



CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Imamuddin Shouqeen	- Chairman
	Mr. Shahbaz Ali Malik	- Director
	Mr. Khurram Abdullah	- Independent Director
	Saiyed Faiq Hussain	- Director / Chief Executive
	Mr. Malik Junaid Emam	- Director
	Mr. Kamran Hussain Mughal	- Director / Company Secretary
AUDIT COMMITTEE	Mr. Khurram Abdullah	- Chairman
	Mr. Malik Junaid Emam	- Member
	Mr. Shahbaz Ali Malik	- 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 Limited	
AUDITORS	RSM 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 Shahra-e-Faisal, Karachi.	



DIRECTOR'S REPORT

The Board of Directors of 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, 2016 alongwith Auditors' Report thereon.

The summarized financial results for the half year ended December 31, 2016 are as under:

	December 31, 2016 Rupees	December 31, 2015 Rupees
Income	16,460,547	10,678,736
Operating expenses	(3,192,984)	(2,958,778)
Depreciation of Ijarah Assets	(12,664,681)	(6,087,246)
Operating profit	<u>602,882</u>	<u>1,632,712</u>
Other Income	1,192,321	400,911
Profit before management fee	1,795,203	2,033,623
Management fee	(179,520)	(203,362)
Sales tax on management fee	<u>(28,723)</u>	<u>(32,538)</u>
Profit before taxation	1,586,960	1,797,723
Taxation- current year	-	(109,813)
Profit after taxation	<u>1,586,960</u>	<u>1,687,910</u>
Total comprehensive income	<u><u>1,586,960</u></u>	<u><u>1,687,910</u></u>
Earnings per certificate - basic & diluted	<u>0.16</u>	<u>0.17</u>

Review of Operations

During the period under review, the Modaraba's performance has been satisfactory in comparison with the corresponding period of the last year. By the grace of Almighty Allah, during the period under review the Modaraba's Income increased by 54% from Rs.10.678 million to Rs.16.460 million but due to the effect of depreciation, operating profit decreased from Rs.1.632 million to Rs.0.602 million. Resultantly, the net profit was slightly decreased from Rs.1.687 million to Rs.1.586 million due to decrease in KIBOR and heavy increase in depreciation expenses i.e 108% increased as compared to the corresponding period of the last year. Accordingly, the earning per certificate worked out to Re.0.16 as compared to Re.0.17 of the corresponding period of the last year. During the period under review, the Modaraba has also made disbursement for Diminishing Musharakah Financing Facility and increased its Murabahah portfolio as well. 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.

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

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

Reference "Basis for Qualified conclusion" paragraph in the current Half Yearly Reviewed Report:



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.

Future outlook

The current economic situation 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 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 also considering to inject fresh equity or acquire some other Modaraba We are fully geared to maintain this upward trend and Inshah Allah foresee to achieve better results, 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 has also financed under Diminishing Musharakah, Murabahah and Modaraba arrangements. 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 near future. 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 valuable 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.

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Chief Executive

Saiyed Faiq Hussain Karachi.

Dated: 17-02-2017



پاپولر اسلامک مضاربہ

ڈائریکٹرز کی رپورٹ برائے نصف سال 31 دسمبر 2016

پاپولر اسلامک مضاربہ منجبت کمپنی (پرائیویٹ) لمیٹڈ جو پاپولر اسلامک مضاربہ کی منجبت کمپنی ہے، اس کے بورڈ آف ڈائریکٹرز نے سرٹیفکیٹ ہولڈرز کو ہمت ڈائریکٹرز کی رپورٹ مع مضاربہ کے نصف سال کے جائزہ شدہ گوشوارے برائے نصف سال 31 دسمبر 2016 پیش کرتے ہیں۔
نمایاں مالیاتی نتائج:

