

Growth + Prosperity

First Punjab Modaraba

(An Islamic Financial Institution)

(UN-AUDITED)
QUARTERLY ACCOUNTS
SEPTEMBER 30, 2015





Contents

Corporate Profile	2
Directors' Report	3
Condensed Interim Balance Sheet	4
Condensed Interim Profit and Loss Account	5
Condensed Interim Statement of Comprehensive Income	6
Condensed Interim Cash Flow Statement	7
Condensed Interim Statement of Changes in Equity	8
Selected Notes to the Interim Financial Information	9-14



Corporate Profile

Board of Directors

Punjab Modaraba Services (Pvt.) Ltd.

Khalid Siddiq Tirmizey	Chairman
Aamir Malik	Chief Executive
Khawaja Farooq Saeed	Director
Nadeem Amir	Director
Mahboob-ul-Hassan	Director

Chief Financial Officer & Company Secretary

Mudassar Kaiser Pal

Audit Committee

Khawaja Farooq Saeed	Chairman
Nadeem Amir	Member
Mahboob-ul-Hassan	Member

Human Resource Committee

Mahboob-ul-Hassan	Chairman
Nadeem Amir	Member
Aamir Malik	Member

Auditors of the Modaraba

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Auditors of the Management Company

Hameed Chaudhry & Co.
Chartered Accountants

Bankers

The Bank of Punjab
Bank Alfalah Limited

Registrar

Hameed Majeed Associates (Pvt) Ltd.
H.M. House, 7-Bank Square,
The Mall, Lahore
Tel: (+92-42) 37235081-2

Registered Office

BOP Tower, 1st Floor, 10-B Block E-II, Main
Boulevard, Gulberg III, Lahore. Postal Code No.
54600
PABX: (+92-42) 35783676
Fax: (+92-42) 35784068
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 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, 2015.

Despite challenges during the initial months of the fiscal year, the third quarter of FY15 ended with a visible improvement in the country's macroeconomic environment. External sector improved considerably and resulting stability in the exchange rate, together with the government decision to pass-on the benefit of fall in international oil prices to domestic consumers kept inflation under control. With these improvements, the policy focus is gradually moving from stabilization to economic growth.

The quarter under review remained eighth consecutive profitable quarter. Modaraba being persistent with its expenditure control policy was able to reduce the expenses considerably with major contribution coming from continued support from the Bank of Punjab in shape of subsidized profit rate on its musharika lines. The reduction helped to offset the decline in revenues. As against reversal of provision of Rs.9.25 million in the corresponding quarter an amount of Rs.11.55 million was reversed on account of provision, resulting from the recovery efforts undertaken by the Modaraba. On account of fresh business, the Modaraba was able to book sizeable amount of assets.

Going forward, recovery from non-performing assets and business development will be pursued actively. The aggressive efforts for procurement of fresh assets have already shown satisfactory results while positive results are expected to be witnessed soon on recovery front. The capacity building in terms of human resource and technological infrastructure will be the key for achievement of above goals.

The Board duly acknowledges the guidance and support extended by the Securities & Exchange Commission of Pakistan and wishes to be its beneficiary in the future as well.

For and on behalf of the
Board of Directors

Lahore: October, 28 2015

Chief Executive
Punjab Modaraba Services
(Private) Limited



Condensed Interim Balance Sheet

As at 30 September 2015

	Note	Un-Audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
ASSETS			
Non current assets			
Tangible fixed assets	5		
-Ijarah Assets		192,824,116	203,640,995
-Assets in own use		891,054	914,226
In-tangible assets	6	9,000,000	9,000,000
Shares- available for sale	7	9,816,099	9,816,099
Long term musharikhah investment - secured		116,150,233	42,253,252
Long term morabaha investment - secured	8	56,191,790	79,972,445
Long term Deposits		392,500	392,500
Deferred tax		40,243,598	38,175,509
		425,509,390	384,165,026
Current assets			
Short term morabaha investment - secured	9	236,996,189	248,946,260
Current maturity of long term investment	10	150,649,963	120,715,765
Advances, deposits, prepayments and other receivables		345,092,894	337,185,138
Tax refundable		2,818,436	2,818,437
Cash and bank balances		10,733,587	111,910,154
		746,291,069	821,575,754
TOTAL ASSETS		1,171,800,459	1,205,740,780
EQUITY AND LIABILITIES			
Capital and reserves			
Certificate capital		340,200,000	340,200,000
Reserves		(179,311,396)	(169,483,114)
		160,888,604	170,716,886
Non current liabilities			
Security deposits		87,170,808	91,812,411
Long term musharikhah finance secured	11	702,244,111	734,133,213
		789,414,919	825,945,624
Current liabilities			
Current maturity of long term liabilities		55,299,830	51,397,830
Deferred morabaha income		16,554,200	20,432,857
Redeemable capital - participatory and unsecured		100,000,000	100,000,000
Trade and other payables		5,931,958	11,038,513
Profit payable	12	12,311,151	12,864,844
Unclaimed profit		13,342,427	13,344,226
Dividend payable		17,010,000	-
Provision for Taxation		1,047,370	-
		221,496,936	209,078,270
Contingencies and commitments	13	-	-
TOTAL EQUITY AND LIABILITIES		1,171,800,459	1,205,740,780

