u>(33,620,125)</u>	<u>(33,620,125)</u>
		<u>(41,362,309)</u>	<u>(41,362,309)</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 deposit to be adjusted at the time of final settlement.		
7. MORABAHA FINANCE			
Considered doubtful		2,517,068	7,456,872
Provision for impairment loss against doubtful recoveries	21	<u>(2,517,068)</u>	<u>(7,456,872)</u>
		<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% (2011: 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.		

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8. LONG TERM INVESTMENTS

<i>Available-for-sale investments</i>		Cost		Notes
<i>Number of shares / certificates</i>		2012	2011	
2012	2011	----- (Rupees) -----		
Unlisted Shares				
1,800,000	1,800,000			8.1
				Al Hamra Hills (Private) Limited (shares of Rs. 10/- each) (Holding 2.12%)
Sukuk Certificates				
2,000	2,000			8.2
				New Allied Electronics Industries (Private) Limited (certificates of Rs. 5,000/- each)
		-	-	
		-	-	

8.1 Al Hamra Hills (Private) Limited - Sukuk Certificate

The investee company is under severe financial crisis and the management of the Modaraba is not certain about the future cash-inflows from this investment, therefore these investments are fully impaired. The cost of such investment is 18 million.

The Registrar Modaraba, Securities and Exchange Commission of Pakistan vide its letter dated November 1, 2004, has waived the applicability of regulation no. 7(7) of Part II of the Prudential Regulations on Modaraba Al-Mali relating to investment in unlisted companies as to engage in venture capital business. The above regulation, subject to certain conditions, restricts the investments by a Modaraba in the shares of unlisted, except in cases where the Modaraba is engaged in venture capital business.

8.2 New Allied Electronics Industries (Private) Limited - Sukuk Certificate

Cost		10,000,000	10,000,000
Provision for impairment loss against doubtful recovery	21	(4,000,000)	(4,000,000)
		6,000,000	6,000,000
Current portion		(6,000,000)	(6,000,000)
		-	-

8.2.1 These certificates carry profit at 3 months KIBOR + 220 bps with floor of 7% and cap of 20% payable semi annually. The tenor of the instrument is for five years including a grace period of two years and is repayable in six equal consecutive semi annual installments from May 29, 2010 to November 29, 2012. These certificates are secured against first pari passu charge over all present and future fixed assets of the company, first pari passu charge over all present and future current assets of the company and personal guarantee of the sponsoring directors.

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8.2.2 Last redemption / coupon was received on December 17, 2008. Accordingly the Modaraba has made a provision of Rs. 4 million against the gross exposure of Rs. 10 million, no further provision is made because the management considers it sufficient keeping in view of available securities. No accrual of profit has been made on this investment.

	2012	2011
	----- <i>(Rupees)</i> -----	
8.3 Sukuk Certificates of Haq Bahu Sugar Mills (Private) Limited		
Cost		
Current portion	-	3,750,000
	<u>-</u>	<u>(3,750,000)</u>
	<u>-</u>	<u>-</u>

These certificates carried profit at 6 months KIBOR + 325 bps with floor of 11% and cap of 30% payable semi annually. The tenor of the instrument was for three years including a grace period of one year and is repayable in four equal consecutive semi annual installments from February 13, 2010 to August 13, 2011. These certificates matured during the year.

9. RECEIVABLES AGAINST OPERATING LEASE RENTALS AND MAINTENANCE SERVICE

Unsecured

Considered good			
- Maintenance fee	9.1	30,956,294	19,084,130
- Operating lease rentals of tower and allied equipments	9.2	3,222,195	6,272,104
- Operating lease rentals from assets under IFAS-2	9.3	912,553	75,072
Considered doubtful			
- Operating lease rentals		<u>14,359,400</u>	<u>10,194,320</u>
		<u>49,450,442</u>	<u>35,625,626</u>
Provision for impairment loss against doubtful recoveries	21	<u>(14,359,400)</u>	<u>(10,194,320)</u>
		<u>35,091,042</u>	<u>25,431,306</u>

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

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9.2 Minimum future operating lease rental of towers and allied equipments

	2012			
	<i>Due within one year</i>	<i>Due after one year but within five years</i>	<i>Due after five years</i>	<i>Total</i>
	----- <i>(Rupees)</i> -----			
Minimum lease payments receivables	15,372,168	89,199,844	14,225,480	118,797,492

	2011			
	<i>Due within one year</i>	<i>Due after one year but within five years</i>	<i>Due after five years</i>	<i>Total</i>
	----- <i>(Rupees)</i> -----			
Minimum lease payments receivables	27,667,617	134,749,333	84,656,903	247,073,853

9.3 Minimum future rentals from assets under IFAS-2

	2012			
	<i>Due within one year</i>	<i>Due after one year but within five years</i>	<i>Due after five years</i>	<i>Total</i>
	----- <i>(Rupees)</i> -----			
Minimum lease payments receivables	24,979,253	38,176,706	-	63,155,959

	2011			
	<i>Due within one year</i>	<i>Due after one year but within five years</i>	<i>Due after five years</i>	<i>Total</i>
	----- <i>(Rupees)</i> -----			
Minimum lease payments receivables	4,160,579	3,866,677	-	8,027,256

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10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Notes	2012	2011
		------(Rupees)-----	
Advances - considered good			
- Income tax		13,022,843	8,590,783
- Purchase of oil and lubricants		-	1,447,994
- Employees		1,034,597	2,212,966
		14,057,440	12,251,743
Deposits		446,400	357,000
Prepayments		2,693,654	4,027,461
Other receivables - considered doubtful			
- Terminated leases		6,242,260	6,242,260
- Miscellaneous amount recoverable from the lessee		1,188,872	1,188,872
- Dividend receivable		16,275	16,275
- Receivable from brokers		22,422	22,422
- Others		208,732	303,220
		7,678,561	7,773,049
Provision for impairment loss against doubtful recoveries	21	(7,678,561)	(7,773,049)
		-	-
Other receivables - considered good			
- Profit accrued on morabaha finances, sukuk investment certificates and diminishing musharaka finances		-	336,354
- Commission receivable		513,097	369,085
- Premises rent receivable		420,000	235,304
- Receivable against sale of petroleum		821,735	484,385
- Others		659,276	236,506
		19,611,602	18,297,838

12. INVENTORY

Stores		335,280	-
Consumables		2,833,388	1,675,518
Oil and lubricants		951,133	956,046
		4,119,801	2,631,564

