



First Punjab Modaraba
An Islamic Financial Institution

Quarterly Accounts
(Un-Audited)
September 30, 2011

Contents



Corporate Profile	02
Directors' Report	03
Condensed Balance Sheet	04
Condensed Profit & Loss Account	05
Condensed Statement of Comprehensive Income	06
Condensed Cash Flow Statement	07
Condensed Statement of Changes in Equity	08
Condensed Notes to the Accounts	09



CORPORATE PROFILE

BOARD OF DIRECTORS
Punjab Modaraba Services (Pvt.) Ltd.

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

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY
Mudassar Kaiser Pal

AUDIT COMMITTEE	
Mujahid Eshai	Chairman
Nadeem Amir	Member

AUDITORS OF MANAGEMENT COMPANY
Hameed Chaudhri & Co.
Chartered Accountants

CREDIT RATING
By The Pakistan Credit Rating Agency Limited (PACRA)

ENTITY RATING
Long Term A-
Short Term A2
(With Negative Outlook)

BANKERS
The Bank of Punjab
Bank Alfalah Limited
Al Baraka Bank (Pakistan) Limited

REGISTRAR
Hameed Majeed Associates (Pvt.) Ltd.
H. M. House, 7- Bank Square,
The Mall, Lahore.
Tel: (042) 37235081-2

REGISTERED OFFICE
233-A, New Muslim Town, Lahore, Pakistan.
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URL: www.punjabmodaraba.com.pk



DIRECTORS' REPORT

The Board of Directors of Punjab Modaraba Services (Pvt.) Limited, the management Company of First Punjab Modaraba (the Modaraba), is pleased to present the quarterly results of the Modaraba, together with Directors' report, for the quarter ended September 30, 2011.

The worsening power crisis continued to undermine performance of industry during the quarter under review. The effects were apparent in impaired repayment behavior of customers. The curtailment of discount rate by the State Bank of Pakistan, in its efforts to revive private sector growth, is however expected to provide some relief.

The quantum of fresh business booked during the quarter remained much lower than redemptions and maturities owing to shortage of liquidity and also owing to aversion to booking the available riskier assets considering the current environment in the business and financial sectors. Resultantly, the revenues declined by 17.92% as compared with corresponding quarter. Although a reduction of 7.64% was recorded in expenses in the same period but it was not sufficient to offset decrease in revenues, resulting in operating loss of Rs.28.05 million. The heavy provisioning due to aging of old non performing accounts further increased the loss to Rs.55.13 million as against Rs.28.59 million in Q1 last year.

The recoveries in non performing accounts will be the prime focus of the Modaraba. Depending upon the details of each case, separate strategy has been developed for each account—be it rescheduling, restructuring, civil and/or criminal legal recourse or out of court settlement. In addition, efforts for generation of liquidity will continue.

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

For and on behalf of the
Board of Directors

Lahore: January 23, 2012

Chief Executive

Condensed Interim Balance Sheet (Un-Audited)

As at September 30, 2011



First Punjab Modaraba

	Note	30-Sep-2011 Rupees (Un-Audited)	30-Jun-2011 Rupees (Audited)
ASSETS			
Non current assets			
Tangible fixed assets	5		
Ijarah assets		1,054,966,383	1,187,330,576
Assets in own use		10,404,038	11,119,379
In-tangible assets	6	45,970,895	46,036,142
Long term musharikhah investment - secured		29,020,610	38,721,907
Long term deposits		656,944	656,944
		<u>1,141,018,870</u>	<u>1,283,864,948</u>
Current assets			
Short term morabaha investment - secured		641,155,946	677,414,151
Current maturity of long term investment	7	60,351,157	52,605,670
Advances, deposits, prepayments and other receivables		477,372,436	431,419,678
Tax refundable		662,339	638,712
Cash and bank balances		57,646,030	182,410,708
		<u>1,237,187,908</u>	<u>1,344,488,919</u>
		<u><u>2,378,206,778</u></u>	<u><u>2,628,353,867</u></u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Capital and reserves			
Certificate capital		340,200,000	340,200,000
Reserves		(98,890,068)	(43,754,388)
		<u>241,309,932</u>	<u>296,445,612</u>
Non current liabilities			
Security deposits		166,814,434	175,460,664
Long term morabaha finances - secured		14,059,889	11,751,556
Redeemable capital - participatory and unsecured		7,200,000	7,200,000
		<u>188,074,323</u>	<u>194,412,220</u>
Current liabilities			
Current maturity of non current liabilities		185,575,674	188,840,975
Deffered morabaha income		13,493,973	6,810,367
Musharikhah Finance		958,478,064	878,487,257
Redeemable capital - participatory and unsecured		660,468,510	963,061,760
Trade and other payables		48,060,904	60,035,721
Mark up payable	8	70,543,324	27,930,643
Unclaimed profit		12,202,074	12,329,312
		<u>1,948,822,523</u>	<u>2,137,496,035</u>
Contingencies and commitments	10		
TOTAL EQUITY AND LIABILITIES		<u><u>2,378,206,778</u></u>	<u><u>2,628,353,867</u></u>

