

GROWTH + PROSPERITY



A Wholly Owned Subsidiary of
The Bank of Punjab



FIRST PUNJAB MODARABA

(An Islamic Financial Institution)

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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
Imran Bashir	Director
Samina Afsar	Director
Khawar Shahid Ansari	Director

Chief Financial Officer

Syed Asad Raza

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

EY Ford Rhodes
Chartered Accountants

Auditors of the Management Company

Shinewing Hameed Chaudhry & Co.
Chartered Accountants

Bankers

The Bank of Punjab
Bank Alfalah Limited

Registrar

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

Registered Office

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 of First Punjab Modaraba (the Modaraba), is pleased to present the quarterly results of the Modaraba, together with Directors' report, for quarter ended March 31, 2022.

Pakistan's economic performance continues to be strong and is still on a trajectory compatible with an economic growth target of around 5 percent in the current fiscal year. Its cyclical position has returned to a more neutral stance. If this trend continues in the next months, economic growth will be driven primarily by the expansion of manufacturing capacity. However, the intensity of internal and external risks has still not been exactly realized which may adversely affect domestic economic activities. Further, inflation and the current account deficit are still under pressure.

The recent geopolitical tensions, in particular the Ukraine crisis, is the most important external risk factor. Likewise, domestic political conditions are building domestic risks. A further escalation of these risks could hamper the positive outlook for Pakistan's economy and may also aggravate the macroeconomic imbalances.

The profitability trend of the Modaraba continued during period under review. The revenues increased by healthy amount as compared with corresponding period. However, owing to increasing trend of inter-bank rates financial cost increased by 37% in comparison to corresponding period. Increase in revenues was evident in shape of operating profit of Rs.3.99 million against loss of Rs.14.17 million in corresponding period. The bottom line also remained positive to the tune of Rs.3.27 million.

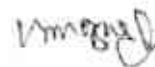
The Modaraba remains focused on business expansion by booking of fresh assets, whereas full fledged efforts for recovery from NPAs is equally prioritized aspect of the business strategy. The recent exorbitant increase in policy rate will, however, remain a constant threat to the profitability in coming periods. The diversification of business model and revenue streams, in shape of new business segment of real estate and construction is going on successfully. The results are expected to appear with time. The wholly owned subsidiary, i.e. Punjab Capital Securities (Pvt) Limited continued its profitable operations in shape of net profit after tax of Rs.1.62 million during the period under consideration.

The Board is grateful for the continuous guidance and support extended by the Registrar Modaraba, Securities & Exchange Commission of Pakistan and hopes for its continuity in the future. The Board also appreciates the benefaction extended by the certificate holders.

For and on behalf of the Board of Directors



(Aamir Malik)
CHIEF EXECUTIVE



(Imran Bashir)
DIRECTOR

پنجاب مضاربہ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز فرسٹ پنجاب مضاربہ (مضاربہ) کی بیچمنٹ کمیٹی، ڈائریکٹرز کی رپورٹ کے ساتھ، 31 مارچ 2022 کو ختم ہونے والی سرمایہ کے لیے مضاربہ کے سرمایہ تانگ پیش کرنے پر خوش ہے۔

پاکستان کی اقتصادی کارآمدگی پرستور مضبوط ہے اور رواں مالی سال میں اقتصادی ترقی کے ہدف کے 5 فیصد کے ساتھ ہم آہنگ ہے۔ اس کی گروٹی پوزیشن زیادہ غیر جانبدارانہ مقام پر واپس آگئی ہے۔ اگر یہ رجحان اگلے مہینوں میں بھی جاری رہتا ہے، تو معاشی نمو بنیادی طور پر مینوفیکچرنگ کی صلاحیت میں توسیع کے ذریعے چلائی جائے گی۔ تاہم، اندرونی اور بیرونی خطرات کی شدت کا ابھی تک صحیح اندازہ نہیں کیا گیا ہے جو کہ اقتصادی سرگرمیوں کو بری طرح متاثر کر سکتے ہیں۔ مزید یہ کہ افراط زر اور کرنٹ کاؤنٹ خسارہ اب بھی دو دہائیوں ہے۔


حالیہ جغرافیائی سیاسی کشیدگی، خاص طور پر یوکرین کا بحران، سب سے اہم بیرونی خطرات کا عنصر ہے۔ اسی طرح ملکی سیاسی حالات بھی ملکی خطرات پیدا کر رہے ہیں۔ ان خطرات میں مزید اضافہ پاکستان کی معیشت کے لیے مثبت نقطہ نظر کو متاثر کر سکتا ہے اور میسر و آسنا تک عدم توازن کو بھی بڑھا سکتا ہے۔

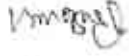
مضاربہ کے منافع کارہجان زیر جائزہ مدت کے دوران جاری رہا۔ اسی مدت کے مقابلے میں آمدنی میں صحت مند رقم کا اضافہ ہوا تاہم، بینک کی شرحوں کے بڑھتے ہوئے رجحان کی وجہ سے مالی الاٹ میں اسی مدت کے مقابلے میں 37 فیصد اضافہ ہوا۔ محصولات میں اضافہ اسی مدت میں 14.17 مہین روپے کے نقصان کے مقابلے میں 3.99 ملین روپے کے آپریٹنگ منافع کی شکل میں واضح تھا۔ باہم الاٹ بھی 3.27 ملین روپے کی مثبت رہی۔

مضاربہ تازہ اثاثوں کی بینک کے ذریعے کاروبار میں توسیع پر توجہ مرکوز رکھے ہوئے ہے، جبکہ NPLs سے وصولی کے لیے بھرپور کوششیں کاروباری صحت عملی کاروبار کی ترقی پہلو ہے۔ تاہم، پالیسی کی شرح میں حالیہ غیر معمولی اضافہ آنے والے ادوار میں منافع کے لیے ایک مستقل خطرہ رہے گا۔ رہنما اسٹیٹ اور تعمیرات کے نئے کاروباری طبقے کی شکل میں کاروباری ماڈل اور آمدنی کے سلسلے میں تنوع کا مہیا سے جاری ہے۔ تازہ وقت کے ساتھ ہر ہونے کی توقع ہے۔ مکمل ملکیتی ذیلی کمپنی یعنی پنجاب کیپٹل سیکورٹیز (پرائیویٹ) لمیٹڈ نے زیر غور مدت کے دوران 1.62 ملین روپے کے ٹیکس کے بعد خالص منافع کی شکل میں اپنا منافع پیش آپریشن جاری رکھا۔

بورڈ رجسٹر ارمضاربہ، سیکریٹری اینڈ ایگزیکٹو کمیشن آف پاکستان کی طرف سے مسلسل رہنمائی اور تعاون کا مشکور ہے اور مستقبل میں بھی اس کے تسلسل کی امید کرتا ہے۔ بورڈ حقیقت ہو لڈرز کی طرف سے دی جانے والی امداد کی بھی تعریف کرتا ہے۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے


عامر ملک
 چیف ایگزیکٹو


عمران بشیر
 ڈائریکٹر

FIRST PUNJAB MODARABA
UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT 31 MARCH 2022