13. PROPERTY AND EQUIPMENT

Operating property and equipment - in own use	12.1	97,742,448	99,770,167
Towers and allied equipment - held for operating lease	12.2	25,700,576	32,957,863
		123,443,024	132,728,030

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12.1 Operating property and equipment - in own use

	Cost			Depreciation			Annual rate of depreciation %	
	At July 1, 2011	Additions/ (disposals)	At June 30, 2012	Accumulated at July 1, 2011	For the year / (on disposals)	Accumulated at June 30, 2012		Carrying value at June 30, 2012
------(Rupees)-----								
Lease hold land - fuel station	63,848,000	-	63,848,000	-	-	-	63,848,000	-
Building - fuel Station	8,120,655	-	8,120,655	303,587	406,033	709,620	7,411,035	5
Office premises - lease hold	12,546,257	-	12,546,257	8,058,637	627,313	8,685,950	3,860,307	5
Vehicles - maintenance services	21,575,094	1,734,800	23,309,894	2,544,919	2,774,774	5,319,693	17,990,201	20
Vehicles	4,074,140	-	4,074,140	1,968,102	473,057	2,441,159	1,632,981	20
Furniture and fixtures	2,464,374	477,795	2,942,169	1,805,606	118,080	1,923,686	1,018,483	10
Office equipment	4,031,241	769,466	4,760,707	3,000,261	347,580	3,307,842	1,452,865	10 to 50
		(40,000)			(39,999)			
Computers	3,109,732	204,912	2,718,468	2,318,214	419,901	2,189,892	528,576	33
		(596,176)			(548,223)			
	119,769,493	3,186,973	122,320,290	19,999,326	5,166,738	24,577,842	97,742,448	
		(636,176)			(588,222)			

12.1.1 Depreciation charged for the year includes depreciation related to fuel station on account of building and office premises amounting to Rs. 447,273 (2011: 337,469)

For comparative period - 2011

	Cost			Depreciation			Annual rate of depreciation %	
	At July 1, 2010	Additions/ (Disposals)	At June 30, 2011	Accumulated at July 1, 2010	For the year / (on disposals)	Accumulated at June 30, 2011		Carrying value at June 30, 2011
------(Rupees)-----								
Lease hold land - fuel station	-	63,848,000	63,848,000	-	-	-	63,848,000	-
Building - fuel Station	-	8,120,655	8,120,655	-	303,587	303,587	7,817,068	5
Office premises - lease hold	12,546,257	-	12,546,257	7,431,324	627,313	8,058,637	4,487,620	5
Vehicles - maintenance services	10,094,055	11,481,039	21,575,094	951,110	1,593,809	2,544,919	19,030,175	20
Vehicles	3,674,715	1,230,425	4,074,140	1,931,134	656,008	1,968,102	2,106,038	20
		(831,000)			(619,040)			
		-			-			
Furniture and fixtures	2,343,714	120,660	2,464,374	1,715,822	89,784	1,805,606	658,768	10
Office equipment	3,572,052	459,189	4,031,241	2,525,361	474,900	3,000,261	1,030,980	10 to 50
		-			-			
Computers	2,572,730	537,002	3,109,732	1,991,860	326,354	2,318,214	791,518	33
	34,803,523	85,796,970	119,769,493	16,546,611	4,071,755	19,999,326	99,770,167	
		(831,000)			(619,040)			

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12.1.2 Details of disposal of property and equipment are as under:

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceed	Gain on disposal	Mode of disposal	Particulars	Address
------(Rupees)-----								
Office equipment	40,000	39,999	1	3,500	3,499	Negotiation	Syed Khurram Abidi	Flat D-9 Bhayani View Apartment Block M North Nazimabad Karachi
Computers	439,676	439,660	16	27,650	27,634	Insurance claim	EFU general Insurance Company	1st Floor Kashif Centre, Shahrea Faisal Karachi.
Computers	156,500	108,563	47,937	85,000	37,063	Insurance claim	EFU general Insurance Company	1st Floor Kashif Centre, Shahrea Faisal Karachi.
2012 Rupees	636,176	588,222	47,954	116,150	68,196			
2011 Rupees	831,000	619,040	211,960	715,000	503,040			

12.2 Towers and allied equipment - held for operating lease

	Cost at July 1, 2011	Disposal	Cost at June 30, 2012	Accumulated depreciation/ impairment at July 1, 2011	Depreciation charge for the year	Impairment charge for the year	Disposal	Accumulated depreciation/ impairment at June 30, 2012	Carrying value at June 30, 2012	Annual rate of depreciation %
------(Rupees)-----										
<i>Owned</i>										
Towers with allied equipment	49,400,678	-	49,400,678	19,399,094	2,036,985	3,606,093	-	25,042,172	24,358,506	5
Other allied equipment	29,132,462	(2,634,825)	26,497,637	26,176,183	1,614,209	-	(2,634,825)	25,155,567	1,342,070	20
	78,533,140	(2,634,825)	75,898,315	45,575,277	3,651,194	3,606,093	(2,634,825)	50,197,739	25,700,576	

12.2.1 Tower and allied equipments includes six idle towers at impaired value of Rs. 2,055,696.

For comparative period - 2011

	Cost at July 1, 2010	Transfer in/(out)	Cost at June 30, 2011	Accumulated depreciation/ impairment at July 1, 2010	Depreciation charge for the year	Impairment charge for the year	Transfer in/(out)	Accumulated depreciation/ impairment at June 30, 2011	Carrying value at June 30, 2011	Annual rate of depreciation %
------(Rupees)-----										
<i>Owned</i>										
Towers with allied equipment	27,370,088	22,030,590	49,400,678	5,908,213	2,178,989	5,108,545	6,203,347	19,399,094	30,001,584	5
Other allied equipment	21,144,096	7,988,366	29,132,462	16,083,731	2,104,086	-	7,988,366	26,176,183	2,956,279	20
<i>Leased</i>										
Towers with allied equipment	22,030,590	(22,030,590)	-	5,927,964	275,383	-	(6,203,347)	-	-	5
Other allied equipment	7,988,366	(7,988,366)	-	7,988,366	-	-	(7,988,366)	-	-	20
	78,533,140	-	78,533,140	35,908,274	4,558,458	5,108,545	-	45,575,277	32,957,863	

12.2.2 During 2011 all the towers and allied equipment acquired under the lease arrangement have been matured and transferred into owned assets held for operating lease.