برائے دسمبر 2016	برائے دسمبر 2015	
16,460,547	10,678,736	آمدنی
(3,192,984)	(2,958,778)	آپریٹنگ اخراجات
(12,664,681)	(6,087,246)	اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپری سی ایشن)
602,882	1,632,712	آپریٹنگ نفع
1,192,321	400,911	دیگر آمدنی
1,795,203	2,033,623	نفع قبل از منجبت فیس
(179,520)	(203,362)	منجبت فیس
(28,723)	(32,538)	منجبت فیس پر سٹریٹجکس
1,586,960	1,797,723	نفع قبل از ٹیکس
-	(109,813)	ٹیکس
1,586,960	1,687,910	نفع بعد از ٹیکس
0.16	0.17	آمدنی فی سرٹیفکیٹ

کاروبار کا جائزہ:

زیر جائزہ مدت کے دوران مضاربہ کی مجموعی کارکردگی تسلی بخش رہی۔ اس نصف سال کی آمدنی 16.460 ملین روپے رہی جو گزشتہ سال کے مقابلے میں 52 فیصد زیادہ ہے۔ پچھلے نصف سال کی آمدنی 10.678 ملین روپے تھی لیکن اجارہ فنانسنگ میں اضافہ کی وجہ سے اجارہ اثاثوں کی فرسودگی (ڈیپری سی ایشن) کے اخراجات میں بھی اضافہ ہوا جو کہ پچھلے نصف سال کے مقابلہ میں 108 فیصد زیادہ ہے۔ نتیجتاً اس نصف سال کا خالص منافع 1.586 ملین روپے رہا جو کہ پچھلے نصف سال میں 1.687 ملین روپے تھا۔ فی سرٹیفکیٹ آمدنی 0.17 روپے (گزشتہ نصف سال) سے کم ہو کر 0.16 روپے رہی۔ ان وجوہات کی بنا پر منجبت اس نصف سال ڈیویڈنڈا نہیں کر رہی۔ منجبت پر اعتماد ہے کہ وہ اپنے سرٹیفکیٹ ہولڈرز کو آنے والے سالوں میں ڈیویڈنڈے ضرور ادا کرے گی۔ زیر جائزہ مدت کے دوران مضاربہ نے ڈیویڈنڈے کے ساتھ ساتھ اشتراک اور مرابحہ فنانسنگ میں بھی اضافہ کیا ہے۔ مضاربہ کے کلائنٹس میں ملٹی نیشنل، بڑے اور درمیانے مقامی کارپوریٹ اور مخصوص ایس ایم ای شامل ہیں۔ مضاربہ کے اثاثہ جات کا پورٹ فولیو مشینری، گاڑیوں، ایکویپمنٹ پر مشتمل ہے۔ 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 ہی آئی بی کی کلیئر نیس، 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 نصف سال کی رپورٹ کی کوالیفیکیشن

مضارب 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۔ مضارب کے نام پر جائیداد کی ملکیت کی منتقلی پر بھاری مالی اخراجات ادا کرنے پڑتے ہیں۔ پہلے مضارب کو 3 فیصد ایڈویلریم اسٹیپ ڈیوٹی، 1 فیصد رینٹیشن فیس، اور 2.5 فیصد کیپٹل ویلیوٹیکس ادا کرنا پڑتا اور پھر یہ تمام اخراجات کلائنٹ کو اس وقت ادا کرنے پڑتے جب اجارہ کے معاہدے کے اختتام پر مضارب 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 ہے۔

مستقبل کے امکانات:

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

زیر جائزہ نصف سال کے دوران مضارب نے اجارہ کے ساتھ ساتھ ڈیٹیفنگ مٹارکھ مضارب اور مرابحہ فنانسنگ بھی فراہم کی۔ مضارب ایکویٹی مارکیٹ (پاکستان اسٹاک ایکسچینج) اور لائین اسٹاک سیکر میں بھی انویسٹمنٹ کے بارے میں سوچ رہا ہے جو کہ مستقبل میں بہتر نتائج لائے گا۔ 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۔

اعتراف:

اس نصف سال کے دوران مضارب بہ مشکور ہے رجسٹرار مضارب، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج، این بی ایف آئی اینڈ مضارب ایسوسی 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

17 فروری 2017



INDEPENDENT REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE CERTIFICATE HOLDERS OF POPULAR ISLAMIC MODARABA

Introduction

We have reviewed the accompanying condensed interim balance sheet of Popular Islamic Modaraba as at December 31, 2016, 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 Qualified conclusion

In the preceding year the Modaraba 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 condensed interim financial information cannot be quantified.

Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended December 31, 2016 and December 31, 2015 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

Chartered Accountants

Karachi

Dated: 17-02-2017

Engagement Partner: Adnan Zaman



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016

	Note	Reviewed Dec. 2016 Rupees	Audited June 2016 Rupees
NON CURRENT ASSETS			
Property and equipment - owned	5	6,484	12,260
Property, plant and equipment - ijarah	6	93,104,349	106,292,592
Morabaha finance	7	649,996	1,083,331
Modaraba finance	8	500,000	1,250,000
Long term investment-diminishing musharika	9	9,800,815	3,300,000
		<u>104,061,644</u>	<u>111,938,183</u>
CURRENT ASSETS			
Investments - held for trading	10	8,029,343	6,969,031
Short term morabaha finance		7,128,608	5,314,443
Short term modaraba finance		582,000	-
Current portion of diminishing musharakah		4,057,872	1,800,000
Advances and other receivables		9,487,356	11,595,793
Cash and bank balances	11	10,312,532	3,035,351
		<u>39,597,711</u>	<u>28,714,618</u>
TOTAL ASSETS		<u>143,659,355</u>	<u>140,652,801</u>
NON-CURRENT LIABILITIES			
Security deposits against Ijarah	12	38,127,910	43,704,670
CURRENT LIABILITIES			
Accrued and other liabilities		415,494	473,883
Current portion of security deposits		12,580,500	5,734,000
Charity payable		21,278	21,278
Provision for taxation		626,185	626,185
Unclaimed profit distribution		984,649	984,649
Payable to management company		15,000,000	15,000,000
Management fee payable		179,520	-
Sales tax on management fee		123,652	94,929
		<u>29,931,278</u>	<u>22,934,924</u>
TOTAL LIABILITIES		<u>68,059,188</u>	<u>66,639,594</u>
NET ASSETS		<u>75,600,167</u>	<u>74,013,207</u>
REPRESENTED BY			
CAPITAL AND RESERVES			
Authorized certificate capital			
14,000,000 (June 30, 2016: 14,000,000) modaraba certificates of Rs. 10 each		<u>140,000,000</u>	<u>140,000,000</u>
Certificate holders' equity			
Certificate capital	13	100,000,000	100,000,000
Statutory reserve			
Accumulated profit	14	16,345,045	16,345,045
		<u>(40,744,878)</u>	<u>(42,331,838)</u>
		<u>(24,399,833)</u>	<u>(25,986,793)</u>
CONTINGENCIES & COMMITMENTS	15	-	-
		<u>75,600,167</u>	<u>74,013,207</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.
For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)

CHIEF EXECUTIVE

DIRECTOR



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

Note	Half year ended		Quarter ended		
	December 2016	December 2015	December 2016	December 2015	
	Reviewed	Un-reviewedRupees.....		
Income	16	16,460,547	10,678,736	8,967,298	5,911,673
Operating expenses		(3,192,984)	(2,958,778)	(1,449,370)	(2,059,725)
Depreciation of Ijarah Assets		(12,664,681)	(6,087,246)	(8,822,990)	(2,521,629)
Operating profit		602,882	1,632,712	(1,305,062)	1,330,319
Other Income	17	1,192,321	400,911	209,567	172,337
Profit before management fee		1,795,203	2,033,623	(1,095,495)	1,502,656
Management fee		(179,520)	(203,362)	109,550	(150,266)
Sales tax on management fee		(28,723)	(32,538)	17,528	(24,042)
Profit before taxation		1,586,960	1,797,723	(968,417)	1,328,348
Taxation- current period	18	-	(109,813)	-	-
Profit after taxation		1,586,960	1,687,910	(968,417)	1,328,348
Other comprehensive income		-	-	-	-
Total comprehensive income		1,586,960	1,687,910	(968,417)	1,328,348
Earnings per certificate - basic & diluted		0.16	0.17	(0.10)	0.13