	Note	31 March 2022 (Un-Audited) Rupees	31 Dec 2021 (Audited) Rupees
ASSETS			
Non current assets			
Tangible fixed assets			
- Ijarah assets	5.1	384,299,637	402,480,335
- Assets in own use	5.2	3,622,582	3,415,009
Intangible assets		-	-
Investment in subsidiary	7	76,500,000	76,500,000
Long term musharika investment - secured	8	319,707,559	289,701,023
Long term morabaha investment - secured	9	-	-
Long term deposits		203,444	203,444
Deferred tax asset		64,398,663	64,398,663
		848,731,885	836,898,474
Current assets			
Short term morabaha investment - secured	10	224,714,990	211,196,651
Current maturity of long term investment	11	411,998,699	396,998,699
Ijarah rental receivable	12	199,471,077	200,821,167
Short Term Investment		200,000,000	200,000,000
Development properties - Land		42,617,119	39,483,636
Advances, deposits, prepayments and other receivables	13	125,312,647	140,295,307
Tax refund due from government		4,230,833	4,201,717
Cash and bank balances		134,930,756	135,278,267
		1,343,276,121	1,328,075,444
TOTAL ASSETS		<u>2,192,008,006</u>	<u>2,164,773,918</u>
EQUITY AND LIABILITIES			
Authorized certificate capital			
50,000,000 (31 Dec 2021: 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 (31 Dec 2021: 34,020,000) certificates of Rs. 10 each		340,200,000	340,200,000
Capital reserves		220,303,614	220,303,614
Revenue reserves		(401,879,779)	(405,149,952)
		158,623,835	155,353,662
Non current liabilities			
Long term security deposits		30,541,729	42,274,729
Deferred morabaha income		-	-
Long term musharika finance - secured	14	-	131,100,952
		30,541,729	173,375,681
Current liabilities			
Current maturity of non current liabilities		97,893,161	84,225,155
Redeemable capital - participatory and unsecured	15	1,753,000,000	1,603,000,000
Profit payable	16	25,234,427	22,864,964
Trade and other payables		107,325,993	105,053,100
Provision for taxation		2,189,708	3,898,100
Unclaimed profit		17,199,153	17,203,256
		2,002,842,442	1,836,044,575
TOTAL EQUITY AND LIABILITIES		<u>2,192,008,006</u>	<u>2,164,773,918</u>
CONTINGENCIES AND COMMITMENTS	17		

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

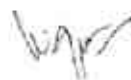
For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)



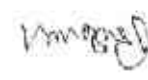
Chief Financial
Officer



Chief Executive



Director



Director

FIRST PUNJAB MODARABA
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	31 March 2022 Un-Audited Rupees	31 March 2021 Un-Audited Rupees
Income			
Income from ijarah rentals		16,855,037	8,329,067
Income from morabaha financing		1,002,214	946,152
Income from diminishing musharaka financing		20,095,805	13,949,385
Gain on disposal of fixed assets		-	219,704
Other income	18	18,517,921	2,345,251
		56,470,977	25,789,559
Expenses			
Administrative expenses	19	12,569,325	10,760,782
Finance cost	20	39,902,284	29,204,903
		52,471,609	39,965,685
Operating loss before provision		3,999,368	(14,176,126)
Reversal for impairment of ijarah assets		-	18,955,522
Reversal / (provision) against ijarah rentals - net		(59,400)	-
		(59,400)	18,955,522
Operating profit / (loss) after provision and impairment		3,939,968	4,779,396
Modaraba Company's management fee		-	-
		3,939,968	4,779,396
Taxation	21	(689,795)	(812,498)
Profit / (loss) for the Period		3,270,173	3,966,898
Earnings per certificate - basic and diluted	22	0.10	0.12

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

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



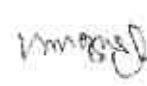
Chief Financial Officer



Chief Executive



Director



Director

FIRST PUNJAB MODARABA
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

<u>Note</u>	<u>31 March 2022</u> <u>(Un-Audited)</u> <u>Rupees</u>	<u>31 March 2021</u> <u>(Un-Audited)</u> <u>Rupees</u>
Profit / (loss) for the period	3,270,173	3,966,898
Other Comprehensive Income for the period	-	-
Total comprehensive income / (loss) for the period	<u>3,270,173</u>	<u>3,966,898</u>

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

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



Chief Financial Officer



Chief Executive



Director



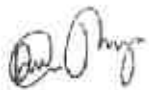
Director

**FIRST PUNJAB MODARABA
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Certificate capital	Capital Reserve Statutory reserve	Revenue Reserve Accumulated loss	Total
	-----Rupees-----			
Balance as at 01 Jan 2021	340,200,000	216,692,528	(418,484,198)	138,408,330
Profit / (Loss) for the Period	-	-	3,966,898	3,966,898
Other comprehensive income for the Period	-	-	-	-
Total comprehensive loss for the Period	-	-	3,966,898	3,966,898
Balance as at 31 March 2021	340,200,000	216,692,528	(414,517,300)	142,375,228
Balance as at 01 Jan 2022	340,200,000	220,303,614	(405,149,952)	155,353,662
Profit / (Loss) for the Period	-	-	3,270,173	3,270,173
Other comprehensive Income for the Period	-	-	-	-
Total comprehensive income for the Period	-	-	3,270,173	3,270,173
Balance as at 31 March 2022	340,200,000	220,303,614	(401,879,779)	158,623,835

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

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



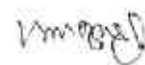
Chief Financial Officer



Chief Executive



Director



Director

FIRST PUNJAB MODARABA
UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

31/03/2022

	Note	31 March 2022 (Un-Audited) Rupees	31 March 2021 (Un-Audited) Rupees
Cash flow from operating activities			
Cash generated from operations	27	21,025,228	69,389,749
Profit paid on redeemable capital		(27,868,882)	(17,452,055)
Profit paid on musharikhah finances		(9,663,939)	(12,243,455)
Taxes paid		(2,207,303)	(15,527)
		(39,740,124)	(29,711,037)
Net cash generated from / (used in) operating activities		(18,714,896)	39,678,712
Cash flow from investing activities			
Proceeds from disposal of fixed assets		-	-
Short Term Investment		-	-
Purchase of fixed assets in own use	5.2	(527,560)	(150,265)
Net cash generated from Investing activities		(527,560)	(150,265)
Cash flow from financing activities			
Musharikhah finances-net	14	(131,100,952)	(59,524,149)
Redeernable capital-net	15	150,000,000	-
Profit distributed among the certificate holders		(4,103)	(34,422)
Net cash generated from financing activities		18,894,945	(59,558,571)
Net (decrease) / increase in cash and cash equivalents		(347,511)	(20,030,124)
Cash and cash equivalents at the beginning of the period		135,278,267	25,102,916
Cash and cash equivalents at the end of the period	14	134,930,756	5,072,792

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

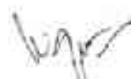
For Punjab Modaraba Services (Private) Limited
(Modaraba Management Company)



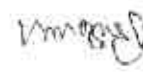
Chief Financial Officer



Chief Executive



Director



Director

FIRST PUNJAB MODARABA UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

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 (wholly owned subsidiary of The Bank of Punjab), a company incorporated in Pakistan. 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 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

The Modaraba established its wholly owned subsidiary on November 29, 2016 as a private limited Company under the name of Punjab Capital Securities (Pvt) Limited. The registered office of Punjab Capital Securities (Pvt) Limited is situated at 3rd Floor, LSE Plaza, 19-Khayabane Aiwane Iqbal, Lahore. The Company is mainly engaged in the business of brokerage services, portfolio management and consultancy services.

