



Popular Islamic Modaraba
An Islamic Financial Institution

INTERIM FINANCIAL STATEMENTS
HALF YEAR ENDED
December 31, 2022

Managed By:

Popular Islamic Modaraba
Management Company (Pvt.) Limited



Popular Islamic Modaraba

An Islamic Financial Institution

TABLE OF CONTENTS

• Corporate Information	1
• Director's Report - English	2
• Director's Report - Urdu	4
• Independent Auditors' Review Report	6
• Condensed Interim Balance Sheet (Un-Audited)	7
• Condensed Interim Profit Or Loss And Other Comprehensive Income (Un-Audited)	8
• Condensed Interim Cash Flow Statement (Un-Audited)	9
• Condensed Interim Statement of Changes in Equity (Un-Audited)	10
• Notes to the Interim Financial Statements (Un-Audited)	11



Popular Islamic Modaraba

An Islamic Financial Institution

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Imamuddin Shouqeen Mr. Shahbaz Ali Malik Mr. Khurram Abdullah Mr. Malik Junaid Emam Mr. Kamran Hussain Mughal Ms. Aisha Mughal	- Chairman - Managing Director - Independent Director - Director - Director & Chief Executive - Director & Company Secretary
AUDIT COMMITTEE	Mr. Khurram Abdullah Mr. Shahbaz Ali Malik Mr. Malik Junaid Emam	- Chairman - Member - Member
HR COMMITTEE	Mr. Khurram Abdullah Mr. Malik Junaid Emam Mr. Kamran Hussain Mughal	- Chairman - Member - Member
SHARIAH ADVISOR	Al-Hamd Shariah Advisory Services (Pvt.) Limited	
COMPANY SECRETARY	Ms. Aisha Mughal	
CHIEF FINANCIAL OFFICER	Mr. Shoaib Shaikh	
BANKERS	Albaraka Bank (Pakistan) Limited Meezan Bank Limited	
AUDITORS	BKR International Muniff Ziauddin & Co. Chartered Accountant	
LEGAL ADVISOR	Syed Sikandar Ali Shah - Advocate M/s. Shah Associates	
MANAGEMENT COMPANY	Popular Islamic Modaraba Management Company (Pvt.) Ltd	
REGISTERED OFFICE	15th 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	



Popular Islamic Modaraba

An Islamic Financial Institution

Directors' 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 Financial Information for the Half Year ended December 31, 2022 alongwith Auditors' Report to the Certificate Holders on Review of Condensed Interim Financial Information.

The summarized financial results for the half year ended December 31, 2022 are as under:

	December 31, 2022	December 31, 2021
	-----Rupees-----	
Income	13,906,006	10,137,254
Operating expenses	(4,095,095)	(3,420,614)
Depreciation of Ijarah assets	(4,639,266)	(3,844,656)
	(8,734,361)	(7,265,270)
Other income	609,342	327,762
Profit before management fee	5,780,987	3,199,746
Management fee	(289,049)	(159,987)
Sales tax on management fee	(37,576)	(20,798)
Profit before taxation	5,454,361	3,018,960
Taxation	(927,241)	-
Profit after taxation	4,527,120	3,018,960
Total comprehensive income	4,527,120	3,018,960
Earnings per certificate - basic & diluted	0.32	0.24

Review of Operations & Economy:

Despite the most challenging economic condition, high inflation, low forex reserves and economic uncertainty, the Modaraba has performed reasonably well. Indeed, we have achieved gross revenue of Rs. 13.906 million compared to Rs. 10.137 million in corresponding period last year, an increase of 37%, whereas the depreciation and operational expenses contracted by nearly 20% compared to the same period last year. The Income of Modaraba increased almost 50% from Rs.3.018 million to Rs.4.527 million from previous year. The EPC stood at Re.0.32. The asset portfolio developed is a well-balanced combination of corporates, high net worth individuals and SMEs with a very satisfactory performance of repayments.

Pakistan is going through a period of extreme economic and political instability due to internal and external factors. Any political shake up can disturb the economy's entire momentum of progress, slowing down the pace of economic activities, creating a sense of insecurity in the financial sector and diverting the nation's progress towards economic and financial security.



Popular Islamic Modaraba

An Islamic Financial Institution

Considering the current economic situation, businesses may have a slow momentum in the next few months. Nevertheless, the management is confident that the performance will improve in the future as well and yield positive results despite the highlighted economic challenges.