The attached notes 1 to 20 form an 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

Condensed Interim Profit and Loss Account

For the period ended 30 September 2015 (Un-Audited)

	Note	30 September 2015 Rupees	30 September 2014 Rupees
Income			
Ijarah rentals		22,671,023	51,151,057
Profit on morabaha investment		4,512,657	5,094,545
Profit on musharikhah investment		4,893,017	1,028,279
Other income		641,627	2,122,091
		32,718,324	59,395,972
Expenses			
Operating expenses		4,326,915	3,635,395
Depreciation of Ijarah assets		21,478,742	41,020,470
Finance cost	14	12,311,151	18,121,453
		38,116,808	62,777,318
Operating profit/(loss) before provision		(5,398,484)	(3,381,346)
(Provision)/Reversal for morabaha investment		-	917,762
(Provision)/Reversal for impairment of ijarah assets		9,783,594	10,751,002
(Provision)/Reversal for musharikhah investment		1,775,889	(2,599,907)
(Other Provisions) / Reversal		-	189,881
		11,559,483	9,258,738
Operating profit after provision and impairment		6,160,999	5,877,392
Modaraba Company's management fee		-	-
		6,160,999	5,877,392
Taxation	15	1,020,719	(658,672)
Profit for the period		7,181,718	5,218,720
Earnings per certificate - basic and diluted		0.21	0.15

The attached notes 1 to 20 form an 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



Condensed Interim Statement of Comprehensive Income

For the period ended 30 September 2015 (Un-Audited)

	30 September 2015 Rupees	30 September 2014 Rupees
Income for the period	7,181,718	5,218,720
Total comprehensive Income for the period	<u>7,181,718</u>	<u>5,218,720</u>

The attached notes 1 to 20 form an 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



Condensed Interim Cash Flow Statement

For the period ended 30 September 2015 (Un-Audited)

	Note	30 September 2015 Rupees	30 September 2014 Rupees
Cash flow from Operating activities			
Cash (used in) / generated from operations	16	24,107,928	18,796,435
Profit paid on certificates of musharikhah		(607,091)	(1,738,888)
Profit paid on musharikhah finances		(12,257,753)	(17,937,311)
Taxes paid		-	-
		(12,864,844)	(19,676,199)
Net cash (used in) / generated from operating activities		11,243,084	(879,764)
Cash flow from investing activities			
Musharikhah investment		(80,398,750)	2,564,137
Purchase of fixed assets in own use		(130,000)	(118,000)
Net cash (used in)/generated from investing activities		(80,528,750)	2,446,137
Cash flow from financing activities			
Musharikhah finances		(31,889,102)	(39,846,478)
Profit distributed among the certificate holders		(1,799)	-
Net cash generated from/ (used in) financing activities		(31,890,901)	(39,846,478)
Net decrease in cash and cash equivalents		(101,176,567)	(38,280,105)
Cash and cash equivalents at the beginning of the period		111,910,154	64,165,836
Cash and cash equivalents at the end of the period		10,733,587	25,885,731

The attached notes 1 to 20 form an 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



Condensed Statement of Changes in Equity

For the period ended 30 September 2015 (Un-audited)

	<u>Certificate Capital Rupees</u>	<u>Capital Reserves Rupees</u>	<u>Accumulated loss Rupees</u>	<u>Total Rupees</u>
Balance as at 1st July 2014	340,200,000	151,347,397	(398,816,791)	92,730,606
Total comprehensive income for quarter ended 30 September 2014	-	-	5,218,720	5,218,720
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation				
Balance as at 30 September 2014	340,200,000	151,347,397	(393,598,071)	97,949,326
Balance as at 1st July 2015	340,200,000	198,613,109	(368,096,223)	170,716,886
Total comprehensive income for quarter ended 30 September 2015	-	-	7,181,718	7,181,718
Final dividend for the year ended 30 June 2015@ Rs. 050 per certificate		(17,010,000)		(17,010,000)
Balance as at 30 September 2015	340,200,000	198,613,109	(377,924,505)	160,888,604

