



# **POPULAR ISLAMIC MODARABA**

An Islamic Financial Institution

**HALF YEAR ENDED  
DECEMBER 31, 2019**

**Managed by :**

---

Popular Islamic Modaraba  
Management Company (Pvt.) Ltd

---



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

---

## CORPORATE INFORMATION

|                                |  |  |
|--------------------------------|--|--|
| <b>BOARD OF DIRECTORS</b>      | Mr. Imamuddin Shouqeen<br>Mr. Shahbaz Ali Malik<br>Mr. Khurram Abdullah<br>Mr. Malik Junaid Emam<br>Mr. Kamran Hussain Mughal<br>Mr. Muhammad Riaz | - Chairman & Director<br>- Director<br>- Independent Director<br>- Director<br>- Director & Company Secretary<br>- Chief Executive Officer |
| <b>AUDIT COMMITTEE</b>         | Mr. Khurram Abdullah<br>Mr. Malik Junaid Emam<br>Mr. Shahbaz Ali Malik   | - Chairman<br>- Member<br>- 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<br>Meezan Bank Limited  |  |
| <b>AUDITORS</b>                | Baker Tilly Mehmood Idress Qamar<br>Chartered Accountant   |  |
| <b>LEGAL ADVISOR</b>           | Mr. Malik Muhammad Ishaque<br>Advocate - High Court  |  |
| <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<br>CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi                                    |  |



## 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, 2019 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, 2019 are as under:

|   | <b>December<br/>31,2019</b> | <b>December<br/>31,2018</b> |
|---|-----------------------------|-----------------------------|
|   | -----Rupees-----            |                             |
| <b>Income</b>   | <b>15,987,039</b>           | <b>12,305,860</b>           |
| Operating expenses                                    | (2,733,699)                 | (3,396,355)                 |
| Depreciation of Ijarah Assets                         | (10,609,717)                | (8,119,351)                 |
| <b>Operating profit</b>                               | <b>2,643,623</b>            | <b>790,154</b>              |
| Other Income  | 531,537                     | 757,100                     |
| Provision against Murabaha finance                    | (772,282)                   | -                           |
| <b>Profit before management fee</b>                   | <b>2,402,878</b>            | <b>1,547,254</b>            |
| Management fee  | (240,288)                   | (154,725)                   |
| Sales tax on management fee                           | (31,237)                    | (20,114)                    |
| <b>Profit before taxation</b>                         | <b>2,131,352</b>            | <b>1,372,415</b>            |
| Taxation- current year                                | -                           | (14,980)                    |
| <b>Profit after taxation</b>                          | <b>2,131,352</b>            | <b>1,357,435</b>            |
| <b>Total comprehensive income</b>                     | <b>2,131,352</b>            | <b>1,357,435</b>            |
| <b>Earnings per certificate - basic &amp; diluted</b> | <b>0.21</b>                 | <b>0.14</b>                 |

### Review of Operations

During the period under review the Modaraba has performed reasonably well both in term of revenue (topline) and profitability (bottom line) due to proper product mix and efficient fund management.



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

---

The Income of Modaraba increased from Rs.12.305 million to Rs.15.987 million for the half year ended December 31, 2019. The Modaraba earned 57% higher profit after tax as compared to the profit after tax of correspondence period i.e from Rs.1.357 million to Rs.2.131 million. Accordingly, the earning per certificate worked out to Re.0.21 as compared to EPC of Re. 0.14 of correspondence period. The Modaraba was provided Rs. 0.772 million against inherited overdue of Murabaha Finance in terms of Prudential Regulations. However, the case is subjudice and decree granted in favor of Modaraba.

The clientele has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships. The overall performance of Modaraba during the period was satisfactory and the Management is confident to improve the performance in future as well.

## **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 Inshah Allah foresee to achieve better results, and to pay progressive return to the certificate holders of the Modaraba.

## **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.

**Munamma Riaz**  
**Chief Executive Officer**

Dated: February 21, 2020  
Karachi.

## ڈائریکٹرز کی رپورٹ برائے نصف سال 31 دسمبر 2019

پاپولر اسلامک مضاربت منجمنٹ کمپنی (پرائیویٹ) لمیٹڈ جو پاپولر اسلامک مضاربت کی منجمنٹ کمپنی ہے، اس کے بورڈ آف ڈائریکٹرز نے سرٹیفکیٹ ہولڈرز کو پوسٹ ڈائریکٹرز کی رپورٹ بعد مضاربت کے نصف سال کے جائزہ شدہ گوشوارے اور آڈیٹری جائزہ شدہ رپورٹ برائے نصف سال 31 دسمبر 2019 پیش کرتے ہیں۔

نمایاں مالیاتی نتائج:

| برائے دسمبر 2018   | برائے دسمبر 2019    |   |
|--------------------|---------------------|---|
| ----- (روپے) ----- |                     |   |
| 12,305,860         | 15,987,039          | آمدنی   |
| (3,396,355)        | (2,733,699)         | آپریٹنگ اخراجات                                   |
| <b>(8,119,351)</b> | <b>(10,609,717)</b> | اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپریسی ایشن) |
| <b>790,154</b>     | <b>2,643,623</b>    | آپریٹنگ نفع                                       |
| 757,100            | 531,537             | ریکارآمدنی  |
| -                  | (772,282)           | مراحت فنانس کا پروویژن                            |
| <b>1,547,254</b>   | <b>2,402,878</b>    | نفع قبل از منجمنٹ فیس                             |
| (154,725)          | (240,288)           | منجمنٹ فیس  |
| (20,114)           | (31,237)            | منجمنٹ فیس ری سیلنگس                              |
| <b>1,372,415</b>   | <b>2,131,352</b>    | نفع قبل از ٹیکس                                   |
| (14,080)           | -                   | ٹیکس  |
| <b>1,357,435</b>   | <b>2,131,352</b>    | نفع بعد از ٹیکس                                   |
| <b>0.14</b>        | <b>0.21</b>         | آمدنی فی سرٹیفکیٹ                                 |

کاروبار کا جائزہ:

زیر جائزہ مدت کے دوران مضاربت نے مناسب پروڈکٹس اور موثر فنانسنگ کے ساتھ ساتھ منافع سے بھی معقول کارکردگی کا مظاہرہ کیا ہے۔

نصف سال برائے 31 دسمبر 2019 کی آمدنی میں اضافہ ہوا جو کہ 12,305 ملین روپے سے بڑھ کر 15,987 ملین روپے ہوئی۔ گزشتہ سال کے مقابلے میں مضاربت نے 67 فیصد زیادہ نالغصہ نفع کمایا جو کہ 1,367 ملین سے بڑھ کر 2,131 ملین روپے رہا۔ اسی کے مطابق فی سرٹیفکیٹ آمدنی 0.21 روپیہ رہی جو کہ پچھلے سال 0.14 روپیہ تھی۔

مضاربت نے پروڈیونشل ریگولیشن کے مطابق بچھلی منجمنٹ کی جاری کی ہوئی مراحت فنانس کا پروویژن لیا جو کہ 0.772 ملین روپے ہے۔ تاہم اس کا کیس عدالت عالیہ میں زیر ساعت ہے اور مضاربت کے حق میں ڈگری بھی ہو چکی ہے۔

مضاربت کے کلائنٹس میں ملٹی نیشنل، بڑے اور درمیانے مقامی کارپوریشن اور مخصوص ایس ایم ای شامل ہیں۔ مضاربت کی مجموعی کارکردگی کا فی تسلی پیش رہی اور انتظامیہ مستقبل میں بھی کارکردگی کو بہتر بنانے کیلئے پڑا اعتماد ہے۔

مستقبل کے امکانات:

بنیادی طور پر مضاربت کی توجہ نجی فنانسنگ کے کاروبار پر ہے خاص طور پر ایس ایم ایس 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 مضاربت کی انتظامیہ ان تمام دستیاب آپشن پر تحقیق کر رہی ہے جن سے مستقبل میں سرٹیفکیٹ ہولڈرز کے مفادات کا تحفظ کیا جاسکے۔ ہم مضاربت 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 بقا مددگی سے منافع بھی ادا کریں گے۔

اعتراف:

اس نصف سال کے دوران مضاربت منگور ہے رجسٹرار مضاربت، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج، این بی ایف آئی اینڈ مضاربت ایسوسی ایشن آف پاکستان اور اپنے تمام ملازمین کی رہنمائی اور تعاون کا اور مستقبل میں بھی اس کی امید رکھتا ہے۔

منجانب بورڈ

محمد ریاض

چیف ایگزیکٹو آفیسر

21 فروری 2020



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution



Baker Tilly Mehmood Idrees Qamar  
Chartered Accountants  
4th Floor, Central Hotel Building,  
Civil Lines, Mereweather Road,  
Karachi - Pakistan

T: +92 (021) 35644872-7  
F: +92 (021) 35644873

info@bakertilly.pk  
www.bakertilly.pk

## 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, 2019 and the related condensed interim profit and loss account, condensed interim statement of 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 and loss account, condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

### 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.

Mi

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.



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution



## 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, 2019 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 **Mehmood A. Razzak**.

Baker Tilly Mehmood Qamar  
Chartered Accountants

Karachi.

Date: 21 FEB 2020



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2019

| ASSETS   | Note | (Un-audited)<br>December<br>2019<br>Rupees | (Audited)<br>June<br>2019<br>Rupees |
|--|------|--|-------------------------------------|
| <b>Non - Current Assets</b>                      |      |  |                                     |
| Property and equipment - Owned                   | 5    | 13,298                                     | 15,770                              |
| Property and equipment - Ijarah                  | 6    | 36,077,192                                 | 21,159,909                          |
| Long term murabaha finance                       | 7    | 1,449,310                                  | 2,898,621                           |
| Long term investment - diminishing musharika     | 8    | 37,681,981                                 | 41,321,200                          |
|  |      | 75,221,781                                 | 65,395,500                          |
| <b>Current Assets</b>                            |      |  |                                     |
| Current portion of diminishing musharika         | 8    | 11,627,503                                 | 13,637,381                          |
| Short term morabaha finance                      | 7    | 24,831,862                                 | 24,266,866                          |
| Advances and other receivables                   |      | 2,589,948                                  | 3,065,395                           |
| Cash and bank balances                           | 9    | 8,389,061                                  | 14,205,853                          |
|  |      | 47,438,374                                 | 55,175,495                          |
|  |      | <b>122,660,155</b>                         | <b>120,570,995</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                              | 10   | 100,000,000                                | 100,000,000                         |
| Statutory reserves                               |      | 18,754,553                                 | 18,754,553                          |
| Accumulated (loss)                               |      | (34,042,453)                               | (32,693,805)                        |
|  |      | 84,712,100                                 | 86,060,748                          |
| <b>Non - Current Liabilities</b>                 |      |  |                                     |
| Security deposits against ijarah                 | 11   | 3,668,010                                  | 3,779,980                           |
| Deferred Liability                               |      | 942,738                                    | 779,293                             |
|  |      | 4,610,748                                  | 4,559,273                           |
| <b>Current Liabilities</b>                       |      |  |                                     |
| Current portion of security deposits             | 11   | 5,479,270                                  | 2,643,200                           |
| Accrued and other liabilities                    |      | 475,460                                    | 669,019                             |
| Charity payable                                  |      | 4,242                                      | -                                   |
| Provision for taxation                           |      | 14,980                                     | 14,980                              |
| Dividend Payable                                 |      | 1,099,063                                  | -                                   |
| Unclaimed profit distribution                    |      | 984,649                                    | 984,649                             |
| Loan from management company                     |      | 25,000,000                                 | 25,000,000                          |
| Management fee payable                           |      | 248,405                                    | 566,532                             |
| Sales tax on management fee                      |      | 31,237                                     | 72,594                              |
|  |      | 33,337,307                                 | 29,950,974                          |
| <b>Contingencies and commitments</b>             |      |  |                                     |
|  | 12   |  |                                     |
|  |      | <b>122,660,155</b>                         | <b>120,570,995</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

  
Chief Executive Officer

  
Director

  
Director





# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

|  | Note | HALF YEAR ENDED         |                         | QUARTER ENDED           |                         |
|--|------|-------------------------|-------------------------|-------------------------|-------------------------|
|  |      | December 2019<br>Rupees | December 2018<br>Rupees | December 2019<br>Rupees | December 2018<br>Rupees |
| Income   | 13   | 15,987,039              | 12,305,860              | 9,437,559               | 6,302,123               |
| Operating expenses                                       |      | (2,733,699)             | (3,396,355)             | (1,230,360)             | (1,577,030)             |
| Depreciation of ijarah assets                            |      | (10,609,717)            | (8,119,351)             | (6,603,581)             | (4,554,678)             |
|  |      | (13,343,416)            | (11,515,706)            | (7,833,941)             | (6,131,708)             |
| Other income   | 14   | 531,537                 | 757,100                 | 329,887                 | 702,775                 |
| Provision against Murabaha finance                       |      | (772,282)               | -                       | (772,282)               | -                       |
| <b>Profit before management fee</b>                      |      | <b>2,402,878</b>        | <b>1,547,254</b>        | <b>1,161,223</b>        | <b>873,189</b>          |
| Management fee   |      | (240,288)               | (154,725)               | (116,122)               | (154,725)               |
| Sales tax on management fee                              |      | (31,237)                | (20,114)                | (15,095)                | (20,114)                |
| <b>Profit before taxation</b>                            |      | <b>2,131,352</b>        | <b>1,372,415</b>        | <b>1,030,005</b>        | <b>698,350</b>          |
| Taxation   |      | -                       | (14,980)                | -                       | (14,980)                |
| <b>Profit after taxation</b>                             |      | <b>2,131,352</b>        | <b>1,357,435</b>        | <b>1,030,005</b>        | <b>683,370</b>          |
| Other comprehensive income                               |      | -                       | -                       | -                       | -                       |
| <b>Total comprehensive income</b>                        |      | <b>2,131,352</b>        | <b>1,357,435</b>        | <b>1,030,005</b>        | <b>683,370</b>          |
| Earnings per certificate - basic & diluted <sup>15</sup> |      | 0.21                    | 0.14                    | 0.10                    | 0.07                    |

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

Chief Executive Officer

Director

Director



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**  
**(UN-AUDITED)**

|  | HALF YEAR ENDED            |                            | QUARTER ENDED              |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | December<br>2019<br>Rupees | December<br>2018<br>Rupees | December<br>2019<br>Rupees | December<br>2018<br>Rupees |
| Net income for the period                        | 2,131,352                  | 1,357,435                  | 1,030,005                  | 683,370                    |
| Other comprehensive income                       | -                          | -                          | -                          | -                          |
| <b>Total comprehensive income for the period</b> | <b><u>2,131,352</u></b>    | <b><u>1,357,435</u></b>    | <b><u>1,030,005</u></b>    | <b><u>683,370</u></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

Chief Executive Officer

Director

Director



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

|   | Note | December<br>2019<br>Rupees | December<br>2018<br>Rupees |
|---|------|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |      |                            |                            |
| Profit before taxation                                    |      | 2,131,352                  | 1,372,415                  |
| <b>Adjustments for non cash items:</b>                    |      |                            |                            |
| Depreciation of property and equipment-owned              |      | 2,472                      | 2,472                      |
| Gain on termination                                       |      | (180,201)                  | (135,391)                  |
| Gain on disposal  |      | -                          | (500,000)                  |
| Provision against murabaha finance                        |      | 772,282                    | -                          |
| Provision for gratuity                                    |      | 163,445                    | -                          |
| Depreciation of assets leased out under ijarah            |      | 9,459,717                  | 8,119,351                  |
|   |      | <u>12,349,067</u>          | <u>8,858,847</u>           |
| <b>Decrease in current assets</b>                         |      |                            |                            |
| Advances and other receivables                            |      | 475,447                    | 9,938,773                  |
| <b>Increase/(decrease) in current liabilities</b>         |      |                            |                            |
| Accrued and other liabilities                             |      | (193,559)                  | 442,308                    |
| Charity payable   |      | 4,242                      | 5,729                      |
| Management fee payable                                    |      | (318,127)                  | (705,275)                  |
| Sales tax on management fee                               |      | (41,357)                   | 20,114                     |
|   |      | <u>12,275,714</u>          | <u>18,560,497</u>          |
| <b>Cash generated from operations</b>                     |      |                            |                            |
| Tax paid  |      | -                          | (668,948)                  |
| Dividend paid   |      | (2,380,937)                | -                          |
| <b>Net cash generated from operating activities</b>       |      | <u>9,894,777</u>           | <u>17,891,549</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |      |                            |                            |
| Additions in property and equipment - Ijarah              |      | (25,527,000)               | (1,499,000)                |
| Disposal of assets leased out under Ijarah                |      | 1,330,201                  | 3,114,391                  |
| Security deposit from ijarah                              |      | 2,724,100                  | (2,179,200)                |
| Investment in Morabaha finance                            |      | 112,033                    | 1,371,520                  |
| Rentals received against diminishing musharakah           |      | 5,649,097                  | (19,414,470)               |
| <b>Net cash (used in) investing activities</b>            |      | <u>(15,711,569)</u>        | <u>(18,606,759)</u>        |
| <b>Net decrease in cash and cash equivalents</b>          |      | <u>(5,816,792)</u>         | <u>(715,210)</u>           |
| Cash and cash equivalents at the beginning of the period  |      | 14,205,853                 | 6,168,668                  |
| <b>Cash and cash equivalents at the end of the period</b> | 9    | <u>8,389,061</u>           | <u>5,453,458</u>           |

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

Chief Executive Officer

Director

Director



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

|  | Certificate<br>Capital | Statutory<br>Reserves | Accumulated<br>(Loss) | Total             |
|--|------------------------|-----------------------|-----------------------|-------------------|
| <b>Rupees</b>  |                        |                       |                       |                   |
| 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         |
| <b>Balance as at December 31, 2018</b>   | <b>100,000,000</b>     | <b>17,786,733</b>     | <b>(35,207,650)</b>   | <b>82,579,083</b> |
| Balance as at July 01, 2019  | 100,000,000            | 18,754,553            | (32,693,805)          | 86,060,748        |
| Total comprehensive income   | -                      | -                     | 2,131,352             | 2,131,352         |
| Final dividend at the rate Re. 0.348 per certificate for<br>the year ended June 30, 2019 | -                      | -                     | (3,480,000)           | (3,480,000)       |
| <b>Balance as at December 31, 2019</b>   | <b>100,000,000</b>     | <b>18,754,553</b>     | <b>(34,042,453)</b>   | <b>84,712,100</b> |

*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

Chief Executive Officer

Director

Director



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

---

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2019

### 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, 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 Ijarah, Musharaka, Murabaha and Diminishing Musharakah. In future we intend to invest in listed securities and other commodities.

### 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, 2019.

### 3. BASIS OF PREPARATION

The comparative balance sheet presented in these condensed interim financial information as at December 31, 2019 has been extracted from the audited financial statements of the Modaraba for the year ended June 30, 2019, 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, 2018 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, 2019 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, 2019 which have been subjected to a review but not audited.

### 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, 2019 except the following.



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

| Standard of Interpretation | IASB effective date<br>(Annual periods beginning on<br>or after) |
|----------------------------|--|
|----------------------------|--|

|                  |                 |
|------------------|-----------------|
| IFRS-16 - Leases | January 1, 2019 |
|------------------|-----------------|

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

|  | Note | (Un-audited)<br>December<br>2019<br>Rupees | (Audited)<br>June<br>2019<br>Rupees |
|--|------|--|-------------------------------------|
| <b>5. PROPERTY AND EQUIPMENT - OWNED</b>         |      |  |                                     |
| Opening net book value                           |      | 15,770                                     | 20,675                              |
| Additions  |      | -  | -                                   |
| Depreciation charged                             |      | (2,472)                                    | (4,905)                             |
| <b>Net book value</b>                            |      | <b>13,298</b>                              | <b>15,770</b>                       |
| <b>6. PROPERTY AND EQUIPMENT - IJARAH</b>        |      |  |                                     |
| Opening net book value                           |      | 21,159,909                                 | 41,393,402                          |
| Additions  |      | 25,527,000                                 | 4,959,400                           |
| Disposals (WDV)                                  |      | (1,150,000)                                | (11,179,078)                        |
| Depreciation charged                             |      | (9,459,717)                                | (14,013,815)                        |
| <b>Net book value</b>                            |      | <b>36,077,192</b>                          | <b>21,159,909</b>                   |
| <b>7. LONG TERM MURABAHA FINANCE</b>             |      |  |                                     |
| Considered good                                  | 7.1  | 24,850,772                                 | 27,165,487                          |
| Considered doubtful                              |      | 2,202,682                                  | -                                   |
|  |      | 27,053,454                                 | 27,165,487                          |
| Provision against doubtful                       |      | (772,282)                                  | -                                   |
| <b>Less: Current portion of murabaha finance</b> |      | <b>(24,831,862)</b>                        | <b>(24,266,866)</b>                 |
|  |      | <b>1,449,310</b>                           | <b>2,898,621</b>                    |

**7.1** The profit rates on these murabaha arrangements ranges between 9.41% and 14.86% (2018: 9.41% and 15.24%). 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.



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

|  | (Un-audited)<br>December<br>2019<br>Rupees | (Audited)<br>June<br>2019<br>Rupees |
|--|--|-------------------------------------|
| <b>8. LONG TERM INVESTMENT - DIMINISHING MUSHARIKA</b> |  |                                     |
| Investment under Diminishing Musharaka                 | 49,309,484                                 | 54,958,581                          |
| Less: Current portion of Diminishing Musharaka         | (11,627,503)                               | (13,637,381)                        |
|  | <b><u>37,681,981</u></b>                   | <b><u>41,321,200</u></b>            |

## 9. CASH AND BANK BALANCES

|   |                         |                          |
|---|-------------------------|--------------------------|
| Cash in hand                                  | 31,568                  | 31,568                   |
| <b>Cash at bank:</b>                          |                         |                          |
| - Saving accounts                             | 9.1 8,248,693           | 14,065,485               |
| - Saving accounts with State Bank of Pakistan | 108,800                 | 108,800                  |
|   | <b><u>8,389,061</u></b> | <b><u>14,205,853</u></b> |

9.1 Deposit accounts are Shariah compliant and rate of profit on deposit accounts ranges from 4.12% to 4.66% (2018: 2.27% to 2.64%) per annum.

|                                | (Un-audited)<br>December<br>2019<br>Rupees | (Audited)<br>June<br>2019<br>Rupees                      |
|--------------------------------|--|--|
| <b>10. CERTIFICATE CAPITAL</b> |  |  |
| <b>Number of Certificates</b>  |  |  |
| <b>December</b>                | <b>June</b>                                |  |
| <b>2019</b>                    | <b>2019</b>                                |  |
| <u>10,000,000</u>              | <u>10,000,000</u>                          | Modaraba certificate of Rs. 10/- each fully paid in cash |
|                                |  | <b><u>100,000,000</u></b>                                |
|                                |  | <b><u>100,000,000</u></b>                                |

## 11. SECURITY DEPOSITS AGAINST IJARAH

|  |                         |                         |
|--|-------------------------|-------------------------|
| Security deposits                          | 9,147,280               | 6,423,180               |
| Less: Current portion of security deposits | (5,479,270)             | (2,643,200)             |
|  | <b><u>3,668,010</u></b> | <b><u>3,779,980</u></b> |

## 12. CONTINGENCIES AND 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 December 31, 2019 (June 30, 2019: NIL).



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

|   | (Un-audited)<br>December<br>2019<br>Rupees | (Un-audited)<br>December<br>2018<br>Rupees |
|---|--|--|
| <b>13. INCOME</b>   |  |  |
| <b>Income on:</b>   |  |  |
| - Murabaha  | 1,961,582                                  | 616,128                                    |
| - Ijarah  | 10,934,012                                 | 8,792,294                                  |
| - Diminishing Musharaka                                   | 3,091,445                                  | 2,897,438                                  |
|   | <b>15,987,039</b>                          | <b>12,305,860</b>                          |
| <b>14. OTHER INCOME</b>                                   |  |  |
| Profit on deposit accounts                                | 267,015                                    | 91,709                                     |
| Gain on disposal  | -  | 500,000                                    |
| Gain on termination                                       | 180,201                                    | 135,391                                    |
| Other income  | 84,321                                     | 30,000                                     |
|   | <b>531,537</b>                             | <b>757,100</b>                             |
| <b>15. EARNINGS PER CERTIFICATE - BASIC &amp; DILUTED</b> |  |  |
| Profit after taxation                                     | 2,131,352                                  | 1,357,435                                  |
| Weighted average number of certificates - Numbers         | 10,000,000                                 | 10,000,000                                 |
| <b>Earnings per certificate - basic &amp; diluted</b>     | <b>0.21</b>                                | <b>0.14</b>                                |

## 16. INFORMATION ABOUT BUSINESS SEGMENTS

|                                    | For The Half Year Ended December 31, 2019 |                    |                |                |                     |
|------------------------------------|---|--------------------|----------------|----------------|---------------------|
|                                    | Musharaka                                 | Ijarah             | Murabaha       | Others         | Total               |
|                                    | Rupees                                    |                    |                |                |                     |
| <b>Segment revenues</b>            | 3,091,445                                 | 10,934,012         | 1,961,582      | 531,537        | <b>16,518,575</b>   |
| <b>Segment results</b>             |   |                    |                |                |                     |
| Segment income and sales           | 3,091,445                                 | 10,934,012         | 1,961,582      | 531,537        | <b>16,518,575</b>   |
| Operating expenses                 | (511,611)                                 | (1,809,496)        | (324,627)      | (87,965)       | <b>(2,733,699)</b>  |
| Depreciation                       | -   | (10,609,717)       | -              | -              | <b>(10,609,717)</b> |
| Provision against Murabaha finance | -   | -                  | (772,282)      | -              | <b>(772,282)</b>    |
| Management fee and sales tax       | -   | -                  | -              | (271,525)      | <b>(271,525)</b>    |
| <b>Segment results</b>             | <b>2,579,834</b>                          | <b>(1,485,201)</b> | <b>864,673</b> | <b>172,046</b> | <b>2,131,352</b>    |





# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

| For The Half Year Ended December 31, 2018 |                   |                    |                   |                   |                     |
|---|-------------------|--------------------|-------------------|-------------------|---------------------|
| Musharaka                                 | Ijarah            | Morabaha           | 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>385,415</b>    | <b>1,372,415</b>    |
| As At December 31, 2019                   |                   |                    |                   |                   |                     |
| Musharaka                                 | Ijarah            | Murabaha           | Others            | Total             |                     |
| Rupees                                    |                   |                    |                   |                   |                     |
| <b>Other information</b>                  |                   |                    |                   |                   |                     |
| Capital expenditure                       | 4,175,100         | 25,527,000         | 25,643,535        | -                 | <b>55,345,635</b>   |
| Depreciation                              | -                 | (10,609,717)       | -                 | -                 | <b>(10,609,717)</b> |
| <b>Assets and liabilities</b>             |                   |                    |                   |                   |                     |
| Segment assets                            | 49,309,484        | 36,077,192         | 27,053,454        | 2,589,948         | <b>115,030,078</b>  |
| Provision against assets                  | -                 | -                  | (772,282)         | -                 | <b>(772,282)</b>    |
| Unallocated                               | -                 | -                  | -                 | 8,402,359         | <b>8,402,359</b>    |
| <b>Total segment assets</b>               | <b>49,309,484</b> | <b>36,077,192</b>  | <b>26,281,172</b> | <b>10,992,307</b> | <b>122,660,155</b>  |
| <b>Segment liabilities</b>                |                   |                    |                   |                   |                     |
| Security deposits                         | -                 | 9,147,280          | -                 | 25,000,000        | <b>34,147,280</b>   |
| Unallocated liabilities                   | -                 | -                  | -                 | 3,800,774         | <b>3,800,774</b>    |
| <b>Total segment liabilities</b>          | <b>-</b>          | <b>9,147,280</b>   | <b>-</b>          | <b>28,800,774</b> | <b>37,948,054</b>   |
| <b>Total net assets</b>                   |                   |                    |                   |                   | <b>84,712,100</b>   |
| As At June 30, 2019                       |                   |                    |                   |                   |                     |
| Musharaka                                 | Ijarah            | Murabaha           | Others            | Total             |                     |
| Rupees                                    |                   |                    |                   |                   |                     |
| <b>Other information</b>                  |                   |                    |                   |                   |                     |
| Capital expenditure                       | 18,672,098        | 4,959,400          | 2,651,744         | -                 | <b>26,283,242</b>   |
| Depreciation                              | -                 | (14,013,815)       | -                 | -                 | <b>(14,013,815)</b> |
| <b>Assets and liabilities</b>             |                   |                    |                   |                   |                     |
| Segment assets                            | 54,958,581        | 21,159,909         | 27,165,487        | 3,065,395         | <b>106,349,372</b>  |
| Unallocated                               | -                 | -                  | -                 | 14,221,623        | <b>14,221,623</b>   |
| <b>Total segment assets</b>               | <b>54,958,581</b> | <b>21,159,909</b>  | <b>27,165,487</b> | <b>17,287,018</b> | <b>120,570,995</b>  |
| <b>Segment liabilities</b>                |                   |                    |                   |                   |                     |
| Security deposits                         | -                 | 6,423,180          | -                 | -                 | <b>6,423,180</b>    |
| Loan from management company              | -                 | -                  | -                 | 25,000,000        | <b>25,000,000</b>   |
| Unallocated liabilities                   | -                 | -                  | -                 | 3,087,068         | <b>3,087,068</b>    |
| <b>Total segment liabilities</b>          | <b>-</b>          | <b>6,423,180</b>   | <b>-</b>          | <b>28,087,068</b> | <b>34,510,248</b>   |
| <b>Total net assets</b>                   |                   |                    |                   |                   | <b>86,060,748</b>   |



# POPULAR ISLAMIC MODARABA

An Islamic Financial Institution

## 17. 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)        | (Un-audited)     |
|--|-------------------------------|---------------------|------------------|
|  |                               | December<br>2019    | December<br>2018 |
|  |                               | Rupees              | Rupees           |
| Management fee for the period          | Management company            | 240,288             | 154,725          |
|  |                               | <u>(Un-audited)</u> | <u>(Audited)</u> |
|  |                               | December            | June             |
|  |                               | 2019                | 2019             |
|  |                               | Rupees              | Rupees           |
| Balance as at the year end             |                               |                     |                  |
| Payable to Modaraba Management Company | Management company            | 25,248,405          | 25,566,532       |

## 18. 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, 2019.

## 19. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 21, 2020 by the Board of Directors of the Company.

## 20. GENERAL

20.1 Figures have been rounded off to the nearest rupee.

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

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

Chief Financial Officer

Chief Executive Officer

Director

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,  
Be safe**

**Learn about investing at  
www.jamapunji.pk**

**Key features:**

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

@jamapunji\_pk

\*Mobile apps are also available for download for android and ios devices