The Modaraba is a perpetual and multi-dimensional Modaraba and is primarily engaged in the business of Ijarah, Musharikhah and Murabaha financing, equity investment and other related businesses in accordance with 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 prospectus of the Modaraba on 13 January 2021.

- 1.1** In order to align financial year of the Modaraba with the parent bank; the Modaraba had sought required approval from Registrar Modaraba as well as Federal Board of Revenue during the period ended on December 31, 2021. Accordingly, these condensed financial statements for the period and First quarter ended on March 31, 2022 represent financial position and financial performance of the Modaraba for the first quarter of financial year 2022 whereas corresponding figures in condensed interim profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement are being presented for the quarter ended March 31, 2021 (which was previously presented as third quarter ended on March 31, 2021 in the published interim financial statements) for the purpose of comparison purposes.

2 Management's Assessment of Going Concern

In assessing the going concern status of the Modaraba, management has carefully assessed number of factors covering the performance of the business, business prospects and appetite of majority shareholder to continue financial support. Based on the analysis of these, management is comfortable that the Modaraba will be able to continue as a going concern in the foreseeable future.

During the period ended 31 March 2022, the Modaraba has made profit after tax of Rs. 3,270,173. The accumulated loss, net of reserves, as at 31 March 2022 amount to Rs. 181,576,165 (Dec 2021: Rs.184,846,338) which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates. Further the current liabilities of the Modaraba exceed its current assets by Rs 659,566,321 as at 31 March 2022.

In order to address going concern issue in terms of section 23 of the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance), The Bank of Punjab (BOP) being the parent company of the Modaraba's Management Company' is providing enduring support and has confirmed that it shall continue to provide financial support to the Modaraba in order to mitigate liquidity risk. The Modaraba has obtained approval from the Securities & Exchange Commission of Pakistan dated 13 January 2021 to undertake Building, Construction and Real Estate activities. Accordingly, financial benefits shall be accrued in books of Modaraba in due course of time.

On the basis of support and the arrangements as outlined above and the business plan prepared by the management, the management is of the view that no material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and the Modaraba shall be able to operate on going concern basis in the foreseeable future. Consequently, these financial statements have been prepared reflecting these assumptions.

3 Basis of preparations

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

- International Financial Reporting Standards (IFRS Standards) issued by International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws)

Where provisions and directives issued under Companies Act, 2017 and the relevant laws differ from IFRS Standards, the provisions and directives issued under Companies Act, 2017 and the relevant laws have been followed.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS 2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

The SECP has deferred the applicability of IFRS-9 for Modarabas upto June 30, 2022 via SRO 800(I) / 2021 dated June 22, 2021. However, the Modaraba had already adopted other requirements of IFRS 9 except for provision against Islamic financings. Therefore, the Modaraba has continued same practice during the current year as well. The provision against financing has been determined in accordance with requirement of the Prudential Regulations.

These financial statements are the separate financial statements of the Modaraba in which investments in subsidiary are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

4 Significant accounting estimates and judgments

The preparation of these unconsolidate condensed interim financial statements require management to make judgement, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgement made by the management in applying the Modaraba's accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the period ended 31, December 2021.



	Note	Mar-22	31-03-21
	Rupees		
5 Tangible fixed assets			
Plant assets:			
Machinery	5.1	304,299,637	462,495,335
Vehicles	5.2	3,622,582	3,415,303
		<u>307,922,219</u>	<u>465,910,638</u>

31-03-2022 (UN-AUDITED)

Description	COST		DEPRECIATION		IMPAIRMENT		NET BOOK VALUE		Depreciation Rate %
	As at 1 Jan 2022	As at 31 March 2022	As at 1 Jan 2022	Change for the Period	Reversed for the Period	Transfer	As at 31 March 2022	As at 31 March 2022	
Plant and machinery	304,299,637	304,194,473	304,194,473	2,463,933	-	-	15,393,102	69,381,605	As per form
Vehicle	3,622,582	439,597,429	171,178,057	16,444,384	-	-	1,104,397	349,710,481	As per form
Cashier aircraft	-	13,552,804	13,552,804	-	-	-	-	-	As per form
Consumer products	13,893,279	13,810,000	62,370,707	12,297,231	-	-	-	71,899,231	As per form
	<u>334,613,795</u>	<u>861,394,706</u>	<u>551,295,941</u>	<u>31,194,088</u>	-	-	<u>16,897,499</u>	<u>584,298,637</u>	

31-12-2021 (AUDITED)

Description	COST		DEPRECIATION		IMPAIRMENT		NET BOOK VALUE		Depreciation Rate %
	As at 1 Jan 2021	As at 31 Dec 2021	As at 1 Jan 2021	Change for the Period	Reversed for the Period	Transfer	As at 31 Dec 2021	As at 31 Dec 2021	
Plant and machinery	304,299,637	304,194,473	304,194,473	5,235,238	16,197,372	-	15,393,102	71,899,231	As per form
Vehicle	3,622,582	439,597,429	171,178,057	16,444,384	-	-	1,104,397	349,710,481	As per form
Cashier aircraft	-	13,552,804	13,552,804	-	-	-	-	-	As per form
Consumer products	13,893,279	13,810,000	62,370,707	12,297,231	-	-	-	71,899,231	As per form
	<u>331,815,527</u>	<u>861,394,706</u>	<u>541,295,941</u>	<u>34,074,853</u>	<u>16,197,372</u>	-	<u>16,897,499</u>	<u>602,466,001</u>	

5.1 Tangible fixed assets
 5.1.1 Tangible fixed assets associated with the operations of the company are stated at cost less accumulated depreciation and impairment. However, in view of the nature of the assets, cost of each asset is not determined. The cost is carried at the lower of carrying amount and recoverable amount. As at 31 Dec 2021, Rs. 372,47,239/-
 5.1.2 The cost is carried at the lower of carrying amount and recoverable amount. As at 31 Dec 2021, Rs. 372,47,239/-
 5.1.3 Non-current assets are stated at cost less accumulated depreciation and impairment. However, in view of the nature of the assets, cost of each asset is not determined. The cost is carried at the lower of carrying amount and recoverable amount. As at 31 Dec 2021, Rs. 372,47,239/-

5.2 Assets in own use

Description	31-03-2022 (UN-AUDITED)						Depreciation Rate		
	COST			DEPRECIATION			NBV		
	As at 1 Jan 2022	Additions	Disposal	As at 1 Jan 2022	Charge for the Period	Disposal	As at 31 Mar 2022	As at 31 Mar 2022	
Office Equipment	4,086,645	486,960	-	4,583,545	139,430	-	2,424,132	2,159,413	15% & 30%
Furniture & Fixtures	2,189,000	40,660	-	2,239,660	59,626	-	1,586,557	653,103	15%
Vehicles	2,450,800	-	-	2,450,800	120,931	-	1,840,734	810,066	20%
	8,746,445	527,580	-	9,274,005	319,987	-	5,851,423	3,622,582	