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

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

CHIEF EXECUTIVE

DIRECTOR



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Half year ended	
	Reviewed Dec. 2016 Rupees	Un Reviewed Dec. 2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,586,960	1,797,723
Adjustments for:		
Un-realised gain on remeasurement of investment	(1,060,312)	(98,390)
Depreciation expense	5,776	10,781
Gain on disposal	(1,439)	(60,000)
Depreciation of assets leased out under Ijarah	12,664,681	6,087,249
	<u>11,608,706</u>	<u>5,939,640</u>
Operating profit before working capital changes	13,195,666	7,737,363
Decrease in current assets		
Advances and other receivables	2,108,437	744,546
(Decrease) / Increase in current liabilities		
Accrued & other liabilities	(58,389)	137,935
Management fee payable	179,520	(248,892)
Sales tax on management fee	28,723	32,538
	<u>149,854</u>	<u>(78,419)</u>
Cash flow after working capital changes	15,453,957	8,403,490
Tax paid	-	(109,813)
	<u>-</u>	<u>(109,813)</u>
Net cash generated from operating activities	15,453,957	8,293,677
CASH FLOW FROM INVESTING ACTIVITIES		
Sales proceeds against disposal of shares	-	2,260,500
Disposal of fixed assets - ijarah	525,001	(70,624,800)
Security deposit from ijarah	1,269,740	37,466,320
Investment in modaraba finance	168,000	18,500,000
Investment in morabaha finance	(1,380,830)	216,667
Rentals received against diminishing musharaka	(8,758,687)	1,126,223
Net cash (used in)/ generated from investing activities	(8,176,776)	(11,055,090)
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net (decrease) / increase in cash & cash equivalent	7,277,181	(2,761,414)
Cash and cash equivalents at the beginning of the period	3,035,351	4,737,829
Cash and cash equivalents at the end of the period	<u>10,312,532</u>	<u>1,976,415</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

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

CHIEF EXECUTIVE

DIRECTOR



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2016-(Un-audited)**

	Certificate Capital	Statutory Reserve	Accumulated profit/(loss)Rupees.....	Total
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
Profit for the period	-	-	(57,984,175)	(57,984,175)
Transferred to statutory reserve	-	-	-	-
Balance as at June 30, 2016	100,000,000	16,345,045	(42,331,838)	74,013,207
Profit for the period	-	-	1,586,960	1,586,960
Transferred to statutory reserve	-	-	-	-
Balance as at December 31, 2016	100,000,000	16,345,045	(40,744,878)	75,600,167

The annexed notes from 1 to 24 form an integral part of these condensed interim 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, 2016

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, 2016 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, 2016. The figures for the half year ended December 31, 2015 have been subjected to limited scope review by the auditors .

2.2 This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 2016 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, 2016 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, 2016 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2016 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, 2016 have been extracted from the condensed interim financial information for the half year ended December 31, 2015 which were reviewed but not audited.

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, 2016



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 judgements 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, 2016.

	Note	Reviewed December 31, 2016 Rupees	Audited June 30, 2016 Rupees
5 PROPERTY AND EQUIPMENT - OWNED			
Cost		71,150	71,150
Accumulated depreciation		(64,666)	(58,890)
Net book value		<u>6,484</u>	<u>12,260</u>

6 PROPERTY, PLANT AND EQUIPMENT - IJARAH

Opening		106,292,592	35,365,727
Additions	6.1	-	92,319,800
Disposal		(523,562)	(3,793,091)
Depreciation for the period		(12,664,681)	(17,599,844)
Net book value		<u>93,104,349</u>	<u>106,292,592</u>

