

DIRECTORS' 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 Financial Information for the Nine Months and Three Months period ended March 31, 2016.

The summarized financial results for the Quarter ended March 31, 2016 are as under:

	March 31, 2016	March 31, 2015
	Rupees	Rupees
Income	18,598,097	11,416,603
Operating expenses	(4,558,310)	(2,728,836)
Depreciation of Ijarah Assets	(11,675,216)	(6,542,285)
Total Expenses	(16,233,526)	(9,271,121)
Profit before taxation	2,324,750	2,274,351
Taxation	(185,981)	-
Profit after taxation	2,138,769	2,274,351
Earning per certificate-basic & diluted	0.21	0.23

Review of Operations:

By the grace of Almighty Allah, the Modaraba has been able to achieve Income of Rs.18,598 million as of March 31, 2016 which has increased by 63% as compared to the income of corresponding period of the last year. The total expenses amounted to Rs.16.23 million as compared to Rs.9.27 million as of March 2015. This increase was mainly due to increase in depreciation of Ijarah Assets. However, the Operating expenses were only Rs.4.588 million as of March 2016 and Rs.2.728 million for March 2015. The profit after tax during the period under review amounted to Rs.2.138 million which was a little lower than the corresponding period of the last year mainly due to decline in profit rates and heavy increase in depreciation of Ijarah Assets. The EPC also accordingly slightly declined from Re.0.21 to Re.0.23. During the period the Modaraba has made further investments in Ijarah finance at competitive rates which will increase profits in future.

Future Outlook:

Due to further decrease in discount rate, the rate of KIBOR in money market has also reduced. This has resulted tough competition. As our major financing portfolio is based on floating rate, linked with KIBOR, we expect slight profit reduction in coming months. However, we will endeavour to manage the profitability through increase of investment in Ijarah and Diminishing Musharaka so that we achieve our desired profit target.

Acknowledgement:

Chief Executive
The Board of Directors enjoyed the valuable guidance and support of Registrar of Companies and the Securities and Exchange Commission of Pakistan during the period under review, and wishes to enjoy the same in future as well.

For and on behalf of the Board

INTERIM CONDENSED BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2016

Note	Un-audited March 2016 Rupees	Audited June 2015 Rupees
ASSETS		
NON CURRENT ASSETS		
Property and equipment - owned	5 17,594	33,706
Property, plant and equipment - ijarah	6 100,500,158	35,365,727
Morabaha Finance	1,516,669	1,950,000
Modaraba Finance	1,500,000	-
Long Term Investment-Diminishing Musharika	4,200,000	5,840,087
CURRENT ASSETS		
Investments - held for trading	6,541,215	8,476,479
Short term morabaha finance	2,852,679	2,852,682
Short term modaraba finance	-	20,000,000
Short term musharaka finance	45,000,000	45,000,000
Current portion of Diminishing Musharaka	1,200,000	686,136
Advances and other receivables	15,025,557	15,522,555
Cash and bank balances	4,389,719	4,737,829
	75,009,170	97,275,681
TOTAL ASSETS	182,743,591	140,465,201
LIABILITIES		
NON-CURRENT LIABILITIES		
Security deposits against Ijarah	47,887,770	7,836,100
CURRENT LIABILITIES		
Accrued and other liabilities	432,673	283,506
Provision for taxation	690,272	504,291
Unclaimed profit distribution	984,649	984,649
Management fee payable	162,981	452,254
Sales tax on management fee	137,006	94,929
TOTAL LIABILITIES	2,407,581	2,319,629
NET ASSETS	132,448,241	130,309,472
REPRESENTED BY		
CAPITAL AND RESERVES		
Authorized certificate capital		
14,000,000 (2013: 14,000,000)	14,000,000	14,000,000
modaraba certificates of Rs, 10 each		
Certificate holders' equity		
Certificate capital	100,000,000	100,000,000
Statutory reserve	16,345,045	16,345,045
Accumulated profit	16,103,196	13,964,427
	32,448,241	30,309,472
CONTINGENCIES & COMMITMENTS	7	-
	132,448,241	130,309,472

Chief Executive

Director

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD AND THREE MONTHS PERIOD ENDED MARCH 31, 2016

	Nine months ended		Three months ended	
	March 2016	March 2015	March 2016	March 2015
Rupees.....			
Income	18,598,097	11,416,603	7,616,840	4,204,897
Operating expenses	(4,558,310)	(2,728,836)	(1,599,532)	(833,829)
Depreciation of Ijarah Assets	(11,675,216)	(6,542,285)	(5,587,970)	(2,791,677)
Operating profit	2,364,571	2,145,483	429,338	579,391
Unrealized gain on re-measurement of investments at fair value through profit or loss	265,236	427,312	166,846	427,312
Profit before management fee	2,629,807	2,572,795	596,184	1,006,703
Management fee	(262,981)	(257,280)	(59,618)	(100,670)
Sales tax on management fee	(42,077)	(41,165)	(9,539)	(16,107)
Profit before taxation	2,324,749	2,274,351	527,027	889,925
Taxation - Current year	(185,981)	-	(76,168)	-
Profit after taxation	2,138,769	2,274,351	450,859	889,925
Other comprehensive income	-	-	-	-
Total comprehensive income	2,138,769	2,274,351	450,859	889,925
Earnings per certificate - basic & diluted	0.21	0.23	0.05	0.09

Chief Executive

Director

INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

	Un-audited March 2016 Rupees	Un-audited March 2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,324,749	2,274,351
Adjustments for:		
Un realised gain on remeasurement of investment	(265,236)	(427,312)
Depreciation expense	16,112	16,057
Amortization of assets leased out under Ijarah	11,675,216	6,542,285
	11,426,092	6,131,030
Operating profit before working capital changes	13,750,841	8,405,381
Decrease in current assets		
Advance and other receivables	496,998	703,097
Increase / (Decrease) in current liabilities		
Accrued & other liabilities	149,167	(144,118)
Management fee payable	(289,273)	257,279
Sales tax on management fee	42,077	41,166
	(89,029)	154,327
Cash flow after working capital changes	14,149,810	9,262,805
Tax paid	-	-
Net cash generated from operating activities (A)	14,149,810	9,262,805
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets - ijarah	(76,809,647)	(32,432,000)
Investment in modaraba finance	18,500,000	25,000,000
Investment in diminishing Musharaka	1,126,223	-
Sale of short term investment - net	2,200,500	-
Security deposit from ijarah	40,051,670	5,962,300
Investment in morabaha finance	433,334	(2,600,000)
Net cash used in investing activities (B)	(14,497,920)	(4,069,700)
CASH FLOW FROM FINANCING ACTIVITIES (C)		
	-	-
Net (decrease) / increase in cash & cash equivalent(A+B+C)	(348,110)	5,193,105
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	4,389,719	9,776,382

Chief Executive

Director



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016**

Description	Certificate Capital	Statutory Reserve	Accumulated profit	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	-	-	2,138,769	2,138,769
Transferred to statutory reserve	-	-	-	-
Balance as at March 31, 2016	100,000,000	16,345,045	16,103,196	132,448,241

Chief Executive

Chief Financial Officer

**INTERIM CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016**

1. LEGAL STATUS AND NATURE OF BUSINESS

Popular Islamic Modaraba (Formerly First Islamic Modaraba) is a multipurpose, perpetual Modaraba formed under the Modaraba and Modaraba (floatation and control) Ordinance, 1980 and the rules framed there under and is managed by the Popular Islamic Modaraba Management Company (Private) Limited (formerly by Islamic Investment Bank Limited - under liquidation), a company incorporated in Pakistan under the Companies Ordinance, 1984 and registered with Registrar of Modaraba Companies. The registered office of the modaraba is situated at 813, 8th Floor, 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.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT AND PREPARATION

These financial statements have been prepared under the historical cost convention except for certain financial assets which are stated at fair value. These Condensed interim Financial Information are unaudited and being submitted to Certificate Holders as required under Rule 10 of Modaraba Companies and Modaraba Rules 1981.

4. SIGNIFICANT ACCOUNTING POLICIES

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



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

	Un-audited March 2016 Rupees	Audited June 2015 Rupees
5 PROPERTY AND EQUIPMENT- OWNED		
Cost	71,150	71,150
Additions	-	-
Less: Accumulated Depreciation	53,556	37,444
	17,594	33,706
6 PROPERTY AND EQUIPMENT- IJARAH		
Cost	47,460,000	15,028,000
Additions	78,897,300	32,432,000
Less: Disposal	2,976,000	-
Less: Accumulated Depreciation	22,881,142	12,094,273
	100,500,158	35,365,727

7. CONTINGENCIES & COMMITMENTS

Contingencies

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

Commitments

The modaraba has no commitments as at June 30, 2015 (2014: NIL)

8. RELATED PARTY TRANSACTIONS

Nature of Transactions **Relationship with the Modaraba**
The related parties comprise of associated undertakings, directors of the Modaraba Management Company. The Modaraba, in the normal course of business ~~enters into transactions~~ with these related parties. Significant transactions and commitments are as follows:

These condensed interim financial information was authorised for issue on April 22, 2016 by the Board of Directors of the Popular Islamic Modaraba Company (Pvt.) Limited.

9. GENERAL

Figures have been rounded off to the nearest Rupee.

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

Chief Executive

Director

BOOK - POST



Popular Islamic Modaraba

**Quarterly Accounts
March 31, 2016
(Un-Audited)**

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

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