



# **POPULAR ISLAMIC MODARABA**

An Islamic Financial Institution

**HALF YEAR ENDED  
DECEMBER 31, 2018**

**Managed by :**

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Popular Islamic Modaraba  
Management Company (Pvt.) Ltd

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# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

## CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Imamuddin Shouqeen Mr. Shahbaz Ali Malik Mr. Khurram Abdullah Mr. Malik Junaid Emam Mr. Kamran Hussain Mughal Saiyed Faiq Hussain	- Chairman & Director - Director - Independent Director - Director - Director / Company Secretary - Director / Chief Executive
<b>AUDIT COMMITTEE</b>	Mr. Khurram Abdullah Mr. Malik Junaid Emam Mr. Shahbaz Ali Malik	- Chairman - Member - Member
<b>SHARIAH ADVISOR</b>	Mufti Mohammad Ibrahim Essa	
<b>COMPANY SECRETARY</b>	Mr. Kamran Hussain Mughal	
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Ali Hasan Kalroo	
<b>BANKERS</b>	Albaraka Bank (Pakistan) Limited Meezan Bank Limited	
<b>AUDITORS</b>	Baker Tilly Mehmood Idress Qamar Chartered Accountant	
<b>LEGAL ADVISOR</b>	Zafar Ali Shah Advocate Bukhari Law Associates	
<b>MANAGEMENT COMPANY</b>	Popular Islamic Modaraba Management Company (Pvt.) Ltd	
<b>REGISTERED OFFICE</b>	15th Floor, Hasrat Mohani Road, Off. I.I. Chundrigar Road, Karachi.	
<b>SHARE REGISTRAR</b>	Central Depository Company of Pakistan CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi	



# POPULAR ISLAMIC MODARABA

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## 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 Half Yearly Reviewed Financial Information as on December 31, 2018 alongwith Auditors' Report thereon.

The summarized financial results for the half year ended December 31, 2018 are as under:

	December 31,2018	December 31,2017
	-----Rupees-----	
<b>Income</b>	<b>12,305,860</b>	<b>15,723,378</b>
Operating expenses	(3,396,355)	(4,091,181)
Depreciation of Ijarah Assets	(8,119,351)	(10,319,010)
<b>Operating profit</b>	<b>790,154</b>	<b>1,313,187</b>
Other Income	757,100	482,335
<b>Profit before management fee</b>	<b>1,547,254</b>	<b>1,795,523</b>
Management fee	(154,725)	(179,552)
Sales tax on management fee	(20,114)	(26,933)
<b>Profit before taxation</b>	<b>1,357,435</b>	<b>1,589,037</b>
Taxation- current year	(14,980)	-
<b>Profit after taxation</b>	<b>1,357,435</b>	<b>1,589,037</b>
<b>Total comprehensive income</b>	<b>1,357,435</b>	<b>1,589,037</b>
<b>Earnings per certificate - basic &amp; diluted</b>	<b>0.14</b>	<b>0.16</b>

### Review of Operations

During the period under review the Modaraba has performed reasonably well from profit point of view. However, revenue has fallen comparatively due to shifting the portfolio from Ijarah to Diminishing Musharakah.

During the period under review the Modaraba's Income slightly decreased from Rs.15.723 million to Rs.12.305 million mainly due to limited Ijarah Financing. However, profit before management fee stands on comparatively same as per the corresponding period i.e Rs.1.547 million. Whereas, the net profit slightly decreased from Rs.1.589 million to Rs.1.357 million.



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Accordingly, the earning per certificate worked out to Re.0.14. The clientele has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships.

## **Future outlook**

Modaraba is primarily focused on financing business. 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 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 fullygeared to maintain this upward trend and Inshah Allah foresee to achieve better results, and to pay progressive return to the certificate holders of the Modaraba.

## **Director & Chief Executive Officer**

The existing Chief Executive Officer and Director has resigned and the Board of Directors nominated Mr. Muhammad Riaz as Chief Executive Officer and Mr. Imran Ali Roshan as Director, subject to the approval of Securities and Exchange Commission of Pakistan.

## **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.

**Kamran Hussain Mughal**  
**Director & Company Secretary**

Dated: February 22, 2019  
Karachi.



