



First Punjab Modaraba
An Islamic Financial Institution

Quarterly Accounts
(Un-Audited)
March 31, 2011

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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
Syed Abdul Razzaq	Director

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY
Mudassar Kaiser Pal

AUDIT COMMITTEE	
Mujahid Eshai	Chairman
Nadeem Amir	Member
Syed Abdul Razzaq	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 RATING
Long Term A-
Short Term A2

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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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 March 31, 2011.

During the period under review, the overall national economy remained under stress. While there was no relief in power shortage, its pricing also registered increases in response to global prices of oil. With persistent inflationary pressures, SBP continued with its tight monetary policy. Liquidity remained scarce, more so for marginal, smaller players.

Businesses dependent on payments from Government institutions whose development funds / project budgets were diverted / revised found it difficult to service their financial obligations to their creditors / financial institutions. The Modaraba also had to bear this impact which impacted adversely on the Operating Profit (before Provision) in the period under review, bringing it down to Rs.3.77 million compared to Rs.19.35 million in the corresponding period last year.

The bottom line was further aggravated by a steep rise in Provisions Rs.40.12 million, which related to old NPLs, compared to Rs.4.1million in the corresponding period last year.

With the quantum of old NPLs the Modaraba is simultaneously planning to undertake structural measures to restore its profitability on a sustainable basis.

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

Lahore: April 29, 2011

Chief Executive

Condensed Interim Balance Sheet (Un-Audited)

As at March 31, 2011



First Punjab Modaraba

	Note	31-March-2011 Rupees (Un-Audited)	30-Jun-2010 Rupees (Audited)
ASSETS			
Non current assets			
Tangible fixed assets	5		
Ijarah assets		1,259,409,969	1,447,816,251
Assets in own use		9,016,004	9,531,813
In-tangible assets	6	46,100,679	45,000,000
Long term musharikhah investment - secured		31,246,721	19,552,548
Long term deposits		656,944	165,060
		<u>1,346,430,317</u>	<u>1,522,065,672</u>
Current assets			
Short term morabaha investment - secured		683,477,058	684,742,763
Current maturity of long term investment	7	45,432,363	27,622,700
Advances, deposits, prepayments and other receivables		415,859,154	386,602,274
Tax refundable		1,903,492	1,818,104
Cash and bank balances		39,806,007	42,246,793
		<u>1,186,478,074</u>	<u>1,143,032,634</u>
TOTAL ASSETS		<u>2,532,908,391</u>	<u>2,665,098,306</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Certificate capital		340,200,000	340,200,000
Reserves		(66,518,685)	29,829,639
		<u>273,681,315</u>	<u>370,029,639</u>
Non current liabilities			
Security deposits		184,306,810	213,395,671
Long term musharikhah finances - secured		909,241,496	885,035,859
Redeemable capital - participatory and unsecured		300,000	80,850,000
		<u>1,093,848,306</u>	<u>1,179,281,530</u>
Current liabilities			
Current maturity of non current liabilities		183,611,952	100,091,187
Deferred morabaha income		11,912,874	19,238,582
Short term finances - secured		182,000,000	262,000,000
Redeemable capital - participatory and unsecured		630,124,137	609,988,404
Mark up payable		69,260,168	55,439,069
Unclaimed profit		12,335,122	12,032,753
Trade and other payables		76,134,517	56,997,142
		<u>1,165,378,770</u>	<u>1,115,787,137</u>
Contingencies and commitments			
TOTAL EQUITY AND LIABILITIES		<u>2,532,908,391</u>	<u>2,665,098,306</u>

The attached notes 1 to 14 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 nine months period ended March 31, 2011



	2011		2010	
	July to March	January to March	July to March	January to March
	Rupees	Rupees	Rupees	Rupees
Income				
Ijarah rentals	560,932,595	206,774,440	614,830,779	217,930,092
Profit on morabaha investment	28,562,652	9,230,032	49,427,423	14,464,952
Profit on musharikhah investment	2,561,908	1,349,734	1,764,244	533,810
Return on investments	-	-	-	-
Gain on disposal of fixed assets	(5,554,271)	(13,009,675)	1,350,193	1,063,314
Gain on sale of investment	-	-	19,022,818	-
Other income	17,037,225	6,576,596	37,379,472	17,078,101
	<u>603,540,109</u>	<u>210,921,127</u>	<u>723,774,929</u>	<u>251,070,269</u>
Expenses				
Operating expenses	(23,607,339)	(9,873,091)	(19,831,504)	(6,212,093)
Depreciation of ijarah assets	(403,390,221)	(130,040,198)	(487,016,526)	(159,482,052)
Finance cost	(202,775,094)	(67,238,893)	(217,911,179)	(66,028,518)
	<u>(629,772,654)</u>	<u>(207,152,182)</u>	<u>(724,759,209)</u>	<u>(231,722,663)</u>
Operating profit/(loss) before provision	<u>(26,232,545)</u>	<u>3,768,945</u>	<u>(984,280)</u>	<u>19,347,606</u>
(Provision)/Reversal for morabaha investment	(33,685,659)	(31,627,986)	(5,597,001)	(4,104,253)
(Provision)/ Reversal for impairment of ijarah assets	(21,829,080)	(4,566,329)	(10,490,395)	-
(Provision)/Reversal for musharikhah investment	(3,925,800)	(3,925,800)	-	-
Other Provisions	(7,273,240)	-	(3,874,145)	-
	<u>(66,713,779)</u>	<u>(40,120,115)</u>	<u>(19,961,541)</u>	<u>(4,104,253)</u>
Operating profit/(loss) after provision and impairment	<u>(92,946,324)</u>	<u>(36,351,170)</u>	<u>(20,945,821)</u>	<u>15,243,353</u>
Modaraba Company's management fee	-	-	-	-
Profit/(loss) for the period	<u>(92,946,324)</u>	<u>(36,351,170)</u>	<u>(20,945,821)</u>	<u>15,243,353</u>
Earnings per certificate - basic and diluted	<u>(2.73)</u>	<u>(1.07)</u>	<u>(0.62)</u>	<u>0.45</u>

