

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



**Half Yearly Report
December 31, 2010
(Un-audited)**

CONTENTS

| | Page |
|------------------------------------------|------|
| Corporate Information | 1 |
| Directors' Review | 2 |
| Auditors' Review Report | 3 |
| Balance Sheet | 4 |
| Profit and Loss Account | 5 |
| Cash Flow Statement | 6 |
| Statement of Changes in Equity | 7 |
| Notes to the Financial Statements | 8 |

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 |
| Audit Committee | Mr. Tariq Usman Bhatti | Chairman |
| | Mr. Muhammad Hamid | Member |
| Management Team | Mr. S. Shah Sajid Hussain | Member |
| | Mr. Zulfikar Ali | Chief Executive |
| | Mr. Muhammad Saad | Chief Operating Officer |
| Company Secretary | Syed Ahmed Asim | CFO/Company Secretary |
| | Mr. Tahir Zuberi | Head of Operations |
| Auditors | M. Yousuf Adil Saleem & Co. Chartered Accountants A-35, Cawish Court, Block-7/8, KCHSU, Karachi. | |
| Bankers & Financers | BankIslami Pakistan Limited Bank Alfalah Limited Meezan Bank Limited | |
| Registrar & Share Registration Office | Tecnology Trade (Pvt.) Limited Dagja 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: 345477526 E-mail: info@modarabaalmali.com URL: http://www.modarabaalmali.com | |

Directors' Review

We are pleased to present un-audited Financial Statements of Modaraba Al-Mali for the period ended 31st December 2010, as required under section 245 of the Companies Ordinance 1984, prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting" as applicable in Pakistan.

In compliance with the Code of Corporate Governance, the Audit Committee has reviewed these financial statements before approval of the Board of Directors.

Operating Results

During the period under review the Modaraba recorded profit of Rs. 0.57 million as against loss of Rs. 5.71 million during the corresponding period ended December 31, 2009. The operating revenue increased by 41% compared to corresponding period of last year whereas the operating cost increased by 17%. However, quantum of this increase is not reflected totally in the bottom line as impairment loss of Rs. 2.8 million was booked on an old investment.

Future Prospects

The management is now focusing on expansion of its maintenance services business and further performance improvement of its mobile tower division. Subsequent to the period under review, we have been awarded with another contract for refueling of several hundred sites by a renowned cellular operator. The fuel station business, which was inaugurated in October' 2010 will further help to enhance overall profitability of the Modaraba.

Acknowledgment

We wish to place on record our appreciation and thanks to the certificate-holders for their continued confidence, to the authorities for guidance and to all the members of management and staff for their dedication and hard work.

On behalf of the Board

Karachi
Dated : February 26, 2011

-- sd --
Zulfikar Ali
Chief Executive

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Modaraba Al Mali as at December 31, 2010 and the related condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'interim financial information') for the six months then ended. Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim cash flow statement for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