## ڈائریکٹرز کی رپورٹ برائے نصف سال 31 دسمبر 2018

پاپولر اسلامک مضاربہ پبلک لمیٹڈ (پبلیک لمیٹڈ) جو پاپولر اسلامک مضاربہ کی منجمنٹ کمانڈی ہے، اس کے بورڈ آف ڈائریکٹرز اسے سرٹیفکیٹ ہوئڈ رڈنگ پورٹ ڈائریکٹرز کی رپورٹ مع مضاربہ کے نصف سال کے جائزہ شدہ کو حوالے برائے نصف سال 31 دسمبر 2018 پیش کرتے ہیں۔

نمایاں مالیاتی نتائج:

برائے دسمبر 2017	برائے دسمبر 2018	
----- (روپیہ) -----		
15,723,378	12,305,860	آمدنی
(4,081,181)	(3,386,356)	آپ بیلنگ اخراجات
<u>(10,319,010)</u>	<u>(8,119,351)</u>	اجارہ اثاثوں کی فروخت کے اخراجات (ڈیپریس انٹن)
1,313,187	790,154	آپ بیلنگ نفع
462,335	757,100	دیگر آمدنی
<u>1,795,523</u>	<u>1,547,254</u>	نفع قبل از منجمنٹ فیس
(179,552)	(154,725)	منجمنٹ فیس
(28,933)	(20,114)	منجمنٹ فیس پریکٹس
<u>1,589,037</u>	<u>1,357,435</u>	نفع قبل از منجمنٹ
-	(14,980)	ٹیکس
<u>1,589,037</u>	<u>1,357,435</u>	نفع بعد از منجمنٹ
<u>0.16</u>	<u>0.14</u>	آمدنی فی سرٹیفکیٹ
		کاروبار کا جائزہ:

زیر جائزہ مدت کے دوران مضاربہ کی مجموعی کارکردگی اچھی رہی۔ جبکہ گزشتہ سال کے مقابلے میں آمدنی میں کمی ہوئی جسکی وجہ اجارہ دار اثاثوں کی ڈیپریس منجمنٹ مضاربہ پر منتقلی ہے۔ اس نصف سال کی آمدنی 12,305,860 ملین روپے رہی جبکہ گزشتہ سال کی آمدنی 15,723,378 ملین روپے تھی۔ جبکہ نفع قبل از منجمنٹ فیس 1,547 ملین رہا۔ نتیجتاً اس نصف سال کا نفع منافع 1,357 ملین روپے رہا جو کہ پچھلے نصف سال میں 1,589 ملین روپے تھا۔ فی سرٹیفکیٹ آمدنی 0.14 روپے رہی جو کہ گزشتہ نصف سال کی فی سرٹیفکیٹ آمدنی سے کم ہے۔ مضاربہ کے کارکنوں میں مالی پیش رفت اور درمیانی مقامی کاروبار میں اور مخصوص ایس ایم ای شامل ہیں۔

### مستقبل کے امکانات:

قلمی طور پر مضاربہ کی توجہ کارکن کے کاروبار ہے۔ ہماری کوشش ہے کہ اپنے وسائل کو استعمال کرتے ہوئے اپنی منجمنٹ کو بہتر بنائیں اور آہستہ آہستہ معیاری اجارہ دار اثاثوں کا پورے فوائد سے رہیں۔ موجودہ اقتصادی صورتحال اور اس کے ساتھ ساتھ اسلامی مالیاتی منصوبہ کار کا مستقبل ماحول مضاربہ کے لئے ایک مشکل صورتحال ہے کہ رہا ہے۔ آپ کے مضاربہ کی اصلاح میں ان تمام احتیاجات پر توجہ مرکوز ہے جن سے مستقبل میں سرٹیفکیٹ ہوئڈ رڈنگ کے مفادات کا تحفظ کیا جاسکے۔ ہم مضاربہ کے کلام کو بہتر کرنے کے لئے ہر ممکن کوشش کر رہے ہیں۔ انکشافات ہم اس اضافہ کے درمیان کو برقرار رکھیں گے جو مستقبل میں اپنے سرٹیفکیٹ ہوئڈ رڈنگ کو بہتر بنانے کے لئے بھی ادا کریں گے۔