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12.2.3 Details of disposal of property and equipment are as under:

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceed	Gain/(loss) on disposal	Mode of disposal	Particulars	Address
------(Rupees)-----								
Equipment	2,634,825	2,634,825	-	1,350,000	1,350,000	Negotiation	ACME Enterprises	Kharian Mohalla, Raja Bazar, Rawalpindi
2012 Rupees	2,634,825	2,634,825	-	1,350,000	1,350,000			
2011 Rupees	-	-	-	-	-			

13. PROPERTY & EQUIPMENT UNDER IJARAH ARRANGEMENT

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

The following is a statement of assets leased out: -

	Cost			Accumulated Depreciation			Carrying value at June 30, 2012	Life (Years)
	At July 1, 2011	Additions/ disposals	At June 30, 2012	At July 1, 2011	Charge for the year	At June 30, 2012		
------(Rupees)-----								
Generators	7,365,000	2,354,800	9,719,800	5,926,232	829,312	6,755,544	2,964,256	3
Vehicles	6,767,000	9,347,000	9,674,000	1,736,282	2,177,385	(1,882,333)	11,556,333	3
		(6,440,000)			(5,796,000)			
	14,132,000	11,701,800	19,393,800	7,662,514	3,006,697	4,873,211	14,520,589	
		(6,440,000)			(5,796,000)			

For comparative period - 2011

	Cost			Accumulated Depreciation			Carrying value at June 30, 2011	Life (Years)
	At July 1, 2010	Additions/ disposals	At June 30, 2011	At July 1, 2010	Charge for the year	At June 30, 2011		
------(Rupees)-----								
Generators	7,365,000	-	7,365,000	3,747,550	2,178,682	5,926,232	1,438,768	3
Vehicles	3,748,000	3,669,000	6,767,000	737,886	1,331,732	1,736,282	5,030,718	3
		(650,000)			(333,336)	(333,336)		
	11,113,000	3,669,000	14,132,000	4,485,436	3,510,414	7,662,514	6,469,486	
		(650,000)			(333,336)			

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	Notes	2012	2011
		------(Rupees)-----	
14. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors		4,289,803	1,758,169
Accrued liabilities	14.1	7,684,299	6,529,437
Ijarah rentals payable	14.2	653,623	269,299
Charity and donation payable	14.3	5,538,436	3,903,854
Advance from customers		1,938,720	1,768,800
Others		<u>1,362,726</u>	<u>2,724,182</u>
		<u>21,467,607</u>	<u>16,953,741</u>

14.1 This include amount payable in respect of staff compensated absences amounting Rs. 2,513,400 (2011: Rs. 1,741,408).

14.2 Ijarah rentals payable

This includes rentals payable by the Modaraba against vehicles acquired under ijarah facilities. Future rental payable on these facilities are as under:

	<i>Due within one year</i>	<i>Due after one year but within five years</i>	<i>Due after five years</i>	<i>Total</i>
	------(Rupees)-----			
Total future rentals payables	18,817,414	15,665,264	-	34,482,678

For comparative period - 2011

	<i>Due within one year</i>	<i>Due after one year but within five years</i>	<i>Due after five years</i>	<i>Total</i>
	------(Rupees)-----			
Total future rentals payables	4,607,448	5,751,271	-	10,358,719

14.3 This represents late payment charges on rentals recovered from the customers.

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14.4 Defined benefit plan - gratuity

	Notes	2012	2011
		----- <i>(Rupees)</i> -----	
14.4.1 Present value of plan assets and present value of obligation:			
Present value of defined benefit obligation		4,677,753	3,590,733
Fair value of allocated plan assets		(4,084,000)	(3,064,745)
Surplus		593,753	525,988
Unrecognised actuarial gain		(593,753)	(524,902)
Net (asset) / liability recognised on the balance sheet		<u>-</u>	<u>1,086</u>

14.4.2 Movement in amount payable to the defined benefit plan:

Opening balance		1,086	-
Charge for the year	20.2.3	989,428	686,442
Contribution to the fund during the year		(990,514)	(685,356)
Closing balance		<u>-</u>	<u>1,086</u>

14.4.3 Amount charged to the profit and loss account:

Following amounts have been charged to the profit and loss account during the current year in respect of this scheme:

Current service cost		823,163	597,616
Mark-up cost		576,436	338,566
Expected return on plan assets		(419,384)	(249,740)
Actuarial gain		9,213	-
		<u>989,428</u>	<u>686,442</u>
Actual return on plan assets		<u>272,384</u>	<u>229,806</u>

Out of total charges for the year Rs. 20,472 relates to the employees of fuel operation and Rs. 968,956 charged to operating expenses.

14.4.4 Movement in the present value of defined benefit obligation is as follow:

Present value of defined benefit obligation at the beginning of the year		3,590,733	2,377,706
Current service cost		823,163	597,616
Mark-up cost		576,436	338,566
Benefit paid		(243,643)	(25,693)
Liability transferred in / (out) in respect of transferees		-	-
Unrecognised actuarial loss for the year		(68,936)	302,538
Present value of defined benefit obligation at the end of the year		<u>4,677,753</u>	<u>3,590,733</u>

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	2012	2011
	----- <i>(Rupees)</i> -----	
14.4.5 Movement in the fair value of plan assets is as follow:		
Fair value of plan assets at the beginning of the year	3,064,745	2,175,275
Expected return to plan assets	419,384	249,740
Contributions	990,514	685,356
Benefit paid	(243,643)	(25,693)
Liability transferred in/(out) in respect of transferees	-	-
Unrecognised actuarial loss for the year	(147,000)	(19,933)
Fair value of plan assets at the end of the year	4,084,000	3,064,745

14.4.6 Composition of plan assets

Debt instruments	2,553,839	2,624,625
Cash	1,365,782	429,806
Others	164,379	10,314
	4,084,000	3,064,745

14.4.7 Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund for five year is as follow:

<i>Gratuity Fund</i>	2012	2011	2010	2009	2008	2007
	----- <i>(Rupees)</i> -----					
Present value of defined benefit obligation	4,677,753	3,590,733	2,377,706	1,573,180	1,081,000	910,000
Fair value of plan assets	4,084,000	(3,064,745)	(2,175,275)	(1,834,858)	(1,514,000)	(1,236,000)
Deficit / (Surplus)	8,761,753	525,988	202,431	(261,678)	(433,000)	(326,000)
 <i>Actuarial loss / (gain) on obligation</i>						
Experience adjustment	68,936	302,538	281,578	119,180	(210,000)	34,000
 <i>Actuarial gain / (loss) on assets</i>						
Experience adjustment	147,000	19,933	(176,946)	(46,664)	(89,000)	186,000

14.4.8 Actuarial assumptions

	%	%
Expected rate of increase in salary	13.00	14.50
Discount rate used to determine the actuarial present value of obligation	13.00	14.50
Expected return on plan assets	10.50	10.00

Fair value of plan assets has been determined by the actuarial valuer based on the assumption that gratuity payable in respect of June 2012 amounting to Rs. 82,453 has been paid before June 30, 2012.