Description	31-12-2021 (AUDITED)						Depreciation Rate		
	COST			DEPRECIATION			NBV		
	As at 1 July 2021	Additions	Disposal	As at 1 July 2021	Charge for the Year	Disposal	As at 31 Dec 2021	As at 31 Dec 2021	
Office Equipment	2,942,895	1,153,750	-	4,096,645	19,826	-	2,284,702	1,811,943	15% & 30%
Furniture & Fixtures	2,189,000	-	-	2,189,000	128,599	-	1,528,331	672,069	15%
Vehicles	2,259,300	191,500	-	2,450,800	588,150	-	1,519,803	930,997	20%
	7,401,195	1,345,250	-	8,746,445	746,575	-	5,331,436	3,415,009	

5.2.1 The Gross Carrying amount (costs) of fully depreciated assets that are still in use amounts to Rs. 2,040,877 (31 Dec 2021) / Rs. 2,040,877.

5.2.2 The Gross Carrying amount (costs) of assets disposed off during the year amounts to Rs. Nil. (31 Dec 2021) / Nil.

7 Investment in subsidiary

As a result of Stock Exchange (Corporatization, Demutualization and Integration) Act 2012, the Modaraba acquired Trading Rights Entitlement Certificate (TREC) and the subsidiary has been setup to undertake brokerage business and thereby utilize the TREC. The Modaraba obtained permission from SECP vide letter dated October 21, 2016 to form a wholly owned subsidiary to undertake brokerage business and the subsidiary was incorporated on November 29, 2016. During the Period, total investment in subsidiary remained at Rs. 76,500,000 (Dec 2021: Rs. 76,500,000).

	Note	31-Mar-22 Un-Audited Rupees	31-Dec-21 Audited Rupees
8 Long term musharikhah investment - secured			
Long term musharikhah investment		758,099,177	713,092,641
Less: Current portion of long term musharikhah investment	11	(438,391,618)	(423,391,618)
		<u>319,707,559</u>	<u>289,701,023</u>
9 Long term morabaha investment - secured			
Long term morabaha investment		8,800,000	8,800,000
Add: Unearned morabaha income		-	-
		8,800,000	8,800,000
Less: Current portion of long term morabaha investment	11	(8,800,000)	(8,800,000)
Less: Current portion of unearned morabaha income	11	-	-
		<u>-</u>	<u>-</u>
10 Short term morabaha investment-secured			
Short term morabaha Investment		432,477,568	420,894,235
Add: Unearned morabaha income		6,491,301	4,556,295
		438,968,869	425,450,530
Less: Provision for doubtful morabaha investment		(214,253,879)	(214,253,879)
		<u>224,714,990</u>	<u>211,196,651</u>
11 Current maturity of long term investment			
Current portion of long term musharikhah investment	8	438,391,618	423,391,618
Less: Provision against musharika investment		(26,392,919)	(26,392,919)
		411,998,699	396,998,699
Current portion of long term morabaha investment	9	8,800,000	8,800,000
Add: Unearned morabaha income	9	-	-
Less: Provision against morabaha investment		(8,800,000)	(8,800,000)
		<u>-</u>	<u>-</u>
		<u>411,998,699</u>	<u>396,998,699</u>
12 Ijarah rental receivables			
Ijarah rental receivable		315,683,464	324,385,447
Less: Provision against ijarah rental receivable		(116,212,387)	(124,026,374)
		<u>199,471,077</u>	<u>200,359,073</u>



13	Advances, deposits, prepayments and other receivables	Note	31-Mar-22 Un-Audited Rupees	31-Dec-21 Audited Rupees
	Profit receivable			
	- Morabaha investment		4,954,437	732,319
	- Musharikhah investment		9,627,847	13,728,953
			14,582,284	14,461,272
	Prepayments		6,361,690	4,431,221
	Advances		4,136,515	3,170,404
	Non-banking assets		6,141,250	8,391,250
	Other receivables		105,219,200	120,969,152
			136,440,939	151,423,298
	Less: Provision for other receivables		(11,128,292)	(11,128,292)
			125,312,647	140,295,007
14	Long term musharikhah finance secured			
	Opening balance		131,100,952	535,128,774
	Additions during the year		-	2,038,378,738
	Less: Paid during the year		(131,100,952)	(2,442,406,560)
			(131,100,952)	(404,027,822)
			-	131,100,952
15	Redeemable capital - participatory and unsecured			
	Opening balance		1,603,000,000	1,014,101,593
	Add: Issued during the year		150,000,000	600,000,000
	Add: Re- issued during the year		1,600,000,000	1,000,000,000
	Less: Redeemed during the year		(1,600,000,000)	(1,011,101,593)
			150,000,000	588,898,407
	Closing balance		1,753,000,000	1,603,000,000
16	Profit payable			
	Musharikhah finance		-	9,463,234
	Redeemable capital		25,234,427	13,401,730
			25,234,427	22,864,964

17 **Contingencies and commitments**

17.1 **Contingencies**

There are no significant changes in contingent liabilities since the last published financial statement as at December 31.

17.2 **Commitments**

17.2.1 There is no Commitments approved but not disbursed on balance sheet due date. (Dec 2021 : Rs. 138.38 Million)

	Note	31-Mar-22 Un-Audited Rupees	31-Mar-21 Un-Audited Rupees
18 Other income			
Profit on bank deposits		3,386,917	741,180
Processing fee		375,304	308,421
Gain on settlement of musharikhah		75,000	1,158,153
Gain on settlement of morabaha		14,424,700	-
Miscellaneous income		220,350	111,880
Rebate income from Takaful		35,650	25,620
		<u>18,517,921</u>	<u>2,345,254</u>
19 Administrative expenses			
Salaries and benefits		9,405,439	8,250,100
Traveling and conveyance		46,264	45,823
Depreciation - owned asset	5.2	384,612	421,369
Amortization of Intangible Assets		-	900,822
Legal and professional		170,700	9,126
Printing and stationary		206,472	348,590
Fee and subscription		485,123	48,925
Repair and maintenance		573,662	168,700
Vehicle running and maintenance		149,407	38,260
Power and utilities		280,074	21,733
Entertainment expenses		143,038	57,149
Advertisement		50,635	-
Telephone and postage		221,612	235,711
Corporate expenses		110,030	134,926
Rent rates and taxes		-	3,925
Selling and marketing expenses		305,462	49,488
Miscellaneous expenses		36,795	26,135
		<u>12,569,325</u>	<u>10,760,782</u>
20 Finance cost			
Financial charges on musharikhah		200,705	11,672,348
Financial charges on redeemable capital		39,701,579	17,508,771
Bank charges		-	23,784
		<u>39,902,284</u>	<u>29,204,903</u>
21 Taxation			
Current Tax			
- Current year		669,795	812,498
Deferred			
- Relating to origination and reversal of temporary differences		-	-
		<u>669,795</u>	<u>812,498</u>

22 Earning per certificate**22.1 Basic**

Basic earnings per certificate are calculated by dividing the net profit for the year by the weighted average number of certificates outstanding during the year as follows:

	31-Mar-22 Un-Audited Rupees	31-Mar-21 Un-Audited Rupees
Profit for the Period	<u>3,270,173</u>	<u>3,966,898</u>
Weighted average number of ordinary certificates	<u>34,020,000</u>	<u>34,020,000</u>
Earning per certificate	<u>0.10</u>	<u>0.12</u>

22.2 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.