The attached notes 1 to 20 form an 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 Condensed Interim Financial Information

For the period ended 30 September 2015 (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 1st Floor, BOP Tower, 10-B, Block-E-II, Gulberg III, Lahore. The Modaraba commenced its operations from 23 December 1992. The Modaraba is listed on all stock exchanges in Pakistan.

The Modaraba is a perpetual, multi purpose and multi dimensional modaraba and is primarily engaged in the business of ijarah, musharikhah 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 un-audited. This interim financial information of the Modaraba for the quarter ended 30 September 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting".

This condensed 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 2015.

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 were the same as those that were applied to the financial statements for year ended 30 June 2015.

5 Tangible fixed assets

	Ijarah Assets Rupees	Assets in own use Rupees	Total Rupees
Book Value as at 30 June 2015 (Audited)	203,640,995	914,226	204,555,221
Additions during the period	2,000,000	130,000	2,130,000
Disposals during the period	(1,121,731)	-	(1,121,731)
Impairment of Assets	9,783,594	-	9,783,594
Net Depreciation	(21,478,742)	(153,172)	(21,631,914)
Book Value as at 30 September 2015 (unaudited)	192,824,116	891,054	193,715,170



	Note	30 September 2015 (Un-audited) Rupees	30 June 2015 (Audited) Rupees
6 In-tangible assets			
Trading Rights Entitlement Certificate Room at Lahore Stock Exchange	6.1	26,648,757 9,000,000	26,648,757 9,000,000
		35,648,757	35,648,757
Less: Impairment		(26,648,757)	(26,648,757)
		9,000,000	9,000,000

6.1 This represents Trading Rights Entitlement Certificate (TREC) received against membership card pursuant to demutualization of the Lahore Stock Exchange (LSE).

6.2 As per the requirements of Stock Exchange (Corporatization, Demutualization and Integration) Act 2012, the Modaraba was required to either register itself as broker or transfer / sell TREC within 2 years from the date of demutualization i.e. 27 August 2014. The management plans to use the TREC for its brokerage business and had accordingly applied to LSE for registration as broker before the lapse of the said period which was declined subsequently. The management has filed a writ petition against the said order in Lahore High Court.

	Note	30 September 2015 (Un-audited) Rupees	30 June 2015 (Audited) Rupees
7 Shares - available for sale			
Gain on remeasurement	7.1	9,351,243	9,351,243
		464,856	464,856
		9,816,099	9,816,099

7.1 This represents 843,975 shares of Lahore Stock Exchange Limited at Rs. 10 each with a total face value of Rs. 8,439,750. Out of total shares issued by LSE, the Modaraba has received 40% equity shares i.e 337,590 shares in CDC account. The remaining 60% shares have been transferred to CDC sub account in Modaraba's name under the LSE's participant ID with the CDC which will remain blocked until these are divested / sold to strategic investors, general public and financial institutions and proceeds are paid to the modaraba

In the absence of active market, these have been measured at break up value determined on the basis of financial statements of LSE for the year ended 30 June 2014.



	30 September 2015 (Un-audited) Rupees	30 June 2015 (Audited) Rupees
8 Long term morabaha investment - secured		
Long term morabaha investment	105,553,017	104,735,408
Add: Unearned morabaha income	16,554,200	19,495,915
	122,107,217	124,231,323
Less: Current maturity	(57,115,427)	(35,458,878)
	64,991,790	88,772,445
Less: Provision for doubtful morabaha investment	(8,800,000)	(8,800,000)
Total long term morabaha investment-net	56,191,790	79,972,445
9 Short term Morabaha investment-secured		
Short term Morabaha Investment	474,695,977	485,709,106
Add: Unearned morabaha income	-	936,942
	474,695,977	486,646,048
Less: Provision for doubtful finances	(237,699,788)	(237,699,788)
Total short term morabaha investment-net	236,996,189	248,946,260
10 Current maturity of long term investment		
Morabaha investment	57,115,427	35,458,887
Musharikhah investment	93,534,536	85,256,878
	150,649,963	120,715,765
11 Musharikhah finances - secured		
<p>During the period the Modaraba has availed musharikhah finance facilities from The Bank of Punjab having approved limits of Rs.1,060 million (June 30, 2015: Rs.1,060 million). These facilities are secured by way of first pari passu charge over present and future fixed assets of Modaraba for an amount of Rs. 860 million and first pari passu charge over present and future current assets of Modaraba for an amount of Rs. 1,040 million. The estimated share of profit payable on musharikhah facilities is 6.50% (June 30, 2015: 7.5%).</p>		
	30 September 2015 (Un-audited) Rupees	30 June 2015 (Audited) Rupees
12 Profit Payable		
Musharikhah Finance	10,672,794	12,257,753
Redeemable Capital	1,638,357	607,091
	12,311,151	12,864,844



13 Contingencies and commitments

13.1 Contingencies

There are no significant changes in contingent liabilities since the last published financial statements.

13.2 Commitments

Musharikhah facilities approved but not disbursed as on balance sheet date amount to Rs.47.915 million. (June 30, 2015: 11.475 million)

	30 September 2015 Rupees	30 September 2014 Rupees
14 Finance Cost		
Financial charges on Musharikhah	10,672,794	16,231,474
Financial charges on Redeemable capital	1,638,357	1,890,410
	12,311,151	18,121,884
15 Taxation		
Current Tax		
Current period	(1,047,370)	(999,157)
Deferred		
Relating to origination and reversal of temporary differences	2,068,089	340,485
	1,020,719	(658,672)
16 Cash flow from operating activities		
Profit / (Loss) for the period	6,160,999	5,877,392
Adjustments for:		
Depreciation of Ijarah assets	21,478,742	41,020,470
Depreciation of assets in own use	153,172	197,239
Amortization of intangible assets	-	63,828
Gain/loss on sale of assets Ijarah assets	(19,377)	-
Provision/(Reversal) against doubtful morabaha investment	-	(917,762)
Provision/(Reversal) against leased assets	(9,783,594)	(10,751,002)
Provision/(Reversal) against musharikhah investment	(1,775,889)	2,599,907
Other provisions	-	(189,881)
Profit on musharikhah/morabaha finances	10,672,794	16,231,043
Profit on certificates of musharikhah	1,638,357	1,890,410
	22,364,205	50,144,252
Operating profit before working capital changes	28,525,204	56,021,644



Working capital changes

(Increase)/decrease in operating assets:

Morabaha investment	10,195,529	10,529,879
Purchase of assets Ijarah assets	(2,000,000)	(20,275,000)
Proceeds from transfer of assets leased out	1,141,108	115,000
Long term deposits	-	340,485
Advances, deposits, prepayments and other receivables	(7,907,755)	(25,227,225)
	1,428,882	(34,516,861)
Increase/(decrease) in operating liabilities:		
Security deposits received	-	2,932,650
Security deposits refunded	(739,603)	-
Dividend payable	-	-
Trade and other payables	(5,106,555)	(5,640,998)
	(5,846,158)	(2,708,348)
	(4,417,276)	(37,225,209)
Cash generated from operations	24,107,928	18,796,435

**30 September
2015
(Un-audited)
Rupees**

**30 June
2015
(Audited)
Rupees**

17 Transactions with related parties

17.1 Balance outstanding at the end of period

17.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)

Musharikhah finances	702,244,111	734,133,213
Profit payable on Musharikhah finances	10,672,794	12,257,753
Net book value of the assets leased to employees	1,694,118	1,694,118
Ijarah security deposits	902,230	902,230
Certificates of Musharikhah	100,000,000	100,000,000
Profit payable on Certificates of Musharikhah	1,638,357	607,091



July to September
2015 2014
Rupees Rupees

17.2 Transactions during the period

17.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)

Ijarah rentals income	-	207,436
Profit charged on finances	10,672,794	16,231,043
Profit charged on certificates of Musharikah	1,638,357	1,890,410

18 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 2015.

19 Date of authorization

This unaudited interim financial information for the period ended 30 September 2015 was authorized for issue by the Board of Directors of the Management Company on 28 October 2015.

20 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



First Punjab Modaraba

Managed By:

Punjab Modaraba Services (Pvt) Ltd.

(A wholly owned subsidiary of The Bank of Punjab)

BOP Tower, 1st Floor, 10-B Block E-II, Main Boulevard, Gulberg III, Lahore, Postal Code No. 54600

PABX: (+92-42) 35783676 Fax: (+92-42) 35784068

www.punjabmodaraba.com.pk