



**FIRST  
PUNJAB  
MODARABA**

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# Quarterly Accounts

(Un-Audited)

For The Quarter Ended  
March 31, 2009



**FIRST PUNJAB MODARABA**

Managed by:

**Punjab Modaraba Services (Pvt.) Ltd.**

(A wholly owned subsidiary of The Bank of Punjab)

152-AbuBakar Block, New Garden Town, Lahore (Pakistan)

PABX: 042-5913609-14 Fax: 042-5913615

E-mail: [info@punjabmodaraba.com.pk](mailto:info@punjabmodaraba.com.pk)

Web: [www.punjabmodaraba.com.pk](http://www.punjabmodaraba.com.pk)

## **CORPORATE PROFILE**

### **BOARD OF DIRECTORS**

Punjab Modaraba Services (Pvt.) Ltd.

Khalid Siddiq Tirmizey	Chairman
Naveed Masud	Director
Nadeem Amir	Director
Fawzi Khawaja	Chief Executive/Director

### **COMPANY SECRETARY & CHIEF FINANCIAL OFFICER**

Mudassar Kaiser Pal

### **AUDIT COMMITTEE**

Naveed Masud	Chairman
Nadeem Amir	Member

### **AUDITORS OF MODARABA**

KPMG Taseer Hadi Co.  
Chartered Accountants

### **AUDITORS OF MANAGEMENT COMPANY**

Hameed Chaudhry 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**

152- AbuBakar Block,  
New Garden Town, Lahore (PAKISTAN)  
PABX: 0425913609-14 Fax: 042-5913615  
E-mail: [info@punjabmodaraba.com.pk](mailto:info@punjabmodaraba.com.pk)  
Web: [www.punjabmodaraba.com.pk](http://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 nine monthly results of the Modaraba together with Directors' report, for nine months ended March 31, 2009.

During the period under review, the economy remained under pressure due to negative economic indicators, liquidity crunch and high borrowing cost. Despite some recovery in last quarter, performance of stock market remained under par.

The Modaraba also faced adverse implications on account of the above during the period under consideration. The negative impact of change in accounting estimate i.e depreciation method from annuity to straight line along with overall economic recession and shortage of liquidity in the market affected overall profitability.

An impairment loss of Rs.15.642 million was transferred from equity to profit and loss account as elaborated in note 6 to the accounts. The Modaraba did well to overcome this impact and general slowdown with higher cost of liquidity by adjusting to the changing market realities. We hope to further improve this position during last quarter of financial year.

The results of the Modaraba are provided in the below comparison with corresponding previous nine months and with previous year ended on June 30, 2008:

*(Rs. in million)*

	March 2009 (nine months)	June 2008 (Full Year)	March 2008 (nine months)	%age Increase/(Decrease) over June 2008	%age Increase/(Decrease) over March 2009
Assets	3,213.30	3,594.60	3,045.55	(10.61%)	5.51%
Deposits	794.43	1,381.34	1,364.94	(42.48%)	(41.78%)
Profitability	(44.17)	17.01	65.65	(359.67%)	(167.28%)
EPC/(LPC) – Rs.	(1.30)	0.50	1.93	(360.00%)	(167.36%)

The Board of Directors is grateful to the continuing guidance of the regulatory authorities and to the certificate holders for their patronage and confidence reposed in the management of the Modaraba. We would like to thank our management and staff of Modaraba for their commitment, dedication and hard work.