### ڈائریکٹر / چیف ایگزیکٹو آفیسر:

زیر جائزہ مدت کے دوران مضاربہ کی مجموعی کارکردگی اچھی رہی۔ جبکہ گزشتہ سال کے مقابلے میں آمدنی میں کمی ہوئی جسکی وجہ اجارہ دار اثاثوں کی ڈیپریس منجمنٹ مضاربہ پر منتقلی ہے۔ اس نصف سال کی آمدنی 12,305,860 ملین روپے رہی جبکہ گزشتہ سال کی آمدنی 15,723,378 ملین روپے تھی۔ جبکہ نفع قبل از منجمنٹ فیس 1,547 ملین رہا۔ نتیجتاً اس نصف سال کا نفع منافع 1,357 ملین روپے رہا جو کہ پچھلے نصف سال میں 1,589 ملین روپے تھا۔ فی سرٹیفکیٹ آمدنی 0.14 روپے رہی جو کہ گزشتہ نصف سال کی فی سرٹیفکیٹ آمدنی سے کم ہے۔ مضاربہ کے کارکنوں میں مالی پیش رفت اور درمیانی مقامی کاروبار میں اور مخصوص ایس ایم ای شامل ہیں۔

اعتراف:

اس نصف سال کے دوران مضاربہ منقول ہے رہنمائی مضاربہ، ریکورڈز اینڈ اکاؤنٹنگ منجمنٹ آف پاکستان، پاکستان اسلامک ایسوسی ایشن آف پاکستان اور اپنے تمام ملازمین کی رہنمائی اور تعاون کا اور منجمنٹ میں کسی ایس ایم ای کے ساتھ۔

منجمنٹ ہوئڈ

کاہران حسین مغل  
ڈائریکٹر اور چیف ایگزیکٹو آفیسر  
22 فروری 2019



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution



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Chartered Accountants  
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## POPULAR ISLAMIC MODARABA AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Popular Islamic Modaraba** (the Modaraba) as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (*here-in-after referred to as the "condensed interim financial information"*). The Modaraba Management Company [Popular Islamic Modaraba Management Company (Private) Limited] is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

### 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 condensed 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.

ADVISORY • ASSURANCE • TAX

Baker Tilly Mehmood Idrees Qamar, Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd, the members of which are separate and independent legal entities.



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## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at December 31, 2018 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Mehmood A. Razzak.

*Mehmood A. Razzak*  
Karachi.

Date: 22 FEB 2019



# POPULAR ISLAMIC MODARABA

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## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2018

		(Un-audited) December 2018 Rupees	(Audited) June 2018 Rupees
ASSETS	Note		
<b>Non - Current Assets</b>			
Property and equipment - Owned	5	18,203	20,675
Property, plant and equipment - Ijarah	6	32,294,051	41,393,402
Murabaha finance - secured	7	22,594,163	23,591,767
Long term investment - diminishing musharika	8	42,708,979	27,237,920
		97,615,396	92,243,764
<b>Current Assets</b>			
Current portion of diminishing musharika	8	12,991,974	9,048,563
Short term morabaha finance	7	548,061	921,977
Short term modaraba finance	9	800,000	800,000
Advances and other receivables		6,410,184	16,348,957
Cash and bank balances	10	5,453,458	6,168,668
		26,203,677	33,288,165
		<b>123,819,073</b>	<b>125,531,929</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized certificate capital</b>			
14,000,000 Modaraba certificate of Rs. 10/- each		<b>140,000,000</b>	<b>140,000,000</b>
<b>Certificate holders' equity</b>			
Certificate capital	11	100,000,000	100,000,000
Statutory reserves		17,786,733	17,786,733
Accumulated (loss)		(35,207,650)	(36,565,085)
		82,579,083	81,221,648
<b>Non - Current Liabilities</b>			
Security deposits against ijarah	12	7,847,950	10,326,950
<b>Current Liabilities</b>			
Current portion of security deposits	12	6,267,980	5,968,180
Accured and other liabilities		896,210	453,902
Charity payable		5,729	-
Provision for taxation		-	653,968
Unclaimed profit distribution		984,649	984,649
Loan from management company		25,000,000	25,000,000
Management fee payable		162,842	868,117
Sales tax on management fee		74,629	54,515
		33,392,040	33,983,331
<b>Contingencies and commitments</b>	13		
		<b>123,819,073</b>	<b>125,531,929</b>

The annexed notes form an integral part of this condensed interim financial information.

