

Quarterly Accounts

(Un-Audited)

For The Quarter Ended
March 31, 2008



FIRST PUNJAB MODARABA

Adding Value





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:

(Rs. In Million)

| | Mar 31, 2008 | June 30, 2007 | Mar 31, 2007 | %age increase over June, 2007 | %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

7

-

-

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
PUNJAB
MODARABA**

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

| | 31 March 2008 | 31 March 2007 |
|-------------------------------------------------------------|------------------|------------------|
| | Rupees | 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 | 11,817,782 |
| 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
PUNJAB
MODARABA**

**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.



**FIRST
PUNJAB
MODARABA**

| | 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 |



**FIRST
PUNJAB
MODARABA**

| | 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