



Popular Islamic Modaraba

An Islamic Financial Institution

Quarterly Accounts

March 31, 2019

(Un-Audited)

Managed By:

Popular Islamic Modaraba
Management Company (Private) Limited



Popular Islamic Modaraba

An Islamic Financial Institution

DIRECTORS' REPORT

The Board of Directors of the Popular Islamic Modaraba Management Company (Pvt.) Limited, the Management Company of Popular Islamic Modaraba (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, 2019.

The summarized financial results for the Quarter ended March 31, 2019 are as under:

	Mar-19	Mar-18
	----- (Rupees) -----	
Income	19,260,418	23,095,634
Operating expenses	(4,907,403)	(5,868,762)
Depreciation of Ijarah Assets	(11,351,015)	(15,426,527)
Operating Profit	<u>3,002,000</u>	<u>1,800,345</u>
Other Income	989,859	966,557
Profit before Management Fee	3,991,859	2,766,902
Management fee	(399,186)	(276,690)
Sales tax on Management fee	(51,894)	(41,504)
Profit before taxation	3,540,779	2,448,708
Taxation	(230,350)	-
Profit after taxation	3,310,429	2,448,708
Earning per certificate - basic & diluted	0.33	0.24

Review of Operations:

The Modaraba has been able to achieve Income of Rs.19.260 million as of March 31, 2019 which has decreased by 16.61% as compared to the income of corresponding period of the last year mainly due to shifting of Ijarah Financing to Diminishing Musharakah Financing. The total expenses amounted to Rs.16.258 million as compared to Rs.21.295 million as of March 2018. The profit after tax during the period under review amounted to Rs.3.310 million which has increased by 35.19% as compared to the profit of corresponding period of the last year. The EPC also accordingly increased from Re.0.24 to Re.0.33. During the period the Modaraba has made further investments in Ijarah and Diminishing Musharakah finance at competitive rates which will increase profits and reserves in the foreseeable future.

Future Outlook:

Financing business is the focus of the Modaraba. Our endeavor to optimum and efficient utilization of our own resources as well as controlled leveraging of the balance sheet to book and gradually build good quality assets portfolio continues. Our emphasis will be to manage the profitability through increase of volume of investment so that we achieve our desired profit target.

Acknowledgement:

The Modaraba has enjoyed the valuable guidance and support of Registrar Modarabas 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

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Muhammad Riaz
Chief Executive Officer

Dated: April 26, 2019
Karachi.



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ڈائریکٹرز کی رپورٹ برائے سرمایہ 31 مارچ 2019

پاپولر اسلامک مضاربہ منجمنٹ کمپنی (پرائیویٹ) لمیٹڈ جو پاپولر اسلامک مضاربہ کی منجمنٹ کمپنی ہے، اس کے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو یہ مسرت ڈائریکٹرز کی رپورٹ برائے سرمایہ 31 مارچ 2019 پیش کرتے ہیں۔

نمایاں مالیاتی نتائج:

برائے مارچ 2019	برائے مارچ 2018	
----- (روپے) -----		
19,260,418	23,095,634	آمدنی
(4,907,403)	(5,868,762)	آپریٹنگ اخراجات
(11,351,015)	(15,426,527)	اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپریسی ایشن)
3,002,000	1,800,345	آپریٹنگ منافع
989,859	966,577	دیگر منافع
3,991,859	2,766,902	منافع قبل از منجمنٹ فیس
(399,186)	(276,690)	منجمنٹ فیس
(51,894)	(41,504)	منجمنٹ فیس پرنکس
3,540,779	2,448,708	منافع قبل از ٹیکس
(230,350)	-	ٹیکس
3,310,429	2,448,708	منافع بعد از ٹیکس
0.33	0.24	آمدنی فی سرٹیفکیٹ

کاروبار کا جائزہ:

اس سرمایہ کی آمدنی 19,260 ملین روپے رہی جو کہ گزشتہ سال مارچ 2018 کے مقابلے میں 16.61 فی صد کم ہے۔ جسکی وجہ اجارہ فنانسنگ سے ڈیپٹنگ مشارکہ فنانسنگ پر منتقلی ہے۔ پچھلے سال کی آمدنی 23,095 ملین روپے تھی۔ بعد از ٹیکس منافع -/3,310,429 روپے رہا جو کہ گزشتہ سال مارچ 2018 کے مقابلے میں 35.19 فی صد زیادہ ہے اس طرح آمدنی فی سرٹیفکیٹ میں کمی اضافہ ہوا۔ زیر جائزہ مدت کے دوران مضاربہ نے مسابقتی شرح منافع پر اجارہ اور ڈیفٹنگ مشارکہ میں سرمایہ کاری کی ہے جس سے مستقبل قریب میں مشارکہ کی آمدنی اور زخاؤں (ریزرو) میں اضافہ ہوگا۔

مستقبل کے امکانات:

مضاربہ کی توجہ فنانسنگ کے کاروبار پر مرکوز ہے۔ اپنے وسائل کا زیادہ سے زیادہ اور موثر استعمال کر کے آہستہ آہستہ معیار کے اثاثوں کا پورٹ فولیو بنانا تاکہ اپنی تنلیس شیٹ کو بہتر بنایا جاسکے۔ اب ہم ترقی کی طرف گامزن ہیں اور انشاء اللہ ترقی کے اس سفر کو جاری رکھیں گے۔ ہمارا مقصد اجارہ میں سرمایہ کاری کے حجم میں اضافہ ہے تاکہ ہم اپنے مطلوبہ منافع کا ہدف کو حاصل کر سکیں۔

اعتراف:

زیر جائزہ مدت کے دوران مضاربہ منگور ہے رجسٹرڈ مضاربہ، ریکورڈیز اینڈ ایگزیکٹو کمیشن آف پاکستان کی رہنمائی اور اسٹاف کے تعاون کا اور مستقبل میں بھی اس کی امید رکھتا ہے۔

منجانب بورڈ

-----SD-----

محمد ریاض

چیف ایگزیکٹو



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BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2019

Un-audited
Mar-19
Audited
Jun-18
(RUPEES)

ASSETS

NON CURRENT ASSETS

Property and equipment - owned	16,993	20,675
Property and equipment - ijarah	28,240,740	41,393,402
Long Term Morabaha Finance	7,263,886	23,591,767
Long Term Investment-Diminishing Musharaka	45,938,027	27,237,920
	81,459,646	92,243,764

CURRENT ASSETS

Short term morabaha finance	6,090,563	921,977
Short term modaraba finance	305,000	800,000
Current portion of Diminishing Musharakah	12,314,140	9,048,563
Advances and other receivables	3,497,953	16,348,957
Cash and bank balances	21,802,818	6,168,668
	44,010,474	33,288,165

TOTAL ASSETS

125,470,120	125,531,929
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EQUITY AND LIABILITIES

Authorized certificate capital

14,000,000 (2018: 14,000,000) modaraba
certificates of Rs. 10 each

140,000,000	140,000,000
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Certificate holders' equity

Certificate capital	100,000,000	100,000,000
Statutory reserve	17,786,733	17,786,733
Accumulated profit	(33,254,656)	(36,565,085)
	84,532,077	81,221,648

NON-CURRENT LIABILITIES

Security deposits against Ijarah	10,266,010	10,326,950
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CURRENT LIABILITIES

Accrued and other liabilities	357,315	453,902
Current portion of security deposits	3,636,029	5,968,180
Provision for taxation	215,370	653,968
Unclaimed profit distribution	984,649	984,649
Payable to management company	25,000,000	25,000,000
Charity Payable	8,866	-
Management fee payable	407,303	868,117
Sales tax on management fee	62,501	54,515

TOTAL LIABILITIES

30,672,033	33,983,331
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CONTINGENCIES & COMMITMENTS

-	-
125,470,120	125,531,929

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

--SD--
CHIEF FINANCIAL OFFICER

--SD--
CHIEF EXECUTIVE

--SD--
DIRECTOR

--SD--
DIRECTOR



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PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND THREE MONTHS PERIOD ENDED MARCH 31, 2019

	Nine months ended		Three months ended	
	Mar-19	Mar-18	Mar-19	Mar-18
-----R U P E E S -----				
Income	19,260,418	23,095,634	6,954,558	7,372,256
Operating expenses	(4,907,403)	(5,868,762)	(1,511,048)	(1,777,581)
Depreciation of Ijarah Assets	(11,351,015)	(15,426,527)	(3,231,664)	(5,107,517)
Operating profit	3,002,000	1,800,345	2,211,846	487,158
Other Income	989,859	1,774,212	232,759	484,222
Unrealised gain on remeasurement of investment		(807,655)		
Profit before management fee	3,991,859	2,766,902	2,444,604	971,379
Management fee	(399,186)	(276,690)	(244,460)	(97,138)
Sales tax on management fee	(51,894)	(41,504)	(31,780)	(14,571)
Profit before taxation	3,540,779	2,448,708	2,168,364	859,669
Taxation	(230,350)	-	-	-
Profit after taxation	3,310,429	2,448,708	2,168,364	859,669
Other comprehensive income	-	-	-	-
Total comprehensive income	3,310,429	2,448,708	2,168,364	859,669
Earnings per certificate - basic & diluted	0.33	0.24	0.22	0.09

