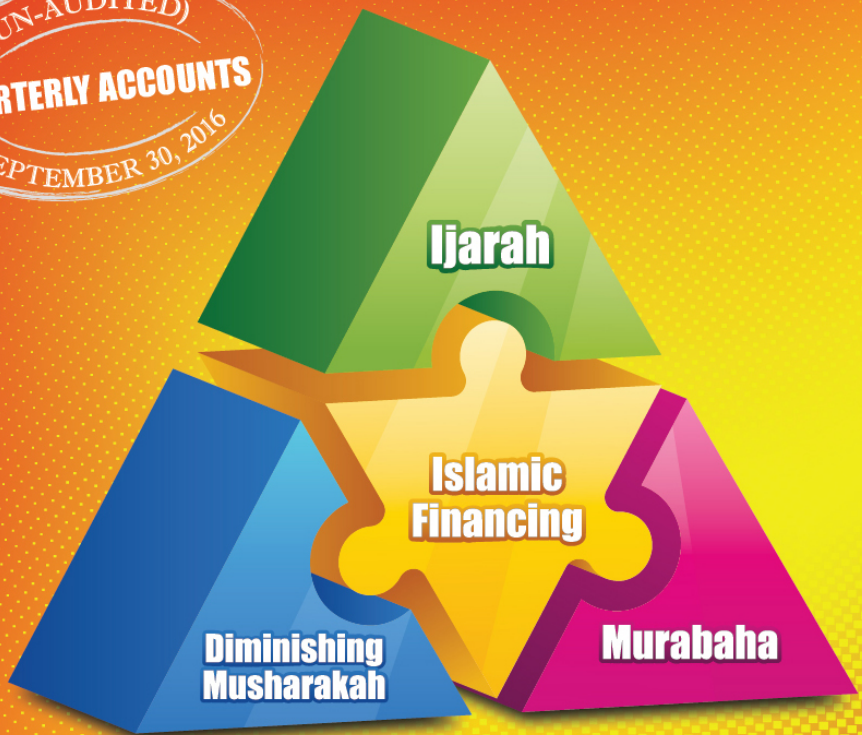


Growth + Prosperity

First Punjab Modaraba

(An Islamic Financial Institution)

(UN-AUDITED)
QUARTERLY ACCOUNTS
SEPTEMBER 30, 2016





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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
Ijaz ur Rehman Qureshi	Director
Mahboob-ul-Hassan	Director

Chief Financial Officer & Company Secretary

Mudassar Kaiser Pal

Audit Committee

Khawaja Farooq Saeed	Chairman
Nadeem Amir	Member
Ijaz ur Rehman Qureshi	Member

Human Resource Committee

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

Auditors of the Modaraba

Deloitte Yousaf Adil
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 first quarter ended September 30, 2016.

In terms of fiscal performance, Pakistan has achieved considerable consolidation over the last few years. However, it is important to maintain this discipline going forward. In the Federal Budget FY17, the government has further lowered its target for budget deficit to 3.8 percent of GDP. In this context, widening the tax base and bringing more people in the tax net should be the focal point for the fiscal reform agenda. Encouragingly, the overall inflation for FY17 would still remain benign due to low commodity prices in the global markets. Looking beyond FY17, PSDP spending on infrastructure and investment from China are going to have far reaching, long-term positive impact on Pakistan's economy.

The highlight of the period under consideration was achievement of operating profit by the Modaraba after so many years. It has been achieved on the back of continuous booking of fresh assets and relative control over expenditure side. The results were evident in shape of 6% growth in total assets and 13% increase in total revenue as compared to corresponding quarter. The expenses, on the other hand, were reduced by 8% translating into operating profit of Rs.2.149 million during the quarter. The reversal of provision, emanating from NPA recoveries, also added to the bottom line.

Going forward, aggressive and persistent lending with focus on diversification in product range and income avenues will remain priority. The recovery from NPAs through litigation and out of court settlement, where possible, will also be given equal importance. Capacity building in terms of human resource and technological infrastructure will remain an integral part of growth efforts by the Management.

The Board duly acknowledges the continuous guidance and support extended by the Securities & Exchange Commission of Pakistan which is expected to continue in future as well.

For and on behalf of the
Board of Directors

Lahore: October, 25 2016

Chief Executive
Punjab Modaraba Services
(Private) Limited

ڈائریکٹرز رپورٹ

پنجاب مضاربہ سروس پرائیویٹ لمیٹڈ، فرسٹ پنجاب مضاربہ کی انتظامی کمپنی (مضاربہ) کا بورڈ آف ڈائریکٹرز 30 ستمبر 2016 کو ختم ہونے والی سہ ماہی کے لیے مضاربہ کے سہ ماہی نتائج بمعہ ڈائریکٹرز رپورٹ پیش کرتے ہوئے پرمسرت ہے۔

مالی کارکردگی کے لحاظ سے، پاکستان نے گزشتہ چند سالوں میں قابل قدر استحکام حاصل کیا ہے۔ تاہم، یہ ضروری ہے کہ اس نظم و ضبط کی پیش رفت برقرار رکھی جائے۔ مالی بجٹ برائے سال 2017 میں حکومت نے بجٹ خسارہ مزید کم کر کے GDP کے 3.8 فیصد تک کر دیا ہے۔ اس ضمن میں، ٹیکس بیس کو وسیع کرنا اور ٹیکس نیٹ میں مزید لوگوں کو لانا مالی اصلاحاتی ایجنڈے کا مرکزی پہلو ہونا چاہیے۔ حوصلہ افزا طور پر، مالی سال 2017 میں مجموعی مہنگائی عالمی منڈیوں میں اجناس کی کم قیمتوں کی وجہ سے کم رہے گی۔ مالی سال 2017 سے آگے دیکھتے ہوئے، چین کی جانب سے سرمایہ کاری اور PSDP کی جانب سے انفراسٹرکچر پر خرچ پاکستان کی معیشت پر دور رس، پائیدار اور مثبت اثر کے حامل ہیں۔

زیر جائزہ دورانیہ کی خاص بات مضاربہ کی جانب سے اتنے سالوں بعد عملی منافع حاصل کرنا تھا۔ نئے اثاثہ جات کی مسلسل بنگ اور اخراجات پر قابو پانے سے ہی یہ ممکن ہوا ہے۔ پچھلی سہ ماہی کی نسبت، کل اثاثہ جات میں 6% ترقی اور کل آمدن میں 13% اضافے سے نتائج واضح ہیں۔ دوسری طرف اخراجات 8% کم ہوئے جو دوران سہ ماہی 2.149 ملین روپے کے عملی منافع میں تبدیل ہوا۔ NPA کی وصولیوں سے ملنے والی فراہمیاں بھی پس منظر بنی۔

آگے جاتے ہوئے مصنوعات کے تنوع اور آمدن کے مواقع پر توجہ مرکوز کرتے ہوئے جارحانہ اور مستقل مزاج قرضوں کی فراہمی ترجیح رہے گی۔ جہاں ممکن ہو، NPAs سے بذریعہ قانونی چارہ جوئی اور بیرون عدالتی سمجھوتوں کو بھی مساوی اہمیت دی جائے گی۔ انسانی وسائل اور تکنیکی انفراسٹرکچر میں قابلیت کی تشکیل انتظامیہ کی ترقی کی کاوشوں کا قلمی حصہ ہوگا۔

بورڈ سیکریٹری اینڈ ایگزیکٹو کمیشن آف پاکستان کی مسلسل رہنمائی اور حمایت کا اعتراف کرتا ہے جس کا مستقبل میں جاری رہنا متوقع ہے۔

برائے و.جانب بورڈ



عامر ملک

چیف ایگزیکٹو

لاہور: 25 اکتوبر 2016




Condensed Interim Balance Sheet

As at 30 September 2016

	Note	Un-Audited 30 September 2016 Rupees	Audited 30 June 2016 Rupees
ASSETS			
Non current assets			
Tangible fixed assets	5		
Ijarah Assets		217,913,110	208,430,264
Assets in own use		799,036	620,381
In-tangible assets	6	9,300,000	9,300,000
Shares- available for sale	7	10,308,698	10,308,698
Long term musharikhah investment - secured		276,229,194	268,447,202
Long term morabaha investment - secured		18,644,272	30,290,198
Long term assets		503,444	503,444
Deferred tax asset		50,765,154	48,144,066
		584,462,908	576,044,253
Current assets			
Short term morabaha investment - secured	9	237,612,800	235,794,376
Current maturity of long term investment	10	309,036,312	233,391,883
Advances, deposits, prepayments and other receivables		368,823,321	351,247,985
Tax refundable		1,403,872	818,307
Cash and bank balances		6,635,891	30,064,994
		923,512,196	851,317,545
TOTAL ASSETS		1,507,975,104	1,427,361,798
EQUITY AND LIABILITIES			
Capital and reserves			
Certificate capital		340,200,000	340,200,000
Reserves		(170,715,072)	(158,467,527)
		169,484,928	181,732,473
Non current liabilities			
Security deposits		85,741,707	90,520,560
Long term musharikhah finance secured	11	938,345,287	955,925,494
		1,024,086,994	1,046,446,054
Current liabilities			
Current maturity of long term liabilities		53,785,846	49,985,406
Deferred morabaha income		5,424,510	7,563,165
Redeemable capital - participatory and unsecured		200,000,000	100,000,000
Profit payable	12	14,744,506	13,551,308
Trade and other payables		7,459,447	12,538,666
Unclaimed profit		14,326,627	14,331,073
Dividend Payable		17,010,000	-
Provision for Taxation		1,652,246	1,213,653
		314,403,182	199,183,271
Contingencies and commitments	13	-	-
TOTAL EQUITY AND LIABILITIES		1,507,975,104	1,427,361,798

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 2016 (Un-Audited)

	Note	30 September 2016 Rupees	30 September 2015 Rupees
Income			
Ijarah rentals		20,884,386	22,671,023
Profit on morabaha investment		2,138,655	4,512,657
Profit on musharikhah investment		12,970,184	4,893,017
Other income		1,129,390	641,627
		37,122,615	32,718,324
Expenses			
Operating expenses		5,533,153	4,326,915
Depreciation of Ijarah assets		11,720,245	21,478,742
Finance cost	14	17,719,261	12,311,151
		34,972,659	38,116,808
Operating profit/(loss) before provision		2,149,956	(5,398,484)
(Provision)/Reversal for morabaha investment		430,004	-
(Provision)/Reversal for impairment of Ijarah assets		-	9,783,594
(Provision)/Reversal for musharikhah investment		-	1,775,889
		430,004	11,559,483
Operating profit after provision and impairment		2,579,960	6,160,999
Modaraba Company's management fee		-	-
		2,579,960	6,160,999
Taxation	15	2,182,495	1,020,719
Profit for the period		4,762,455	7,181,718
Earnings per certificate - basic		0.14	0.21

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 2016 (Un-Audited)

	30 September 2016 Rupees	30 September 2015 Rupees
Income for the period	4,762,455	7,181,718
Total comprehensive Income for the period	4,762,455	7,181,718

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 2016 (Un-Audited)

	Note	30 September 2016 Rupees	30 September 2015 Rupees
Cash flow from Operating activities			
Cash (used in) / generated from operations	16	(3,370,945)	24,107,928
Profit paid on certificates of musharikhah		(1,620,548)	(607,091)
Profit paid on musharikhah finances		(14,874,158)	(12,257,753)
Taxes paid		(585,565)	-
		(17,080,271)	(12,864,844)
Net cash (used in) / generated from operating activities		(20,451,216)	11,243,084
Cash flow from investing activities			
Musharikhah investment		(85,133,134)	(80,398,750)
Purchase of fixed assets in own use		(260,100)	(130,000)
Net cash (used in)/generated from investing activities		(85,393,234)	(80,528,750)
Cash flow from financing activities			
Musharikhah finances		(17,580,207)	(31,889,102)
Morabaha		-	-
Redeemable capital		100,000,000	-
Profit distributed among the certificate holders		(4,446)	(1,799)
Net cash generated from/ (used in) financing activities		82,415,347	(31,890,901)
Net decrease in cash and cash equivalents		(23,429,103)	(101,176,567)
Cash and cash equivalents at the beginning of the period		30,064,994	111,910,154
Cash and cash equivalents at the end of the period		6,635,891	10,733,587

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 2016 (Un-audited)

	Certificate Capital Rupees	Capital Reserves Rupees	Accumulated loss Rupees	Total Rupees
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. 0.5 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
Balance as at 1st July 2016	340,200,000	204,119,707	(362,587,234)	181,732,473
Total comprehensive income for quarter ended 30 September 2016	-	-	4,762,455	4,762,455
Final dividend for the year ended 30 June 2016@ Rs. 0.5 per certificate	-	-	(17,010,000)	(17,010,000)
Balance as at 30 September 2016	340,200,000	204,119,707	(374,834,779)	169,484,928

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 2016 (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 (Now Pakistan Stock Exchange).

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 un-audited. This interim financial information of the Modaraba for the quarter ended 30 September 2016 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 2016.

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 2016.

	Ijarah Assets Rupees	Assets in own use Rupees	Total Rupees
5 Tangible fixed assets			
Book Value as at 30 June 2016 (Audited)	208,430,264	620,381	209,050,645
Additions during the period	25,497,040	260,100	25,757,140
Disposals during the period	(4,293,949)	-	(4,293,949)
Impairment of Assets	-	-	-
Net Depreciation	(11,720,245)	(81,445)	(11,801,690)
Book Value as at 30 September 2016 (unaudited)	217,913,110	799,036	218,712,146



	Note	30 September 2016 (Un-audited) Rupees	30 June 2016 (Audited) Rupees
6 In-tangible assets			
Trading Rights Entitlement Certificate	6.1	26,648,757	26,648,757
Room at Lahore Stock Exchange		9,000,000	9,000,000
		35,648,757	35,648,757
Less: Impairment		(26,648,757)	(26,648,757)
		9,000,000	9,000,000
Computer Software		-	-
Work in progress	6.2	300,000	300,000
		9,300,000	9,300,000

6.1 This represents Trading Rights Entitlement Certificate (TREC) received against membership card pursuant to demutualization of the Lahore Stock Exchange (LSE). The management had charged impairment against TREC and Room at LSE Financial Services Limited keeping in view their fair value.

The management intended to use the TREC for its brokerage business and had accordingly applied to LSE for registration as broker. The permission has been granted by Securities and Exchange Commission of Pakistan subject to the condition to form a wholly owned subsidiary to undertake brokerage business. The management has initiated the process of obtaining necessary approvals for formation of wholly owned subsidiary.

6.2 This includes advance paid by Modaraba against purchase of software.

	Note	30 September 2016 (Un-audited) Rupees	30 June 2016 (Audited) Rupees
7 Shares - available for sale			
	7.1	9,351,243	9,351,243
Gain on remeasurement		957,455	957,455
		10,308,698	10,308,698

7.1 This represents 843,975 shares of LSE Financial Services Limited (formerly Lahore Stock Exchange Limited) at Rs. 10 each with a total face value of Rs. 8,439,750. Pursuant to conversion of Lahore Stock Exchange Limited into LSE Financial Services Limited, all shares are available to the share holders.

In absence of active market, these have been measured at breakup value determined on the basis of financial statements of LSE Financial Services Limited for the year ended 30 June 2015.



	30 September 2016 (Un-audited) Rupees	30 June 2016 (Audited) Rupees
8 Long term morabaha investment - secured		
Long term morabaha investment	68,379,652	74,585,056
Add: Unearned morabaha income	415,935	7,563,170
	68,795,587	82,148,226
Less: Current maturity	(41,351,315)	(43,058,028)
	27,444,272	39,090,198
Less: Provision for doubtful morabaha investment	(8,800,000)	(8,800,000)
Total long term morabaha investment-net	18,644,272	30,290,198
9 Short term Morabaha investment-secured		
Short term Morabaha Investment	469,368,859	472,989,107
Add: Unearned morabaha income	5,008,575	-
	474,377,434	472,989,107
Less: Provision for doubtful finances	(236,764,634)	(237,194,731)
	237,612,800	235,794,376
10 Current maturity of long term investment		
Morabaha investment	41,351,315	43,058,028
Musharikhah investment	267,684,997	190,333,855
	309,036,312	233,391,883
11 Musharikhah finances - secured		

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, 2016: Rs.1,060 million). These facilities are secured by way of first pari passu charge over present and future fixed assets of Modaraba for 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% (September 30, 2015: 6.5%).

	30 September 2016 (Un-audited) Rupees	30 June 2016 (Audited) Rupees
12 Profit Payable		
Musharikhah Finance	13,267,548	13,178,461
Redeemable Capital	1,476,958	372,847
	14,744,506	13,551,308



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 commitment approved but not disbursed as on balance sheet date amount to Rs.44.542 million. (June 30, 2016: 49.300 million)

	30 September 2016 Rupees	30 September 2015 Rupees
14 Finance Cost		
Financial charges on Musharikhah	14,963,245	10,672,794
Financial charges on Redeemable capital	2,724,659	1,638,357
Bank charges	31,357	-
	17,719,261	12,311,151
15 Taxation		
Current Tax		
Current period	(438,593)	(1,047,370)
Deferred		
Relating to origination and reversal of temporary differences	2,621,088	2,068,089
	2,182,495	1,020,719
16 Cash flow from operating activities		
Profit for the period	2,579,960	6,160,999
Adjustments for:		
Depreciation of ijarah assets	11,720,245	21,478,742
Depreciation of assets in own use	81,445	153,172
Gain/loss on sale of assets Ijarah assets	(56,748)	(19,377)
Provision/(Reversal) against doubtful morabaha investment	(430,004)	-
Provision/(Reversal) against Ijarah assets	-	(9,783,594)
Provision/(Reversal) against musharikhah investment	-	(1,775,889)
Profit on musharikhah/morabaha finances	14,963,245	10,672,794
Profit on certificates of musharikhah	2,756,016	1,638,357
	29,034,199	22,364,205
Operating profit before working capital changes	31,614,159	28,525,204



First Punjab Modaraba

	30 September 2016	30 September 2015
	Rupees	Rupees
Working capital changes		
(Increase)/decrease in operating assets:		
Morabaha investment	9,825,564	10,195,529
Purchase of assets Ijarah assets	(25,497,040)	(2,000,000)
Proceeds from transfer of assets Ijarah out	4,350,697	1,141,108
Advances, deposits, prepayments and other receivables	(17,602,247)	(7,907,755)
	(28,923,026)	1,428,882
Increase/(decrease) in operating liabilities:		
Security deposits refunded	(978,413)	(739,603)
Dividend payable	(4,446)	-
Trade and other payables	(5,079,219)	(5,106,555)
	(6,062,078)	(5,846,158)
	(34,985,104)	(4,417,276)
Cash generated from operations / (used in)	(3,370,945)	24,107,928
	30 September 2016	30 June 2016
	(Un-audited)	(Audited)
	Rupees	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	938,345,287	955,925,494
Profit payable on Musharikhah finances	13,267,548	13,178,461
Certificates of Musharikhah	200,000,000	100,000,000
Profit payable on Certificates of Musharikhah	1,476,958	372,847
17.1.2 Punjab Modaraba Services (Private) Limited		
Management Fee	1,715,835	1,715,835



	July to September	
	2016	2015
	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	-	-
Profit charged on finances	14,963,245	10,672,794
Profit charged on certificates of Musharikah	2,724,659	1,638,357

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 2016.

19 Date of authorization

This unaudited interim financial information for the period ended 30 September 2016 was authorized for issue by the Board of Directors of the Management Company on 25 October 2016.

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

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First Punjab Modaraba

Managed By:

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(A wholly owned subsidiary of The Bank of Punjab)

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