

Quarterly Accounts

(Un-Audited)

March 31, 2010



First Punjab Modaraba





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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

Mujahid Eshai	Chairman
Naveed Masud	Member
Nadeem Amir	Member

AUDITORS OF THE MODARABA

KPMG Taseer Hadi & Co.
Chartered Accountants

AUDITORS OF MANAGEMENT COMPANY

Hameed Chaudhri & Co.
Chartered Accountants

CREDIT RATING

By The Pakistan Credit Rating Agency Limited (PACRA)

Entity

Long Term	A-
Short Term	A2

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) 37235081-2

REGISTERED OFFICE

152- AbuBakar Block,
New Garden Town, Lahore (Pakistan)
PABX: 042-35913609-14 Fax: 042-35913615
E-mail: info@punjabmodaraba.com.pk
URL: www.punjabmodaraba.com.pk



DIRECTORS' REPORT

The Board of Directors of Punjab Modaraba Services (Pvt.) Limited, the management company of the First Punjab Modaraba (the Modaraba), is pleased to present the quarterly results of the Modaraba, together with Directors' report, for the quarter ended March 31, 2010.

During the period under review, the overall national economy, though faring marginally better over last year, was particularly plagued by the worst ever energy crisis, with further aggravation in power outages adversely impacting on industrial output in several sectors. Sporadic incidents of terrorism in the Punjab and the north added to the uncertainty in the business environment. Inevitably, the ability of the affected sectors to service their financial obligations was accordingly undermined causing strain on the financial institutions on accounts of suspensions and provisions.

The Modaraba continued with its policy of a balanced and controlled increase in book size together with focus on recoveries from classified and borderline cases. As a result, the Modaraba was able to muster a profit of Rs.15.2 million in the quarter.

Considering the odds that continue to beset the Modaraba, this is encouraging, especially as this has taken place after six consecutive quarters of losses.

The management is determined to stay the course so as to be able to eventually change the colour of the bottom line by the end of the year.

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 & on behalf of the
Board of Directors

Lahore: April 30, 2010

Chief Executive



**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2010**

	Note	(Un-Audited) 31 March 2010 Rupees	(Audited) 30 June 2009 Rupees
ASSETS			
Non current assets			
Tangible fixed assets	5		
Assets leased out		1,444,063,508	1,633,184,559
Assets in own use		10,031,537	10,694,566
Card and room		45,000,000	45,000,000
Long term morabaha investment - secured		-	-
Long term musharikhah investment - secured		25,589,350	38,032,234
Long term deposits		<u>131,560</u>	<u>131,560</u>
		1,524,815,955	1,727,042,919
Current assets			
Short term investments - available for sale	6	-	58,739,891
Short term morabaha investment - secured		769,510,339	958,375,723
Short term musharikhah investment - secured		-	-
Current maturity of long term investment	7	25,284,600	16,813,259
Property acquired in satisfaction of claims		22,850,000	-
Advances, deposits, prepayments and other receivables		322,912,329	257,004,876
Tax refundable		1,787,345	1,630,779
Cash and bank balances		<u>52,706,955</u>	<u>26,434,250</u>
		1,195,051,568	1,318,998,778
TOTAL ASSETS		<u>2,719,867,523</u>	<u>3,046,041,697</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Certificate capital		340,200,000	340,200,000
Reserves		<u>1,852,627</u>	<u>22,798,448</u>
		342,052,627	362,998,448
Non current liabilities			
Security deposits against leases		216,806,230	245,780,904
Long term musharikhah finances - secured		945,930,197	1,012,682,385
Redeemable capital - participatory and unsecured		<u>8,700,000</u>	<u>73,950,000</u>
		1,171,436,427	1,332,413,289
Current liabilities			
Current maturity of non current liabilities		256,641,375	160,667,239
Short term finances - secured		311,000,000	472,093,000
Redeemable capital - participatory and unsecured		506,098,166	569,772,305
Markup payable		53,502,577	88,993,708
Unclaimed Profit		12,037,419	12,103,092
Trade and other payables		<u>67,098,929</u>	<u>47,000,616</u>
		1,206,378,469	1,350,629,960
Contingencies and commitments	8		
TOTAL EQUITY AND LIABILITIES		<u>2,719,867,523</u>	<u>3,046,041,697</u>

The annexed notes 1 to 13 form an integral part of this interim financial information.

