



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
HUMAN RESOURCE 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
BANKERS	Albaraka Bank (Pakistan) Limited
AUDITORS	RSM Avais Hyder Liaquat Nauman Chartered Accountant
LEGAL ADVISOR	Ghulam Mustafa 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



DIRECTOR'S REPORT

The Board of Directors of the Popular Islamic Modaraba Management Company (Pvt.) Limited, the Management Company of Popular Islamic Modaraba (the Modaraba) is pleased to present the Directors' Report of the Modaraba, together with Condensed Interim Half Yearly Reviewed Financial Information as on December 31, 2015 alongwith Auditors' Report thereon.

The summarized financial results for the half year ended December 31, 2015 are as under:

	December 31, 2015 Rupees	December 31, 2014 Rupees
Income	10,981,257	7,211,706
Operating expenses	(2,958,778)	(1,895,007)
Depreciation of Ijarah Assets	(6,087,246)	(3,750,608)
Operating profit	<u>1,935,233</u>	<u>1,566,091</u>
Unrealized gain on re-measurement of investments at fair value through profit or loss	98,390	547,833
Profit before management fee	<u>2,033,623</u>	<u>2,113,924</u>
Management fee	(203,362)	(211,392)
Sales tax on management fee	(32,538)	(33,823)
Profit before taxation	<u>1,797,723</u>	<u>1,868,709</u>
Taxation- current year	(109,813)	-
Profit after taxation	<u>1,687,910</u>	<u>1,868,709</u>
Total comprehensive income	<u><u>1,687,910</u></u>	<u><u>1,868,709</u></u>
Earnings per certificate - basic & diluted	<u>0.17</u>	<u>0.19</u>

Review of Operations

During the period under review the name of Modaraba has been changed from "First Islamic Modaraba" to "Popular Islamic Modaraba". The Modaraba's performance in the half year ended December 31, 2015 has been satisfactory in comparison to the previous half year performance. By the grace of Almighty Allah, during the period under review the Modaraba's Income increased by 52% from Rs.7.211 million to Rs.10.981 million, resultantly, operating profit increased by 23% from Rs.1.566 million to Rs.1.935 million. However, the net profit was slightly decreased due to decrease in KIBOR and heavy increase in depreciation expenses i.e 62% increase as compared to the correspondence period, accordingly, the earning per certificate worked out to Re.0.17 as compared to Re.0.19 of the corresponding period of previous half year ended.. The portfolio of Ijarah finance stood at Rs. 70.624 million compared to Rs. 47.460 million as on June 30, 2015, showing an increase of 48.80% within the six months period. The clientele has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships. Popular Islamic Modaraba has a well diversified asset portfolio comprising of Machinery, Motor Vehicles, Equipment and Housing Finance. Further, during the last two years i.e from the date of acquisition your Modaraba had sanctioned different proposals to the tune of Rs.173.184 million and disbursed the amount of Rs.128.111 million as against the original funding of Rs.60.000 million

Popular Islamic Modaraba manages and monitors Shariah Compliance and risk exposure very prudently. The evaluation of borrower's credit profile including repayment ability is made at the time of grant of facility and regular oversight thereon.



EXPLANATION IN REAGARD TO QUALIFICATIONS OF EXTERNAL AUDITORS' REPORT.

Kindly read note # 7.1, 11.1, 11.2 and 12.2 of the financial report of Popular Islamic Modaraba for the half year ended December 31, 2015 and qualifications a, b, c and d in the current half yearly Auditor's Review Report.

I. The management of the Modaraba is confident and following up the recovery proceedings at the Court level, and are of the view that recoveries would be made in due course of time from the parties otherwise the said amount will be provided for accordingly in the subsequent period.

II. The management of the Modaraba is vigorously following up pending decrees at the Court level and is confident for the recovery of said amount.

III. Current management of the Modaraba has taken effective steps for resolution of tax issues and is in process of verification of the record with Federal Board of Revenue and is of the view that any discrepancy identified would be accounted for accordingly.

Future outlook

The current economic situation along with a very competitive environment for Islamic Financial Products has resulted in 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 do the best 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 fully geared to maintain this upward trend and Inshah Allah foresee to achieve better result, and to pay progressive rate of return to the certificate holders of the Modaraba.

During the current half year ended, the Modaraba besides focusing on Ijarah also financed under Morabaha and Modaraba arrangement. The Modaraba is entering equity market also and studying possibility of financing in Livestock sector too which is a highly profitable sector. Hopefully, it will yield better results in the year ending June 30, 2016. In order to compete with institutions offering Islamic base funding, we need to offer competitive profit rates to retain good clientele.

Acknowledgments

The Modaraba has enjoyed the invaluable guidance and support of the Registrar Modarabas and the Securities & Exchange Commission of Pakistan during the period under review and wishes to enjoy the same in future as well. The sincere and efficient efforts of the staff are also appreciated.

For and on behalf of the Board.
Chief Executive

Saiyed Faiq Hussain
Karachi: February 23, 2016



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE POPULAR ISLAMIC MODARABA

Introduction

We have reviewed the accompanying condensed interim balance sheet of POPULAR ISLAMIC MODARABA as at December 31, 2015, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period ended (here-in-after referred to as the "interim financial information"). Management of Modaraba Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Basis for Adverse conclusion

(a) As disclosed in note 7.1 of in the interim financial information, Short term Morabaha Finance of Rs. 2.203 million was extended by the Modaraba in the year 2000. However, provision against such overdue facility as required in Regulation 5 of Part III of the Prudential Regulations of Modarabas has not been made in these condensed interim financial information. In addition, execution of the decree obtained against this facility is pending since 2003.

(b) As disclosed note 11.1 and 11.2 in the interim financial information, in 2005, the Modaraba had extended short term Musharaka Finance of Rs. 45 million to three parties. The amount of finance is still outstanding in the condensed interim financial information and requires full provision against such overdue advances as required by regulation 5 of Part III of Prudential Regulation for Modarabas. No such provisions against short term financing have been made in these condensed interim financial information.

(c) As disclosed in note 12.2 in the interim financial information, the Modaraba provided Rs. 9.579 million of mark up free funds in the previous years to the previous Modaraba Management Company namely Islamic Investment Bank Limited, in contravention of section 17 (2) of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, and Rule 31 of the Modaraba Companies and Modaraba Rules, 1981 and Regulation 7(3) of Section A of Part II of Prudential Regulations for Modarabas. The said amount is overdue and provision in accordance with the requirements of Regulation 5 of Part III of the Prudential Regulations for Modarabas against the outstanding balance has not been made in these condensed financial information.

(d) We were not provided with the records pertaining to pending or completed tax assessments of the Modaraba as of and before June 30, 2013. Therefore, the advance tax deducted at source, sales tax adjustment and provision for taxation amounting to Rs. 3,040,173, Rs. 401,161 and Rs. 333,855 respectively remains unconfirmed in these condensed interim financial information.

Conclusion

Our review indicates that, because of the significant matters stated in the preceding paragraphs, this interim financial information does not present fairly, in all material respects, the financial position of Modarab as at December 31, 2015, and of its financial performance, its equity and its cash flows for the half year then ended in accordance with approved accounting standards as applicable in Pakistan for financial interim reporting.

Other matters

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Karachi; Dated : February 23, 2016

RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Adnan Zaman



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2015

	Note	Reviewed Dec. 2015 Rupees	Audited June 2015 Rupees
NON CURRENT ASSETS			
Property and equipment - owned	5	22,925	33,706
Property, plant and equipment - ijarah	6	99,903,278	35,365,727
Morabaha Finance	7	1,516,669	1,950,000
Modaraba Finance		1,000,000	-
Long Term Investment-diminishing musharika	8	4,200,000	5,840,087
CURRENT ASSETS			
Investments - held for trading	9	6,374,369	8,476,479
Short term morabaha finance	7	3,069,346	2,852,682
Short term modaraba finance	10	-	20,000,000
Short term musharaka finance	11	45,000,000	45,000,000
Current portion of modaraba		500,000	-
Current portion of diminishing musharakah	8	1,200,000	686,136
Advances and other receivables	12	14,778,010	15,522,555
Cash and bank balances	13	1,976,415	4,737,829
		72,898,140	97,275,681
TOTAL ASSETS		179,541,012	140,465,201
NON-CURRENT LIABILITIES			
Security deposits against Ijarah		45,302,420	7,836,100
CURRENT LIABILITIES			
Accrued and other liabilities		311,628	283,506
Provision for taxation		614,104	504,291
Unclaimed profit distribution		984,649	984,649
Management fee payable		203,362	452,254
Sales tax on management fee		127,467	94,929
TOTAL LIABILITIES		2,241,210	2,319,629
NET ASSETS		131,997,382	130,309,472
REPRESENTED BY			
CAPITAL AND RESERVES			
Authorized certificate capital			
14,000,000 (June 30, 2015: 14,000,000) modaraba certificates of Rs. 10 each		140,000,000	140,000,000
Certificate holders' equity			
Certificate capital	14	100,000,000	100,000,000
Statutory reserve	15	16,345,045	16,345,045
Accumulated profit		15,652,337	13,964,427
		31,997,382	30,309,472
CONTINGENCIES & COMMITMENTS	16	-	-
		131,997,382	130,309,472

The annexed notes from 1 to 25 form an integral part of these financial information.

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

CHIEF EXECUTIVE

DIRECTOR



POPULAR ISLAMIC MODARABA
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CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015

Note	Half year ended		Quarter ended	
	December 2015 Reviewed	December 2014 Un-reviewed	December 2015	December 2014
		Rupees.....	
Income	17	10,981,257	7,211,706	5,911,673
Operating expenses	18	(2,958,778)	(1,895,007)	(2,059,725)
Depreciation of Ijarah Assets	18	(6,087,246)	(3,750,608)	(2,521,629)
Operating profit		1,935,233	1,566,091	1,330,319
Unrealized gain on re-measurement of investments at fair value through profit or loss	9.1.1	98,390	547,833	172,337
Profit before management fee		2,033,623	2,113,924	1,502,656
Management fee		(203,362)	(211,392)	(150,266)
Sales tax on management fee		(32,538)	(33,823)	(24,042)
Profit before taxation		1,797,723	1,868,709	1,328,348
Taxation- current year		(109,813)	-	-
Profit after taxation		1,687,910	1,868,709	1,328,348
Other comprehensive income		-	-	-
Total comprehensive income		1,687,910	1,868,709	1,328,348
Earnings per certificate - basic & diluted		0.17	0.19	0.13

The annexed notes from 1 to 25 form an integral part of these financial information.

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

CHIEF EXECUTIVE

DIRECTOR



INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Half year ended	
	Reviewed Dec. 2015 Rupees	Un Reviewed Dec. 2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,797,723	1,868,709
Adjustments for:		
Un-realised gain on remeasurement of investment	(98,390)	(547,833)
Depreciation expense	10,781	10,782
Gain on disposal of investments	(60,000)	-
Depreciation of assets leased out under Ijarah	6,087,249	3,750,608
	<u>5,939,640</u>	<u>3,213,557</u>
Operating profit before working capital changes	7,737,363	5,082,266
Decrease in current assets		
Advances and other receivables	744,546	906,233
(Decrease) / Increase in current liabilities		
Accrued & other liabilities	137,935	(139,111)
Management fee payable	(248,892)	211,392
Sales tax on management fee	32,538	33,823
	<u>(78,419)</u>	<u>106,104</u>
Cash flow after working capital changes	8,403,490	6,094,605
Tax paid	(109,813)	-
	<u>(109,813)</u>	<u>-</u>
Net cash generated from operating activities	8,293,677	6,094,605
CASH FLOW FROM INVESTING ACTIVITIES		
Sales proceeds against disposal of shares	2,260,500	-
Purchase of fixed assets - ijarah	(70,624,800)	(25,156,000)
Security deposit from ijarah	37,466,320	4,742,100
Investment in modaraba finance	18,500,000	25,000,000
Investment in morabaha finance	216,667	-
Rentals received against D.M	1,126,223	-
Net cash (used in)/ generated from investing activities	(11,055,090)	4,586,100
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net (decrease) / increase in cash & cash equivalent	(2,761,414)	10,680,705
Cash and cash equivalents at the beginning of the period	4,737,829	4,583,277
Cash and cash equivalents at the end of the period	1,976,415	15,263,982

The annexed notes from 1 to 25 form an integral part of these financial information.

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

CHIEF EXECUTIVE

DIRECTOR



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2015-(Un-audited)

	Certificate Capital	Statutory Reserve	Accumulated profitRupees.....	Total
Balance as at June 30, 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	-	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 period	-	-	1,687,910	1,687,910
Transferred to statutory reserve	-	-	-	-
Balance as at December 31, 2015	100,000,000	16,345,045	15,652,337	131,997,382

The annexed notes from 1 to 25 form an integral part of these financial information.

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

CHIEF EXECUTIVE

DIRECTOR



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Popular 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 Islamabad Stock Exchange.

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

1.2 In the year 2013, 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 In the year November 2015 the name of the modaraba has been changed from first Islamic Modaraba to Popular Islamic Modaraba.

2. STATEMENT OF COMPLIANCE

2.1 The condensed interim financial information for the six months period ended December 31, 2015 have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modaraba and directives issued by Security and Exchange Commission of Pakistan (the Modaraba regulations). The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Modaraba's annual Financial Statements for the year ended June 30, 2015. The figures for the half year ended December 31, 2014 have been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

2.2 This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 2015 and the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity and the notes forming part thereof for the half year ended December 31, 2014 which have been subjected to a review but not audited.

2.3 The comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2015 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2015 whereas the comparative condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year ended December 31, 2014 have been extracted from the condensed interim financial information for the half year ended December 31, 2014 which were not reviewed due to the being in the liquidation stage.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Modaraba in the preparation of these condensed interim financial information are the same as those applied in preparation of the preceding published financial statements of the Modaraba for the year ended June 30, 2015



4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Modaraba as at and for the year ended June 30, 2015.

Note	Reviewed December 31, 2015 Rupees	Audited June 30, 2015 Rupees
5 PROPERTY AND EQUIPMENT - OWNED		
	71,150	71,150
	(48,225)	(37,444)
	<u>22,925</u>	<u>33,706</u>

6 PROPERTY AND EQUIPMENT - IJARAH

	35,365,727	14,153,077
6.1	70,624,800	32,432,000
	(6,087,249)	(11,219,350)
	<u>99,903,278</u>	<u>35,365,727</u>

6.1. Details of additions in Ijarah assets during the period:

	Un-audited December 31, 2015 Rupees		Audited June 30, 2015 Rupees	
	Additions	Deletions	Additions	Deletions
Vehicles	24,074,800	-	32,432,000	-
Office equipment	1,550,000	-	-	-
Property	45,000,000	-	-	-
	<u>70,624,800</u>		<u>32,432,000</u>	

7 MORABAHA FINANCE

	1,516,669	1,950,000
7.1	3,069,346	2,852,682
	<u>4,586,015</u>	<u>4,802,682</u>

7.1 This represents overdue morabaha finances granted to a party in the year 2000 secured against mortgage of property. Banking court No. 1 Karachi decree the suit filed for recovery of finance against the said parties. In this case, decree was awarded amounting to Rs. 2.3 million with cost and markup at a rate of 8% per annum from the date of filing of suit in the year 2002 till payment of the entire amount. The application for execution of the decree is pending since the year 2003 and 2004. The property in question was last valued in the year 2001. Since the Modaraba has been taken over by the new management, they are following up the matter vigorously at the court level. The current management is confident for the recovery of said amount.



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	Note	Reviewed December 31, 2015 Rupees	Audited June 30, 2015 Rupees
8 LONG TERM INVESTMENT - DIMINISHING MUSHARIKA			
Long term investment -diminishing musharika (long term)		4,200,000	5,840,087
Current portion of long term investment -diminishing musharika		1,200,000	683,136
		<u>5,400,000</u>	<u>6,523,223</u>

9 INVESTMENTS - HELD FOR TRADING

Quoted securities - held for trading	9.1	<u>6,374,369</u>	<u>8,476,479</u>
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9.1 QUOTED SECURITIES - HELD FOR TRADING

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

Dec, 31, 2015 Number of Shares	June, 30 2015	Sector and Name of Company	Average cost		Market value	
			Reviewed December 31, 2015 Rupees	Audited June 30, 2015 Rupees	Reviewed December 31, 2015 Rupees	Audited June 30, 2015 Rupees
427,810	577,810	MUTUAL FUND Meezan Balance Fund	4,680,000	4,680,000	6,374,369	8,476,479
			<u>4,680,000</u>	<u>4,680,000</u>	<u>6,374,369</u>	<u>8,476,479</u>

9.1.1 PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT

Provision for diminution at the beginning of the period		545,457	1,708,366
Reversal during the period		98,390	(1,162,909)
Provision for diminution at the end of the period		<u>643,847</u>	<u>545,457</u>

10. SHORT TERM MODARABA FINANCE

Considered Good - secured		-	20,000,000
Considered Good - unsecured		-	-
Considered doubtful - unsecured		-	-
		-	<u>20,000,000</u>
Less: Provision for doubtful Modaraba finance		-	<u>20,000,000</u>

11. SHORT TERM MUSHARAKA FINANCE

Considered Good - secured	11.1	5,000,000	5,000,000
Considered Good - unsecured	11.2	40,000,000	40,000,000
Considered doubtful - unsecured		-	-
		<u>45,000,000</u>	<u>45,000,000</u>
Less: Provision for doubtful Musharaka finance		-	-
		<u>45,000,000</u>	<u>45,000,000</u>

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

11.2 This represents amount disbursed in the year 2005 to two NBFCs for 180 days as musharika finance - unsecured on profit and loss basis carrying estimated profit of 9% to 10.9% (June 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 Modaraba company to them and this be set off.

Since the management of the Modaraba has changed in 2014, they are taking up the recovery proceedings at the court level and are 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. ADVANCES AND OTHER RECEIVABLES

Considered good

Tax deducted at source	12.1	3,040,173	3,040,173
Accrued profit on:			

Musharaka finances
Less: Profit Suspended

20,683,331	20,683,331
(20,683,331)	(20,683,331)
-	-
9,547,000	9,547,000
(9,547,000)	(9,547,000)
-	-

PLS accounts
Assets leased out
Less: Profit Suspended

Sales tax adjustment	12.1	401,161	401,161
Accrued markup		-	-

Other receivable
Less: Amount written off

-	-
-	-
3,441,334	3,441,334

Considered doubtful

Other receivable
Less: provision for doubtful receivable

640,803	640,803
(640,803)	(640,803)
-	-

Receivable from former modaraba management company	12.2	9,579,509	9,579,509
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Advance to suppliers
Pre-paid Pak Kuwait Takaful Insurance
Pre-paid auto trakker
Profit receivable
Lease rent receivable-ijarah
With holding tax/Income tax deducted

1,657,500	1,867,000
-	3,755
-	2,878
30,579	569,941
-	-
69,088	58,138
<u>14,778,010</u>	<u>15,522,555</u>



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12.1 During 2014, the management of the Modaraba has changed and the new management has acquired the assets of Modaraba from the liquidator. On correspondence with the liquidator it was found that the liquidator did not receive any records regarding tax assessments from the previous management. The current management is looking into the tax matters and corresponding with the Federal Board of Revenue (FBR) to resolve this issue of outstanding tax balances. These balances will be adjusted accordingly as and when response from FBR is received.

12.2 This represents the funds transferred to Islamic Investment Bank Limited (former modaraba management company) through cheques amounting to Rs. 26.438 million during the period from August 03, 2004 to June 30, 2007. The modaraba received repayment of Rs. 16.841 million from management company upto June 30, 2008. The balance due as at December 31, 2015 amounted to Rs. 9.579 million (June 2015: 9.579 million). Current management company has lodged a claim with the official liquidator regarding the recovery of said amount and are confident for the recovery of it.

	Note	Reviewed December 31, 2015 Rupees	Audited June 30, 2015 Rupees
13. CASH AND BANK BALANCES			
Cash in hand		13,346	-
Bank balances			
- Deposit accounts	13.1	1,825,627	4,600,387
- Deposit account with State Bank of Pakistan		137,442	137,442
		<u>1,963,069</u>	<u>4,737,829</u>
		<u>1,976,415</u>	<u>4,737,829</u>

13.1. Rate of profit on deposit accounts ranges from 2.75 to 5.75% (2015: 4.5 to 5.75%) per annum.

14. CERTIFICATE CAPITAL

Reviewed December 31, 2015 Rupees	Audited June 30, 2015 Rupees		Reviewed December 31, 2015 Rupees	Audited June 30, 2015 Rupees
Number of Certificates				
<u>10,000,000</u>	<u>10,000,000</u>	Modaraba certificates of Rs. 10 each fully paid-up in cash	<u>100,000,000</u>	<u>100,000,000</u>

15. STATUTORY RESERVE

Balance at beginning of the year	16,345,045	15,522,231
Transferred during the year from profit and loss account	-	822,814
	<u>16,345,045</u>	<u>16,345,045</u>

16. CONTINGENCIES & COMMITMENTS

Contingencies

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

Commitments

The modaraba has no commitments as at December 31, 2015 (June 30, 2015: NIL)



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**Reviewed
December 31,
2015
Rupees**

**Audited
June 30,
2015
Rupees**

17. INCOME

Profit on Deposit accounts	109,495	289,501
Other Income	46,000	10,000
Income on Morabaha	91,000	-
Income on Modaraba	695,368	2,414,183
Income on Ijarah	9,519,329	4,498,022
Income on Diminishing Musharaka	373,039	-
Capital gain	60,000	-
Gain on Termination	87,026	-
	<u>10,981,257</u>	<u>7,211,706</u>

18. OPERATING EXPENSES

Salaries, wages and other benefits	1,707,450	914,433
Auditors' remuneration	40,000	40,000
CDC charges / Registrar services	82,756	122,816
Postage and delivery	14,080	7,200
Printing & stationery	102,938	38,086
Fees & subscription	323,950	297,900
Legal and professional fee	316,000	193,750
Repair & maintenance	80,455	42,180
Travelling & conveyance	90,463	62,223
Advertisement	43,580	7,500
Telecommunication	51,680	52,566
Entertainment	28,744	55,598
Electricity	64,049	49,169
Bank charges	1,852	804
Depreciation	10,781	10,782
	<u>2,958,778</u>	<u>1,895,007</u>
	<u>6,087,246</u>	<u>3,750,608</u>
Depreciation of assets leased out under Ijarah		
	<u>9,046,024</u>	<u>5,645,615</u>



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19. INFORMATION ABOUT BUSINESS SEGMENTS

Description	December 31, 2015					Total
	Musharaka	Ijarah	Morabaha	Modaraba	Others	
Segment revenues	373,039	9,519,329	91,000	695,368	302,521	10,981,257
Segment Results						
Segment income and sales	373,039	9,519,329	91,000	695,368	302,521	10,981,257
Operating expenses	(100,696)	(2,569,602)	(24,564)	(182,255)	(81,661)	(2,958,778)
Depreciation	-	(6,087,246)	-	-	-	(6,087,246)
Liabilities Written Off	-	-	-	-	-	-
Unrealized gain	-	-	-	-	98,390	98,390
Workers' welfare fund	-	-	-	-	-	-
Management fees and sales tax	-	-	-	-	(235,900)	(235,900)
Taxation- Prior year	-	-	-	-	-	-
Taxation- Current year	(3,730)	(95,193)	(910)	(6,954)	(3,025)	(109,813)
Segment results	268,612	767,288	65,526	506,159	80,326	1,687,910
Other Information						
Capital expenditure	-	70,624,800	-	1,500,000	-	72,124,800
Depreciation	-	6,087,246	-	-	-	6,087,246
Assets and Liabilities						
Segment assets	50,400,000	99,903,281	4,586,015	1,520,188	-	156,409,484
unallocated	-	-	-	-	23,131,528	23,131,528
Total segment assets	50,400,000	99,903,281	4,586,015	1,520,188	23,131,528	179,541,012
Segment liabilities	-	-	-	-	-	-
Security deposits	-	45,302,420	-	-	-	45,302,420
unallocated liabilities	-	-	-	-	2,241,210	2,241,210
Total segment liabilities	-	45,302,420	-	-	2,241,210	47,543,630
Total net assets						131,997,382

INFORMATION ABOUT BUSINESS SEGMENTS

Description	June 30, 2015					Total
	Musharaka	Ijarah	Morabaha	Modaraba	Others	
Segment revenues	117,014	11,516,622	148,592	3,811,481	509,667	16,103,376
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	-	-	-	-	27,051,629	27,051,629
Total segment assets	51,526,222	37,084,668	4,802,682	20,000,000	27,051,629	140,465,201
Segment liabilities	-	-	-	-	-	-
Security deposits	-	7,836,100	-	-	-	7,836,100
unallocated liabilities	-	-	-	-	2,319,629	2,319,629
Total segment liabilities	-	7,836,100	-	-	2,319,629	10,155,729
						130,309,472



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20. 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.

	Reviewed December 31, 2015 Rupees	Audited June 30, 2015 Rupees
21. EARNINGS PER CERTIFICATE- basic & diluted		
Profit for the year after taxation	1,687,910	1,868,709
Weighted average number of certificates	10,000,000	10,000,000
Earnings per certificate	0.17	0.19

22. 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 Transaction	Relationship with the Company	December 31, 2015	December 31, 2014
Management fee	Management company	203,362	211,392
Balance as at the year end			
Payable to Modaraba Management Company	Management company	203,362	211,392

23. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

23.1 Financial risk management

The modaraba's financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2015.

23.2 Modaraba's operations are restricted to Pakistan only.

24 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors of the Modaraba Company and authorized for issue on February 23, 2016.

25 GENERAL

The figures have been rounded off to the nearest rupees.

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

CHIEF EXECUTIVE

DIRECTOR



Popular Islamic Modaraba
(Formerly First Islamic Modaraba)
An Islamic Financial Institution

**HALF YEAR ENDED
DECEMBER 31, 2015**

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

Managed by :

Popular Islamic Modaraba
Management Company (Pvt.) Ltd
