



First Punjab Modaraba
An Islamic Financial Institution

Half Yearly Accounts
(Un-Audited)
December 31, 2011



CONTENTS

First Punjab Modaraba

Corporate Profile	2
Directors' Report	3
Auditors' Report to the Members on Review of Interim Financial Information	4
Interim Balance Sheet	5
Interim Profit and Loss Account	6
Interim Statement of Comprehensive Income	7
Interim Cash Flow Statement	8
Interim Statement of Changes in Equity	9
Selected Notes to the Interim Financial Information	10-15



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 THE MODARABA

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

AUDITORS OF THE MANAGEMENT COMPANY

Hameed Chaudhri & Co.

Chartered Accountants

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:7235081-2

REGISTERED OFFICE

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

PABX: (+92-42) 35865032-37

Fax: (+92-42) 35865039

E-mail: info@punjabmodaraba.com.pk

URL: www.punjabmodaraba.com.pk



The Board of Directors of Punjab Modaraba Services (Pvt.) Limited, the management Company of First Punjab Modaraba (the Modaraba), is pleased to present the half yearly results of the Modaraba, together with Directors' report, for half year ended December 31, 2011.

Despite signs of modest improvement in the economy, loans to private sector businesses saw meager expansion. The low demand for loans due to persistent energy shortages, unfavorable law and order situation, and excess capacity in the industrial sector led to below par performance of industry during the period under review undermining repayment capacity of customers.

The shortage of liquidity and increase of risk element in assets considering the overall economic scenario kept quantum of fresh business booked during the period much lower than redemptions and maturities. The revenues were consequently declined by 16.98% as compared with corresponding period. The reduction of 12.31% in expenses in the same period was not sufficient to offset decrease in revenues, resulting in operating loss of Rs.45.39 million. The aging of old non performing accounts required hefty provisioning thereby increasing loss for the period to Rs.101.19 million as against Rs.56.59 million in corresponding period.

Focus on recoveries from non performing accounts is the primary objective with separate strategy on each account keeping in view its specific circumstances. In addition, check on operating costs and liquidity generation will remain among essential goals of the Modaraba.

The Board of Directors remains grateful for the guidance and support extended by the regulators as well as the continuing patronage of the certificates holders.

For and on behalf of the
Board of Directors

April 11, 2012

CHIEF EXECUTIVE



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim balance sheet of First Punjab Modaraba (“the Modaraba”) as at 31 December 2011 and the related interim profit and loss account, interim statement of comprehensive income, interim cash flows, interim statement of changes in equity and explanatory notes (here-in-after referred to as the “the interim financial information”) for the six months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The financial information and financial statements of the Modaraba as of 31 December 2010 and 30 June 2011, respectively, were reviewed and audited by another auditor whose reports dated 25 February 2011 and 23 December 2011 expressed an unqualified conclusion and a unqualified opinion along with an emphasis of matter paragraph drawing attention on the existence of uncertainty, which may cause doubts on the Modaraba’s ability to continue as going concern in the absence of continued financial support by the Bank of Punjab (the holding Company of the Modaraba’s Management Company), respectively on these financial statements.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410. “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that cause us to believe that the accompanying interim financial information is as of and for the six months period ended 31 December 2011 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

Without qualifying our conclusion we draw attention to note 1 of this interim financial information of the Modaraba which fully explains in detail the existence of an uncertainty, which may cast doubt on Modaraba’s ability to continue as a going concern.

Lahore: April 11, 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
(Farooq Hameed)

INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2011

First Punjab Modaraba



	Note	Un-audited December 31, 2011 Rupees	Audited June 30, 2011 Rupees
ASSETS			
Non current assets			
Tangible fixed assets	5		
- Ijarah assets		923,711,788	1,187,330,576
- Assets in own use		9,705,074	11,119,379
In-tangible assets		45,905,649	46,036,142
Musharika investment - secured		32,696,491	38,721,907
Deposits		656,944	656,944
		1,012,675,946	1,283,864,948
Current assets			
Morabaha investment - secured	6	581,082,943	677,414,151
Current maturity of musharika investments		54,693,003	52,605,670
Advances, deposits, prepayments and other receivables		497,901,405	431,419,678
Tax refundable		708,394	638,712
Cash and bank balances		188,180,434	182,410,708
		1,322,566,179	1,344,488,919
TOTAL ASSETS		2,335,242,125	2,628,353,867
EQUITY AND LIABILITIES			
Certificate capital		340,200,000	340,200,000
Reserves		(144,946,686)	(43,754,388)
		195,253,314	296,445,612
Non current liabilities			
Security deposits		161,549,789	175,460,664
Long term morabaha finances - secured		2,520,278	11,751,556
Redeemable capital - participatory and unsecured		7,200,000	7,200,000
		171,270,067	194,412,220
Current liabilities			
Current maturity of non current liabilities		179,731,426	188,840,975
Deferred morabaha income		4,821,345	6,810,367
Musharika finances - secured	7	1,001,821,103	878,487,257
Redeemable capital - participatory and unsecured	8	673,262,760	963,061,760
Mark up payable		58,784,896	27,930,643
Trade and other payables		38,108,055	60,035,721
Unclaimed profit		12,189,159	12,329,312
		1,968,718,744	2,137,496,035
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		2,335,242,125	2,628,353,867

The annexed notes 1 to 17 form integral part of this interim financial information.

Chief Executive
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited



INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011

	2011		2010	
	July to Dec.	Oct. to Dec.	July to Dec.	Oct. to Dec.
	Rupees	Rupees	Rupees	Rupees
Income				
Ijarah rentals	297,256,081	144,931,422	354,158,155	172,034,521
Profit on morabaha investment	14,035,274	8,691,660	19,332,620	10,606,259
Profit on musharikhah investment	2,189,373	1,703,390	1,212,174	582,804
Loss on disposal of tangible fixed assets	(1,865,949)	412,791	7,455,404	622,512
Other income	14,337,061	2,790,084	10,460,629	4,805,451
	325,951,840	158,529,347	392,618,982	188,651,547
Expenses				
Operating expenses	16,875,112	8,972,528	13,734,248	7,450,763
Depreciation of ijarah assets	241,958,459	115,491,868	273,350,023	134,836,127
Finance cost	112,517,218	51,410,976	135,536,201	68,679,488
	371,350,789	175,875,372	422,620,472	210,966,378
Operating loss before provision	(45,398,949)	(17,346,025)	(30,001,490)	(22,314,831)
Provision for morabaha investment	(38,973,131)	(19,486,566)	(2,057,673)	(1,090,969)
Provision for impairment of ijarah assets	(14,056,239)	(7,842,037)	(17,262,751)	(981,117)
Provision for musharikhah investment	(441,978)	(220,989)	-	-
Other provisions	(2,322,001)	(1,161,001)	(7,273,240)	(3,617,521)
	(55,793,349)	(28,710,593)	(26,593,664)	(5,689,607)
Operating loss after provision and impairment	(101,192,298)	(46,056,618)	(56,595,154)	(28,004,438)
Modaraba Company's management fee	-	-	-	-
Loss for the period	(101,192,298)	(46,056,618)	(56,595,154)	(28,004,438)
Earnings per certificate - basic and diluted	(2.97)	(1.35)	(1.66)	(0.82)

The annexed notes 1 to 17 form integral part of this interim financial information.

Chief Executive
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011



	2011		2010	
	July to Dec.	Oct. to Dec.	July to Dec.	Oct. to Dec.
	Rupees	Rupees	Rupees	Rupees
Loss for the period	(101,192,298)	(46,056,618)	(56,595,154)	(28,004,438)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(101,192,298)	(46,056,618)	(56,595,154)	(28,004,438)

The annexed notes 1 to 17 form integral part of this interim financial information.