14.4.9 Expected accrual of expenses in respect of gratuity scheme in the next financial year on the advice of the actuary is Rs. 989,428,-

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	Notes	2012 ----- <i>(Rupees)</i> -----	2011
15. SECURITY DEPOSITS			
Customers' security deposits	15.1	22,891,103	10,641,353
Current portion		(4,650,107)	(4,539,807)
		<u>18,240,996</u>	<u>6,101,546</u>

15.1 Represents sum received under ijarah finance/operating leases, repayable/adjustable on the expiry of the lease period.

16. CERTIFICATE CAPITAL

Authorized capital

<i>No. of Certificates</i>				
2012	2011			
<u>30,000,000</u>	<u>30,000,000</u>	Modaraba certificate of Rs. 10/- each	<u>300,000,000</u>	<u>300,000,000</u>

Issued, subscribed and paid up capital

<i>No. of Certificates</i>				
2012	2011			
		Modaraba certificate of Rs. 10/- each		
13,569,000	13,569,000	Fully paid in cash	135,690,000	135,690,000
4,688,400	4,688,400	Issued as fully paid bonus certificates	46,884,000	46,884,000
<u>166,545</u>	<u>166,545</u>	Issued on merger	<u>1,665,450</u>	<u>1,665,450</u>
<u>18,423,945</u>	<u>18,423,945</u>		<u>184,239,450</u>	<u>184,239,450</u>

16.1 2,342,490 certificates of Rs. 10 each are held by management company.

17. CONTINGENCIES AND COMMITMENTS

Contingencies

A suit was filed against the Modaraba in 1994 for Rs. 6.48 million being a claim for refund of security deposit in respect of a lease finance. The case was decided by the Banking Court in favour of Plaintiff along with 10% mark-up and Modaraba's appeal against this decision was also dismissed by the honorable High Court of Sindh. The Modaraba has filed an appeal in the honorable Supreme Court of Pakistan against the decision of the High Court as the Modaraba has the evidence of the repayment of this amount. The management of the Modaraba based on the lawyer's opinion is of the view that it stand a fairly good chance for decision of the case in its favour and consequently no provision has been made in these financial statements against this claim.

The Additional Commissioner of Income Tax (ACIT) amended the assessment for the tax year 2007, dismissed the exemption claimed by Modaraba on the contention of non distribution of

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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 to the Commissioner of Income Tax (CIT) who in his order maintained the treatment of the ACIT. The Modaraba has filed the second appeal against the said order to the Appellate Tribunal Inland Revenue and is hopeful for a favourable outcome and therefore, no provision is made in these financial statements.

	Notes	2012 ----- <i>(Rupees)</i> -----	2011
Commitments			
Future rentals of ijarah finance under IFAS 2 "Ijarah Finance"	14.2	<u>34,482,678</u>	<u>10,358,719</u>
 18. INCOME FROM OPERATIONS OF FUEL STATION - NET			
<i>Income</i>			
Sale of fuel	18.1	125,918,687	71,078,786
Cost of Sales		(122,398,893)	(68,256,963)
		3,519,794	2,821,823
Rental income	18.2	940,000	630,000
		4,459,794	3,451,823
<i>Expenses</i>			
Salaries and allowances		1,412,869	915,316
Generator fuel		486,884	402,247
Depreciation	12.1.1	447,273	337,469
Professional fees		18,700	300,000
Electricity		634,236	270,400
Repairs and maintenance		194,237	198,334
Security guard		216,000	194,129
Fuel and conveyance		20,410	122,618
Insurance		30,600	41,284
Telephone		52,386	36,738
Entertainment		29,100	14,207
Printing and stationery		10,850	11,402
Advertisement		25,400	32,250
Miscellaneous		122,205	59,467
		3,701,150	2,935,861
<i>Net income</i>		<u>758,644</u>	<u>515,962</u>

- 18.1** Income relates to the operation of petrol and diesel filling / service station 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 product of the company on a predetermined margin.

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

	Notes	2012	2011
		------(Rupees)-----	
19. OTHER OPERATING INCOME - Net			
Rental income	19.1	3,198,444	2,897,012
Gain on disposal of property and equipment		1,418,196	533,376
Reversal on settlement of liability	19.2	-	3,357,168
Profit on bank balances		296,022	497,011
Scrap sales		840,806	-
Other		159,826	275,169
		<u>5,913,294</u>	<u>7,559,736</u>

19.1 This include rental income earned from letting out of vacant office premises temporarily.

19.2 This include reversal of Rs. 2.56 million on settlement of a suit filed against the Modaraba for specific performance of contract, permanent injunction, damages and compensation filed in the Honorable High Court at Islamabad.

20. OPERATING EXPENSES

Salaries, allowances and other benefits		35,915,223	25,546,514
Rent, rates and taxes		14,536,403	12,135,948
Depreciation on property and equipment- own use		4,719,465	3,734,285
Depreciation property and equipment- held for operating lease	12.2	3,651,194	4,558,459
Expenditure on maintenance services		12,828,268	7,800,791
Fuel and conveyance		6,079,509	4,405,281
Repairs and maintenance		5,201,224	3,831,558
Ijarah lease rentals		3,218,459	3,202,650
Security services charges		3,024,000	2,637,600
Legal and professional		1,048,919	2,029,838
Electricity		2,308,566	1,852,121
Telephone		2,054,027	1,662,572
Travelling and accommodation		1,779,681	1,365,959
Entertainment		1,332,519	1,142,752
Insurance		1,331,031	1,021,885
Printing and stationery		1,067,762	717,033
Transportation		269,475	424,083
Auditors' remuneration	20.1	412,500	335,000
Subscription		333,689	266,766
Share registrar services		202,560	214,200
Postage		147,314	130,305
Advertisement		86,113	123,825
Others		898,636	328,424
		<u>102,446,537</u>	<u>79,467,849</u>

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	2012	2011
	----- <i>(Rupees)</i> -----	
20.1 Auditors' remuneration		
Statutory audit	300,000	250,000
Review report on statement of compliance with the Code of Corporate Governance	20,000	20,000
Review of the half yearly financial statements	75,000	50,000
Other certifications	10,000	10,000
Out of pocket expenses	7,500	5,000
	412,500	335,000

