



# **Popular Islamic Modaraba**

An Islamic Financial Institution

## **Quarterly Accounts**

### **September 30, 2018**

### **(Un-Audited)**

**Managed By:**

Popular Islamic Modaraba  
Management Company (Pvt) Limited



# Popular Islamic Modaraba

## An Islamic Financial Institution

### DIRECTORS' REPORT

The Board of Directors of the Popular Islamic Modaraba Management Company (Pvt.) Limited, the Management Company of Popular Islamic Modaraba, is pleased to present the Directors' Report of the Modaraba for the Quarter ended September 30, 2018.

The summarized financial results for the quarter ended September 30, 2018 are as under:

	Un-Audited Sep-18	Un-Audited Sep-17
	<i>(Rupees)</i>	
Income	6,058,062	7,889,950
Operating expenses	(1,819,325)	(2,235,090)
Depreciation of Ijarah Assets	(3,564,673)	(4,759,691)
<b>Profit before management fee</b>	<b>674,064</b>	<b>895,170</b>
Management Fee	-	(89,517)
Sales tax on management fee	-	(13,428)
<b>Profit before taxation</b>	<b>674,064</b>	<b>792,225</b>
Taxation	-	(161,250)
<b>Profit after taxation</b>	<b>674,064</b>	<b>630,975</b>
<b>Earning per certificate - basic &amp; diluted</b>	<b>0.07</b>	<b>0.06</b>

#### Review of Operations:

By the grace of Almighty Allah, the Modaraba was able to achieve Income of Rs.6.058 million as compared to Rs.7.889 million income of September 30, 2017. This reduction is mainly due to the conversion of Ijarah Portfolio into Diminishing Musharakah. Operating expenses and depreciation as compared to the corresponding period September 30, 2017 has reduced to Rs.5.383 million by 23%. The profit after tax amounted to Rs.674,064/-, resultantly the EPC stood at Re.0.07 per certificate. The Modaraba's performance was within the budgeted figures during the period under review.

#### Future Outlook:

Financing business is the focus of the Modaraba. Our endeavor to optimum and efficient utilization of our own resources as well as controlled leveraging of the balance sheet to book and gradually build good quality assets portfolio continues. Now as we have picked up the momentum, Insha Allah, we intend to remain in profit here onwards. The Modaraba is trying to balance Ijarah and Diminishing Musharakah financing to control the depreciation expenses which will help in increasing profit.

#### Acknowledgement:

The Modaraba has enjoyed the valuable guidance and support of Registrar Modarabas and the Securities and Exchange Commission of Pakistan during the period under review, and wishes to enjoy the same in future as well.

For and on behalf of the Board

**S. Faiq Husain**  
Chief Executive Officer

October 26, 2018  
Karachi.



پاپولر اسلامک اسلامی مالیاتی ادارہ مضاربہ

ڈائریکٹرز کی رپورٹ برائے سہ ماہی 30 ستمبر 2018

پاپولر اسلامک مضاربہ مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ جو پاپولر اسلامک کی مینجمنٹ کمپنی ہے، اسکے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو بہ مسرت ڈائریکٹرز کی رپورٹ برائے سہ ماہی 30 ستمبر 2018 پیش کرتے ہیں۔

نمایاں مالیاتی نتائج:

برائے ستمبر 2017	برائے ستمبر 2018	
7,889,950	6,058,062	آمدنی
(2,235,090)	(1,819,325)	آپریٹنگ اخراجات
(4,759,691)	(3,564,673)	اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپریسی ایشن)
<u>895,170</u>	<u>674,064</u>	منافع قبل از ٹیکس
(89,517)	-	مینجمنٹ فیس
(13,428)	-	مینجمنٹ فیس پر پیلز ٹیکس
<u>792,225</u>	<u>674,064</u>	نفع قبل از ٹیکس
(161,250)	-	ٹیکس
<u>630,974</u>	<u>674,064</u>	نفع بعد از ٹیکس
<u>0.06</u>	<u>0.07</u>	آمدنی فی سرٹیفکیٹ