-- Sd --

Engagement Partner
Mushtaq Ali Hirani

Karachi
Dated : February 26, 2011

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at December 31, 2010

| | Unaudited December 31, 2010 | Audited June 30, 2010 |
|--------------------------------------------------------------------|-----------------------------------|-----------------------------|
| | (Rupees) | |
| ASSETS | | |
| Current Assets | | |
| Bank balances | 12,324,617 | 1,115,190 |
| Current portion of diminishing musharaka finance | 18,063,373 | 21,629,688 |
| Current portion of long term investments | 12,499,980 | 12,499,980 |
| Current portion of investment in ijarah finance | 3,824,008 | 3,824,008 |
| Morabaha finance | - | - |
| Receivable against operating lease rentals and maintenance service | 18,880,777 | 20,854,931 |
| Advances, deposits, prepayments and other receivables | 14,117,332 | 15,683,755 |
| Stores, consumables and lubricants | 4,594,180 | 2,823,623 |
| | <u>84,304,267</u> | <u>78,431,175</u> |
| Non-current Assets | | |
| Diminishing musharaka finance | 222,563 | 8,791,536 |
| Long term investments | 15,706,020 | 22,270,189 |
| Property and equipment | 129,321,082 | 131,245,167 |
| Property and equipment under ijarah arrangement | 7,387,009 | 6,627,564 |
| Long term deposits | 1,926,900 | 1,492,206 |
| | <u>154,563,574</u> | <u>170,426,662</u> |
| Total assets | <u>238,867,841</u> | <u>248,857,837</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Creditors, accrued and other liabilities | 17,988,331 | 21,767,163 |
| Current portion of liability against ijarah finance | - | 7,190,082 |
| Current portion of security deposits | 3,824,007 | 3,824,007 |
| Unclaimed profit distribution | 6,567,310 | 6,567,310 |
| Total Current liabilities | <u>28,379,648</u> | <u>39,348,562</u> |
| Non-current liabilities | | |
| Security deposits | 10,866,947 | 10,464,100 |
| | <u>10,866,947</u> | <u>10,464,100</u> |
| Total liabilities | <u>39,246,595</u> | <u>49,812,662</u> |
| NET ASSETS | <u>199,621,246</u> | <u>199,045,175</u> |
| REPRESENTED BY | | |
| CAPITAL AND RESERVES | | |
| Certificate capital | | |
| Authorised - 30,000,000 (June 2010 : 30,000,000) | | |
| Modaraba certificates of Rs.10/- each | <u>300,000,000</u> | <u>300,000,000</u> |
| Issued, subscribed and paid-up | 184,239,450 | 184,239,450 |
| Reserves | 55,964,329 | 55,964,329 |
| Accumulated loss | (40,582,533) | (41,158,604) |
| | <u>15,381,796</u> | <u>14,805,725</u> |
| | <u>199,621,246</u> | <u>199,045,175</u> |
| Contingencies and commitments | | |
| | 11 | |

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

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Executive

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the six months period ended December 31, 2010

| | Note | Six months period ended | | Quarter ended | |
|-----------------------------------------------------|------|-------------------------|-------------------|-------------------|-------------------|
| | | December 31, 2010 | December 31, 2009 | December 31, 2010 | December 31, 2009 |
| | | (Rupees) | | (Rupees) | |
| INCOME | | | | | |
| Income from maintenance service | | 17,227,602 | 9,681,124 | 8,631,975 | 7,029,768 |
| Income from ijarah finance | | 14,685,878 | 9,305,372 | 7,396,563 | 4,685,202 |
| Profit on investments | | 702,448 | 1,207,660 | 276,482 | 583,758 |
| Profit on diminishing musharaka finances | | 1,972,074 | 4,126,213 | 869,468 | 2,053,072 |
| Profit on morabaha finances | | 24,823 | 341,226 | 15,245 | 83,578 |
| Income from operation of Fuel station - net | 12 | (600,500) | - | (215,575) | - |
| Other operating income | 13 | 3,669,423 | 2,017,776 | 2,944,152 | 498,424 |
| | | 37,681,748 | 26,679,371 | 19,918,310 | 14,933,802 |
| EXPENDITURE | | | | | |
| Profit on ijarah finance | | 157,739 | 727,123 | 65,112 | 327,109 |
| Ijarah lease rentals | | 1,506,380 | - | 726,809 | - |
| Depreciation on property and equipment - Ijarah | | 1,609,555 | 1,269,421 | 824,227 | 672,544 |
| Operating expenses | 14 | 32,618,708 | 28,625,180 | 16,764,917 | 14,836,298 |
| | | 35,892,382 | 30,621,724 | 18,381,065 | 15,835,951 |
| | | 1,789,366 | (3,942,353) | 1,537,245 | (902,149) |
| Reversal/(provision) of impairment loss - net | | (1,149,287) | (1,765,265) | (1,434,567) | (2,199,023) |
| | | 640,079 | (5,707,618) | 102,678 | (3,101,172) |
| Modaraba company's management fee | | (64,008) | - | (10,268) | - |
| Net income/(loss) for the period before taxation | | 576,071 | (5,707,618) | 92,410 | (3,101,172) |
| Taxation | 15 | - | - | - | - |
| Net income/(loss) for the period after taxation | | 576,071 | (5,707,618) | 92,410 | (3,101,172) |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income/(loss) for the period | | 576,071 | (5,707,618) | 92,410 | (3,101,172) |
| Earnings/(loss) per certificate - basic and diluted | | 0.03 | (0.31) | 0.01 | (0.17) |