21. PROVISION FOR IMPAIRMENT LOSS

	2012						
	<i>Investments</i>	<i>Property and equipment</i>	<i>Ijarah finance</i>	<i>Morabaha finance</i>	<i>Operating lease rentals</i>	<i>Others</i>	<i>Total</i>
	----- <i>(Rupees)</i> -----						
Opening balance	21,520,169	5,108,545	33,620,125	7,456,872	10,194,320	7,773,049	85,673,080
Charged during the year	-	3,606,093	-	-	4,165,080	-	7,771,173
Reversed during the year	-	-	-	(4,939,804)	-	(94,488)	(5,034,292)
	-	3,606,093	-	(4,939,804)	4,165,080	(94,488)	2,736,881
Provisions written off during the year	-	-	-	-	-	-	-
Closing balance	21,520,169	8,714,638	33,620,125	2,517,068	14,359,400	7,678,561	88,409,961

	2011						
	<i>Investments</i>	<i>Property and equipment</i>	<i>Ijarah finance</i>	<i>Morabaha finance</i>	<i>Operating lease rentals</i>	<i>Others</i>	<i>Total</i>
	----- <i>(Rupees)</i> -----						
Opening balance	4,000,000	-	33,860,768	7,733,018	10,194,320	7,942,916	63,731,022
Charged during the year	17,520,169	5,108,545	-	-	-	420,811	23,049,525
Reversed during the year	-	-	(240,643)	(276,146)	-	(169,867)	(686,656)
	17,520,169	5,108,545	(240,643)	(276,146)	-	250,944	22,362,869
Amount written off during the year against provision	-	-	-	-	-	(420,811)	(420,811)
Closing balance	21,520,169	5,108,545	33,620,125	7,456,872	10,194,320	7,773,049	85,673,080

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22. MODARABA COMPANY'S MANAGEMENT FEE

The Modaraba Management Company is entitled to remuneration for services rendered to the Modaraba under the provisions of the Modaraba Ordinance, 1980, up to a maximum of 10% per annum of the net annual profits of the Modaraba. No provision has been made in the current year due to loss for the year.

23. 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.

Reconciliation between tax expense and accounting profit is not required due to the fact that Modaraba's current tax charge represents tax on income under presumptive tax regime.

		2012	2011
24. LOSS PER CERTIFICATE - BASIC AND DILUTED			
Loss after tax for the year	<i>Rupees</i>	(2,688,764)	(20,155,120)
Weighted average number of certificates outstanding during the year	<i>Number</i>	18,423,945	18,423,945
Earnings per certificate	<i>Rupees</i>	(0.15)	(1.09)

25. 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.

Remuneration to the key management employees (executives), disclosed in note 26 to these financial statements, are determined in accordance with their terms of employment. Contribution to the provident and gratuity funds are made in accordance with the services rules and actuarial advise respectively. Other transactions with related parties are in accordance with the agreed terms.

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

25.1 Balances outstanding at year end

<i>Relationship</i>	<i>Nature of Transaction</i>	Notes	2012 -----(<i>Rupees</i>)-----	2011
BankIslami Pakistan Limited (parent company of the management company)	Bank deposits	5.1	<u>2,541,344</u>	<u>420,237</u>
	Amount payable in respect of ijarah arrangement		<u>268,205</u>	<u>269,299</u>
	Amount receivable in respect of maintenance services		<u>12,778,974</u>	<u>10,508,321</u>
	Amount receivable in respect of genset and premises rent income and others		<u>85,815</u>	<u>235,304</u>
	Security deposit in respect of ijarah arrangement		<u>11,942,649</u>	<u>2,489,400</u>

In addition to that parent company also hold security deposit of Rs. 6 million.

25.2 Transactions during the year

<i>Relationship</i>	<i>Nature of Transaction</i>			
BankIslami Pakistan Limited (parent company of the management company)	Maintenance services provided		<u>37,020,549</u>	<u>28,364,940</u>
	Profit on islamic profit and loss sharing account		<u>208,464</u>	<u>276,253</u>
	Rental income		<u>3,198,444</u>	<u>2,897,012</u>
	Bank charges paid		<u>9,764</u>	<u>30,161</u>
	Lease rentals - ijarah paid		<u>15,827,183</u>	<u>3,202,650</u>
BankIslami Modaraba Investments Limited (management company)	Management fee	22	<u>-</u>	<u>-</u>
Other Related Parties	Contribution to staff provident fund		<u>445,856</u>	<u>411,619</u>
	Contribution to staff gratuity fund		<u>989,531</u>	<u>685,356</u>

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26. REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

The aggregate amount charged in the financial statements for remuneration, including all benefits, to the executive staffs and other employees of the Modaraba were as follows:

	2012			2011		
	<i>Officers (key management personnel)</i>	<i>Other employees</i>	<i>Total</i>	<i>Officers (key management personnel)</i>	<i>Other employees</i>	<i>Total</i>
	----- <i>(Rupees)</i> -----					
Salaries	4,742,712	14,902,885	19,645,597	3,296,785	10,948,228	14,245,013
Retirement benefits						
Defined contribution plan - provident fund	100,587	345,269	445,856	141,557	270,062	411,619
Defined benefit plan - gratuity fund	422,136	567,395	989,531	159,560	526,882	686,442
House rent allowance	2,134,220	6,331,842	8,466,062	1,483,553	4,887,054	6,370,607
Conveyance and other allowances	1,348,856	6,432,190	7,781,046	942,550	3,805,599	4,748,149
	<u>8,748,511</u>	<u>28,579,581</u>	<u>37,328,092</u>	<u>6,024,005</u>	<u>20,437,825</u>	<u>26,461,830</u>
Number of persons at the end of the year	<u>5</u>	<u>128</u>	<u>133</u>	<u>5</u>	<u>107</u>	<u>112</u>

Five executives and one officer of the Modaraba are also provided with free use of vehicles owned and maintained by the Modaraba.

27. FINANCIAL RISK MANAGEMENT

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, fair value profit rate risk and price risk), credit risk and liquidity risk. The board of directors' of the Management company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

The Modaraba's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Modaraba's financial performance.

The Modaraba's principal financial liabilities comprise ijarah deposits, creditor, accrued, unclaimed dividends and other liabilities. The Modaraba's principal financial assets comprise of ijarah finance, receivables against operating lease rentals and maintenance fee and other receivables and cash and bank balances that arrive directly from its operations. The Modaraba also holds available-for-sale investments in unlisted equity shares and Sukuk certificates.