Chief Executive
Punjab Modaraba Services (Pvt) Ltd.

Director
Punjab Modaraba Services (Pvt) Ltd.

Director
Punjab Modaraba Services (Pvt) Ltd.



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2010**

	Nine Months Ended		Quarter Ended	
	31 March 2010 (Rupees)	31 March 2009 (Rupees)	31 March 2010 (Rupees)	31 March 2009 (Rupees)
Income				
Lease rentals	614,830,779	706,411,251	217,930,092	236,974,489
Profit on morabaha finances	49,427,423	133,012,480	14,464,952	45,135,537
Profit on musharikhah finances	1,764,244	3,100,061	533,810	1,509,917
Gain on disposal of fixed assets	1,350,193	3,836,876	1,063,314	588,105
Gain on sale of investment	19,022,818	699,385	-	635,805
Other income	37,379,472	7,669,985	17,078,101	3,097,534
	723,774,929	854,730,038	251,070,269	287,941,387
Expenses				
Operating expenses	19,831,504	17,952,326	6,212,093	4,792,383
Amortization of assets leased out	487,016,526	560,057,799	159,482,052	187,211,859
Financial and other charges	217,911,179	295,247,016	66,028,518	95,236,226
	724,759,209	873,257,141	231,722,663	287,240,468
Operating Profit/(Loss) before provision and impairment	(984,280)	(18,527,103)	19,347,606	700,919
Provision on doubtful receivables	5,597,001	10,000,000	4,104,253	-
Impairment against leased assets	10,490,395	-	-	-
Impairment on available for sale investments	-	15,642,657	-	15,642,657
Other provision	3,874,145	-	-	-
	19,961,541	25,642,657	4,104,253	15,642,657
	(20,945,821)	(44,169,760)	15,243,353	(14,941,738)
Modaraba Company's management fee	-	-	-	-
Profit/(Loss) for the period	(20,945,821)	(44,169,760)	15,243,353	(14,941,738)
Earnings/(Loss) per certificate - basic	(0.62)	(1.30)	0.45	(0.44)

The annexed notes 1 to 13 form an integral part of this interim financial information.



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2010**

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	July to March	January to March	July to March	January to March
	Rupees	Rupees	Rupees	Rupees
Income/ (Loss) for the period	(20,945,821)	15,243,353	(44,169,760)	(14,941,738)
Net unrealized loss on investments - available for sale	-	-	(41,491,415)	(41,491,415)
Total comprehensive Income/ (loss) for the period	(20,945,821)	15,243,353	(85,661,175)	(56,433,153)

The annexed notes 1 to 13 form an integral part of this interim financial information.

Chief Executive
Punjab Modaraba Services (Pvt) Ltd.

Director
Punjab Modaraba Services (Pvt) Ltd.

Director
Punjab Modaraba Services (Pvt) Ltd.