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

	Un- audited December 31, 2016 Rupees		Audited June 30, 2016 Rupees	
	Additions	Deletions	Additions	Deletions
Vehicles	-	(523,562)	34,219,800	(3,793,091)
Office equipment	-	-	13,100,000	-
Property	-	-	45,000,000	-
	<u>-</u>	<u>(523,562)</u>	<u>92,319,800</u>	<u>(3,793,091)</u>

7 MORABAHA FINANCE

Morabaha Finance	7,778,604	8,600,456
Current portion of Morabaha Finance	(7,128,608)	(5,314,443)
Less: Provision against loss	-	(2,202,682)
Long term portion of Morabaha Finance	<u>649,996</u>	<u>1,083,331</u>

8 MODARABA FINANCE

Modaraba Finance	1,082,000	1,250,000
Current portion of Modaraba Finance	(582,000)	-
Long term portion of Modaraba Finance	<u>500,000</u>	<u>1,250,000</u>



POPULAR ISLAMIC MODARABA
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	Note	Reviewed December 31, 2016 Rupees	Audited June 30, 2016 Rupees
9 LONG TERM INVESTMENT - DIMINISHING MUSHARIKA			
Long term investment - diminishing musharika		13,858,687	5,100,000
Current portion of long term investment - diminishing musharika		<u>(4,057,872)</u>	<u>(1,800,000)</u>
Long term investment - diminishing musharika		<u>9,800,815</u>	<u>3,300,000</u>

10 INVESTMENTS - HELD FOR TRADING 10.1 8,029,343 6,969,031

Quoted securities - held for trading

10.1 QUOTED SECURITIES - HELD FOR TRADING

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

Dec, 31, 2016	June, 30 2016	Sector and Name of Company	Average cost		Market value	
			Reviewed December 31, 2016 Rupees	Audited June 30, 2016 Rupees	Reviewed December 31, 2016 Rupees	Audited June 30, 2016 Rupees
Number of Shares		MUTUAL FUND				
439,964	439,964	Meezan Balance Fund	4,390,096	4,390,096	8,029,343	6,969,031
			<u>4,390,096</u>	<u>4,390,096</u>	<u>8,029,343</u>	<u>6,969,031</u>

10.1.1	Provision for (appreciation)/diminution in value of investment		
	Provision for diminution at the beginning of the period	(147,595)	545,457
	Appreciation during the year	<u>1,060,312</u>	<u>(693,052)</u>
	Provision for (appreciation)/diminution at the end of the year	<u>912,717</u>	<u>(147,595)</u>

11. CASH AND BANK BALANCES

Cash in hand		14,768	13,346
Bank balances			
- Deposit accounts	10.1	<u>10,168,868</u>	<u>2,891,566</u>
- Deposit account with State Bank of Pakistan		<u>128,896</u>	<u>130,439</u>
		<u>10,297,764</u>	<u>3,022,005</u>
		<u>10,312,532</u>	<u>3,035,351</u>

11.1. Rate of profit on deposit accounts ranges from 2.5% to 6% (June 30, 2016: 3.1% to 6%) per annum.



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

	Note	Reviewed December 31, 2016 Rupees	Audited June 30, 2016 Rupees
12. SECURITY DEPOSIT AGAINST IJARAH			
Security deposit - long term		38,127,910	43,704,670
Current portion of security deposit		<u>12,580,500</u>	<u>5,734,000</u>
Security deposit		<u>50,708,410</u>	<u>49,438,670</u>

13. CERTIFICATE CAPITAL

Reviewed December 31, 2016 Rupees	Audited June 30, 2016 Rupees		Reviewed December 31, 2016 Rupees	Audited June 30, 2016 Rupees
10,000,000	10,000,000	Modaraba certificates of Rs. 10 each fully paid-up in cash	100,000,000	100,000,000

14. STATUTORY RESERVE

Balance at the end of the period	<u>16,345,045</u>	<u>16,345,045</u>
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15. CONTINGENCIES & COMMITMENTS

Contingencies

There are no major changes in the status of contingencies as reported in note 18 to the annual audited financial statements of the Modaraba for the year ended June 30, 2016.

Commitments

The modaraba has no commitments as at December 31, 2016 (June 30, 2016: NIL)

	Reviewed December 31, 2016 Rupees	Un- Reviewed December 31, 2015 Rupees
16. INCOME		
Income on Morabaha	469,434	91,000
Income on Modaraba	93,785	695,368
Income on Ijarah	14,965,180	9,519,329
Income on Diminishing Musharaka	932,148	373,039
	<u>16,460,547</u>	<u>10,678,736</u>

17. OTHER INCOME

Profit on Deposit accounts	100,570	109,495
Other Income	30,000	46,000
Capital gain	-	60,000
Gain on disposal	1,439	87,026
Unrealised Gain on re-measurement of investment	1,060,312	98,390
	<u>1,192,321</u>	<u>400,911</u>

18. 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.



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

19. INFORMATION ABOUT BUSINESS SEGMENTS

Description	December 31, 2016					
	Musharaka	Ijarah	Morabaha	Modaraba	Others	Total
Segment revenues	932,148	14,965,180	469,434	93,785	1,192,321	17,652,868
Segment Results						
Segment income and sales	932,148	14,965,180	469,434	93,785	1,192,321	17,652,868
Operating expenses	(151,726)	(2,698,508)	(62,662)	(12,231)	(267,857)	(3,192,984)
Depreciation	-	(12,664,681)	-	-	-	(12,664,681)
Management fees and sales tax	-	-	-	-	(208,243)	(208,243)
Taxation- Current year	-	-	-	-	-	-
Segment results	780,422	(398,009)	406,772	81,554	716,221	1,586,960
Other Information						
Capital expenditure	10,035,000	-	7,417,257	-	-	17,452,257
Depreciation	-	12,664,681	-	-	-	12,664,681
Assets and Liabilities						
Segment assets	13,858,687	93,104,349	7,778,604	1,082,000	18,348,359	134,171,999
unallocated	-	-	-	-	9,487,356	9,487,356
Total segment assets	13,858,687	93,104,349	7,778,604	1,082,000	27,835,715	143,659,355
Segment liabilities	-	-	-	-	-	-
Security deposits	-	50,708,410	-	-	15,000,000	65,708,410
unallocated liabilities	-	-	-	-	2,350,778	2,350,778
Total segment liabilities	-	50,708,410	-	-	17,350,778	68,059,188
Total net assets						75,600,167

INFORMATION ABOUT BUSINESS SEGMENTS

June 30, 2016

Description	June 30, 2016					
	Musharaka	Ijarah	Morabaha	Modaraba	Others	Total
Segment revenues	698,276	24,379,608	383,045	845,669	1,471,173	27,777,771
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	-	-	(2,202,682)	-	(12,686,988)	(14,889,670)
Liabilities written off	(45,000,000)	-	-	-	-	(45,000,000)
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	-	-	-	-	11,345,794	11,345,794
Total segment assets	5,100,000	106,292,592	6,397,774	1,250,000	21,362,436	140,402,802
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
						74,013,207



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

	Reviewed December 31, 2016 Rupees	Un- Reviewed December 31, 2015 Rupees
20. EARNINGS PER CERTIFICATE- basic & diluted		
Profit for the year after taxation	<u>1,586,960</u>	<u>1,687,910</u>
Weighted average number of certificates	<u>10,000,000</u>	<u>10,000,000</u>
Earnings per certificate	<u>0.16</u>	<u>0.17</u>

21. 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, 2016	December 31, 2015
Management fee for the period	Management company	179,520	203,362
Balance as at the year end			
Payable to Modaraba Management Company	Management company	179,520	203,362

22. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

22.1 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, 2016.

22.2 Modaraba's operations are restricted to Pakistan only.

23 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 17, 2017.

24 GENERAL

The figures have been rounded off to the nearest rupees.

For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)
CHIEF EXECUTIVE DIRECTOR

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



Popular Islamic Modaraba

An Islamic Financial Institution

HALF YEAR ENDED
DECEMBER 31, 2016

Managed by :

Popular Islamic Modaraba
Management Company (Pvt.) Ltd
