



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

Description	Certificate Capital	Statutory Reserve	Accumulated profit	Total
Balance as at June 30, 2015	100,000,000	16,345,045	13,964,427	130,309,472
Profit for the year	-	-	(56,296,265)	(56,296,265)
Transferred to statutory reserve	-	-	-	-
Balance as at June 30, 2016	100,000,000	16,345,045	(42,331,838)	74,013,207
Profit for the period	-	-	2,255,419	2,255,419
Transferred to statutory reserve	-	-	-	-
Balance as at Mar 31, 2017	100,000,000	16,345,045	(40,076,419)	76,268,626

Chief Executive

Director

Director

**INTERIM CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

1. LEGAL STATUS AND NATURE OF BUSINESS

Popular Islamic Modaraba (Formerly First Islamic Modaraba) is a multipurpose, perpetual Modaraba formed under the Modaraba and Modaraba (floatation and control) Ordinance, 1980 and the rules framed there under and is managed by the Popular Islamic Modaraba Management Company (Private) Limited (formerly by Islamic Investment Bank Limited - under liquidation), a company incorporated in Pakistan under the Companies Ordinance, 1984 and registered with Registrar of Modaraba Companies. The registered office of the modaraba is situated at 813, 8th Floor, Chappal Plaza, Hasrat Mohani Road, Off I.I.Chundrigar Road, Karachi. The Modaraba is listed on the Pakistan Stock Exchange.

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

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Modaraba in the preparation of these condensed interim financial information are the same as those applied in preparation of the preceding published financial statements of the Modaraba for the year ended June 30, 2016.



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

	Un-audited March 2017 Rupees	Audited June 2016 Rupees
5. PROPERTY & EQUIPMENTS - (OWNED)		
Cost	71,150	71,150
Less: Accumulated Depreciation	(65,136)	(58,890)
	<u>6,014</u>	<u>12,260</u>
6. PROPERTY & EQUIPMENTS - (IJARAH)		
Cost	134,340,800	134,340,800
Addition	2,599,000	
(Disposal)	(12,718,000)	
Less: Accumulated Depreciation	(38,998,202)	(28,048,208)
	<u>85,223,598</u>	<u>106,292,592</u>

7. CONTINGENCIES & 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 June 30, 2016 (2015: NIL)

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 Transactions	Relationship with the Modaraba		
Management fee.	Management company	270,917	-
		<u>270,917</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.

Chief Executive

Director

Director

BOOK - POST



Popular Islamic Modaraba

**Quarterly Accounts
March 31, 2017
(Un-Audited)**

Managed by :
Popular Islamic Modaraba
Management Company (Pvt.) Ltd

If undelivered please return to :
Popular Islamic Modaraba
813 Chappal Plaza, Hasrat Mohani Road, Off. I.I. Chundrigar
Road, Karachi-74000, Pakistan



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

DIRECTORS' REPORT

The Board of Directors of the Popular Islamic Modaraba Management Company (Pvt.) Limited, the Management Company of Popular Islamic Modaraba (the Modaraba) is pleased to present the Directors' Report of the Modaraba together with Condensed Interim Financial Information for the Nine Months and Three Months period ended March 31, 2017.

The summarized financial results for the Quarter ended March 31, 2017 are as under:

	March 31, 2017	March 31, 2016
Income	23,745,901	18,598,097
Operating expenses	(4,963,150)	(4,558,310)
Depreciation of Ijarah Assets	(17,561,795)	(11,675,216)
Operating Profit	1,220,956	2,364,571
Other Income	1,488,212	265,236
Profit before Management Fee	2,709,168	2,629,807
Management fee	(270,917)	(262,981)
Sales tax on Management fee	(43,347)	(42,077)
Profit before taxation	2,394,904	2,324,749
Taxation	(139,485)	(165,981)
Profit after taxation	2,255,419	2,138,769
Earning per certificate - basic & diluted	0.23	0.21

Review of Performance:

By the grace of Almighty Allah, the Modaraba has been able to achieve Income of Rs.23,745 million as of March 31, 2017 which has increased by 28% as compared to the income of corresponding period of the last year. The total expenses amounted to Rs.22,524 million as compared to Rs.16,233 million as of March 2016. This increase was mainly due to increase in depreciation of Ijarah Assets. However, the Operating expenses were only Rs.4,963 million as of March 2017 and Rs.4,558 million for March 2016. The profit after tax during the period under review amounted to Rs.2,255 million which has increased by 5.45% as compared to the profit of corresponding period of the last year. The EPC also accordingly increased from Rs.0.23 to Rs.0.21. During the period the Modaraba has made further investments in Ijarah and Diminishing Musharakah finance at competitive rates which will increase profits in future and the Modaraba will be in position to pay dividend to its Certificateholders. Your Modaraba is also trying to balance the Portfolio of Ijarah and Diminishing Musharakah to reduce the depreciation expenses.

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. Our emphasis will be to manage the profitability through increase of volume of investment of Ijarah so that we achieve our desired profit target.

Acknowledgement:

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

For and on behalf of the Board
S. Faiz Husain
Chief Executive Officer
Dated: April 26, 2017
Karachi.

ذاتی کارکنان کی حیثیت سے سہ ماہی 31 مارچ 2017

پاپولر اسلامی موداربا کی کارکنوں کی جانب سے پیش کردہ مالیاتی معلومات، موداربا کی کارکنوں کی طرف سے منظور شدہ ہیں۔ ان کی توثیق موداربا کے ممبرانہ کی طرف سے کی جائے گی۔

	ہائے ماہ 2017	ہائے ماہ 2016
آمدنی	23,745,901	18,598,097
آپریٹنگ اخراجات	(4,963,150)	(4,558,310)
آپریٹنگ اثاثوں کی قدر کمزوری (درازا)	(17,561,795)	(11,675,216)
آپریٹنگ منافع	1,220,956	2,364,571
دیگر آمدنی	1,488,212	265,236
مناقصہ سے پہلے منافع	2,709,168	2,629,807
مدیریت فیس	(270,917)	(262,981)
مدیریت فیس پر ٹیکس	(43,347)	(42,077)
ٹیکس سے پہلے منافع	2,394,904	2,324,749
ٹیکس	(139,485)	(165,981)
مناقصہ کے بعد منافع	2,255,419	2,138,769
آمدنی فی سرٹیفکیٹ	0.23	0.21

کاروبار کا جائزہ
مذکورہ بالا کاروبار کے نتائج، موداربا کی کارکنوں کی طرف سے منظور شدہ ہیں۔ ان کی توثیق موداربا کے ممبرانہ کی طرف سے کی جائے گی۔
2017 کے پہلے تین ماہوں کے نتائج 2016 کے پہلے تین ماہوں کے نتائج سے 28% زیادہ ہیں۔ کل اخراجات 2016 کے پہلے تین ماہوں کے نتائج سے 28% زیادہ ہیں۔ اس میں سے زیادہ تر اضافہ موداربا کی اثاثوں کی قدر کمزوری (درازا) کی وجہ سے ہے۔ تاہم آپریٹنگ اخراجات 2016 کے پہلے تین ماہوں کے نتائج سے 5.45% کم رہے ہیں۔ تاہم آپریٹنگ اخراجات صرف 4,963 ملین روپے تھے، جبکہ 2016 کے پہلے تین ماہوں کے نتائج میں 4,558 ملین روپے تھے۔ منافع کے بعد ٹیکس کے نتیجے میں منافع 2,255 ملین روپے تھا، جو کہ 2016 کے پہلے تین ماہوں کے نتائج میں 2,138 ملین روپے تھا۔ منافع میں 5.45% اضافہ ہوا، جو کہ 2016 کے پہلے تین ماہوں کے نتائج میں 0.23 سے 0.21 تک تھا۔ موداربا نے موداربا میں مزید سرمایہ کاری کی اور موداربا کی کارکنوں کی طرف سے منظور شدہ ہیں۔ ان کی توثیق موداربا کے ممبرانہ کی طرف سے کی جائے گی۔

مستقبل کا جائزہ
مذکورہ بالا جائزہ موداربا کی کارکنوں کی طرف سے منظور شدہ ہیں۔ ان کی توثیق موداربا کے ممبرانہ کی طرف سے کی جائے گی۔

مذکورہ بالا جائزہ موداربا کی کارکنوں کی طرف سے منظور شدہ ہیں۔ ان کی توثیق موداربا کے ممبرانہ کی طرف سے کی جائے گی۔

2017 کے پہلے تین ماہوں کے نتائج 2016 کے پہلے تین ماہوں کے نتائج سے 28% زیادہ ہیں۔



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

**INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2017**

Note	Un-audited March 2017 Rupees	Audited June, 2016 Rupees
ASSETS		
NON CURRENT ASSETS		
Property and equipment - owned	6,014	12,260
Property and equipment - Ijarah	85,223,598	106,292,592
Long Term morabaha Finance	1,262,326	1,083,331
Long Term Modaraba Finance	375,000	1,250,000
Long Term Investment-Diminishing Musharika	8,786,347	3,300,000
CURRENT ASSETS		
Investments - held for trading	8,178,933	6,969,031
Short term morabaha finance	6,561,953	5,314,443
Short term modaraba finance	625,000	-
Current portion of Diminishing Musharakah	4,057,872	1,800,000
Advances and other receivables	22,435,847	11,595,793
Cash and bank balances	8,652,531	3,035,351
	50,532,136	28,714,618
TOTAL ASSETS	146,185,421	140,652,801
LIABILITIES		
NON-CURRENT LIABILITIES		
Security deposits against Ijarah	46,963,230	43,704,670
CURRENT LIABILITIES		
Accrued and other liabilities	184,968	473,883
Current portion of security deposits	5,745,400	5,734,000
Charity payable	3,170	21,278
Provision for taxation	626,185	626,185
Unclaimed profit distribution	984,649	984,649
Payable to management company	15,000,000	15,000,000
Management fee payable	270,917	-
Sales tax on management fee	138,276	94,929
TOTAL LIABILITIES	22,953,564	22,934,924
	69,916,794	66,639,594
	76,268,626	74,013,207
NET ASSETS		
	140,000,000	140,000,000
REPRESENTED BY CAPITAL AND RESERVES		
Authorized certificate capital		
14,000,000 (2013: 14,000,000)	140,000,000	140,000,000
modaraba certificates of Rs. 10 each		
Certificate holders' equity		
Certificate capital	100,000,000	100,000,000
Statutory reserve	16,345,045	16,345,045
Accumulated profit	(40,076,419)	(42,331,838)
Management fee payable	(23,731,374)	(25,986,793)
CONTINGENCIES & COMMITMENTS		
	76,268,626	74,013,207

Chief Executive Director Director Chief Executive Director Director



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS PERIOD AND
THREE MONTHS PERIOD ENDED MARCH 31, 2017**

Rupees.....			
	Nine months ended March 2017		Three months ended March 2017	
Income	23,745,901	18,598,097	7,285,354	7,616,840
Operating expenses	(4,963,150)	(4,558,310)	(1,770,166)	(1,599,532)
Depreciation of Ijarah Assets	(17,561,795)	(11,675,216)	(4,897,114)	(5,587,970)
Operating profit	1,220,956	2,364,571	618,074	429,338
Other Income	1,488,212	265,236	296,891	166,846
Provision against loss/write-offs	-	-	-	-
Worker's Welfare fund	-	-	-	-
Profit before management fee	2,709,168	2,629,807	913,966	596,184
Management fee	(270,917)	(262,981)	(91,296)	(69,618)
Sales tax on management fee	(43,347)	(42,077)	(14,823)	(9,539)
Profit before taxation	2,394,904	2,324,749	807,946	527,027
Taxation	(139,485)	(165,981)	-	(76,168)
Profit after taxation	2,255,419	2,138,769	807,946	450,859
Other comprehensive income	-	-	-	-
Total comprehensive income	2,255,419	2,138,769	807,946	450,859
Earnings per certificate - basic & diluted	0.23	0.21	0.08	0.05

Chief Executive Director Director Chief Executive Director Director



POPULAR ISLAMIC MODARABA
An Islamic Financial Institution

**INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	Un-audited March 2017 Rupees	Un-audited March 2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,394,904	2,324,749
Adjustments for:		
Unrealised gain on remeasurement of investment	(1,209,902)	(265,236)
Depreciation expense	6,246	16,112
Depreciation of assets leased out under Ijarah	10,949,994	11,675,216
Operating profit before working capital changes	9,746,338	11,426,961
	12,141,242	13,750,841
Increase in current assets		
Advances and other receivables	(10,840,054)	496,998
(Decrease)/ Increase in current liabilities		
Accrued and other liabilities	(307,023)	149,167
Management fee payable	270,917	(289,273)
Sales tax on management fee	43,347	42,077
	7,240	(98,029)
Cash flow after working capital changes	1,302,429	14,149,810
Tax paid	(139,485)	-
	(139,485)	-
Net cash generated from operating activities	1,168,944	14,149,810
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of short term investment-net	12,718,000	2,200,500
Purchase of fixed assets - Ijarah	(2,599,000)	(76,809,647)
Security deposit from Ijarah	3,269,960	40,051,670
Investment in modaraba finance	250,000	18,500,000
Investment in morabaha finance	(1,446,505)	433,334
Investment in diminishing musharakah	(7,744,219)	1,126,223
Net cash generated / (used in)/from investing activities	4,448,236	(14,997,920)
CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
Net (decrease) / increase in cash & cash equivalent	5,617,180	(348,110)
Cash and cash equivalents at the beginning of the year	3,035,351	4,737,828
Cash and cash equivalents at the end of the year	8,652,531	4,389,718

Chief Executive Director Director Chief Executive Director Director