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

--SD--
CHIEF FINANCIAL OFFICER

--SD--
CHIEF EXECUTIVE

--SD--
DIRECTOR

--SD--
DIRECTOR



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CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Un-audited Mar-19	Un-audited Mar-18
	(RUPEES)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,540,779	2,448,708
Adjustments for:		
Depreciation expense	3,682	3,641
Depreciation of assets leased out under ijarah	11,073,577	15,426,527
Gain on disposal of fixed assets-ijarah	-	(1,163,971)
	11,077,259	14,266,197
Operating profit before working capital changes	14,618,038	16,714,905
Decrease / (Increase) in current assets		
Investment held for trading	-	7,867,679
Short term modaraba finance	495,000	(250,000)
Current portion of long term investment D.M	(3,265,577)	(21,455,197)
Advances and other receivables	13,233,409	11,575,529
	10,462,832	(2,261,989)
(Decrease)/ Increase in current liabilities		
Accrued and other liabilities	(96,587)	(228,057)
Management fee payable	(460,814)	276,690
Sales tax on management fee	7,986	41,504
Charity payable	8,866	983
	(540,549)	91,121
Cash flow after working capital changes	24,540,321	14,544,037
Tax paid	(668,948)	(204,664)
	(668,948)	(204,664)
Net cash generated from operating activities	23,871,373	14,339,373
CASH FLOW FROM INVESTING ACTIVITIES		
Modaraba finance	-	250,000
Purchase of fixed assets - ijarah	(1,499,000)	(10,604,000)
Ijarah assets transfers - net	3,578,085	
Owned assets purchased	-	(20,000)
Security deposit from ijarah	2,393,091	(32,753,600)
Rentals/ transfers against D.M.	-	45,793,384
Investment in murabahah finance	5,990,709	(12,812,449)
Investment in diminishing musharakah	(18,700,107)	(1,279,906)
Net cash (used in) from investing activities	(8,237,222)	(11,426,572)
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net increase in cash & cash equivalent	15,634,151	2,912,802
Cash and cash equivalents at the beginning of the year	6,168,668	6,458,656
Cash and cash equivalents at the end of the year	21,802,818	9,371,458

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

--SD--
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--SD--
DIRECTOR

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DIRECTOR



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STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2019

	Certificate Capital	Statutory Reserve	Accumulated profit	Total
	----- (Rupees) -----			
Balance as at June 30, 2017	100,000,000	17,261,218	(38,667,147)	78,594,071
Profit for the Year	-	-	2,627,577	2,627,577
Transferred to statutory reserve	-	525,515	(525,515)	-
Balance as at June 30, 2018	100,000,000	17,786,733	(36,565,085)	81,221,648
Profit for the Period	-	-	3,310,429	3,310,429
Transferred to statutory reserve	-	-	-	-
Balance as at March 31, 2019	100,000,000	17,786,733	(33,254,656)	84,532,077

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

--SD--
CHIEF FINANCIAL OFFICER

--SD--
CHIEF EXECUTIVE

'--SD--
DIRECTOR

--SD--
DIRECTOR



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NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2019

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 15th 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 leasing, musharaka, murabaha arrangements, trading in listed securities and other commodities.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Modaraba in the preparation of these condensed interim financial information are the same as those applied in preparation of the preceding published financial statements of the Modaraba for the year ended June 30, 2018.

	March 31, 2019	Audited June 30,2018
	(Rupees)	
5. PROPERTY & EQUIPMENTS - (OWNED)		
Cost	91,150	91,150
Less: Accumulated Depreciation	<u>(74,157)</u>	<u>(70,475)</u>
	<u>16,993</u>	<u>20,675</u>
6. PROPERTY & EQUIPMENTS - (IJARAH)		
Cost	41,393,402	98,934,052
Addition	1,499,000	11,330,000
Disposals (WDV)	(4,929,310)	(48,984,042)
Less: Accumulated Depreciation	<u>(9,722,352)</u>	<u>(19,886,608)</u>
	<u>28,240,740</u>	<u>41,393,402</u>

7. CONTINGENCIES & COMMITMENTS

Contingencies and commitments are those as disclosed in the audited financial statements for the year ended June 30,2018.

8. 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		
Management fee	Management company	<u>399,186</u>	<u>-</u>

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.

--SD--
CHIEF FINANCIAL OFFICER

--SD--
CHIEF EXECUTIVE

--SD--
DIRECTOR

--SD--
DIRECTOR