Future outlook:

Modaraba is focusing on fresh financing business specifically to SMEs to improve profitability. Our endeavor to optimize the utilization of our own resources as well as controlled leveraging of the balance sheet to book and gradually build good quality assets portfolio continues. The Management of the Modaraba is proactively studying available options which would best protect and preserve certificate holders' interest in the future. We are fully committed to maintain this upward trend and Insha Allah foresee to achieve better results, and to pay progressive return to the certificate holders of the Modaraba.

Acknowledgments:

The Board would like to take this opportunity to express gratitude and thanks to our valuable customers for their patronage and support, the Securities and Exchange Commission of Pakistan, the Pakistan Exchange Limited and Modaraba Association of Pakistan for their continuous support and guidance.

Special thanks to our certificate holders for the trust and confidence reposed in us.

for and on behalf of the Board.

Kamran Hussain Mughal
Chief Executive Officer

Dated: February 24, 2023
Karachi.

ڈائریکٹرز کی رپورٹ برائے نصف سال 31 دسمبر 2022

پاپولر اسلامک مضاربہ منجمنٹ کمپنی (پرائیوٹ) لمیٹڈ جو پاپولر اسلامک مضاربہ کی منجمنٹ کمپنی ہے، اسکے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو بہ مسرت ڈائریکٹرز کی رپورٹ بمعہ مضاربہ کے نصف سال کے جائزہ شدہ گوشوارے اور آڈیٹر کی جائزہ شدہ رپورٹ برائے نصف سال 31 دسمبر 2022 پیش کرتے ہیں۔

نمایاں مالیاتی نتائج:

برائے دسمبر 2021	برائے دسمبر 2022	
		(روپے)-----
10,137,254	13,906,095	آمدنی
(3,420,614)	(4,095,095)	آپریٹنگ اخراجات
(3,844,656)	(4,639,266)	اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپریسی ایشن)
2,871,984	5,171,645	آپریٹنگ نفع
327,762	609,342	دیگر آمدنی
3,199,746	5,780,987	نفع قبل از منجمنٹ فیس
(159,987)	(289,049)	منجمنٹ فیس
(20,798)	(37,576)	منجمنٹ فیس پریسز ٹیکس
3,018,960	5,454,361	نفع قبل از ٹیکس
-	(927,241)	ٹیکس
3,018,960	4,527,120	نفع بعد از ٹیکس
0.24	0.32	آمدنی فی سرٹیفکیٹ

کاروبار اور معیشت کا جائزہ:

انتہائی مشکل معاشی حالات، بلند افراط زر، کم زرمبادلہ کے ذخائر اور معاشی بے یقینی کے باوجود مضاربہ نے معقول کارکردگی کا مظاہرہ کیا ہے۔ پچھلے سال کے مقابلے میں آمدنی میں 37% اضافہ ہوا جو کہ 10.137 ملین سے بڑھ کر 13.906 ملین رہی جبکہ ڈیپریسی ایشن اور آپریٹنگ اخراجات میں 20% اضافہ ہوا۔ نفع بعد از ٹیکس 50% اضافہ کے ساتھ 4.527 ملین رہا جو کہ پچھلے سال 3.018 ملین تھا۔ اسی طرح آمدنی فی سرٹیفکیٹ 0.32 پیسہ ریکارڈ کی گئی۔ مضاربہ کے اثاثوں کا پورٹ فولیو کارپوریٹس، اعلیٰ مالیت کے حامل افراد اور ایس ایم ایز کا ایک متوازن متنوع ہے جن کی ادائیگیوں کی کارکردگی انتہائی تسلی بخش ہے۔



Popular Islamic Modaraba

An Islamic Financial Institution

پاکستان اس وقت کچھ اندرونی اور بیرونی عوامل کی وجہ سے انتہائی معاشی اور سیاسی عدم استحکام کے دور سے گزر رہا ہے، کوئی بھی سیاسی بلچل معیشت کی ترقی کی رفتار کو متاثر کر سکتی ہے اور معاشی سرگرمیوں کی رفتار میں سست روی اور معاشی شعبے میں عدم تحفظ کا احساس پیدا کر سکتی ہے اور ملک کی ترقی کو مالیاتی اور اقتصادی تحفظ کی طرف موڑ سکتی ہے۔