The attached notes 1 to 14 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 Statement of Comprehensive Income (Un-Audited)

For the nine months period ended March 31, 2011



First Punjab Modaraba

	2 0 1 1		2 0 1 0	
	July to March	January to March	July to March	January to March
	Rupees	Rupees	Rupees	Rupees
Profit/(loss) for the period	(92,946,324)	(36,351,170)	(20,945,821)	15,243,353
Total comprehensive profit/(loss) for the period	(92,946,324)	(36,351,170)	(20,945,821)	15,243,353

The attached notes 1 to 14 form an integral part of these financial statements.

Chief Executive
Punjab Modaraba Services (Pvt) Ltd.

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Condensed Interim Cash Flow Statement (Un-Audited)

For the nine month period ended March 31, 2011



	<i>Note</i>	31-March-2011 Rupees	31-March-2010 Rupees
Cash flow from Operating activities	9	272,339,617	482,232,810
Profit paid on certificates of musharikhah		(65,327,589)	(87,645,756)
Profit paid on musharikhah finances		(99,451,032)	(113,101,623)
Profit paid on morabaha finances		(24,175,374)	(52,654,931)
Taxes paid		(85,388)	(156,566)
Net cash (used in) / generated from operating activities		(189,039,383)	(253,558,876)
Cash flow from investing activities			
Cash margin on LG received/ (refunded)		(11,718,219)	-
Morabaha investment		2,700,000	5,100,000
Musharikhah investment		(35,429,636)	2,925,024
Purchase of fixed assets in own use		(2,080,718)	(1,986,787)
Purchase of intangible assets		(1,295,000)	-
Proceeds from sale of assets in own use		840,811	632,826
Investment made		-	(28,345,476)
Proceeds from sale of investment-available for sale		-	106,108,184
Net cash (used in)/generated from investing activities		(46,982,762)	84,433,771
Cash flow from financing activities			
Musharikhah finances		24,205,640	(111,752,188)
Morabaha		(80,000,000)	(116,093,000)
Redeemable capital		20,135,733	(58,924,139)
Profit distributed among the certificate holders		(3,099,631)	(65,673)
Net cash generated from/ (used in) financing activities		(38,758,258)	(286,835,000)
Net decrease in cash and cash equivalents		(2,440,786)	26,272,705
Cash and cash equivalents at the beginning of the period		42,246,793	26,434,250
Cash and cash equivalents at the end of the period		39,806,007	52,706,955

The attached notes 1 to 14 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 Statement of Changes in Equity (Un-Audited)

For the nine months period ended March 31, 2011

	Certificate capital Rupees	Statutory Reserve Rupees	Unappropriated profit / (Accumulated loss) Rupees	Total Rupees
Balance as at 1st July 2009	340,200,000	110,683,572	(87,885,124)	362,998,448
Total comprehensive income for nine months period ended 31 March 2011	-	-	(20,945,821)	(20,945,821)
Balance as at 31 March 2010	340,200,000	110,683,572	(108,830,945)	342,052,627
Balance as at 1st July 2010	340,200,000	114,199,168	(84,369,529)	370,029,639
Profit distribution for the year 2010 @ Re.0.10 per certificate	-	-	(3,402,000)	(3,402,000)
Total comprehensive income for nine months period ended 31 March 2011	-	-	(92,946,324)	(92,946,324)
Balance as at 31 March 2011	340,200,000	114,199,168	(180,717,853)	273,681,315

The attached notes 1 to 14 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.

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

For the nine months period ended March 31, 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 the 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 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 30 June 2010.

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 2010.

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 2010.