Chief Executive
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited



INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011

	Note	December 31, 2011 Rupees	December 31, 2010 Rupees
Cash flow from operating activities			
Cash generated from operations	11	257,602,006	110,407,583
Profit paid on morabaha / musharikh finances		(51,486,230)	(65,975,656)
Profit paid on redeemable capital		(30,176,734)	(64,391,553)
Income tax paid		(69,682)	(74,724)
		(81,732,646)	(130,441,933)
Net cash generated from / (used in) operating activities		175,869,360	(20,034,350)
Cash flow from investing activities			
Cash margin on LG refunded		(588,228)	(18,789,525)
Investment in morabaha - net		-	2,700,000
Investment in musharika - net		3,496,105	(7,874,694)
Fixed capital expenditure		(305,935)	(1,514,400)
Proceeds from disposal of tangible fixed assets		64,120	-
Net cash generated from / (used in) investing activities		2,666,062	(25,478,619)
Cash flow from financing activities			
Finances under musharika arrangements - net		123,333,846	57,990,267
Finances under morabaha - net		(4,960,389)	(80,000,000)
Redeemable capital - net		(290,999,000)	115,012,891
Profit distribution to certificate holders		(140,153)	(2,610,033)
Net cash (used in)/generated from financing activities		(172,765,696)	90,393,125
Net increase in cash and cash equivalents		5,769,726	44,880,156
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		188,180,434	87,126,949

The annexed notes 1 to 17 form integral part of this interim financial information.

Chief Executive
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011



	Certificate Capital Rupees	Statutory Reserve Rupees	Unappropriated Accumulated Loss Rupees	Total Rupees
Balance as at July 1, 2010	340,200,000	114,199,168	(84,369,529)	370,029,639
Profit distribution for the year 2010 @ Rs. 0.10 (1%) per certificate	-	-	(3,402,000)	(3,402,000)
Total comprehensive income for six months period ended December 31, 2010	-	-	(56,595,154)	(56,595,154)
Balance as at December 31, 2010	<u>340,200,000</u>	<u>110,683,572</u>	<u>(144,366,683)</u>	<u>310,032,485</u>
Balance as at July 1, 2011	340,200,000	114,199,168	(157,953,556)	296,445,612
Total comprehensive income for six months period ended December 31, 2011	-	-	(101,192,298)	(101,192,298)
Balance as at December 31, 2011	<u>340,200,000</u>	<u>114,199,168</u>	<u>(259,145,854)</u>	<u>195,253,314</u>

The annexed notes 1 to 17 form integral part of this interim financial information.

Chief Executive
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited



NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 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 Registered Office of the Modaraba is situated at the 233-A, New Muslim 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 ijarah, musharika and morabaha financing, equity investment and other related business in accordance with the injunctions of Islam.

During the period the Modaraba has incurred a loss of Rs. 101,192,298 and the accumulated losses of the Modaraba as at December 31, 2011 amount to Rs. 259,145,854. As of that date the current liabilities of the Modaraba exceeded its current assets by Rs. 646,152,565. The paid up capital and reserves (net of losses) of the Modaraba amount to Rs. 195,253,314 showing sharp decline during the period. The loss has been incurred due to high ratio of non-performing lending portfolio which amounts to 55.92% of total portfolio.

In order to address the above matters, the management has implemented a comprehensive strategy to recover and restructure the NPLs by initiating legal actions against willful defaulters, strengthening security through perfect documentation as well as acquiring additional collateral and re-aligning repayment period in accordance with borrower's cash flows. Further the Management has also prepared a three year business plan, focusing on renewal of credit lines, generation of fresh liquidity and booking of quality assets to achieve sustained profitability. Further, subsequent to period ended December 31, 2011, the Bank Of Punjab has renewed the musharika finance facilities, having extension limit of Rs. 1,060 million (June 30, 2011: Rs.1,060 million), upto a period of December 31, 2012 at the profit rates which were previously agreed. Further, the Modaraba enjoys continuous support of The Bank of Punjab.

Based on the actions outlines as above, the Management is of the view that the Modaraba would have adequate resources to continue its business on a sustainable basis in the foreseeable future.

2. Basis of preparation

This interim financial information is un-audited but subject to limited scope review by the auditors. This interim financial information of the Modaraba for the six months period ended 31 December 2011 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting".