موجودہ معاشی صورتحال کو مد نظر رکھتے ہوئے اگلے چند مہینوں میں کاروباری رفتار سست ہو سکتی ہے، اسکے باوجود انتظامیہ کو یقین ہے کہ مستقبل میں بھی کارکردگی میں بہتری آئے گی اور نمایاں اقتصادی چیلنجوں کے باوجود مثبت نتائج برآمد ہوں گے۔

مستقبل کے امکانات:

بنیادی طور پر مضاربہ کی توجہ بنی ٹرانسنگ کے کاروبار پر ہے خاص طور پر ایس ایم ایز تاکہ منافع میں مزید اضافہ کیا جاسکے۔ ہماری کوشش ہے کہ اپنے وسائل کو استعمال کرتے ہوئے اپنی بیلنس شیٹ کو بہتر بنائیں اور آہستہ آہستہ معیاری اثاثہ جات کا پورٹ فولیو بناتے رہیں۔ آپ کے مضاربہ کی انتظامیہ ان تمام دستیاب آپشن پر تحقیق کر رہی ہے جن سے مستقبل میں سرٹیفکیٹ ہولڈرز کے مفادات کا تحفظ کیا جاسکے۔ ہم مضاربہ کے نظام کو بہتر کرنے کے لئے ہر ممکن کوشش کر رہے ہیں۔ انشاء اللہ ہم اس اضافہ کے رجحان کو برقرار رکھیں گے اور مستقبل میں اپنے سرٹیفکیٹ ہولڈرز کو باقاعدگی سے منافع بھی ادا کریں گے جیسا کہ ہم کرتے آ رہے ہیں۔

اعتراف:

مضاربہ مشکور ہے اپنے تمام قیمتی صارفین، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج، این بی ایف آئی اینڈ مضاربہ ایسوسی ایشن آف پاکستان کی مسلسل حمایت، رہنمائی اور تعاون کیلئے اور مستقبل میں بھی اس کی امید رکھتا ہے۔

خصوصی شکریہ ان تمام سرٹیفکیٹ ہولڈرز کا جنہوں نے ہم پر بھروسہ اور اعتماد کیا۔

منجانب بورڈ

کامران حسین مغل

چیف ایگزیکٹو آفیسر

24 فروری 2023



Popular Islamic Modaraba

An Islamic Financial Institution

MUNIFF ZIAUDDIN & CO.
Chartered Accountants

Independent Member Firm

BKR
INTERNATIONAL

Business Executive Centre
F/17/3, Block 8, Clifton
Karachi - 75600 - Pakistan
Ph: +92(21)35375127-29
E-mail: info@mzco.com.pk
Web: mzco.com.pk

Independent Auditors' Review Report

To the Certificate Holders of **Popular Islamic Modaraba**
Report on review of Interim Financial Statements.

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Popular Islamic Modaraba** (the Modaraba) as at **31 December 2022**, the related condensed interim profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the interim financial statements for the six-month period then ended (here-in-after referred to as "interim financial statements").

Management Company is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit or loss and other comprehensive income for the quarters ended 31 December 2022 and 31 December 2021 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2022.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of interim financial statements 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.


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The financial statements of the Modaraba for the year and period ended 30 June 2022 and 31 December 2021 were audited and reviewed respectively by another firm of Chartered Accountants, whose reports dated 23 September 2022 and 25 February 2022 expressed an unqualified opinion and conclusion on such statements.

The engagement partner on the review resulting in this independent auditor's report is Sohail Saleem.