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

  
Chief Financial Officer

  
Director

  
Director

  
Director



# POPULAR ISLAMIC MODARABA

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## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Note	HALF YEAR ENDED		QUARTER ENDED	
		December 2018 Rupees	December 2017 Rupees	December 2018 Rupees	December 2017 Rupees
Income	14	12,305,860	15,723,378	6,302,123	7,869,036
Operating expenses		(3,396,355)	(4,091,181)	(1,577,030)	(1,856,091)
Depreciation of ijarah assets		(8,119,351)	(10,319,010)	(4,554,678)	(5,559,319)
		(11,515,706)	(14,410,191)	(6,131,708)	(7,415,410)
Other income	15	757,100	1,289,990	702,775	1,143,797
Unrealised (loss) on remeasurement of investments at fair value through profit and loss		-	(807,655)	-	(697,070)
<b>Profit before management fee</b>		<b>1,547,254</b>	<b>1,795,523</b>	<b>873,189</b>	<b>900,354</b>
Management fee		(154,725)	(179,552)	(154,725)	(90,035)
Sales tax on management fee		(20,114)	(26,933)	(20,114)	(13,505)
<b>Profit before taxation</b>		<b>1,372,415</b>	<b>1,589,037</b>	<b>698,350</b>	<b>796,813</b>
Taxation	16	(14,980)	-	(14,980)	-
<b>Profit after taxation</b>		<b>1,357,435</b>	<b>1,589,037</b>	<b>683,370</b>	<b>796,813</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>1,357,435</b>	<b>1,589,037</b>	<b>683,370</b>	<b>796,813</b>
Earnings per certificate - basic & diluted	17	0.14	0.16	0.07	0.08

The annexed notes form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Director

Director

Director



# POPULAR ISLAMIC MODARABA

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018  
(UN-AUDITED)**

	HALF YEAR ENDED		QUARTER ENDED	
	December 2018 Rupees	December 2017 Rupees	December 2018 Rupees	December 2017 Rupees
Net income for the period	1,357,435	1,589,037	683,370	796,813
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>1,357,435</b>	<b>1,589,037</b>	<b>683,370</b>	<b>796,813</b>

*The annexed notes form an integral part of this condensed interim financial information.*

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

Chief Financial Officer

Director

Director

Director



# POPULAR ISLAMIC MODARABA

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## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Note	December 2018 Rupees	December 2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,372,415	1,589,037
<b>Adjustments for non cash items:</b>			
Unrealised gain/(loss) on remeasurement of investment at fair value through profit and loss		-	807,655
Depreciation		2,472	2,431
Gain on termination		(135,391)	(30,839)
Gain on disposal		(500,000)	(1,086,928)
Depreciation of assets leased out under ijarah		8,119,351	10,319,010
		8,858,847	11,600,366
<b>Decrease in current assets</b>			
Advances and other receivables		9,938,773	14,613,361
<b>Increase/(decrease) in current liabilities</b>			
Accrued and other liabilities		442,308	(153,924)
Charity payable		5,729	983
Management fee payable		(705,275)	179,552
Sales tax on management fee		20,114	26,933
<b>Cash generated from operations</b>		<b>18,560,497</b>	<b>26,267,271</b>
Tax paid		(668,948)	-
<b>Net cash generated from operating activities</b>		<b>17,891,549</b>	<b>26,267,271</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions in property and equipment - owned		-	(20,000)
Additions in property, plant and equipment - Ijarah		(1,499,000)	(9,192,000)
Disposal of fixed assets-ijarah		3,114,391	3,140,223
Security deposit from ijarah		(2,179,200)	(2,894,800)
Investment in Morabaha finance		1,371,520	(8,339,530)
Rentals received against diminishing musharakah		(19,414,470)	(8,731,897)
<b>Net cash (used in) investing activities</b>		<b>(18,606,759)</b>	<b>(26,038,004)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(715,210)</b>	<b>229,267</b>
Cash and cash equivalents at the beginning of the period		6,168,668	6,458,656
<b>Cash and cash equivalents at the end of the period</b>	<b>10</b>	<b>5,453,458</b>	<b>6,687,923</b>

The annexed notes form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Director