	Ijarah assets <u>Rupees</u>	Assets is own used <u>Rupees</u>	Total <u>Rupees</u>
5 Tangible fixed assets			
Book value as at 30 June 2010 (Audited)	1,447,816,251	9,531,813	1,457,348,064
Additions during the period	338,892,949	2,080,718	340,973,667
Disposal during the period	(112,795,167)	(32,204)	(112,827,371)
Impairment of assets	(21,829,080)	-	(21,829,080)
Reversal of impairment of assets	10,715,237	-	10,715,237
Net amortization/depreciation	<u>(403,390,221)</u>	<u>(2,564,323)</u>	<u>(405,954,544)</u>
Book value as at 31 March 2011 (Un-Audited)	<u>1,259,409,969</u>	<u>9,016,004</u>	<u>1,268,425,973</u>

Notes to The Condensed Interim Financial Statements (Un-Audited)
For the nine months period ended March 31, 2011



First Punjab Modaraba

	31 March 2011 Rupees (Un-audited)	30 June 2010 Rupees (Audited)
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)
	36,000,000	36,000,000
Room at Lahore Stock Exchange	9,000,000	9,000,000
	45,000,000	45,000,000
LMS software	1,295,000	-
Less: Amortization	(194,321)	-
	46,100,679	45,000,000
7 Current maturity of long term investment		
Morabaha investment	-	2,000,000
Unearned morabaha income	-	-
Musharikhah investment	45,432,363	25,622,700
	45,432,363	27,622,700
8 Contingencies and commitments		
8.1 Contingencies		
8.1.1	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.228.678 million. (2010: Rs. 217.809 million)	
	The aggregate amount of guarantee has been reduced by Rs.1.714 million till date.	
8.2 Commitments		
8.2.1	Lease commitments approved but not disbursed as on balance sheet date amount to Rs.244.384million (2010 : Rs. 201.11 million).	
8.2.2	Morabaha commitments approved but not disbursed as on balance sheet date amount to Rs. 74.00 million (2010 : Rs. 12.76 million).	
8.2.3	Musharikhah commitments approved but not disbursed as on balance sheet date amount to Rs. 28.20 million. (2010-Nil)	



	31 March 2011 Rupees (Un-audited)	31 March 2010 Rupees (Un-audited)
9 Cash flow from operating activities		
Profit / (Loss) for the period	(92,946,324)	(20,945,821)
Adjustments for:		
Amortization of ijarah assets	403,390,221	487,016,526
Depreciation of assets in own use	2,758,644	1,999,408
Gain on sale of investments - available for sale	-	(19,022,818)
Gain/loss on sale of ijarah assets	5,554,271	(1,350,193)
Provision against doubtful morabaha investment	33,685,659	6,165,368
Provision/(Reversal) against ijarah assets	21,829,080	10,490,395
Provision/(Reversal) against musharikhah investment	3,925,800	-
Other provisions	7,273,240	-
Other income	(276,388)	-
Profit on musharikhah finances	106,775,964	111,084,992
Profit on morabaha finances	21,759,258	32,180,980
Profit on certificates of musharikhah	74,239,872	74,645,207
	680,915,621	703,209,865
Operating profit before working capital changes	587,969,297	682,264,044
Working capital changes		
(Increase)/decrease in operating assets:		
Morabaha investment	(40,445,662)	165,039,823
Purchase of assets leased out	(338,892,949)	(322,617,781)
Proceeds from transfer of assets leased out	95,724,571	15,664,151
Long term deposits	(491,884)	-
Advances, deposits, prepayments and other receivables	(36,528,026)	(89,325,819)
	(320,633,950)	(231,239,626)
Increase/(decrease) in operating liabilities:		
Security deposits received	37,165,818	18,510,522
Security deposits refunded	(44,220,598)	(7,400,443)
Trade and other payables	12,059,050	20,098,313
	5,004,270	31,208,392
	(315,629,680)	(200,031,234)
Cash generated from operations	272,339,617	482,232,810

10 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.



	31 March 2011 Rupees (Un-audited)	30 June 2010 Rupees (Audited)
11 Transactions with related parties		
11.1 Balance outstanding at the end of period		
11.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		
Musharikhah finances	909,241,496	885,035,859
Profit payable on Musharikhah finances	36,490,159	29,334,802
Net book value of the ijarah assets to employees	12,061,874	14,483,400
Ijarah security deposits	3,179,220	4,808,470
Ijarah rentals receivables	561,497	-
Certificates of Musharikhah	300,000,000	300,000,000
Profit payable on Certificates of Musharikhah	3,728,219	3,322,877
11.1.2 BOP Employee Provident Fund		
Certificate of Musharikhahs	75,000,000	75,000,000
Profit payable on Certificate of musharikhah	2,770,491	3,723,836
11.2 Transactions during the period		
11.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		
Lease rentals income	5,984,003	8,245,029
Profit charged on finances	106,775,964	104,993,773
Profit charged on certificates of Musharikhah	30,901,508	30,712,533
11.2.2 BOP Employee Provident Fund		
Profit charged on Certificate of Musharikhah	7,825,896	20,418,614
11.2.3 Punjab Modaraba Services (Pvt) Limited (Modaraba's Management Company)		
Profit distribution paid	1,198,862	-
Management fee paid	781,243	-

12 Financial risk management

The Modarabs'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 2010.

13 Date of authorization

This unaudited interim financial information for the nine months period ended 31 March 2011 was authorized for issue by the Board of Directors of the Management company, on 29 April 2011.

14 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.

PABX: (+92-42) 3586 5032-37 Fax: (+92-42) 3586 5038-39

www.punjabmodaraba.com.pk