

CORPORATE PROFILE

BOARD OF DIRECTORS

Punjab Modaraba Services (Pvt.) Ltd.

Khalid Siddiq Tirmizey	Chairman
Mujahid Eshai	Director
Naveed Masud	Director
Nadeem Amir	Director
Khaqan Hasnain Ibrahim	Chief Executive/Director

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mudassar Kaiser Pal

AUDIT COMMITTEE

Naveed Masud	Chairman
Nadeem Amir	Member
Mudassar Kaiser Pal	Secretary

AUDITORS OF THE MODARABA

KPMG Taseer Hadi & Co.
Chartered Accountants

AUDITORS OF MANAGEMENT COMPANY

Hameed Chaudhri & Co.
Chartered Accountants

BANKERS

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

REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.
H. M. House, 7- Bank Square,
The Mall, Lahore.
Tel: (042) 7235081-2

REGISTERED OFFICE

152- AbuBakar Block,
New Garden Town, Lahore (Pakistan)
PABX: 042-35913609-14 Fax: 042-35913615
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.) Limited, the Management Company of First Punjab Modaraba (the Modaraba), I feel pleasure in presenting quarterly results of the Modaraba together with Directors' report, for the quarter ended September 30, 2009.

During the period under review, overall scenario in the global and national economy showed very little improvement. The poor performance of industry owing to electricity shortages, law and order concerns and economic recession compounded negative customer behavior and repayment patterns which remained a major concern for the Modaraba. All these factors led to significant amount of income loss. The stock market however performed well resulting in reversal of impairment losses booked in last quarter of previous financial year.

Going forward, conservation of resources, consolidation of business and focus on recoveries will be the core policy objectives of the Modaraba. The management is also striving to control costs and build a quality risk profile of a profitable customer base. The Modaraba is confident that the decline in profitability shall be halted in the next quarter and eventually reversed in the subsequent quarters.

The results of the Modaraba are provided in the below comparison with corresponding previous year quarter results and with previous year ended on June 30, 2009:

(Rs. in million)

	September 2009 (Quarter)	June 2009 (Full Year)	September 2008 (Quarter)	%age Increase/(Decrease) over June 2009	%age Increase/(Decrease) over September . 2008
Assets	2,907.46	3,046.04	3,433.12	(4.55)	(15.31)
Deposits	683.74	743.72	1,246.41	(8.06)	(45.14)
Profitability	(27.56)	(90.82)	(20.63)	(69.65)	33.59
EPC/(LPC) Rs.	(0.81)	(2.67)	(0.61)	(69.66)	32.79

The Board of Directors is grateful to the regulatory authorities for their guidance and support as also to the certificate holders for their continuing patronage and confidence in the Modaraba.

For and on behalf of the
Board of Directors

October 30, 2009

CHIEF EXECUTIVE

First Punjab Modaraba

Condensed Interim Balance Sheet As at 30 September 2009

	Note	(Un-Audited) 30-Sep-09 Rupees	(Audited) 30-Jun-09 Rupees
ASSETS			
Non current assets			
Tangible fixed assets	5		
Assets leased out		1,526,624,095	1,633,184,559
Assets in own use		11,882,923	10,694,566
Card and room		45,000,000	45,000,000
Long term musharika investment - secured		38,124,093	38,032,234
Long term deposits		131,560	131,560
		1,621,762,671	1,727,042,919
Current assets			
Short term investments - available for sale	6	76,419,597	58,739,891
Short term morabaha investment - secured		885,176,758	958,375,723
Current maturity of long term investment		15,142,402	16,813,259
Advances, deposits, prepayments and other receivables		282,944,416	257,004,876
Tax refundable		1,731,910	1,630,779
Cash and bank balances		24,283,431	26,434,250
		1,285,698,514	1,318,998,778
TOTAL ASSETS		2,907,461,186	3,046,041,697
EQUITY AND LIABILITIES			
Capital and reserves			
Certificate capital		340,200,000	340,200,000
Reserves		(4,760,939)	22,798,448
		335,439,061	362,998,448
Non current liabilities			
Security deposits against leases		225,409,574	245,780,904
Long term musharika finances - secured		1,029,631,727	1,012,682,385
Redeemable capital - participatory and unsecured		74,150,000	73,950,000
		1,329,191,301	1,332,413,289
Current liabilities			
Current maturity of non current liabilities		169,844,737	160,667,239
Short term finances - secured		423,000,000	472,093,000
Redeemable capital - participatory and unsecured		509,596,951	569,772,305
Markup payable		81,432,253	88,993,708
Unclaimed Profit		12,095,922	12,103,092
Trade and other payables		46,860,956	47,000,616
		1,242,830,822	1,350,629,960
Contingencies and commitments	7		
TOTAL EQUITY AND LIABILITIES		2,907,461,186	3,046,041,697

The annexed notes 1 to 11 form an integral part of this interim financial information.

Chief Executive
Punjab Modaraba Services
Lahore : (Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

First Punjab Modaraba
Condensed Interim Profit and Loss Account (Un-Audited)
For the quarter ended 30 September 2009

	30-Sep-09	30-Sep-08
	Rupees	Rupees
Income		
Lease rentals	188,614,367	234,669,462
Profit on morabaha finances	7,071,563	41,023,675
Profit on musharikhah finances	2,401,139	120,119
Return on investments	-	63,580
Gain on disposal of fixed assets	41,358	-
Gain on sale of investment	147,055	-
Other income	9,515,231	3,029,946
	207,790,713	278,906,782
Expenses		
Operating expenses	6,090,779	4,982,925
Amortization of assets leased out	163,043,938	185,727,449
Financial and other charges	80,566,716	98,829,464
	249,701,433	289,539,838
Operating (Loss)/profit before provision and impairment	(41,910,720)	(10,633,056)
Provision for morabaha finance	3,328,370	10,000,000
Reversal of impairment loss on investment-Available for sale	(17,679,703)	-
	(14,351,333)	10,000,000
	(27,559,387)	(20,633,056)
Modaraba Company's management fee	-	-
Profit/(Loss) for the period	(27,559,387)	(20,633,056)
Profit/(Loss) per certificate - basic	(0.81)	(0.61)

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First Punjab Modaraba

Condensed Interim Cash Flow Statement (Un-audited) For the quarter ended 30 September 2009

	30-Sep-09	30-Sep-08
	Rupees	Rupees
Cash flow from operating activities		
Profit / (Loss) for the period	(27,559,387)	(20,633,056)
Adjustments for:		
Amortization of assets leased out	163,043,938	185,718,918
Depreciation of assets in own use	680,394	561,788
Gain on sale of investments - available for sale	(147,055)	-
Reversal of impairment loss on investments-available for sale	(17,679,703)	-
Gain on sale of assets leased out	(41,358)	-
Provision against doubtful morabaha finances	3,328,370	10,000,000
Profit on musharikah finances	39,432,875	46,251,935
Profit on morabaha finances	14,654,319	16,778,801
Profit on certificates of musharikah	26,479,522	35,798,728
Dividend income	-	(63,580)
	229,751,302	295,046,590
Operating profit before working capital changes	202,191,915	274,413,534
Working capital changes		
(Increase)/decrease in current assets:		
Finances under musharikah arrangements	-	9,305,096
Finances under morabaha arrangements	58,362,555	87,452,729
Advances, deposits, prepayments and other receivables	(25,939,540)	(18,053,081)
	32,423,015	78,704,744
Increase/(decrease) in current liabilities:		
Short term finances		
Morabaha	(39,093,000)	107,288,251
Musharikah	(10,000,000)	-
Short term redeemable capital	(60,175,354)	(286,677,641)
Trade and other payables	(139,660)	(623,221)
	(109,408,014)	(180,012,611)
	(76,984,999)	(101,307,867)
Cash generated from operations	125,206,916	173,105,667
Profit paid on certificates of musharikah	(34,542,852)	(46,137,866)
Profit paid on musharikah finances	(36,984,325)	(38,275,711)
Profit paid on morabaha finances	(16,600,994)	(4,929,324)
Taxes paid	(101,131)	-
	(88,229,302)	(89,342,901)
Net cash (used in)/ generated from operating activities	36,977,614	83,762,766
Cash flow from investing activities		
Purchase of assets leased out	(60,754,800)	(133,283,407)
Proceeds from transfer of assets leased out	4,324,064	3,608,252
Lease security deposits received	4,479,670	10,051,999
Lease security deposits refunded/adjusted	(4,077,344)	(355,000)
Morabaha finances	-	(14,029,283)
Musharikah finances	1,490,880	2,059,822
Purchase of fixed assets in own use	(1,885,130)	(1,245,173)
Investments made	(1,621,608)	-
Proceeds from sale of assets in own use	5,000	-
Proceeds from sale of investments- available for sale	1,768,663	-
Dividend received	-	63,580
Net cash (used in)/generated from investing activities	(56,270,605)	(133,129,210)
Cash flow from financing activities		
Musharikah finances	16,949,342	44,497,862
Redeemable capital	200,000	-
Profit distributed among the certificate holders	(7,170)	(1,862)
Net cash generated from/ (used in) financing activities	17,142,172	44,496,000
Net decrease in cash and cash equivalents	(2,150,819)	(4,870,444)
Cash and cash equivalents at the beginning of the period	26,434,250	38,610,982
Cash and cash equivalents at the end of the period	24,283,431	33,740,538

The annexed notes 1 to 11 form an integral part of this interim financial information.

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Director
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First Punjab Modaraba

Condensed Interim Statement of Changes in Equity (Un-Audited) For the period ended 30 September 2009

	Certificate Capital Rupees	Statutory Reserve Rupees	(Deficit) on re- measurement of investment - available for sale Rupees	Unappropriated Profit / Accumulated Loss Rupees	Total Rupees
Balance as at 30 June 2008	340,200,000	110,683,572	(21,079,211)	13,830,334	443,634,695
Net profit/(Loss) for the period				(20,633,056)	-
Transfer during the period @ 30%	-	-	-	-	-
Balance as at 30 September 2008	340,200,000	110,683,572	(21,079,211)	(6,802,722)	423,001,639
Balance as at 30 June 2009	340,200,000	110,683,572	-	(87,885,124)	362,998,448
Net profit/(Loss) for the period	-	-	-	(27,559,387)	-
Transfer during the period @ 20%	-	-	-	-	-
Balance as at 30 September 2009	340,200,000	110,683,572	-	(115,444,511)	335,439,061

The annexed notes 1 to 11 form an integral part of this interim financial information.

Lahore: **Chief Executive**
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

First Punjab Modaraba

Notes to the Interim Financial Information (Un-Audited) For the quarter ended 30 September 2009

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 the 152 Abubakar Block, New Garden Town, 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, multi purpose and multi dimensional modaraba and is primarily engaged in the business of leasing, musharika and morabaha financing, equity investment and other related business in accordance with the injunctions of Islam.

2 Basis of preparation

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard IAS 34 Interim Financial Reporting as applicable in Pakistan. This interim financial information does not include all 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 2009.

This interim financial information is being submitted to the certificate holders as required under the Rule 10 of Modaraba Companies and Modaraba Rules, 1981.

3 Accounting policies

The accounting policies and methods of computation applied for the preparation of this 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 2009.

4 Estimates

The preparation of this 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 Modaraba's 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 2009.

	Assets leased out Rupees	Assets is own used Rupees	Total Rupees
5 Tangible fixed assets			
Book value as at 30 June 2009 (Audited)	1,633,184,563	10,694,564	1,643,879,127
Additions during the period:	60,754,800	1,885,130	62,639,930
Disposal during the period:	(72,686,840)	(24,900)	(72,711,740)
Net amortization/depreciation	(94,628,429)	(671,871)	(95,300,300)
Book value as at 30 September 2009 (Un-Audited)	1,526,624,094	11,882,923	1,538,507,018

6 Short term investments - available for sale

All shares/certificates/units have face value of Rs. 10 each except as otherwise stated.

No. of shares/certificates/units		Name of entity	September 2009		June 2009	
30 September 2009	30 June 2009		Cost	Carrying value at market price	Cost	Carrying value at market price
Number	Number		Rupees	Rupees	Rupees	Rupees
QUOTED SECURITIES						
Mutual Funds						
146,799	146,799	PICIC Investment Fund	2,699,376	880,794	2,699,376	559,304
63,580	63,580	JS Growth Fund	1,101,375	317,900	1,101,375	242,876
1,693,159	1,693,159	Pakistan Capital Market Fund	23,000,000	16,288,190	23,000,000	14,019,357
1,500,000	1,500,000	JS Large Capital Fund	15,000,000	8,550,000	15,000,000	4,665,000
Investment & Commercial Banks						
33,952	33,952	SAMBA Bank Limited (Formerly Crescent Commercial Bank Limited)	1,311,626	125,622	1,311,626	101,177
526	526	KASB Bank Limited	5,954	4,213	5,954	5,428
47	47	Standard Chartered Bank Pakistan Ltd.	233	460	233	399
31,250	31,250	The Bank of Punjab (associated concern)	2,143,938	477,500	2,143,938	343,125
Textile Spinning						
10,000	10,000	Kohinoor Spinning Mills Ltd.	80,100	15,100	80,100	28,500
Cement						
100,000	100,000	Lafarge Pakistan Cement Ltd. (Formerly Pakistan Cement Company Limited)	1,059,710	279,000	1,059,710	270,000
Chemical and Pharmaceutical						
1,627	1,627	Searle Pakistan Limited	4,129	110,587	4,129	72,483
UNQUOTED SECURITIES						
Open-ended mutual funds						
30,290	30,290	UTP Islamic Fund (Par value per unit Rs. 500)	22,901,962	11,407,204	22,901,962	9,015,508
225,996	225,996	Pakistan Stock Market Fund	18,000,000	13,790,276	18,000,000	10,748,370
86,530	86,530	United Stock Advantage Fund.	10,000,000	7,358,511	10,000,000	5,601,952
33,915	33,915	AKD Opportunity Fund.	2,000,000	1,502,435	2,000,000	1,193,809
81,699	81,699	UTP A30+ fund	5,000,000	2,879,902	5,000,000	2,169,118
275,042	275,042	Meezan Islamic Fund	17,292,401	12,431,902	17,292,401	9,703,485
			121,600,804	76,419,597	121,600,804	58,739,891

7 Contingencies and commitments

- 7.1 There are no significant changes in the contingent liabilities since the last audited published financial statements.
- 7.2 Lease commitments approved but not disbursed as on balance sheet date amount to Rs. 267.82 million (2008 : Rs. 179.70 million).
- 7.3 Morabaha commitments approved but not disbursed as on balance sheet date amount to Rs. 484.84 million (2008 : Rs. 63.20 million).

8 Taxation

Income of non trading modaraba is exempt from tax provided that not less than 90% of 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 quarter ended 30 September 2009.

	30 September 2009 Rupees (Un-audited)	30 September 2008 Rupees (Un-Audited)
9 Transactions with related parties		
9.1 Balance outstanding at the end of period		
9.1.1 The Bank of Punjab (Holding company of the Modaraba's Management Company)		
Musharika finances	1,004,881,609	1,233,208,241
Profit payable on musharikhah finances	36,629,475	40,899,810
Net book value of the assets leased to employees	23,965,785	25,296,072
Lease security deposits	3,567,721	5,343,600
Lease rentals receivables	1,100,295	1,259,799
Certificate of musharikhah	300,000,000	300,000,000
Profit payable on certificate of musharikhah	3,697,124	5,731,507
9.2 Transactions during the year		
9.2.1 The Bank of Punjab (Holding company of the Modaraba's Management Company)		
Lease rental income	3,153,015	3,440,442
Profit charged on finances	36,630,135	1,245,649
Lease contracts entered during the period	-	0
Profit charged on certificates of musharikhah	7,519,041	2,514,000

10 Date of authorization

This unaudited interim financial information was authorized for issue by the Board of Directors of Management Company, on 30 October, 2009.

11 General

Figures have been rounded off to the nearest rupee.

Chief Executive	Director	Director
Punjab Modaraba Services	Punjab Modaraba Services	Punjab Modaraba Services
(Private) Limited	(Private) Limited	(Private) Limited