Director

Director





# POPULAR ISLAMIC MODARABA

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## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Certificate Capital	Statutory Reserves	Accumulated (Loss)	Total
	Rupees			
Balance as at July 01, 2017	100,000,000	17,261,218	(38,667,146)	78,594,072
Total comprehensive income	-	-	1,589,037	1,589,037
Balance as at December 31, 2017	<u>100,000,000</u>	<u>17,261,218</u>	<u>(37,078,109)</u>	<u>80,183,109</u>
Balance as at July 01, 2018	100,000,000	17,786,733	(36,565,085)	81,221,648
Total comprehensive income	-	-	1,357,435	1,357,435
Balance as at December 31, 2018	<u>100,000,000</u>	<u>17,786,733</u>	<u>(35,207,650)</u>	<u>82,579,083</u>

The annexed notes form an integral part of these condensed interim financial information.

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

Chief Financial Officer

Director

Director

Director





# POPULAR ISLAMIC MODARABA

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UN-AUDITED)

### 1. LEGAL STATUS AND OPERATIONS

**1.1** Popular Islamic Modaraba (the 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 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.

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

These condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, 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, IFASs, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, IFASs, Modaraba Companies and Modaraba Rules, 1981, or the directives issued by SECP shall prevail.

The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial information does not include all the information required for a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2018.

### 3. BASIS OF PREPARATION

The comparative balance sheet presented in these condensed interim financial information as at December 31, 2018 has been extracted from the audited financial statements of the Modaraba for the year ended June 30, 2018, whereas the comparative profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the half year ended December 31, 2017 have been extracted from the unaudited condensed interim financial information for the period then ended.

These condensed interim financial information comprise of the balance sheet as at December 31, 2018 and statement of profit or loss and other comprehensive income, the cash flow statement and statement of changes in equity for the half year ended December 31, 2018 which have been subjected to a review but not audited.



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## 4. ACCOUNTING POLICIES AND COMPUTATION METHOD

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 except following:

Standard of Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS-15 - Revenue from Contracts with Customers	July 1, 2018

However, the application of above standard does not have any significant impact on the Modaraba's financial reporting and, therefore, have not been presented in these condensed interim financial statement.

		(Un-audited) December 2018 Rupees	(Audited) June 2018 Rupees
<b>5. PROPERTY AND EQUIPMENT - OWNED</b>	<b>Note</b>		
Opening net book value		20,675	5,539
Additions		-	20,000
Depreciation charged		(2,472)	(4,864)
<b>Net book value</b>		<b>18,203</b>	<b>20,675</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT - IJARAH</b>			
Opening net book value		41,393,402	98,934,052
Additions		1,499,000	11,330,000
Disposals(WDV)		(2,479,000)	(48,984,042)
Depreciation charged		(8,119,351)	(19,886,608)
<b>Net book value</b>		<b>32,294,051</b>	<b>41,393,402</b>
<b>7. MURABAHA FINANCE - SECURED</b>			
Considered good	<b>7.1</b>	23,142,224	24,513,744
Considered doubtful		-	-
		23,142,224	24,513,744
<b>Less: Current portion of murabaha finance</b>		(548,061)	(921,977)
		<b>22,594,163</b>	<b>23,591,767</b>

**7.1** The profit rates on these murabaha arrangements ranges between 9.41% and 15.24% (2017: 9.41% and 14%). 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.