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	2012	2011
	----- <i>(Rupees)</i> -----	
27.1 Financial instruments by category		
<i>Financial assets as per balance sheet</i>		
<i>Available for sale</i>		
Long term investments	6,000,000	9,750,000
<i>Loans and receivables</i>		
Cash and bank balance	8,643,597	3,237,265
Diminishing musharaka finance	-	8,225,064
Investment in ijarah finance	3,755,007	3,755,007
Receivable against operating lease rentals and maintenance service	35,091,042	25,431,306
Advances, deposits, prepayments and other receivables	19,611,602	18,297,838
Long term deposits	11,942,649	2,526,899
	85,043,897	71,223,379
<i>Financial liabilities as per balance sheet at amortised cost</i>		
Security deposits - ijarah	22,891,103	10,641,353
Creditors accrued and other liabilities	21,467,607	16,953,741
Unclaimed profit distribution	6,567,310	6,567,310
	50,926,020	34,162,404

27.2 Liquidity risk management

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Currently Modaraba do not have any short term or long term borrowing of any nature. Only major short term liability relates to creditors and accrued expenses. Modaraba has sufficient current assets to meet these liabilities

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27.2.1 Liquidity and interest risk table

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	<i>Less than 6 months</i>	<i>6 months - 1 year</i>	<i>1 - 5 years</i>	<i>More than 5 years</i>	<i>Total Contractual Cashflows</i>
	----- <i>(Rupees)</i> -----				
Creditors, accrued and other liabilities	21,467,607	-	-	-	21,467,607
Security deposits	4,533,303	116,800	18,241,000	-	22,891,103
Unclaimed profit distribution	6,567,310	-	-	-	6,567,310
	<u>32,568,220</u>	<u>116,800</u>	<u>18,241,000</u>	<u>-</u>	<u>50,926,020</u>
<i>For comparative period - 2011</i>					
Creditors, accrued and other liabilities	16,953,741	-	-	-	16,953,741
Security deposits	4,399,007	140,800	2,426,546	3,675,000	10,641,353
Unclaimed profit distribution	6,567,310	-	-	-	6,567,310
	<u>27,920,058</u>	<u>140,800</u>	<u>2,426,546</u>	<u>3,675,000</u>	<u>34,162,404</u>

27.3 Credit risk and concentration of credit

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba control credit risk by monitoring credit exposure, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

The Modaraba is exposed to credit risk mainly from its deposits with banks and financial institutions and receivable against operating lease rentals and maintenance services and other receivables.

The Modaraba's maximum exposure to credit risk related to receivable at June 30, 2012 and June 30, 2011 is the carrying amounts of following financial assets.

	2012	2011
	----- <i>(Rupees)</i> -----	
Net investment in ijarah finance / assets under ijarah arrangements	3,755,007	3,755,007
Diminishing musharaka	-	8,225,064
Long term investments	6,000,000	9,750,000
Receivable against operating lease rentals and maintenance fee	35,091,042	25,431,306
Other receivables	-	336,354
Bank balance	<u>8,629,997</u>	<u>3,027,962</u>
	<u>53,476,046</u>	<u>50,525,693</u>

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With respect to maintenance service and lease rentals. The Modaraba has adopted a policy of dealing with creditworthy counterparties only. These parties are analysed based on the publicly available information credit ratings and financial statements and financial performance appearing in their annual report.

Credit risk from balances with banks and financial institutions is managed by finance department in accordance with the Modaraba's policy. Investments of surplus funds are made with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

The analysis below summarises the quality rating of the major Banks in which the Modaraba deals.

<i>Banks</i>	<i>Rating Agency</i>	<i>Short Term</i>	<i>Long Term</i>	<i>2012</i>	<i>2011</i>
				----- <i>(Rupees)</i> -----	
BankIslami Pakistan Limited	PACRA	A1	A	2,541,344	420,237
Bank Alfalah Limited	PACRA	A1+	AA	553,252	1,586,727
Meezan Bank Limited	JCR-VIS	A-1+	AA-	5,532,006	1,008,459

An analysis of the financial assets that are individually impaired as per the Prudential Regulations of Modarabas is as under:

	<i>As at June 30, 2012</i>				
	<i>OAEM</i>	<i>Substandard</i>	<i>Doubtful</i>	<i>Loss</i>	<i>Total</i>
	----- <i>(Rupees)</i> -----				
Ijarah finance	-	-	-	45,117,316	45,117,316
Morabaha finance	-	-	-	2,517,068	2,517,068
Receivable against operating lease rentals and maintenance service	-	-	-	14,359,400	14,359,400

	<i>As at June 30, 2011</i>				
	<i>OAEM</i>	<i>Substandard</i>	<i>Doubtful</i>	<i>Loss</i>	<i>Total</i>
	----- <i>(Rupees)</i> -----				
Ijarah finance	-	-	-	45,117,316	45,117,316
Morabaha finance	-	-	-	7,456,872	7,456,872
Receivable against operating lease rentals and maintenance service	-	-	-	10,194,320	10,194,320

Total impairment against these assets as at June 30, 2012 is Rs. 58,175,154 (2011 : Rs. 59,044,366).

Other than this Modaraba has investments in unlisted securities against which impairment of Rs. 21,520,169 has been booked in prior years.

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The Modaraba manages credit risk and its concentration through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments.

Detail of the industrial sector analysis of ijarah(Cost), morabaha and musharaka portfolio (original Principal) are as under.

Sector	2012		2011	
	Rupees	%	Rupees	%
Financial Institutions	270,692	0.43%	270,692	0.38%
Distributors, Wholesalers and Retailers	26,548,264	41.69%	26,184,555	36.44%
Food, Tobacco and Beverages	540,945	0.85%	540,945	0.75%
Chemical, Fertilizer and Pharama	6,300,950	9.89%	374,950	0.52%
Textile and Garments	3,621,385	5.69%	3,621,383	5.04%
Paper and Board	-	0.00%	5,150,000	7.17%
Steel, Engineering and Autos	4,233,217	6.65%	11,903,113	16.56%
Construction	704,000	1.11%	704,000	0.98%
Transport and Communication	1,300,563	2.04%	8,280,141	11.52%
Glass, Ceramics and Plastics	1,311,650	2.06%	1,311,650	1.83%
Education	3,319,000	5.21%	3,319,000	4.62%
Misc. / Individuals	15,529,564	24.39%	10,201,531	14.20%
	63,680,230	100%	71,861,960	100%

27.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Modaraba incurs financial liabilities to manage its market risk. The Modaraba is exposed to interest rate and currency risks.

