

QUARTERLY | MARCH REPORT | 2018



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

A logo featuring a green crescent moon and a five-pointed star.
SINDH MODARABA



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا
مَا بَقِيَ مِنَ الرِّبَا إِن كُنتُمْ مُؤْمِنِينَ

*“O believers, fear God and forego
the interest that is owing, if you
really believe.”*

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Vision & Mission Statements

Vision

Our vision is to be one of the leading Islamic Financial Institution within Modaraba sector by offering Shari'ah compliant solutions for an optimal satisfaction of customers

Mission

The basic aim of Sindh Modaraba is to seek Allah's blessing for transformation of our business dealings in accordance with the principles enshrined in the Islamic Shari'ah. And to develop an Islamic Institution by implementing Allah's will in the line with the practices of His Prophet (P.B.U.H.) by meeting its stated objectives built on Trust, Integrity, Innovation and good governance for meeting expectation of its stakeholders.

Corporate Information

Board of Directors

Mr. Muhammad Bilal Sheikh	-Chairman	-Non-Executive Director
Secretary Finance - GoS		-Non-Executive Director
Mr. Muhammad Shahid Murtaza		-Non-Executive Director
Mr. Asif Haider Mirza		-Non-Executive Director
Mr. Kamal Ahmed		-Independent Director
Ms. Yasmin Zafar		-Independent Director
Mr. Muhammad Naimuddin Farooqui		-Chief Executive

CFO & Company Secretary

Zulfiqar Ali

Audit Committee

Mr. Kamal Ahmed	-Chairman
Mr. Muhammad Shahid Murtaza	-Member
Ms. Yasmin Zafar	-Member

Bankers

Sindh Bank Limited-Islamic Banking (Saadat)
NRSP Microfinance Bank Limited

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Legal Advisor

Mohsin Tayebaly & Co.

Share Registrar

F.D. Registrar Services (SMC-Pvt.) Ltd.
Office # 1705, 17th Floor,
Saima Trade Tower-A
I.I. Chundrigarh Road,
Karachi
Tel: (92-21) 35478192-93/32271906

Registered/Head Office

1st Floor, Imperial Court,
Dr. Ziauddin Ahmed Road
Karachi
Tel: (92-21) 35640708-9
Web: www.sindhmodarabalttd.com
Email: info@sindhmodarabalttd.com

Lahore Branch

Escort House No. 28
Davis Road
Lahore

Directors' Review

The Board of Directors of Sindh Modaraba Management Limited, Management Company of Sindh Modaraba is pleased to present the un-audited Financial Statements of Sindh Modaraba for the period ended March 31, 2018.

Operating Results

During the period under review, the Modaraba earned profit of Rs. 37.88 million as compared to Rs. 15.44 million earned during the corresponding period ended March 31, 2017. Disbursements worth Rs. 138.82 million were made during the quarter bringing the total financing portfolio, including advance against financing assets, to Rs. 738 million. The revenue, net of Ijarah depreciation, increased by 83% as compared to an increase of 23% in administrative expenses. We are pleased to inform that there were no NPLs reflecting prudent lending by the management.

Future Prospects

Due to excess liquidity available with the Islamic Financial Institutions and scarcity of Shariah compliant assets, the competition for booking of quality assets is getting tough. Being an election year with probable economic and political uncertainties, the management intends to continue its cautious approach and will focus on gradual buildup of a clean portfolio without compromising on quality of the assets. All efforts will be made to keep the operating costs at sustainable level. The management is hopeful to close the year with a reasonable higher profit as compared to last year.

Acknowledgment

On behalf of the Board of Directors, I would like to thank the Sponsors, Regulators and the Shariah Advisor for their guidance and support. We would also like to acknowledge the continued patronage of our clients and put on record the dedication and hard work of employees of the Modaraba.

On behalf of Board

Karachi:
April 27, 2018

M.Naim Farooqui
Chief Executive

Condensed Interim Balance Sheet

As At March 31, 2018

	March 31, 2018	June 30, 2017
	<u>Un-audited</u>	<u>Audited</u>
ASSETS		
Current assets		
Cash and bank balances	4 137,925,423	370,776,004
Short term investments	5 130,000,000	-
Ijarah rental receivables	6 5,608,471	3,546,890
Advances, prepayments and other receivables	7 102,116,115	17,721,303
Morabaha Finance	8 10,439,645	-
Current portion of Diminishing Musharaka	9 179,362,867	76,122,720
Current portion of long term loan	324,000	324,000
Total current assets	565,776,521	468,490,917
Non - current assets		
Long term Diminishing Musharaka	9 406,249,488	419,108,369
Ijarah assets	10 78,464,137	136,380,508
Long term loan	297,000	540,000
Fixed assets - in own use	11 4,474,471	4,073,912
Total non - current assets	489,485,096	560,102,789
TOTAL ASSETS	<u>1,055,261,617</u>	<u>1,028,593,706</u>
LIABILITIES AND EQUITY		
Current liabilities		
Creditors, accrued and other liabilities	12 24,909,969	12,029,419
Deferred morabaha income	40,284	-
Current portion of customers' security deposit	13 28,444,275	13,258,571
Profit distribution payable	107,494	56,951
	<u>53,502,022</u>	<u>25,344,941</u>
Non - current liabilities		
Customers' security deposit	13 456,820	19,577,124
TOTAL LIABILITIES	<u>53,958,842</u>	<u>44,922,065</u>
CERTIFICATE HOLDERS' EQUITY		
Certificate capital		
Authorised certificate capital		
50,000,000 certificates of Rs. 10 each	<u>500,000,000</u>	<u>500,000,000</u>
(June 30, 2017: 50,000,000 certificates of Rs. 10 each)		
Issued, subscribed, and paid-up certificate capital	450,000,000	450,000,000
Reserves	51,302,775	33,671,641
Long term loan	14 500,000,000	500,000,000
TOTAL EQUITY	<u>1,001,302,775</u>	<u>983,671,641</u>
TOTAL LIABILITIES AND EQUITY	<u>1,055,261,617</u>	<u>1,028,593,706</u>
CONTINGENCIES AND COMMITMENTS		
	15	

The annexed notes 1 to 23 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Condensed Interim Profit And Loss Account

For The Nine-Months Period Ended March 31, 2018

	For the nine months period ended		For the quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Un-audited			
Note	-Rupees-			
Income from:				
- Diminishing Musharaka	38,504,119	13,915,953	13,412,561	4,888,754
- Ijarah	58,448,012	67,203,487	18,190,706	22,425,757
- Morabaha Finance	460,822	-	277,543	-
- Bank deposits	12,031,583	12,532,756	3,101,303	9,357,455
- Term deposits receipts	5,976,803	-	2,819,192	-
	115,421,339	93,652,196	37,801,305	36,671,966
Administrative and operating expenses	16 (21,864,045)	(17,761,819)	(7,910,696)	(6,440,284)
Depreciation - Ijarah assets	10 (50,224,157)	(58,048,057)	(15,597,183)	(19,395,150)
Provision on Ijarah rental receivable	(10,359)	(13,331)	(13,667)	(4,169)
Provision in respect of morabaha finance	8 (52,461)	-	(12,383)	-
Provision in respect of diminishing musharaka	(454,178)	(365,162)	(280,342)	(790,759)
	(72,605,200)	(76,188,369)	(23,814,271)	(26,630,362)
	42,816,139	17,463,827	13,987,034	10,041,604
Other income	762,462	301,570	323,995	167,000
	43,578,601	17,765,397	14,311,029	10,208,604
Management Company's remuneration	(4,357,860)	(1,776,540)	(1,431,103)	(1,020,860)
Provision for services sales tax on the Management Company's remuneration	(566,522)	(230,951)	(186,043)	(132,712)
Workers' welfare fund	(773,085)	(315,159)	(253,878)	(181,101)
Profit for the period before taxation	37,881,134	15,442,747	12,440,005	8,873,931
Taxation	17 -	-	-	-
Net Profit for the period	37,881,134	15,442,747	12,440,005	8,873,931
Earnings per certificate - basic and diluted	0.84	0.34	0.28	0.20

The annexed notes 1 to 23 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Condensed Interim Statement Of Comprehensive Income

For The Nine-Months Period Ended March 31, 2018

	For the nine months period ended		For the quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Un-audited			
	-----Rupees-----			
Net Profit for the period	37,881,134	15,442,747	12,440,005	8,873,931
Other comprehensive income for the period				
- items that may be reclassified to profit and loss account	-	-	-	-
- items that will not be reclassified to profit and loss account subsequently	-	-	-	-
Total comprehensive income for the period	37,881,134	15,442,747	12,440,005	8,873,931

The annexed notes 1 to 23 form an integral part of these condensed interim financial information.

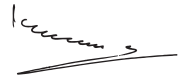


Chairman

For Sindh Modaraba Management Limited
(Management Company)



Chief Executive



Director

Condensed Interim Cash Flow Statement

For The Nine-Months Period Ended March 31, 2018

	Note	For the nine months period ended	
		March 31, 2018	March 31, 2017
		Un-audited	
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		37,881,134	15,442,747
Adjustments for non - cash and other items			
Depreciation - Ijarah assets	10	50,224,157	58,048,057
Depreciation - Fixed assets - in own use	11.1 & 11.2	1,194,420	933,120
Income on bank deposits		(12,031,583)	(12,532,756)
Income on term deposit receipt		(5,976,803)	-
Gain on disposal of ijarah asset		(231,562)	-
Provision in respect of diminishing musharaka		454,178	365,162
Provision for ijarah renatal receivable		10,359	13,331
Provision in respect of morabaha finance	8	52,461	-
		33,695,627	46,826,914
Working capital changes			
Increase in advances, prepayments and other receivables		(83,819,193)	(20,094,573)
Increase in morabaha finance	8	(10,492,106)	-
Increase in Ijarah rental receivables		(2,071,940)	(2,666,241)
Increase in Diminishing Musharaka		(90,835,444)	(73,032,533)
Decrease in long term loan		243,000	243,000
Increase in creditors, accrued and other liabilities		12,880,547	1,397,102
Increase in Deferred morabaha income		40,284	-
(Decrease)/Increase in customers' security deposit		(3,934,600)	150,370
		(177,989,452)	(94,002,875)
Income received on term deposit receipt		4,011,996	-
Income received on bank deposits		13,420,773	9,665,164
Net cash used in operations		(88,979,922)	(22,068,050)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Ijarah assets	10	-	(5,514,700)
Sale proceed from disposal of ijarah asset		7,923,777	-
Purchase of fixed assets - in own use	11.1	(1,594,979)	(87,587)
Purchase of intangible	11.2	-	(515,903)
Net cash generated from/(used in) investing activities		6,328,798	(6,118,190)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from Management Company		-	500,000,000
Dividend paid		(20,199,457)	(15,698,651)
Net cash (used in)/generated from financing activities		(20,199,457)	484,301,349
Net (decrease)/increase in cash and cash equivalents		(102,850,581)	456,115,109
Cash and cash equivalents at the beginning of the period		370,776,004	40,445,905
Cash and cash equivalents at the end of the period	21	267,925,423	496,561,014

The annexed notes 1 to 23 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Condensed Interim Statement of Changes in Equity

For The Nine-Months Period Ended March 31, 2018

	Issued, subscribed, and paid - up certificate capital	Reserves			Long term loan	Total equity
		Statutory reserve	Unappropriated profit	Total		
Un-audited						
-----Rupees-----						
Balance as at July 01, 2016	450,000,000	6,066,937	17,067,744	23,134,681	-	473,134,681
Profit for the period	-	-	15,442,747	15,442,747	-	15,442,747
Long term loan	-	-	-	-	500,000,000	500,000,000
Transaction with Certificate Holders						
Profit distribution @ Rs. 0.35 (3.5%) per certificate	-	-	(15,750,000)	(15,750,000)	-	(15,750,000)
Balance as at March 31, 2017	<u>450,000,000</u>	<u>6,066,937</u>	<u>16,760,491</u>	<u>22,827,428</u>	<u>500,000,000</u>	<u>972,827,428</u>
Un-audited						
Balance as at July 01, 2017	450,000,000	11,324,329	22,347,312	33,671,641	500,000,000	983,671,641
Profit for the period	-	-	37,881,134	37,881,134	-	37,881,134
Transaction with Certificate Holders						
Profit distribution @ Rs. 0.45 (4.5%) per certificate	-	-	(20,250,000)	(20,250,000)	-	(20,250,000)
Balance as at March 31, 2018	<u>450,000,000</u>	<u>11,324,329</u>	<u>39,978,446</u>	<u>51,302,775</u>	<u>500,000,000</u>	<u>1,001,302,775</u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial information.



Chairman

For Sindh Modaraba Management Limited
(Management Company)



Chief Executive



Director

Notes to the Condensed Interim Financial Information

For The Nine-Months Period Ended March 31, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

Sindh Modaraba (the Modaraba) has been floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Sindh Modaraba Management Limited (the Management Company), which is a wholly owned subsidiary of Government of Sindh. The registered office of the Modaraba is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

The Modaraba is a perpetual, multi-purpose and multi-dimensional Modaraba and is primarily engaged in providing Shariah compliant financing facilities to credit worthy customers. The Modaraba is listed on Pakistan Stock Exchange Limited.

The JCRVIS Credit Rating Company Limited has re-affirmed long term rating of A+ and short term rating of A-1 to the Modaraba. Outlook on the assigned rating is 'Stable'.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Modaraba for the nine months period ended March 31, 2018 have been prepared by the management in accordance with the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and 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 the directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements of the Ordinance and the Rules differ with the requirements of IFRS, the requirements of the Ordinance or the Rules shall prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in 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, 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention.

2.3 Functional and presentation currency

Items included in the condensed interim financial information are measured using the currency of the primary economic environment in which the Modaraba operates. The condensed interim financial information is presented in Pakistani Rupee, which is the Modaraba's functional and presentational currency. Figures have been rounded off to the nearest Rupee, unless stated otherwise.

Notes to the Condensed Interim Financial Information

For The Nine-Months Period Ended March 31, 2018

2.4 Use of significant estimates and judgments

The preparation of condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on on-going basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Modaraba for the year ended 30 June 2017. However, following new accounting policy for transactions, other events or conditions that did not occur previously is adopted during the period.

Funds disbursed for purchase of goods are recorded as 'Advance for morabaha'. On culmination of morabaha i.e. sale of goods to customers, morabaha financings are recorded at the deferred sale price. Goods Purchased but remaining unsold at the balances sheet date are recorded as inventories. Profit on Morabaha Financings is recognised on accrual basis. Profit on morabaha transactions for the period from the date of disbursement to the date of culmination of morabaha is recognised immediately upon the later date. Profit unearned at balance sheet date is deferred and recorded as deferred morabaha income. Financing are stated net of specific and general Provisions against non- performing financings, if any, which are charged to the profit and loss account.

	March 31, 2018	June 30, 2017
	<u>Un-audited</u>	<u>Audited</u>
Note	-----Rupees-----	

4 CASH AND BANK BALANCES

Cash in hand	20,000	-
Stamp paper in hand	52,750	58,250
Balances with banks on:		
- Pls accounts	4.1 137,709,574	370,627,330
- Current accounts	4.2 143,099	90,424
	<u>137,925,423</u>	<u>370,776,004</u>

4.1 This includes balance of Rs. 136.592 million held with Sindh Bank Limited - Islamic Banking Unit, related party. These carry profit at the rates ranging from 4.23% to 5.8% per annum (June 30, 2017: 6.1%)

4.2 These includes balance of Rs. 121,867 held with Sindh Bank Limited - Islamic Banking Unit, related party.

Notes to the Condensed Interim Financial Information

For The Nine-Months Period Ended March 31, 2018

	<u>March 31, 2018</u>	<u>June 30, 2017</u>
	<u>Un-audited</u>	<u>Audited</u>

Note-----Rupees-----

5 SHORT TERM INVESTMENTS

Term deposit receipts	5.1	<u>130,000,000</u>	<u>-</u>
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- 5.1 This represents investment made in Term Deposit Receipt in Microfinance Bank for the period of six months. This investment carries markup at the rate of 8.18% per annum (June 30, 2017: Nil)

	<u>March 31, 2018</u>	<u>June 30, 2017</u>
	<u>Un-audited</u>	<u>Audited</u>

Note-----Rupees-----

6 IJARAH RENTAL RECEIVABLES

Ijarah rental receivables - Considered good		5,636,654	3,564,714
Less: provision for ijarah renatal receivable	6.1	<u>(28,183)</u>	<u>(17,824)</u>
		<u>5,608,471</u>	<u>3,546,890</u>

- 6.1 This represents general provision made at the rate of 0.5% (June 30, 2017: 0.5%) against ijarah rental receivable.

	<u>March 31, 2018</u>	<u>June 30, 2017</u>
	<u>Un-audited</u>	<u>Audited</u>

Note-----Rupees-----

7 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances	7.1	94,621,117	11,632,885
Prepayments		1,238,662	1,284,028
Accrued income from bank deposits		952,768	2,341,958
Accrued income from Term deposit receipts		1,964,807	-
Accrued income from Diminishing Musharaka		3,321,748	2,434,912
Other receivables		<u>17,013</u>	<u>27,520</u>
		<u>102,116,115</u>	<u>17,721,303</u>

- 7.1 This includes advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to lessee (customer) amounting to Rs. 93,351,293 (June 30, 2017: Rs. 10,962,000).

Notes to the Condensed Interim Financial Information

For The Nine-Months Period Ended March 31, 2018

		March 31, 2018	June 30, 2017
		Un-audited	Audited
8 MORABAHA FINANCE	Note	-----Rupees-----	
Receivables - considered good	8.1	10,492,106	-
Less: provision in respect of morabaha finance	8.2	(52,461)	-
		10,439,645	-

8.1 This includes Rs.501,106 which represents profit receivable.

8.2 This represents general provision made at the rate of 0.5% (June 30, 2017: Nil) against Morabaha finance.

		March 31, 2018	June 30, 2017
		Un-audited	Audited
9 DIMINISHING MUSHARAKA	Note	-----Rupees-----	
Receivables - secured	9.1	588,555,131	497,719,687
Less: current portion of diminishing musharaka		(179,362,867)	(76,122,720)
Less: provision in respect of diminishing musharaka	9.2	(2,942,776)	(2,488,598)
Long term portion of diminishing musharaka		406,249,488	419,108,369

9.1 This represents the finance provided to individual and corporate clients under Diminishing Musharaka arrangements for a periods ranging 3 to 20 years (June 30, 2017: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets.

9.2 This represents general provision made at the rate of 0.5% (June 30, 2017: 0.5%) on diminishing musharaka receivables.

10 IJARAH ASSETS

Particulars	Amount in Rupees							
	Cost			Depreciation			WDV as at March 31, 2018	Depreciation rate
	As at July 01, 2017	Addition/ (Disposal)	As at March 31, 2018	As at July 01, 2017	Charge for the period/ (Adjustment)	As at March 31, 2018		
	Un-audited							
Plant and machinery	194,470,625	-	194,470,625	89,486,344	41,675,373	131,161,717	63,308,908	33.33%
Vehicles	68,762,700	(39,484,000)	29,278,700	37,366,473	8,548,784	14,123,471	15,155,229	20-50%
As at and for the period ended March 31, 2018	263,233,325	(39,484,000)	223,749,325	126,852,817	50,224,157	145,285,188	78,464,137	
As at and for the year ended June 30, 2017	257,718,625	5,514,700	263,233,325	49,384,277	77,468,540	126,852,817	136,380,508	

		March 31, 2018	June 30, 2017
		Un-audited	Audited
11 FIXED ASSETS - in own use	Note	-----Rupees-----	
Property and Equipment	11.1	3,459,238	2,788,948
Intangible assets	11.2	415,233	684,964
Capital Work In progress	11.3	600,000	600,000
		4,474,471	4,073,912

Notes to the Condensed Interim Financial Information

For The Nine-Months Period Ended March 31, 2018

11.1 Property and Equipment

Particulars	Cost			Depreciation			WDV as at March 31, 2018	Depreciation rate
	As at July 01, 2017	Additions	As at March 31, 2018	As at July 01, 2017	Charge for the period	As at March 31, 2018		
	Un-audited							
Furniture and fixtures	1,326,935	45,000	1,371,935	231,762	101,774	333,536	1,038,399	10%
Office equipment	1,359,574	1,525,279	2,884,853	482,141	381,875	864,016	2,020,837	20%
Vehicles	43,500	-	43,500	21,025	6,525	27,550	15,950	20%
Computer and accessories	1,715,991	24,700	1,740,691	922,124	434,515	1,356,639	384,052	33.33%
As at and for the period ended March 31, 2018	4,446,000	1,594,979	6,040,979	1,657,052	924,689	2,581,741	3,459,238	
As at and for the year ended June 30, 2017	4,358,413	87,587	4,446,000	680,601	976,451	1,657,052	2,788,948	

	March 31, 2018	June 30, 2017
	Un-audited	Audited
Note-----Rupees-----		

11.2 Intangible assets

Opening net book value	684,964	525,432
Additions during the period	-	553,550
Amortization for the period	(269,731)	(394,018)
Closing net book value	415,233	684,964

As at March 31, 2018 / June 30, 2017

Cost	1,078,982	1,078,982
Accumulated amortization	(663,749)	(394,018)
Net book value	415,233	684,964
Annual rates of amortization	33.33%	33.33%

11.3 Capital Work in Progress

Opening	11.3.1	600,000	-
Addition		-	600,000
Closing		600,000	600,000

11.3.1 This represents fee paid for development of modules of the software of the Modaraba namely "Almanac". Total cost amounts to Rs.800,000 out of which 75% has been paid to the vendor.

	March 31, 2018	June 30, 2017
	Un-audited	Audited
Note-----Rupees-----		

12 CREDITORS, ACCRUED AND OTHER LIABILITIES

Management company remuneration payable	4,357,860	3,024,062
Provision for services sales tax on the management company's remuneration	1,471,254	904,732
Creditors	145,238	138,747
Advance from client	8,215,935	2,995,657
Other liabilities	4,049,597	1,349,768
Accrued expenses	6,670,085	3,616,453
	24,909,969	12,029,419

Notes to the Condensed Interim Financial Information

For The Nine-Months Period Ended March 31, 2018

		March 31,	June 30,
		2018	2017
		Un-audited	Audited
13 CUSTOMERS' SECURITY DEPOSIT	Note	Rupees	
Security deposit against Ijarah finance	13.1	28,901,095	32,835,695
less: current portion of customers' security deposit		(28,444,275)	(13,258,571)
Long term portion of customers' security deposit		456,820	19,577,124

13.1 This represents amounts received under Ijarah finance repayable / adjustable at the expiry of the arrangement.

		March 31,	June 30,
		2018	2017
		Un-audited	Audited
14 LONG TERM LOAN - subordinated	Note	Rupees	
		500,000,000	500,000,000

This represents interest free loan provided by the Management Company to the Modaraba. The loan is sub-ordinated to senior debt and is repayable at the discretion of Modaraba. The Modaraba has the option to issue equity certificates in future against this loan, subject to necessary regulatory approvals.

15 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at the balance sheet date (June 30, 2017: Nil)

		For the nine months period ended	
		March 31,	March 31,
		2018	2017
		Un-audited	
		Rupees	
16 ADMINISTRATIVE AND OPERATING EXPENSES	Note		
Salaries, allowances and other benefits	16.1	12,496,283	11,074,291
Legal and professional charges		1,583,528	1,164,930
Repair and maintenance		437,456	678,413
Utility services		699,535	661,259
Registration and subscription fee		623,962	529,342
Generator Sharing and fuel charges		345,640	381,755
Entertainment		119,327	121,382
Advertisement and Publications		159,520	23,900
Staff Orientation and Training		41,175	40,000
Rent, Rates and Taxes		1,299,994	149,996
Travelling and conveyance		659,192	498,541
Security services		397,507	256,491
Printing, stationery and photocopy		284,414	406,163
Postage, Courier and Telegraphs		97,167	59,620
Auditors' remuneration		219,614	149,899
Depreciation expense - tangible assets	11.1	924,689	730,124
Amortization expense - Intangible assets	11.2	269,731	202,996
Insurance - owned assets		65,484	93,077
Insurance - Ijarah and Diminishing Musharaka		947,139	383,953
Miscellaneous		192,688	155,687
		21,864,045	17,761,819

Notes to the Condensed Interim Financial Information

For The Nine-Months Period Ended March 31, 2018

- 16.1** This includes contribution of Rs. 377,739 (2017: Rs. 314,235) to provident fund and provision for gratuity of Rs. 377,289 (2017: Rs.307,252)

17 TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ending June 30, 2018. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

18 SEGMENT INFORMATION

As per IFRS 8: "Operating Segments", segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

19 RELATED PARTY BALANCES AND TRANSACTIONS

The Modaraba has related party relationship with the Management Company, its associated companies and key management personnel.

The details of related party transactions and balances as at March 31, 2018 are as follows:

Notes to the Condensed Interim Financial Information

For The Nine-Months Period Ended March 31, 2018

	March 31, 2018	June 30, 2017
	<u>Un-audited</u>	<u>Audited</u>
Balances as at period end	Note-----	Rupees-----
Sindh Bank Limited		
Bank deposits	136,714,708	370,627,330
Branch rent payable	1,150,000	-
Accrued income from bank deposits	947,469	2,341,958
	<u>138,812,177</u>	<u>372,969,288</u>
Sindh Modaraba Management Limited		
Long term loan	14 500,000,000	500,000,000
Management company remuneration payable	12 4,357,860	3,024,062
Other receivable	15,913	24,000
	<u>504,373,773</u>	<u>503,048,062</u>
Key Management Personnel		
Long term loan	<u>621,000</u>	<u>864,000</u>
Sindh Insurance Limited		
Sharing of expenses payable	<u>109,215</u>	<u>218,430</u>
For the nine months period ended		
	March 31, 2018	March 31, 2017
	<u>Un-audited</u>	
	-----	-----
	Rupees-----	
Transactions for the period		
Sindh Bank Limited		
Branch rent accrued	1,150,000	-
Income from deposits	11,521,547	12,532,756
	<u>12,671,547</u>	<u>12,532,756</u>
Sindh Modaraba Management Limited		
Long term loan	-	500,000,000
Dividend paid	19,107,450	14,996,625
Payment against purchase of fixed asset	-	2,116,225
Management Company remuneration paid	3,024,062	3,496,150
Management Company remuneration accrued	4,357,860	1,776,540
	<u>26,489,372</u>	<u>522,385,540</u>
Sindh Insurance Limited		
Takaful/premium paid	696,276	729,652
Sharing of expenses paid	436,860	436,860
	<u>1,133,136</u>	<u>1,166,512</u>
Key Management Personnel		
Salaries, allowances and benefits paid	<u>4,293,386</u>	<u>3,310,053</u>
Sindh Modaraba Employees Provident Fund		
Contribution paid (both employer's and employee's contribution)	<u>755,478</u>	<u>632,022</u>

Notes to the Condensed Interim Financial Information

For The Nine-Months Period Ended March 31, 2018

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Modaraba to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the assets or liability that are not based on observable market data (i.e., unobservable inputs) (level 3).

As at the balance sheet date, there were no financial instruments which were measured at fair values in the financial statements.

		March 31, 2018	March 31, 2017
		Un-audited	
	Note	-----Rupees-----	
21 CASH AND CASH EQUIVALENT			
Cash and bank balances	4	137,925,423	496,561,014
Short term investment	5	130,000,000	-
		<u>267,925,423</u>	<u>496,561,014</u>

22 SUBSEQUENT EVENT

No subsequent events have occurred till the reporting date that may require adjustment of or disclosure in the condensed interim financial information for the nine months period ended March 31, 2018.

23 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on April 27, 2018 by the Board of Directors of the Management Company.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

**Islamic Financing
Products Offered by
Sindh Modaraba**

- Ijarah
- Diminishing Musharaka
- Morabaha
- Musharaka
- Salam
- Istisna

SINDH MODARABA

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