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8.	LONG TERM INVESTMENT - DIMINISHING MUSHARIKA	Note	2018 Rupees	2018 Rupees
	Investment		55,700,953	36,286,483
	Less: Current portion of long term loan - diminishing musharika		(12,991,974)	(9,048,563)
			<u>42,708,979</u>	<u>27,237,920</u>
9.	SHORT TERM MODARABA FINANCE			
	Modaraba Finance/Considered good	9.1	800,000	800,000
	Considered doubtful	9.1	200,000	200,000
			1,000,000	1,000,000
	Less: Provision for doubtful receivables		(200,000)	(200,000)
			<u>800,000</u>	<u>800,000</u>
9.1	The rate of profit on modaraba finances is 8.5% per annum. These are secured against post dated cheques, and demand promissory note.			
9.2	This provision made against overdue principal amount of modaraba finance on time based criteria in terms of the requirement of the prudential regulation.			
10.	CASH AND BANK BALANCES	Note	(Un-audited) December 2018 Rupees	(Audited) June 2018 Rupees
	Cash in hand		33,068	23,068
	Cash at bank:			
	- Saving accounts	10.1	5,302,505	6,027,715
	- Saving accounts with State Bank of Pakistan		117,885	117,885
			<u>5,453,458</u>	<u>6,168,668</u>
10.1	Deposit accounts are Shariah compliant and rate of profit on deposit accounts ranges from 2.27% to 2.64% (2017: 2.4% to 2.75%) per annum.			
11.	CERTIFICATE CAPITAL		(Un-audited) December 2018 Rupees	(Audited) June 2018 Rupees
	<u>Number of Certificates</u>			
	December 2018			June 2018
	<u>10,000,000</u>			<u>10,000,000</u>
			Modaraba certificate of Rs. 10/- each fully paid in cash	<u>100,000,000</u>
			<u>100,000,000</u>	<u>100,000,000</u>
12.	SECURITY DEPOSITS AGAINST IJARAH			
	Security deposits		14,115,930	16,295,130
	Less: Current portion of security deposits		(6,267,980)	(5,968,180)
			<u>7,847,950</u>	<u>10,326,950</u>
13.	CONTINGENCIES AND COMMITMENTS			
	Contigencies			
	In the year 1998, the modaraba filed an appeal before Customs, Excise and Sales Tax Appellate Tribunal, Karachi bench against an allegation that the modaraba has short paid of Rs. 377,755/- as principal amount of sales tax short paid during the year 1998 and additional tax of Rs. 79,364/-. A penalty of Rs. 10,000/- was also imposed. The case is pending before the Honorable Appellate Tribunal. The modaraba has not made any provision as the legal counsel expects a favourable outcome of the appeal.			
	Commitments			
	The modaraba has no commitments as at December 31, 2018 (June 30, 2018: NIL).			



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	(Un-audited) December 2018 Rupees	(Un-audited) December 2017 Rupees
<b>14. INCOME</b>		
Income on:		
- Morabaha	616,128	456,489
- Ijarah	8,792,294	14,090,575
- Diminishing Musharaka	2,897,438	1,176,314
	<b>12,305,860</b>	<b>15,723,378</b>
<b>15. OTHER INCOME</b>		
Profit on deposit accounts	91,709	157,223
Gain on disposal	500,000	1,086,928
Gain on termination	135,391	30,839
Other income	30,000	15,000
	<b>757,100</b>	<b>1,289,990</b>
<b>16. TAXATION</b>		
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.		
	(Un-audited) December 2018	(Un-audited) December 2017
<b>17. EARNINGS PER CERIFICATE - BASIC &amp; DILUTED</b>		
Profit after taxation - Rupees	1,357,435	1,589,037
Weighted average number of certificates	10,000,000	10,000,000
	<b>0.14</b>	<b>0.16</b>



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## 18. INFORMATION ABOUT BUSINESS SEGMENTS

