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CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Imamuddin Shouqeen - Chairman Mr. Shahbaz Ali Malik - Director Saiyed Faiq Hussain - Director / Chief Executive Mr. Malik Junaid Emam - Director Mr. Kamran Hussain Mughal - Director / Company Secretary
AUDIT COMMITTEE	Mr. Malik Junaid Emam - Chairman Saiyed Faiq Hussain - Member Mr. Kamran Hussain Mughal - Member
SHARIAH ADVISOR	Mufti Mohammad Ibrahim Essa
COMPANY SECRETARY	Mr. Kamran Hussain Mughal
CHIEF FINANCIAL OFFICER	Mr. Ali Hasan Kalroo
BANKERS	Albaraka Bank (Pakistan) Limited Meezan Bank
AUDITORS	Avais Hyder Liaquat Nauman Chartered Accountant
LEGAL ADVISOR	Zafar Ali Shah Advocate Bukhari Law Associates
MANAGEMENT COMPANY	Popular Islamic Modaraba Management Company (Pvt.) Ltd
REGISTERED OFFICE	813, 8th Floor, Hasrat Mohani Road, Off. I.I.Chundrigar Road, Karachi.
SHARE REGISTRAR	Central Depository Company of Pakistan CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi



OUR VISION:

To be Modaraba of choice adhering to financing principles of Quran and Sunnah.

OUR MISSION

To develop Popular Islamic Modaraba as a leading Financial Institution of the country offering all modes of Islamic Financing to the satisfaction of customers who aspire to realize the growth potential of Shariah Compliant Financing in Pakistan.

We focus on value creation for our stakeholders.



DIRECTOR'S 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) (the Modaraba) is pleased to present the Directors' Report of the Modaraba together with audited financial statements and auditors' report for the year ended June 30, 2016.

The summarized financial results for the year ended are as under:

	2016	2015
	.....Rupees.....	
Income	27,777,771	18,933,641
Operating expenses	(6,025,877)	(3,742,470)
Depreciation of Ijarah Assets	(17,599,844)	(11,219,350)
Provision against loss / write-offs	(59,889,670)	1,162,909
Worker's welfare fund	-	(92,103)
(Loss)/profit before management fee	(55,737,620)	5,042,628
Management fee	-	(452,254)
Sales tax on management fee	-	(67,838)
(Loss) /Profit before taxation	(55,737,620)	4,522,536
Taxation	(558,645)	(408,464)
Profit after taxation	(56,296,265)	4,114,072
(Loss) /earnings per certificate - basic & diluted	(5.63)	0.41

Review of Operations:

During the period under review, your Modaraba has provided inherited bad debts of Rs.59.88 million to show the true and fair picture of the financials of the Modaraba to its valuable Certificate Holders. The said bad debts carried forward from the previous management at the time of acquisition of the Modaraba. The new management has no default cases. The overall performance of the Modaraba during the period was satisfactory. The revenue attained to the tune of Rs.27.77 million, which is 64.71% higher than that of previous year of Rs.18.933 million. The operating expenses of the Modaraba amounted to Rs.6.025 million increased by 61.01% as against that of the last year due to appointment of new staff. Further, the depreciation expenses increased to Rs.17.59 million this year due to the increased Ijarah Financing. The year ended with a profit after tax of Rs.4.15 million as against that of Rs.4.11 million during the last year but due to the effect of provision it is converted into loss of Rs.56.29 million. Resultantly, the earning per certificate also decreased from Re.0.41 (last year) to loss of Rs.5.63 this year. Subsequently, the management is not in a position to declare any dividend during the period under review. The Management is confident to pay dividend to its Certificate Holders in near future. The overall performance of the Modaraba has been quite satisfactory.

The Popular Islamic Modaraba manages and monitors risk exposure very prudently. The evaluation of borrower's credit profile includes repayment capability, eCIB clearance, cash flow, experience, etc., which are carried out at the time of approval of the facility and regular monitoring thereof.

EXPLANATION WITH REGARD TO THE QUALIFICATION OF EXTERNAL AUDITORS' REPORT.

Reference qualification "a" in the current year Audit Report:

i) The Modaraba has followed the process flow for executing the Ijarah Financing Facility for purchase of House duly approved by the Shariah Advisor of the Modaraba, and signed all relevant documents which meet the requirement of valid Ijarah Transaction. The transfer of title of property in the name of Modaraba will involve heavy cost. Firstly the Modaraba will have to bear 3% advalurum Stamp Duty, 1% Registration Fee and 2.5% Capital Value Tax on the market value of the property. The same expense will have to be incurred by the customer when at the end of the transaction the property will be sold to him. These expenses if borne will make the transaction unviable. Therefore, both the Shariah Advisor and Legal Advisor approved the transaction.



Shahra'a Audit Report:

The Modaraba continues to seek guidance from its Shari'ah Advisor, Mufti Muhammad Ibrahim Essa as and when required to ensure full compliance to Shari'ah Audit mechanism developed in consultation with Registrar Modarabas. The internal Shari'a Auditor also handle the day to day affairs of the Modaraba ensuring complete adherence to Shari'ah policies and principles. The Shari'ah Audit Report issued for the affairs of the Modaraba for the year ended June 30, 2016 is attached in the Annual Financial Statements.

Compliance with the Code of Corporate Governance:

The Modaraba has been and remains committed to the conduct of its business in line with the Code of Corporate Governance and the Listing Regulations of the Pakistan Stock Exchange. As required by the code of Corporate Governance, following is the statement of compliance with the Corporate and Financial Reporting Framework of the Code:

The Directors are pleased to confirm that:

- The financial statements prepared by the management of the Modaraba present its state of affairs fairly which includes the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements, and accounting estimates used 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 departures there from have been adequately disclosed.
- The system of internal control, which is in place is sound in design and has been effectively Implemented and monitored.
- There is no significant doubt upon the Modaraba's ability to continue as a going concern.
- The Board is satisfied with the Modaraba's ability to continue as a going concern, and that is why it is considering fresh injection of equity in the Modaraba.
- There are no outstanding statutory payments on account of taxes, duties, levies and charges as on June 30, 2016 except for those disclosed in the financial statements.
- During the year under review, Thirteen (13) meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Director	Meetings Attended
Mr. Imamuddin Shouqeen	13
Mr. Shahbaz Ali Malik	11
Saiyed Faiq Husain	13
Mr. Malik Juanid Emam	11
Mr. Kamran Husain Mughal	12

- Leave of absence was granted to Directors who could not attend the above meetings.
- The pattern of holding of certificates by the Certificate Holders is included in this annual report.
- The Directors, CEO, CFO/ Company Secretary and their spouses and minor children did not carry out any transaction in the certificates of Modaraba during the year.

Future outlook:

The Management of the Modaraba has been successful in resolving almost all the issues pertaining to its acquisition.

The current economic situation particularly falling profit rate, along with a very competitive environment for Islamic Financial Products has resulted a very challenging outlook for the Modaraba. The Management of your Modaraba is proactively studying available options which would best protect and preserve certificate holders' interest in the future. We are making all possible efforts to augment the system, and special emphasis is being placed on recoveries and careful risk assessment to safeguard any adverse impact in future. New products and services are being explored to enhance our business generating activities. We are also considering to inject fresh equity or acquire any other Modaraba. We are fully geared to maintain this upward trend and Inshah Allah foresee to achieve better result and to regularly pay progressive rate of return to the certificate holders of the Modaraba in very near future.

For induction of quality customer base, it requires efficient services and competitive rates of profit. In order to compete with institutions offering Islamic base funding specially Islamic Commercial Banks, we need to offer highly competitive profit rates to keep good clientele.

Role of Certificate-Holders:

The Board aims to ensure that the Modaraba's Certificate Holders are kept informed about major developments affecting the Modaraba's state of affairs. To achieve this objective, information is communicated to certificate holders through quarterly, half-yearly and annual financial reports, which are also being posted on website i.e www. popularislamicmodaraba.com

External Auditors:

The current auditors Messrs RSM Avais Hyder Liaquat Nauman, Chartered Accountant offered themselves for reappointment. But, the Audit Committee has suggested to change the Auditor and upon recommendation of Audit Committee the Board has approved the appointment of the Messrs Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, for financial year ending June 30, 2017 subject to the approval of Registrar Modaraba.

Compliance with the Code of Corporate Governance:

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their listing regulations, relevant for the year ended June 30, 2016 have been duly complied with and exceptions if any have been disclosed in the Statement of Compliance with the Best Practices of Corporate Governance.

Listed with Pakistan Stock Exchange:

The Modaraba was listed with the Islamabad Stock Exchange but after the demutualization of Karachi, Lahore and Islamabad Stock Exchanges. It has now been listed with the Pakistan Stock Exchange.

Statutory Reserves

As per requirement of Rule 2 of Part III of Prudential Regulation for Modaraba as issued by the Securities and Exchange Commission of Pakistan, the Modaraba has not transferred 20% of net profit to its Statutory Reserves due to the loss of Rs.56.296 million.

Acknowledgments:

The Modaraba is thankful to the invaluable guidance and support of the Registrar Modarabas, the Securities & Exchange Commission of Pakistan, Pakistan Stock Exchange, NBF and Modaraba Association of Pakistan and all Staff Members of the Modaraba during the year, and look forward to receiving the same in future as well.