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

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Executive

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the six months period ended December 31, 2010

| | Note | December 31, | December 31, |
|-----------------------------------------------------------|------|--------------|--------------|
| | | 2010 | 2009 |
| | | Rupees | Rupees |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income/(loss) before taxation | | 576,071 | (5,707,618) |
| Adjustments: | | | |
| Depreciation - property and equipment- owned | | 4,274,212 | 5,622,641 |
| Gain on disposal of property and equipment- owned | | (44,000) | (289,476) |
| Depreciation on property and equipment-ijarah | | 1,609,555 | 1,269,421 |
| (Reversal) / provision of impairment loss - net | | 1,149,287 | 1,765,265 |
| Reversal of provision on morabaha finances | | - | (169,227) |
| Reversal of provision on other receivable | | 157,739 | 727,123 |
| Profit on ijarah finance | | 7,722,864 | 3,218,129 |
| Decrease/(Increase) in operating assets | | | |
| Diminishing musharaka finance | | 12,135,288 | 4,510,499 |
| Net investment in ijarah finance | | - | 291,656 |
| Morabaha finance | | - | 3,969,626 |
| Receivables against lease rentals and maintenance service | | 1,974,154 | (10,307,483) |
| Advances, deposits, prepayments and other receivables | | 3,096,442 | 4,943,488 |
| Stores, consumables and lubricants | | (1,770,557) | (2,758,813) |
| Recovery against doubtful receivables | | 585,693 | - |
| | | 16,021,020 | 648,973 |
| Increase / (decrease) in operating liabilities | | | |
| Creditors, accrued and other liabilities | | (2,278,832) | 1,766,927 |
| Security deposits | | 402,847 | 1,567,010 |
| | | (1,875,985) | 3,333,937 |
| | | 21,867,899 | 3,982,910 |
| Income taxes paid | | (1,950,830) | (746,365) |
| Profit paid on ijarah finance | | (157,739) | (429,000) |
| Net cash generated from operating activities | | 19,759,330 | 6,025,674 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property and equipment- ijarah | | (2,369,000) | (4,023,000) |
| Purchase of property and equipment- own | | (2,350,127) | (10,675,940) |
| Proceeds from disposal of property and equipment- own | | 44,000 | 600,000 |
| Redemption of long-term investments | | 3,750,000 | - |
| Net cash used in investing activities | | (925,127) | (14,098,940) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term deposits | | (434,694) | - |
| Liability against ijarah finance - net | | (7,190,082) | (1,757,885) |
| Profit distribution | | - | (22,051) |
| Net cash used in financing activities | | (7,624,776) | (1,779,936) |
| Net increase/(decrease) in cash and cash equivalents | | 11,209,427 | (9,853,202) |
| Cash and cash equivalents at beginning of the period | | 1,115,190 | 10,489,533 |
| Cash and cash equivalents at end of the period | | 12,324,617 | 636,331 |