27.4.1 Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and short term deposits with banks. At the balance sheet date the interest rate risk profile of the Modaraba's interest bearing financial instruments is:

	2012	2011
	----- (Rupees) -----	
<i>Interest bearing financial instruments</i>		
Bank balances	8,626,602	3,015,423
Net investment in ijarah finance / assets under ijarah arrangements	3,755,007	3,755,007
Diminishing musharaka	-	8,225,064
Long term investments	6,000,000	9,750,000

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Fair value sensitivity analysis for interest bearing financial instruments

The Modaraba does not hold any of the above financial assets at fair value through profit and loss.

27.4.2 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently Modaraba does not face any risk as none of the financial assets or liabilities are listed on stock exchange or face the risk of change in market price.

27.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of the financial assets and financial liabilities approximate their fair values except for musharaka and morabaha receivable at fixed rate of return. The fair values these financial asset/liability cannot be reasonably estimated due to absence of market for such assets/liability.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : 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 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<i>June 30, 2012</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	------(Rupees)-----		
Assets carried at fair value			
Available for sale investments	-	-	6,000,000
	<hr/>		
<i>June 30, 2011</i>			
Assets carried at fair value			
Available for sale investments	-	-	9,750,000
	<hr/>		

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28. INFORMATION ABOUT BUSINESS SEGMENTS

Management has determined the operating segments based on the information presented to the Chief Executive Officer of the Management Company for allocation of resources and assessment of performance. Reporting structure of the Modaraba is carried out based on this internal management reporting structure. The Modaraba is organised into the following four reportable operating segments:

<i>Maintenance service</i>	Refueling and maintaining gensets, air cons, fire alarm system, self supported towers, and other equipment under the brand name "The Energixers".
<i>Fuel station</i>	Petrol and diesel filling / service station.
<i>Mobile Towers</i>	Radio link tower renting services to multiple telecommunication operators.
<i>Financing/Investments</i>	Ijarah, morabaha, diminishing musharaka finances and investments in shares and sukuk certificates.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

SEGMENT RESULTS 2012

	<i>Maintenance services</i>	<i>Fuel station</i>	<i>Mobile towers</i>	<i>Financing/ Investments</i>	<i>Consolidated</i>
	----- <i>(Rupees)</i> -----				
<i>Revenue</i>	69,101,994	125,918,687	24,617,464	4,684,883	224,323,028
<i>Result</i>					
Profit / (loss) for the year before taxation	3,244,254	758,644	(2,255,978)	5,742,076	7,488,996
Profit / (loss) for the year after taxation	3,244,254	500,049	(2,255,978)	5,742,076	7,230,401

For comparative period - 2011

	<i>Maintenance services</i>	<i>Fuel station</i>	<i>Mobile towers</i>	<i>Financing/ Investments</i>	<i>Consolidated</i>
	----- <i>(Rupees)</i> -----				
<i>Revenue</i>	42,827,320	71,078,786	25,670,935	8,910,380	148,487,421
<i>Result</i>					
Profit / (loss) for the year before taxation	1,552,851	515,962	1,244,893	(13,649,781)	(10,336,075)
Profit / (loss) for the year after taxation	1,552,851	375,380	1,244,893	(13,649,781)	(10,476,657)

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Reconciliation of segment results

	2012	2011
	------(Rupees)-----	
Total results for reportable segments	7,230,401	(10,476,657)
Rental income	3,198,444	2,897,012
Reversal on settlement of liability	-	3,357,168
Other operating income	2,714,850	1,305,556
Operating expenses:		
Salaries, allowances and other benefits	(5,188,227)	(9,554,751)
Depreciation	(1,193,528)	(1,681,086)
Fuel and conveyance	(1,105,337)	(935,468)
Other unallocated operating expenses	(8,345,367)	(4,768,573)
Profit on ijarah finance	-	(157,739)
Profit before tax as per profit and loss account	<u>(2,688,764)</u>	<u>(20,014,538)</u>

2012

	Maintenance services	Fuel station	Mobile towers	Financing/ Investments	Consolidated
	------(Rupees)-----				
<i>Assets and liabilities</i>					
Total assets	60,568,214	73,913,083	30,851,024	34,422,366	199,754,687
Total liabilities	7,121,226	475,037	8,797,271	20,012,149	36,405,683

For comparative period - 2011

	Maintenance services	Fuel station	Mobile towers	Financing/ Investments	Consolidated
	------(Rupees)-----				
<i>Assets and liabilities</i>					
Total assets	42,715,963	74,588,296	42,210,414	36,575,064	196,089,737
Total liabilities	1,976,348	325,371	7,646,487	8,948,198	18,896,404

Reconciliation of segments' assets and liabilities

	Assets	
	2012	2011
	------(Rupees)-----	
Total for reportable segments	199,754,687	196,089,737
Advance income tax	13,022,843	8,590,783
Property and equipment	4,921,043	8,414,705
Cash and bank balance	8,643,597	3,237,265
Other unallocated assets	785,141	2,119,969
Total as per balance sheet	<u>227,127,311</u>	<u>218,452,459</u>

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	Liabilities	
	2012	2011
	----- <i>(Rupees)</i> -----	
Total for reportable segments	36,405,683	18,896,404
Unclaimed profit distribution	6,567,310	6,567,310
Charity and donations payable	5,538,436	3,903,854
Other unallocated liabilities	2,414,591	4,794,836
Total as per balance sheet	50,926,020	34,162,404

OTHER INFORMATION

	<i>Maintenance services</i>	<i>Fuel station</i>	<i>Mobile towers</i>	<i>Financing/ Investments</i>	<i>Unallocated</i>	<i>Consolidated</i>
	----- <i>(Rupees)</i> -----					
Capital expenditure	3,057,173	-	-	-	129,800	3,186,973
Depreciation	3,525,915	447,273	3,651,194	3,006,697	1,193,528	11,824,607
Provision for impairment loss	-	-	-	4,939,804	94,488	5,034,292
Salaries, allowances and other benefits	29,724,545	1,412,869	825,000	875,914	4,489,764	14,536,403
Rent, rates and taxes	4,311,021	30,640	8,962,535	-	1,232,207	12,828,268
Expenditure on maintenance services	12,828,268	-	-	-	-	-
Ijarah lease rentals	3,218,459	-	-	-	-	86,113
Advertisement	57,350	-	-	-	28,763	116,132
Income tax	-	116,132	-	-	-	-
	-	-	-	-	-	-

