

Quarterly Accounts

(Un-Audited)

For The Quarter Ended
March 31, 2008



FIRST PUNJAB MODARABA

Adding Value





**FIRST
PUNJAB
MODARABA**

CORPORATE PROFILE

BOARD OF DIRECTORS

Punjab Modaraba Services (Pvt.) Ltd.

Hamesh Khan	Chairman/Director
Fawzi Khawaja	Chief Executive/Director
Azizul Hameed	Director
Nadeem Amir	Director
Shehryar A. Buksh	Director

CORPORATE SECRETARY/CFO

Mudassar Kaiser Pal

AUDIT COMMITTEE

Azizul Hameed	Chairman
Nadeem Amir	Member

AUDITORS OF THE MODARABA

KPMG Taseer Hadi & Co.

Chartered Accountants

AUDITORS OF THE MANAGEMENT COMPANY

Hameed Chaudhri & Co.

Chartered Accountants

BANKERS

The Bank of Punjab
Faysal Bank Limited
Bank Alfalah Limited
Emirates Global Bank Limited

REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.

H. M. House, 7-Bank Square,

The Mall, Lahore.

Tel: (042) 7235081-2

REGISTERED OFFICE

National Tower, 3rd Floor,

28-Egerton Road, Lahore.

Tel: (042) 6308702, 6315917 Fax: (042) 6308703

E-mail: info@punjabmodaraba.com.pk

Web: www.punjabmodaraba.com.pk



DIRECTORS' REPORT

On behalf of the Board of Directors of Punjab Modaraba Services (Pvt.) Ltd., The Management Company of First Punjab Modaraba (FPM), we feel pleasure in presenting quarterly results of First Punjab Modaraba, for the quarter ended March 31, 2008.

The period under review continued to show progress. The year on year Profitability & Balance Sheet comparison alongwith that of the current nine months is provided here below:

	Mar 31, 2008	June 30, 2007	Mar 31, 2007	%age increase over June, 2007	(Rs. In Million) %age increase over Mar, 2007
Assets	3,045.554	1,798.149	1,560.405	69%	95%
Deposits	1,364.935	937.880	270.080	46%	405%
Profitability	65.648	26.210	30.210	150%	117%
EPS	1.93	0.77	0.89	150%	117%

The results are an indicator of efforts being put in by staff to put the Modaraba at par with top Modaraba Companies in the country.

The Board is grateful to the Registrar Modaraba, Securities & Exchange Commission of Pakistan for their valuable guidance and support as well as to certificate holders for confidence reposed in management of the Modaraba. We would also like to thank the Management and staff of the Modaraba for their dedication, commitment and good results achieved.

For & on behalf of the
Board of Directors

Lahore: April 28, 2008

Chief Executive



**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2008**

	Notes	March 31, 2008 Rupees	June 30, 2007 Rupees
ASSETS			
Cash and bank balances		37,677,201	48,221,783
Investments	6	92,460,857	106,756,876
Short term morabaha finances		1,204,552,490	662,972,414
Current portion of long term morabaha finances		51,038,285	83,538,285
Current portion of long term musharika finances		5,485,096	-
Prepayments and other receivables		147,575,299	98,357,824
Total current assets		1,538,789,228	999,847,182
Long term morabaha finances		-	-
Long term deposits		20,071,000	71,000
Tangible fixed assets			
Assets leased out	5	1,480,368,638	792,315,250
Assets in own use	5	6,324,826	5,915,983
Total assets		3,045,553,692	1,798,149,415
LIABILITIES			
Musharika finances		150,000,000	-
Morabaha finances		80,855,000	185,852,000
Redeemable capital		1,364,935,000	937,880,000
Accrued and other liabilities		72,739,664	39,131,707
Current portion of security deposits against assets leased out		34,099,836	36,208,430
Total current liabilities		1,702,629,500	1,199,072,137
Security deposits against assets leased out		168,940,859	107,360,012
Long term musharika finances		672,047,330	27,739,425
Total liabilities		2,543,617,689	1,334,171,574
NET ASSETS		501,936,003	463,977,841
FINANCED BY:			
Certificate capital		340,200,000	340,200,000
Statutory Reserves		118,707,804	105,578,017
Unrealized Loss on Investment		(11,408,319)	(4,129,547)
Unappropriated Profit		54,436,518	22,329,371
		501,936,003	463,977,841

CONTINGENCIES AND COMMITMENTS

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The annexed notes form an integral part of this condensed interim financial information.

Chief Executive

Director

Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2008**

	Nine Months Ended		Three Months Ended	
	March 31, 2008 (Rupees)	March 31, 2007 (Rupees)	March 31, 2008 (Rupees)	March 31, 2007 (Rupees)
INCOME				
Lease rentals	356,977,359	252,254,358	136,629,233	76,950,750
Profit on morabaha finances	92,211,680	62,887,943	38,282,496	19,248,401
Profit on musharika finances	161,197	4,779,963	161,197	1,007,295
Return on investments	14,204,168	15,069,739	1,098,224	1,727,864
Other income	24,206,620	5,544,442	4,306,929	4,363,655
	<u>487,761,024</u>	<u>340,536,445</u>	<u>180,478,079</u>	<u>103,297,965</u>
EXPENSES				
Amortization of assets leased out	(234,204,803)	(199,152,375)	(94,200,046)	(59,985,521)
Administrative and general expenses	(12,988,195)	(7,620,593)	(4,896,947)	(1,721,860)
Financial and other charges	(147,937,555)	(89,797,649)	(60,232,387)	(29,483,128)
	<u>(395,130,553)</u>	<u>(296,570,617)</u>	<u>(159,329,380)</u>	<u>(91,190,509)</u>
	92,630,471	43,965,828	21,148,699	12,107,456
Bad debts written off	(23,542,609)	-	-	-
Provision for morabaha finances	(8,035,625)	(10,398,286)	(5,000,000)	(2,463,919)
Provision against doubtful lease rentals	-	-	-	(7,934,367)
Reversal of impairment provision on on assets leased out	11,891,026	-	-	-
	<u>(19,687,208)</u>	<u>(10,398,286)</u>	<u>(5,000,000)</u>	<u>(10,398,286)</u>
	72,943,263	33,567,542	16,148,699	1,709,170
Modaraba Company's management fee	(7,294,326)	(3,356,754)	(1,614,870)	(170,917)
Profit for the period	<u>65,648,937</u>	<u>30,210,788</u>	<u>14,533,829</u>	<u>1,538,253</u>
Earnings per certificate - basic	<u>1.93</u>	<u>0.89</u>	<u>0.43</u>	<u>0.05</u>

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive

Director

Director



**FIRST
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**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2008**

	31 March 2008 Rupees	31 March 2007 Rupees
Cash flow from operating activities		
Profit for the period before taxation	65,648,937	39,800,034
Adjustments for:		
Amortization of assets leased out	234,204,803	199,299,457
Depreciation of assets in own use	883,293	754,321
Gain on disposal of tangible fixed assets in own use	(2,697)	(21,100)
Gain on sale of investments - available for sale	(3,112,761)	-
Reversal of impairment loss on assets leased out	(11,891,026)	-
Gain on sale of assets leased out	(22,367,192)	-
Provision against doubtful Lease finances	-	(2,463,919)
Provision against doubtful morabaha finances	8,035,625	(7,934,367)
Bad debts expense	23,542,609	-
Diminution in the value of investments - available for sale	-	147,248
Profit on musharika finances	40,113,835	59,060,209
Profit on morabaha finances	5,383,992	10,828,889
Profit on certificates of musharika	102,403,068	19,877,547
Dividend income	(14,204,168)	(15,069,739)
	362,989,381	264,478,546
Operating profit before working capital changes	428,638,318	304,278,580
Working capital changes		
(Increase)/decrease in current assets:		
Morabaha finances	(514,080,076)	(59,371,369)
Prepayments and other receivables	(49,730,610)	(38,767,556)
Increase/(decrease) in current liabilities:		
Musharika finances	150,000,000	(207,754,865)
Morabaha finances	(104,997,000)	-
Certificates of musharika	427,055,000	53,680,000
Accrued and other liabilities	5,455,297	1,029,946
	(86,297,389)	(251,183,844)
Cash generated from operations	342,340,929	53,094,736
Purchase of assets leased out	(966,862,580)	(96,281,266)
Proceeds from transfer of assets leased out	22,835,769	953,070
Lease security deposits received	59,472,253	489,040
Lease security deposits refunded/adjusted	(33,653,099)	8,371,406
Long Term Morabaha finances	-	80,000,000
Long Term Musharika finances	-	70,875,000
Long Term Deposits	(20,000,000)	-
Profit paid on certificates of musharika	(83,120,362)	-
Profit paid on musharika finances	(32,829,089)	(91,681,536)
Profit paid on morabaha finances	(8,138,565)	-
Taxes adjusted	(500,095)	(6,269)
	(1,062,795,768)	(27,280,555)
Net cash inflow /(outflow) from operating activities	(720,454,839)	25,814,181
Cash Flow from investing activities		
Purchase of fixed assets in own use	(1,295,133)	(439,300)
Purchase of investments available for sale	(14,296,019)	-
Proceeds from sale of assets in own use	6,349	354,119
Proceeds from sale of investments- available for sale	63,845,075	-
Dividend received	32,883,929	13,796,667
Net cash inflow from investing activities	81,144,201	13,711,486
Cash Flow from financing activities		
Musharika finances	644,307,904	(2,446,326)
Profit distributed among the certificate holders	(15,541,848)	(37,888,933)
Net cash (outflow)/ inflow from financing activities	628,766,056	(40,335,259)
Net decrease in cash and cash equivalents	(10,544,582)	(809,592)
Cash and cash equivalents at the beginning of the period	48,221,783	11,817,723
Cash and cash equivalents at the end of the period	37,677,201	11,007,830

The annexed notes from an integral part of this condensed interim financial information.

Chief Executive

Director

Director



**FIRST
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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2008**

	Certificate Capital	Statutory Reserve	Fair Value Reserve	Unappropriated Profit	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at July 01, 2006	340,200,000	100,335,849	(3,176,901)	52,390,700	489,749,648
Profit distributed during the period				(51,030,000)	(51,030,000)
Profit for the period	-	-	-	30,210,790	30,210,790
Transfer to statutory reserve	-	6,042,158	-	(6,042,158)	-
Remeasurement to fair value adjustment	-	-	(12,332,465)	-	(12,332,465)
Balance as at March 31, 2007	<u>340,200,000</u>	<u>106,378,007</u>	<u>(15,509,366)</u>	<u>25,529,332</u>	<u>456,597,973</u>
Balance as at July 01, 2007	340,200,000	105,578,017	(4,129,547)	22,329,371	463,977,841
Profit distributed during the period				(20,412,000)	(20,412,000)
Profit for the period	-	-	-	65,648,937	65,648,937
Transfer to statutory reserve	-	13,129,787	-	(13,129,787)	-
Remeasurement to fair value adjustment	-	-	(7,278,775)	-	(7,278,775)
Balance as at March 31, 2008	<u>340,200,000</u>	<u>118,707,804</u>	<u>(11,408,319)</u>	<u>54,436,521</u>	<u>501,936,003</u>

The annexed notes from an integral part of this condensed interim financial information.

Chief Executive

Director

Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2008

1 Status and nature of business

First Punjab Modaraba (“the Modaraba”) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of the Bank of Punjab), a Company incorporated in Pakistan. The Registered Office of the Modaraba is situated at 3rd floor, National Tower, 28 Egerton Road, Lahore. The Modaraba commenced its business operations from 23 December 1992. The Modaraba is listed on all the stock exchanges in Pakistan.

The Modaraba is a perpetual modaraba and is primarily engaged in the business of leasing, musharika & morabaha financing, equity investment and other related businesses in accordance with the injunctions of Islam.

2 Basis of preparation

2.1 This condensed interim financial information is unaudited and being submitted to the certificate holders as required under Rule 10 of Modaraba Companies and Modaraba Rules, 1981 and have been prepared in accordance with the requirements of the approved International Accounting Standards as applicable in Pakistan relating to Interim Financial Reporting. This condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Modaraba for the year ended 30 June 2007.

2.2 The SECP vide Circular No. 10 of 2004 dated 13 February 2004 has deferred, till further orders, the applicability of the IAS 17 "Leases" with effect from 01 July 2003. Accordingly, this IAS has not been taken into consideration for the purposes of preparation of this condensed interim financial information.

3 Accounting policies

The accounting polices and methods of computation applied for the preparation of this condensed interim financial information are same as those applied in preparation of the annual audited financial statements of the Modaraba for the year ended 30 June 2007.

4 Estimates

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for year ended 30 June 2007.



	Assets leased out Rupees	Assets in own use Rupees	Total Rupees
5 Tangible fixed assets			
Book value as at 30 June 2007	792,315,250	5,915,983	798,231,233
Additions during the period:			
Plant and machinery	679,256,109	-	679,256,109
Vehicles	167,889,639	607,207	168,496,846
Office equipment	-	612,113	612,113
Furniture and fixtures	-	75,813	75,813
Consumer products	119,064,332	-	119,064,332
Staff finance	652,500	-	652,500
	966,862,580	1,295,133	968,157,713
Disposal during the period:			
Plant an machinery	(274,003,933)	-	(274,003,933)
Computers and accessories	-	-	-
Vehicles	(8,476,500)	-	(8,476,500)
Office equipment	-	(200,500)	(200,500)
Consumer products	(1,572,889)	-	(1,572,889)
Staff finance	(218,000)	-	(218,000)
	(284,271,322)	(200,500)	(284,471,822)
Net amortization/depreciation	(6,428,896)	(685,790)	(7,114,686)
Reversal of impairment provision	11,891,026	-	11,891,026
Book value as at March 31, 2008	<u>1,480,368,638</u>	<u>6,324,826</u>	<u>1,486,693,464</u>



FIRST PUNJAB MODARABA

6 - INVESTMENTS - Available-for-sale

These, except as otherwise stated, are fully paid ordinary shares / certificates / units of Rs. 10 each.

No. of shares/certificate/units		Name of entity	31 March 2008		30 June 2007	
30 June 2007	31 March 2008		Cost	Carrying value at market price	Cost	Carrying value at market price
Number	Number		Rupees	Rupees	Rupees	Rupees
Quoted securities						
Mutual Fund						
146,799	146,799	PICIC Investment Fund	2,699,376	1,937,747	2,699,376	2,238,685
1,500,000	1,500,000	UTP-Large Capital Fund	15,000,000	13,275,000	15,000,000	12,675,000
63,580	63,580	UTP-Growth Funds	1,101,375	890,120	1,101,375	890,120
1,384,990	1,646,344	Pakistan Capital Market Fund	23,000,000	20,414,666	20,000,000	20,207,004
Investment & Commercial Bank						
33,952	33,952	Crescent Commercial Bank Ltd.	1,311,626	597,555	1,311,626	762,222
387	526	KASB Bank Ltd.	4,564	9,126	4,565	8,901
1,099	47	Standard Chartered Bank	233	1,770	13,636	145,454
-	31,250	The Bank of Punjab	2,143,938	2,073,438	-	-
Textile Spinning						
10,000	10,000	Kohinoor Spinning Mills Ltd.	80,100	50,000	80,100	51,000
Cement						
-	50,000	Pakistan Cement Co. Ltd.	621,873	535,000	-	-
Transport & Communication						
4,000	-	Pakistan Telecommunication Co. Ltd	-	-	235,726	228,000
Chemicals & Pharmaceuticals						
13,742	1,627	Searle Pakistan Ltd.	4,129	106,243	538,058	578,187
UNQUOTED SECURITIES						
Mutual Fund						
25,169	30,290	UTP Islamic Fund (par value per unit Rs. 500)	22,901,962	18,728,896	19,901,962	18,299,625
142,860	178,884	Pakistan Stock Market Fund	18,000,000	16,752,487	15,000,000	15,583,169
87,131	-	United Composite Fund	-	-	10,000,000	10,010,481
38,808	83,998	United Stock Advantage Fund	10,000,000	10,130,168	5,000,000	5,034,562
160,126	31,098	AKD Opportunity Fund	2,000,000	2,049,329	10,000,000	10,039,900
7,158	-	Atlas Stock Market Fund	-	-	5,000,000	4,980,894
81,699	81,699	UTP A-30+Fund	5,000,000	4,909,312	5,000,000	5,023,672
Total			103,869,176	92,460,857	110,886,424	106,756,876



7 Contingencies and commitments

7.1 Contingencies

There are no significant changes in the contingent liabilities since the last audited published financial statements except stated below:

The Bank of Punjab has marked lien on bank account of First Punjab Modaraba amounting to Rs. 57.609 million at the balance sheet date against letters of guarantee and letters of credit issued by The Bank of Punjab on behalf of First Punjab Modaraba for its customers.

7.2 Commitments

7.2.1 Lease commitments approved but not disbursed on balance sheet date amounting to Rs.105 million (June 2007 : Rs.15 million).

7.2.1 Morabaha finance commitments approved but not disbursed on balance sheet date amounting to Rs.110 million (June 2007 : Rs.140 million).

8 Taxation

Income of non trading modaraba is exempt from tax provided that not less than 90% of their profits are distributed to the certificate holders. The modaraba intends to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liability for the period ended March 31, 2008.

	March 31, 2008	March 31, 2007
9 Transactions with related parties	Rupees	Rupees
9.1 Punjab Modaraba Services (Pvt) Limited (Modaraba's Management company)		
Profit distribution paid	4,050,000	3,253,901
Management fee	3,139,316	7,848,291



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	March 31, 2008 Rupees	March 31, 2007 Rupees
9.2 The Bank of Punjab (Holding company of the Modaraba's Management Company)		
Lease rental income	7,983,547	6,034,268
Lease contracts entered into during the period	15,627,100	4,728,500
Net book value of assets leased out	37,920,836	30,986,241
Lease security deposits	5,343,600	5,979,811

10 Date of authorization

This condensed interim financial information was authorized for issue on April 28, 2008 by the Board of Directors of the Management company.

11 General

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

Director