For and on behalf of the Board.
Chief Executive
S. Faiq Hussain

Place: Karachi
Dated: October 07, 2016

پاپولر اسلامک مضاربہ

(سابقہ فرسٹ اسلامک مضاربہ)

ڈائریکٹرز کی رپورٹ برائے سال 30 جون 2016

پاپولر اسلامک مضاربہ مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ جو پاپولر اسلامک مضاربہ (سابقہ فرسٹ اسلامک مضاربہ) کی مینجمنٹ کمپنی ہے، اسکے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو بہ مسرت ڈائریکٹرز کی رپورٹ مع مضاربہ کے آڈٹ شدہ گوشوارے برائے سال 30 جون 2016 پیش کرتے ہیں۔

نمایاں مالیاتی نتائج:

برائے جون 2016	برائے جون 2015	
27,777,771	18,933,641	آمدنی
(6,025,877)	(3,742,470)	آپریٹنگ اخراجات
(17,599,844)	(11,219,350)	اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپری سی ایشن)
(59,889,670)	1,162,909	نقصان کے خلاف فراہمی (پروویژن)
-	(92,103)	ورکرز ویلفیئر فنڈ
(55,737,620)	5,042,628	(نقصان) / نفع قبل از منجمنٹ فیس
-	(452,254)	منجمنٹ فیس
-	(67,838)	منجمنٹ فیس پر سٹریٹجکس
(55,737,620)	4,522,536	(نقصان) / نفع قبل از ٹیکس
(558,645)	(408,464)	ٹیکس
(56,296,265)	4,114,072	(نقصان) / نفع بعد از ٹیکس
(5,63)	0.41	(نقصان) / آمدنی کی سرٹیفکیٹ

کاروبار کا جائزہ:

زیر جائزہ مدت کے دوران، آپ کے مضاربہ نے کچھلی منجمنٹ سے وراثت میں ملے ہوئے خراب قرضہ جات جو کہ 59,889 ملین روپے ہے جو اس سال اپنے مالیاتی گوشوارے میں پروانہ کر دیا ہے تاکہ اپنے قیمتی سرٹیفکیٹ ہولڈرز کو مضاربہ کی صحیح اور منصفانہ تصویر دکھائی جائے۔ یہ نقصان سابقہ منجمنٹ سے مضاربہ کے حصول کے وقت سے چلا آرہا ہے۔ نئی منجمنٹ نے کوئی بھی خراب قرضہ نہیں کی۔ زیر جائزہ مدت کے دوران مضاربہ کی مجموعی کارکردگی تسلی بخش رہی۔ اس سال کی آمدنی 27.77 ملین روپے رہی جو کہ گزشتہ سال کے مقابلے میں 64.71 فیصد زیادہ ہے، پچھلے سال کی آمدنی 18.93 ملین روپے تھی۔ آپریٹنگ اخراجات 6.02 ملین روپے ہوئے جو کہ گزشتہ سال کے مقابلے میں 61.0 فیصد زیادہ ہیں اسکی وجہ سے عملے کی تقرری تھی۔ اجارہ فنانسنگ میں اضافہ کی وجہ سے اجارہ اثاثوں کی فرسودگی (ڈیپری سی ایشن) کے اخراجات میں بھی اضافہ ہوا۔ اس سال کا اختتام 4.15 ملین روپے کے نفع پر ہوا جو کہ پچھلے سال 4.11 ملین روپے تھا لیکن پروڈن کے اثر کی وجہ سے 5.63 ملین روپے کے نقصان میں تبدیل ہو گیا۔ نتیجتاً سرٹیفکیٹ آمدنی بھی 0.41 روپے (گزشتہ سال) سے 5.63 روپے کے نقصان میں تبدیل ہو گئی۔ ان وجوہات کی بنا پر منجمنٹ اس سال ڈیویڈنڈ ادا نہیں کر رہی۔ منجمنٹ پر اعتماد ہے کہ وہ اپنے عہد شکنی ہولڈرز کو آنے والے سالوں میں ڈیویڈنڈ ضرور ادا کرے گی۔ زیر جائزہ مدت کے دوران مضاربہ کی مجموعی کارکردگی کافی تسلی بخش رہی ہے۔

پاپولر اسلامک مضاربہ کسی بھی کلائنٹ کو فنانسنگ کی سہولت دینے سے پہلے اس کی کریڈٹ پروفائل جس میں پیسے واپس کرنے کی صلاحیت، سی آئی بی کی کیئرٹنیں، کیش فلو، اس کا تجربہ وغیرہ دیکھا جاتا ہے اور ان سب چیزوں کی مسلسل نگرانی بھی کی جاتی ہے۔

بیرونی آڈیٹر کی رپورٹ کی کوالیفیکیشن کے حوالے سے وضاحت:

حوالہ موجودہ سال کی آڈٹ رپورٹ کی کوالیفیکیشن 'اے'

مضاربہ نے شرعی ایڈوائزر کی طرف سے منظور شدہ طریقہ کے مطابق گھر خریدنے کے لئے ایک اجارہ فنانسنگ کی سہولت فراہم کی، اور ان تمام متعلقہ دستاویزات پر دستخط کئے جو ایک درست اجارہ ٹرانزیکشن کے لئے ضروری ہوتے ہیں۔ مضاربہ کے نام پر جائیداد کی ملکیت کی منتقلی پر ہماری مالی اخراجات ادا کرنے پڑتے ہیں۔ پہلے مضاربہ کو 3 فیصد ایڈویلر اسٹیپ ڈیوٹی، 1 فیصد رجسٹریشن فیس، اور 2.5 فیصد کیپٹل ویلفیئرنگس ادا کرنا پڑتا اور پھر یہ تمام اخراجات کلائنٹ کو اس وقت ادا کرنے پڑتے جب اجارہ کے معاہدے کے اختتام پر مضاربہ یہ جائیداد کلائنٹ کو بیچ دیتا۔ یہ تمام اخراجات اس اجارہ کو ناقابل عمل بنا دیتے۔ لہذا، شرعی اور قانونی دونوں ایڈوائزر نے اس اجارہ کی منظوری دی۔

شریعی آڈٹ رپورٹ:

مضاربہ اپنے شریعی ایڈوائزر مفتی محمد ابراہیم عیسیٰ سے حسب ضرورت رہنمائی حاصل کرتا رہتا ہے۔ تاکہ رجسٹر ارضیاتی معاہدے کی مشاورت سے تشکیل کردہ شریعی آڈٹ کے طریقہ کار پر عمل درآمد کو یقینی بنایا جاسکے۔ شریعی پالیسیوں اور ضوابط پر عمل درآمد یقینی بنانے کیلئے اندرونی شریعی آڈیٹر مضاربہ کے روزمرہ کے امور کی دیکھ بھال کرتا ہے۔ مضاربہ کے امور پر جاری کردہ شریعی رپورٹ برائے سال 30 جون 2016 سالانہ مالیاتی گوشواروں کے ساتھ منسلک ہے۔

نظم و ضبط کے کوڈ پر عملدرآمد:

مضاربہ نظم و ضبط کے کوڈ پر عملدرآمد کرنے کے سلسلے میں مستقل طور پر جدوجہد کر رہا ہے اور پاکستان اسٹاک ایکسچینج کے قواعد پر عمل کر رہا ہے جیسا کہ نظم و ضبط کے کوڈ میں درکار ہے۔ مالیاتی رپورٹنگ فریم ورک کے سلسلے میں درج ذیل تبدیلیاں ہیں۔

ڈائریکٹرز یہ تصدیق کرتے ہیں کہ:

- ☆ مالیاتی حسابات جو کہ مضاربہ کی انتظامیہ نے مرتب کیا ہے جس میں تمام تر معاملات صحیح طور پر پیش کئے گئے ہیں جس میں اس کے آپریٹرز، نقد قوامات کے بہاؤ اور ایکویٹی میں تبدیلی کے نتائج شامل ہیں۔
- ☆ مضاربہ کے حسابات کیلئے لکھائوں کو درست طور پر مرتب کیا گیا ہے۔
- ☆ مالیاتی اسٹیٹمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
- ☆ مالیاتی اسٹیٹمنٹ، پاکستان میں مضاربہ پر لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں۔



بیرونی آڈیٹر:

حالیہ بیرونی آڈیٹر مہسز آراہیں ایم او ایس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس نے خود کو دوبارہ تقرری کیلئے پیش کیا۔ لیکن آڈٹ کمیٹی نے آڈیٹر تہدیل کرنے کی تجویز پیش کی لہذا بورڈ نے آڈٹ کمیٹی کی سفارش پر مہسز رحمان سرفراز جیم اقبال رفیق چارٹرڈ اکاؤنٹنٹس کو سال 30 جون 2017 کیلئے رجسٹر آف مضار کپیتیز اور مضار بہ جات کی منظوری سے مشرور آڈیٹر مقرر کرنے کی منظوری دے دی ہے۔

کارپوریٹ گورننس پر عمل درآمد:

مضار بہ نے اس سال کے دوران پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشن میں دیئے گئے کوڈ آف کارپوریٹ گورننس پر مکمل طور پر عمل کیا ہے سوائے ان چند نکات کے جو اسٹیٹمنٹ آف کمپلائنس میں واضح کئے گئے ہیں۔

پاکستان اسٹاک ایکسچینج میں اندراج:

ماضی میں مضار بہ کا اندراج اسلام آباد اسٹاک ایکسچینج میں تھا لیکن اسلام آباد کراچی اور لاہور اسٹاک ایکسچینج کے ضم ہونے کے بعد مضار بہ کا اندراج اب پاکستان اسٹاک ایکسچینج میں ہے۔

قانونی زخائر:

مضار بہ کیلئے بیکور بیڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ پروڈینشل ریگولیشن کے حصہ ۳ کے رول ۲ کے مطابق مضار بہ نے اس سال ۲۰ فیصد اپنے خالص منافع سے قانونی زخائر میں منتقل نہیں کیا اس کی وجہ اس سال کا 56.296 بلین روپے کا نقصان ہے۔

اعتراف:

اس سال کے دوران مضار بہ مشکور ہے رجسٹر اور مضار بہ بیکور بیڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج، این بی ایف آئی اینڈ مضار بہ اسوسی ایشن آف پاکستان اور اپنے تمام ملازمین کی رہنمائی اور تعاون کا اور مستقبل میں بھی اس کی امید رکھتا ہے۔

منجانب بورڈ

سید فائق حسین

چیف ایگزیکٹو

07 اکتوبر 2016

☆ اندرونی کنٹرول کا سسٹم بے حد مضبوط ہے اور موثر طور پر عملدرآمد کیا جا رہا ہے۔

☆ مضار بہ کی موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا شبہ نہیں ہے۔

☆ بورڈ مضار بہ کی موجودہ صلاحیت میں کام جاری رکھنے سے مطمئن ہے اور اسی وجہ سے بورڈ مزید ایکویٹی ڈالنے کے بارے میں سوچ رہا ہے۔

☆ 30 جون 2016 کی تاریخ پر ٹیکسز، ڈیویڈنڈ، محصولات اور چارجز کی مدد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے، سوائے اس کے جس کو مالیاتی اسٹیٹمنٹ میں ظاہر کیا گیا ہے،

☆ اس سال کے دوران بورڈ آف ڈائریکٹرز کے 13 اجلاس منعقد ہوئے۔ ان میں ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس کی تعداد جن میں حاضر رہے
جناب امام الدین شوقین	13
جناب شہباز علی ملک	11
جناب سید فائق حسین	13
جناب ملک جنید امام	11
جناب کامران حسین مغل	12