For comparative period - 2011

	<i>Maintenance services</i>	<i>Fuel station</i>	<i>Mobile towers</i>	<i>Financing/ Investments</i>	<i>Unallocated</i>	<i>Consolidated</i>
	----- <i>(Rupees)</i> -----					
Capital expenditure	12,874,209	72,205,036	-	4,386,725	-	89,465,970
Depreciation	2,053,200	337,469	4,558,458	3,510,414	1,681,086	12,140,627
Provision for impairment loss	-	-	5,108,545	17,003,380	250,944	22,362,869
Salaries, allowances and other benefits	14,393,850	915,316	825,000	772,913	9,554,751	26,461,830
Rent, rates and taxes	2,391,359	-	9,666,745	77,844	-	12,135,948
Expenditure on maintenance services	7,800,791	-	-	-	-	7,800,791
Ijarah lease rentals	2,609,161	-	-	84,460	509,029	3,202,650
Advertisement	60,000	32,250	-	-	63,825	156,075
Income tax	-	140,582	-	-	-	140,582

Modaraba Al-Mali

Three major clients contributing more than 10% to the revenue of the Modaraba aggregated to Rs. 58.9 million (2011: Rs. 41.5 million) under maintenance services, mobile towers and other operating income during the year.

29. CAPITAL RISK MANAGEMENT

The Modaraba manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Currently the Modaraba is fully financed by equity capital and do not have any debt capital. The Modaraba manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. It is the Modaraba's practice to distribute at least 90% of the profit earned during the period to its certificate holders in order to avail tax exemption under clause 100 of Part I of the Second Schedule to Income Tax Ordinance 2001. However in order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distributable to certificate holders or issue new certificates.

The Modaraba is not subject to externally imposed capital requirements.

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the board of directors of the Management Company on 27 September, 2012.

31. GENERAL

Figures have been rounded off to the nearest Rupee.

Chief Executive

BankIslami Modaraba Investments Limited
Modaraba Management Company

Director

BankIslami Modaraba Investments Limited
Modaraba Management Company

Director

BankIslami Modaraba Investments Limited
Modaraba Management Company

Modaraba Al-Mali

PATTERN OF CERTIFICATE HOLDING

As at June 30, 2012

Number of Certificate Holding	Certificate Holding		To Certificate Held	Percentage %
	From	To		
2023	1	100	43,108	0.23
676	101	500	185,098	1.00
320	501	1,000	251,397	1.36
541	1,001	5,000	1,224,140	6.64
138	5,001	10,000	1,034,492	5.61
46	10,001	15,000	591,272	3.21
26	15,001	20,000	450,061	2.44
11	20,001	25,000	240,944	1.31
8	25,001	30,000	215,473	1.17
6	30,001	35,000	198,177	1.08
4	35,001	40,000	148,923	0.81
7	40,001	45,000	300,158	1.63
3	45,001	50,000	142,283	0.77
4	50,001	55,000	208,000	1.13
4	55,001	60,000	231,851	1.26
3	60,001	65,000	184,521	1.00
3	65,001	70,000	204,499	1.11
4	70,001	75,000	294,833	1.60
1	80,001	85,000	83,324	0.45
2	85,001	90,000	170,680	0.93
2	90,001	95,000	187,000	1.01
1	95,001	100,000	96,250	0.52
2	100,001	105,000	207,037	1.12
2	110,001	115,000	226,660	1.23
3	120,001	125,000	368,432	2.00
1	125,001	130,000	127,216	0.69
1	140,001	145,000	144,310	0.78
1	155,001	160,000	158,500	0.86
1	165,001	170,000	166,000	0.90
1	175,001	180,000	175,029	0.95
1	195,001	200,000	200,000	1.09
2	210,001	215,000	425,000	2.31
2	250,001	255,000	500,988	2.72
2	265,001	270,000	530,802	2.88
1	285,001	290,000	286,015	1.55
1	375,001	380,000	379,500	2.06
1	380,001	385,000	382,487	2.08
1	395,001	400,000	400,000	2.17
1	410,001	415,000	410,486	2.23
1	480,001	485,000	484,500	2.63
1	485,001	490,000	489,581	2.66
1	495,001	500,000	499,782	2.71
1	695,001	700,000	700,000	3.80
1	1,210,001	1,215,000	1,211,491	6.58
1	1,420,001	1,425,000	1,421,250	7.71
1	1,840,001	1,845,000	1,842,395	10.00
3864			18,423,945	100

PATTERN OF CERTIFICATE HOLDING

As at June 30, 2012

Categories of Certificate Holders	Number	Certificates Held	Percentage %
Associated Companies, Undertakings, and Related Parties.			
BankIslami Modaraba Investments Ltd.,	1	2,342,490	12.714
Sub Total	1	2,342,490	12.714
N.I.T. & I.C.P.			
Investment Corporation of Pakistan	1	794	0.004
National Bank of Pakistan Trustee Department	1	144,404	0.784
IDBP (ICP Unit)	1	498	0.003
Sub Total	3	145,696	0.791
Public Sector Company & Corporation			
Banks, Development Finance Institutions, Non-Banking Financial Institutions, Insurance Companies, Modaraba's and Mutual Funds	19	1,501,647	8.151
Joint Stock Companies & Others	36	838,051	4.549
Individuals	3,805	13,596,061	73.796
Sub Total	3,860	15,935,759	86.495
Total	3,864	18,423,945	100.000

Modaraba Al-Mali

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the 13th Annual Review Meeting of certificate holders of Modaraba Al-Mali will be held on Monday, the 22nd October 2012 at 6:00 p.m. at 602, 6th Floor, Progressive Centre PECHS, Shahrae Faisal, Karachi to review the performance of the Modaraba for the year ended June 30, 2012 in terms of clause 20 of the Prudential Regulations for Modaraba issued vide Circular number 4/2004 by Registrar Modaraba Companies and Modarabas.

On behalf of the Board

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Syed Ahmed Asim
Company Secretary

Date: September 27, 2012

Note:

1. The Modaraba Certificate transfer book shall remain closed from Monday, 15th October 2012 to Monday, 22nd October 2012 (both days inclusive) to determine the names of Certificate Holders entitled to attend the Annual Review Meeting. Transfers received in order at the registrar's office of the Modaraba up to the close of the business on Friday, 12th October 2012 will be treated in time for the entitlement to attend Annual Review Meeting.
2. The certificate holders are advised to notify to the registrar of Modaraba Al-Mali, any change in their addresses.
3. CDC certificate holders desiring to attend the meeting are requested to bring their original NIC, Account, and Participant's ID number, for identification purpose.