23 Transactions with related parties

The related parties and associated undertakings comprise of The Bank of Punjab, Punjab Modaraba Services (Private) Limited and Punjab Capital Securities (Private) Limited. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

23.1 Balances outstanding at the end of year**23.1.1 The Bank of Punjab (Holding company of Modaraba's****Management Company)**

	31-Mar-22 Un-Audited Rupees	31-Dec-21 Audited Rupees
Musharikhah finances	-	131,100,952
Profit payable on musharikhah finances	-	9,463,234
Certificates of musharikhah	1,750,000,000	1,600,000,000
Profit payable on certificates of musharikhah	24,207,061	12,374,364

23.1.2 Punjab Capital Securities (Private) Limited (Subsidiary Company)

Investment in shares	76,500,000	76,500,000
----------------------	------------	------------

23.2 Transactions during the year**23.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)**

	31-Mar-22 Un-Audited Rupees	31-Mar-21 Un-Audited Rupees
Bank charges	-	23,784
Profit charged on finances	200,705	11,672,348
Profit charged on certificates of Musharikhah	39,243,018	17,508,771

26 Reconciliation of liabilities arising from financing activities

	Balance as at 01 Jan 2022	Availed / Announced	Repaid / Redeemed	Balance as at 31 Mar 2022
Long term musharikah finance	131,100,952	-	(131,100,952)	-
Profit payable	17,203,256	-	(4,103)	17,199,153
Redeemable capital	1,603,000,000	1,750,000,000	(1,600,000,000)	1,753,000,000
	<u>1,751,304,208</u>	<u>1,750,000,000</u>	<u>(1,731,105,055)</u>	<u>1,770,199,153</u>

27 Cash flow from operating activities

	Note	31 March 2022 (Un-Audited) Rupees	31 March 2021 (Un-Audited) Rupees
Profit / (Loss) for the year		3,039,968	4,779,396
Adjustments for:			
Depreciation of Ijarah assets		31,194,698	32,954,048
Depreciation of assets in own use		319,987	421,369
Amortization of Intangible Assets		-	900,822
Gain on disposal of Ijarah assets		-	(219,704)
(Reversal) / Provision for Ijara investment		59,400	(18,733,922)
Financial charges on musharikah finances		200,705	11,672,348
Financial charges on redeemable capital		39,701,579	17,508,771
		71,476,369	44,503,732
Operating profit before working capital changes		75,416,337	49,283,128
Working capital changes			
(Increase)/decrease in operating assets:			
Morabaha investment		(9,548,327)	(2,995,705)
Purchase of assets under Ijarah arrangements		(13,014,000)	(22,214,145)
Investment in musharikah-net		(54,753,322)	(14,987,937)
Purchase of assets-Development Properties		(3,133,483)	-
Proceeds from transfer of Ijarah assets		-	6,257,940
Ijarah Rental Receivable - net		321,494	37,692,118
Advances, deposits, prepayments and other receivables		29,407,059	22,375,692
		(50,820,579)	26,127,963
Increase / (decrease) in operating liabilities:			
Security deposits - net		1,935,006	(5,212,626)
Trade and other payables		(5,505,536)	(808,716)
		(3,570,530)	(6,021,342)
Net changes in operating assets and operating liabilities		(54,391,109)	20,106,621
Cash generated from operations		21,025,226	69,389,749

28 Date of authorization for issue

The unconsolidated financial statements of Modaraba were approved by the Directors of Modaraba Management Company and authorized for issue on April 27, 2022.

29 General

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


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



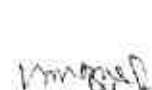
Chief Financial
Officer



Chief Executive



Director



Director



A Wholly Owned Subsidiary of
The Bank of Punjab

CONSOLIDATED FINANCIAL INFORMATION

For the six months ended
December 31, 2022

FIRST PUNJAB MODARABA
CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT 31 MARCH 2022

	Note	31 March 2022 (Un-Audited) Rupees	31 Dec 2021 (Audited) Rupees
ASSETS			
Non current assets			
Tangible fixed assets			
- Ijarah assets	5.1	384,299,637	402,480,335
- Assets in own use	5.2	4,768,339	4,539,641
Intangible assets	6	6,765,726	6,765,726
Long Term Investment		20,466,394	20,466,394
Long term musharikhah investment - secured	7	319,707,559	289,701,023
Long term morabaha investment - secured	8	-	-
Long term deposits		8,395,471	8,395,471
Deferred tax asset		63,799,180	63,799,180
		808,202,306	796,147,770
Current assets			
Short term morabaha investment - secured	9	224,714,990	211,198,651
Current maturity of long term investment	10	411,998,699	396,998,699
Ijarah rental receivable	11	199,471,077	200,621,167
Short Term Investment		200,000,000	200,000,000
Development properties - Land		42,617,119	39,483,636
Trade Receivable		12,310,639	7,778,595
Advances, deposits, prepayments and other receivables	12	134,949,743	171,232,109
Tax refund due from government		6,158,408	5,743,208
Cash and bank balances		190,098,957	163,486,952
		1,422,319,632	1,396,541,017
TOTAL ASSETS		2,230,521,938	2,192,688,787
EQUITY AND LIABILITIES			
Authorized certificate capital 50,000,000 (31 Dec 2021: 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 (31 Dec 2021: 34,020,000) certificates of Rs. 10 each		340,200,000	340,200,000
Capital reserves		220,303,614	220,303,614
		5,642,018	5,642,018
Revenue reserves		(400,390,505)	(405,285,175)
		165,755,127	160,860,457
Non current liabilities			
Long term security deposits		30,541,729	42,274,729
Deferred morabaha income		-	-
Long term musharikhah finance - secured	13	-	131,100,952
		30,541,729	173,375,681
Current liabilities			
Current maturity of non current liabilities		97,893,161	84,225,155
Redeemable capital - participatory and unsecured	14	1,753,000,000	1,603,000,000
Profit payable	15	25,234,427	22,864,964
Trade and other payables		137,370,921	126,456,189
Provision for taxation		3,527,421	4,703,085
Unclaimed profit		17,199,153	17,203,256
		2,034,225,083	1,858,452,649
TOTAL EQUITY AND LIABILITIES		2,230,521,939	2,192,688,787
CONTINGENCIES AND COMMITMENTS	16		

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

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



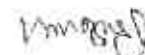
Chief Financial
Officer



Chief Executive



Director



Director

FIRST PUNJAB MODARABA
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	31 March 2022 Un-Audited Rupees	31 March 2021 Un-Audited Rupees
Income			
Income from ijarah rentals		16,855,037	8,329,067
Income from morabaha financing		1,002,214	946,152
Income from diminishing musharaka financing		20,095,805	13,949,385
Revenue from Contract with Customers		5,177,634	6,698,165
Gain on disposal of fixed assets		-	219,704
Other income	17	20,128,415	3,012,695
		63,259,105	33,155,168
Expenses			
Administrative expenses	18	17,396,604	15,909,947
Finance cost	19	39,905,909	29,206,643
		57,302,513	45,116,590
Operating loss before provision		5,956,593	(11,961,422)
Reversal for impairment of ijarah assets		-	18,955,522
Reversal / (provision) against ijarah rentals - net		(59,400)	-
		(59,400)	18,955,522
Operating profit / (loss) after provision and impairment		5,897,193	6,994,100
Modaraba Company's management fee		-	-
		5,897,193	6,994,100
Taxation	20	(1,002,523)	(896,226)
Profit / (loss) for the Period		4,894,670	6,097,874
Earnings per certificate - basic and diluted	21	0.14	0.18

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

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



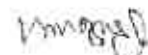
Chief Financial
Officer



Chief Executive



Director



Director

FIRST PUNJAB MODARABA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

<u>Note</u>	<u>31 March 2022</u> <u>(Un-Audited)</u> <u>Rupees</u>	<u>31 March 2021</u> <u>(Un-Audited)</u> <u>Rupees</u>
Profit / (loss) for the period	4,894,670	6,097,874
Other Comprehensive Income for the period	-	-
Total comprehensive income / (loss) for the period	<u><u>4,894,670</u></u>	<u><u>6,097,874</u></u>

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

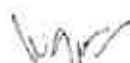
For Punjab Modaraba Services (Private) Limited
 (Modaraba Management Company)



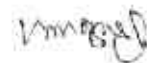
Chief Financial
Officer



Chief Executive



Director



Director



FIRST PUNJAB MODARABA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Certificate capital	Capital Reserve		Revenue Reserve	Total
		Fair Value reserve	Statutory reserve	Accumulated loss	
Rupees					
Balance as at 01 Jan 2021	340,200,000	8,846,368	216,692,528	(431,684,549)	134,054,347
Profit / (Loss) for the Period	-		-	6,097,874	6,097,874
Other comprehensive income for the Period	-		-	-	-
Total comprehensive loss for the Period	-		-	6,097,874	6,097,874
Balance as at 31 March 2021	340,200,000	8,846,368	216,692,528	(425,586,675)	140,152,221
Balance as at 01 Jan 2022	340,200,000	5,642,018	220,303,614	(405,285,175)	160,860,457
Profit / (Loss) for the Period	-	-	-	4,894,670	4,894,670
Other comprehensive Income for the Period	-		-	-	-
Total comprehensive income for the Period	-		-	4,894,670	4,894,670
Balance as at 31 March 2022	340,200,000	5,642,018	220,303,614	(400,390,505)	165,755,127

The attached notes 1 to 29 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
CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	31 March 2022 (Un-Audited) Rupees	31 March 2021 (Un-Audited) Rupees
Cash flow from operating activities			
Cash generated from operations	27	48,444,328	53,966,610
Profit paid on redeemable capital		(27,868,882)	(17,452,055)
Profit paid on musharikhah finances		(9,663,939)	(12,243,455)
Taxes paid		(2,593,387)	(271,381)
		(40,126,208)	(29,966,891)
Net cash generated from / (used In) operating activities		8,318,120	23,999,719
Cash flow from Investing activities			
Proceeds from disposal of fixed assets		-	-
Short Term Investment		-	-
Purchase of fixed assets in own use	5.2	(601,060)	(150,265)
Net cash generated from investing activities		(601,060)	(150,265)
Cash flow from financing activities			
Musharikhah finances-net	13	(131,100,952)	(59,524,149)
Redeemable capital-net	14	150,000,000	-
Profit distributed among the certificate holders		(4,103)	(34,422)
Net cash generated from financing activities		18,894,945	(59,558,571)
Net (decrease) / Increase in cash and cash equivalents		26,612,005	(35,709,117)
Cash and cash equivalents at the beginning of the period		163,486,952	69,445,617
Cash and cash equivalents at the end of the period	13	190,098,957	33,736,500

The attached notes 1 to 29 form an integral part of these unconsolidated financial statements.

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



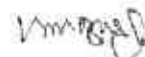
Chief Financial
Officer



Chief Executive



Director



Director

**FIRST PUNJAB MODARABA
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

1 The Group and its Operations

The "Group" consists of:

Parent

First Punjab Modaraba

Subsidiary Company

Punjab Capital Securities (Private) Limited

	Percentage of holding	
	31-Mar-22	31-Dec-21

100%

100%

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 (wholly owned subsidiary of The Bank of Punjab), a company incorporated in Pakistan. The registered office of the Modaraba is situated at 3rd floor, National Tower, Egerton Road, Lahore. The Modaraba commenced its operations on 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

The Modaraba is a perpetual and multi-dimensional Modaraba and is primarily engaged in the business of Ijarah, Musharika and Morabaha financing, equity investment and other related businesses in accordance with the injunctions of Islam.

Modaraba has obtained approval of the Securities and Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in prospectus of the Modaraba on 13 January 2021.

Punjab Capital Securities (Private) Limited

The Punjab Capital Securities (Private) Limited ("the Company") is registered under the repealed Companies Ordinance, 1984 (which is replaced by Companies Act 2017) as a company limited by shares on the 29th day of November 2016. The Company is mainly engaged in business of brokerage services, portfolio management and consultancy services. The registered office of the Company is situated at Room No 319, 3rd Floor, Lahore stock exchange (LSE) Building, Lahore.

1.1 Basis of Consolidation

The Group consolidated financial statements include the consolidated financial statements of the Modaraba and its subsidiary.

Subsidiary are fully consolidated from the date on which control is transferred to the Modaraba. They are deconsolidated from the date that control ceases. The consolidated financial statements of subsidiary have been consolidated on line by line basis. All significant inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

The Modaraba applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Modaraba recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The consolidated financial statements of the Modaraba and its subsidiary are prepared upto the same reporting date using consistent accounting policies.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through income statement.

Any contingent consideration to be transferred by the Modaraba is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill, if any, is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in income statement. After initial recognition, is measured at carrying value i.e. cost at the date of acquisition less any accumulated impairment.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Modaraba ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Modaraba had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Non-controlling interest

The Group applies a policy of treating transactions with non- controlling interests as transaction with parties external to the Group. Disposals of non-controlling interests results in gain and losses for the Group that are recorded in the profit and loss account.

- 1.1 In order to align financial year of the Modaraba with the parent bank, the Modaraba had sought required approval from Registrar Modaraba as well as Federal Board of Revenue during the period ended on December 31, 2021. Accordingly, these condensed financial statements for the period and First quarter ended on March 31, 2022 represent financial position and financial performance of the Modaraba for the first quarter of financial year 2022 whereas corresponding figures in condensed interim profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement are being presented for the quarter ended March 31, 2021 (which was previously presented as third quarter ended on March 31, 2021 in the published interim financial statements) for the purpose of comparison purposes.

2 Management's Assessment of Going Concern

In assessing the going concern status of the Modaraba, management has carefully assessed number of factors covering the performance of the business, business prospects and appetite of majority shareholder to continue financial support. Based on the analysis of these, management is comfortable that the Modaraba will be able to continue as a going concern in the foreseeable future.

During the period ended 31 March 2022, the Group has made profit after tax of Rs. 4,894,669. The accumulated loss, net of reserves, as at 31 March 2022 amount to Rs. 179,951,869 (Dec 2021: Rs.184,848,338) which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates. Further the current liabilities of the group exceed its current assets by Rs. 659,899,049 as at 31 March 2022.

In order to address going concern issue in terms of section 23 of the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance), The Bank of Punjab (BOP) being the parent company of the Modaraba's Management Company is providing enduring support and has confirmed that it shall continue to provide financial support to the Modaraba in order to mitigate liquidity risk. The Modaraba has obtained approval from the Securities & Exchange Commission of Pakistan dated 13 January 2021 to undertake Building, Construction and Real Estate activities. Accordingly, financial benefits shall be accrued in books of Modaraba in due course of time.

On the basis of support and the arrangements as outlined above and the business plan prepared by the management, the management is of the view that no material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and the Modaraba shall be able to operate on going concern basis in the foreseeable future. Consequently, these financial statements have been prepared reflecting these assumptions.

3 Basis of preparations

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

- International Financial Reporting Standards (IFRS Standards) issued by International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws).

Where provisions and directives issued under Companies Act, 2017 and the relevant laws differ from IFRS Standards, the provisions and directives issued under Companies Act, 2017 and the relevant laws have been followed.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS 2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

The SECP has deferred the applicability of IFRS-9 for Modarabas upto June 30, 2022 via SRO 800(I) / 2021 dated June 22, 2021. However, the Modaraba had already adopted other requirements of IFRS 9 except for provision against Islamic financings. Therefore, the Modaraba has continued same practice during the current year as well. The provision against financing has been determined in accordance with requirement of the Prudential Regulations.

These financial statements are the separate financial statements of the Modaraba in which investments in subsidiary are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

4 Significant accounting estimates and judgments

The preparation of these unconsolidate condensed interim financial statements require management to make judgement, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgement made by the management in applying the Modaraba's accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the period ended 31, December 2021.



5.2 Assets in own use

Description	31-03-2022 (UN-AUDITED)						Depreciation Rate		
	COST			DEPRECIATION				NBV	
	As at 1 Jan 2022	Additions	Disposal	As at 31 Mar 2022	Charge for the Period	Disposal			As at 31 Mar 2022
Office Equipment	5,942,797	553,900	-	5,595,597	2,694,343	159,555	2,853,958	2,742,699	15% & 30%
Furniture & Fixtures	2,947,985	40,660	-	2,988,645	1,932,497	72,401	2,004,898	983,747	15%
Vehicles	2,450,800	-	-	2,450,800	1,519,800	120,931	1,540,734	810,066	20%
Computer Products	1,240,980	6,500	-	1,247,480	995,279	19,373	1,015,652	231,825	20%
Total	11,582,562	601,060	-	12,283,622	7,142,922	372,360	7,515,282	4,768,339	

Description	31-12-2021 (AUDITED)						Depreciation Rate		
	COST			DEPRECIATION				NBV	
	As at 1 July 2021	Additions	Disposal	As at 31 Dec 2021	Charge for the Year	Disposal			As at 31 Dec 2021
Office Equipment	3,682,747	1,300,050	-	5,042,797	2,644,954	49,389	2,694,343	2,343,454	15% & 30%
Furniture & Fixtures	2,947,985	-	-	2,947,985	1,777,753	154,744	1,932,497	1,075,486	15%
Vehicles	2,259,300	191,500	-	2,450,800	921,653	595,150	1,578,803	930,987	20%
Computer Products	1,272,680	28,000	-	1,240,980	955,041	38,238	956,279	244,701	20%
Total	10,162,712	1,519,550	-	11,682,262	6,302,401	843,521	7,142,922	4,539,640	

5.2.1 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 2,040,971 (31 Dec 2021) / Rs. 2,040,971.

5.2.2 The Gross Carrying amount (cost) of assets disposed off during the year amounts to Rs. Nil (31 Dec 2021) / Nil.

	Note	31-Mar-22 Un-Audited Rupees	31-Dec-21 Audited Rupees
6 Intangible Assets			
LSE room	6.1	4,265,726	4,265,726
Trading right entitlement certificate (TREC)	6.2	2,500,000	2,500,000
		<u>6,765,726</u>	<u>6,765,726</u>
7 Long term musharikhah investment - secured			
Long term musharikhah investment		758,099,177	713,092,641
Less: Current portion of long term musharikhah investment	10	(438,391,618)	(423,391,618)
		<u>319,707,559</u>	<u>289,701,023</u>
8 Long term morabaha investment - secured			
Long term morabaha investment		8,800,000	8,800,000
Add: Unearned morabaha income		-	-
		8,800,000	8,800,000
Less: Current portion of long term morabaha investment	10	(8,800,000)	(8,800,000)
Less: Current portion of unearned morabaha income	10	-	-
		<u>-</u>	<u>-</u>
9 Short term morabaha investment-secured			
Short term morabaha investment		432,477,568	420,894,235
Add: Unearned morabaha income		6,491,301	4,556,295
		438,968,869	425,450,530
Less: Provision for doubtful morabaha investment		(214,253,879)	(214,253,879)
		<u>224,714,990</u>	<u>211,196,651</u>
10 Current maturity of long term investment			
Current portion of long term musharikhah investment	7	438,391,618	423,391,618
Less: Provision against musharikhah investment		(26,392,919)	(26,392,919)
		411,998,699	396,998,699
Current portion of long term morabaha investment	8	8,800,000	8,800,000
Add: Unearned morabaha income	8	-	-
Less: Provision against morabaha investment		(8,800,000)	(8,800,000)
		<u>411,998,699</u>	<u>396,998,699</u>
11 Ijarah rental receivables			
Ijarah rental receivable		315,683,464	324,385,447
Less: Provision against ijarah rental receivable		(116,212,387)	(124,026,374)
		<u>199,471,077</u>	<u>200,359,073</u>



12	Advances, deposits, prepayments and other receivables	Note	31-Mar-22 Un-Audited Rupees	31-Dec-21 Audited Rupees
	Profit receivable			
	- Morabaha investment		4,954,437	732,319
	- Musharikah investment		9,627,847	13,728,953
			14,582,284	14,461,272
	Prepayments		6,411,343	4,530,524
	Advances		4,136,515	3,170,704
	Advances to Suppliers		769,150	797,140
	Security Deposit		7,900,000	29,917,196
	Non-banking assets		6,141,250	6,391,250
	Accrued Mark up on Margin Financing		918,293	123,164
	Other receivables		105,219,200	120,969,152
			146,078,035	182,360,401
	Less: Provision for other receivables		(11,128,292)	(11,128,292)
			134,949,743	171,232,110
13	Long term musharikah finance secured			
	Opening balance		131,100,952	535,128,774
	Additions during the year		-	2,038,378,738
	Less: Paid during the year		(131,100,952)	(2,442,406,560)
			(131,100,952)	(404,027,822)
			-	131,100,952
14	Redeemable capital - participatory and unsecured			
	Opening balance		1,603,000,000	1,014,101,593
	Add: Issued during the year		150,000,000	600,000,000
	Add: Re- issued during the year		1,600,000,000	1,000,000,000
	Less: Redeemed during the year		(1,600,000,000)	(1,011,101,593)
			150,000,000	588,898,407
	Closing balance		1,753,000,000	1,603,000,000
15	Profit payable			
	Musharikah finance		-	9,463,234
	Redeemable capital		25,234,427	13,401,730
			25,234,427	22,864,964
16	Contingencies and commitments			
16.1	Contingencies			
	There are no significant changes in contingent liabilities since the last published financial statement as at December 31,			
16.2	Commitments			
16.2.1	There is no Commitments approved but not disbursed on balance sheet due date. (Dec 2021 : Rs. 138.38 Million)			

	Note	31-Mar-22 Un-Audited Rupees	31-Mar-21 Un-Audited Rupees
17 Other income			
Profit on bank deposits		3,558,116	1,032,095
Margin Finance Income		67,162	-
Return on Exposure deposit with PSX		506,037	-
Processing fee		300,304	308,421
Dividend Income		632,981	590,783
Gain on settlement of musharikhah		-	1,008,153
Gain on settlement of morabaha		14,424,700	-
Miscellaneous income		224,115	47,623
Income receivable on MF		379,350	-
Rebate income from Takaful		35,650	25,620
		<u>20,128,415</u>	<u>3,012,695</u>
18 Administrative expenses			
Salaries and benefits		12,104,351	8,250,100
Traveling and conveyance		63,714	45,823
Depreciation - owned asset	5.2	436,985	421,369
Amortization of Intangible Assets		-	900,822
Legal and professional		240,620	9,126
Printing and stationary		255,245	348,590
Insurance		49,650	-
Fee and subscription		784,527	48,925
Repair and maintenance		689,733	168,700
PSX, clearing house and CDC charges, etc.		259,704	-
Vehicle running and maintenance		149,407	38,260
Power and utilities		404,972	21,733
Entertainment expenses		204,533	57,149
Advertisement		50,635	-
Telephone and postage		221,612	235,711
Corporate expenses		110,030	134,926
Rent rates and taxes		94,517	3,925
Selling and marketing expenses		1,222,854	49,488
Miscellaneous expenses		53,515	26,135
		<u>17,396,604</u>	<u>10,760,782</u>
19 Finance cost			
Financial charges on musharikhah		200,705	11,672,348
Financial charges on redeemable capital		39,701,579	17,508,771
Bank charges		3,625	23,784
		<u>39,905,909</u>	<u>29,204,903</u>
20 Taxation			
Current Tax			
- Current year		1,002,523	896,226
Deferred			
- Relating to origination and reversal of temporary differences		-	-
		<u>1,002,523</u>	<u>896,226</u>

21 Earning per certificate**21.1 Basic**

Basic earnings per certificate are calculated by dividing the net profit for the year by the weighted average number of certificates outstanding during the year as follows:

	31-Mar-22 Un-Audited Rupees	31-Mar-21 Un-Audited Rupees
Profit for the Period	<u>4,894,670</u>	<u>6,097,874</u>
Weighted average number of ordinary certificates	<u>34,020,000</u>	<u>34,020,000</u>
Earning per certificate	<u>0.14</u>	<u>0.18</u>

21.2 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.

22 Transactions with related parties

The related parties and associated undertakings comprise of The Bank of Punjab, Punjab Modaraba Services (Private) Limited and Punjab Capital Securities (Private) Limited. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

22.1 Balances outstanding at the end of year**22.1.1 The Bank of Punjab (Holding company of Modaraba's****Management Company)**

	31-Mar-22 Un-Audited Rupees	31-Dec-21 Audited Rupees
Musharikhah finances	-	131,100,952
Profit payable on musharikhah finances	-	9,463,234
Certificates of musharikhah	1,750,000,000	1,600,000,000
Profit payable on certificates of musharikhah	24,207,061	12,374,364

22.2 Transactions during the year**22.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)**

	31-Mar-22 Un-Audited Rupees	31-Mar-21 Un-Audited Rupees
Bank charges	3,625.00	23,784
Profit charged on finances	200,705	11,672,348
Profit charged on certificates of Musharikhah	39,243,018	17,508,771

26 Reconciliation of liabilities arising from financing activities

	Balance as at 01 Jan 2022	Availed / Announced	Repaid / Redeemed	Balance as at 31 Mar 2022
Long term musharikah finance	131,100,952	-	(131,100,952)	-
Profit payable	17,203,250	-	(4,103)	17,199,153
Redeemable capital	1,603,000,000	1,750,000,000	(1,600,000,000)	1,753,000,000
	1,751,304,208	1,750,000,000	(1,731,105,055)	1,770,199,153

27 Cash flow from operating activities

	Note	31 March 2022 (Un-Audited) Rupees	31 March 2021 (Un-Audited) Rupees
Profit / (Loss) for the period		5,897,192	6,984,100
Adjustments for:			
Depreciation of Ijarah assets		31,194,698	32,954,048
Depreciation of assets in own use		372,360	600,061
Dividend Income		(632,981)	(590,783)
(Reversal) / Provision for Ijarah investment		59,400	(18,733,922)
Financial charges on musharikah finances		200,705	11,672,348
Financial charges on redeemable capital		39,701,579	17,508,771
		70,895,761	43,410,523
Operating profit before working capital changes		76,792,953	50,404,623
Working capital changes			
(Increase)/decrease in operating assets:			
Murabaha investment		(9,648,327)	(2,995,705)
Purchase of assets under Ijarah arrangements		(13,014,000)	(22,214,145)
Investment in musharikah-net		(54,753,322)	-
Purchase of assets-Development Properties		(3,133,483)	-
Proceeds from transfer of Ijarah assets		-	6,038,236
Ijarah Rental Receivable - net		321,494	37,692,118
Dividend Income		-	590,783
Advances, deposits, prepayments and other receivables		25,404,615	(25,787,615)
		(54,823,023)	(6,676,928)
Increase / (decrease) in operating liabilities:			
Security deposits - net		1,935,006	(5,217,626)
Trade and other payables		24,539,392	15,450,941
		26,474,398	10,238,315
Net changes in operating assets and operating liabilities		(28,348,625)	3,561,987
Cash generated from operations		48,444,328	53,966,610

28 Date of authorization for issue

The consolidated financial statements of Modaraba were approved by the Directors of Modaraba Management Company and authorized for issue on April 27, 2022.

29 General

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

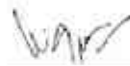
For Punjab Modaraba Services (Private) Limited
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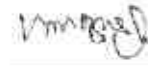
Chief Financial
Officer



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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