جو ڈائریکٹر صاحبان درج بالا اجلاسوں میں شرکت نہ کر سکے، ان کو غیر حاضری پر چھٹی منظور کی گئی۔

☆ سرٹیفکیٹ ہولڈرز کے لئے سرٹیفکیٹ ہولڈنگ کارڈز اس سال اندر پورٹ کے ساتھ منسلک ہے۔

☆ اس سال کے دوران ڈائریکٹرز ہی ای او بی ایف او، کمپنی سیکرٹری، ان کے شریک حیات اور بچوں نے مضار بہ کے سرٹیفکیٹ میں کسی قسم کا لین دین نہیں کیا۔

مستقبل کے امکانات:

مضار بہ کی انتظامیہ ان تمام مسائل کو جو مضار بہ کے حصول کے سلسلے میں درپیش تھے حل کرنے میں کامیاب رہا ہے۔

موجودہ اقتصادی صورتحال خاص طور پر منافع کی گرتی ہوئی شرح اور اس کے ساتھ ساتھ اسلامی مالیاتی مصنوعات کا مسابقتی ماحول مضار بہ کے لئے ایک مشکل صورتحال پیدا کر رہا ہے۔ آپ کے مضار بہ کی انتظامیہ ان تمام دستیاب آپشن پر تحقیق کر رہی ہے جن سے مستقبل میں سرٹیفکیٹ ہولڈرز کے مفادات کا تحفظ کیا جاسکے۔ ہم مضار بہ کے نظام کو بہتر کرنے کے لئے ہر ممکن کوشش کر رہے ہیں خصوصاً طور پر وصولی اور مستقبل میں کسی بھی منفی اثر کی حفاظت اور خطرے کی تخفیف کیلئے انتظام کر رہے ہیں۔ کاروباری سرگرمیوں کو بڑھانے کیلئے نئی پروڈکٹس اور سروسز کو بھی تلاش کیا جا رہا ہے۔ اسکے علاوہ مزید ایکویٹی ڈالنے اور کسی دوسرے مضار بہ کے حصول کی بھی کوشش کی جا رہی ہے۔ انشاء اللہ ہم اس اضافہ کے رجحان کو برقرار رکھیں گے اور مستقبل میں اپنے سرٹیفکیٹ ہولڈرز کو بقائے زندگی سے منافع بھی ادا کریں گے۔

معیاری کلائنٹ کے اطمینان کے لئے ضروری ہے کہ ہم بہترین خدمات اور مسابقتی منافع کی شرح رکھیں تاکہ بڑے اسلامی مالیاتی اداروں سے مسابقت ہو سکے، ہمیں اچھے کلائنٹ کو برقرار رکھنے کیلئے مسابقتی شرح منافع پیش کرنے کی ضرورت ہے۔

سرٹیفکیٹ ہولڈرز کا کردار:

بورڈ کا مقصد مضار بہ کے سرٹیفکیٹ ہولڈرز کو مضار بہ کے معاملات، اہم پیش رفت اور امور سے باخبر رکھنا ہے۔ ان مفاد کو حاصل کرنے کیلئے مضار بہ کی تمام معلومات سرٹیفکیٹ ہولڈرز کو سہ ماہی، شش ماہی اور سالانہ بنیادوں پر مضار بہ کی ویب سائٹ کے ذریعے فراہم کی جاتی ہے جو کہ www.popularislamicmodaraba.com ہے۔



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Chapter XI of listing regulations of Pakistan Stock Exchange 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.

The Company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

CATEGORY	NAMES
Independent Director	Appointment is in process /about to be completed.
Executive Directors	Mr. S. Faiq Husain
Non-Executive Directors	Mr. Kamran Hussain Mughal Mr. Imamuddin Shouqeen Mr. Shahbaz Ali Malik Mr. Malik Junaid Emam

The independent director meets the criteria of independence under clauses 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year, no casual vacancy occurred on the Board of Directors.

5. The 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/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board / shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and 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 timely circulated.

9. The board had not arranged Directors' Training Program for its directors during the year. However, the board is considering to arrange the same in due course of time. While two Directors (CEO and Company Secretary) have requested for exemption from Directors' Training Program.

10. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the period under review.



11. The Directors report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of company were duly endorsed by CEO and CFO before approval of the board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three Members of whom, one is non-executive, and currently the Chairman of the audit committee is not an independent director because the appointment of Independent Director is in process / advance stage, and subsequent to the appointment of Independent Director, its structure would be revamped as per CCG.

16. The meetings of the Audit Committee were held atleast once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee has been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom one is non-executive director and the Chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function, which was headed by suitably qualified and experienced person for the purpose, and was conversant with the policies and procedures of the company. He has recently resigned. We are looking for a suitable substitute.

19. The Statutory Auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/ final results and business decisions which may materially affect the market price of company's securities was determined and intimated to the directors, employees and stock exchange(s).

22. There was no material/price sensitive information during the year which needs to be disseminated among all markets participants through stock exchange(s).

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with except for the following towards which reasonable progress is being made by the company to seek compliances by the end of next accounting year.



- a) Appointment of Independent Director.
- b) Re-composition of Audit Committee based on Executive and non-Executive Directors.
- c) Chief Financial Officer is applying for the membership of PIPFA which is a recognized body of professional accountant.
- d) Head of Internal Auditor has recently resigned and we are appointing his substitute soon upon approval of the Board.
- e) HR Committee has been formed and HR Policy has also been prepared but not yet approved by the Board due to small number of employees i.e only 4.

On behalf of the Board

S. Faiq Husain
Chief Executive Officer

Dated: October 07, 2016
Karachi.



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Popular Islamic Modaraba Management Company (Private) Limited** (the Management Company) for the year ended June 30, 2016 to comply with the requirements of listing regulation No. 35(Chapter XI) of the Pakistan Stock Exchange Limited where the Modaraba is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the 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 provision of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

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

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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.

An instance of non-compliance with the requirements of the Code in respect of secretarial compliance certificate by the Company Secretary was observed which are not stated in the Statement of Compliance.

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all materials respects, which the best practices contained in the Code as applicable to the Modaraba, for the year ended June 30, 2016.

Further, we highlight below instances of non-compliances with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:



INDEPENDENT AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS

S.No	Paragraph Reference	Description
I.	1 & 23(a)	There is no independent director of the Modaraba Management Company. However, the appointment is in process and is about to be completed.
II.	9	The Board has not arranged directors' training program for its directors during the year. However, the board is considering to arrange the same in due course of time while two directors (CEO and Company Secretary) have requested for exemption from Directors' Training Program.
III.	15 & 23(b)	Since no independent director has been appointed yet, therefore, Chairman of the audit committee is not an independent director. Furthermore, audit committee comprises of three members of whom one is non-executive.
IV.	18 & 23(d)	The head of internal audit has recently resigned and the Modaraba is looking for an appropriate substitute.
V.	23 (e)	HR committee has been formed and HR policy has also been prepared but not yet approved by the Board due to small number of employees.
VI.	23 (c)	Chief Financial Officer is applying for the membership of PIPFA which is a recognized body of Professional accountant.

Chartered Accountants
Karachi.
Dated: October 07, 2016

Engagement Partner: Adnan Zaman

We have audited the annexed balance sheet of Popular Islamic Modaraba as at June 30, 2016 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 have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

These financial statements are the responsibility of Popular Islamic Modaraba Management Company (Private) Limited (the Modaraba Management Company), 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 management, 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) During the year the Modaraba has entered into an Ijarah agreement of immovable property. The Ijarah property is not in the name of the Modaraba but is in the name of the Musta'jir. Thus the Ijarah is against the requirements of IFAS 2. However the effect of this divergence from IFAS 2 on these financial statements cannot be quantified.

b) In our opinion, except for the matter referred to in paragraph (a) above, proper books of account have been kept by the Modaraba company in respect of Popular Islamic Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI OF 1980), and Modaraba Companies and Modaraba Rules, 1981;

c) In our opinion except for the matter referred to in paragraph (a) above:

(i) the balance sheet and profit and loss account together with the notes there on 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, investment made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;



d) Except for the effects of the matter referred to in paragraph (a) above, in our opinion and to the best of our information and according to 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 the approved accounting standards as applicable in Pakistan and give the information required by the Modaraba companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and the 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, 2016 and of the loss, its cash flows and changes in equity for the year then ended; and

e) In our opinion, no Zakat was deductible at source under the Zakat and Ushar Ordinance, 1980 (XVIII of 1980).

Chartered Accountants
Karachi.
Dated: October 07, 2016

Engagement Partner: Adnan Zaman



SHARIAH ADVISOR'S REPORT

I have reviewed the affairs of **Popular Islamic Modaraba** (formerly First Islamic Modaraba) managed by **Popular Modaraba Management Company (Private) Limited** for the Year ended **June 30, 2016**.

REVIEW OF OPERATIONS:

Based on my review, the following were the major activities / developments in respect of Shariah that took place during this period:

BANK ACCOUNTS:

For investment and operational purposes, Modaraba is operating the Bank accounts maintained with Islamic Banks.

FRESH DISBURSEMENTS

Modaraba has disbursed Financing Facilities to different clients. I confirm that, all Documentation, Contracts and Transaction Flows were in line with Shariah and duly communicated to the undersigned for Shairah Approval.

INVESTMENTS IN ISLAMIC MUTUAL FUNDS AND EQUITY SHARES

Currently PIM is not working in equity shares. However, PIM has invested in the Meezan Balance Fund which is Shariah Compliant Fund.

TAKAFUL:

During the period Modaraba took most welcomed step in respect of adopting Takaful arrangement for security of the assets and insured its assets from Takaful Companies or Window Takaful of conventional Insurance Companies time to time.

CHARITY

Modaraba has received some Charity Amount on account of late payment which has been transferred into separate Charity Account, but not yet donated to any Charitable Organization.

CONCLUSION:

Generally, the Management of Popular Islamic Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore, I am of the view that the business operations of Popular Islamic Modaraba are Shariah Compliant up to the best of my knowledge.


