



A Wholly Owned Subsidiary of  
The Bank of Punjab

**FIRST PUNJAB MODARABA**

*(An Islamic Financial Institution)*



# HALF YEARLY ACCOUNTS

**JUNE 2023**



# Contents

<u>Corporate Profile</u>	<u>01</u>
<u>Directors' Report</u>	<u>02</u>
<u>Directors' Report (Urdu)</u>	<u>03</u>
<u>Auditors' Report</u>	<u>04</u>
<u>Interim Balance Sheet</u>	<u>05</u>
<u>Interim Profit and Loss Account</u>	<u>06</u>
<u>Interim Statement of Comprehensive Income</u>	<u>07</u>
<u>Interim Statement of Changes in Equity</u>	<u>08</u>
<u>Interim Cash Flow Statement</u>	<u>09</u>
<u>Selected Notes to the Interim Financial Information</u>	<u>10-23</u>



## Corporate Profile

### Board of Directors

Punjab Modaraba Services (Pvt.) Ltd.

Nadeem Amir	Chairman
Aamir Malik	Chief Executive
Ijaz ur Rehman Qureshi	Director
Umer Iqbal Sheikh	Director
Khawar Shahid Ansari	Director
Imran Bashir	Director
Samina Afsar	Director

### Chief Financial Officer

Mudassar Kaiser Pal

### Company Secretary

Mudassar Kaiser Pal

### Audit Committee

Imran Bashir	Chairman
Ijaz ur Rehman Qureshi	Member
Samina Afsar	Member

### Human Resource Committee

Samina Afsar	Chairman
Ijaz ur Rehman Qureshi	Member
Umer Iqbal Sheikh	Member
Aamir Malik	Member

### Auditors of the Modaraba

Kreston Hyder Bhimji & Co  
Chartered Accountants

### Auditors of the Management Company

Shinewing Hameed Chaudhry & Co.  
Chartered Accountants

### Bankers

The Bank of Punjab

### Registrar

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

### Registered Office

Office No. 100, 3rd Floor, National Tower  
Egerton Road, Lahore.  
Postal Code No. 54600  
PABX: (+92-42) 36365191  
Fax: (+92-42) 36365193  
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 overseeing First Punjab Modaraba (the Modaraba), is pleased to present the half-yearly results of the Modaraba, along with the Directors' report, for the half-year ended June 30, 2023.

As per the World Bank's overview, Pakistan's robust post-pandemic recovery encountered a setback in FY23 due to substantial economic imbalances resulting from the delayed withdrawal of accommodative policies and a series of domestic and external economic shocks. Mounting pressures on domestic prices, external and fiscal balances, the exchange rate, and foreign exchange reserves were observed amid surging global commodity prices, global monetary tightening, last year's catastrophic flooding, and domestic political uncertainty. Consequently, the economy is estimated to have contracted in FY23, following two consecutive years of impressive growth. In summary, the real gross domestic product (GDP) is estimated to have declined by 0.6 percent in FY23 after growing by 6.1 percent in FY22 and 5.8 percent in FY21.

During the half-year, the inter-bank rates took steep jump, affecting financial cost of Modaraba adversely to a great extent. The impact was reflected in 93% surge in financial cost as compared to corresponding period. This extraordinary increase quashed 32% increase in revenue compared to the corresponding period. The reversal of provisions, coupled with recoveries from non-performing assets, however, moderated the quantum of loss. The net figure after tax was limited to Rs.11.24 million.

The Management, with the enduring financial support of the parent bank, i.e., The Bank of Punjab, has actively worked to manage the necessary capital and liquidity requirements of the Modaraba. Simultaneously, equal priority is given to efforts for the recovery of non-performing assets as part of our business strategy. It is noteworthy that the recent significant increase in the policy rate poses a constant threat to profitability in the upcoming periods.

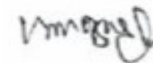
The wholly-owned subsidiary, Punjab Capital Securities (Pvt) Limited, was successfully sold to The Bank of Punjab, resulting in a gain of Rs.8.9 million during the considered half-year.

The Board expresses gratitude for the ongoing guidance and support provided by the Registrar Modaraba and the Securities & Exchange Commission of Pakistan, and we look forward to their continued support in the future. We also extend our appreciation to the valued certificate holders for their generous support.

On behalf of the Board of Directors,



(Aamir Malik)  
CHIEF EXECUTIVE



(Imran Bashir)  
DIRECTOR

Lahore: December 11, 2023

### ڈائریکٹرز رپورٹ

ہم، پنجاب مضار بہر سوسائٹی (پرائیویٹ) لمیٹڈ جو کہ فرسٹ پنجاب مضار بہر کی منجمنٹ کمپنی ہے کے بورڈ آف ڈائریکٹرز، کے طور پر خدمات انجام دے رہے ہیں اور مضار بہر کے جامع ششماہی نتائج ڈائریکٹرز رپورٹ کے ساتھ 30 جون 2023 کو ختم ہونے والی مدت کے لیے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عالمی بینک کے جائزہ کے مطابق، پاکستان کی وہائی امراض کے بعد کی مضبوط بحالی کو مالی سال 23 میں کافی اقتصادی مدد تو ازن کی وجہ سے دھچکا لگا جس کے نتیجے میں مناسب پالیسیوں کی تاخیر سے واپسی اور بینکنگ اور بیرونی معاشی چیلنوں کا سلسلہ شروع ہوا۔ گھریلو قیمتوں، بیرونی اور مالی توازن، شرح مبادلہ اور زر مبادلہ کے ذخائر پر بڑھتے ہوئے دباؤ کو عالمی اجناس کی بڑھتی ہوئی قیمتوں، عالمی مالیاتی سختی، گزشتہ سال کے تباہ کن سیلاب، اور ملکی سیاسی غیر یقینی صورتحال کے درمیان دیکھا گیا۔ نتیجتاً، گانا رو سال کی متاثر کن ترقی کے بعد مالی سال 23 میں معیشت کے سکر جانے کا تخمینہ لگایا گیا ہے۔ خلاصہ یہ کہ حتمی مجموعی گھریلو پیداوار (جی ڈی پی) میں مالی سال 22 میں 6.1 فیصد اور مالی سال 21 میں 5.8 فیصد اضافے کے بعد مالی سال 23 میں 0.6 فیصد کمی کا تخمینہ لگایا گیا ہے۔

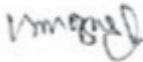
ششماہی کے دوران، انٹرنیٹ بینک کے نرخوں میں زبردست اضافہ ہوا جس سے مضار بہر کی مالی لاگت، بری طرح متاثر ہوئی۔ اس کا اثر اسی مدت کے مقابلے میں مالیاتی لاگت میں 93 فیصد اضافے سے ظاہر ہوا۔ اس غیر معمولی اضافے نے اسی مدت کے مقابلے میں محصولات میں 32 فیصد اضافے کو ختم کر دیا۔ غیر فعال اثاثوں سے وصولیوں کے ساتھ ساتھ دفعات کے الٹ جانے سے نقصان کی مقدار کو معتدل کیا گیا۔ ٹیکس کے بعد خالص رقم 11.24 ملین روپے تک محدود تھی۔

انتظامیہ نے بیزنس بینک، یعنی بینک آف پنجاب کی مستقل مالی مدد کے ساتھ، مضار بہر کے ضروری سرمائے اور لیکویڈیٹی کی ضروریات کو پورا کرنے کے لیے فعال طور پر کام کیا ہے۔ اس کے ساتھ ساتھ، ہماری کاروباری حکمت عملی کے حصے کے طور پر تان پر قار رنگ اثاثوں کی پازیلیٹی کی کوششوں کو مساوی ترجیح دی ہے۔ یہ بات قابل ذکر ہے کہ پالیسی ریٹ میں حالیہ نمایاں اضافہ آنے والے ادوار میں منافع کے لیے مستقل خطر ہے۔

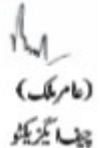
مکمل ملکیتی ماتحت ادارہ، پنجاب کپٹل سکیورٹیز (پرائیویٹ) لمیٹڈ، دی بینک آف پنجاب کو کامیابی سے فروخت کر دیا گیا جس کے نتیجے میں زیر نظر ششماہی کے دوران 8.9 ملین روپے کا فائدہ ہوا۔

بورڈ رچسٹرار مضار بہر اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے فراہم کردہ جاری رہنمائی اور تعاون کا شکریہ ادا کرتا ہے، اور ہم مستقبل میں بھی ان کی مسلسل حمایت کے منتظر ہیں۔ ہم قابل قدر رٹونیکٹیٹ، ہولڈرز کو ان کے فرائض ادا کرنے کے لئے بھی خراج تحسین پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے،



(عمران شیخ)  
ڈائریکٹر



(عامر ملک)  
چیف ایگزیکٹو

لاہور، 11 دسمبر 2023



Amin Building,  
66-The Mall, Lahore.  
Phone: 042-37552661-37321043  
Email: krestonhb@gmail.com

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE CERTIFICATE HOLDERS OF THE FIRST PUNJAB MODARABA  
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of First Punjab Modaraba (the "Modaraba") as at June 30, 2023, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, and notes to the financial statements for the six month period then ended (here-in-after referred to as the "interim financial statements"). Modaraba Management Company is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements 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 assurance 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 causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Emphasis Matter**

We draw attention to note 1.2 in the financial statements, which indicates that the Modaraba has accumulated losses net of capital reserves of Rs. 351,390 million as at June 30, 2023 and, as of that date, the Modaraba's current liabilities exceeded its current assets by Rs. 837,554 million. As stated in note 1.2, these events or conditions, along with other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Modaraba's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

**Other matters**

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended June 30, 2023 have not been reviewed and we do not express a conclusion on them.

The condensed interim financial statements of the Modaraba for the half year ended June 30, 2022 and financial statements for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified conclusion and opinion respectively on those financial statements on November 15, 2022 and August 02, 2023 respectively.

The engagement partner on the review resulting in this independent auditor's report is Mr. Shabir Ahmad, FCA.

Lahore: December 12, 2023  
UDIN: RR202310766pLDHxe5j

  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS

**FIRST PUNJAB MODARABA  
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)  
AS AT JUNE 30, 2023**

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
		Rupees	Rupees
<b>ASSETS</b>			
<b>Non current assets</b>			
Tangible fixed assets			
- Ijarah assets	7.1	191,715,891	234,917,820
- Assets in own use	7.2	4,948,663	2,972,870
Intangible assets	8	1,391,067	1,722,250
Investment in subsidiary company	9	-	76,500,000
Long term musharikhah investment - secured	10	550,868,891	530,523,900
Long term morabaha investment - secured	11	22,169,758	2,556,218
Long term deposits		203,444	203,444
Deferred tax asset	12	72,504,535	58,876,494
		<b>843,802,249</b>	<b>908,272,996</b>
<b>Current assets</b>			
Short term morabaha investment - secured	13	202,449,212	221,801,242
Current maturity of long term investment	14	366,710,983	339,006,921
Ijarah rental receivable	15	118,704,213	144,571,959
Short term investment		200,000,000	200,000,000
Development properties - Land		63,928,771	53,369,698
Advances, deposits, prepayments and other receivables	16	227,450,071	142,385,130
Tax refund due from government		4,593,848	4,641,407
Cash and bank balances	17	42,699,173	26,675,787
		<b>1,226,536,271</b>	<b>1,132,452,144</b>
<b>TOTAL ASSETS</b>		<b>2,070,338,520</b>	<b>2,040,725,140</b>
<b>EQUITY AND LIABILITIES</b>			
Authorized certificate capital			
50,000,000 (December 31, 2022: 50,000,000) modaraba certificates of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital			
34,020,000 (December 31, 2022: 34,020,000) certificates of Rs. 10 each	18.1	340,200,000	340,200,000
Statutory reserves	19	218,176,678	218,176,678
Accumulated losses	19	(569,567,111)	(558,326,241)
		(11,190,433)	50,437
<b>Non current liabilities</b>			
Long term security deposits	20	8,403,800	8,403,800
Deferred morabaha income	21	9,034,712	7,125,770
		17,438,512	15,529,570
<b>Current liabilities</b>			
Current maturity of non current liabilities	22	102,098,140	107,481,621
Deferred morabaha income		2,536,064	3,129,892
Redeemable capital - participatory and unsecured	23	1,825,000,000	1,825,000,000
Profit payable		63,611,915	28,096,745
Trade and other payables	24	51,517,309	44,245,599
Provision for taxation	29	2,135,737	-
Unclaimed dividend		17,191,276	17,191,276
		<b>2,064,090,441</b>	<b>2,025,145,133</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	25		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,070,338,520</b>	<b>2,040,725,140</b>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.


For Punjab Modaraba Services (Private) Limited  
(Modaraba Management Company)



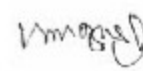
Chief Financial  
Officer



Chief Executive



Director



Director

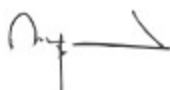


**FIRST PUNJAB MODARABA**  
**CONDENSED INTERIM PROFIT AND LOSE ACCOUNT (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Note	2023		2022 (Restated)	
	Six Months Ended June 30	Three Months Ended June 30	Six Months Ended June 30	Three Months Ended June 30
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
	Rupees	Rupees	Rupees	Rupees
<b>Income</b>				
Income from ijarah rentals - net	27,187,018	11,563,610	31,113,964	9,118,423
Income from morabaha financing	7,687,832	4,712,036	4,335,170	3,332,956
Income from diminishing musharikhah financing	94,993,803	48,574,180	45,337,277	25,241,472
Gain / (loss) on disposal of fixed assets	3,822,262	602,006	1,853,636	(893,776)
Other income	33,496,640	23,434,135	43,873,195	25,355,274
	167,187,555	88,885,967	126,513,242	62,154,349
<b>Expenses</b>				
Administrative expenses	30,769,949	17,171,592	32,409,771	19,840,446
Finance cost	168,188,649	95,157,580	86,969,044	47,066,760
Other expenses	-	-	200,869	200,869
	198,958,598	112,329,172	119,579,684	67,108,075
<b>Operating (loss) / profit before provision</b>	<b>(31,771,043)</b>	<b>(23,443,205)</b>	<b>6,933,558</b>	<b>(4,953,726)</b>
Reversal / (provision) against ijarah rentals - net	2,945,822	(728,636)	(498,316)	(438,916)
Reversal / (provision) for morabaha investment	9,044,500	3,060,000	-	-
Reversal / (provision) for musharikhah investment	451,477	451,477	-	-
	12,441,799	2,782,841	(498,316)	(438,916)
<b>Operating (loss) / profit after provision and impairment</b>	<b>(19,329,244)</b>	<b>(20,660,364)</b>	<b>6,435,242</b>	<b>(5,392,642)</b>
Modaraba Management Company's management fee	-	-	-	-
<b>(Loss) / profit for the period before taxation</b>	<b>(19,329,244)</b>	<b>(20,660,364)</b>	<b>6,435,242</b>	<b>(5,392,642)</b>
<b>Taxation</b>	<b>8,088,374</b>	<b>8,314,664</b>	<b>(20,985,493)</b>	<b>(20,315,698)</b>
<b>Loss for the period after taxation</b>	<b>(11,240,870)</b>	<b>(12,345,700)</b>	<b>(14,550,251)</b>	<b>(25,708,340)</b>
<b>Loss per certificate - basic and diluted</b>	<b>(0.33)</b>	<b>(0.36)</b>	<b>(0.43)</b>	<b>(0.76)</b>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

For Punjab Modaraba Services (Private) Limited  
(Modaraba Management Company)



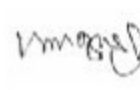
Chief Financial Officer



Chief Executive



Director



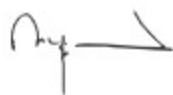
Director

**FIRST PUNJAB MODARABA**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Note	2023		2022 (Restated)	
	Six Months Ended June 30	Three Months Ended June 30	Six Months Ended June 30	Three Months Ended June 30
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
	Rupees	Rupees	Rupees	Rupees
Loss for the period after taxation	(11,240,870)	(12,345,700)	(14,550,251)	(25,708,340)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(11,240,870)</u>	<u>(12,345,700)</u>	<u>(14,550,251)</u>	<u>(25,708,340)</u>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

For Punjab Modaraba Services (Private) Limited  
 (Modaraba Management Company)



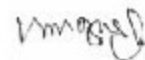
Chief Financial Officer



Chief Executive



Director



Director

**FIRST PUNJAB MODARABA  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

	Issued, subscribed and paid-up certificate capital	Capital Reserve Statutory reserve	Revenue Reserve Accumulated loss	Total
-----Rupees-----				
Balance as at January 01, 2022	340,200,000	218,176,678	(471,759,092)	86,617,586
Loss for the period	-	-	(14,550,251)	(14,550,251)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period ended June 30, 2022	-	-	(14,550,251)	(14,550,251)
Balance as at June 30, 2022 - Restated	<u>340,200,000</u>	<u>218,176,678</u>	<u>(486,309,343)</u>	<u>72,067,335</u>
Balance as at June 30, 2022 - as previously reported	340,200,000	220,303,614	(424,409,901)	136,093,713
Correction of prior period error (Note - 6)	-	(2,126,936)	(61,899,442)	(64,026,378)
Balance as at June 30, 2022 - Restated	<u>340,200,000</u>	<u>218,176,628</u>	<u>(486,309,343)</u>	<u>72,067,335</u>
Balance as at January 01, 2023	340,200,000	218,176,678	(558,326,241)	50,437
Profit for the period	-	-	(11,240,870)	(11,240,870)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period ended June 30, 2023	-	-	(11,240,870)	(11,240,870)
<b>Balance as at June 30, 2023</b>	<u><b>340,200,000</b></u>	<u><b>218,176,678</b></u>	<u><b>(569,567,111)</b></u>	<u><b>(11,190,433)</b></u>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

For Punjab Modaraba Services (Private) Limited  
(Modaraba Management Company)

Chief Financial Officer

Chief Executive

Director


Director

**FIRST PUNJAB MODARABA**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2023**

	Note	Restated	
		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
		(Un-Audited) Rupees	(Un-Audited) Rupees
<b>Cash flow from operating activities</b>			
Net cash generated from / (used in) operations	34	71,581,464	(5,463,144)
Finance charges paid on redeemable capital		(132,673,479)	(79,574,861)
Finance charges paid on long term musharikhah finances		-	(9,659,289)
Tax paid		47,559	(1,569,975)
		(132,625,920)	(90,804,125)
<b>Net cash generated from / (used in) operating activities</b>		<b>(61,044,456)</b>	<b>(96,267,269)</b>
<b>Cash flow from investing activities</b>			
Proceeds from disposal of fixed assets in own use		1,000,000	2,500
Proceeds from disposal of ijarah assets		18,430,472	15,776,373
Purchase of assets under ijarah arrangements	7.1	(26,728,913)	(29,249,901)
Purchase of fixed assets in own use	7.2	(2,632,500)	(556,500)
Dividend received from subsidiary company		-	4,319,384
Advance paid against purchase of software		-	(412,500)
Proceeds from sale of Subsidiary Company		76,500,000	-
Profit received on bank deposits / saving accounts		10,498,783	10,877,754
<b>Net cash generated from investing activities</b>		<b>77,067,842</b>	<b>757,110</b>
<b>Cash flow from financing activities</b>			
Repayment of long term musharikhah finances - secured		-	(131,100,952)
Proceeds from issuance of redeemable capital		-	175,000,000
Unclaimed dividend paid to the modaraba certificate holders		-	(11,980)
<b>Net cash generated from / (used in) financing activities</b>		<b>-</b>	<b>43,887,068</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>16,023,386</b>	<b>(51,623,091)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>26,675,787</b>	<b>135,278,267</b>
<b>Cash and cash equivalents at the end of the period</b>	17	<b>42,699,173</b>	<b>83,655,176</b>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

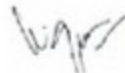
For Punjab Modaraba Services (Private) Limited  
(Modaraba Management Company)



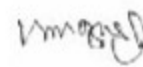
Chief Financial Officer



Chief Executive



Director



Director

---

**FIRST PUNJAB MODARABA  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2023****1 Status and nature of business**

First Punjab Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (the Modaraba Management Company) which is a wholly-owned subsidiary of The Bank of Punjab. The registered office of the Modaraba is situated at Office No. 100, 3rd floor, National Tower, 28-Egerton Road, Lahore. The Modaraba commenced its operations on December 23, 1992. The Modaraba is listed on the Pakistan Stock Exchange Limited.

Modaraba established its wholly-owned subsidiary on November 29, 2016 as a Private Limited Company under the name of Punjab Capital Securities (Private) Limited. The registered office of Punjab Capital Securities (Private) Limited was situated at 3rd Floor, LSE Plaza, 19-Khayabane Aiwane Iqbal, Lahore. The Company was mainly engaged in the business of brokerage services, portfolio management and consultancy services. During the period, 100% stake in wholly owned subsidiary was sold to ultimate parent i.e. The Bank of Punjab against total consideration of Rs. 85.487 million.

The Modaraba is perpetual and multi-dimensional and is primarily engaged in the business of Ijarah, Musharikhah and Morabaha financing, equity investment and other related businesses under the injunctions of Islam. Modaraba has obtained approval of the Securities & Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in the prospectus of the Modaraba on January 13, 2021.

**1.2 Management's assessment of Going Concern assumption**

During the half year ended June 30, 2023, Modaraba incurred a loss after tax of Rs. 11,240,870 (2022: Rs. 14,550,251). The accumulated losses - net of capital reserves, as of June 30, 2023 stood at Rs. 351,390,433 (December 2022: Rs. 340,149,563) which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates, which is a non-compliance of Section 23 of Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance). The current liabilities of the Modaraba exceed its current assets by Rs. 837,554,169 as of June 30, 2023 (December 31, 2022: Rs. 892,692,989).

These conditions indicate the existence of material uncertainty regarding the future operations of Modaraba which may cast significant doubt about the company's ability to continue as a going concern and, therefore, Modaraba may be unable to realize its assets and discharge its liabilities in the normal course of business.

Accordingly, in order to provide financial support to the Modaraba, the ultimate parent, The Bank of Punjab approved arrangements to provide long term placement facility of Rs.1,985,000,000 to the Modaraba for a period of three years including Rs. 500,000,000 for capital support under Modaraba Companies (Flotation and Control) Ordinance, 1980, at 18.61% p.a. profit payable semi-annually. Till date of approval of these accounts, the long term placement facility has been availed by the Modaraba while arrangements are in process for the said capital support

Further, the BOP has confirmed that it shall continue to provide financial support to the Modaraba in managing the requisite capital requirements and the liquidity requirements of the Modaraba.

In light of the enduring support of BOP, actions as outlined above and the projections prepared by the management, duly approved by the Board of Directors of the management company, the Board is of the view that the Modaraba would have adequate resources to continue its business on a sustainable basis in the foreseeable future.

These financial statements, therefore, do not include any adjustment relating to realization of its assets and liquidation of any liabilities that might be necessary should Modaraba be unable to continue as a going concern.

## 2 Basis of preparation

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting standards as applicable in Pakistan comprises of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017; and
- Requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981.

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFAS), the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 differ from IAS 34, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 have been followed.

The disclosures made in these condensed interim financial statements are based on the requirements of the International Accounting Standard (IAS) 34: 'Interim Financial Reporting'. These condensed interim financial statements does not include all the disclosures required for a full set of financial statements and should be read in conjunction with the annual published audited financial statements of Modaraba for the year ended December 31, 2022.

The comparative balance sheet presented in these condensed interim financial statements has been extracted from the published audited financial statements of Modaraba for the year ended December 31, 2022, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement have been extracted from the condensed interim financial statements of the Modaraba for the period ended June 30, 2022.

These condensed interim financial statements are being submitted to the certificate holders as required under the Rule 10 of Modaraba Companies and Modaraba Rules, 1981.

### 2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention.

### 2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is also the Modaraba's functional and presentation currency and all the figures presented in these condensed interim financial statements presented have been rounded off to the nearest Rupee, unless otherwise stated.

## 3 Significant accounting estimates and judgments

The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those that were applied in the preparation of the annual published audited financial statements of the Modaraba for the year ended December 31, 2022.

The preparation of these financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgments in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis.

The significant judgments, estimates and assumptions made in applying the Modaraba's accounting policies and the factors used in making those estimates were the same as those that were applied to the annual published audited financial statements for the year ended

#### 4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year:

There are certain amendments to the published approved accounting standards that are mandatory for the Modaraba's accounting period beginning on January 01, 2023. However, these do not have any significant impact on the Modaraba's operations and, therefore, have not been detailed in these financial statements.

#### Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

IFRS 09, Financial Instruments: Classification and Measurement, addresses recognition, classification, measurement and recognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed.

The Securities and Exchange Commission of Pakistan (SECP) has deferred the applicability of IFRS 09 on Modarabas in Pakistan to accounting periods ending on or after June 30, 2024 through notification vide S.R.O. 1827 (I)/2022 dated September 29, 2022. Therefore these condensed financial statements have been prepared in accordance with the existing prudential regime.

#### 5 Financial Risk Management Policies

The financial risk management objectives and policies adopted by the Modaraba are consistent with those disclosed in the annual published audited financial statements of the Modaraba for the year ended December 31, 2022.

#### 6 Restatement of comparative figures

During the year ended December 31, 2022, the Modaraba identified a computational error in calculating depreciation on some of its Ijarah assets. This error resulted in a material understatement of depreciation expense on Ijarah assets recognized for the year ended December 31, 2021 and prior financial years and has resulted in the corresponding overstatement of Ijarah assets. As the comparative period was part of the year ended December 31, 2022 and the error identified during the audit for the year ended December 31, 2022, therefore, the corresponding impact on comparative figures has now been accounted for / corrected as follows:

	Six Months Ended June 30, 2022			Three Months Ended June 30, 2022		
	As previously reported as of June 30, 2022	Increase / (Decrease)	Restated as of June 30, 2022	As previously reported as of June 30, 2022	Increase / (Decrease)	Restated as of June 30, 2022
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Extract of profit and loss account</b>						
Income from Ijarah rentals - net	28,257,902	2,856,062	31,113,964	11,402,865	(2,284,442)	9,118,423
Gain / (loss) on disposal of Ijarah assets	-	1,853,636	1,853,636	-	(893,776)	(893,776)
Profit / (loss) for the period before taxation	1,725,544	4,709,698	6,435,242	(2,214,424)	(3,178,218)	(5,392,642)
Taxation	(20,985,493)	-	(20,985,493)	(20,315,696)	-	(20,315,696)
Loss for the period after taxation	<b>(19,259,949)</b>	<b>4,709,698</b>	<b>(14,550,251)</b>	<b>(22,530,122)</b>	<b>(3,178,218)</b>	<b>(25,708,340)</b>
<b>Extract of statement of comprehensive income</b>						
Total comprehensive loss for the period	<b>(19,259,949)</b>	<b>4,709,698</b>	<b>(14,550,251)</b>	<b>(22,530,122)</b>	<b>(3,178,218)</b>	<b>(25,708,340)</b>
Loss per certificate - basic and diluted	<b>(0.57)</b>	<b>0.14</b>	<b>(0.43)</b>	<b>(0.66)</b>	<b>(0.10)</b>	<b>(0.76)</b>

	Note	Jun-23	Dec-22
		Rupees	Rupees
7 Tangible fixed assets			
Iljarah assets			
Assets in own use			
	7.1	191,715,891	234,917,820
	7.2	4,948,663	2,972,870
		<u>196,664,554</u>	<u>237,890,690</u>

Description	June 30, 2023 (Un-audited)										
	COST			DEPRECIATION			IMPAIRMENT		NET BOOK VALUE		
	As at 1 Jan 2023	Additions	Disposals	As at 30 JUNE 2023	Charge for the Period	Disposals	As at 30-June-2023	As at 1 Jan 2023	As at 30-June-2023	Depreciation Rate %	
Plant and machinery	370,403,563	1,050,000	(59,796,373)	311,657,190	4,611,816	(57,285,385)	237,747,116	-	-	73,910,074	As per lease term
Vehicle	367,038,224	13,958,913	(52,649,528)	328,347,609	21,384,888.29	(36,902,476)	256,344,464	-	-	72,003,145	As per lease term
Cessna aircraft	13,552,604	-	(13,552,604)	-	-	(13,552,604)	-	-	-	-	As per lease term
Consumer products	155,101,180	11,720,000	(19,952,000)	146,869,180	22,681,404	(16,957,306)	101,066,508	-	-	45,802,672	As per lease term
	<u>906,095,571</u>	<u>26,728,913</u>	<u>(145,950,505)</u>	<u>786,873,979</u>	<u>48,678,108</u>	<u>(124,697,771)</u>	<u>595,158,088</u>	<u>-</u>	<u>-</u>	<u>191,715,891</u>	

Description	December 31, 2022 (audited)											
	COST			DEPRECIATION			IMPAIRMENT		NET BOOK VALUE			
	As at 1 Jan 2022	Additions	Transfer	As at 31 Dec 2021	Charge for the Year	Transfer	As at 31 Dec 2022	As at 1 Jan 2022	Reversal for the Year	As at 31 Dec 2022	Depreciation Rate %	
Plant and machinery	391,590,463	1,115,000	(22,301,900)	370,403,563	5,428,090	(19,718,262)	290,420,685	15,593,102	(15,693,102)	-	79,962,878	As per lease term
Vehicle	432,937,429	7,759,613	(73,658,818)	367,038,224	76,453,471	(47,128,455)	271,862,052	1,104,397	(1,104,397)	-	95,176,172	As per lease term
Cessna aircraft	13,552,604	-	-	13,552,604	-	-	13,552,604	-	-	-	-	As per lease term
Consumer products	133,893,279	52,190,401	(30,982,500)	155,101,180	53,775,627	(21,344,124)	95,342,410	-	-	-	59,758,770	As per lease term
	<u>971,973,775</u>	<u>61,065,014</u>	<u>(126,943,218)</u>	<u>906,095,571</u>	<u>135,657,389</u>	<u>(88,189,841)</u>	<u>671,177,751</u>	<u>16,697,499</u>	<u>(16,697,499)</u>	<u>-</u>	<u>234,917,820</u>	

7.1.1 The cost of fully depreciated iljarah assets that are still in use amounts to Rs. 416,480,608. (December 31, 2022: Rs. 352,758,204).



7.2 Assets in own use

Description	June 30, 2023 (un-audited)						Life Year	
	COST			DEPRECIATION				NBV As at June 30, 2023
	As at January 01, 2023	Additions	Disposal	As at January 01, 2023	Charge for the period	As at June 30, 2023		
Office equipment	4,779,245	-	-	4,779,245	308,086	3,080,614	1,698,631	3 to 7
Furniture and fixtures	2,233,800	20,500	-	2,254,300	135,218	1,903,895	350,405	7
Vehicles	2,450,800	2,612,000	(732,000)	4,330,800	213,403	1,431,173	2,899,627	5
	<u>9,463,845</u>	<u>2,632,500</u>	<u>(732,000)</u>	<u>11,364,345</u>	<u>656,707</u>	<u>6,415,682</u>	<u>4,948,663</u>	

Description	December 31, 2022 (audited)						Life Year	
	COST			DEPRECIATION				NBV As at December 31, 2022
	As at January 01, 2022	Additions	Disposal	As at January 01, 2022	Charge for the Year	As at December 31, 2022		
Office equipment	4,096,645	840,200	(157,600)	4,779,245	580,826	(93,000)	2,006,717	3 to 7
Furniture and fixtures	2,199,000	34,800	-	2,233,800	241,746	-	465,123	7
Vehicles	2,450,800	-	-	2,450,800	429,967	-	501,030	5
	<u>8,746,445</u>	<u>875,000</u>	<u>(157,600)</u>	<u>9,463,845</u>	<u>1,252,539</u>	<u>(93,000)</u>	<u>2,972,870</u>	

7.2.1 The cost of fully depreciated assets that are still in use amounts to Rs. 2,124,190 (December 31, 2022: Rs. 2,838,790).

		30-Jun-23 Un-Audited Rupees	31-Dec-22 Audited Rupees
<b>8 Intangible assets</b>	<b>Note</b>		
<b>Computer Software</b>			
Cost		4,495,000	4,495,000
Accumulated amortization			
Balance as at January 01,2023		(2,772,750)	(2,495,000)
Charge for the period		(331,183)	(277,750)
Balance as at June 30,2023		(3,103,933)	(2,772,750)
Balance as at June 30,2023		<u>1,391,067</u>	<u>1,722,250</u>
Life (years)		<u>2 to 7</u>	<u>2 to 7</u>
<b>9 Investment in subsidiary company</b>		-	76,500,000
During the period, 100% stake in wholly owned subsidiary i.e. Punjab Capital Securities (Pvt) Limited was sold to ultimate parent i.e. The Bank of Punjab against total consideration of Rs. 85.487 million.			
<b>10 Long term musharikhah investment - secured</b>			
Long term musharikhah investment		905,357,888	861,596,664
Less: Current portion of long term musharikhah investment	14	(354,488,997)	(331,072,764)
		<u>550,868,891</u>	<u>530,523,900</u>
<b>11 Long term morabaha investment - secured</b>			
Long term morabaha investment		40,170,383	30,975,957
Add: Unearned morabaha income		20,225,906	5,970,440
		60,396,289	36,946,397
Less: Current portion of long term morabaha investment	14	(27,035,337)	(29,145,447)
		33,360,952	7,800,950
Less: Current portion of unearned morabaha income	14	(11,191,194)	(5,244,732)
		<u>22,169,758</u>	<u>2,556,218</u>
<b>12 Deferred tax asset</b>	12.1	<u>72,504,535</u>	<u>58,876,494</u>
<b>12.1</b>	The management, based on their projections assessment of future taxable profits, believes that Modaraba will be able to achieve sufficient taxable profits in the future to adjust the recognized deferred tax assets and accordingly has recorded the asset on such basis as of June 30, 2023.		
<b>13 Short term morabaha investment-secured</b>	<b>Note</b>	30-Jun-23 (Un-Audited) Rupees	31-Dec-22 (Audited) Rupees
Short term morabaha investment		402,372,521	423,775,161
Add: Unearned morabaha income		2,536,064	9,529,954
		404,908,585	433,305,115
Less: Provision against short term morabaha investment	13.1	(202,459,373)	(211,503,873)
		<u>202,449,212</u>	<u>221,801,242</u>

	Note	30-Jun-23 (Un-Audited) Rupees	31-Dec-22 (Audited) Rupees
<b>13.1 Provision against short term morabaha investment</b>			
Opening balance		211,503,873	214,253,873
Reversals during the period		(9,044,500)	(2,750,000)
Closing balance		<u>202,459,373</u>	<u>211,503,873</u>
<b>14 Current maturity of long term investment</b>			
Current portion of long term musharikhah investment	10	354,488,997	331,072,764
Less: Provision against musharikhah investment	14.1	(17,204,545)	(17,656,022)
		<u>337,284,452</u>	<u>313,416,742</u>
Current portion of long term morabaha investment	11	27,035,337	29,145,447
Add: Unearned morabaha income	11	11,191,194	5,244,732
Less: Provision against long term morabaha investment	14.2	(8,800,000)	(8,800,000)
		<u>29,426,531</u>	<u>25,590,179</u>
		<u>366,710,983</u>	<u>339,006,921</u>
<b>14.1 Provision against musharikhah investment</b>			
Opening balance		17,656,022	26,392,919
Additions during the period			
Specific provision		-	1,894,879
Reversed during the period		(451,477)	(10,631,776)
Closing balance		<u>17,204,545</u>	<u>17,656,022</u>
<b>14.2 Provision against long term morabaha investment</b>			
Opening balance		8,800,000	8,800,000
Charge during the period		-	-
Closing balance		<u>8,800,000</u>	<u>8,800,000</u>
<b>15 Ijarah rental receivables</b>			
Ijarah rental receivable		194,425,443	223,239,011
Less: Provision against ijarah rental receivable	15.1	(75,721,230)	(78,667,052)
		<u>118,704,213</u>	<u>144,571,959</u>
<b>15.1 Provision against ijarah rental receivable</b>			
Opening balance		78,667,052	57,372,051
Additions in provision during the period		976,285	6,017,112
Adjustments in impairment of ijarah assets-net		-	16,697,499
Reversal of provision during the period		(3,922,107)	(1,419,610)
Closing balance		<u>75,721,230</u>	<u>78,667,052</u>

16 Advances, deposits, prepayments and other receivables	Note	30-Jun-23 Un-Audited Rupees	31-Dec-22 Audited Rupees			
<b>Profit receivable</b>						
- Morabaha investment		-	9,310,807			
- Musharikhah investment		19,756,939	4,425,141			
		19,756,939	13,735,948			
Prepayments		4,050,206	2,971,133			
Advances		39,682,982	11,990,953			
Non-banking assets		2,272,500	4,772,500			
Provident fund		1,047,168	-			
Other receivables		181,227,695	129,502,015			
		248,037,490	162,972,549			
Less: Provision against other receivables	16.1	(20,587,419)	(20,587,419)			
		<u>227,450,071</u>	<u>142,385,130</u>			
<b>16.1 Provision against other receivables</b>						
Opening balance		20,587,419	11,128,292			
Reversal during the period		-	(1,172,649)			
Transfer of provision		-	10,631,776			
Closing balance		<u>20,587,419</u>	<u>20,587,419</u>			
<b>17 Cash and bank balances</b>						
Cash at banks						
- Current accounts		8,897,479	21,532,171			
- Deposit accounts		2,999,084	2,888,868			
- Savings accounts		30,593,242	2,166,197			
- Current account with State Bank of Pakistan		144,089	3,522			
		42,633,894	26,590,758			
Cash in hand		65,279	85,029			
		<u>42,699,173</u>	<u>26,675,787</u>			
<b>18 Authorized, issued, subscribed and paid-up certificate capital</b>						
Authorized certificate capital						
50,000,000 modaraba certificates of Rs.10 each		<u>500,000,000</u>	<u>500,000,000</u>			
<b>18.1 Issued, subscribed and paid-up certificate capital</b>						
		30-Jun-23 Un-Audited	31-Dec-22 Audited		30-Jun-23 Un-Audited Rupees	31-Dec-22 Audited Rupees
		----(Number of certificates)----				
		20,000,000	20,000,000	Modaraba Certificates of Rs. 10/- each fully paid in cash	200,000,000	200,000,000
		14,020,000	14,020,000	Modaraba Certificates of Rs. 10/- each issued as fully paid bonus certificates	140,200,000	140,200,000
		<u>34,020,000</u>	<u>34,020,000</u>		<u>340,200,000</u>	<u>340,200,000</u>

	Note	30-Jun-23 Un-Audited Rupees	31-Dec-22 Audited Rupees
<b>19 Reserves</b>			
<b>Capital reserve</b>			
Statutory reserve	19.1	218,176,678	218,176,678
<b>Revenue reserves</b>			
Accumulated losses		(569,567,111)	(558,326,241)
		<u>(351,390,433)</u>	<u>(340,149,563)</u>
<b>19.1</b>	This represents profit set aside to comply with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan requiring modaraba to transfer not less than 20% and not more than 50% of its profits after tax in such manner that reserves equal 100% of the paid up capital. Thereafter a sum not less than 5% of the profit after tax is to be set aside.		
<b>20 Long term security deposits</b>			
Long term security deposits against Ijarah		99,310,746	110,640,689
Less: Current maturity of security deposits	22	<u>(90,906,946)</u>	<u>(102,236,889)</u>
		<u>8,403,800</u>	<u>8,403,800</u>
<b>21 Deferred morabaha income</b>			
Deferred Morabaha income		20,225,906	12,370,502
Less: Current maturity of deferred Morabaha income	22	<u>(11,191,194)</u>	<u>(5,244,732)</u>
		<u>9,034,712</u>	<u>7,125,770</u>
<b>22 Current maturity of non current liabilities</b>			
Current maturity of long term security deposits	20	90,906,946	102,236,889
Current maturity of deferred Morabaha income	21	<u>11,191,194</u>	<u>5,244,732</u>
		<u>102,098,140</u>	<u>107,481,621</u>
<b>23 Redeemable capital - participatory and unsecured</b>			
Opening balance		1,825,000,000	1,603,000,000
Add: Issued during the period		-	225,000,000
Add: Rolled over during the period		1,825,000,000	1,600,000,000
Less: Redeemed during the period		<u>(1,825,000,000)</u>	<u>(1,603,000,000)</u>
		-	222,000,000
Closing balance		<u>1,825,000,000</u>	<u>1,825,000,000</u>
<b>24 Trade and other payables</b>			
Accrued expenses		847,032	600,000
Tax deducted at source		1,486,675	1,359,146
Advances against Ijarah / morabaha / musharikhah		19,324,957	18,917,300
Provident fund payable		-	3,498
Gratuity payable		7,118,189	6,488,354
Other payables		22,740,456	16,877,301
		<u>51,517,309</u>	<u>44,245,599</u>
<b>25 Contingencies and commitments</b>			
There is no change in the status of contingencies and commitments as reported in the annual audited financial statements of Modaraba for the year ended December 31, 2022.			

	Note	30-Jun-23 Un-Audited Rupees	30-Jun-22 Un-Audited Rupees
<b>26 Other income</b>			
Profit on short term investments / bank deposits		21,833,365	12,819,659
Processing fee		678,804	823,168
Advising fee		-	1,801,000
Cheque return charges		428,000	1,904,282
Gain on disposal of subsidiary company		8,987,000	-
Gain on settlement of musharikhah financing		907,449	4,200,739
Gain on settlement of Morabaha financing		-	14,317,013
Dividend income		-	4,319,384
Rebate income from Takaful		-	1,208,763
Miscellaneous income		662,022	2,479,187
		<u>33,496,640</u>	<u>43,873,195</u>
<b>27 Administrative expenses</b>			
Salaries and benefits		18,711,056	19,291,394
Traveling and conveyance		203,664	32,342
Legal and professional		172,866	585,500
Printing and stationary		437,620	701,546
Insurance		2,778,996	1,599,578
Fee and subscription		2,858,781	1,423,906
Auditor's remuneration		260,000	575,000
Repair and maintenance		791,355	1,200,816
Vehicle running and maintenance		586,422	352,106
Power and utilities		969,469	786,194
Entertainment expenses		469,719	291,056
Advertisement		23,000	148,201
Telephone and postage		449,925	410,778
Corporate expenses		265,911	561,730
Rent rates and taxes		2,870	186,620
Selling and marketing expenses		669,666	3,277,400
Depreciation - asset in own use		656,707	647,722
Amortization of intangible assets		331,183	-
Miscellaneous expenses		130,739	337,882
		<u>30,769,949</u>	<u>32,409,771</u>
<b>28 Finance cost</b>			
Financial charges on redeemable capital		168,126,642	86,649,318
Bank charges		62,007	123,671
Financial charges on long term musharikhah finance		-	196,055
		<u>168,188,649</u>	<u>86,969,044</u>
<b>29 Taxation</b>			
<b>Current tax</b>			
- Current year		2,135,737	647,908
- Prior year		3,403,930	-
		<u>5,539,667</u>	<u>647,908</u>
<b>Deferred</b>	12	<u>(13,628,041)</u>	<u>20,337,585</u>
		<u>(8,088,374)</u>	<u>20,985,493</u>
<b>30 Earnings / (loss) per certificate</b>			
<b>30.1 Basic</b>			
Profit / (loss) for the period after taxation		(11,240,870)	(14,550,251)
Weighted average number of Modaraba certificates		34,020,000	34,020,000
Earnings / (loss) per certificate		(0.33)	(0.43)
<b>30.2 Diluted</b>			
No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.			

31 RELATED PARTIES TRANSACTIONS

The related parties and associated undertakings comprise The Bank of Punjab, Punjab Modaraba Services (Private) Limited. The Modaraba enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with persons of similar standing. Transactions with related parties and associated undertakings are as follows:

**Transactions with the related parties**

<u>Name of related party</u>	<u>Relationship</u>	<u>Transactions during the period</u>	(Unaudited) <u>30-Sep-23</u> Rupees	(Unaudited) <u>30-Sep-22</u> Rupees
The Bank of Punjab	Holding Company of Modaraba's Management Company	Musharikhah placements received during the period	1,985,000,000	175,000,000
		Musharikhah placements rolled over during the period	1,825,000,000	1,600,000,000
		Repayment of musharikhah finance during the period	-	131,100,952
		Profit paid on musharikhah finance during the period	-	9,659,289
		Profit paid on musharikhah placements during the period	259,108,598	79,574,861
		Utilization of funds from bank accounts maintained with BOP	9,870,830	4,876,636
		Profit earned from BOP accounts	3,219,912	123,184
		Sale of subsidiary	85,487,000	-
		Gain on sale of subsidiary company	8,987,000	-
		Key Management Personnel	Key Management Personnel	Remuneration of key management personnel paid during the period
Staff loans disbursed during the period	600,000			510,000
Staff loans repaid during the period	1,338,779			865,048
Punjab Capital Securities (Private) Limited	Subsidiary Company	Dividend received during the period	-	4,319,384
Staff provident fund	Associate	Contribution	527,836	542,348

**Balances with the related parties**

<u>Name of Related Party</u>	<u>Relationship</u>	<u>Period and balances</u>	(Unaudited) <u>30-Sep-23</u> Rupees	(Audited) <u>31-Dec-22</u> Rupees
The Bank of Punjab	Holding Company of Modaraba's Management Company	Musharikhah finance	-	-
		Musharikhah placement	1,985,000,000	1,625,000,000
		Profit payable on musharikhah finance	34,102,188	28,096,745
		Outstanding Modaraba certificates 4,788 (December 31, 2022: 4,788)	47,880	47,880
		Bank accounts maintained with BOP	11,645,534	21,516,365
Punjab Modaraba Services (Private) Limited	Modaraba Management Company	Outstanding Modaraba certificates 13,320,694 (December 31, 2022: 13,320,694)	133,206,940	133,206,940
Trustee - The Bank of Punjab Employees Gratuity Fund	Associated Company	Outstanding Modaraba certificates 5,099,500 (December 31, 2022: 5,099,500)	50,995,000	50,995,000
Punjab Capital Securities (Private) Limited	Subsidiary Company	Investment at cost	-	76,500,000
		Receivable from subsidiary	-	8,189
Key Management Personnel	Key Management Personnel	Outstanding loan under Musharikhah and ijarah arrangements during the period	10,618,769	9,656,201
Staff provident fund	Associate	Contribution advance / payable	0	3,498

**FAIR VALUE MEASUREMENTS**

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Modaraba to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of reporting date, there were no financial instruments which were measured at fair values in these condensed interim financial statements.

The following table shows the carrying amounts and fair values of all financial assets and financial liabilities, including their levels in the fair value hierarchy.

	As at June 30, 2023 (Un-audited)				Fair Value			
	Loans and Receivables	Other Financial Assets	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Long term mushankah investment - secured	550,868,891	-	-	550,868,891	-	-	-	-
Long term morabaha investment - secured	22,169,758	-	-	22,169,758	-	-	-	-
Long term security deposits	203,444	-	-	203,444	-	-	-	-
Short term morabaha investment - secured	202,449,212	-	-	202,449,212	-	-	-	-
Current maturity of long term investment	366,710,983	-	-	366,710,983	-	-	-	-
Ijarah rental receivable	118,704,213	-	-	118,704,213	-	-	-	-
Short term investment	200,000,000	-	-	200,000,000	-	-	-	-
Advances, deposits and other receivables	204,304,302	-	-	204,304,302	-	-	-	-
Cash and bank balances	42,699,173	-	-	42,699,173	-	-	-	-
	<b>1,708,109,976</b>	-	-	<b>1,708,109,976</b>	-	-	-	-
<b>Financial liabilities</b>								
Security deposits against Ijarah	-	-	99,310,746	99,310,746	-	-	-	-
Redeemable capital - participatory and unsecured	-	-	1,825,000,000	1,825,000,000	-	-	-	-
Profit payable	-	-	63,611,915	63,611,915	-	-	-	-
Trade and other payables	-	-	23,587,488	23,587,488	-	-	-	-
Unclaimed dividend	-	-	17,191,276	17,191,276	-	-	-	-
	-	-	<b>2,028,701,425</b>	<b>2,028,701,425</b>	-	-	-	-



## As at December 31, 2022 (Audited)

	Carrying Value			Fair Value			
	Loans and Receivables	Other Financial Assets	Other Financial Liabilities	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>							
Investment in subsidiary	76,500,000	-	-	76,500,000	-	-	-
Long term musharikah investment - secured	530,523,900	-	-	530,523,900	-	-	-
Long term morabaha investment - secured	2,556,218	-	-	2,556,218	-	-	-
Long term security deposits	203,444	-	-	203,444	-	-	-
Short term morabaha investment - secured	221,801,242	-	-	221,801,242	-	-	-
Current maturity of long term investment	339,006,921	-	-	339,006,921	-	-	-
Ijarah rental receivable	144,571,959	-	-	144,571,959	-	-	-
Short term investment	200,000,000	-	-	200,000,000	-	-	-
Advances, deposits and other receivables	127,423,044	-	-	127,423,044	-	-	-
Cash and bank balances	26,675,787	-	-	26,675,787	-	-	-
	<u>1,634,429,474</u>	-	-	<u>1,634,429,474</u>	-	-	-
<b>Financial liabilities</b>							
Security deposits against Ijarah	-	-	110,640,689	110,640,689	-	-	-
Redeemable capital - participatory and unsecured	-	-	1,825,000,000	1,825,000,000	-	-	-
Profit payable	-	-	28,096,745	28,096,745	-	-	-
Trade and other payables	-	-	17,480,799	17,480,799	-	-	-
Unclaimed dividend	-	-	17,191,276	17,191,276	-	-	-
	-	-	<u>3,974,369,355</u>	<u>3,974,369,355</u>	-	-	-

The Modaraba has not disclosed the fair values for the above financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, they are not significantly different from their carrying amounts.

## 33

## SEGMENT REPORTING

As per IFRS 8 - 'Operating Segments', operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief officer of the management company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's 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 principles of the 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. The Modaraba has a diversified product portfolio resources have been allocated.

34 CASH FLOW FROM OPERATING ACTIVITIES	Note	30-Jun-23	Restated
		(Un-Audited)	30-Jun-22
		Rupees	Rupees
(Loss) / profit before taxation		(19,329,244)	6,435,242
Adjustments for:			
Depreciation of ijarah assets	7.1	48,678,108	59,842,425
Depreciation of assets in own use	7.2	656,707	647,722
Amortization of intangible assets		331,183	-
Gain on disposal of ijarah assets		(2,822,262)	(1,367,983)
Gain on disposal of Musharikhah assets	26	(907,449)	-
Gain on disposal of owned assets		(1,000,000)	(2,500)
Gain on disposal of non-banking assets		-	(317,500)
Gain on disposal of Subsidiary Company	26	(8,987,000)	-
(Reversal) / provision for morabaha investment	13.1	(9,044,500)	-
(Reversal) / provision for ijarah investment		(2,945,822)	498,316
Dividend income		-	(4,319,384)
Profit on short term investments / bank deposits	26	(21,833,365)	(12,819,659)
Financial charges on musharikhah finances	28	-	196,055
Financial charges on redeemable capital	28	168,126,642	86,649,318
		170,252,242	129,006,810
<b>Operating profit before working capital changes</b>		<b>150,922,998</b>	<b>135,442,052</b>
<b>Working capital changes</b>			
(Increase)/decrease in operating assets:			
Morabaha investment -net		21,252,714	(20,494,198)
Investment in musharikhah-net		(43,761,224)	(52,850,330)
Development properties		(10,559,073)	(7,503,328)
Ijarah rental receivable - net		28,813,568	28,909,417
Long term deposits		-	(105,000)
Advances, deposits, prepayments and other receivables		(85,588,709)	(75,609,600)
		(89,842,724)	(127,653,039)
Increase / (decrease) in operating liabilities:			
Security deposits		11,329,943	(8,548,600)
Trade and other payables		(828,753)	(4,703,557)
		10,501,190	(13,252,157)
Net changes in operating assets and operating liabilities		(79,341,534)	(140,905,196)
<b>Cash generated from / (used in) operations</b>		<b>71,581,464</b>	<b>(5,463,144)</b>

35 GENERAL

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended June 30, 2023 and June 30, 2022 have not been subjected to limited scope review by the auditors as the scope of review covered only cumulative figures.

36 CORRESPONDING FIGURES

Figures of the corresponding period have been restated and regrouped, wherever necessary for comparison and better presentation. Major restatements / regroupings during the year are as follows:

From	To	December 31, 2022 (Rupees)
Long term Musharikhah Investment	Advances, deposits, prepayments and other receivables	10,631,776
Specific provision against Musharikhah Investment	Provision against other receivable	10,631,776
Long term Morabaha Investment	Short term morabaha investment	14,066,000
Long term deferred morabaha income	Short term deferred morabaha income	3,129,892

37 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements of Modaraba were approved and authorized for issue by the Board of Directors of Modaraba Management Company on December 11, 2023

For Punjab Modaraba Services (Private) Limited  
(Modaraba Management Company)



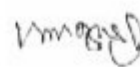
Chief Financial Officer



Chief Executive



Director



Director



A Wholly Owned Subsidiary of  
The Bank of Punjab

# FIRST PUNJAB MODARABA

*(An Islamic Financial Institution)*

Managed By:

**Punjab Modaraba Services (Pvt) Ltd.**

PABX : +(92-42)36365191 - 93

Add : Office No.100, 3rd Floor, National Tower,  
28-Egerton Road, Lahore-Pakistan

Website : [www.punjabmodaraba.com.pk](http://www.punjabmodaraba.com.pk)