کاروبار کا جائزہ:

اللہ کے فضل و کرم سے اس پہلے سہ ماہی کی آمدنی 6.058 ملین روپے رہی جبکہ گزشتہ سال ستمبر 2017 کی آمدنی 7.889 ملین روپے تھی۔ اس کمی کی بنیادی وجہ اجارہ اثاثوں کی ڈیمینٹنگ مشارکہ پر منتقلی ہے۔ اخراجات 5.38 ملین روپے ہوئے جو کہ گزشتہ سال کے مقابلے میں 23 فیصد کم ہیں۔ بعد از ٹیکس منافع -674,064 روپے رہا جبکہ آمدنی فی سرٹیفکیٹ 0.07 روپے ریکارڈ کی گئی۔ مضاربہ کی کارکردگی تسلی بخش اور بجٹ کے مطابق رہی۔

مستقبل کے امکانات:

مضاربہ کی توجہ فنانسنگ کے کاروبار پر مرکوز ہے۔ اپنے وسائل کا زیادہ سے زیادہ اور موثر استعمال کر کے آہستہ آہستہ اچھے معیار کے اثاثوں کا پورٹ فولیو بنانا تاکہ اپنی بیلنس شیٹ کو بہتر بنایا جاسکے۔ اب ہم ترقی کی طرف گامزن ہیں اور انشاء اللہ ترقی کے اس سفر کو جاری رکھیں گے۔ ہم کوشش کر رہے ہیں کہ اجارہ اور ڈیمینٹنگ مشارکہ فنانسنگ میں توازن قائم کیا جائے تاکہ اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپریسی ایشن) میں کمی کی جاسکے جس سے آمدنی میں اضافہ ہوگا۔

اعتراف:

زیر جائزہ مدت کے دوران مضاربہ مشکور ہے رجسٹرار مضاربہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی رہنمائی اور تعاون کا اور مستقبل میں بھی اس کی امید رکھتا ہے۔

منجانب بورڈ

سید فائق حسین  
چیف ایگزیکٹو

26 اکتوبر 2018

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# Popular Islamic Modaraba

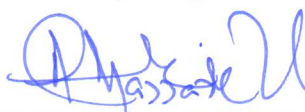
## An Islamic Financial Institution

BALANCE SHEET (UN-AUDITED)  
AS AT SEP 30, 2018

	Un-audited Sep-18	Un-audited Jun-18
	(RUPEES)	
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property and equipment - owned	19,439	20,675
Property and equipment - ijarah	37,828,729	41,393,402
Long Term Morabaha Finance	23,536,211	23,591,767
Long Term Investment-Diminishing Musharaka	31,289,614	27,237,920
	92,673,993	92,243,764
<b>CURRENT ASSETS</b>		
Short term morabaha finance	880,671	921,977
Short term modaraba finance	800,000	800,000
Current portion of Diminishing Musharakah	15,563,862	9,048,563
Advances and other receivables	11,810,913	16,348,957
Cash and bank balances	4,768,826	6,168,668
	33,824,272	33,288,165
<b>TOTAL ASSETS</b>	<b>126,498,265</b>	<b>125,531,929</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Authorized certificate capital</b>		
14,000,000 (2016: 14,000,000) modaraba certificates of Rs. 10 each	140,000,000	140,000,000
<b>Certificate holders' equity</b>		
Certificate capital	100,000,000	100,000,000
Statutory reserve	17,786,733	17,786,733
Accumulated profit	(35,891,021)	(36,565,085)
	81,895,712	81,221,648
<b>NON-CURRENT LIABILITIES</b>		
Security deposits against Ijarah	10,326,950	10,326,950
<b>CURRENT LIABILITIES</b>		
Accrued and other liabilities	446,374	453,902
Current portion of security deposits	6,267,980	5,968,180
Provision for taxation	653,968	653,968
Unclaimed profit distribution	984,649	984,649
Payable to management company	25,000,000	25,000,000
Management fee payable	868,117	868,117
Sales tax on management fee	54,515	54,515
	34,275,603	33,983,331
<b>TOTAL LIABILITIES</b>	<b>34,275,603</b>	<b>33,983,331</b>
<b>CONTINGENCIES &amp; COMMITMENTS</b>	-	-
	<b>126,498,265</b>	<b>125,531,929</b>

