



A Wholly Owned Subsidiary of
The Bank of Punjab

FIRST PUNJAB MODARABA

(An Islamic Financial Institution)



QUARTERLY ACCOUNTS

**SEPTEMBER
2023**



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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), takes pleasure in presenting the results of the Modaraba, along with the Directors' report, for the nine months ending September 30, 2023.

The approval of the International Monetary Fund's Stand-By Arrangement in July 2023 unlocked new external financing and averted a balance of payments crisis. Despite the standby arrangement, reserves are expected to remain low, necessitating continued import controls and constraining economic recovery. Real GDP growth is projected to reach only 1.7 percent in FY24 and 2.3 percent in FY25.

A more robust recovery will require an ambitious medium-term reform agenda focused on fiscal consolidation and enhancing competitiveness, supported by strong political ownership and commitment. The proposed reforms include measures to increase revenues by broadening the tax base, restoring private sector confidence through business regulatory reform, implementing reforms to state-owned enterprises, and addressing inefficiencies and high costs in the energy sector.

As expected, the upswing of inter-bank rates continued to impact the Modaraba, resulting in a high financial cost. The 72% rise in financial costs alone contributed to an overall increase of 60% in expenses. This significant rise in expenses overshadowed a 30% increase in revenue. After accounting for the impact of provision reversals due to recoveries from non-performing assets, after-tax loss of Rs.38.83 million was recorded for the nine months under consideration.

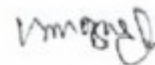
Persistent liquidity issues have been addressed by the parent bank, The Bank of Punjab, through the extension of a long-term funding line at a subsidized profit rate, while capital support arrangements are in the final stages of execution. These measures are expected to have a positive impact on the Modaraba in terms of performance and the reduction of financial costs. After revival, with a renewed focus on booking quality fresh assets and recovering from non-performing assets as part of the Modaraba's business strategy, the Board anticipates a fresh start in the coming year.

The Board expresses gratitude for the ongoing guidance and support provided by the Registrar Modaraba and the Securities & Exchange Commission of Pakistan. We seek continuity in this support in the future as well. The generous support of valued certificate holders is duly acknowledged.

On behalf of the Board of Directors,



(Aamir Malik)
CHIEF EXECUTIVE



(Imran Bashir)
DIRECTOR

Lahore: December 12, 2023

ڈائریکٹرز رپورٹ

ہم، پنجاب مضاربہ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز جو کہ فرسٹ پنجاب مضاربہ کی مینجمنٹ کمیٹی ہے، 30 ستمبر 2023 کو ختم ہونے والے نو مہینوں کے لیے ڈائریکٹرز کی رپورٹ کے ساتھ مضاربہ کے نتائج پیش کرنے میں خوشی محسوس کرتے ہیں۔

جولائی 2023 میں بین الاقوامی مالیاتی فنڈ کے اسٹینڈرڈ ہائی اسٹینڈ کی منظوری نے نئی بیرونی مالی اعانت کو کھول دیا اور ادائیگیوں کے توازن کے بحران کو نال دیا۔ اسٹینڈ ہائی انتظامات کے باوجود، ذخائر کے کم رہنے کی توقع ہے، جس سے درآمدات پر مسلسل کنٹرول کی ضرورت ہے اور معاشی بحالی میں رکاوٹ ہے۔ حقیقی جی ڈی پی نو مالی سال 24 میں صرف 1.7 فیصد اور مالی سال 25 میں 2.3 فیصد تک بچنے کا امکان ہے۔

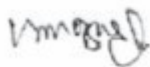
ایک زیادہ مضبوط بحالی کے لیے ایک پرجوش درمیانی مدت کے اصلاحاتی ایجنڈے کی ضرورت ہوگی جو مالیاتی استحکام اور مسابقت کو بڑھانے پر مرکوز ہو، جس کی حمایت مضبوط سیاسی ملکیت اور عزم سے ہو۔ مجوزہ اصلاحات میں ٹیکس کی بنیاد کو وسیع کر کے محصولات میں اضافہ، کاروباری ریگولیٹری اصلاحات کے ذریعے نجی شعبے کا اعتماد بحال کرنا، سرکاری اداروں میں اصلاحات کا نفاذ اور توانائی کے شعبے میں نااہلیوں اور زیادہ لاگت کو دور کرنے کے اقدامات شامل ہیں۔

جیسا کہ توقع کی گئی تھی، انٹرنیٹ کی شرحوں میں اضافے کا اثر مضاربہ پر پڑتا رہا، جس کے نتیجے میں مالیاتی لاگت، بہت زیادہ تھی۔ صرف مالی اخراجات میں 72 فیصد اضافے نے اخراجات میں مجموعی طور پر 60 فیصد اضافہ کیا۔ اخراجات میں اس نمایاں اضافے نے آمدنی میں 30% اضافہ کو زیر کیا ہے۔ نان پرفارمنگ اثاثوں سے وصولیوں کی وجہ سے پروویژن ریورسلز کے اثرات کا حساب کتاب کرنے کے بعد، زمرہ نو ماہ کے لیے 38.83 ملین روپے کا بعد از ٹیکس نقصان ریکارڈ کیا گیا۔

لیکویڈیٹی کے مستقل مسائل کو پیرنٹ بینک، ہوی بینک آف پنجاب نے رعایتی منافع کی شرح پر طویل مدتی فنڈنگ لائن کی توسیع کے ذریعے حل کیا ہے، جبکہ کپٹل سپورٹ کے انتظامات تکمیل کے آخری مراحل میں ہیں۔ ان اقدامات سے کارکردگی اور مالی اخراجات میں کمی کے لحاظ سے مضاربہ پر مثبت اثرات مرتب ہونے کی توقع ہے۔ بحالی کے بعد، مضاربہ کی کاروباری حکمت عملی کے ایک حصے کے طور پر معیار کے تازہ اثاثوں کی بنگلہ اور غیر فعال اثاثوں سے بازیافت پر ایک نئی توجہ کے ساتھ، بورڈ آنے والے سال میں ایک نئے آغاز کی توقع کرتا ہے۔

بورڈ رجسٹرڈ مضاربہ اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے فراہم کردہ جاری رہنمائی اور تعاون کا شکریہ ادا کرتا ہے۔ ہم مستقبل میں بھی اس تعاون میں تسلسل کے خواہاں ہیں۔ قابل قدر شکریت، ولڈرز کی فراہمی کی حمایت کا اعتراف کیا جاتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے،



(عمران بشیر)
ڈائریکٹر



(مار ملک)
چیف ایگزیکٹو

12 ستمبر 2023

FIRST PUNJAB MODARABA
CONDENSED INTERIM BALANCE SHEET (Un-AUDITED)
AS AT 30 SEPTEMBER 2023

	Note	30 Sep 2023 (Un-Audited) Rupees	31 Dec 2022 (Audited) Rupees
ASSETS			
Non current assets			
Tangible fixed assets			
- Ijarah assets	7.1	166,454,062	234,917,820
- Assets in own use	7.2	4,489,078	2,972,870
Intangible assets	8	1,223,336	1,722,250
Investment in subsidiary	9	-	76,500,000
Long term musharikhah investment - secured	10	520,563,208	530,523,900
Long term morabaha investment - secured	11	2,034,289	2,556,218
Long term deposits		203,444	203,444
Deferred tax asset	12	72,504,535	58,876,494
		<u>767,471,951</u>	<u>908,272,996</u>
Current assets			
Short term morabaha investment - secured	13	200,768,541	221,801,242
Current maturity of long term investment	14	383,037,190	339,006,922
Ijarah rental receivable	15	112,863,597	144,571,959
Short Term Investment		414,000,000	200,000,000
Development properties - Land		64,052,924	53,369,698
Advances, deposits, prepayments and other receivables	16	193,016,505	142,385,130
Tax refund due from government		7,047,979	4,641,407
Cash and bank balances	17	18,491,075	26,675,787
		<u>1,393,277,811</u>	<u>1,132,452,145</u>
TOTAL ASSETS		<u>2,160,749,762</u>	<u>2,040,725,140</u>
EQUITY AND LIABILITIES			
Authorized certificate capital			
50,000,000 (31 Dec 2021: 50,000,000) modaraba certificates of Rs. 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued Subscribed and paid-up certificate capital (31 Dec 2021: 34020,000) Certificate of Rs 10 Each		<u>340,200,000</u>	<u>340,200,000</u>
Capital reserves		<u>218,176,678</u>	<u>218,176,678</u>
Revenue reserves		<u>(597,162,258)</u>	<u>(558,326,241)</u>
		<u>(38,785,580)</u>	<u>50,437</u>
Non current liabilities			
Long term security deposits	20	8,403,800	8,403,800
Deferred morabaha income	21	4,873,046	7,125,770
Redeemable capital - participatory and unsecured	23	1,985,000,000	-
		<u>1,998,276,846</u>	<u>15,529,570</u>
Current liabilities			
Current maturity of non current liabilities	22	96,851,390	107,481,621
Deferred morabaha income		2,536,064	3,129,892
Redeemable capital - participatory and unsecured	23	-	1,825,000,000
Profit payable		34,102,188	28,096,745
Trade and other payables	24	47,403,850	44,245,599
Provision for taxation		3,174,519	-
Unclaimed profit		17,190,485	17,191,276
		<u>201,258,496</u>	<u>2,025,145,133</u>
TOTAL EQUITY AND LIABILITIES		<u>2,160,749,762</u>	<u>2,040,725,140</u>
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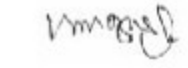
The attached notes 1 to 34 form an integral part of these unconsolidated financial statements.

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


Chief Financial
Officer


Chief Executive


Director


Director

**FIRST PUNJAB MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-AUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2023**

Note	2023		2022 (Restated)	
	Nine Months Ended Sep 30 (Un-Audited) Rupees	Three Months Ended Sep 30 (Un-Audited) Rupees	Nine Months Ended Sep 30 (Un-Audited) Rupees	Three Months Ended Sep 30 (Un-Audited) Rupees
Income				
Income from ijarah rentals	35,485,720	8,298,702	45,729,149	14,615,185
Income from morabaha financing	11,960,964	4,273,132	7,967,667	3,632,497
Income from diminishing musharaka financing	150,315,513	55,321,710	84,840,204	39,502,927
Gain on disposal of fixed assets	5,687,124	1,864,862	231,516	(1,622,120)
Other income	49,676,722	16,180,082	55,726,655	11,853,460
	253,126,043	85,938,488	194,495,191	67,981,949
Expenses				
Administrative expenses	46,353,211	15,583,262	40,843,998	8,434,227
Finance cost	265,114,041	96,925,392	153,528,134	66,559,090
Other Expenses	-	-	554	(200,315)
	311,467,252	112,508,654	194,372,686	74,793,002
Operating loss before provision	(58,341,209)	(26,570,166)	122,505	(6,811,053)
Reversal for impairment of ijarah assets	-	-	-	-
Reversal / (provision) against ijarah rentals - net	2,959,623	13,801	1,472,943	1,971,259
Reversal / (Provision) for morabaha investment	9,044,500	-	-	-
Reversal / (Provision) for musharika investment	451,477	-	-	-
Reversal / (Provision) for Other Receivable	-	-	1,172,649	1,172,649
	12,455,600	13,801	2,645,592	3,143,908
Operating profit / (loss) after provision and impairment	(45,885,609)	(26,556,365)	2,768,097	(3,667,145)
Modaraba Company's management fee	-	-	-	-
	(45,885,609)	(26,556,365)	2,768,097	(3,667,145)
Taxation	7,049,592	(1,038,782)	(20,985,493)	-
Profit / (loss) for the Period	(38,836,017)	(27,595,147)	(18,217,395)	(3,667,144)
Earnings per certificate - basic and diluted	(1.14)	(0.81)	(0.54)	(0.11)

The attached notes 1 to 34 form an integral part of these unconsolidated 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 (Un-AUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2023

Note	2023		2022 (Restated)	
	Nine Months Ended Sep 30	Three Months Ended Sep 30	Nine Months Ended Sep 30	Three Months Ended Sep 30
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
	Rupees	Rupees	Rupees	Rupees
Profit / (loss) for the period	(38,836,017)	(27,595,147)	(18,217,395)	(3,667,144)
Impact of correction of error	-	-	-	-
Other Comprehensive Income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	(38,836,017)	(27,595,147)	(18,217,395)	(3,667,144)

The attached notes 1 to 34 form an integral part of these unconsolidated financial statements.

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



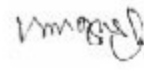
Chief Financial Officer



Chief Executive



Director



Director

**FIRST PUNJAB MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2023**

	Certificate capital	Capital Reserve Statutory reserve	Revenue Reserve Accumulated loss	Total
-----Rupees-----				
Balance as at 01 Jan 2022 (Restated)	340,200,000	218,176,678	(471,759,092)	86,617,586
Loss for the period	-	-	(18,217,395)	(18,217,395)
Other comprehensive income for the period	-	-	(18,217,395)	(18,217,395)
Total comprehensive loss for the period ended September 30, 2022	-	-	(18,217,395)	(18,217,395)
Balance as at September 30, 2022 - Restated	340,200,000	218,176,678	(489,976,487)	68,400,191
Balance as at Sep 30, 2022 - as previously reported	340,200,000	220,303,614	(423,367,347)	137,136,267
Correction of prior period error (Note - 6)	-	(2,126,936)	(66,609,140)	(68,736,076)
Balance as at September 30, 2022 - Restated	340,200,000	218,176,678	(489,976,487)	68,400,191
Balance as at 01 Jan 2023	340,200,000	218,176,678	(558,326,241)	50,437
Profit / (Loss) for the period	-	-	(38,836,017)	(38,836,017)
Other comprehensive income for the period	-	-	(38,836,017)	(38,836,017)
Total comprehensive loss for the period ended September 30, 2023	-	-	(38,836,017)	(38,836,017)
Balance as at 30 September 2023	340,200,000	218,176,678	(597,162,258)	(38,785,580)

The attached notes 1 to 34 form an integral part of these unconsolidated 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 (Un-AUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	2023	2022
		Nine Months Ended Sep 30 (Un-Audited) Rupees	Nine Months Ended Sep 30 (Un-Audited) Rupees
Cash flow from operating activities			
Cash generated from operations	32	291,385,627	54,218,505
Profit paid on redeemable capital		(259,108,598)	(140,519,627)
Profit paid on musharikhah finances		-	(9,659,289)
Taxes paid		2,406,572	18,671,945
		(256,702,026)	(131,506,971)
Net cash generated from / (used in) operating activities		34,683,602	(77,288,466)
Cash flow from investing activities			
Proceeds from disposal of fixed assets		1,000,000	2,500
Purchase of assets under ijarah arrangements		(27,853,913)	(43,575,901)
Proceeds from disposal of ijarah assets		23,470,287	(3,171,612)
Dividend Income		-	4,319,384
Purchase of Software		-	(612,500)
Profit received on bank deposits		17,148,603	8,592,719
Purchase of fixed assets in own use	7.2	(2,632,500)	(559,500)
Net cash generated from investing activities		(202,867,523)	(35,004,910)
Cash flow from financing activities			
Musharikhah finances-net		-	(131,100,952)
Redeemable capital-net		160,000,000	172,000,000
Profit distributed among the certificate holders		(791)	(11,980)
Net cash generated from financing activities		159,999,209	40,887,068
Net (decrease) / increase in cash and cash equivalents		(8,184,712)	(71,406,308)
Cash and cash equivalents at the beginning of the period		26,675,787	135,278,267
Cash and cash equivalents at the end of the period	17	18,491,075	63,871,959

The attached notes 1 to 34 form an integral part of these unconsolidated financial statements.

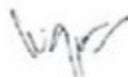
For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)



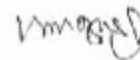
Chief Financial Officer



Chief Executive



Director



Director

FIRST PUNJAB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 30, 2023, Modaraba incurred loss after tax of Rs. 38,836,017 (Sep 2022: Rs. 18,217,395). The accumulated losses - net of capital reserves, as of September 30, 2023 stood at Rs. 378,985,580 (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).

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

These condensed interim financial statements are presented in Pakistani Rupees which is also the Modaraba's functional and presentation currency and all figures presented in these condensed interim financial statements 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 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 December 31, 2022.

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.

Note	Sep-23 Rupees	Dec-22 Rupees
7.1	166,454,062	234,917,820
7.2	4,489,878	2,972,870
	<u>170,943,140</u>	<u>237,890,690</u>

7 Tangible fixed assets

Lease assets
Assets in own use

7.1 Lease assets

Description	30-09-2023 (Un-AUDITED)										Depreciation Rate %			
	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE				
	As at 1 Jan 2023	Additions	Transfer	As at 30 Sep 2023	As at 1 Jan 2023	Change for the Period	Transfer	As at 30 Sep 2023	As at 1 Jan 2023	Reversal for the Period		Transfer	As at 30 Sep 2023	As at 30 Sep 2023
Plant and machinery	383,566,167	6,750,262	(79,348,239)	311,357,150	303,973,289	5,102,609	(76,927,960)	238,148,838	.	.	.	.	73,208,352	As per term
Vehicle	387,038,224	8,106,651	(96,736,266)	278,410,609	271,862,052	30,337,061	(81,503,356)	220,895,757	.	.	.	.	57,514,952	As per term
Consumer products	155,101,180	12,995,080	(24,547,444)	143,548,736	95,342,410	32,520,590	(26,845,122)	107,617,878	.	.	.	.	55,730,958	As per term
	<u>906,095,571</u>	<u>27,851,913</u>	<u>(200,632,949)</u>	<u>733,316,535</u>	<u>671,177,751</u>	<u>68,160,260</u>	<u>(172,475,538)</u>	<u>596,862,473</u>	<u>.</u>	<u>.</u>	<u>.</u>	<u>.</u>	<u>166,454,062</u>	

Description	31-12-2022 (AUDITED)										Depreciation Rate %			
	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE				
	As at 1 Jan 2022	Additions	Transfer	As at 31 Dec 2022	As at 1 Jan 2022	Change for the Year	Transfer	As at 31 Dec 2022	As at 1 Jan 2022	Reversal for the Year		Transfer	As at 31 Dec 2022	As at 31 Dec 2022
Plant and machinery	405,143,067	1,115,000	(22,301,909)	383,956,167	318,261,461	5,426,090	(19,716,262)	303,973,289	20,593,102	(20,593,102)	.	.	79,982,878	As per term
Vehicle	432,937,429	7,759,613	(73,658,616)	367,038,224	242,538,036	76,453,471	(47,129,455)	271,862,652	1,104,397	(1,104,397)	.	.	95,176,172	As per term
Consumer products	133,893,279	52,190,401	(30,862,900)	155,101,180	62,910,707	53,775,827	(21,344,124)	95,342,410	.	.	.	.	59,758,170	As per term
	<u>971,973,775</u>	<u>61,065,014</u>	<u>(126,943,215)</u>	<u>906,095,571</u>	<u>623,710,234</u>	<u>135,657,388</u>	<u>(88,189,841)</u>	<u>671,177,751</u>	<u>21,697,499</u>	<u>(21,697,499)</u>	<u>.</u>	<u>.</u>	<u>234,917,820</u>	

7.2 Assets in own use

Description	30-09-2023 (Un-Audited)						Life Year			
	COST			DEPRECIATION						
	As at 1 Jan 2023	Additions	Disposal	As at 1 Jan 2023	Charge for the Period	Disposal				
Office Equipment	4,779,245	-	-	4,779,245	2,772,528	485,789	-	3,258,317	1,520,928	3 to 7
Furniture & Fixtures	2,233,800	20,500	-	2,254,300	1,768,677	198,782	-	1,967,459	286,841	7
Vehicles	2,450,800	2,612,000	(732,000)	4,330,800	1,949,770	431,722	(732,000)	1,649,492	2,681,308	5
	9,463,845	2,632,500	(732,000)	11,364,345	6,490,975	1,116,292	(732,000)	6,875,267	4,489,078	
Description	31-12-2022 (Audited)						Life Year			
	COST			DEPRECIATION						
	As at 1 Jan 2022	Additions	Disposal	As at 1 Jan 2022	Charge for the Year	Disposal				

Office Equipment	4,096,645	840,200	(157,600)	4,779,245	2,284,702	580,826	(93,000)	2,772,528	2,006,717	3 to 7
Furniture & Fixtures	2,199,000	34,800	-	2,233,800	1,526,931	241,746	-	1,768,677	465,123	7
Vehicles	2,450,800	-	-	2,450,800	1,519,803	429,967	-	1,949,770	501,030	5
	8,746,445	875,000	(157,600)	9,463,845	5,331,436	1,252,539	(93,000)	6,490,975	2,972,870	

	Note	30-Sep-23 Un-Audited Rupees	31-Dec-22 Audited Rupees
8 Intangible Assets			
Cost		4,495,000	4,495,000
Amortization	8.1	(3,271,664)	(2,495,000)
Carrying Amount		1,223,336	2,000,000
8.1 Amortization			
Balance as at 1 Jan 2023		(2,772,750)	(2,495,000)
Amortization for the year	27	(498,914)	(277,750)
Balance as at 30 Sep 2023		(3,271,664)	(2,772,750)
Life (years)		2 to 7	2 to 7
9 Investment in subsidiary		-	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.			
	Note	30-Sep-23 Un-Audited Rupees	31-Dec-22 Audited Rupees
10 Long term musharikhah investment - secured			
Long term musharikhah investment		893,934,712	861,596,664
Less: Current portion of long term musharikhah investment	14	(373,371,504)	(331,072,764)
		520,563,208	530,523,900
11 Long term morabaha investment - secured			
Long term morabaha investment		34,462,041	30,975,957
Add: Unearned morabaha income		3,242,479	5,970,440
		37,704,520	36,946,397
Less: Current portion of long term morabaha investment	14	(27,035,337)	(29,145,447)
		10,669,183	7,800,950
Less: Current portion of unearned morabaha income	14	(8,634,894)	(5,244,732)
		2,034,289	2,556,218
12 Deferred tax			
Deferred tax asset	12.1	72,504,535	58,876,494
12.1	The management, based on their projections and 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.		
		30-Sep-23 Un-Audited Rupees	31-Dec-22 Audited Rupees
13 Short term morabaha investment-secured			
Short term morabaha Investment		387,870,095	423,775,161
Add: Unearned morabaha income		15,357,825	9,529,954
		403,227,920	433,305,115
Less: Provision for doubtful morabaha investment	13.1	(202,459,379)	(211,503,873)
		200,768,541	221,801,242

	Note	30-Jun-23 Rupees	31-Dec-22 Rupees
13.1 Provision for doubtful morabaha investment			
Opening balance		211,503,879	214,253,879
Reversals during the year		(9,044,500)	(2,750,000)
Closing balance		<u>202,459,379</u>	<u>211,503,879</u>
14 Current maturity of long term investment			
Current portion of long term musharikah investment	10	373,371,504	331,072,765
Less: Provision against musharika investment	14.1	(17,204,545)	(17,656,022)
		<u>356,166,959</u>	<u>313,416,743</u>
Current portion of long term morabaha investment	11	27,035,337	29,145,447
Add: Unearned morabaha income	11	8,634,894	5,244,732
Less: Provision against morabaha investment	14.2	(8,800,000)	(8,800,000)
		<u>26,870,231</u>	<u>25,590,179</u>
		<u>383,037,190</u>	<u>339,006,922</u>
14.1 Provision against musharikah investment			
Opening balance		17,656,022	26,392,919
Additions during the year			
Specific provision		-	1,894,879
Reversed during the year		(451,477)	(10,631,776)
Closing balance		<u>17,204,545</u>	<u>17,656,022</u>
14.2 Provision for doubtful morabaha investment			
Opening balance		8,800,000	8,800,000
Charge during the year		-	-
Closing balance		<u>8,800,000</u>	<u>8,800,000</u>
15 Ijarah rental receivables			
Ijarah rental receivable		188,571,027	223,239,011
Less: Provision against ijarah rental receivable	15.1	(75,707,430)	(78,667,052)
		<u>112,863,597</u>	<u>144,571,959</u>
15.1 Provision against ijarah rental receivable			
Opening balance		78,667,052	57,372,051
Additions in provision during the year		976,285	6,017,112
Adjustments in impairment of ijarah assets-net		-	16,697,499
Reversal of provision during the period		(3,935,907)	(1,419,610)
Closing balance		<u>75,707,430</u>	<u>78,667,052</u>

16	Advances, deposits, prepayments and other receivables	Note	30-Sep-23 Un-Audited Rupees	31-Dec-22 Audited Rupees
	Profit receivable			
	- Morabaha investment		15,510,159	9,310,807
	- Musharikhah investment		530,140	4,425,141
			16,040,299	13,735,948
	Prepayments		4,112,594	2,971,133
	Advances		7,477,402	11,990,953
	Non-banking assets		2,502,500	4,772,500
	Provident fund payable		511,644	-
	Other receivables		182,959,485	129,502,015
			213,603,924	162,972,549
	Less: Provision for other receivables	16.1	(20,587,419)	(20,587,419)
			193,016,505	142,385,130
16.1	Provision against other receivables			
	Opening balance		20,587,419	11,128,292
	Additions during the year		-	(1,172,649)
	Transfer of provision			10,631,776
	Closing balance		20,587,419	20,587,419
17	Cash and bank balances			
	Cash at banks			
	- Current accounts		3,661,540	21,532,171
	- Deposit accounts		43,981	2,888,868
	- Savings accounts		13,706,958	2,166,197
	- Current account with State Bank of Pakistan		144,089	3,522
			17,556,568	26,590,758
	Cash in hand		934,507	85,029
			18,491,075	26,675,787
18	Certificate capital		30-Sep-23 Un-Audited Rupees	31-Dec-22 Audited Rupees
	Authorized certificate capital			
	50,000,000 modaraba certificates of Rs.10 each		500,000,000	500,000,000
18.1	Issued, subscribed and paid-up certificate capital			
			30-Sep-23 Un-Audited Rupees	31-Dec-22 Audited Rupees
	30-Sep-23 Un-Audited	31-Dec-22 Audited		
	----(Number of certificates)----			
	20,000,000	20,000,000	200,000,000	200,000,000
	14,020,000	14,020,000	140,200,000	140,200,000
	34,020,000	34,020,000	340,200,000	340,200,000
			200,000,000	200,000,000
			140,200,000	140,200,000
			340,200,000	340,200,000

	Note	30-Sep-23 Un-Audited Rupees	31-Dec-22 Audited Rupees
19 Reserves			
Capital reserve			
Statutory reserve	19.1	218,176,678	218,176,678
Revenue reserves			
Accumulated loss		(597,162,258)	(558,326,241)
		<u>(378,985,580)</u>	<u>(340,149,563)</u>
19.1	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.		
	Note	30-Sep-23	31-Dec-22
20 Long term security deposits			
Long term security deposits against Ijarah		94,063,996	110,640,689
Less: Current maturity of security deposits	22	(85,660,196)	(102,236,889)
		<u>8,403,800</u>	<u>8,403,800</u>
21 Deferred morabaha income			
Deferred morabaha income	13	16,064,240	15,500,394
Less: Current maturity of deferred morabaha income		(11,191,194)	(6,551,097)
		<u>4,873,046</u>	<u>8,949,297</u>
22 Current maturity of non current liabilities			
Current maturity of long term security deposits	22.1	85,660,196	102,236,889
Current maturity of deferred morabaha income	21	11,191,194	6,551,097
		<u>96,851,390</u>	<u>108,787,986</u>
	Note	30-Sep-23 Un-Audited Rupees	31-Dec-22 Audited Rupees
23 Redeemable capital - participatory and unsecured			
Opening balance		1,825,000,000	1,603,000,000
Add: Issued during the year		160,000,000	225,000,000
Add: Re- issued during the year		1,825,000,000	1,600,000,000
Less: Redeemed during the year		(1,825,000,000)	(1,603,000,000)
		<u>160,000,000</u>	<u>222,000,000</u>
Closing balance		<u>1,985,000,000</u>	<u>1,825,000,000</u>
24 Trade and other payables			
Accrued expenses		250,000	600,000
Tax deducted at source		1,590,407	1,359,146
Advances against ijarah / morabaha / musharikhah		18,546,635	18,917,300
Provident fund		-	3,498
Gratuity payable		7,118,189	6,488,354
Other payables		19,898,619	16,877,301
		<u>47,403,850</u>	<u>44,245,599</u>
25 Contingencies			
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-Sep-23 Un-Audited Rupees	30-Sep-22 Un-Audited Rupees
26 Other income			
Profit on bank deposits		37,035,887	20,322,857
Processing fee		795,396	1,166,108
Cheque return charges		628,500	2,106,782
Gain on disposal of Subsidiary		8,987,000	-
Gain on settlement of musharikah		920,293	6,409,798
Gain on settlement of morabaha		189,098	14,317,013
Dividend Income		-	4,319,384
Miscellaneous income		1,120,548	3,926,410
Rebate income from Takaful		-	3,158,303
		<u>49,676,722</u>	<u>55,726,655</u>
27 Administrative expenses			
Salaries and benefits		27,435,419	26,361,679
Traveling and conveyance		291,237	320,765
Depreciation - owned asset	7.2	1,116,293	991,337
Amortization of Intangible Assets		498,914	-
Legal and professional		718,687	428,600
Printing and stationary		1,221,497	829,626
Insurance		3,791,867	1,638,278
Fee and subscription		4,216,162	2,252,362
Auditor's remuneration		387,033	585,000
Repair and maintenance		842,667	1,329,938
Vehicle running and maintenance		815,308	458,069
Power and utilities		1,916,962	1,659,086
Entertainment expenses		877,493	575,284
Advertisement		98,000	285,778
Telephone and postage		883,620	580,022
Corporate expenses		271,628	411,689
Rent rates and taxes		5,070	194,045
Selling and marketing expenses		699,666	1,135,743
Miscellaneous expenses		265,688	806,697
		<u>46,353,211</u>	<u>40,843,998</u>
28 Finance cost			
Financial charges on musharikah		-	196,055
Financial charges on redeemable capital		264,966,777	153,208,784
Bank charges		147,264	123,295
		<u>265,114,041</u>	<u>153,528,134</u>
29 Taxation			
Current Tax			
- Current year		3,174,519	647,908
- Prior Year		3,403,930	-
		<u>6,578,449</u>	<u>647,908</u>
Deferred			
- Relating to origination and reversal of temporary differences		(13,628,041)	20,337,585
		<u>(7,049,592)</u>	<u>20,985,493</u>
30 Earning per certificate			
30.1 Basic			
Basic earnings per certificate are calculated by dividing net profit for the period by weighted average number of certificates outstanding during the period as follows:			
		30-Sep-23 Un-Audited Rupees	30-Sep-22 Un-Audited Rupees
Profit for the Period		<u>(38,836,017)</u>	<u>(18,217,395)</u>
Weighted average number of ordinary certificates		<u>34,020,000</u>	<u>34,020,000</u>
Earning per certificate		<u>(1.14)</u>	<u>(0.54)</u>
30.2 Diluted			
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

Name of related party	Relationship	Transactions during the period	(Unaudited) 30-Sep-23 Rupees	(Unaudited) 30-Sep-22 Rupees
The Bank of Punjab	Holding Company of Modaraba's Management Company	Musharikah placements received during the period	1,985,000,000	175,000,000
		Musharikah placements rolled over during the period	1,825,000,000	1,600,000,000
		Repayment of musharikah finance during the period	-	131,100,952
		Profit paid on musharikah finance during the period	-	9,658,289
		Profit paid on musharikah 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	7,603,198	6,806,769
Staff loans disbursed during the period	600,000			510,000
Staff loans repaid during the period	1,338,779			885,048
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

Name of Related Party	Relationship	Period end balances	(Unaudited) 30-Sep-23 Rupees	(Audited) 31-Dec-22 Rupees
The Bank of Punjab	Holding Company of Modaraba's Management Company	Musharikah finance	-	-
		Musharikah placement	1,985,000,000	1,825,000,000
		Profit payable on musharikah 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 Musharikah and ijarah arrangements during the period	10,618,769	9,656,201
Staff provident fund	Associate	Contribution advance / payable	0	3,498

	Note	30-Sep-23 (Un-Audited) Rupees	30-Sep-22 (Un-Audited) Rupees
32 Cash flow from operating activities			
Profit / (Loss) for the year		(45,885,609)	2,765,097
Adjustments for:			
Depreciation of Ijarah assets	7.1	68,160,260	92,565,842
Depreciation of assets in own use	7.2	1,116,292	991,337
Amortization of Intangible Assets		498,914	-
Gain on disposal of Ijarah assets	28	(4,687,124)	88,484
Gain on disposal of Musharikhah assets	28	(920,293)	-
Gain on disposal of owned assets	28	(1,000,000)	(2,500)
Gain on disposal of non-banking assets		-	(317,500)
Gain on disposal of Subsidiary	28	(8,987,000)	-
(Reversal) / Provision for morabaha investment		(9,044,500)	-
(Reversal) / Provision for musharikhah investment		(451,477)	-
(Reversal) / Provision for Ijara investment		(2,959,623)	(1,472,943)
Dividend Received		-	(4,319,384)
Profit on bank deposits	26	(37,035,887)	(20,322,857)
Financial charges on musharikhah finances		-	196,055
Financial charges on redeemable capital	28	264,966,777	153,208,784
		269,656,339	220,615,318
Operating profit before working capital changes		223,770,730	223,380,415
Working capital changes			
(Increase)/decrease in operating assets:			
Morabaha investment	11	41,463,482	(14,823,891)
Investment in musharikhah-net	10	(32,338,048)	(70,035,768)
Development Properties		(10,683,226)	(10,682,180)
Proceeds from sale of Subsidiary		76,500,000	-
Ijarah Rental Receivable - net	15	34,667,984	2,468,611
Long term deposits		-	(105,000)
Advances, deposits, prepayments and other receivables	16	(61,730,239)	(54,550,796)
		47,879,953	(147,729,024)
Increase / (decrease) in operating liabilities:			
Security deposits - net	20	16,576,693	(9,298,523)
Trade and other payables	24	3,158,251	(12,134,363)
		19,734,944	(21,432,886)
Net changes in operating assets and operating liabilities		67,614,897	(169,161,910)
Cash generated from operations		291,385,627	54,218,505


33 Date of authorization for issue

These condensed interim financial statements of Modaraba were approved by the Directors of Modaraba Management Company and authorized for issue on December 12, 2023

34 General

Figures have been rounded off to the nearest rupees unless otherwise provided.

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



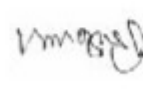
Chief Financial Officer



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.

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