	For The Half Year Ended December 31, 2018					
	Musharaka	Ijarah	Morabaha	Modaraba	Others	Total
	Rupees					
<b>Segment revenues</b>	2,897,438	8,792,294	616,128	-	757,100	<b>13,062,960</b>
<b>Segment results</b>						
Segment income and sales	2,897,438	8,792,294	616,128	-	757,100	<b>13,062,960</b>
Operating expenses	(753,331)	(2,285,987)	(160,193)	-	(196,845)	<b>(3,396,355)</b>
Depreciation	-	(8,119,351)	-	-	-	<b>(8,119,351)</b>
Management fee and sales tax	-	-	-	-	(174,840)	<b>(174,840)</b>
<b>Segment results</b>	<b>2,144,107</b>	<b>(1,613,044)</b>	<b>455,935</b>	<b>-</b>	<b>385,415</b>	<b>1,372,415</b>
	For The Half Year Ended December 31, 2017					
	Musharaka	Ijarah	Morabaha	Modaraba	Others	Total
	Rupees					
<b>Segment revenues</b>	1,176,314	14,090,575	456,489	-	482,335	<b>16,205,713</b>
<b>Segment results</b>						
Segment income and sales	1,176,314	14,090,575	456,489	-	482,335	<b>16,205,713</b>
Operating expenses	(296,964)	(3,557,208)	(115,242)	-	(121,767)	<b>(4,091,181)</b>
Depreciation	-	(10,319,010)	-	-	-	<b>(10,319,010)</b>
Management fee and sales tax	-	-	-	-	(206,485)	<b>(206,485)</b>
<b>Segment results</b>	<b>879,350</b>	<b>214,357</b>	<b>341,247</b>	<b>-</b>	<b>154,083</b>	<b>1,589,037</b>
	As At December 31, 2018					
	Musharaka	Ijarah	Morabaha	Modaraba	Others	Total
	Rupees					
<b>Other information</b>						
Capital expenditure	28,563,692	1,499,000	14,974,500	-	-	<b>45,037,192</b>
Depreciation	-	(8,119,351)	-	-	-	<b>(8,119,351)</b>
<b>Assets and liabilities</b>						
Segment assets	55,700,953	32,294,051	23,142,224	800,000	6,410,184	<b>118,347,412</b>
Unallocated	-	-	-	-	5,471,661	<b>5,471,661</b>
<b>Total segment assets</b>	<b>55,700,953</b>	<b>32,294,051</b>	<b>23,142,224</b>	<b>800,000</b>	<b>11,881,845</b>	<b>123,819,073</b>
<b>Segment liabilities</b>						
Security deposits	-	14,115,930	-	-	25,000,000	<b>39,115,930</b>
Unallocated liabilities	-	-	-	-	2,124,060	<b>2,124,060</b>
<b>Total segment liabilities</b>	<b>-</b>	<b>14,115,930</b>	<b>-</b>	<b>-</b>	<b>27,124,060</b>	<b>41,239,990</b>
<b>Total net assets</b>						<b>82,579,083</b>
	As At June 30, 2018					
	Musharaka	Ijarah	Morabaha	Modaraba	Others	Total
	Rupees					
<b>Other information</b>						
Capital expenditure	25,460,232	11,330,000	13,300,030	-	-	<b>50,090,262</b>
Depreciation	-	(19,886,608)	-	-	-	<b>(19,886,608)</b>
<b>Assets and liabilities</b>						
Segment assets	36,286,483	41,393,402	24,513,744	800,000	16,348,957	<b>119,342,586</b>
Unallocated	-	-	-	-	6,189,343	<b>6,189,343</b>
<b>Total segment assets</b>	<b>36,286,483</b>	<b>41,393,402</b>	<b>24,513,744</b>	<b>800,000</b>	<b>22,538,300</b>	<b>125,531,929</b>
<b>Segment liabilities</b>						
Security deposits	-	16,295,130	-	-	25,000,000	<b>41,295,130</b>
Unallocated liabilities	-	-	-	-	3,015,151	<b>3,015,151</b>
<b>Total segment liabilities</b>	<b>-</b>	<b>16,295,130</b>	<b>-</b>	<b>-</b>	<b>28,015,151</b>	<b>44,310,281</b>
<b>Total net assets</b>						<b>81,221,648</b>



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## 19. RELATED PARTY TRANSACTIONS

The related party comprises of associated undertakings, 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:

Nature of Transaction	Relationship with the company	(Un-audited) December 2018 Rupees	(Un-audited) December 2017 Rupees
Management fee for the period	Management company	154,725	179,552
<b>Balance as at the year end</b>			
		(Un-audited) December 2018 Rupees	(Audited) June 2018 Rupees
Payable to Modaraba Management Company	Management company	25,162,842	25,868,117

## 20. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

The modaraba's financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2018.

## 21. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 22 February, 2019 by the Board of Directors of the Company.

## 22. AUTHENTICATION OF FINANCIAL STATEMENTS

There is a casual vacancy in the office of Chief Executive of the Modaraba and approval of appointment of new Chief Executive is pending at the Office of Registrar of Modarabas at the time of signing of the financial statements, therefore, the financial statements have been authorised by the additional director as required under Section 12(2) to The Modaraba Companies And Modaraba Rules, 1981.

## 23. GENERAL

23.1 Figures have been rounded off to the nearest rupee.

23.2 Figures have been reclassified and re-arranged where necessary.

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

  
Chief Financial Officer

  
Director

  
Director

  
Director

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