The attached notes 1 to 16 form an integral part of these financial statements.

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 September 30, 2011



First Punjab Modaraba

	Note	30-Sep-2011 Rupees (Un-Audited)	30-Sep-2010 Rupees (Un-Audited)
Income			
Ijarah rentals		152,324,659	182,123,634
Profit on morabaha investment		5,343,614	8,726,361
Profit on musharikhah investment		485,983	629,370
Gain on disposal of fixed assets		(2,278,740)	6,832,892
Gain on sale of investment		-	-
Other income		11,546,977	5,655,178
		167,422,493	203,967,435
Expenses			
Operating expenses		7,902,584	6,283,485
Depreciation of Ijarah assets		126,466,591	138,513,896
Financial and other charges	9	61,106,242	66,856,713
		195,475,417	211,654,094
Operating loss before provision		(28,052,924)	(7,686,659)
Provision/(Reversal) for morabaha investment		19,486,565	966,704
Provision/(Reversal) for impairment of Ijarah assets		6,214,202	16,281,634
Provision/(Reversal) for musharikhah investment		220,989	
Other Provisions / (Reversal)		1,161,000	3,655,719
		27,082,756	20,904,057
Operating loss after provision and impairment		(55,135,680)	(28,590,716)
Modaraba Company's management fee		-	-
Loss for the period		(55,135,680)	(28,590,716)
Loss per certificate - basic and diluted		(1.62)	(0.84)

The attached notes 1 to 16 form an integral part of these financial statements.

Chief Executive
Punjab Modaraba Services (Pvt) Ltd.

Director
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Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the period ended September 30, 2011



First Punjab Modaraba

	2011 July to September Rupees	2010 July to September Rupees
Income/ (Loss) for the period	(55,135,680)	(28,590,716)
Total comprehensive Income/ (loss) for the period	<u>(55,135,680)</u>	<u>(28,590,716)</u>

The attached notes 1 to 16 form an intergral part of these financial statements.

Chief Executive
Punjab Modaraba Services (Pvt) Ltd.

Director
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Condensed Interim Cash Flow Statement (Un-Audited)
For the period ended September 30, 2011



First Punjab Modaraba

	Note	30-Sep-2011 Rupees	30-Sep-2010 Rupees
Cash flow from Operating activities	11	113,074,173	(27,500,806)
Profit paid on certificates of musharikhah		(17,015,073)	(21,859,904)
Profit paid on musharikhah finances		-	(29,162,794)
Profit paid on morabaha finances		(1,397,217)	(13,006,543)
Taxes paid		(23,627)	(54,545)
Net cash (used in) / generated from operating activities		(18,435,917)	(64,083,786)
		94,638,256	(91,584,592)
Cash flow from investing activities			
Cash margin on LG received/ (refunded)		(372,592)	-
Morabaha investment		-	2,000,000
Musharikhah investment		1,734,821	(14,599,672)
Purchase of fixed assets in own use		(162,935)	(1,295,000)
Purchase of intangible assets		-	(5,700)
Proceeds from sale of assets in own use		19,120	-
Net cash (used in)/generated from investing activities		1,218,414	(13,900,372)
Cash flow from financing activities			
Musharikhah finances		79,990,807	97,859,097
Morabaha		2,308,333	-
Redeemable capital		(302,793,250)	2,558,085
Profit distributed among the certificate holders		(127,238)	(3,812)
Net cash generated from/ (used in) financing activities		(220,621,348)	100,413,370
Net decrease in cash and cash equivalents		(124,764,678)	(5,071,594)
Cash and cash equivalents at the beginning of the period		182,410,708	42,246,793
Cash and cash equivalents at the end of the period		57,646,030	37,175,199

The attached notes 1 to 16 form an integral part of these financial statements.

Chief Executive
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Director
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Condensed Interim Statement of Changes in Equity (Un-Audited)

For the period ended September 30, 2011



First Punjab Modaraba

	Certificate Capital Rupees	Statutory Reserve Rupees	Unappropriated Loss Rupees	Total Rupees
Balance as at 1st July 2010	340,200,000	114,199,168	(84,369,529)	370,029,639
Total comprehensive loss for quarter ended 30 September 2010	-	-	(28,590,716)	(28,590,716)
Balance as at 30 September 2010	340,200,000	110,683,572	(112,960,245)	341,438,923
Balance as at 1st July 2011	340,200,000	114,199,168	(157,953,556)	296,445,612
Total comprehensive loss for quarter ended 30 September 2011	-	-	(55,135,680)	(55,135,680)
Balance as at 30 September 2011	340,200,000	114,199,168	(213,089,236)	241,309,932

The attached notes 1 to 16 form an integral part of these financial statements.

Chief Executive
Punjab Modaraba Services (Pvt) Ltd.

Director
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Director
Punjab Modaraba Services (Pvt) Ltd.

Notes to The Condensed Interim Financial Statements (Un-Audited)

For the period ended September 30, 2011



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 Head Office of the Modaraba is situated at 233-A, New Muslim 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 ijarah, 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 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 30 June 2011.

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 30 June 2011.

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 were the same as those that were applied to the financial statements for year ended 30 June 2011.



	Jjarah Assets Rupees	Assets is own used Rupees	Total Rupees
5 Tangible fixed assets			
Book value as at 30 June 2011 (Audited)	1,187,330,577	11,119,383	1,198,449,960
Additions during the period	57,337,200	162,935	57,500,135
Disposal during the period	(57,020,601)	(7,640)	(57,028,241)
Impairment of assets	(6,214,202)	-	(6,214,202)
Net amortization/depreciation	(126,466,591)	(870,640)	(127,337,231)
Book value as at 30 September 2011 (Un-Audited)	<u>1,054,966,383</u>	<u>10,404,038</u>	<u>1,065,370,421</u>
		(Un-Audited) 30-Sep-11 Rupees	(Audited) 30-June-10 Rupees
6 In-tangible assets			
Corporate membership of Lahore Stock Exchange		37,100,000	37,100,000
Less: Impairment on LSE membership		(1,100,000)	(1,100,000)
		<u>36,000,000</u>	<u>36,000,000</u>
Room at Lahore Stock Exchange		9,000,000	9,000,000
		<u>45,000,000</u>	<u>45,000,000</u>
LMS software		1,295,000	1,295,000
Less: Amortization		(324,105)	(258,858)
		<u>45,970,895</u>	<u>46,036,142</u>
7 Current maturity of long term investment			
Morabaha investment		-	-
Unearned morabaha income		-	-
Musharikhah investment		60,351,157	52,605,670
		<u>60,351,157</u>	<u>52,605,670</u>
8 Mark-up payable			
Musharikhah Finance		29,418,970	-
Morabaha Finance		9,422,409	9,618,185
Redeemable Capital		31,701,945	18,312,458
		<u>70,543,324</u>	<u>27,930,643</u>
9 Financial and other charges		30-Sep-11	30-Sep-10
Musharikhah Finance		29,418,970	35,226,834
Morabaha Finance		1,201,442	8,371,420
Redeemable Capital		30,484,899	23,253,953
Bank and other charges		931	4,506
		<u>61,106,242</u>	<u>66,856,713</u>
10 Contingencies and commitments			
10.1 Contingencies			
10.1.1	There are no significant changes in contingent liabilities since the last published financial statements except following:		
	Aggregate amount of guarantee given by a bank on behalf of the Modaraba in respect of the Bid Bond, Performance, Advance Payment and Payment Guarantee aggregated Rs.182.121 million. (2010: Rs. 234.215 million)		
	The aggregate amount of guarantee has been reduced by Rs.113.7 million till date.		



10.2 Commitments

- 10.2.1 Ijarah commitments approved but not disbursed as on balance sheet date amount to Rs.54.770 million (2010 : Rs. 271.83 million).
- 10.2.2 Morabaha commitments approved but not disbursed as on balance sheet date amount to Rs. 185.200 million (2010 : Rs. 37.00 million).
- 10.2.3 Musharikah commitments approved but not disbursed as on balance sheet date amount to Rs. Nil. (2010 : Rs. 28.20)

	(Un-Audited) 30-Sep-11 Rupees	(Un-Audited) 30-Sep-10 Rupees
11 Cash flow from operating activities		
Loss for the period	(55,135,680)	(28,590,716)
Adjustments for:		
Amortization of Ijarah assets	126,466,591	138,513,896
Depreciation of assets in own use	935,889	609,380
Gain on sale of investments - available for sale	-	-
Loss on sale of Ijarah assets	(2,278,740)	(6,832,892)
Provision against doubtful morabaha investment	19,486,565	966,704
Provision/(Reversal) against Ijarah assets	6,214,202	16,281,634
Provision/(Reversal) against musharikah investment	220,989	-
Other provisions	1,161,000	3,655,719
Other income	-	-
Profit on musharikah finances	29,418,970	35,226,834
Profit on morabaha finances	1,201,442	8,371,420
Profit on certificates of musharikah	30,392,834	23,258,459
	<u>213,219,742</u>	<u>220,051,154</u>
Operating profit before working capital changes	158,084,062	191,460,438
Working capital changes		
(Increase)/decrease in operating assets:		
Morabaha investment	23,455,246	(17,609,998)
Purchase of Ijarah assets	(57,337,200)	(216,623,654)
Proceeds from transfer of Ijarah assets	54,970,768	61,469,874
Long term deposits	-	-
Advances, deposits, prepayments and other receivables	(40,315,342)	(25,289,360)
	<u>(19,226,528)</u>	<u>(198,053,138)</u>
Increase/(decrease) in operating liabilities:		
Security deposits received	1,730,770	17,500,890
Security deposits refunded	(13,069,709)	(29,227,038)
Trade and other payables	(14,444,422)	(9,181,958)
	<u>(25,783,361)</u>	<u>(20,908,106)</u>
	<u>(45,009,889)</u>	<u>(218,961,244)</u>
Cash generated from operations	113,074,173	(27,500,806)
12 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 in these financial statements.



	30 September 2011 Rupees (Un-audited)	30 June 2011 Rupees (Audited)
13 Transactions with related parties		
13.1 Balance outstanding at the end of period		
13.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		
Musharikhah finances	958,478,064	878,487,255
Profit payable on Musharikhah finances	29,418,970	-
Net book value of the Ijarah assets to employees	9,346,736	10,227,581
Ijarah security deposits	2,497,970	2,497,970
Ijarah rentals receivables	421,069	-
Certificates of Musharikhah	-	300,000,000
Profit payable on Certificates of Musharikhah	-	3,688,767
13.1.2 BOP Employee Provident Fund		
Certificates of Musharikhah	75,000,000	75,000,000
Profit payable on Certificates of musharikhah	171,375	171,375
13.1.3 CFO/Company Secretary		
Certificates of Musharikhah	1,000,000	-
Profit payable on Certificates of musharikhah	27,070	-
	July to September 2011 Rupees	July to September 2010 Rupees
13.2 Transactions during the period		
13.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		
Ijarah rentals income	1,288,038	2,162,282
Profit charged on finances	29,418,970	35,226,834
Profit charged on Certificates of Musharikhah	3,313,973	9,819,180
13.2.2 BOP Employee Provident Fund		
Profit charged on Certificates of Musharikhah	2,627,670	2,627,655
13.2.3 CFO/Company Secretary		
Profit charged on Certificates of Musharikhah	27,070	-

14 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 30 June 2011.

15 Date of authorization

This unaudited interim financial information for the three months period ended 30 September 2011 was authorized for issue by the Board of Directors of the Management Company on 23 January 2012.

16 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

An Islamic Financial Institution

Managed by:

Punjab Modaraba Services (Pvt.) Ltd.

(A wholly owned subsidiary of The Bank of Punjab)

233-A, New Muslim Town, Lahore, Pakistan.

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www.punjabmodaraba.com.pk