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

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Executive

Director

Director

**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)**
For the six months period ended December 31, 2010

| | Reserves | | | | | Total |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|--------------------|
| | Certificate Capital | Capital reserves | | Revenue reserves | Total Reserves | |
| | | Certificate premium | Statutory reserve * | (Accumulated loss) | | |
| ------(Rupees)----- | | | | | | |
| Balance at 01 July 2009 | 184,239,450 | 511,409 | 55,452,920 | (28,245,515) | 27,718,814 | 211,958,264 |
| Total comprehensive loss | - | - | - | (5,707,618) | (5,707,618) | (5,707,618) |
| Balance at 31 December 2009 | 184,239,450 | 511,409 | 55,452,920 | (33,953,133) | 22,011,196 | 206,250,646 |
| Total comprehensive loss | - | - | - | (7,205,471) | (7,205,471) | (7,205,471) |
| Balance at 30 June 2010 | 184,239,450 | 511,409 | 55,452,920 | (41,158,604) | 14,805,725 | 199,045,175 |
| Other comprehensive income | - | - | - | 576,071 | 576,071 | 576,071 |
| Balance at 31 December 2010 | 184,239,450 | 511,409 | 55,452,920 | (40,582,533) | 15,381,796 | 199,621,246 |

* The statutory reserve representing profits set aside in accordance with the provisions of prudential regulations for modarabas promulgated by the Securities and Exchange Commission of Pakistan, is transferred annually at the year end.

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Executive

Director

Director

**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)**
For the six months period ended December 31, 2010

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, having its registered office at Progressive Square, Shahra-e-Faisal, Karachi 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 financing, musharika financing, construction and renting of mobile towers, maintenance services, operating a petrol and diesel filling / service station and other related business. The Modaraba is listed on the Karachi, Lahore and Islamabad Stock Exchanges.

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

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial information comprise of condensed interim balance sheet, condensed interim profit and loss statement, condensed interim cash flow statement and condensed interim statement of changes in equity together with selected explanatory notes forming part thereof. The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published audited financial statements and should be read in conjunction with the annual audited financial statements of the Modaraba for the year ended June 30, 2010.

2.2 This condensed interim financial information is unaudited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of the provisions of the Code of Corporate Governance and these condensed interim financial information are being circulated to the certificate holders as required under the Modaraba Companies and Modaraba Rules, 1981.

2.3 Basis of preparation

These condensed interim financial information have been prepared under the "historical cost convention" except for certain investments that are carried at fair value.

2.4 Summary of significant accounting policies

The accounting policies adopted for the preparation of these condensed interim financial information are consistent with those applied for the preparation of the audited financial statements for the year ended June 30, 2010 except for the following new accounting policies which have been adopted by the Modaraba during the period:

2.4.1 Revenue recognition of fuel station

Revenue from the sale of petroleum products are recognised when the significant risks and rewards of ownership have passed to the buyer, usually on delivery.

2.4.2 Oil and fuel

Stock-in-trade are stated at the lower of cost and net realizable value. Cost is determined on moving average less allowance for obsolete and slow moving stock.

Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.5 Standard and Interpretations Adopted with No Effect on the Condensed Interim Financial Information

In the current period, the Modaraba has adopted all new Standards issued by the IASB and as notified by the Securities and Exchange Commission of Pakistan that are effective for Modaraba's accounting period beginning on July 01, 2010.

8.1 The Securities and Exchange Commission of Pakistan vide its letter dated 1 November 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 an unlisted company. The above regulation, subject to certain conditions, restricts the investments by a modaraba in the shares of unlisted companies, except in cases where the modaraba is engaged in venture capital business. Since the prospectus of Modaraba Al-Mali allows it to engage in venture capital business, the Registrar Modaraba has waived the applicability of the above regulation.

Modaraba holds 1,800,000 ordinary shares of Rs. 10 each in Al Hamra Hills (Private) Limited, which represents 2.12% of issued share capital of the investee company. Financial statements for the year ended June 30, 2010 shows break-up value of the investee company significantly reduced to Rs. 8.17 per share, therefore, the carrying value of this investment has been reduced by recording impairment loss of Rs. 2,814,169.

8.2 This represents sukuk certificates of New Allied Electronics Industries (Private) Limited. Redemption / coupon representing the profit of Rs. 0.759 million due on 3 December 2008 was received on 17 December 2008. However, since then, the profit coupon due have not been received. The investee company is under financial crisis. Accordingly the Management Company has made a provision of Rs. 4 million against the gross exposure of Rs. 10 million, no further provision is made because the management consider it as sufficient keeping in view of available securities. No accrual of profit has been made on this investment.

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 guarantees of the sponsoring directors.

8.3 These certificates carry profit at 6 months KIBOR + 325 bps with floor of 11% and cap of 30% payable semi annually. The tenor of the above instrument is for three years including a grace period of one year and is repayable in four equal consecutive semi annual installments. These certificates are secured against first pari passu charge on all present and future assets of the Company with 25% margin and personal guarantee of sponsoring directors. These certificates are not quoted and are being carried in the financial statements at cost.

9. PROPERTY AND EQUIPMENT- OWN

Following additions and disposals in property and equipment-own, at cost, were made during the period: -

| | Additions / Transfers | | Disposals / Transfers | |
|-----------------------------------------------------------------------|-------------------------------------|-------------------------------|-------------------------------------|-------------------------------|
| | (Unaudited) December 31, 2010 | (Audited) June 30, 2010 | (Unaudited) December 31, 2010 | (Audited) June 30, 2010 |
| Office and computer equipment | 371,221 | 1,345,328 | - | - |
| Motor Vehicles | 311,980 | 10,965,775 | 108,000 | 1,165,288 |
| Furniture and fixtures | 86,660 | 352,539 | - | - |
| Land - Fuel operation (transferred from capital work in progress) | 63,848,000 | - | - | - |
| Building - Fuel operation (transferred from capital work in progress) | 8,095,655 | - | - | - |
| Capital work in progress | 1,580,266 | 7,618,959 | (71,943,655) | (1,668,000) |
| | <u>74,293,782</u> | <u>20,282,601</u> | <u>(71,835,655)</u> | <u>(502,712)</u> |

9.1 Capital work in progress represent the lease hold land acquired by the Modaraba and construction on this land for setting up a petrol filling station (filling / service station). The Modaraba had entered in to agreement dated July 29, 2008 with an oil marketing company (Company) under which Modaraba sub leased the land for a period of 15 years, renewable for further period on a mutually agreed basis. Under a separate agreement dated August 17, 2008 the cost of the civil work for the setting up of the filling / servise station is to be borne by the Modaraba while equipment will be provided by th Company. The modaraba entered into a retailer agreement dated August 17, 2010 with the company under which company has granted the right to the Modaraba to operate the fuel station. Operation of the fuel station has commenced from October 03, 2010.

10. PROPERTY AND EQUIPMENT UNDER IJARAH ARRANGEMENT

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

| | Additions | | Disposals | |
|------------|-------------------------------------|-------------------------------|-------------------------------------|-------------------------------|
| | (Unaudited) December 31, 2010 | (Audited) June 30, 2010 | (Unaudited) December 31, 2010 | (Audited) June 30, 2010 |
| | ------(Rupees)----- | | | |
| Vehicles | 2,369,000 | 3,098,000 | - | 62,900 |
| Generators | - | 925,000 | - | - |
| | <u>2,369,000</u> | <u>4,023,000</u> | <u>-</u> | <u>62,900</u> |

11. CONTINGENCIES AND COMMITMENTS

Contingencies

11.1 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 lease finance. The case was decided by the Banking Court in favor of Plaintiff along with 10% mark-up. The Modaraba has filed an appeal in the honorable High Court against the decision of the Banking Court. Subsequent to the period end, the said appeal was dismissed but the detailed order is not yet issued by the Honorable High Court. The management of the Modaraba intends to file an appeal in the Honorable Supreme Court after receipt of High Court's Order. The management is of the view that it stands a fairly good chance for decision of the case in its favor and consequently no provision has been made against this claim.

11.2 A suit for specific performance of contract, permanent injunction, damages and compensation had been filed in the Honorable High Court at Islamabad against the Modaraba for Rs. 643 million (including Rs. 500 million against loss in business due to defamation). Both parties had agreed to settle the dispute in accordance with a settlement agreement dated December 20, 2010 and accordingly subsequent to the year end the suit has been withdrawn.

11.3 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 profit as per the provisions of the respective tax laws and created tax demand of Rs.1.93 million. The Modaraba has filed an appeal against the said order and is hopeful for a favorable outcome and therefore, no provision is made in these condensed interim financial information.

Commitments

| | December 31, 2010 Rupees | June 30, 2010 Rupees |
|-----------------------------------------------------------------|--------------------------------|----------------------------|
| Future rentals of Ijarah finance under IFAS 2 "Ijarah Finance" | 8,193,257 | 8,001,406 |
| Future rentals of Ijarah finance accounted for as Finance lease | - | 7,190,082 |
| Future payment for civil works | - | 1,189,851 |
| | <u>8,193,257</u> | <u>8,379,933</u> |

| | Six months period ended | | Quarter ended | |
|-------------------------|-------------------------|-------------------|-------------------|-------------------|
| | December 31, 2010 | December 31, 2009 | December 31, 2010 | December 31, 2009 |
| | (Rupees) | | | |
| 12. FUEL STATION | | | | |
| Income | | | | |
| Sale of fuel | 13,750,516 | - | 13,750,516 | - |
| Cost of Sales | (13,354,480) | - | (13,354,480) | - |
| | 396,036 | - | 396,036 | - |
| Rental income | 210,000 | - | 210,000 | - |
| | 606,036 | - | 606,036 | - |
| Expenses | | | | |
| Salaries and allowances | 304,200 | - | 249,378 | - |
| Electricity | 67,600 | - | 67,600 | - |
| Generator fuel | 156,991 | - | 156,991 | - |
| Printing and stationery | 8,157 | - | 5,657 | - |
| Telephone | 7,729 | - | 7,729 | - |
| Repairs and maintenance | 141,045 | - | 137,571 | - |
| Professional fees | 300,000 | - | - | - |
| Security guard | 92,129 | - | 68,000 | - |
| Insurance | 13,298 | - | 13,298 | - |
| Depreciation | 112,089 | - | 112,089 | - |
| Miscellaneous | 3,298 | - | 3,298 | - |
| | 1,206,536 | - | 821,611 | - |
| | (600,500) | - | (215,575) | - |

12.1 During the period Modaraba started operation of petrol filling / service station from October 03, 2010 under a retailer agreement with an oil marketing company (the company). In accordance with the agreement the company has granted the right to the Modaraba to operate the fuel station and deal exclusively in petroleum product of the company on a predetermined margin.

13. OTHER INCOME

| | | | | |
|-----------------------------------------------------------------|-----------|-----------|-----------|---------|
| Profit on bank balances | 180,598 | 116,087 | 118,327 | 31,957 |
| Rental income | 1,440,200 | 1,326,000 | 777,200 | 663,000 |
| Gain on disposal of fixed assets | 44,000 | 289,476 | 44,000 | 5,476 |
| Reversal of provision on other receivable and other liabilities | - | 169,227 | - | 169,227 |
| Miscellaneous | 2,004,625 | 116,986 | 2,004,625 | 1,725 |
| | 3,669,423 | 2,017,776 | 2,944,152 | 871,385 |

| | Six months period ended | | Quarter ended | |
|-------------------------------|-------------------------|-------------------|-------------------|-------------------|
| | December 31, 2010 | December 31, 2009 | December 31, 2010 | December 31, 2009 |
| | (Rupees) | | | |
| 14. OPERATING EXPENSES | | | | |
| Salaries and allowances | 10,997,558 | 6,999,113 | 5,377,786 | 3,698,655 |
| Rent, rates and taxes | 5,199,945 | 4,976,328 | 2,462,220 | 2,588,674 |
| Depreciation | 4,162,123 | 5,622,641 | 1,997,590 | 2,879,216 |
| Maintenance service | 2,580,024 | 1,753,511 | 1,866,527 | 1,413,172 |
| Fuel and conveyance | 1,795,242 | 809,259 | 877,577 | 506,595 |
| Security charges | 1,257,200 | 1,530,000 | 669,200 | 739,500 |
| Repairs and maintenance | 1,183,392 | 2,050,039 | 608,507 | 887,221 |
| Electricity | 762,205 | 243,005 | 452,028 | 91,822 |
| Legal and professional | 700,096 | 785,916 | 261,063 | 477,600 |
| Telephone | 696,373 | 559,480 | 288,683 | 321,470 |
| Miscellaneous | 638,070 | 811,550 | 337,170 | 119,025 |
| Travelling and accommodation | 488,817 | 712,934 | 220,900 | 281,084 |
| Printing and stationery | 487,333 | 431,157 | 379,801 | 298,519 |
| Insurance | 478,626 | 222,316 | 266,778 | 151,367 |
| Gratuity | 343,218 | 170,928 | 171,609 | 85,165 |
| Provident fund contribution | 227,328 | 203,528 | 100,203 | 109,289 |
| Subscription | 197,578 | 193,948 | 104,833 | 86,387 |
| Shares registrar | 109,040 | 85,760 | 58,400 | 39,000 |
| Postage | 98,955 | 103,650 | 86,409 | 62,537 |
| Auditors' remuneration | 50,000 | 50,000 | 50,000 | - |
| Compensated absences | 83,749 | 143,509 | 54,517 | - |
| Marketing and advertisement | 45,850 | - | 40,000 | - |
| Worker Welfare Fund | 28,886 | - | 28,886 | - |
| Transportation | 7,100 | 166,608 | 4,230 | - |
| | 32,618,708 | 28,625,180 | 16,764,917 | 14,836,298 |

15. TAXATION

The income of the Modaraba is exempt from income tax provided that not less than 90% of its current year's profit is distributed to the certificate holders. The Modaraba intends to avail the tax exemption hence no provision is made in these condensed interim financial information for the tax liability for the period ended 31 December 2010.

16. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Modaraba Al-Mali

| 16.1 Balances with related parties | December 31, 2010 Rupees | June 30, 2010 Rupees |
|--------------------------------------------------------------------------------|--------------------------------|----------------------------|
| <i>BankIslami Pakistan Limited (holding company of the management company)</i> | | |
| Bank deposits | 6,516,155 | 37,229 |
| Receivable against rent of the premises | 571,594 | - |
| Amount payable in respect of ijarah arrangement | - | 201,122 |
| Amount receivable in respect of maintenance services | 7,400,425 | 10,151,964 |
| <i>BankIslami Modaraba Investments Limited (management company)</i> | | |
| Accrual for management fees | 64,008 | - |

| 16.2 Transactions during the period | Six months period ended | | Quarter ended | |
|-------------------------------------------------------------------------------|-------------------------|----------------------|----------------------|----------------------|
| | December 31, 2010 | December 31, 2009 | December 31, 2010 | December 31, 2009 |
| | ----- (Rupees) ----- | | | |
| <i>BankIslami Pakistan Limited (parent company of the management company)</i> | | | | |
| Profit on Islamic profit and loss sharing account | 103,594 | 21,699 | 72,302 | 10,019 |
| Rental income | 1,440,200 | 1,326,000 | 777,200 | 663,000 |
| Maintenance service income | 12,786,802 | 9,681,124 | 6,402,775 | 7,029,768 |
| Bank charges | 17,213 | 100 | 16,057 | 100 |
| <i>BankIslami Modaraba Investments Limited (management company)</i> | | | | |
| Management fee | 64,008 | - | 10,268 | - |
| <i>Other related parties (key management personnel)</i> | | | | |
| Salaries and benefits | 2,250,000 | 2,064,000 | 1,125,000 | 1,032,000 |
| Contributions to staff provident fund | 227,328 | 188,478 | 100,203 | 94,239 |
| Contribution to staff gratuity fund | 343,218 | 57,847 | 171,609 | 28,923 |

17. DATE OF AUTHORISATION

These condensed interim financial information were authorised for issue by the Board of Directors of the management company in their meeting held on February 26, 2011.

18. GENERAL

Figures have been rounded off to the nearest rupees.

For BankIslami Modaraba Investment Limited
Modaraba Management Company

Chief Executive

Director

Director