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

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

  
DIRECTOR



# Popular Islamic Modaraba


## An Islamic Financial Institution

### PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Un-Audited Sep-18 (RUPEES)	Un-Audited Sep-17 (Rupees)
Income	6,003,737	7,854,342
Operating expenses	(1,819,325)	(2,235,090)
Depreciation of Ijarah Assets	(3,564,673)	(4,759,691)
Operating profit	619,739	859,561
Other Income	54,325	146,193
Unrealised (loss) on remeasurement of investment at fair value	-	(110,585)
Profit before management fee	674,064	895,170
Management fee	-	(89,517)
Sales tax on management fee	-	(13,428)
Profit before taxation	674,064	792,224
Taxation	-	(161,250)
Profit after taxation	674,064	630,974
Other comprehensive income	-	-
Total comprehensive income	674,064	630,974
Earnings per certificate - basic & diluted	0.07	0.06

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

  
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DIRECTOR

  
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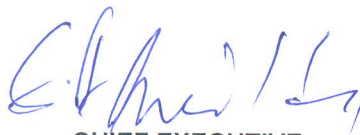
# Popular Islamic Modaraba

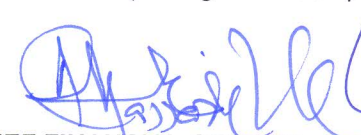
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### CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

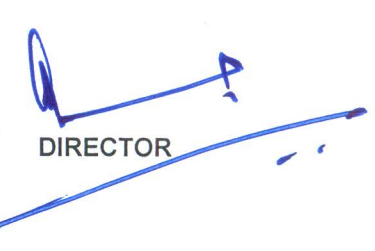
	Un-audited Sep-18	Un-audited Sep-17
	(RUPEES)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	674,064	792,224
<b>Adjustments for:</b>		
Un realised loss on remeasurement of investment	-	110,585
Depreciation expense	1,236	1,195
Depreciation of assets leased out under ijarah	3,564,673	4,759,691
Gain on disposal of fixed assets-ijarah	-	(65,673)
	<b>3,565,909</b>	<b>4,805,798</b>
Operating profit before working capital changes	<b>4,239,973</b>	<b>5,598,022</b>
<b>Decrease / (Increase) in current assets</b>		
Current portion of morabaha finance	41,306	593,399
Current portion of long term investment D.M	(6,515,299)	1,014,468
Advances and other receivabls	4,541,977	12,643,150
	<b>(1,932,016)</b>	<b>14,251,017</b>
<b>(Decrease)/ Increase in current liabilities</b>		
Accrued and other liabilities	(7,528)	47,848
Management fee payable	-	90,018
Sales tax on management fee	-	13,428
	<b>(7,528)</b>	<b>151,294</b>
<b>Cash flow after working capital changes</b>	<b>2,300,429</b>	<b>20,000,333</b>
Tax paid	(3,933)	(9,084)
<b>Net cash generated from operating activities</b>	<b>2,296,496</b>	<b>19,991,249</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Morabaha finance	55,556	166,668
Purchase of fixed assets - ijarah	-	(7,786,000)
Purchase of fixed assets - owned	-	(20,000)
Proceeds from disposal-ijarah	-	2,000,000
Security deposit from ijarah	299,800	(2,402,200)
Investment in diminishing musharakah	(4,051,694)	(10,298,946)
Net cash used in from investing activities	<b>(3,696,338)</b>	<b>(18,340,478)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	-	-
<b>Net (decrease) / increase in cash &amp; cash equivalent</b>	<b>(1,399,842)</b>	<b>1,650,771</b>
Cash and cash equivalents at the beginning of the year	6,168,668	6,458,656
<b>Cash and cash equivalents at the end of the year</b>	<b>4,768,826</b>	<b>8,109,427</b>