The figures of the interim profit and loss account for the three months period ended December 31, 2010 and 2011 have not been reviewed by the auditors of the Modaraba as they have reviewed the cumulative figures for the six months period ended December 31, 2010 and 2011. 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, 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 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, 2011, except as follows:



The Modaraba has adopted the following amended IFRS and related interpretations which became effective during the period:

IFRS 7	- Financial Instruments: Disclosures
IAS 24	- Related Party Disclosure (Revised)
IFRIC 14	- Prepayment of Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 7	- Financial Instrument Disclosures Clarification of disclosures
IAS 1	- Presentation of Financial Statements Clarification of statement of changes in equity
IAS 34	- Interim Financial Statements Significant events and transactions
IFRIC 13	- Customer Loyalty Programmes Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the interim financial information.

4. Estimates

The preparation of this interim financial information requires management to make judgments, 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 judgments 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 June 30, 2011.

5. Tangible fixed assets

	<u>Ijarah assets</u> Rupees	<u>Assets in own used</u> Rupees	<u>Total</u> Rupees
Opening net book value (NBV) as at June 30, 2011 (Audited)	1,187,330,576	11,119,379	1,198,449,955
Additions during the period	74,385,900	305,935	74,691,835
Disposal (at NBV)	(81,989,990)	(21,426)	(82,011,416)
Impairment for the period	(14,056,239)	-	(14,056,239)
Depreciation charged	(241,958,459)	(1,698,814)	(243,657,273)
Closing net book value as at December 31, 2011 (Un-Audited)	923,711,788	9,705,074	933,416,862



	December 31, 2011 (Un-audited) Rupees	June 30, 2011 (Audited) Rupees
6. Morabaha investment - secured		
Gross Morabaha Investment	907,029,886	962,398,941
Add: Unearned morabaha income	4,821,345	6,810,367
	911,851,231	969,209,308
Less: Provision for doubtful finances	(330,768,288)	(291,795,157)
	581,082,943	677,414,151
7. Musharikhah finances - secured		

These musahrika finance facilities availed from the Bank Of Punjab, having extension limit of Rs. 1,060 million (June 30, 2011: Rs. 1,060 million) expired on December 31, 2011 and subsequent to the period end was renewed as explained in Note 15.

These facilities are secured by way of hypothecation charge over present and future book debts and receivables of Modaraba for an amount of Rs. 1,900 million (June 30, 2011 : Rs. 1,900 million). The estimated share of profit payable on musharikhah facility ranges from 13.17% to 13.54% (June 30, 2011: 14.09% to 15.28%).

	December 31, 2011 (Un-audited) Rupees	June 30, 2011 (Audited) Rupees
8. Redeemable capital - participatory and unsecured		
Opening balance	963,061,760	609,988,404
Issued during the period	503,549,202	2,153,777,639
Less: Redeemed during the period	(793,348,202)	(1,800,704,283)
	(289,799,000)	353,073,356
Closing balance	673,262,760	963,061,760

8.1 The share of profit payable on certificates of Musharikhah ranges from 10.51% to 15.50% (June 30, 2011: 11.20% to 15.50%).

9. Contingencies and commitments

9.1 Contingencies

9.1.1 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 to Rs.98.145 million. (June 30, 2011: Rs. 225.022 million).

The aggregate amount of guarantee has been reduced by Rs. 126.877 million till date.



9.2 Commitments

- 9.2.1 Ijarah commitments approved but not disbursed as on balance sheet date amount to Rs. 16.610 million (June 30, 2011 : Rs. 50.90 million).
- 9.2.2 Morabaha commitments approved but not disbursed as on balance sheet date amount to Rs. Nil (June 30, 2011 : Rs. 25.00 million).

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 this interim financial information.