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2010**

	31 March 2010 Rupees	31 March 2009 Rupees
Cash flow from operating activities		
Profit / (Loss) for the period	(20,945,821)	(44,169,760)
Adjustments for:		
Amortization of assets leased out	487,016,526	560,057,797
Depreciation of assets in own use	1,999,408	1,693,557
Gain on sale of investments - available for sale	(19,022,818)	(635,805)
Gain on sale of assets leased out	(1,350,193)	(3,836,876)
Loss on disposal of tangible fixed assets in own use	-	-
Provision against doubtful morabaha finances	6,165,368	10,000,000
Provision/(Reversal) against doubtful morabaha finances	-	-
Earning/(Loss) per certificate - basic	-	15,642,657
Provision for impairment on leased assets	10,490,395	-
Profit on musharikhah finances	111,084,992	128,498,025
Profit on morabaha finances	32,180,980	54,697,582
Profit on certificates of musharikhah	74,645,207	112,051,409
Dividend income	-	(63,580)
	<u>703,209,865</u>	<u>878,104,766</u>
Operating profit before working capital changes	682,264,044	833,935,006
Working capital changes		
(Increase)/decrease in current assets:		
Finances under musharikhah arrangements	-	-
Finances under morabaha arrangements	165,039,823	119,204,975
Advances, deposits, prepayments and other receivables	(89,325,819)	(95,466,113)
	75,714,004	23,738,862
Increase/(decrease) in current liabilities:		
Short term finances		
Morabaha	(116,093,000)	83,842,951
Musharikhah	(45,000,000)	(50,000,000)
Short term redeemable capital	(63,674,139)	(657,917,028)
Trade and other payables	20,098,313	10,625,267
	<u>(204,668,826)</u>	<u>(613,448,810)</u>
Cash generated from operations	<u>(128,954,822)</u>	<u>(589,709,948)</u>
	553,309,222	244,225,058
Profit paid on certificates of musharikhah	(87,645,756)	(127,303,503)
Profit paid on musharikhah finances	(113,101,623)	(121,639,469)
Profit paid on morabaha finances	(52,654,931)	(35,629,741)
Taxes paid	(156,566)	(3,392,632)
	<u>(253,558,876)</u>	<u>(287,965,345)</u>
Net cash (used in)/ generated from operating activities	299,750,346	(43,740,287)
Cash flow from investing activities		
Purchase of assets leased out	(322,617,781)	(336,786,599)
Proceeds from transfer of assets leased out	15,664,151	52,234,835
Lease security deposits received	18,510,522	36,147,522
Lease security deposits refunded/adjusted	(7,400,443)	(22,196,695)
Morabaha finances	5,100,000	44,038,285
Musharikhah finances	2,925,024	(49,795,878)
Purchase of fixed assets in own use	(1,986,787)	(5,967,010)
Investments made	(28,345,476)	(14,511,555)
Proceeds from sale of assets in own use	632,826	138,170
Proceeds from sale of investments- available for sale	106,108,184	12,349,863
Long term deposits	-	(65,560)
Dividend received	-	2,355,980
	<u>(211,409,780)</u>	<u>(282,058,642)</u>
Net cash (used in)/generated from investing activities		
Cash flow from financing activities		
Musharikhah finances	(66,752,188)	231,836,419
Redeemable capital	4,750,000	71,000,000
Profit distributed among the certificate holders	(65,673)	(970,046)
	<u>(62,067,861)</u>	<u>301,866,373</u>
Net cash generated from/ (used in) financing activities		
Net decrease in cash and cash equivalents	26,272,705	(23,932,556)
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	<u>52,706,955</u>	<u>14,678,426</u>

Chief Executive

Punjab Modaraba Services (Pvt) Ltd.

Director

Punjab Modaraba Services (Pvt) Ltd.

Director

Punjab Modaraba Services (Pvt) Ltd.



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2010**

	Certificate Capital	Statutory Reserve	(Deficit) on re-measurement of Investments - Available for sale	Unappropriated Profit/Accumulated Loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2008	340,200,000	110,683,572	(21,079,211)	13,830,334	443,634,695
Profit distribution for the year 2008 @ Re. 0.32 per certificate	-	-	-	(10,886,400)	(10,886,400)
Impairment loss charged to profit & loss account	-	-	15,642,657	-	15,642,657
Total comprehensive income/(loss) for nine month period ended March 31, 2009			(41,491,415)	(44,169,760)	(85,661,175)
Balance as at March 31, 2009	<u>340,200,000</u>	<u>110,683,572</u>	<u>(46,927,969)</u>	<u>(41,225,826)</u>	<u>362,729,777</u>
Balance as at July 01, 2009	340,200,000	110,683,572	-	(87,885,124)	362,998,448
Total comprehensive income/(loss) for nine month period ended March 31, 2010	-	-	-	(20,945,821)	(20,945,821)
Balance as at March 31, 2010	<u>340,200,000</u>	<u>110,683,572</u>	<u>-</u>	<u>(108,830,945)</u>	<u>342,052,627</u>

The annexed notes 1 to 13 form an integral part of this interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2010

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 December 23, 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 but subject to limited scope review by auditors and has been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as applicable in Pakistan relating to the Interim Financial Reporting. 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 June 30, 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 adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Modaraba for the preceding year ended June 30, 2009, except amendments in International Accounting Standard 1 (Revised) "Presentation of financial statements (IAS 1)", which became effective for financial periods beginning on or after January 1, 2009. The adoption of IAS 1 has not materially affected the computation of the results except increased disclosures in the form of statement of other comprehensive income which has been reflected in the Modaraba's financial information.

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 June 30, 2009.



FIRST PUNJAB MODARABA

	Assets leased out Rupees	Assets in own used Rupees	Total Rupees
5 Tangible fixed assets			
Book value as at June 30, 2009 (audited)	1,633,184,559	10,694,566	1,643,879,125
Additions during the period	322,617,781	1,986,787	324,604,568
Disposal during the period	(178,179,320)	(1,157,300)	(179,336,620)
Impairment of assets	(10,490,395)	-	(10,490,395)
Net amortization/depreciation	(323,069,117)	(1,492,516)	(324,561,633)
Book value as at March 31, 2010 (Un-Audited)	<u>1,444,063,508</u>	<u>10,031,537</u>	<u>1,454,095,045</u>
		(Un-Audited)	(Audited)
		31 March	30 June
		2010	2009
		Rupees	Rupees
6 Short term investments - available for sale			
Listed shares and units		-	6,288,292
Unlisted units		-	52,451,599
		<u>-</u>	<u>58,739,891</u>
7 Current maturity of long term investment			
Morabaha investment		2,000,000	2,000,000
Unearned morabaha income		77,583	340,022
Musharikah investment		23,207,017	14,473,237
		<u>25,284,600</u>	<u>16,813,259</u>
8 Contingencies and commitments			
8.1 Contingencies			
8.1.1	There are no significant changes in the contingent liabilities since last published financial statements.		
8.2 Commitments			
8.2.1	Lease commitments approved but not disbursed as on balance sheet date amount to Rs.201.11million (2009 : Rs. 17.90 million).		
8.2.2	Morabaha commitments approved but not disbursed as on balance sheet date amount to Rs.12.76 million (2009 : Rs. 19.00 million).		
9 Taxation			

Income of non trading modaraba is exempt from tax provided that not less than 90% of profits are distributed to the certificate holders. However, due to loss for the period, no provision for taxation has been made.



FIRST PUNJAB MODARABA

10 Transactions with related parties	31 March 2010 Rupees (Un-Audited)	30 June 2009 Rupees (Audited)
10.1 Balance outstanding at the end of period		
10.1.1 The Bank of Punjab (Holding company of the Modaraba's Management Company)		
Musharikhah finances	945,930,197	1,012,682,385
Profit payable on Musharikhah finances	32,389,431	35,964,487
Net book value of the assets leased to employees	11,515,671	18,739,691
Lease security deposits	4,380,500	4,970,200
Lease rentals receivables	665,037	51,584
Certificates of Musharikhah	300,000,000	300,000,000
Profit payable on Certificates of Musharikhah	3,370,889	3,924,657
10.1.2 BOP Employee Provident Fund		
Certificates of Musharikhah	170,000,000	170,000,000
Profit payable on Certificates of Musharikhah	-	13,488,215
	July to March 2010 Rupees	July to March 2009 Rupees
10.2 Transactions during the period		
10.2.1 The Bank of Punjab (Holding company of the Modaraba's Management Company)		
Lease rentals income	8,245,029	10,091,281
Profit charged on finances	104,993,773	110,582,764
Profit charged on Certificates of Musharikhah	30,712,533	43,236,301
10.2.2 BOP Employee Provident Fund		
Profit charged on Certificate of Musharikhah	20,418,614	25,687,755

11 Financial risk management

The Modaraba's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2009.

12 Date of authorization

This unaudited interim financial information for the nine months ended March 31, 2010 was authorized for issue by the Board of Directors of the Management Company on April 30, 2010.

13 General

Figures have been rounded off to the nearest rupee.

Chief Executive
Punjab Modaraba Services (Pvt) Ltd.

Director
Punjab Modaraba Services (Pvt) Ltd.

Director
Punjab Modaraba Services (Pvt) Ltd.



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)
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