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

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

  
DIRECTOR




# Popular Islamic Modaraba

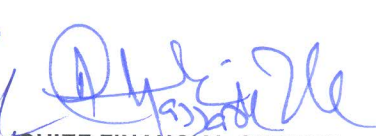
## An Islamic Financial Institution

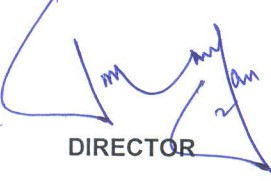
### STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2018

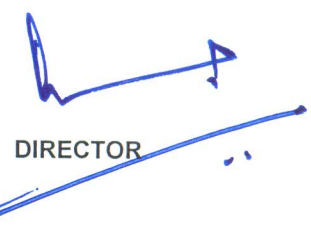
	Certificate Capital	Statutory Reserve	Accumulated profit	Total
----- (Rupees) -----				
Balance as at June 30, 2017	100,000,000	17,261,218	(38,667,147)	78,594,071
Profit for the Year	-	-	2,627,577	2,627,577
Transferred to statutory reserve	-	525,515	(525,515)	-
<b>Balance as at June 30, 2018</b>	<b>100,000,000</b>	<b>17,786,733</b>	<b>(36,565,085)</b>	<b>81,221,648</b>
Profit for the Period	-	-	674,064	674,064
Transferred to statutory reserve	-	-	-	-
<b>Balance as at September 30, 2018</b>	<b>100,000,000</b>	<b>17,786,733</b>	<b>(35,891,021)</b>	<b>81,895,712</b>

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(Management Company)

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

  
DIRECTOR



# Popular Islamic Modaraba

## An Islamic Financial Institution

### NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

#### 1. LEGAL STATUS AND NATURE OF BUSINESS

Popular Islamic Modaraba (Formerly First Islamic Modaraba) is a multipurpose, perpetual Modaraba formed under the Modaraba and Modaraba (floatation and control) Ordinance, 1980 and the rules framed there under and is managed by the Popular Islamic Modaraba Management Company (Private) Limited (formerly by Islamic Investment Bank Limited - under liquidation), a company incorporated in Pakistan under the Companies Act, 2017 and registered with Registrar of Modaraba Companies. The registered office of the modaraba is situated at 15th Floor, Chappal Plaza, Hasrat Mohani Road, Off I.I.Chundrigar Road, Karachi. The Modaraba is listed on the Pakistan Stock Exchange.

The Modaraba is engaged in various Islamic modes of financing and business including leasing, musharaka, murabaha arrangements, trading in listed securities and other commodities.

#### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017. The requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules 1981 and directives issued by the SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules 1981 or directives issued by the SECP prevail.

#### 3. BASIS OF MEASUREMENT

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES

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

	Sep 30, 2018 Un-Audited	June 30, 2018 Audited
	(Rupees)	
<b>5. PROPERTY &amp; EQUIPMENTS - (OWNED)</b>		
Cost	91,150	91,150
Less: Accumulated Depreciation	<u>(71,711)</u>	<u>(70,475)</u>
	<u>19,439</u>	<u>20,675</u>
<b>6. PROPERTY &amp; EQUIPMENTS - (IJARAH)</b>		
Cost	61,280,010	98,934,052
Addition	-	11,330,000
Transferred/ (Disposal)	-	(48,984,042)
Less: Accumulated Depreciation	<u>(23,451,281)</u>	<u>(19,886,608)</u>
	<u>37,828,729</u>	<u>41,393,402</u>

#### 7. CONTINGENCIES & COMMITMENTS

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

#### 8. RELATED PARTY TRANSACTIONS

The related parties comprise of associated undertakings, directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transactions with these related parties. Significant transactions with related parties are as follows;

Nature of Transaction	Relationship with the Company		
Management fee	Management company	-	-
		<u>-</u>	<u>-</u>

#### 9. General

Figures have been rounded off to the nearest Rupee.

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

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR