



First Punjab Modaraba
An Islamic Financial Institution

Half Yearly Accounts
(Un-Audited)
December 31, 2012



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First Punjab Modaraba

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BOARD OF DIRECTORS

Punjab Modaraba Services (Pvt.) Ltd.

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

**CHIEF FINANCIAL OFFICER &
COMPANY SECRETARY**

Mudassar Kaiser Pal

AUDIT COMMITTEE

Mujahid Eshai	Chairman
Nadeem Amir	Member
Tariq Maqbool	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
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

23-Civic Centre, Barkat Market,
New Garden Town, Lahore-Pakistan
PABX: (+92-42) 35843218
FAX: (+92-42) 35940802
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 half yearly results of the Modaraba, together with Directors' report, for the half year ended December 31, 2012.

Pakistan's economy witnessed a modest improvement in FY12 compared with FY11 but underperformed compared with the growth target of 4.2 percent, this outcome was expected given the energy shortages, security concerns and floods in two consecutive years. On a positive note, food prices have remained relatively stable during FY12, which helped bring down overall inflation while remittances posted yet another year of strong growth.

The absence of fresh business and redemption of existing ijarah assets continued to reduce size of total lending portfolio. The revenues were therefore decreased by Rs.128.31 million as compared to previous period. The corresponding effect on expenditure resulted in decrease of Rs.138.98 million vis-à-vis previous period. Hence the operating loss before provision of period under consideration stood at Rs.34.73 million witnessing decrease of Rs.10.66 million compared to corresponding period last year. The migration factor in provisioning against non performing assets, reaching its maturity, caused reduction in provisions. Accordingly, the loss after provision and impairment for the period was restricted to Rs.58.31 million against Rs.101.19 million in last year.

The recovery suits amounting to Rs.942.76 million, out of total non performing portfolio of Rs.983.69 million, are being followed up vigorously in or out of the courts. In the remaining cases, the Modaraba is continuing with its efforts for cash recoveries and regularization by rescheduling and restructuring.

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: March 05, 2013

CHIEF EXECUTIVE

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



Introduction

We have reviewed the accompanying condensed interim balance sheet of First Punjab Modaraba ("the Modaraba") as at 31 December 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flows, condensed interim statement of changes in equity and notes to the accounts for the six month period then ended (here-in-after referred to as the "the interim financial information"). 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.

Scope of Review

Except as discussed in following paragraph, 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 condensed 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.

Basis for qualified conclusion

As referred to in Note 6.1, the management was unable to determine the fair value of the intangible assets, consequently we were unable to satisfy ourselves with regard to the extent of impairment that may be required there against.

Conclusion

Except for the effect of such adjustments, if any, as might have been determined necessary had we been able to satisfy ourselves as to the extent of impairment required against intangible assets, based on our review nothing has come to our attention that cause us to believe that the accompanying financial information is as of and for the six month period ended 31 December 2012 is not prepared in all material aspects, in accordance with the approved accounting standards as applicable in Pakistan.



First Punjab Modaraba

Without further qualifying our opinion we draw attention to note 1 to the financial information which indicates that the Modaraba incurred a loss of Rs. 58,305,751 during the period and as of that date the Modaraba's current liabilities exceeded its current assets by Rs. 481,170,565. These conditions, along with other matters as explained in Note 1, indicate the existence of material uncertainty which may cast significant doubts about the Modaraba's ability to continue as a going concern.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Engagement Partner: Farooq Hameed

Lahore: March 05, 2013

ANNUAL SHARI'AH ADVISOR'S REPORT



I have conducted the Shari'ah review of First Punjab Modaraba managed by Punjab Modaraba Services (Pvt) Limited for the financial period ended December 31, 2012 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that except the observations as reported in "Annexure A", in my opinion:

- i. the Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
- ii. the agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
- iii. to the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the prospectus, Islamic financial accounting standards as applicable in Pakistan and Shari'ah Audit Regulation for Modarabas;
- iv. the earnings that have been realized from the sources or by means prohibited by Shari'ah have been credited to charity accounts.


Mufti Muhammad Iftikhar Baig
Shariah Advisor
First Punjab Modaraba
23-A, Civic Centre
New Garden Town, Lahore
Stamp of the Shari'ah Advisor

Lahore: Dated: 26.02.13



SHARI'AH AUDIT REPORT

For the period from July 01, 2012 to December 31, 2012

Annexure A

Sr No	Observation	Recommendation	Conclusion
IJARAH			
1	Pre-Transaction approvals were not obtained from shari'ah in all the Ijarah cases.	Pre-Transaction approvals should be obtained from shari'ah advisor before booking any Ijarah transaction.	No transaction will be validated without pre transaction approval from shari'ah advisor
2	In all the cases cost of insurance of asset is borne by lessee, but as per Ijarah agreement ownership cost should be borne by the owner.(Lessor).	Cost of insurance of asset should be borne by the lessor	Modaraba must bear cost of insurance in all future Ijarah cases.
3	Word "loan" is used in DAC and Repayment Schedule against the shari'ah requirement.	Word "loan" should not be used in DAC and Repayment Schedule	Modaraba must not use word "loan" In DAC and Repayment Schedule in future
MORABAHA			
4	Pre-Transaction approvals were not obtained from shari'ah advisor in all the Morabaha cases	Pre-Transaction approvals should be obtained from shari'ah advisor before booking any Morabaha transactions.	No transaction will be validated without pre transaction approval from shari'ah advisor
5	Word "loan" is used in DAC and Repayment Schedule against the shari'ah requirement	Word "loan" should not be used in DAC and Repayment Schedule	Modaraba must not use word "loan" in DAC and Repayment Schedule in future
6	Payment is made to agent instead of suppliers as preferably required by the shari'ah	Payment should be made directly to supplier or record reasons for payment to agent.	Modaraba must make payment directly to supplier or record reasons for making payment to agent in all future cases
7	Conclusive supporting documents for verification of transaction were not available in the file.(M/s Gas linx)	Conclusive supporting documents for verification of transaction should be obtained.	To be finalized


Mufti Muhammad Iftikhar Baig
 Shariah Advisor
 First Punjab Modaraba
 23-A, Civic Centre
 New Garden Town, Lahore
 Stamp of the Shari'ah Advisor

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2012



	Note	Un-audited December 31, 2012 Rupees	Audited June 30, 2012 Rupees
ASSETS			
Non current assets			
Tangible fixed assets	5		
-Ijarah assets		626,041,868	721,624,239
-Assets in own use		19,540,175	21,833,357
Intangible assets	6	45,646,082	45,776,574
Long term musharikhah investment - secured	7	5,100,887	21,622,127
Long term deposits		198,944	656,944
		696,527,956	811,513,241
Current assets			
Short term morabaha investment - secured	8	494,021,389	497,784,821
Current maturity of long term investment	7	66,739,083	56,682,963
Property acquired against satisfaction of claim		40,000,000	46,050,000
Advances, deposits, prepayments and other receivables	9	377,998,026	439,269,313
Tax refundable		909,866	869,896
Cash and bank balances		59,804,195	58,509,315
		1,039,472,559	1,099,166,308
TOTAL ASSETS		1,736,000,515	1,910,679,549
EQUITY AND LIABILITIES			
Capital and reserves			
Certificate capital		340,200,000	340,200,000
Reserves		(255,807,694)	(197,501,943)
		84,392,306	142,698,057
Non current liabilities			
Security deposits		130,965,085	145,583,264
Current liabilities			
Current maturity of non current liabilities		68,178,555	87,304,755
Musharikhah finances - secured	10	1,030,397,953	1,041,532,173
Deferred morabaha income		5,102,349	8,163,234
Redeemable capital - participatory and unsecured	11	349,200,000	422,515,082
Trade and other payables		25,699,872	16,596,331
Mark up payable	12	29,940,164	34,103,874
Unclaimed profit		12,124,231	12,182,779
		1,520,643,124	1,622,398,228
TOTAL EQUITY AND LIABILITIES		1,736,000,515	1,910,679,549
Contingencies and commitments			
	13		

The annexed notes 1 to 20 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



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE PERIOD ENDED DECEMBER 31, 2012

Note	2012		2011	
	July to Dec.	Oct. to Dec.	July to Dec.	Oct. to Dec.
	Rupees	Rupees	Rupees	Rupees
Income				
Ijarah rentals	174,171,039	85,413,314	297,256,081	144,931,422
Profit on morabaha investment	15,778,644	6,768,485	14,035,274	8,691,660
Profit on musharikhah investment	2,132,154	813,436	2,189,373	1,703,390
Gain on disposal of fixed assets	3,610,596	153,871	(1,865,949)	412,791
Other income	1,946,918	929,535	14,337,061	2,790,084
	197,639,351	94,078,641	325,951,840	158,529,347
Expenses				
Operating expenses	17,441,199	8,574,158	16,875,112	8,972,528
Depreciation of assets leased out	135,807,979	64,637,449	241,958,459	115,491,868
Financial and other charges	79,123,123	36,222,765	112,517,218	51,410,976
	232,372,301	109,434,372	371,350,789	175,875,372
Operating loss before provision	(34,732,950)	(15,355,731)	(45,398,949)	(17,346,025)
		-		-
(Reversal) / Provision for morabaha investment	(17,819,138)	(10,441,838)	38,973,131	19,486,566
Provision for impairment of leased assets	2,146,642	194,042	14,056,239	7,842,037
Provision for musharikhah investment	2,742,895	1,039,964	441,978	220,989
Provision against ijarah rental receivables	36,502,402	23,856,699	-	-
Other Provisions	-	-	2,322,001	1,161,001
	23,572,801	14,648,867	55,793,349	28,710,593
Operating loss after provision and impairment	(58,305,751)	(30,004,598)	(101,192,298)	(46,056,618)
Modaraba Company's management fee	-	-	-	-
Loss for the period	(58,305,751)	(30,004,598)	(101,192,298)	(46,056,618)
Loss per certificate - basic and diluted	(1.71)	(0.88)	(2.97)	(1.35)

The annexed notes 1 to 20 form integral part of this interim financial information.

Chief Executive
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(Private) Limited

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Director
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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2012



	2012		2011	
	July to Dec.	Oct. to Dec.	July to Dec.	Oct. to Dec.
	Rupees	Rupees	Rupees	Rupees
Loss for the period	(58,305,751)	(30,004,598)	(101,192,298)	(46,056,618)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(58,305,751)	(30,004,598)	(101,192,298)	(46,056,618)

The annexed notes 1 to 20 form integral part of this interim financial information.

Chief Executive
Punjab Modaraba Services
(Private) Limited

Director
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(Private) Limited



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE PERIOD ENDED DECEMBER 31, 2012

	Note	December 31, 2012 Rupees	December 31, 2011 Rupees
Cash flow from Operating activities			
Cash generated from operations	15	187,360,646	257,602,006
Profit on redeemable capital paid		(24,403,063)	(30,176,734)
Profit paid on morabaha / musharikhah finances		(58,883,770)	(51,486,230)
Income tax paid		(39,970)	(69,682)
Net cash generated from operating activities		104,033,843	175,869,360
Cash flow from investing activities			
Proceeds from disposal of fixed assets		417,139	64,120
Fixed capital expenditure		(472,141)	(305,935)
Cash margin L/G refunded/(paid)		77,550	(588,228)
Investment in musharikhah - net		3,722,225	3,496,105
Net cash generated from investing activities		3,744,773	2,666,062
Cash flow from financing activities			
Finances under musharikhah arrangements		(11,134,220)	123,333,846
Finances under morabaha		(14,775,886)	(4,960,389)
Redeemable capital		(80,515,082)	(290,999,000)
Profit distribution to certificate holders		(58,548)	(140,153)
Net cash used in financing activities		(106,483,736)	(172,765,696)
Net increase in cash and cash equivalents		1,294,880	5,769,726
Cash and cash equivalents at the beginning of the period		58,509,315	182,410,708
Cash and cash equivalents at the end of the period		59,804,195	188,180,434

The annexed notes 1 to 20 form integral part of this interim financial information.

Chief Executive
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Director
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(Private) Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED DECEMBER 31, 2012 (UN-AUDITED)



	Certificate Capital	Capital Reserve	Unappropriated Accumulated Loss	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 1 July 2011	340,200,000	114,199,168	(157,953,556)	296,445,612
Total comprehensive loss for six month period ended 31 December 2011	-	-	(101,192,298)	(101,192,298)
Balance as at 31 December 2011	<u>340,200,000</u>	<u>114,199,168</u>	<u>(259,145,854)</u>	<u>195,253,314</u>
Balance as at 1st July 2012	340,200,000	128,064,665	(325,566,608)	142,698,057
Total comprehensive loss for six month period ended 31 December 2012	-	-	(58,305,751)	(58,305,751)
Incremental depreciation on revaluation of fixed assets	-	(349,248)	349,248	-
Balance as at 31 December 2012	<u>340,200,000</u>	<u>127,715,417</u>	<u>(383,523,111)</u>	<u>84,392,306</u>

The annexed notes 1 to 20 form integral part of this interim financial information.

Chief Executive
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(Private) Limited

Director
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(Private) Limited

Director
Punjab Modaraba Services
(Private) Limited



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED DECEMBER 31, 2012

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 23-Civic Centre, Barkat Market, 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.

During the period the Modaraba has incurred a loss of Rs. 58,305,751 while the accumulated losses, net of statutory reserve, as at 31 December 2012 amount to Rs. 269,323,943 which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates. Further the current liabilities of the Modaraba exceeded its current assets by Rs. 481,170,565 as at 31 December 2012.

In view of the above matters, Punjab Modaraba Services (Pvt.) Limited, the management company, with support of The Bank of Punjab is engaged in devising a plan whereby the operations of the Modaraba and its assets and liabilities will be transferred to and merged with The Bank of Punjab through scheme of arrangement, subject to completion of legal formalities.

The above matters indicate existence of material uncertainty with regard to Modaraba's ability to continue as a going concern. However, the management is confident about the successful completion of the proposed merger transaction, accordingly these financial statements have been prepared on going concern basis.

2. Basis of preparation

This condensed interim financial information is un-audited but subject to limited scope review by the auditors. This condensed interim financial information of the Company for half year ended 31 December 2012 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting".

The figures of the condensed interim profit and loss account for three month period ended 31 December 2011 and 2012 have not been reviewed by the auditors of the Modaraba as they have reviewed the cumulative figures for the six month period ended 31 December 2011 and 2012. 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 2012.

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 2012, except as follows:

The Company has adopted the following amendments to IFRSs which became effective for the current period:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the financial statements.



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 2012.

5. Tangible fixed assets

	Ijarah Assets Rupees	Assets in own used Rupees	Total Rupees
Opening net book value (NBV) as at 30 June 2012 (Audited)	721,624,239	21,833,357	743,457,596
Additions during the period	67,585,000	472,141	68,057,141
Disposals (at NBV) during the period	(25,212,750)	(399,039)	(25,611,789)
Impairment for the period	(2,146,642)	-	(2,146,642)
Depreciation charge	(135,807,979)	(2,366,284)	(138,174,263)
Closing net book value as at 31 December 2012 (unaudited)	626,041,868	19,540,175	645,582,043

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	1,295,000
Less: Amortization	(648,918)	(518,426)
	45,646,082	45,776,574

6.1 After the demutualization process, the Modaraba has received ordinary shares of Lahore Stock Exchange (LSE) and Trading Rights Entitlement Certificates (TRECs) in lieu of its membership card. The Modaraba has received 843,975 shares of LSE having face value of Rs. 10 each, out of which 60% of the shares are kept in block account and divestment of the same will be made in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and integration) Act. The accounting treatment of TREC and shares received from the exchange is being discussed in the Professional Standards and Technical Advisory Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and will be finalized in due course.

The last auctions of membership and room, resulting from default by members, as per record of LSE, was Rs. 19.25 million. The management is of the view that such auctions are forced in nature which, in absence of any active market, are not representative of fair value.

In view of the above factors, management is not currently in a position to determine the extent of impairment required, if any. Hence, no further provision for impairment has been recorded.



First Punjab Modaraba

	December 31, 2012 (Un-audited) Rupees	June 30, 2012 (Audited) Rupees
7. Long term musharika investment - secured		
Musharikah investment	89,464,253	93,186,478
Less: Current portion of long term musharika investment	(66,739,083)	(56,682,963)
Less: Provision against musharikah investment	(17,624,283)	(14,881,388)
	<u>5,100,887</u>	<u>21,622,127</u>
8. Morabaha investment-secured		
Gross Morabaha Investment	810,207,663	828,729,348
Add: Unearned morabaha income	5,102,349	8,163,234
	<u>815,310,012</u>	<u>836,892,582</u>
Less: Provision for doubtful finances	(321,288,623)	(339,107,761)
	<u>494,021,389</u>	<u>497,784,821</u>
9. Advances, deposits, prepayments and other receivables		
These include ijarah rental receivables amounting to Rs. 363,672,439 (30 June 2012: Rs. 390,605,630) against which provision amounting to Rs. 36,502,402 (30 June 2012: Rs. Nil) has been created.		
10. Musharikah finances - secured		
This represents musahrika finance facilities availed from The Bank Of Punjab, having limit of Rs. 1,060 million (30 June 2012: Rs. 1,060 million).		
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 (30 June 2012 : Rs. 1,900 million).		
The estimated share of profit payable on musharika facility ranges from to 10.18% to 11.95% (30 June 2012: 11.91% to 13.54%).		
	December 31, 2012 (Un-audited) Rupees	June 30, 2012 (Audited) Rupees
11. Redeemable capital - participatory and unsecured		
Opening balance	422,515,082	963,061,760
Issued during the period/year	720,312,466	1,337,354,284
Less: Redeemed during the period/year	(793,627,548)	(1,877,900,962)
	<u>(73,315,082)</u>	<u>(540,546,678)</u>
Closing balance	<u>349,200,000</u>	<u>422,515,082</u>



	December 31, 2012 (Un-audited) Rupees	June 30, 2012 (Audited) Rupees
12. Mark-up Payable		
Musharikah Finance	25,544,130	26,735,342
Morabaha Finance	-	1,884,385
Redeemable Capital	4,396,034	5,484,147
	<u>29,940,164</u>	<u>34,103,874</u>

13 Contingencies and commitments

13.1 Contingencies

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

13.2 Commitments

Commitments as on balance sheet date amount to Rs. Nil (30 June 2012: Rs. Nil)

12.2.1 Ijarah commitments approved but not disbursed as on balance sheet date amount to Rs. Nil (30 June 2012 : Rs. Nil).

12.2.2 Morabaha commitments approved but not disbursed as on balance sheet date amount to Rs. Nil (30 June 2012 : Rs. Nil).

	December 31, 2012 (Un-audited) Rupees	December 31, 2011 (Un-audited) Rupees
14. Financial and other charges		
Financial charges on Musharikah & Morabaha	55,808,173	56,370,410
Financial charges on Redeemable capital	23,307,016	56,145,373
Bank and other charges	7,934	1,435
	<u>79,123,123</u>	<u>112,517,218</u>



	December 31, 2012 (Un-audited) Rupees	December 31, 2011 (Un-audited) Rupees
15. Cash flow from operating activities		
Loss before taxation	(58,305,751)	(101,192,298)
Adjustment for non cash expenses and other items:		
(Reversal)/Provision against doubtful morabaha investment	(17,819,138)	38,973,131
Impairment against ijarah assets	2,146,642	14,056,239
Provision against musharikhah investment	2,742,895	441,978
Provision against ijarah rental receivables	36,502,402	-
Other provisions	-	2,322,001
Depreciation of ijarah assets	135,807,979	241,958,459
Depreciation of assets in own use	2,366,284	1,698,819
Amortization of intangible assets	130,492	130,493
Profit on morabaha/musharikhah finances	55,808,173	56,370,410
Bank and other charges	7,934	-
Profit on redeemable capital	23,307,016	56,145,373
(Gain)/loss on sale of fixed assets	(3,610,596)	1,865,949
Operating profit before working capital changes	179,084,332	312,770,554
Working capital changes		
(Increase)/decrease in operating assets:		
Finances under morabaha arrangements	18,521,685	55,369,055
Purchase of assets under ijarah arrangements	(67,585,000)	(74,385,900)
Proceeds from disposal of assets under ijarah arrangement	28,805,246	79,517,836
Long term deposits	458,000	-
Proceeds from sale of property acquired against satisfaction of claim	6,050,000	-
Advances, deposits, prepayments and other receivables	24,768,885	(66,203,728)
	11,018,816	(5,702,737)
Increase/(decrease) in operating liabilities:		
Security deposit received against ijarah arrangements	(11,846,043)	3,882,040
Security deposit refunded against ijarah arrangements	-	(28,820,185)
Trade and other payables	9,103,541	(24,527,666)
	(2,742,502)	(49,465,811)
	8,276,314	(55,168,548)
Cash generated from operations	187,360,646	257,602,006
16. 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, 2012 (Un-audited) Rupees	June 30, 2012 (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)		
Musharikah finances	1,030,397,953	1,041,532,173
Profit payable on Musharikah finances	25,544,131	26,735,342
Net book value of the assets leased to employees	7,451,568	5,670,464
Lease security deposits	1,523,370	1,669,570
Lease rentals receivables	319,670	-
Certificates of Musharikah	300,000,000	300,000,000
Profit payable on Certificates of Musharikah	2,709,041	3,143,836
17.1.2 BOP Employee Provident Fund		
Certificates of Musharikah	20,000,000	60,000,000
Profit payable on Certificates of musharikah	204,932	1,260,816
	December 31, 2012 (Un-audited) Rupees	December 31, 2011 (Un-audited) Rupees
17.2 Transactions during the period		
17.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		
Lease rentals income	1,930,880	2,497,978
Profit charged on finances	55,977,735	61,304,600
Profit charged on certificates of Musharikah	17,523,369	6,562,603
17.2.2 BOP Employee Provident Fund		
Profit charged on Certificates of Musharikah	2,576,996	5,255,340



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 2012.

19. Date of authorization

This unaudited interim financial information for the period ended 31 December 2012 was authorized for issue by the Board of Directors of the Management company, on 05 March 2013.

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

An Islamic Financial Institution

Managed by:

Punjab Modaraba Services (Pvt) Ltd.

(A wholly owned subsidiary of The Bank of Punjab)

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