Mufti IbrahimEssa
Shariah Advisor





BALANCE SHEET
AS AT JUNE 30, 2016

ASSETS	Note	2016 Rupees	2015 Rupees
NON CURRENT ASSETS			
Property and equipment - owned	6	12,260	33,706
Property and equipment - ijarah	7	106,292,592	35,365,727
Long term morabaha finance	8	1,083,331	1,950,000
Long term modaraba finance	9	1,250,000	-
Long term Investment-diminishing musharaka	10	3,300,000	5,840,087
		111,938,183	43,189,520
CURRENT ASSETS			
Investments - held for trading	11	6,969,031	8,476,479
Short term morabaha finance	8	5,314,443	2,852,682
Short term modaraba finance		-	20,000,000
Short term musharaka finance	12	-	45,000,000
Current portion of diminishing musharaka	10	1,800,000	686,136
Advances, prepayments and other receivables	13	11,595,793	15,188,700
Cash and bank balances	14	3,035,351	4,737,829
		28,714,618	96,941,826
TOTAL ASSETS		140,652,801	140,131,346
LIABILITIES			
NON-CURRENT LIABILITIES			
Security deposits against Ijarah		43,704,670	7,836,100
Payable to management company		15,000,000	-
		58,704,670	7,836,100
CURRENT LIABILITIES			
Accrued and other liabilities	15	473,883	283,506
Current portion of security deposit		5,734,000	-
Charity payable		21,278	-
Provision for taxation	13.1	626,185	170,436
Unclaimed profit distribution		984,649	984,649
Management fee payable		-	452,254
Sales tax on management fee		94,929	94,929
		7,934,924	1,985,774
TOTAL LIABILITIES		66,639,594	9,821,874
NET ASSETS REPRESENTED BY CAPITAL AND RESERVES		74,013,207	130,309,472
Authorized certificate capital			
14,000,000 (2015: 14,000,000) modaraba certificates of Rs. 10 each		140,000,000	140,000,000
Certificate holders' equity			
Certificate capital	16	100,000,000	100,000,000
Statutory reserve	17	16,345,045	16,345,045
Accumulated profit		(42,331,838)	13,964,427
		(25,986,793)	30,309,472
Contingencies and commitments	18	-	-
		74,013,207	130,309,472

The annexed notes from 1 to 34 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)

CHIEF EXECUTIVE

DIRECTOR



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Income	19	26,306,598	15,593,709
Operating expenses	20	(6,025,877)	(3,742,470)
Depreciation of Ijarah Assets	7	(17,599,844)	(11,219,350)
Operating profit		2,680,877	631,889
Other income	21	1,471,173	4,502,841
Provision against loss / write-offs	22	(59,889,670)	-
Worker's welfare fund	15	-	(92,103)
(Loss)/profit before management fee		(55,737,620)	5,042,628
Management fee		-	(452,254)
Sales tax on management fee		-	(67,838)
(Loss) / Profit before taxation		(55,737,620)	4,522,536
Taxation			
-Prior year		(102,896)	(247,430)
-Current year	23	(455,749)	(161,034)
(Loss)/profit after taxation		(56,296,265)	4,114,072
Other comprehensive income		-	-
Total comprehensive income		(56,296,265)	4,114,072
(Loss)/earnings per certificate - basic & diluted	24	(5.63)	0.41

The annexed notes from 1 to 34 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)

CHIEF EXECUTIVE

DIRECTOR



CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(55,737,620)	4,522,536
Adjustments for:		
Un realised gain on remeasurement of investment	1,507,448	(1,162,909)
Provision/write-offs during the year	59,889,670	-
Other income	-	(2,830,265)
Worker's welfare fund	-	(92,103)
Depreciation expense	21,446	21,389
Amortization of assets leased out under Ijarah - net	17,599,844	11,219,350
	79,018,408	7,155,462
Operating profit before working capital changes	23,280,788	11,677,998
Decrease/ (Increase) in current assets		
Long and current portion of morabaha finance	(3,797,774)	(650,000)
Short term modaraba finance	20,000,000	25,000,000
Current portion of long term investment D.M	(1,113,864)	(686,136)
Advances and other receivables	(9,094,080)	(1,449,625)
	5,994,282	22,214,239
Increase / (Decrease) in current liabilities		
Accrued & other liabilities	190,377	108,552
Management fee payable	(452,254)	282,937
Charity payable	21,278	-
Sales tax on management fee	-	67,838
	(240,599)	459,327
Cash flow after working capital changes	29,034,471	34,351,564
Tax paid	(102,896)	(308,226)
Net cash generated from operating activities (A)	28,931,575	34,043,338
CASH FLOW FROM INVESTING ACTIVITIES		
Morabaha finance	-	(1,950,000)
Musharaka investment	-	(5,840,086)
Purchase of fixed assets - ijarah	(88,526,709)	(32,432,000)
Security deposit from ijarah	41,602,570	6,333,300
Loan from management Company	15,000,000	-
Investment in morabaha finance	(1,250,000)	-
Rentals received against D.M	2,540,086	-
Net cash used in investing activities (B)	(30,634,053)	(33,888,786)
CASH FLOW FROM FINANCING ACTIVITIES (C)	-	-
Net (decrease) / increase in cash & cash equivalent(A+B+C)	(1,702,478)	154,552
Cash and cash equivalents at the beginning of the year	4,737,829	4,583,277
Cash and cash equivalents at the end of the year	3,035,351	4,737,829

The annexed notes from 1 to 34 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)

CHIEF EXECUTIVE

DIRECTOR



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

Description	Certificate Capital	Statutory Reserve	Accumulated profit.....Rupees.....	Total
Balance as at July 01, 2014	100,000,000	15,522,231	10,673,169	126,195,400
Profit for the year	-	-	4,114,072	4,114,072
Transferred to statutory reserve @ 20%	-	822,814	(822,814)	-
Balance as at June 30, 2015	100,000,000	16,345,045	13,964,427	130,309,472
Profit for the year	-	-	(56,296,265)	(56,296,265)
Transferred to statutory reserve @ 20%	-	-	-	-
Balance as at June 30, 2016	100,000,000	16,345,045	(42,331,838)	74,013,207

* In accordance with the Prudential Regulations for modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the paid-up capital. Thereafter, a sum not less than 5% of after tax profits is required to be transferred to statutory reserve. The annexed notes from 1 to 34 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)

CHIEF EXECUTIVE

DIRECTOR



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 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, Chappal 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 ijarah, musharaka, murabaha arrangements, trading in listed securities and other commodities.

1.2 In the year 2013-2014, Popular Islamic Modaraba Management Company (Private) Limited purchased the entire shareholding of Islamic Investment Bank Limited (Management Company) along with management and assets of the "First Islamic Modaraba" and the same has been confirmed by the Peshawar High Court vide its order dated March 11, 2013.

1.3 Popular Islamic Modaraba (formerly First Islamic Modaraba) had been dormant since 2005 before its acquisition. The Popular Islamic Modaraba Management Company (Pvt) Ltd. has acquired First Islamic Modaraba in 2013 from Peshawar High Court, and it is in the stage of revival. The official liquidator has also not transferred the related records to the new management. The management is however struggling hard at different fronts to revive it.

New management is pursuing recovery cases at different courts vigorously. However appropriate provisions as per Prudential Regulations for Modaraba have duly been passed. Popular Islamic Modaraba is opening new venues for investment like share trading. FIM is also exploring possibilities to finance new sector like live stock farming etc., which are purely Islamic and highly profitable. The management company is also planning fresh injection of equity in the Popular Islamic Modaraba.

2. STATEMENT OF COMPLIANCE

2.1 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.

2.2 The Securities and Exchange Commission of Pakistan notified the Islamic Financial Accounting Standard No.1 Morahaba and Islamic Financial Accounting Standard No. 2 Ijarah issued by the Institute of Chartered Accountants of Pakistan.

2.3 New standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards or interpretations that are effective in current year but not relevant to the Modaraba.

The following new standards have been issued by the International Accounting Standards Board (IASB) which have been adopted locally by the Securities and Exchange Commission of Pakistan vide SRO 633(I)/2014 dated July 10, 2014 with effect from following dates. The Modaraba has adopted these accounting standards which do not have significant on the Modaraba's financial statements other than certain disclosure requirements about fair value of financial instruments as per IFRS 13 "Fair Value Measurement"



Accounting standards and interpretations:

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27	Separate Financial Statements (Revised 2011)
IAS 28	Investments in Associates and Joint Ventures (Revised 2011)

Effective date (annual periods beginning on or after)

January 01, 2015
January 01, 2015
January 01, 2015
January 01, 2015
January 01, 2015
January 01, 2015

2.3.2 Amendment not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Accounting standards and interpretations:

IFRS 2	Share-based Payments - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations Amendments resulting from September 2014 Annual Improvements to IFRSs.	January 01, 2016
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (Servicing Contracts and Applicability of the offsetting amendments in condensed interim financial statements).	January 01, 2016
IFRS 9	Financial Instruments - Amendments for incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IFRS 14	Regulatory Deferral Accounts, To recognize Regulatory Deferred Accounts balances arise from rate-regulated activities	January 01, 2016
IFRS 15	Revenue from Contracts with Customers (Superseded IAS 11), To recognize revenue for the transfer of promised goods or services to the customer under the contract	January 01, 2018
IFRS 16	Leases (Superseding IAS 17), To report all lease assets and lease liabilities on the balance sheet, initially measured at the present value of future lease payments as it eliminated classification of leases as Operating or Finance Leases for lessee	January 01, 2019
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendment regarding the recognition of deferred tax assets for unrealized losses	January 01, 2017

Effective date (annual periods beginning on or after)

January 01, 2018
January 01, 2016
January 01, 2016
January 01, 2018
January 01, 2016
January 01, 2016
January 01, 2016
January 01, 2016
January 01, 2018
January 01, 2019
January 01, 2016
January 01, 2017
January 01, 2017



Accounting standards and interpretations:		Effective date (annual periods beginning on or after)
IAS 16	Share-based Payments - Amendments to clarify the classification and Property, Plant and Equipment - Amendments regarding the clarification of acceptable method of depreciation and bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 19	Employee Benefits - Amendments resulting from September 2014 Annual improvements to IFRS's	January 01, 2016
IAS 27	Consolidated and Separate Financial Statements - Amendment reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associated in an entity separate financial statements	January 01, 2016
IAS 28	Investment in Associates and Joint Ventures - Amendment regarding the application of consolidation exception	January 01, 2016
IAS 34	Interim Financial Reporting - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plant into the scope of IAS 16	January 01, 2016

2.3.3 Standards or interpretation not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which 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 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

3. BASIS OF MEASUREMENT

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

3.2 These financial statements have been prepared under the accrual basis of accounting except for cash flow information.

4. USE OF ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires 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 circumstances. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial estimates are as follows:



		Note
a)	Useful life of depreciable assets/amortizable assets	5.4, 6 & 7
b)	Classification of investments	5.6 & 11
c)	Income tax	5.3 & 23
d)	Provision for non performing assets	13 & 22

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Accounting Convention

These financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments in accordance with the requirements of International Accounting Standard - 39 " Financial Instruments: Recognition and Measurement ", wherever applicable. The principal accounting policies adopted are set out below.

5.2 Accrual Basis of Accounting

These financial statements except cash flow information, have been prepared under the accrual basis of accounting.

5.3 Taxation

Current

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any or minimum tax under the provisions of the Income Tax Ordinance, 2001. For items covered under final tax regime, provision is made according to the final tax rate provided in the Income Tax Ordinance, 2001. The income of Modaraba other than trading income is exempt from tax under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Provided that not less than 90% of its total profits in the year as reduced by the amount transferred to a mandatory reserve, as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 or the rules made thereunder, as are distributed amongst the certificate holders.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

However, deferred tax is not accounted for as the management believes that the temporary differences will not reverse in the foreseeable future.



5.4 Fixed Assets - Tangible

Owned

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income applying the straight line method where by the cost less estimated residual value, if any, of an asset is written off over its estimated useful life at the rates as mentioned in the Note 6.

Proportionate depreciation is charged on purchases and disposals during the year.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are included in income.

Assets leased out under Ijarah and depreciation

Ijarah (lease) assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of an asset less salvage value is written off over the Ijarah (lease) period, which is considered to be the estimated useful life of the asset. In respect of additions of disposals during the year, depreciation is charged proportionately from the date of delivery of assets to the date of its maturity / termination.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are included in income.

5.5 Financial Instruments

All the financial assets and financial liabilities are recognized at the time when Modaraba becomes a party to the contractual provisions of the instruments.

5.6 Investments

All Investments are initially recognized on trade-date at cost, comprising of fair value of consideration given and cost of transaction. Its classification is made on the basis of intended purpose of holding such investments. The subsequent measurement on the balance sheet date is carried out on the following basis:

Held for Trading

These are securities which are either acquired for generating a profit from short term fluctuation in prices or are securities included in a portfolio in which a pattern of short-term profit taking exists. These are measured at fair value and changes in carrying values are included in profit and loss account.

Held to Maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Modaraba has the positive intent and ability to hold to maturity. These are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost. Surplus/ deficit arising due to fluctuation in fair value is taken to profit and loss account.

The fair value for listed securities is the quoted market price. The securities, for which a quoted market price is not available, are measured at cost.

All investments are de-recognized 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.



Available for Sale

These are investments that do not fall under held for trading or held to maturity. These are stated at fair value and the surplus/ (deficit) on revaluation of investments being unrealized gain/ (loss) is taken directly to equity until sold or otherwise disposed of at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

5.7 Other Receivables

Other receivables are stated net of impairment loss. Impairment loss is recognized for doubtful receivables on the basis of prudential regulations for Modarabas issued by SECP or based on the estimates of the management, whichever is higher. Bad debts are written off when identified.

5.8 Advances

All advances in the form of morabaha and musharaka finances are stated net of provision for doubtful debts. Provision for doubtful debts is made on the basis of Prudential Regulations for Modarabas or on the estimate of management whichever is higher.

5.9 Financial Instruments

The particular recognition methods adopted by the Modaraba are disclosed in the individual policy statement associated with each item of financial instruments.

Financial assets

Financial assets are initially recognized at their cost which is the fair value of the consideration given for them at the time when the Modaraba becomes a party to the contractual provisions of the instruments and subsequent to initial recognition, financial assets are carried at fair value except any financial asset whose fair value can not be reliably measured.

A 'regular way' purchase or sale of financial asset is recognized using trade date accounting.

Financial liabilities

All financial liabilities are initially recognized at cost which is the fair value of consideration received at the time when the Modaraba becomes a party to the contractual provisions of the instruments. After initial recognition, financial liabilities are carried at fair value, amortized cost or original cost as the case may be.

Off-setting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when the Modaraba has a legally enforceable right to set off the recognized amounts or intend either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

De-recognition

Financial assets are de-recognized when the Modaraba loses control of the contractual rights that comprise the Financial liabilities are de-recognized when they are extinguished; that is, when the obligation specified in the contract is discharged, cancelled or expires.

Recognition of gains / (losses)

Gains or losses, if any, on realization or settlement, subsequent measurement and derecognition of financial assets and liabilities are included in net profit and loss in the period in which it arises.

Impairment/ un-collectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is an evidence that the financial asset or the group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of the asset(s) is determined and impairment loss is recognized for the difference between the recoverable amount and the carrying amount.



5.10 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any assets or a group of assets. If such indication exists, the recoverable amount of that asset is estimated and impairment loss is recognized in the profit and loss account.

5.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks in current and deposit accounts.

5.12 Borrowing Cost

Borrowing costs are recognized as an expense in the period in which they are incurred.

5.13 Revenue Recognition

Revenue is recognized on the following basis:-

Ijarah rentals are recognized as income on a systematic basis over the Ijarah period without considering grace period, if any.

Profit on finances under musharaka / morabaha arrangements is recognized on accrual basis and additional profit, if any, is recognized on declaration by the investee company in accordance with the terms of issue.

Dividend income is recognized when the right to receive dividend is established.

Return on deposits with bank is recognized on accrual basis.

Income from fee and commission is recognized as and when it becomes due.

5.14 Provisions

Provisions are recognized when the Modaraba has a present 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 amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.15 Related Party Transactions

Transactions with related parties are stated at arm's length prices based on the methods prescribed in the Companies Ordinance, 1984, computed on the basis of comparable uncontrolled price method.



	Note	2016 Rupees	2015 Rupees
6 PROPERTY, PLANT AND EQUIPMENT - OWNED			
Furniture and fixtures		7,444	9,354
Office equipment		3,149	17,237
Computer equipment		1,667	7,115
	6.1	<u>12,260</u>	<u>33,706</u>

6.1 Following is the statement of owned assets:

	-----Year ended June 30, 2016-----			
	Owned Assets			
	Furniture and fixtures	Office equipment	Computer equipment	Total
At July 01, 2015				
Cost	12,700	42,150	16,300	71,150
Accumulated depreciation	(3,346)	(24,913)	(9,185)	(37,444)
Net book value	<u>9,354</u>	<u>17,237</u>	<u>7,115</u>	<u>33,706</u>
Additions	-	-	-	-
Disposals				
Cost	-	-	-	-
Depreciation	-	-	-	-
Depreciation charge for the year	(1,910)	(14,088)	(5,448)	(21,446)
Closing net book value	<u>7,444</u>	<u>3,149</u>	<u>1,667</u>	<u>12,260</u>

At June 30, 2016				
Cost	12,700	42,150	16,300	71,150
Accumulated depreciation	(5,256)	(39,001)	(14,633)	(58,890)
Net book value	<u>7,444</u>	<u>3,149</u>	<u>1,667</u>	<u>12,260</u>

	-----Year ended June 30, 2015-----			
	Owned Assets			
	Furniture and fixtures	Office equipment	Computer equipment	Total
At July 01, 2014				
Cost	12,700	42,150	16,300	71,150
Accumulated depreciation	(1,440)	(10,863)	(3,751)	(16,054)
Net book value	<u>11,260</u>	<u>31,287</u>	<u>12,549</u>	<u>55,096</u>
Additions	-	-	-	-
Disposals				
Cost	-	-	-	-
Depreciation	-	-	-	-
Depreciation charge for the year	(1,906)	(14,050)	(5,434)	(21,390)
Closing net book value	<u>9,354</u>	<u>17,237</u>	<u>7,115</u>	<u>33,706</u>

At June 30, 2015				
Cost	12,700	42,150	16,300	71,150
Accumulated depreciation	(3,346)	(24,913)	(9,185)	(37,444)
Net book value	<u>9,354</u>	<u>17,237</u>	<u>7,115</u>	<u>33,706</u>



	Note	2016 Rupees	2015 Rupees
7. IJARAH ASSETS			
Vehicles			
Equipment		45,347,508	28,983,075
Immovable property		16,840,052	6,382,652
		<u>44,105,032</u>	<u>-</u>
7.1 The following is a statement of ijarah assets:	7.1	<u>106,292,592</u>	<u>35,365,727</u>

	-----Year ended June 30, 2016-----			
	Ijarah Assets			
	Vehicles	Equipment	Immovable property	Total
At July 01, 2015				
Cost	38,132,000	9,328,000	-	47,460,000
Accumulated depreciation	(9,148,925)	(2,945,348)	-	(12,094,273)
Net book value	<u>28,983,075</u>	<u>6,382,652</u>	<u>-</u>	<u>35,365,727</u>
Additions	34,219,800	13,100,000	45,000,000	92,319,800
Disposals				
Cost	(5,439,000)	-	-	(5,439,000)
Depreciation	1,645,909	-	-	1,645,909
	(3,793,091)	-	-	(3,793,091)
Depreciation / amortization charge for the year	(14,062,276)	(2,642,600)	(894,968)	(17,599,844)
Closing net book value	<u>45,347,508</u>	<u>16,840,052</u>	<u>44,105,032</u>	<u>106,292,592</u>

At June 30, 2016				
Cost	66,912,800	22,428,000	45,000,000	134,340,800
Accumulated depreciation	(21,565,292)	(5,587,948)	(894,968)	(28,048,208)
Net book value	<u>45,347,508</u>	<u>16,840,052</u>	<u>44,105,032</u>	<u>106,292,592</u>

	-----Year ended June 30, 2015-----			
	Ijarah Assets			
	Vehicles	Equipment	Immovable property	Total
At July 01, 2014				
Cost	5,700,000	9,328,000	-	15,028,000
Accumulated depreciation	(261,575)	(613,348)	-	(874,923)
Net book value	<u>5,438,425</u>	<u>8,714,652</u>	<u>-</u>	<u>14,153,077</u>
Additions	32,432,000	-	-	32,432,000
Disposals				
Cost	-	-	-	-
Depreciation	-	-	-	-
Depreciation / amortization charge for the year	(8,887,350)	(2,332,000)	-	(11,219,350)
Closing net book value	<u>28,983,075</u>	<u>6,382,652</u>	<u>-</u>	<u>35,365,727</u>

At June 30, 2015				
Cost	38,132,000	9,328,000	-	47,460,000
Accumulated depreciation	(9,148,925)	(2,945,348)	-	(12,094,273)
Net book value	<u>28,983,075</u>	<u>6,382,652</u>	<u>-</u>	<u>35,365,727</u>



	Note	2016 Rupees	2015 Rupees
Ijarah future rental receivables			
Not later than one year		27,875,576	15,062,171
Later than one year but not later than five years		40,917,280	22,431,685
Later than five years		6,046,740	-
		<u>74,839,596</u>	<u>37,493,856</u>

8. Morabaha Finance

Morabaha Finance - total		8,600,456	4,802,682
Current portion of Morabaha Finance		(5,314,443)	(2,852,682)
Less: Provision against loss	8.1	(2,202,682)	-
Long term portion of Morabaha Finance		<u>1,083,331</u>	<u>1,950,000</u>

8.1 This represents Morabaha Finance related to prior periods. Due to uncertainty about its recoverability, full amount has been provided for as per Prudential Regulations for Modaraba (refer note 26.4)

9. Long term modaraba finance

Considered Good - secured		<u>1,250,000</u>	<u>-</u>
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9.1. Long term modaraba finance

	Considered Good		Considered Doubtful		Total	
	2016	2015	2016	2015	2016	2015
Considered Good - secured						
Principal	1,250,000	-	-	-	1,250,000	-
Profit	-	-	-	-	-	-
	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>	<u>-</u>

9.1.1 The return on modaraba finances is 8.5% per annum. These are secured against post dated cheques, and demand promissory note.

10. Long Term Investment-diminishing musharaka

Investment -diminishing musharaka		5,100,000	6,526,223
Less: Current portion of diminishing musharaka		(1,800,000)	(686,136)
Long term investment- diminishing musharaka		<u>3,300,000</u>	<u>5,840,087</u>

11. Investments - held for trading

Quoted securities - held for trading	11.1	<u>6,969,031</u>	<u>8,476,479</u>
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11.1 Quoted securities - held for trading

The nominal value of these shares / certificates are of Rs.10/- each except otherwise stated.

2016 Number of Shares	2015	Sector and Name of company	Average Cost		Market Value	
			2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
MUTUAL FUND						
439,964	577,810	Meezan Balance Fund	4,390,096	4,680,000	6,969,031	8,476,479
			<u>4,390,096</u>	<u>4,680,000</u>	<u>6,969,031</u>	<u>8,476,479</u>

	Note	2016 Rupees	2015 Rupees
11.1.1 Provision for (appreciation)/diminution in value of investment			
Provision for diminution at the beginning of the year		545,457	1,708,366
Appreciation during the year		-	-
Provision for (appreciation)/diminution at the end of the year		(693,052)	(1,162,909)
		<u>(147,595)</u>	<u>545,457</u>

11.1.2 Realised/unrealised gain arise from the above investment are earned under a Shariah permissible arrangement.

12. Short term musharaka finance

Considered Good - secured	12.1	5,000,000	5,000,000
Considered Good - unsecured	12.2	40,000,000	40,000,000
Considered doubtful - unsecured		-	-
		<u>45,000,000</u>	<u>45,000,000</u>
Less: Provision against loss	12.3	(45,000,000)	-
		<u>-</u>	<u>45,000,000</u>

12.1 This represents funds provided to a customer (2006: Rs. 2.5 million and 2005: 2.5 million) under Musharaka arrangements for working capital requirements of profit and loss sharing basis. The expected rate of profit is 14% (2015: 14%) per annum. These are secured against hypothecation of stocks.

12.2 This represents amount disbursed in the year 2005 to two NBFCs for 180 days as musharaka finance - unsecured on profit and loss basis carrying estimated profit of 9 to 10.9% (2015: 9% to 10.9%) per annum. The NBFCs have not repaid the finance or profit thereon on the plea that an equivalent amount is due by the former Modaraba company to them and this be set off.

Since the management of the Modaraba had changed, they had already taken up the recovery proceedings at the court level and were of the view that recoveries will be made in due course of time from the parties otherwise, the said amount will be provided accordingly in the subsequent period.

12.3 Due to uncertainty about its recoverability, full amount has been provided for as per Prudential Regulations for Modaraba (refer note 26.4)



	Note	2016 Rupees	2015 Rupees
13. Advances, prepayments and other receivables			
Considered good			
Advance tax deducted at source	13.1	3,040,173	3,040,173
Less: Provision for taxation		(333,855)	(333,855)
Net advance tax		2,706,318	2,706,318
Less: Write-off		(2,706,318)	-
		-	2,706,318
Accrued profit on:			
Musharaka finances		20,683,331	20,683,331
Less: Profit Suspended		(20,683,331)	(20,683,331)
		-	-
Assets leased out		9,547,000	9,547,000
Less: Profit Suspended		(9,547,000)	(9,547,000)
		-	-
Sales tax adjustment	13.2	401,161	401,161
Less: Write-off		(401,161)	-
		-	401,161
Considered doubtful		-	3,107,479
Other receivable		640,803	640,803
Less: provision for doubtful receivable		(640,803)	(640,803)
		-	-
Receivable from former modaraba management company	13.3	9,579,509	9,579,509
Less: Write-off		(9,579,509)	-
		-	9,579,509
Advances		10,215,000	1,867,000
		-	6,633
Prepayments		1,040,835	569,941
Profit Receivable	13.4	250,000	-
Advance against management fee		89,958	58,138
With holding income tax deducted		11,595,793	15,188,700

13.1 This represents Tax deducted at source. Due to uncertainty about its recoverability, full amount has been written off.

13.2 This represent Sales Tax Adjustment. Due to uncertainty about its recoverability, full amount has been written off.

13.3 This represent receivable from former modaraba management company. Due to uncertainty about its recoverability, full amount has been written off

13.4 This represent excess management fee paid during the year

	Note	2016 Rupees	2015 Rupees
14. CASH AND BANK BALANCES			
Cash in hand		13,346	-
Bank balances			
- Deposit accounts	14.1	2,891,566	4,600,387
- Deposit account with State Bank of Pakistan		130,439	137,442
		3,022,005	4,737,829
		3,035,351	4,737,829

14.1. Deposit accounts are Shariah compliant and rate of profit on deposit accounts ranges from 2.5 to 6% (2015: 3.1 to 6%) per annum

15. ACCRUED AND OTHER LIABILITIES

Accrued expenses		165,000	100,000
Withholding tax payable		40,518	5,671
Workers welfare fund	15.1	92,103	92,103
Other liabilities		176,262	85,732
		473,883	283,506

15.1 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers' Welfare Fund (WWF) is payable @ 2% of the profit before taxation as per the financial statements or taxable income which ever is higher.

During the year 2011, the Honorable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

The Modaraba as a matter of abundant caution, has made the provision for WWF for the year amounting to Rs. nil (2015: 92,103) in these financial statements.

16. CERTIFICATE CAPITAL

2016	2015		2016	2015
Number of Certificates			Rupees	Rupees
10,000,000	10,000,000	Modaraba certificates of Rs. 10 each fully paid-up in cash	100,000,000	100,000,000



	Note	2016 Rupees	2015 Rupees
17. STATUTORY RESERVE			
Balance at beginning of the year		16,345,045	15,522,231
Transferred during the year from profit and loss account	17.1	-	822,814
		<u>16,345,045</u>	<u>16,345,045</u>

17.1 Due to loss in current year, no amount has been transferred to statutory reserve.

18. Contingencies and 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)

	2016 Rupees	2015 Rupees
19. INCOME		
Income on Morabaha	383,045	148,592
Income on Modaraba	845,669	3,811,481
Income on Ijarah	24,379,608	11,516,622
Income on Diminishing Musharaka	698,276	117,014
	<u>26,306,598</u>	<u>15,593,709</u>



	Note	2016 Rupees	2015 Rupees
20. OPERATING EXPENSES			
Salaries, wages and other benefits	20.1	3,577,195	1,846,533
Auditors' remuneration	20.2	165,000	100,000
CDC charges / Registrar services		256,807	201,344
Zakat deducted at source		-	-
Postage and delivery		14,480	37,076
Printing & stationery		147,726	146,425
Fees & subscription		628,600	463,025
Legal and professional fee		527,000	325,000
Repair & maintenance		129,685	74,507
Travelling & conveyance		151,873	103,993
Advertisement		43,580	62,500
Telecommunication		101,463	103,619
Entertainment		46,807	78,942
Electricity		125,330	94,282
Bank charges		13,885	8,835
Depreciation		21,446	21,389
Prior Year Tax-Year 2014			-
Professional Tax		75,000	75,000
		<u>6,025,877</u>	<u>3,742,470</u>

20.1 Remuneration of executives

Remuneration and staff retirement benefits	819,000	338,000
Medical expenses	81,900	33,800
Other benefits	359,100	148,200
	<u>1,260,000</u>	<u>520,000</u>
Number of executives	<u>2</u>	<u>1</u>

20.2 Auditors' remuneration

Audit fee	125,000	60,000
Half year review and others	40,000	40,000
	<u>165,000</u>	<u>100,000</u>



	Note	2016 Rupees	2015 Rupees
21. Other income			
Profit on deposit accounts	21.1	189,128	469,667
Realized gain on disposal of investments classified as fair value through profit and loss	11.1.2	60,000	-
Unrealized gain on re-measurement of investments at fair value through profit or loss	11.1.2	693,052	1,162,909
Gain on early termination of ijarah		437,993	-
Liabilities no more payable		-	2,830,265
Other income - processing fee		91,000	40,000
		<u>1,471,173</u>	<u>4,502,841</u>

21.1 These are earned under a Shariah permissible arrangement.

22. Provisions /write offs

Provision against morabaha finance	26.4	2,202,682	-
Provision against short term musharaka finance	26.4	45,000,000	-
Write off against tax deducted at source	26.4	2,706,318	-
Write off against sales tax adjustment	26.4	401,161	-
Write off against receivable from former modaraba management company	26.4	9,579,509	-
		<u>59,889,670</u>	<u>-</u>

22.1 This represents various investments in terms of morabaha finance, musharaka finance, tax deducted at source, sales tax adjustment and receivable from former modaraba management company, as disclosed in relevant notes have been provided for/written-off as per Prudential Regulations for Modaraba.

23. Taxation

By virtue of clause (11) (XIII) of Part - IV of second schedule, no minimum tax is payable by Modaraba under section 113 of the Income Tax Ordinance, 2001.

24. (Loss)/earnings per certificate- basic & diluted

(Loss)/profit for the year after taxation	<u>(56,296,265)</u>	<u>4,114,072</u>
Weighted average number of certificates	<u>10,000,000</u>	<u>10,000,000</u>
Earnings per certificate	<u>(5.63)</u>	<u>0.41</u>

25. Related party transactions

The related parties comprise of associated undertakings, 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;

Nature of transactions	Relationship with the Company	2016 Rupees	2015 Rupees
Loan from modaraba management company	Management company	15,000,000	-
Management fee- payment during the year	Management company	250,000	452,254
Balance as at the year end			
Advance to modaraba management company	Management company	250,000	-
Loan payable to management company	Management company	15,000,000	-
Payable to modaraba management company	Management company	-	452,254

26. Financial instrument and related disclosures

26.1 Financial risk management

The Modaraba's objective in managing risks is the creation and protection of Certificate holder's value. Risk is inherent in the Modaraba activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. The Modaraba is exposed to market risk (which includes profit rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Modaraba primarily invests in Ijarah (lease) assets, diminishing musharaka and diversified portfolio of listed securities. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to:

- Credit risk
- Liquidity risk
- Market risk

26.2 Credit risk and concentration of credit risk

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 attempts to control credit risk by monitoring credit exposures, limiting transactions with various parties and continuous monitoring of credit worthiness of dealing parties. The management understands that the Modaraba is not exposed to any major concentration of credit risk.

Exposure to Credit Risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2016 is the carrying amount of the financial assets as set out below:

Business

Investments - held for trading	6,969,031	8,476,479
Morabaha finance	6,397,774	4,802,682
Modaraba finance	1,250,000	20,000,000
Musharaka finance	-	45,000,000
Diminishing musharaka	5,100,000	6,526,223
Advances, prepayments and other receivables	11,595,793	15,188,700
Cash and bank balances	3,035,351	4,737,829
	<u>34,347,949</u>	<u>104,731,913</u>

Concentration of credit risk

Concentration is the relative sensitivity of the Modaraba's performance to developments affecting a particular industry or geographical location.



POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

Segment by class of business of major Ijarah assets

	2016		2015	
	Rupees	%	Rupees	%
Investment companies, firms & bank	49,067,000	37	-	-
Individual	56,120,800	41.77	626,000	-
Hotels and resorts	29,153,000	21.70	15,028,000	96
	134,340,800	100.00	15,654,000	96.00

26.2.1 Modaraba's operations are restricted to Pakistan only

26.3 Credit quality

The credit quality of Modaraba's liquid funds can be assessed with reference to external credit ratings as follows:

	Rating Long term	Rating Agency	2016	2015
Al-Barka Bank Limited	A	JCR - VIS	2,891,566	4,600,387

26.4 An analysis of the portfolio of the Modaraba that is classified as non-performing as per the requirements of the Prudential Regulations for Modarabas is as follows:

	2016				Total
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	
	..... Rupees				
Morabaha Finance	-	-	-	2,202,682	2,202,682
Short term musharaka finance	-	-	-	45,000,000	45,000,000
	-	-	-	47,202,682	47,202,682
	..... Rupees				
	2015				
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	Total
	..... Rupees				
Morabaha Finance	-	-	-	-	-
Short term musharaka finance	-	-	-	-	-
	-	-	-	-	-

26.5 Liquidity risk

The Modaraba defines liquidity risk as the risk that funds will not be available to meet liabilities as they fall due.

A range of tools is used for the management of liquidity. These comprise commitment and under writings guidelines, key balance sheet ratios and medium-term funding requirements. Moreover, day-to-day monitoring of future cash flows takes place and suitable levels of liquid reserves are maintained by the business.



	2016			Total
	Upto one year	One year to five years	Over five years	
	..... Rupees			
Financial assets				
Investments - held for trading	6,969,031	-	-	6,969,031
Morabaha finance	5,314,443	1,083,331	-	6,397,774
Modaraba finance	-	1,250,000	-	1,250,000
Musharaka finance	-	-	-	-
Diminishing musharaka	1,800,000	3,300,000	-	5,100,000
Advances, prepayments and other receivables	11,595,793	-	-	11,595,793
Cash and bank balances	3,035,351	-	-	3,035,351
(a)	<u>28,714,618</u>	<u>5,633,331</u>	<u>-</u>	<u>34,347,949</u>
Financial liabilities				
Security deposits against Ijarah	5,734,000	13,704,670	30,000,000	49,438,670
Accrued and other liabilities	473,883	-	-	473,883
Provision for taxation	626,185	-	-	626,185
Unclaimed profit distribution	984,649	-	-	984,649
Sales tax on management fee	94,929	-	-	94,929
(b)	<u>7,913,646</u>	<u>13,704,670</u>	<u>30,000,000</u>	<u>51,618,316</u>
On-balance sheet gap (a) - (b)	<u>20,800,972</u>	<u>(8,071,339)</u>	<u>(30,000,000)</u>	<u>(17,270,367)</u>

	2015			Total
	Upto one year	One year to five years	Over five years	
	..... Rupees			
Financial assets				
Investments - held for trading	8,476,479	-	-	8,476,479
Morabaha finance	2,852,682	1,950,000	-	4,802,682
Modaraba finance	20,000,000	-	-	20,000,000
Musharaka finance	45,000,000	-	-	45,000,000
Diminishing musharaka	686,136	5,840,087	-	6,526,223
Advances, prepayments and other receivables	15,188,700	-	-	15,188,700
Cash and bank balances	4,737,829	-	-	4,737,829
(a)	<u>96,941,826</u>	<u>7,790,087</u>	<u>-</u>	<u>104,731,913</u>
Financial liabilities				
Accrued and other liabilities	283,506	-	-	283,506
Provision for taxation	170,436	-	-	170,436
Unclaimed profit distribution	984,649	-	-	984,649
Management fee payable	452,254	-	-	452,254
sales tax on management fee	94,929	-	-	94,929
(b)	<u>1,985,774</u>	<u>-</u>	<u>-</u>	<u>1,985,774</u>
On-balance sheet gap (a) - (b)	<u>94,956,052</u>	<u>7,790,087</u>	<u>-</u>	<u>102,746,139</u>

26.6 Market risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a 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.



Market price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market segments, speculative activities, supply and demand of securities and liquidity in the market.

Exposure:

The Modaraba is exposed to unfavorable changes in fair values of investments as a result of changes in prices of securities. As at June 30, 2015, the fair value of equity exposed to price risk was as follows:

Particulars:	Average Cost	Fair Value	Average Cost	Fair Value
	2016	.....Rupees.....	2015	
Equity securities	<u>4,390,096</u>	<u>6,969,031</u>	<u>4,680,000</u>	<u>8,476,479</u>

Risk management

The Modaraba's policy is to manage price risk through diversified and selection of securities and other financial instruments within specified limits set by Investment Committee. The majority of the Modaraba's investments are publicly traded and are valued at the rates provided by stock exchange at which is set as per the trading trend and volumes in the security

Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial assets and liabilities and future cash flows.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments are carried at their fair value. The Modaraba is of the view that the fair market value of most of the remaining financial assets and financial liabilities are not significantly different from their carrying amounts.



	Note	2016 Rupees	2015 Rupees
27.1 Financial instruments by category			
Long Term Investment- Diminishing Musharika		3,300,000	5,840,087
Loans and receivables			2,852,682
Loans and receivables		5,314,443	20,000,000
Short term morabaha finance		-	45,000,000
Short term modaraba finance		-	15,188,700
Short term musharaka finance		11,595,793	4,737,829
Advances, prepayments and other receivables		3,035,351	-
Cash and bank balances		6,969,031	8,476,479
Financial assets at fair value through profit or loss			
Investments - held for trading	(a)	<u>30,214,618</u>	<u>96,255,690</u>
Financial liabilities			
Financial liabilities at amortised cost			
Accrued and other liabilities		473,883	283,506
Provision for taxation		626,185	170,436
Unclaimed profit distribution		984,649	984,649
Management fee payable		-	452,254
Sales tax on management fee		94,929	94,929
	(b)	<u>2,179,646</u>	<u>1,985,774</u>
	(a) - (b)	<u>28,034,972</u>	<u>94,269,916</u>

27.2 Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

28 YIELD / PROFIT RATE RISK EXPOSURE

The information about Modaraba's exposure to yield rate risk, based on contractual refinancing or maturity dates whichever is earlier, is as follows:

	Yield / Profit bearing maturing			Non yield / Profit bearing maturing						
	2016	Effective yield / Profit risk	%	Within one year	After one year	Sub total	Within one year	After one year	Sub total	Total
Financial assets										
Long term morabaha finance				-	-	-	1,083,331	1,083,331	1,083,331	1,083,331
Long term modaraba finance				-	-	-	1,250,000	1,250,000	1,250,000	1,250,000
Long term Investment-diminishing musharaka				-	-	-	3,300,000	3,300,000	3,300,000	3,300,000
Investments - held for trading				-	-	-	6,969,031	6,969,031	6,969,031	6,969,031
Short term morabaha finance				5,314,443	-	5,314,443	-	-	5,314,443	5,314,443
Short term modaraba finance				1,800,000	-	1,800,000	-	-	1,800,000	1,800,000
Current portion of diminishing musharaka				-	-	-	-	-	-	-
Short term musharaka finance				-	-	-	11,595,793	11,595,793	11,595,793	11,595,793
Advances, prepayments and other receivables				3,035,351	-	3,035,351	-	-	3,035,351	3,035,351
Cash and bank balances			(A)	10,149,794	-	10,149,794	18,564,824	5,633,331	24,198,155	34,347,949
Financial liabilities										
Payable to Management company				-	-	-	-	15,000,000	15,000,000	15,000,000
Security deposits against Ijarah				-	-	-	5,734,000	43,704,670	49,438,670	49,438,670
Accrued and other liabilities				-	-	-	473,883	-	473,883	473,883
Provision for taxation				-	-	-	626,185	-	626,185	626,185
Unclaimed profit distribution				-	-	-	984,649	-	984,649	984,649
Management fee payable				-	-	-	-	-	-	-
Sales tax on management fee			(B)	-	-	-	94,929	-	94,929	94,929
				-	-	-	7,913,646	58,704,670	66,618,316	66,618,316
On-balance sheet gap			(A)-(B)	10,149,794	-	10,149,794	10,651,178	(53,071,339)	42,420,161	(32,270,367)
Non-financial assets										
Non-financial liabilities							(21,278)	-	(21,278)	(21,278)
Total net assets										<u>74,013,207</u>



2015	Yield / Profit bearing maturing			Non yield / Profit bearing maturing			
	Effective yield / Profit risk	Within one year	After one year	Within one year	After one year	Sub total	Total
	%	.....Rupees.....					
Financial assets		.....Rupees.....					
Long term morabaha finance	-	-	-	-	1,950,000	1,950,000	1,950,000
Long term modaraba finance	-	-	-	-	-	-	-
Long term Investment-diminishing musharaka	-	-	-	8,476,479	5,840,087	8,476,479	5,840,087
Investments - held for trading	-	-	-	-	-	-	-
Short term morabaha finance	2,852,682	2,852,682	-	-	-	-	2,852,682
Short term modaraba finance	20,000,000	20,000,000	-	-	-	-	20,000,000
Short term musharaka finance	45,000,000	45,000,000	-	-	-	-	45,000,000
Current portion of diminishing musharaka finance	686,136	686,136	-	-	-	-	686,136
Advances, prepayments and other receivables	4,737,829	4,737,829	-	15,188,700	-	15,188,700	15,188,700
Cash and bank balances	73,276,647	73,276,647	-	23,665,179	7,790,087	7,790,086	104,731,913
	(A)						
Financial liabilities							
Security deposit against ijarah	-	-	-	-	7,836,100	7,836,100	7,836,100
Accrued and other liabilities	-	-	-	283,506	-	283,506	283,506
Provision for taxation	-	-	-	170,436	-	170,436	170,436
Unclaimed profit distribution	-	-	-	984,649	-	984,649	984,649
Management fee payable	-	-	-	452,254	-	452,254	452,254
Sales tax on management fee	-	-	-	94,929	-	94,929	94,929
	(B)			1,985,774	7,836,100	9,821,874	9,821,874
On-balance sheet gap	(A)-(B)	73,276,647	-	21,679,405	(46,013)	(2,031,788)	94,910,039
Non-financial assets		-	-	-	35,399,433	35,399,433	35,399,433
Non-financial liabilities		-	-	-	-	-	-
Total net assets		-	-	-	-	-	130,309,472

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve.



29 Operating risk

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external; factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.



30 INFORMATION ABOUT BUSINESS SEGMENTS

2016

Description	Musharaka	Ijarah	Morabaha	Modaraba	Others	Total
Segment revenues	698,276	24,379,608	383,045	845,669	1,471,173	27,777,771
	.....Rupees.....					
Segment Results						
Segment income and sales	698,276	24,379,608	383,045	845,669	1,471,173	27,777,771
Operating expenses	(151,478)	(5,288,705)	(83,095)	(183,452)	(319,147)	(6,025,877)
Depreciation	-	(17,599,844)	-	-	-	(17,599,844)
Loss against provision	(45,000,000)	-	(2,202,682)	-	(12,686,988)	(59,889,670)
Workers' welfare fund	-	-	-	-	-	-
Management fees and sales tax	-	-	-	-	-	-
Taxation- Prior year	-	-	-	-	(102,896)	(102,896)
Taxation- Current year	(11,457)	(399,995)	(6,285)	(13,875)	(24,137)	(455,749)
Segment results	(44,464,659)	1,091,064	(1,909,017)	648,342	(11,661,995)	(56,296,265)
Other Information						
Capital expenditure	-	92,319,800	4,447,775	1,500,000	-	98,267,575
Depreciation	-	17,599,844	-	-	-	17,599,844
Assets and Liabilities						
Segment assets	5,100,000	106,292,592	6,397,774	1,250,000	10,016,642	129,057,008
unallocated					11,345,793	11,345,793
Total segment assets	5,100,000	106,292,592	6,397,774	1,250,000	21,362,435	140,402,801
Segment liabilities						
Security deposits	-	49,438,670	-	-	-	49,438,670
unallocated liabilities	-	-	-	-	16,950,925	16,950,925
Total segment liabilities	-	49,438,670	-	-	16,950,925	66,389,595
Total net assets						74,013,206



2015

Description	Musharaka	Ijarah	Morabaha	Modaraba	Others	Total
Segment revenues	117,014	11,516,622	148,592	3,811,481	509,667	16,103,376
	.....Rupees.....					
Segment Results						
Segment income and sales	117,014	11,516,622	148,592	3,811,481	509,667	16,103,376
Operating expenses	(27,194)	(2,676,495)	(34,533)	(885,799)	(118,448)	(3,742,469)
Depreciation	-	(11,219,350)	-	-	-	(11,219,350)
Liabilities Written Off					2,830,265	2,830,265
Unrealized gain	-	-	-	-	1,162,909	1,162,909
Workers' welfare fund	-	-	-	-	(92,103)	(92,103)
Management fees and sales tax					(520,092)	(520,092)
Taxation- Prior year	(1,798)	(176,954)	(2,283)	(58,564)	(7,831)	(247,430)
Taxation- Current year	(1,170)	(115,166)	(1,486)	(38,115)	(5,097)	(161,034)
Segment results	86,852	(2,671,343)	110,290	2,829,004	3,759,270	4,114,072
Other Information						
Capital expenditure	6,526,222	32,432,000	-	2,600,000	-	41,558,222
Depreciation	-	11,219,350	-	-	-	11,219,350
Assets and Liabilities						
Segment assets	51,526,222	37,084,668	4,802,682	20,000,000	-	113,413,572
unallocated					26,717,774	26,717,774
Total segment assets	51,526,222	37,084,668	4,802,682	20,000,000	26,717,774	140,131,346
Segment liabilities						
Security deposits	-	7,836,100	-	-	-	7,836,100
unallocated liabilities	-	-	-	-	1,985,774	1,985,774
Total segment liabilities	-	7,836,100	-	-	1,985,774	9,821,874
Total net assets						130,309,472



31. NUMBER OF EMPLOYEES

	2016	2015
As at year end	<u>08</u>	<u>04</u>
Average number of employees	<u>07</u>	<u>04</u>

32. Date of authorization for issue

The financial statements were approved by the board of directors of the Modaraba Company and authorized for issue on 07-10-2016.

33. Corresponding figures

Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However no significant reclassification has been made except the following;

Reclassification from components	Reclassification to components	in "Rupees"
Liabilities no more payable	Other income	2,830,265
Unrealized gain on re-measurement of investments at fair value through profit or loss	Other income	1,162,909
Provision for taxation	Advance, prepayments and other receivables	333,855

34. General

The figures have been rounded off to the nearest rupees.

For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)

CHIEF EXECUTIVE

DIRECTOR



NOTICE OF THE ANNUAL REVIEW MEETING

Notice is hereby given that the Annual Review Meeting of Certificate Holders of Popular Islamic Modaraba will be held on Monday, October 31, 2016 at 11:00 a.m at Auditorium of NBF & Modaraba Association of Pakistan 602, 6th Floor, Progressive Centre, 30-A, Block-6, PECHS, Sharah-e-Faisal, Karachi, to review the performance of the Modaraba for the year ended June 30, 2016.

The certificate holders whose names appear on the Register of certificate holders of Popular Islamic Modaraba as on October 23, 2016, will be eligible to attend the Annual Review Meeting.

Place: Karachi

Dated: October 07, 2016

By Order of the Board

Kamran Hussain Mughal
Company Secretary

1. The Certificate Transfer Book will remain closed from October 24, 2016 to October 31, 2016 (both days inclusive) for the purposes of entitlement of dividend and attending Annual Review Meeting. All transfers received in order, up to close of business on October 23, 2016 at our Registrar's office M/s. Central Depository Company of Pakistan, will be considered in time.

2. CDC certificate holders desiring to attend the meeting are requested to bring their original CNIC, Account And Participant's ID for identification purposes.

3. Accounts holders Book entry securities of the Modaraba in Central Depository Company of Pakistan Limited who wish to attend the Annual Review Meeting are requested to bring original Computerized National Identity Card for Identification purpose and will in additions, have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan.



PATTERN OF CERTIFICATE HOLDERS
As of June 30, 2016

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDINGS	TOTAL CERTIFICATE HELD
18	1 to 100	• 1,401
778	101 to 500	384,718
69	501 to 1000	68,250
50	1001 to 5000	136,289
22	5001 to 10000	188,400
16	10001 to 15000	217,097
7	15001 to 20000	129,200
7	20001 to 25000	164,311
2	25001 to 30000	56,000
3	35001 to 40000	106,340
2	45001 to 50000	95,500
1	65001 to 70000	65,660
2	70001 to 75000	141,700
1	95001 to 100000	100,000
1	110001 to 115000	111,500
1	115001 to 120000	118,333
1	120001 to 125000	124,000
4	775001 to 780000	3,113,252
2	1555001 to 1560000	3,113,050
1	1560001 to 1565000	1,564,999
<u>988</u>		<u>10,000,000</u>



CATEGORIES OF CERTIFICATE HOLDERS
As of June 30, 2016

Categories of Certificateholders	Directors and their spouse(s) and minor children	Certificateholders	Certificate Held	Percentage
IMAMUDDIN SHOUQEEN	1	1,556,425	15.56	
SAIYED FAIQ HUSSAIN	1	98	0.00	
SHAHBAZ ALI MALIK	1	778,313	7.78	
MALIK JUNAID EMAM	1	1,556,625	15.57	
NAWABZADA KAMRAN HUSSAIN MUGHAL	1	100	0.00	
Associated Companies, undertakings and related parties				
POPULAR ISLAMIC MODARABA MANAGEMENT COMPANY (PVT.) LIMITED	1	1,564,999	15.65	
Sponsors				
	3	2,334,939	23.35	
Executives				
	-	-	-	
Public Sector Companies and Corporations				
	1	16,700	0.17	
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
	3	28,000	0.28	
Mutual Funds				
	-	-	-	
General Public				
a. Local	962	1,962,201	19.62	
Foreign Investors	-	-	-	
Others	13	201,600	2.02	
	<u>988</u>	<u>10,000,000</u>	<u>100.00</u>	

Share holders holding 5% or more	Shares Held	Percentage
POPULAR ISLAMIC MODARABA MANAGEMENT COMPANY (PVT.) LIMITED	1,564,999	15.65
MALIK JUNAID EMAM	1,556,625	15.57
IMAMUDDIN SHOUQEEN	1,556,425	15.56
ZULFIQAR ALI ROSHAN	778,313	7.78
SHAHBAZ ALI MALIK	778,313	7.78
IMRAN ALI ROSHAN	778,313	7.78
KAMRAN ALI ROSHAN	778,313	7.78



POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

ANNUAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2016

Managed by :

Popular Islamic Modaraba
Management Company (Pvt.) Ltd

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Road, Karachi-74000, Pakistan



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