	December 31, 2011 (Un-audited) Rupees	December 31, 2010 (Un-audited) Rupees
11. Cash flow from operating activities		
Loss for the period	(101,192,298)	(56,595,154)
Adjustments for non-cash expenses and other items:		
Depreciation of ijarah assets	241,958,459	273,350,023
Depreciation of assets in own use	1,698,819	1,240,048
Amortization of intangible assets	130,493	130,493
Loss/(Gain) on sale of assets under ijarah arrangements	1,865,949	(7,455,404)
Provision against doubtful morabaha investment	38,973,131	2,057,673
Provision for impairment of ijarah assets	14,056,239	17,262,751
Provision against doubtful musharikhah investment	441,978	-
Other provisions	2,322,001	7,273,240
Profit on morabaha/musharikhah finances	56,370,410	85,690,931
Profit on redeemable capital	56,145,373	49,837,978
	413,962,852	429,387,733
Operating profit before working capital changes	312,770,554	372,792,579
Working capital changes		
Decrease/(Increase) in current assets:		
Morabaha investment	55,369,055	(16,602,598)
Purchase of ijarah assets	(74,385,900)	(295,002,149)
Long Term Deposits	-	(41,886)
Proceeds from transfer of assets under ijarah agreements	79,517,836	70,329,772
Advances, deposits, prepayments and other receivables	(66,203,728)	(19,197,389)
	(5,702,737)	(260,514,250)
(Decrease)/Increase in current liabilities:		
Trade and other payables	(24,527,666)	4,309,357
Security deposits received against ijarah assets	3,882,040	27,126,145
Security deposits refunded against ijarah assets	(28,820,185)	(33,306,248)
	(49,465,811)	(1,870,746)
	(55,168,548)	(262,384,996)
Cash generated from operations	257,602,006	110,407,583



12. Transactions with related parties

The related parties and associated undertakings comprise of Bank of Punjab and Punjab Modaraba Services (Pvt.) Limited. Transactions with related parties and associated undertakings other than remunerations and benefits to key management personnel under the terms of employment are as follows:

	December 31, 2011 (Un-audited) Rupees	June 30, 2011 (Audited) Rupees
12.1 Balance outstanding at the end of period		
12.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		
Musharikhah finances	1,001,821,103	878,487,255
Profit payable on musharikhah finances	31,127,865	-
Net book value of ijarah assets to employees	7,643,667	10,227,581
Ijarah security deposits	2,189,510	2,497,970
Certificates of musharikhah	300,000,000	300,000,000
Profit payable on certificates of musharikhah	3,248,630	3,688,767
12.1.2 The Bank Of Punjab Employee Provident Fund		
Certificates of musharikhah	75,000,000	75,000,000
Profit payable on certificates of musharikhah	199,935	171,375
12.1.3 Chief Financial Officer/Company Secretary		
Certificates of musharikhah	900,000	-
Profit payable on certificates of musharikhah	24,363	-
	July to December 2011 (Un-audited) Rupees	July to December 2010 (Un-audited) Rupees
12.2 Transactions during the period		
12.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		
Ijarah rentals income	2,497,978	4,260,290
Profit charged on finances	61,304,600	70,285,905
Profit charged on certificates of musharikhah	6,562,603	20,216,378
12.2.2 The Bank Of Punjab Employee Provident Fund		
Profit charged on certificates of musharikhah	5,255,340	5,255,316
12.2.3 Punjab Modaraba Services (Pvt.) Limited (Modaraba's Management Company)		
Profit Distribution Paid	-	1,332,069
Management Fee	-	781,243
12.2.4 Chief Financial Officer/Company Secretary		
Profit charged on certificates of musharikhah	55,421	1,996



13. Segment Information

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Management Company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Operating Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

14. Financial risk management

The Modaraba's financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2011.

15. Non-adjusting Event After the Balance Sheet Date

Subsequent to the period ended December 31, 2011, the Bank Of Punjab has renewed the musharika finance facilities upto a period ending December 31, 2012 on the previously agreed profit rates.

16. Date of authorization

This unaudited interim financial information for the six months period ended December 31, 2011 was authorized for issue by the Board of Directors of the Management company on April 11, 2012.

17. General

Figures have been rounded off to the nearest rupee.

Chief Executive
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited

