

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

**SINDH MODARABA**



QUARTERLY REPORT
SEPTEMBER 2018

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

حَسْبُنَا اللَّهُ وَنِعْمَ الْوَكِيلُ

”ہمارے لیے اللہ کافی ہے اور وہ بہترین کارساز ہے“

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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
Dr. Noor Alam		-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 (IMD)

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.sindhmodarabaltd.com
Email: info@sindhmodarabaltd.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 first quarter of FY-2019 ended September 30, 2018.

Operating Results

During the quarter under review, the Modaraba earned a profit of Rs. 14.317 million as compared to Rs. 12.525 million earned during the corresponding quarter ended September 30, 2017. The increase is mainly attributable to the improved earnings from diminishing musharaka portfolio and controlled administrative expenses as compared to the corresponding period last year level.

Future Prospects

Presently we have significant proposals in the pipeline which are likely to be disbursed in the current quarter and based on interest gauged from the market, it looks highly probable that a respectable number of proposals would be added in the current list. There remain however challenges on the macroeconomic front with depreciating rupee and rising interest rate. The Government is however, taking steps to improve the situation by approaching IMF and implementing austerity measures. The policy rate increased twice aggregating 2% since last quarter which would have a positive impact on the Modaraba's profitability. We are cautiously optimistic of achieving even better results in the remaining part of the current financial year.

Acknowledgment

On behalf of the Board of Directors, I would like to thank the Sponsors, the Regulators and our 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
October 17, 2018

Muhammad Naimuddin Farooqui
Chief Executive Officer

ڈائریکٹرز کی رپورٹ

ہم سندھ مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2018ء کو مکمل ہونے والی FY-2019 کی پہلی سہ ماہی کے سندھ مضاربہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

۱- آپرٹنگ نتائج

مضاربہ نے 30 ستمبر 2017ء کو ختم ہونے والی سہ ماہی میں Rs. 12.525 ملین منافع کے مقابلے میں زیرِ غور سہ ماہی میں Rs. 14.317 ملین کا منافع کمایا۔ اس اضافے کی بڑی وجہ گھٹتا ہوا امشار کہ پورٹ فولیو سے ہونے والی آمدنی میں بہتری اور پچھلے سال کے مقابلے میں اخراجات پر سخت قابو ہے۔

۲- امکانات مستقبل

ابھی ہمارے پاس زیرِ غور کاروباری گزارشات موجود ہیں جو موجودہ سہ ماہی میں ممکنہ طور پر ترسیل کیے جاسکتے ہیں اور مارکیٹ میں دلچسپی کی بنیاد پر اس بات کا قوی امکان ہے کہ موجودہ کاروباری گزارشات میں قابل ذکر تعداد میں اضافہ ہوگا۔ روپے کی گرتی ہوئی قدر اور شرح سود میں اضافے کی وجہ سے اقتصادی محاذ پر مشکلات کا سامنا ہے۔ تاہم حکومت آئی۔ ایم۔ اف سے رابطہ کے ذریعے اور سادگی اختیار کر کے صورتحال کی بہتری کیلئے اقدامات کر رہی ہے۔ پچھلی سہ ماہی سے پالیسی شرح سود میں دو مرتبہ مجموعی طور پر 2 فیصد کا اضافہ ہوا ہے، جس سے مضاربہ کے منافع پر مثبت اثرات ہوں گے۔ ہم موجودہ مالی سال کے باقی حصے میں بھی بہتر نتائج حاصل کرنے کے لئے پرامید ہیں۔

۳- اعتراف

ہم بورڈ آف ڈائریکٹرز کی طرف سے اسپانسرز، ریگولیٹرز اور ہمارے شرعی مشیر کی رہنمائی اور حمایت کے لئے، ان کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے گاہکوں کی مسلسل حمایت کے معترف ہیں اور مضاربہ کے ملازمین کے خلوص اور سخت محنت کو بھی سراہتے ہیں۔

بورڈ کی جانب سے

محمد نعیم الدین فاروقی
چیف ایگزیکٹو آفیسر

کراچی

17 اکتوبر 2018ء

Condensed Interim Balance Sheet

As At September 30, 2018

	September 30, 2018	June 30, 2018
	Un-audited	Audited
Note	-----Rupees-----	
ASSETS		
Current assets		
Cash and bank balances	4 699,715,610	670,732,532
Short term investments	5 110,000,000	130,000,000
Ijarah rental receivables	6 7,001,348	6,843,967
Advances, prepayments and other receivables	7 115,719,541	69,975,934
Morabaha Finance	8 9,938,539	10,439,645
Current portion of Diminishing Musharaka	9 232,730,290	208,379,336
Current portion of long term loan	324,000	324,000
Total current assets	1,175,429,328	1,096,695,414
Non - current assets		
Long term Diminishing Musharaka	9 366,103,761	407,036,245
Ijarah assets	10 37,232,832	61,302,196
Long term loan	135,000	216,000
Fixed assets - in own use	11 3,948,328	4,178,863
Total non - current assets	407,419,921	472,733,304
TOTAL ASSETS	1,582,849,249	1,569,428,718
LIABILITIES AND EQUITY		
Current liabilities		
Creditors, accrued and other liabilities	12 536,373,690	524,638,794
Current portion of customers' security deposit	13 16,092,333	28,722,445
Profit distribution payable	33,854,740	105,615
	586,320,763	553,466,854
Non - current liabilities		
Customers' security deposit	13 175,650	175,650
TOTAL LIABILITIES	586,496,413	553,642,504
CERTIFICATE HOLDERS' EQUITY		
Certificate capital		
Authorised certificate capital		
50,000,000 certificates of Rs. 10 each	500,000,000	500,000,000
(June 30, 2018: 50,000,000 certificates of Rs. 10 each)		
Issued, subscribed, and paid-up certificate capital	450,000,000	450,000,000
Reserves	46,352,836	65,786,214
Long term loan	14 500,000,000	500,000,000
TOTAL EQUITY	996,352,836	1,015,786,214
TOTAL LIABILITIES AND EQUITY	1,582,849,249	1,569,428,718
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 Quarter Ended September 30, 2018

	Note	For the quarter ended	
		September 30, 2018	September 30, 2017
		Un-audited	
		-----Rupees-----	
Income from:			
- Diminishing Musharaka		16,578,621	12,584,603
- Ijarah		13,373,925	21,828,024
- Bank deposits		2,827,707	4,953,864
- Term deposits receipts		2,624,233	1,001,381
		35,404,486	40,367,872
Administrative and operating expenses	16	(7,321,465)	(7,085,998)
Depreciation - Ijarah assets	10	(11,439,252)	(18,837,731)
Income suspended in respect of morabaha finance (Provision)/Reversal on Ijarah rental receivable	8	(501,106) (791)	- 3,069
Reversal/(Provision) in respect of diminishing musharaka		83,325	(192,716)
		(19,179,289)	(26,113,376)
		16,225,197	14,254,496
Other income		244,700	155,000
		16,469,897	14,409,496
Management Company's remuneration		(1,646,990)	(1,440,950)
Provision for services sales tax on the Management Company's remuneration		(214,109)	(187,324)
Workers' welfare fund		(292,176)	(255,624)
Profit for the quarter before taxation		14,316,622	12,525,598
Taxation	17	-	-
Net Profit for the quarter		14,316,622	12,525,598
Earnings per certificate - basic and diluted		0.32	0.28

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 Quarter Ended September 30, 2018

	For the quarter ended	
	September 30, 2018	September 30, 2017
	Un-audited	
	-----Rupees-----	
Net Profit for the quarter	14,316,622	12,525,598
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 quarter	14,316,622	12,525,598

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

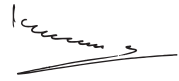
**For Sindh Modaraba Management Limited
(Management Company)**



Chairman



Chief Executive



Director

Condensed Interim Cash Flow Statement

For The Quarter Ended September 30, 2018

	For the quarter ended	
	September 30, 2018	September 30, 2017
	Un-audited	
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the quarter before taxation	14,316,622	12,525,598
Adjustments for non - cash and other items		
Depreciation - Ijarah assets	10 11,439,252	18,837,731
Depreciation - Fixed assets - in own use	11.1 & 11.2 371,972	337,609
Income on bank deposits	(2,827,707)	(4,953,864)
Income on term deposit receipt	(2,624,233)	(1,001,381)
Provision for provident fund (employer's contribution)	125,913	125,913
(Reversal)/Provision in respect of diminishing musharaka	(83,325)	192,716
Provision/(Reversal) for ijarah rental receivable	791	(3,069)
Income suspended in respect of morabaha finance	8 501,106	-
	21,220,391	26,061,253
Working capital changes		
Increase in advances, prepayments and other receivables	(44,509,285)	(386,396)
(Increase)/Decrease in Ijarah rental receivables	(158,172)	613,783
Decrease/(Increase) in Diminishing Musharaka	16,664,855	(38,543,176)
Decrease in long term loan	81,000	81,000
Increase in creditors, accrued and other liabilities	11,734,896	2,231,707
(Decrease)/Increase in customers' security deposit	(12,630,112)	-
	(28,816,818)	(36,003,082)
Provident fund contribution paid (employer's contribution)	(125,913)	(125,913)
Income received on term deposit receipt	1,962,466	-
Income received on bank deposits	2,255,152	5,972,948
Net cash used in operations	(3,504,722)	(4,094,794)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceed from disposal of ijarah asset	12,630,112	-
Purchase of fixed assets - in own use	11.1 (141,437)	(24,700)
Net cash generated from/(used in) investing activities	12,488,675	(24,700)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(875)	-
Net cash (used in)/generated from financing activities	(875)	-
Net increase/(decrease) in cash and cash equivalents	8,983,078	(4,119,494)
Cash and cash equivalents at the beginning of the quarter	800,732,532	370,776,004
Cash and cash equivalents at the end of the quarter	809,715,610	366,656,510

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 Quarter Ended September 30, 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, 2017	450,000,000	11,324,329	22,347,312	33,671,641	500,000,000	983,671,641
Profit for the quarter	-	-	12,525,598	12,525,598	-	12,525,598
Transaction with Certificate Holders						
Profit distribution @ Re. 0.45 (4.5%) per certificate	-	-	(20,250,000)	(20,250,000)	-	(20,250,000)
Balance as at September 30, 2017	<u>450,000,000</u>	<u>11,324,329</u>	<u>14,622,910</u>	<u>25,947,239</u>	<u>500,000,000</u>	<u>975,947,239</u>
Un-audited						
Balance as at July 01, 2018	450,000,000	27,033,701	38,752,513	65,786,214	500,000,000	1,015,786,214
Profit for the quarter	-	-	14,316,622	14,316,622	-	14,316,622
Transaction with Certificate Holders						
Profit distribution @ Re. 0.75 (7.5%) per certificate	-	-	(33,750,000)	(33,750,000)	-	(33,750,000)
Balance as at September 30, 2018	<u>450,000,000</u>	<u>27,033,701</u>	<u>19,319,135</u>	<u>46,352,836</u>	<u>500,000,000</u>	<u>996,352,836</u>

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

Notes to the Condensed Interim Financial Information

For The Quarter Ended September 30, 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 maintained 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 quarter ended September 30, 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, 2018.

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 Quarter Ended September 30, 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 2018.

	September 30, 2018	June 30, 2018
	<u>Un-audited</u>	<u>Audited</u>
Note	-----Rupees-----	
4 CASH AND BANK BALANCES		
Cash in hand	20,000	3,197
Stamp paper in hand	72,700	78,900
Balances with banks on:		
- Pls accounts	4.1 699,472,565	670,509,215
- Current accounts	4.2 150,345	141,220
	<u>699,715,610</u>	<u>670,732,532</u>

4.1 These carry profit at the rates ranging from 6.50% to 7.37% per annum. (June 30, 2018: 4.78% to 5.8% per annum). This includes balance of Rs. 699.43 million (June 30, 2018: 666.54 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

4.2 This includes balance of Rs. 119,018 (June 30, 2018: Rs. 119,988) held with Sindh Bank Limited - Islamic Banking Unit, related party.

	September 30, 2018	June 30, 2018
	<u>Un-audited</u>	<u>Audited</u>
Note	-----Rupees-----	
5 SHORT TERM INVESTMENTS		
Term deposit receipts	5.1 110,000,000	130,000,000

5.1 This represents investment made in Term Deposit Receipt in a Microfinance Bank - Islamic Division for the period of six months. This investment carries markup at rate 10.73 % per annum (June 30, 2018: from 6.96% to 8.57%)

Notes to the Condensed Interim Financial Information

For The Quarter Ended September 30, 2018

		September 30, 2018	June 30, 2018
		<u>Un-audited</u>	<u>Audited</u>
Note		-----Rupees-----	
6	IJARAH RENTAL RECEIVABLES		
	Ijarah rental receivables - Considered good	7,036,531	6,878,359
	Less: provision for ijarah renatal receivable	(35,183)	(34,392)
		<u>7,001,348</u>	<u>6,843,967</u>
6.1	This represents general provision made at the rate of 0.5% (June 30, 2018: 0.5%) against ijarah rental receivable.		
		September 30, 2018	June 30, 2018
		<u>Un-audited</u>	<u>Audited</u>
		-----Rupees-----	
7	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
	Advances	104,732,367	61,889,720
	Prepayments	1,489,785	1,338,614
	Accrued income from bank deposits	3,682,477	3,109,922
	Accrued income from term deposit receipts	1,984,479	1,322,712
	Accrued income from Diminishing Musharaka	3,822,423	2,314,866
	Other receivables	8,010	100
		<u>115,719,541</u>	<u>69,975,934</u>
7.1	This includes advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to customer amounting to Rs. 103.31 million (June 30, 2018: Rs. 61.15 million).		
		September 30, 2018	June 30, 2018
		<u>Un-audited</u>	<u>Audited</u>
		-----Rupees-----	
8	MORABAHA FINANCE		
	Receivables - secured	10,492,106	10,492,106
	Less: provision in respect of morabaha finance	(52,461)	(52,461)
	Less: income suspend	(501,106)	-
		<u>9,938,539</u>	<u>10,439,645</u>
8.1	This represents the finance provided to a Corporate client under Murabaha finance for periods 6 months which is secured against mortgage of property and personal guarantee of a director. This includes Rs.501,106 which represents profit receivable.		
8.2	This represents general provision made at the rate of 0.5% (June 30, 2018: Nil) against Morabaha finance.		

Notes to the Condensed Interim Financial Information

For The Quarter Ended September 30, 2018

	September 30, 2018	June 30, 2018
	<u>Un-audited</u>	<u>Audited</u>
Note	-----Rupees-----	

9 DIMINISHING MUSHARAKA

Receivables - secured	9.1	601,843,267	618,508,122
Less: current portion		(232,730,290)	(208,379,336)
Less: provision	9.2	(3,009,216)	(3,092,541)
Long term portion		<u>366,103,761</u>	<u>407,036,245</u>

9.1 This represents the finance provided to Individual and Corporate clients under Diminishing Musharaka arrangements for periods ranging 2 to 20 years (June 30, 2018: 2 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, 2018: 0.5%) on diminishing musharaka receivables.

10 IJARAH ASSETS

Particulars	Amount in Rupees							Depreciation rate
	Cost			Depreciation			WDV as at September 30, 2018	
	As at July 01, 2018	Disposal	As at September 30, 2018	As at July 01, 2018	Charge for the quarter/ (Adjustment)	As at September 30, 2018		
Un-audited								
Plant and machinery	194,470,625	(63,150,559)	131,320,066	144,397,166	9,942,210 (50,520,447)	103,818,929	27,501,137	33.33%
Vehicles	25,108,700	-	25,108,700	13,879,963	1,497,042	15,377,005	9,731,695	20-50%
As at and for the quarter ended September 30, 2018	<u>219,579,325</u>	<u>(63,150,559)</u>	<u>156,428,766</u>	<u>158,277,129</u>	<u>11,439,252</u> <u>(50,520,447)</u>	<u>119,195,934</u>	<u>37,232,832</u>	
As at and for the year ended June 30, 2018	<u>263,233,325</u>	<u>(43,654,000)</u>	<u>219,579,325</u>	<u>126,852,817</u>	<u>31,424,312</u>	<u>158,277,129</u>	<u>61,302,196</u>	

	September 30, 2018	June 30, 2018
	<u>Un-audited</u>	<u>Audited</u>
Note	-----Rupees-----	

11 FIXED ASSETS - in own use

Property and Equipment	11.1	3,112,919	3,253,544
Intangible assets	11.2	235,409	325,319
Capital Work In progress	11.3	600,000	600,000
		<u>3,948,328</u>	<u>4,178,863</u>

11.1 Property and Equipment

Particulars	Cost			Depreciation			WDV as at September 30, 2018	Depreciation rate
	As at July 01, 2018	Additions	As at September 30, 2018	As at July 01, 2018	Charge for the quarter	As at September 30, 2018		
	Un-audited							
Furniture and fixtures	1,371,935	-	1,371,935	367,839	34,299	402,138	969,797	10%
Office equipment	2,996,493	141,437	3,137,930	1,012,821	154,290	1,167,111	1,970,819	20%
Vehicles	43,500	-	43,500	29,725	2,175	31,900	11,600	20%
Computer and accessories	1,740,691	-	1,740,691	1,488,690	91,298	1,579,988	160,703	33.33%
As at and for the quarter ended September 30, 2018	<u>6,152,619</u>	<u>141,437</u>	<u>6,294,056</u>	<u>2,899,075</u>	<u>282,062</u>	<u>3,181,137</u>	<u>3,112,919</u>	
As at and for the year ended June 30, 2018	<u>4,446,000</u>	<u>1,706,619</u>	<u>6,152,619</u>	<u>1,657,052</u>	<u>1,242,023</u>	<u>2,899,075</u>	<u>3,253,544</u>	

Notes to the Condensed Interim Financial Information

For The Quarter Ended September 30, 2018

	September 30, 2018	June 30, 2018
	Un-audited	Audited
	-----Rupees-----	
11.2 Intangible assets		
Opening net book value	325,319	684,964
Additions during the period	-	-
Amortization for the period	(89,910)	(359,645)
Closing net book value	235,409	325,319

As at September 30, 2018 / June 30, 2018

Cost	1,078,982	1,078,982
Accumulated amortization	(843,573)	(753,663)
Net book value	235,409	325,319
Annual rates of amortization	33.33%	33.33%
11.3 Capital Work in Progress		
Opening	600,000	600,000
Addition	-	-
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.

	September 30, 2018	June 30, 2018
	Un-audited	Audited
	Note -----Rupees-----	

12 CREDITORS, ACCRUED AND OTHER LIABILITIES

Management remuneration payable - related party	7,671,031	6,024,041
Provision for sindh sales tax on management remuneration	997,235	783,126
Government of Sindh Funds	12.1 500,000,000	500,000,000
Creditors	153,898	145,238
Other liabilities	19,229,386	10,481,446
Workers' Welfare Fund	2,516,386	2,224,210
Accrued expenses	12.2 5,805,754	4,980,733
	536,373,690	524,638,794

12.1 The Modaraba had entered into agreements with Government of Sindh, related party, for providing financing to eligible transporters under the latter's Intra-City & Inter-City Transport Schemes on October 25, 2017. For adjustment of various subsidies and Credit Risk Guarantee under the Schemes, the GoS agreed to place Rs. 2,000 million (in tranches) for each scheme with the Modaraba under the Musharaka Arrangement. Initially Rs. 500 million (250 million for each scheme) were placed with the Modaraba.

Notes to the Condensed Interim Financial Information

For The Quarter Ended September 30, 2018

- 12.2** These includes Rs. 250,000 (June 30, 2018: Rs. 100,000) for branch rent payable to Sindh Bank Limited, related party.

	September 30, 2018	June 30, 2018
	Un-audited	Audited
Note	-----Rupees-----	

13 CUSTOMERS' SECURITY DEPOSIT

- | | | | |
|--|-------------|---------------------|--------------|
| Security deposit against Ijarah finance | 13.1 | 16,267,983 | 28,898,095 |
| less: current portion of customers' security deposit | | (16,092,333) | (28,722,445) |
| Long term portion of customers' security deposit | | 175,650 | 175,650 |
- 13.1** This represents amounts received under Ijarah finance repayable / adjustable at the expiry of the arrangement.

	September 30, 2018	June 30, 2018
	Un-audited	Audited
Note	-----Rupees-----	

14 LONG TERM LOAN - subordinated

	500,000,000	500,000,000
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This represents interest free loan provided by the Management Company (related party) 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, 2018: Nil)

	For the quarter ended	
	September 30, 2018	September 30, 2017
	Un-audited	
Note	-----Rupees-----	

16 ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and other benefits	16.1	4,477,395	4,354,014
Legal and professional charges		360,037	524,250
Shariah advisor fee		90,000	90,000
Repair and maintenance		238,223	163,242
Utility services		275,659	274,775
Registration and subscription fee		243,864	216,177
Generator Sharing and fuel charges		110,820	119,240
Entertainment		42,054	53,000
Advertisement and Publications		15,000	-
Staff Orientation and Training		5,000	18,000
Rent, Rates and Taxes	16.2	199,998	49,998
Travelling and conveyance		214,396	173,163
Security services		127,305	136,497
Carry forward		6,399,751	6,172,356

Notes to the Condensed Interim Financial Information

For The Quarter Ended September 30, 2018

	Note	For the quarter ended	
		September 30, 2018	September 30, 2017
		Un-audited	
		-----Rupees-----	
<i>Brought Forward</i>		6,399,751	6,172,356
Printing, stationery and photocopy		101,314	108,927
Postage, Courier and Telegraphs		23,372	14,307
Auditors' remuneration		66,290	93,110
Depreciation expense - tangible assets	11.1	282,062	247,699
Amortization expense - intangible assets	11.2	89,910	89,910
Insurance - owned assets		12,941	21,828
Insurance - Ijarah and Diminishing Musharaka		317,582	307,022
Miscellaneous		28,243	30,839
		7,321,465	7,085,998

16.1 This includes contribution of Rs. 125,913 (2017: Rs. 125,913) to provident fund and provision for gratuity of Rs. 107,263 (2017: Rs.172,636), related party.

16.2 This includes amount of Rs. 150,000 (2017: Nil) branch rent to Sindh Bank Limited, related party.

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, 2019. 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.

Notes to the Condensed Interim Financial Information

For The Quarter Ended September 30, 2018

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 otherwise than disclosed elsewhere in these financial statement are as follows:

	September 30, 2018	June 30, 2018
	Un-audited	Audited
Note	-----Rupees-----	
Balances as at period end		
Sindh Bank Limited		
Accrued income from bank deposits	3,674,283	3,086,719
Sindh Insurance Limited		
Sharing of expenses payable	109,215	218,430
Key Management Personnel		
Long term loan	459,000	540,000
For the quarter ended		
	September 30, 2018	September 30, 2017
	Un-audited	Audited
	-----Rupees-----	
Transactions for the period		
Sindh Bank Limited		
Income from deposits	2,729,662	4,797,746
Sindh Modaraba Management Limited		
Management Company's remuneration accrued	1,646,990	1,440,950
Management Company's remuneration paid	-	3,024,062
	1,646,990	4,465,012
Sindh Insurance Limited		
Insurance premium/Takaful contribution paid	304,014	318,674
Sharing of expenses paid	218,430	218,430
	522,444	537,104
Key Management Personnel		
Salaries, allowances and benefits paid	1,739,143	1,768,215
Sindh Modaraba Employees Provident Fund		
Contribution paid (both employer's and employee's contribution)	251,826	251,826

Notes to the Condensed Interim Financial Information

For The Quarter Ended September 30, 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.

		September 30, 2018	September 30, 2017
		Un-audited	
	Note	-----Rupees-----	
21 CASH AND CASH EQUIVALENT			
Cash and bank balances	4	699,715,610	286,656,510
Short term investment	5	110,000,000	80,000,000
		809,715,610	366,656,510
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 quarter ended September 30, 2018.

23 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on October 17, 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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