Chartered Accountants
Karachi
Date: February 24, 2023
UDIN: RR202210130icQImR13y





Other Offices at Islamabad & Lahore



Popular Islamic Modaraba

An Islamic Financial Institution

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2022

	Note	Un-Audited Dec-22 (Rupees)	Audited Jun-22 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property and equipment - owned	5	122,959	161,219
Property and equipment - ijarah	6	31,898,818	25,868,708
Long Term Investment-Diminishing Musharaka	7	41,106,724	38,534,981
		73,128,501	64,564,908
CURRENT ASSETS			
Short term morabaha finance	8	44,824,028	56,048,654
Current portion of Diminishing Musharakah	7	23,446,910	18,990,347
Advances and other receivables		8,992,358	9,903,370
Cash and bank balances	9	4,406,372	2,579,156
		81,669,668	87,521,527
TOTAL ASSETS		154,798,169	152,086,435
EQUITY AND LIABILITIES			
Authorized certificate capital			
14,000,000 (June 30, 2022: 14,000,000) modaraba certificates of Rs. 10 each		140,000,000	140,000,000
Certificate holders' equity			
Certificate capital	10	140,000,000	140,000,000
Statutory reserve		22,691,427	22,691,427
Accumulated loss		(30,823,390)	(30,108,910)
		131,868,037	132,582,517
NON-CURRENT LIABILITIES			
Security deposits against Ijarah	11	5,873,400	4,986,900
Deferred liability		1,666,110	1,666,110
		7,539,510	6,653,010
CURRENT LIABILITIES			
Accrued and other liabilities		1,666,397	1,111,570
Current portion of security deposits	11	2,609,550	991,450
Provision for taxation		939,796	1,384,260
Unclaimed profit distribution		2,510,266	2,025,641
Payable to management company		7,000,000	7,000,000
Management fee payable		571,356	282,307
Sales Tax payable		93,256	55,680
TOTAL LIABILITIES		15,390,622	12,850,908
CONTINGENCIES & COMMITMENTS	12		
		154,798,169	152,086,435
For Popular Islamic Modaraba Management Company (Private) Limited (Modaraba Management Company)			
			
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR	DIRECTOR



Popular Islamic Modaraba

An Islamic Financial Institution

CONDENSED INTERIM PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Note	HALF YEAR ENDED		QUARTER ENDED	
		Dec-22 (Rupees)	Dec-21 (Rupees)	Dec-22 (Rupees)	Dec-21 (Rupees)
Income	13	13,906,006	10,137,254	8,240,117	4,632,698
Operating expenses		(4,095,095)	(3,420,614)	(2,141,279)	(1,319,572)
Depreciation of Ijarah Assets		(4,639,266)	(3,844,656)	(2,571,473)	(1,989,715)
Operating profit		5,171,645	2,871,984	3,527,365	1,323,411
Other Income	14	609,342	327,762	399,778	178,055
(Provision)/reversal for doubtful receivables		-	-	-	-
Profit before management fee		5,780,987	3,199,746	3,927,143	1,501,466
Management fee		(289,049)	(159,987)	(196,357)	(75,073)
Sales tax on management fee		(37,576)	(20,798)	(25,526)	(9,760)
		(326,626)	(180,786)	(221,884)	(84,833)
Profit before taxation		5,454,361	3,018,960	3,705,259	1,416,633
Taxation		(927,241)	-	(629,894)	-
Profit after taxation		4,527,120	3,018,960	3,075,365	1,416,633
Other comprehensive income		-	-	-	-
Total comprehensive income		4,527,120	3,018,960	3,075,365	1,416,633
Earnings per certificate - basic & diluted	15	0.32	0.24	0.22	0.11

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR



Popular Islamic Modaraba

An Islamic Financial Institution

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	For the six months ended		
	Dec-22 (Rupees)	Dec-21 (Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation	5,454,361	3,018,961	
Adjustments for:			
Depreciation expense	38,260	25,695	
Depreciation of assets leased out under ijarah	4,639,266	3,844,656	
Gain on termination	(205,676)		
	4,471,850	3,870,351	
Operating profit before working capital changes	9,926,211	6,889,312	
Changes in working capital			
(Increase) / Decrease in current assets			
Advances and other receivables	911,012	4,105,468	
Increase/(decrease) in current liabilities			
Accrued and other liabilities	554,828	(1,855,347)	
Management fee payable	289,049	(258,562)	
Sales tax on management fee	37,576	(32,558)	
	881,453	(2,146,467)	
Cash generated from operations	11,718,677	8,848,312	
Purchase of fixed assets- ijarah	(12,406,376)	(5,873,000)	
Ijarah assets transfer-net	1,737,000	1,339,800	
Security deposit from ijarah	2,504,600	366,972	
Investment in murabaha finance	11,224,626	(5,876,539)	
Investment in diminishing musharakah	(6,782,822)	(2,494,983)	
Tax paid	(1,411,514)	-	
Gratuity paid	-	(150,018)	
	(5,134,486)	(12,687,768)	
Net cash generated from operating activities	6,584,190	(3,839,456)	
CASH FLOW FROM INVESTING ACTIVITIES			
Owned assets purchased	-	(143,860)	
Net cash used in investing activities	-	(143,860)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of certificate capital (additional cash)	-	12,000,000	
Dividend paid	(4,756,975)	(3,425,222)	
Net cash (used in) / generated from financing activities	(4,756,975)	8,574,778	
Net increase in cash and cash equivalents during the period	1,827,216	4,591,463	
Cash and cash equivalents at the beginning of the period	2,579,156	7,948,500	
Cash and cash equivalents at the end of the period	4,406,372	12,539,963	
For Popular Islamic Modaraba Management Company (Private) Limited (Modaraba Management Company)			
			
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR	DIRECTOR



Popular Islamic Modaraba

An Islamic Financial Institution

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Certificate Capital	Statutory Reserve	Accumulated profit	Total
----- (Rupees) -----				
Balance as at July 01, 2021	100,000,000	21,381,181	(29,702,292)	91,678,889
Profit for the period	-	-	3,018,961	3,018,961
Issue of certificate capital	40,000,000			40,000,000
Final dividend at the rate Re. 0.5647 (5.6476%) per certificate for the year ended June 30, 2021			(5,647,600)	(5,647,600)
Balance as at December 31, 2021	<u>140,000,000</u>	<u>21,381,181</u>	<u>(32,330,931)</u>	<u>129,050,250</u>
Balance as at July 01, 2022	140,000,000	22,691,427	(30,108,910)	132,582,517
Profit for the period	-	-	4,527,120	4,527,120
Final dividend at the rate Re. 0.3744 (3.744%) per certificate for the year ended June 30, 2022			(5,241,600)	(5,241,600)
Balance as at December 31, 2022	<u>140,000,000</u>	<u>22,691,427</u>	<u>(30,823,390)</u>	<u>131,868,037</u>

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR



Popular Islamic Modaraba

An Islamic Financial Institution

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

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, a company incorporated in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017) and registered with Registrar of Modaraba Companies. The registered office of the modaraba is situated at 15th Floor, Chapal Plaza, Hasrat Mohani Road, Off I.I.Chundrigar Road, Karachi. The Modaraba is listed on the Pakistan Stock Exchange.

The Modaraba is engaged in various Islamic modes of financing and business including Ijarah, Musharaka, Murabaha and Diminishing Musharakah arrangements. Further, trading in listed securities and commodities are also under consultation of management. In addition to this the management is also scrolling venture to enter in Housing Finance.

2. BASIS OF PREPARATION

2.1 These interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Such standards comprise of

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards
- Provisions of and directives issued under the Companies Act, 2017; and
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws).

The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations 2021 for Modarabas (hereinafter referred to as the relevant laws). Up until previous years, Modaraba was also following the requirements of Prudential Regulations for Modarabas, which are now repealed by Modaraba Regulations 2021. There are no material financial adjustments required upon adoption of Modaraba Regulations 2021 in place of Prudential Regulations for Modarabas.

Where provisions and directives issued under Companies Act, 2017 and the relevant laws differ from IFRS Standards, the provisions and directives issued under Companies Act, 2017 and the relevant laws have been followed.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS 2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard

- 2.2. The interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Modaraba as at and for the year ended June 30, 2022
- 2.3. These interim financial statements are unaudited but subject to limited scope review by the external auditors as required by the Code of Corporate Governance and are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation followed for the preparation of these interim financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2022.

3.1. New standards, amendments to approved accounting standards and new interpretations

3.1.1 Amendments to approved accounting standards which are effective during the year ending June 30, 2023

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

3.1.2 New standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2023

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied to financial statements as at and for the year ended June 30, 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2022.



Popular Islamic Modaraba

An Islamic Financial Institution

	(Un-audited) December 2022	(Audited) June 2022
	-----Rupees-----	
5 PROPERTY AND EQUIPMENTS - (OWNED)		
Book value at the beginning of the period / year	161,219	80,689
Addition - at cost	-	143,860
Deletion - net	-	-
Depreciation charged	(38,260)	(63,330)
Book value at the end of the period / year	<u>122,959</u>	<u>161,219</u>
6 PROPERTY AND EQUIPMENTS - (IJARAH)		
Book value at the beginning of the period / year	25,868,708	22,559,434
Addition - at cost	12,406,376	13,241,000
Deletion - net	(1,737,000)	(1,739,596)
Depreciation charged	(4,639,266)	(8,192,130)
Book value at the end of the period / year	<u>31,898,818</u>	<u>25,868,708</u>
7 LONG TERM INVESTMENTS - DIMINISHING MUSHARAKA		
Investment under diminishing musharaka	64,553,634	57,525,328
Less: Current portion of diminishing musharaka	(23,446,910)	(18,990,347)
	<u>41,106,724</u>	<u>38,534,981</u>
8 LONG TERM MORABAHA FINANCE		
Considered good	33,393,628	51,720,322
Considered doubtful	11,430,400	5,100,614
	44,824,028	56,820,936
Provision against doubtful	-	(772,282)
	44,824,028	56,048,654
Less: Current portion of morabaha finance	(44,824,028)	(56,048,654)
	<u>-</u>	<u>-</u>
8.1 The profit rates on these Murabaha arrangements ranges between 18.52% and 19.76% (June 30, 2022: 9.41% and 14.86%). These investments are secured against charge over fixed assets, registered and equitable mortgage of properties, personal guarantees of the directors of customer companies, demand promissory notes and postdated cheques varying from case to case.		
9 CASH AND BANK BALANCES		
Cash on hand	86,198	76,198
Cash at banks:		
- Saving accounts	2,703,063	1,370,472
- Dividend accounts	1,525,616	1,040,991
- Saving accounts with State Bank of Pakistan	91,495	91,495
	4,320,174	2,502,958
	<u>4,406,372</u>	<u>2,579,156</u>



Popular Islamic Modaraba

An Islamic Financial Institution

10 CERTIFICATE CAPITAL			(Un-audited)	(Audited)
Number of Certificates			December	June
December	June		2022	2022
2022	2022		-----Rupees-----	
10,000,000	10,000,000	Modaraba certificates of Rs. 10/- each fully paid in cash	100,000,000	100,000,000
4,000,000	4,000,000	Other than right issue of Rs. 10/- each fully paid in cash	40,000,000	40,000,000
<u>14,000,000</u>	<u>14,000,000</u>		<u>140,000,000</u>	<u>140,000,000</u>
11 SECURITY DEPOSITS AGAINST IJARAH				
Security deposits			8,482,950	5,978,350
Less: Current portion of security deposits			(2,609,550)	(991,450)
			<u>5,873,400</u>	<u>4,986,900</u>
12 CONTINGENCIES AND COMMITMENTS				
Contingencies				
<p>The Modaraba received a demand order by DCIR dated November 30, 2020 under section 122(1) of the Income Tax Ordinance, 2001 creating a demand of Rs. 31,924,536 pertaining to tax year 2016. The Modaraba filed an appeal against the said demand order dated December 17, 2020 before Commissioner Inland Revenue (Appeal - III) Karachi, which was dismissed as against the Modaraba. Further, the Modaraba filed revised appeal before Appellate Tribunal Inland Revenue through letter reference no. ITA No. 245/KB-2021 and, in pursuance thereof the Modaraba was granted stay against recovery proceeding vide M.A stay no. 185/KB-2021. Subsequently to the period ended December 31, 2022 the decision / outcome is made in the favour of Modaraba.</p>				
Commitments				
The Modaraba has no commitments as at December 31, 2022 (June 30, 2022: NIL).				
13 INCOME			(Un- audited)	(Un- audited)
Income on:			December	December
- Murabaha			2022	2021
- Ijarah			-----Rupees-----	
- Diminishing muskaraka			3,799,389	1,831,608
			6,263,404	5,408,040
			<u>3,843,213</u>	<u>2,897,606</u>
			<u>13,906,006</u>	<u>10,137,254</u>
14 OTHER INCOME				
Profit on deposits accounts			265,388	262,642
Gain on termination			205,676	-
Other income			<u>138,278</u>	<u>65,120</u>
			<u>609,342</u>	<u>327,762</u>
15 EARNINGS PER CERTIFICATE - BASIC & DILUTED				
		For the six months ended	For the Quarter ended	
		December 31,	December 31,	December 31,
		2022	2021	2021
----- Rupees in '000-----				
Profit after taxation	<u>4,527,120</u>	3,018,960	<u>3,075,365</u>	1,416,633
Weighted average number of ordinary shares outstanding during the period	<u>14,000,000</u>	12,666,666	<u>14,000,000</u>	12,666,666
Earnings per share - basic & dilutive	<u>0.32</u>	0.24	<u>0.22</u>	0.11
There are no dilutive potential ordinary shares outstanding as at December 31, 2022 and 2021.				



Popular Islamic Modaraba

An Islamic Financial Institution

16 INFORMATION ABOUT BUSINESS SEGMENTS

	For The Half Year Ended December 31, 2022				
	Musharaka	Ijarah	Murabaha	Others	Total
	----- Rupees -----				
Segments Revenue	3,843,213	6,263,404	3,799,389	609,342	14,515,348
Segments results					
Segments income	3,843,213	6,263,404	3,799,389	609,342	14,515,348
Operating Expenses	(1,084,254)	(1,767,042)	(1,071,890)	(171,909)	(4,095,095)
Depreciation on property and equipment - Ijarah	-	(4,639,266)	-	-	(4,639,266)
Management fee and sales tax	-	-	-	(326,626)	(326,626)
Segment results	2,758,959	(142,904)	2,727,499	110,807	5,454,361
	For The Half Year Ended December 31, 2021				
	Musharaka	Ijarah	Murabaha	Others	Total
	----- Rupees -----				
Segments Revenue	2,897,606	5,408,040	1,831,608	327,762	10,465,016
Segments results					
Segments income	2,897,606	5,408,040	1,831,608	327,762	10,465,016
Operating Expenses	(947,117)	(1,767,682)	(598,683)	(107,133)	(3,420,615)
Depreciation on property and equipment - Ijarah	-	(3,844,656)	-	-	(3,844,656)
Management fee and sales tax	-	-	-	(180,785)	(180,785)
Segment results	1,950,489	(204,298)	1,232,925	39,844	3,018,960
	As At December 31, 2022				
	Musharaka	Ijarah	Murabaha	Others	Total
	----- Rupees -----				
Other information					
Capital expenditure	18,442,800	12,406,376	22,273,800	-	53,122,976
Depreciation on property and equipment - Ijarah	-	(4,639,266)	-	-	(4,639,266)
Assets and liabilities					
Segments assets					
Segments assets	64,553,634	31,898,818	44,824,028	8,992,358	150,268,838
Unallocated	-	-	-	4,529,331	4,529,331
Total segments assets	64,553,634	31,898,818	44,824,028	13,521,689	154,798,169
Segment liabilities					
Security deposits	-	8,482,950	-	-	8,482,950
Loan from management company	-	-	-	7,000,000	7,000,000
Unallocated liabilities	-	-	-	7,447,182	7,447,182
Total segment liabilities	-	8,482,950	-	14,447,182	22,930,132
Total net assets					131,868,037



Popular Islamic Modaraba

An Islamic Financial Institution

	As At June 30, 2022				
	Musharaka	Ijarah	Murabaha	Others	Total
	----- Rupees -----				
Other information					
Capital expenditure	24,964,900	13,241,000	120,173,981	-	158,379,881
Depreciation on property and equipment - Ijarah	-	(8,192,130)	-	-	(8,192,130)
Assets and liabilities					
Segments assets					
Segments assets	57,525,328	25,868,708	56,048,654	9,903,370	149,346,060
Provision against Assets	-	-	-	-	-
Unallocated	-	-	-	2,740,375	2,740,375
Total segments assets	57,525,328	25,868,708	56,048,654	12,643,745	152,086,435
Segment liabilities					
Security deposits	-	5,978,350	-	-	5,978,350
Loan from management company	-	-	-	7,000,000	7,000,000
Unallocated liabilities	-	-	-	6,525,568	6,525,568
Total segment liabilities	-	5,978,350	-	13,525,568	19,503,918
Total net assets					132,582,517

17 RELATED PARTY TRANSACTION

The related party comprises of associated undertakings (including Modaraba Management Company) and directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transaction with these related parties. Significant transactions with related parties are as follows:

Name of Transaction	Relationship with the company	(Un-audited)	(Un-audited)
		December 2022	December 2021
		Rupees	Rupees
Management fee for the period	Management company	289,049	159,987
Dividend paid	Management company	2,083,536	-
Balance as at the period ended		(Un-audited)	(Audited)
		December 2022	June 2022
		Rupees	Rupees
Payable to Modaraba Management Company	Management company	7,000,000	7,000,000
Management fee payable	Management company	571,356	282,307

18 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

Fair value hierarchy;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2022 the Company has no financial instruments that falls into any of the above category.



Popular Islamic Modaraba

An Islamic Financial Institution

19 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison, however, no significant re-classifications / re-statements have been made to these condensed interim financial statements.

20 DATE FOR AUTHORIZATION FOR ISSUE

The condensed interim financial statements have been approved and authorized for issue on **February 24, 2023** by the Board of Directors of the Modaraba Management Company.

21 GENERAL

Figures has been rounded off to the nearest rupees

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR