



**POPULAR ISLAMIC MODARABA**  
An Islamic Financial Institution

**DIRECTORS' REPORT**

The Board of Directors of the Popular Islamic Modaraba Management Company (Pvt.) Limited, the Management Company of Popular Islamic Modaraba (formerly First Islamic Modaraba), is pleased to present the Directors' Report of the Modaraba for the Quarter ended September 30, 2016.

The summarized financial results for the quarter ended September 30, 2016 are as follows:

	September 30, 2016	September 30, 2015
	Rupees	
	6,339,221	5,069,584
Income	(1,703,614) (3,941,691)	(899,053) (3,565,617)
	793,916	604,914
Operating expenses	982,754	791,747
	-	(50,695)
Depreciation of Ijarah Assets	982,754	741,052
Operating profit	0.10	0.07
<b>Profit before taxation</b>		
Taxation		
<b>Profit after taxation</b>		
<b>Earning per certificate - basic &amp; diluted</b>		

**Review of Operations:**

By the grace of Almighty Allah, the Modaraba was able to achieve Income of Rs.6.33 million which was 25% increased as compared to the income of September 30, 2015. The expenses amounted to Rs.5.54 million as compared to Rs.4.46 million of the corresponding period of the last year. This increase was mainly due to increased depreciation of Ijarah Assets. The profit after tax amounted to Rs.982,754, which is 33% higher than the corresponding period of the last year. The EPC, therefore, also increased. The Modaraba has made further investments in Ijarah at competitive rates which will increase profit in future, and we will be in a position to pay dividend to our valued Certificate Holders.

**Future Outlook:**

The Modaraba has employed the prudent guidance and support of Registrar of Companies and the Securities Exchange Commission of Pakistan during the period under review and wishes to enjoy the same in future as well.

	September 30, 2016	September 30, 2015
Acknowledged	5,069,584	6,339,221
	(899,053)	(1,703,614)
	(3,941,691)	(3,565,617)
	793,916	604,914
	982,754	791,747
	-	(50,695)
	982,754	741,052
	0.10	0.07

The Board of Directors of the Popular Islamic Modaraba Management Company (Pvt.) Limited, the Management Company of Popular Islamic Modaraba (formerly First Islamic Modaraba), is pleased to present the Directors' Report of the Modaraba for the Quarter ended September 30, 2016.



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**INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)  
AS AT SEPTEMBER 30, 2016**

	Note	Un-audited Sept. 2016 Rupees	Un-audited June, 2016 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment - owned	7	1,063,331	1,063,331
Property and equipment - ijarah	9	1,125,000	1,250,000
Long Term Modaraba Finance	10	3,300,000	3,300,000
Long Term Modaraba Finance		7,237,410	6,969,031
Long Term Investment-Diminishing Musharaka		6,084,167	5,314,443
		-	-
		1,350,000	1,800,000
		10,872,363	11,595,793
		8,230,504	3,035,351
		33,774,443	26,714,616
<b>CURRENT ASSETS</b>			
Investments - held for trading		141,740,936	140,652,801
Short term morabaha finance			
Short term modaraba finance			
Short term musharaka finance			
Current portion of Diminishing Musharakah		43,704,670	43,704,670
Advances and other receivables		15,000,000	15,000,000
Cash and bank balances		450,306	473,883
		5,734,000	5,734,000
		21,278	21,278
		626,185	626,185
		984,649	984,649
		111,171	-
		112,716	94,929
<b>TOTAL ASSETS</b>		<b>8,040,306</b>	<b>7,934,924</b>
		<b>74,995,961</b>	<b>74,013,207</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Security deposits against Ijarah		140,000,000	140,000,000
Payable to management company		100,000,000	100,000,000
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities		16,345,045	16,345,045
Current portion of security deposits		(41,349,084)	(42,331,838)
		(25,004,039)	(25,986,793)
		74,995,961	74,013,207

**NON-CURRENT LIABILITIES**

Security deposits against Ijarah	140,000,000	140,000,000
Payable to management company	100,000,000	100,000,000
<b>CURRENT LIABILITIES</b>		
Accrued and other liabilities	16,345,045	16,345,045
Current portion of security deposits	(41,349,084)	(42,331,838)
	(25,004,039)	(25,986,793)
	74,995,961	74,013,207

**Chief Executive** Chief Financial Officer

Provision for taxation

Unclaimed profit distribution

Management fee payable

Sales tax on management fee

**TOTAL LIABILITIES**

**NET ASSETS**

**REPRESENTED BY**

**CAPITAL AND RESERVES**

Authorized certificate capital

14,000,000 (2013: 14,000,000) modaraba certificates of Rs. 10 each

**Certificate holders' equity**

Certificate capital

Statutory reserve

Accumulated profit

**CONTINGENCIES & COMMITMENTS**



**POPULAR ISLAMIC MODARABA**  
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**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Un-audited Sept. 2016 Rupees	Un-audited Sept. 2015 Rupees
Income	6,339,221	5,069,584
Operating expenses	(1,703,614)	(899,053)
Depreciation of Ijarah Assets	(3,841,691)	(3,565,617)
Operating profit	793,916	604,914
Other Income	317,797	290,727
Profit before management fee	1,111,712	895,641
Management fee	(111,171)	(89,564)
Sales tax on management fee	(17,787)	(14,330)
Profit before taxation	982,754	791,747
Taxation	-	(50,695)
Profit after taxation	982,754	741,052
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>982,754</b>	<b>741,052</b>
Earnings per certificate - basic & diluted	0.10	0.07



**POPULAR ISLAMIC MODARABA**  
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**INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Un-audited Sept. 2016 Rupees	Un-audited Sept. 2015 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	982,754	791,747
<b>Adjustments for:</b>		
Un realised gain on remeasurement of investment	(268,379)	(290,727)
Depreciation expense	4,399	5,300
Amortisation on Ijarah assets	3,841,691	3,565,617
Operating profit before working capital changes	3,578,311	3,280,280
	4,561,065	4,072,027
<b>Decrease/ (Increase) in current assets</b>		
Current portion of morabaha finance	(769,724)	-
Current portion of long term investment D.M	450,000	-
Advances and other receivables	723,430	(317,483)
	403,706	(317,483)
<b>Increase / (Decrease) in current liabilities</b>		
Accrued & other liabilities	(23,577)	225,862
Management fee payable	111,171	89,564
Sales tax on management fee	17,787	14,330
	105,382	329,756
<b>Cash flow after working capital changes</b>	<b>5,070,153</b>	<b>4,084,300</b>
Dividend received	-	-
Tax paid	-	-
Net cash generated from operating activities (A)	5,070,153	4,084,300
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sales proceeds against disposal of shares	-	2,260,500
Purchase of fixed assets - Ijarah	-	(13,714,000)
Security deposit from Ijarah	-	2,751,367
Investment in modaraba finance	125,000	10,000,000
Rentals received against D.M	-	96,534
Net cash used in investing activities (B)	125,000	1,394,401
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Net (decrease) / increase in cash &amp; cash equivalent(A+B+C)</b>	<b>5,195,153</b>	<b>5,478,701</b>
Cash and cash equivalents at the beginning of the year	3,035,351	4,739,829
<b>Cash and cash equivalents at the end of the year</b>	<b>8,230,504</b>	<b>10,218,530</b>

**Chief Executive** Chief Financial Officer

Provision for taxation

Unclaimed profit distribution

Management fee payable

Sales tax on management fee

**TOTAL LIABILITIES**

**NET ASSETS**

**REPRESENTED BY**

**CAPITAL AND RESERVES**

Authorized certificate capital

14,000,000 (2013: 14,000,000) modaraba certificates of Rs. 10 each

**Certificate holders' equity**

Certificate capital

Statutory reserve

Accumulated profit

**CONTINGENCIES & COMMITMENTS**



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
(UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

	Certificate Capital	Statutory Reserve	Accumulated profit	Total
Balance as at June 30, 2015	100,000,000	15,522,231	13,964,427	130,309,472
Profit for the year	-	-	(56,296,265)	(56,296,265)
Transferred to statutory reserve	-	822,814	-	-
Balance as at June 30, 2016	100,000,000	16,345,045	(42,331,838)	74,013,207
Profit for the period	-	-	982,754	982,754
Transferred to statutory reserve	-	-	-	-
Balance as at September 30, 2016	100,000,000	16,345,045	(41,349,084)	74,995,960

Chief Executive

Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

Popular Islamic Modaraba (Formerly First Islamic Modaraba) is a multipurpose, perpetual Modaraba formed under the Modaraba and Modaraba (floatation and control) Ordinance, 1980 and the rules framed there under and is managed by the Popular Islamic Modaraba Management Company (Private) Limited (formerly by Islamic Investment Bank Limited under liquidation), a company incorporated in Pakistan under the Companies Ordinance, 1984 and registered with Registrar of Modaraba Companies. The registered office of the modaraba is situated at 813, 8th Floor, Chaggaal Plaza, Hasrat Mohani Road, Off I.I.Chundrigar Road, Karachi. The Modaraba is listed on the Pakistan Stock Exchange.

The Modaraba is engaged in various Islamic modes of financing and business including leasing, musharaka, murabaha arrangements, trading in listed securities and other commodities.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. The requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules 1981 and directives issued by the SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules 1981 or directives issued by the SECP prevail.

**3. BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention except for certain financial assets which are stated at fair value.

These Condensed interim financial statements are unaudited and being submitted to Certificate Holders as required under Rule 10 of Modaraba Companies and Modaraba Rules 1981.

**4. SIGNIFICANT ACCOUNTING POLICIES**

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



	Un-audited Sept. 2016 Rupees	Audited June 2016 Rupees
<b>5. PROPERTY &amp; EQUIPMENTS - (OWNED)</b>		
Cost	71,150	71,150
Less: Accumulated Depreciation	(63,889)	(58,890)
	<u>7,261</u>	<u>12,260</u>
<b>6. PROPERTY &amp; EQUIPMENTS - (JARAH)</b>		
Cost	134,340,800	134,340,800
Less: Accumulated Depreciation	(31,889,899)	(28,048,208)
	<u>102,450,901</u>	<u>106,292,592</u>

**7. CONTINGENCIES & COMMITMENTS**

**Contingencies**

In the year 1998, the modaraba filed an appeal before Customs, Excise and Sales Tax Appellate Tribunal, Karachi bench against an allegation that the modaraba has short paid of Rs. 377,755/- as principal amount of sales tax short paid during the year 1998 and additional tax of Rs. 79,364/- . A penalty of Rs. 10,000/- was also imposed. The case is pending before the Honorable Appellate Tribunal. The modaraba has not made any provision as the legal counsel expects a favourable outcome of the appeal.

**Commitments**

The modaraba has no commitments as at June 30, 2016 (2015: NIL)

**8. RELATED PARTY TRANSACTIONS**

**Nature of Transaction Relationship with the Company**

The management comprises of directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transactions with these related parties. Significant transactions with related parties are as follows: .

**9. General**

Figures have been rounded off to the nearest Rupee.

The annexed notes from 1 to 09 form an integral part of these condensed interim financial information.

Chief Executive

Chief Financial Officer

BOOK - POST



**POPULAR ISLAMIC MODARABA**  
An Islamic Financial Institution

**Quarterly Accounts  
September 30, 2016  
(Un-Audited)**

**Managed by :**  
Popular Islamic Modaraba  
Management Company (Pvt.) Ltd

If undelivered please return to :  
Popular Islamic Modaraba  
813, Chaggaal Plaza, Hasrat Mohani Road, Off. I.I. Chundrigar  
Road, Karachi-74000, Pakistan