For and on behalf of the  
Board of Directors

**CHIEF EXECUTIVE**

**FIRST PUNJAB MODARABA**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS ON MARCH 31,2009**

	Note	31-Mar-2009 Rupees (Un-Audited)	30-Jun-2008 Rupees (Audited)
<b>ASSETS</b>			
<b>Non current assets</b>			
Tangible fixed assets	5		
Assets leased out		1,531,034,491	1,802,881,556
Assets in own use		11,459,645	7,324,362
Card and room		46,100,000	46,100,000
Long term morabaha investment - secured		-	10,784,598
Long term musharikah investment - secured		52,855,700	3,059,822
Long term deposits		136,560	71,000
		<b>1,641,586,396</b>	<b>1,870,221,338</b>
<b>Current assets</b>			
Short term investments - available for sale	6	56,043,220	94,737,132
Short term morabaha investment - secured		1,182,226,876	1,329,131,237
Short term musharikah investment - secured		20,000,000	20,000,000
Current maturity of long term morabaha investment		-	39,705,737
Advances, deposits, prepayments and other receivables		297,145,694	200,879,980
Tax refundable		1,618,839	1,318,207
Cash and bank balances		14,678,426	38,610,982
		<b>1,571,713,055</b>	<b>1,724,383,275</b>
<b>TOTAL ASSETS</b>		<b>3,213,299,452</b>	<b>3,594,604,613</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Certificate capital		340,200,000	340,200,000
Statutory reserve		110,683,572	110,683,572
Unappropriated profit		(41,225,826)	13,830,334
		<b>409,657,746</b>	<b>464,713,906</b>
Unrealised loss on investment		(46,927,969)	(21,079,211)
		<b>362,729,777</b>	<b>443,634,695</b>
<b>Non current liabilities</b>			
Security deposits against leases		258,995,912	238,314,331
Long term musharika finances - secured		1,020,546,978	788,710,559
Redeemable capital - participatory and unsecured		171,000,000	100,000,000
Deferred morabaha income		-	2,784,598
		<b>1,450,542,890</b>	<b>1,129,809,488</b>
<b>Current liabilities</b>			
Current maturity of non current liabilities		66,556,702	94,832,194
Short term finances - secured		572,511,090	538,668,139
Redeemable capital - participatory and unsecured		623,427,972	1,281,345,000
Trade and other payables		137,531,021	106,315,097
		<b>1,400,026,785</b>	<b>2,021,160,430</b>
<b>Contingencies and commitments</b>	7	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,213,299,452</b>	<b>3,594,604,613</b>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information. The details of valuation of investment, impairment and impact on profit and loss account are given in note 6.

**Chief Executive**  
Punjab Modaraba Services  
( 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 PERIOD ENDED MARCH 31,2009**

	Nine Months ended		Quarter ended	
	31-Mar-2009 Rupees	31-Mar-2008 Rupees	31-Mar-2009 Rupees	31-Mar-2008 Rupees
<b>Income</b>				
Lease rentals	706,411,251	356,977,359	236,974,489	136,629,233
Profit on morabaha finances	133,012,480	92,211,680	45,135,537	38,282,496
Profit on musharika finances	3,100,061	161,197	1,509,917	161,197
Return on investments	699,385	14,204,168	635,805	1,098,224
Other income	11,506,861	24,206,620	3,685,639	4,306,929
	<b>854,730,038</b>	<b>487,761,024</b>	<b>287,941,387</b>	<b>180,478,079</b>
<b>Expenses</b>				
Operating expenses	17,952,326	12,988,195	4,792,383	4,896,947
Amortization of assets leased out	560,057,799	234,204,803	187,211,859	94,200,046
Financial and other charges	295,247,016	147,937,555	95,236,226	60,232,387
Write off of bad debts	-	23,542,609	-	-
	<b>873,257,141</b>	<b>418,673,162</b>	<b>287,240,468</b>	<b>159,329,380</b>
<b>Operating profit before provision and impairment</b>	<b>(18,527,103)</b>	<b>69,087,862</b>	<b>700,919</b>	<b>21,148,699</b>
Provision for morabaha finance	10,000,000	8,035,625	-	5,000,000
(Reversal) / provision for impairment of leased assets	-	(11,891,026)	-	-
Impairment on available for sale investments	15,642,657	-	15,642,657	-
	<b>25,642,657</b>	<b>(3,855,401)</b>	<b>15,642,657</b>	<b>5,000,000</b>
	<b>(44,169,760)</b>	<b>72,943,263</b>	<b>(14,941,738)</b>	<b>16,148,699</b>
Modaraba Company's management fee	-	(7,294,326)	-	(1,614,870)
<b>Profit/ (Loss) for the period</b>	<b>(44,169,760)</b>	<b>65,648,937</b>	<b>(14,941,738)</b>	<b>14,533,829</b>
<b>Earning/(Loss) per certificate - basic</b>	<b>(1.30)</b>	<b>1.93</b>	<b>(0.44)</b>	<b>0.43</b>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information. The details of valuation of investment, impairment and impact on profit and loss account are given in note 6.

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**FIRST PUNJAB MODARABA**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31,2009**

	31-Mar-2009 Rupees	31-Mar-2008 Rupees
<b>Cash generated from operations</b>		
Profit/ (Loss) before taxation	(44,169,760)	65,648,937
Adjustment for non cash expenses and other items:		
Provision for morabaha finance	10,000,000	8,035,625
(Reversal) / provision for impairment of leased assets	-	(11,891,026)
Write off of bad debts	-	23,542,609
Impairment on available for sale investments	15,642,657	-
Depreciation / amortization	561,751,354	235,088,096
Financial charges	112,051,409	102,403,068
Profit on morabaha/musharika finances	183,195,607	45,497,827
Gain on sale of fixed assets	(3,836,876)	(22,369,889)
Gain on sale of investment	(635,805)	(3,112,761)
Return on investments	(63,580)	(14,204,168)
	<b>878,104,766</b>	<b>362,989,381</b>
Operating profit before working capital changes	<b>833,935,006</b>	<b>428,638,318</b>
<b>Working capital changes</b>		
<b>Decrease / (Increase) in current assets</b>		
Finances under musharika arrangements	-	-
Finances under morabaha arrangements	119,204,975	(514,080,076)
Advances, deposits, prepayments and other receivables	(95,466,113)	(49,730,610)
	<b>23,738,862</b>	<b>(563,810,686)</b>
<b>Increase/(Decrease) in current liabilities</b>		
Short term finances	33,842,951	45,003,000
Short term Redemnable Capital	(657,917,028)	427,055,000
Trade and other payables	10,625,267	5,455,297
	<b>(613,448,810)</b>	<b>477,513,297</b>
<b>Net changes in operating assets and liabilities</b>	<b>(589,709,948)</b>	<b>(86,297,389)</b>
<b>Cash flow from operating activities</b>		
Cash (used in) / generated from operations	244,225,058	342,340,929
Financial charges paid	(127,303,503)	(83,120,362)
Profit paid on morabaha / musharika finances	(157,269,210)	(40,967,654)
Income tax paid	(3,392,632)	(500,095)
<b>Net cash (used in) / generated from operating activities</b>	<b>(43,740,287)</b>	<b>217,752,818</b>
<b>Cash flow from investing activities</b>		
Dividend received	2,355,980	32,883,929
Leased assets acquired	(336,786,599)	(966,862,580)
Investments purchased	(14,511,555)	(14,296,019)
Proceeds from sale of investments	12,349,863	63,845,075
Proceeds from sale of leased out assets	52,234,835	22,835,769
Proceeds from sale of own assets	138,170	6,349
Fixed assets acquired - own use	(5,967,010)	(1,295,133)
Morabaha finances	44,038,285	-
Musharika finances	(49,795,878)	-
<b>Net cash used in investing activities</b>	<b>(295,943,909)</b>	<b>(862,882,610)</b>
<b>Cash flow from financing activities</b>		
Lease security deposits received	36,147,522	59,472,253
Lease security deposits refunded/adjusted	(22,196,695)	(33,653,099)
Long term deposits	(65,560)	(20,000,000)
Finances under musharika arrangements	231,836,419	644,307,904
Finances under morabaha arrangement	-	-
Redeemable capital	71,000,000	-
Profit distribution	(970,046)	(15,541,848)
<b>Net cash generated from financing activities</b>	<b>315,751,640</b>	<b>634,585,210</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(23,932,556)</b>	<b>(10,544,582)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>38,610,982</b>	<b>48,221,783</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>14,678,426</b>	<b>37,677,201</b>

Chief Executive  
Punjab Modaraba Services  
( Private ) Limited

Director  
Punjab Modaraba Services  
( Private ) Limited

Director  
Punjab Modaraba Services  
( Private ) Limited

**FIRST PUNJAB MODARABA**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31,2009**

	Certificate capital	Statutory Reserve	(Deficit) on re- measurement of investment -available for sale	Unappropriated Profit/Loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 1 July 2007</b>	<b>340,200,000</b>	<b>105,578,017</b>	<b>(4,129,547)</b>	<b>22,329,371</b>	<b>463,977,841</b>
Net profit/(loss) for the period ended 31 March-08	-	-	-	65,648,937	65,648,937
Transfer during the period @ 20%	-	13,129,787	-	(13,129,787)	-
Profit distribution for the year 2007 @					
Rs. 0.6 per certificate	-	-	-	(20,412,000)	(20,412,000)
Net unrealized (loss) on investments - available for sale	-	-	(12,552,195)	-	(12,552,195)
<b>Balance as at 31 March 2008</b>	<b>340,200,000</b>	<b>118,707,804</b>	<b>(16,681,742)</b>	<b>54,436,521</b>	<b>496,662,583</b>
<b>Balance as at 1 July 2008</b>	<b>340,200,000</b>	<b>110,683,572</b>	<b>(21,079,211)</b>	<b>13,830,334</b>	<b>443,634,695</b>
Net profit/(loss) for the period ended 31 March-09				(44,169,760)	(44,169,760)
Transfer during the period @ 30%	-	-	-	-	-
Profit distribution for the year 2008 @					
Rs 0.32 per certificate	-	-	-	(10,886,400)	(10,886,400)
Net unrealized (loss) on investments - available for sale	-	-	(41,491,415)	-	(41,491,415)
*Impairment loss charged to Profit & Loss Account	-	-	15,642,657	-	15,642,657
<b>Balance as at 31 March 2009</b>	<b>340,200,000</b>	<b>110,683,572</b>	<b>(46,927,969)</b>	<b>(41,225,826)</b>	<b>362,729,777</b>

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

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

**Director**  
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## FIRST PUNJAB MODARABA

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS(UN-AUDITED)

#### 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 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 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 2008.

#### 3 Accounting policies

The accounting policies 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 2008.

#### 4 Estimates

The preparation of this 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 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 2008.

#### 5 Tangible fixed assets

Book value as at 30 June 2008 (audited)  
Additions during the period  
Disposal during the period  
Net amortization/depreciation  
**Book value as at 31 March 2009 (unaudited)**

<b>Assets leased out</b>	<b>Assets in own use</b>	<b>Total</b>
<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
1,802,881,556	7,324,362	<b>1,810,205,918</b>
336,786,599	5,967,010	<b>342,753,609</b>
(248,933,401)	(138,170)	<b>(249,071,571)</b>
(359,700,263)	(1,693,557)	<b>(361,393,820)</b>
<b>1,531,034,491</b>	<b>11,459,645</b>	<b>1,542,494,136</b>

	<b>(Un-audited)</b> 31-Mar-2009	(Audited) 30-Jun-2008
	<b>Rupees</b>	Rupees
<b>6 Short term investments - available for sale</b>		
Listed shares and units	<b>20,006,929</b>	36,217,208
Unlisted units	<b>36,036,291</b>	58,519,924
	<b>56,043,220</b>	94,737,132

Securities and Exchange Commission of Pakistan (SECP) notification vide SRO 150 (1)/2009 dated February 13, 2009 has allowed that the impairment loss, if any, recognized as on December 31, 2008 due to valuation of listed equity investments held as "Available for Sale" to quoted market prices may be shown under the equity. The amount taken to equity including any adjustment/effect for price movements shall be taken to Profit and Loss Account on quarterly basis during the year ending December 31, 2009. The amount taken to equity at December 31, 2008 shall be treated as a charge to Profit and Loss Account for the purposes of distribution as dividend.

The Modaraba opted to show an amount of Rs.45.809 million under the equity. After taking effect of price movement in the Karachi Stock Exchange, this has increased to Rs.62.571 million as on March 31, 2009. In accordance with guidelines of SECP as stated above, the first quarter impairment of Rs.15.642 million is recognized in Profit and Loss Account and balance of Rs.46.928 million is included in total amount of revaluation surplus / deficit reported under equity as on March 31, 2009.

The full recognition of impairment loss in accordance with the requirements of IAS 39 would have had the following effect on this interim financial information

	<b>2009</b> <b>Rupees</b>
Effect of Impairment Loss in Profit and Loss Account	<b>46,927,968</b>
Effect on Tax charge for the period	Nil
Increase in loss for the period	<b>46,927,968</b>
Decrease in deficit on revaluation of Available for the sale securities	<b>46,927,968</b>
Increase in Un-appropriated loss	<b>46,927,968</b>
Increase in loss per certificate	<b>1.38</b>

## **7 Contingencies and commitments**

### **7.1 Contingencies**

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

The assessing officer, while finalizing income tax assessment for tax year 2003, raised tax demand amounting to Rs. 14.580 million. The Modaraba has not admitted the tax liability and has filed an appeal before Appellate Commissioner.

### **7.2 Commitments**

**7.2.1** Lease commitments approved but not disbursed as on balance sheet date amount to Rs.17.90 million (2008 : Rs:182.23 million).

**7.2.2** Morabaha commitments approved but not disbursed as on balance sheet date amount to Rs.19.00 million (2008 : Rs. 393.00 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 tax exemption and hence no provision has been made in these financial statements for tax liability for period ended March 31,2009.

**9 Transactions with related parties**

	31-Mar-2009	30-Jun-2008
	Rupees	Rupees
	(Un-audited)	(Audited)
<b>9.1 Balance outstanding at the end of period</b>		
<b>9.1.1 The Bank of Punjab</b>		
Musharika finances	1,020,546,978	788,710,559
Profit payable on musharika finances	36,550,374	29,482,066
Net book value of the assets leased to employees	25,576,568	37,920,836
Lease security deposits	4,970,200	5,343,600
Lease rentals receivables	1,144,768	1,002,846
Certificate of musharikah	300,000,000	100,000,000
Profit payable on certificate of musharikah	4,271,948	942,465
<b>9.1.2 Bank of Punjab Employee Provident Fund</b>		
Certificate of musharikah	170,000,000	170,000,000
Profit payable on certificate of musharikah	6,706,841	4,670,680
<b>9.2 Transactions during the period</b>		
<b>9.2.1 The Bank of Punjab</b>	31-Mar-2009	31-Mar-2008
	Rupees	Rupees
Lease rentals income	3,441,345	7,983,547
Profit charged on finances	110,582,764	20,987,491
Lease contracts entered during the period	-	15,627,100
Profit charged on certificate of musharikahs	43,236,301	1,621,917
<b>9.2.2 Bank of Punjab Employee Provident Fund</b>		
Profit charged on certificate of musharikahs	25,687,755	11,736,921
<b>9.2.3 Punjab Modaraba Services (Pvt) Limited</b>		
Management fee accrued	-	3,139,316
Profit distribution paid	-	4,050,000

## 10 Date of authorization

This condensed interim financial information for the nine months period ended 31 March, 2009 was authorized for issue by the Board of Directors of the Management Company on April 29, 2009.

## 11 General

Figures have been rounded off to the nearest rupee.

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

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**Director**  
Punjab Modaraba Services  
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**Director**  
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