

# First Punjab Modaraba

*(An Islamic Financial Institution)*

A close-up photograph of a hand holding a small green seedling with two leaves, growing out of dark, rich soil. A single water droplet is falling from the tip of a finger onto the seedling. The background is dark and out of focus.

Growth + Prosperity

# Contents

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Corporate Profile	2
Directors' Report	3
Directors' Report (Urdu)	4
Independent Auditors' Review Report to the Certificate Holders	5

## UN CONSOLIDATED CONDENSED INTERIM FINANCIAL STATMENTS

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Interim Balance Sheet	6
Interim Profit and Loss Account	7
Interim Statement of Comprehensive Income	8
Interim Statement of Changes in Equity	9
Interim Cash Flow Statement	10
Selected Notes to the Interim Financial Information	11-20

## CONSOLIDATED CONDENSED INTERIM FINANCIAL STATMENTS

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Condensed Interim Balance Sheet	22
Condensed Interim Profit and Loss Account	23
Condensed Interim Statement of Comprehensive Income	24
Condensed Statement of Changes in Equity	25
Condensed Interim Cash Flow Statement	26
Selected Notes to the Interim Financial Information	27-36



## Corporate Profile

### Board of Directors

Punjab Modaraba Services (Pvt.) Ltd.

Khalid Siddiq Tirmizey	Chairman
Aamir Malik	Chief Executive
Nadeem Amir	Director
Ijaz ur Rehman Qureshi	Director
Mahboob-ul-Hassan	Director
Umer Iqbal Sheikh	Director

### Chief Financial Officer & Company Secretary

Mudassar Kaiser Pal

### Audit Committee

Nadeem Amir	Member
Ijaz ur Rehman Qureshi	Member

### Human Resource Committee

Ijaz ur Rehman Qureshi	Chairman
Nadeem Amir	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  
Meezan Bank 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, 4th Floor Mega Tower,  
Main Boulevard, Gulberg II, Lahore.  
Postal Code No. 54600  
PABX: (+92-42) 35777537  
Fax: (+92-42) 35777537  
E-mail: [info@punjabmodaraba.com.pk](mailto:info@punjabmodaraba.com.pk)  
URL: [www.punjabmodaraba.com.pk](http://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), feels pleasure in presenting the half yearly results of the Modaraba, together with Directors' report, for half year ended December 31, 2018.

As reported by the State Bank, the overall macroeconomic environment remained challenging. The foremost concern was the steep rise in global crude prices, while uncertainties lingered with regard to the needed balance of payments (BoP) support on account of a political transition underway. The fiscal pressures also remained intact. Responding to these challenges, the new political regime immediately announced cuts in development spending, partially reversed tax relief measures, and also explored avenues to bridge the external financing gap. Thus, continuing with a right mix of policies and sufficient BoP support, the country is expected to revert to a stable macroeconomic environment over the medium term.

The Modaraba with its persistent policy of booking fresh assets during the period under review, was successful in booking sizable amount of fresh assets. The revenue was accordingly increased by 22% as compared with corresponding period. The sharp rise in overall profit rates resulted in significant increase in financial cost. The impact is being partially offset by revision of lending rates and is expected to be normalized further going forward. The management of non-performing assets remained important contributor in net profit after tax of Rs.9.239 million.

The break-even achieved by the wholly owned subsidiary during the last quarter was continued resulting in profits during the half year under review.

The strategy of business growth by booking of fresh assets and development of new products and services will continue in the future. In addition, recovery from NPAs, through litigation and / or out-of-court settlement will remain the other area of focus of the Modaraba.

The Board duly acknowledges the continuous guidance and support by the Registrar Modaraba, Securities & Exchange Commission of Pakistan and expects to receive the same in future as well. The Board is also thankful to the certificate holders for their patronage.

Lahore: February 27, 2019

For and on behalf of the Board of Directors



**Chief Executive**  
Punjab Modaraba Services  
( Private ) Limited



**Director**  
Punjab Modaraba Services  
( Private ) Limited

## ڈائریکٹرز کی رپورٹ

پنجاب مدار بہ سروسز پرائیویٹ لمیٹڈ کے ڈائریکٹر فرسٹ پنجاب مدار بہ کے 31 دسمبر 2018 کے نصف سالہ نتائج پیش کرنے میں خوشی محسوس کرتے ہیں۔


اسٹیٹ بینک کی طرف سے رپورٹ کے مطابق مجموعی طور پر اقتصادی ماحول کو چیلنج رہا۔ عالمی قیمتوں میں اضافہ سب سے اہم تشویش تھی جبکہ غیر یقینی صورتحال میں سیاسی منتقلی اور ادائیگیوں کے سلسلے میں ضروری توازن کی ضرورت رہی اور مالی دباؤ بھی برقرار رہے۔ ان چیلنجز کا جواب دیتے ہوئے نئی سیاسی حکومت نے فوری طور پر ترقیاتی اخراجات میں کمی کا اعلان کیا، جزوی طور پر ٹیکس ریلیف کے اقدامات کو واپس کیا اور بیرونی مالیاتی فرق کو مٹانے کے راستے بھی تلاش کئے۔ اس طرح پالیسی اور توازن ادائیگی کے صحیح مرکب کے موجب، ملک کو وسط مدت کے دوران مستحکم میکرو اقتصادی ماحول میں تبدیل کرنے کی امید ہے۔


مدار بہ نے مدت کے دوران تازہ اثاثوں کو بنگ کرنے کی اپنی مسلسل پالیسی کے ساتھ کامیابی حاصل کی۔ پچھلے عرصے کے مقابلے میں آمدنی 22 فیصد بڑھ گئی تھی۔ مجموعی طور پر شرح منافع میں تیز اضافہ کے باعث مالیاتی اخراجات میں نمایاں اضافہ ہوا۔ دئے گئے قرضوں کی شرح کی نظر ثانی سے اثر جزوی طور پر ہضم کیا جا رہا ہے اور مستقبل میں معمول کی توقع کی جاتی ہے۔ غیر فعال ہونے والے اثاثوں کی وصولی، 9.33 کروڑ روپے کے بعد از ٹیکس خالص منافع میں اہم شراکت دار رہی۔

گزشتہ سہ ماہی کے دوران مکمل ملکیت کے ماتحت ادارے کی طرف سے حاصل ہونے والی بریک ایون جاری رہی اور مدت کے دوران منافع پر منتج ہوئی۔

نئے اثاثوں کی بنگ اور نئے مصنوعات اور خدمات کی فراہمی کی کاروباری حکمت عملی مستقبل میں جاری رہے گی، اس کے علاوہ غیر فعال قرضوں کی جانب سے وصولی، قانونی طور پر اور/یا عدالت سے باہر کی تصفیہ کے ذریعے مدار بہ کی توجہ کا دوسرا حصہ رہے گا۔ بورڈ نے باقاعدگی سے رجسٹرڈ مدار بہ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مسلسل رہنمائی اور حمایت کو تسلیم کیا اور مستقبل میں بھی اسی طرح فائدہ حاصل کرنے کی توقع ہے۔ بورڈ سرٹیفیکیٹ ہولڈرز کی سرپرستی کے لئے بھی شکر گزار ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
ڈائریکٹر

  
چیف ایگزیکٹو

لاہور: 27 فروری 2019

## **Independent Auditors' Review Report to the Certificate Holders of First Punjab Modaraba**

### **Report on Review of Un Consolidated Interim Financial Satatment**

#### **Introduction**

We have reviewed the accompanying unconsolidated condensed interim balance sheet of First Punjab Modaraba(The Modaraba) as at 31 December 2018 and the related unconsolidated condensed interim statement of profit and loss,unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the six month period then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

#### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

#### **Other matters**

The figures of the unconsolidated condensed interim statement of profit and loss and unconsolidated condensed interim statement of comprehensive income for the three month period ended 31 December 2018 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended 31 December 2018.

The unconsolidated condensed interim financial statements for the six month period ended 31 December 2017 and the annual financial statements for the year ended 30 June 2018 of the Modaraba were reviewed and audited, respectively, by another firm of chartered accountants. The review report dated 26 February 2018 and audit report dated 08 October 2018 expressed an unmodified conclusion and unmodified opinion, respectively.

The engagement partner on the audit resulting in this independent auditor's report is Farooq Hameed.

EY Ford Rhodes  
Chartered Accountants

Lahore: February 28, 2019



# First Punjab Modaraba

## Unconsolidated Condensed Interim Balance Sheet

As at 31 December 2018

	Note	31 December 2018 (Un-Audited) Rupees	30 June 2018 (Audited) Rupee
<b>ASSETS</b>			
<b>Non current assets</b>			
Tangible fixed assets	5		
- Ijarah assets		321,932,340	225,737,910
- Assets in own use		3,650,339	2,489,560
Intangible assets	6	-	-
Investment in subsidiary	7	76,500,000	76,500,000
Long term musharikhah investment - secured	8	411,378,827	442,297,062
Long term morabaha investment - secured	9	12,645,501	17,509,825
Long term deposits		692,900	692,900
Deferred tax asset		61,834,231	61,834,231
		<b>888,634,138</b>	<b>827,061,488</b>
<b>Current assets</b>			
Short term morabaha investment - secured	10	271,907,010	253,021,469
Current maturity of long term investment	11	495,232,451	459,309,170
Ijarah rental receivable		298,720,087	295,654,829
Advances, deposits, prepayments and other receivables		83,133,898	106,986,472
Tax refundable		5,934,846	3,657,066
Cash and bank balances		50,910,417	47,169,012
		<b>1,205,838,709</b>	<b>1,165,798,018</b>
<b>TOTAL ASSETS</b>		<b>2,094,472,847</b>	<b>1,992,859,506</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Authorized certificate capital 50,000,000 (30 June 2018: 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 (30 June 2018: 34,020,000) certificates of Rs. 10 each		340,200,000	340,200,000
Capital Reserves		215,447,495	215,447,495
Revenue Reserves		(360,024,528)	(352,253,538)
		<b>195,622,967</b>	<b>203,393,957</b>
<b>Non current liabilities</b>			
Security deposits		37,873,380	21,029,947
Long term musharikhah finance - secured	12	1,280,588,836	1,193,495,035
		<b>1,318,462,216</b>	<b>1,214,524,982</b>
<b>Current liabilities</b>			
Current maturity of long term security deposits		90,977,622	91,501,375
Deferred morabaha income		4,503,237	5,118,043
Redeemable capital - participatory and unsecured		408,000,000	400,000,000
Profit payable	13	30,089,472	21,538,172
Trade and other payables		25,566,391	39,476,576
Provision for taxation		2,837,151	944,824
Unclaimed profit distributions		18,413,791	16,361,577
		<b>580,387,664</b>	<b>574,940,567</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,094,472,847</b>	<b>1,992,859,506</b>
<b>Contingencies and commitments</b>			
	14	-	-

The attached notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive  
Punjab Modaraba Services  
(Private) Limited

Chief Financial officer  
Punjab Modaraba Services  
(Private) Limited

Director  
Punjab Modaraba Services  
(Private) Limited

Director  
Punjab Modaraba Services  
(Private) Limited



## Unconsolidated Condensed Interim Profit and Loss Account(Un-Audited)

For the six months ended 31 December 2018

		2018		2017	
	Note	Six months Ended 31 December 2018	Three months Ended 31 December 2018	Six months Ended 31 December 2017	Three months Ended 31 December 2017
----- (Rupees) -----					
<b>Income</b>					
Ijarah rentals		51,018,902	28,452,090	35,414,984	19,316,772
Profit on morabaha investment		2,510,655	885,335	2,442,346	947,588
Profit on musharikhah investment		43,646,219	18,924,288	46,432,211	24,432,808
Gain on disposal of fixed assets		4,667,378	3,452,602	1,320,488	226,223
Other income		7,105,932	5,986,838	3,047,524	1,577,627
		108,949,086	57,701,153	88,657,553	46,501,018
<b>Expenses</b>					
Administrative expenses	15	16,675,573	8,294,812	15,758,240	8,476,371
Depreciation of ijarah assets		27,212,279	15,196,337	19,125,704	9,760,690
Finance cost	16	61,855,068	34,088,357	45,196,509	22,385,004
		105,742,920	57,579,506	80,080,453	40,622,065
Operating profit before provision and impairment		3,206,166	121,648	8,577,100	5,878,953
Reversal for impairment of ijarah assets		12,872,346	8,448,862	622,006	622,006
Provision for musharikhah investment		(4,947,175)	(4,947,175)	(49,370)	(49,370)
		7,925,171	3,501,687	572,636	572,636
Operating profit after provision and impairment		11,131,337	3,623,335	9,149,736	6,451,589
Modaraba Company's management fee		-	-	-	-
Profit before taxation		11,131,337	3,623,335	9,149,736	6,451,589
Taxation	17	(1,892,327)	(2,132,218)	1,942,548	(157,664)
Profit for the period		9,239,010	1,491,117	11,092,284	6,293,925
Earnings per certificate - basic and diluted		0.27	0.04	0.33	0.19

The attached notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

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Punjab Modaraba Services  
( Private ) Limited





## Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the six months ended 31 December 2018

Note	2018		2017	
	Six months Ended 31 December 2018	Three months Ended 31 December 2018	Six months Ended 31 December 2017	Three months Ended 31 December 2017
----- (Rupees) -----				
<b>Income</b>				
Profit for the period	9,239,010	1,491,117	11,092,284	6,293,925
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	9,239,010	1,491,117	11,092,284	6,293,925

The attached notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive  
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## Unconsolidated Statement of Changes in Equity (Un-Audited)

For the six months ended 31 December 2018

	Certificate capital	Capital Reserve Statutory reserves	Revenue Reserve Accumulated loss	Total
	----- (Rupees) -----			
<b>Balance as at 01 July 2017</b>	340,200,000	209,696,682	(358,246,791)	191,649,891
Profit for the period	-	-	11,092,284	11,092,284
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	11,092,284	11,092,284
Transactions with owners				
Profit distribution for the year ended 30 June 2017 at Rs. 0.5 per certificate	-	-	(17,010,000)	(17,010,000)
<b>Balance as at 31 December 2017</b>	340,200,000	209,696,682	(364,164,507)	185,732,175
<b>Balance as at 01 July 2018</b>	<b>340,200,000</b>	<b>215,447,495</b>	<b>(352,253,538)</b>	<b>203,393,957</b>
Profit for the period	-	-	9,239,010	9,239,010
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	9,239,010	9,239,010
Transactions with owners				
Profit distribution for the year ended 30 June 2018 at Rs. 0.5 per certificate	-	-	(17,010,000)	(17,010,000)
<b>Balance as at 31 December 2018</b>	<b>340,200,000</b>	<b>215,447,495</b>	<b>(360,024,528)</b>	<b>195,622,967</b>

The attached notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive  
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(Private) Limited



## Unconsolidated Condensed Interim Cash Flow Statement (Un-Audited)

For the six months ended 31 December 2018

	Note	31 December 2018 Rupees	30 December 2017 Rupees
<b>Cash flow from operating activities</b>			
<b>Cash generated from operations</b>	18	(13,230,810)	74,832,878
Profit paid on redeemable capital		(14,594,769)	(12,602,738)
Profit paid on musharikhah finances		(38,708,999)	(33,399,510)
Tax paid		(2,277,779)	(2,147,365)
		(55,581,547)	(48,149,613)
<b>Net cash (used in) / generated from operating activities</b>		(68,812,357)	26,683,265
<b>Cash flow from investing activities</b>			
Investment in musharikhah - net		(6,081,079)	9,780,999
Proceeds from disposal of fixed assets		58,000	996,501
Investment in subsidiary		-	(26,500,000)
Purchase of fixed assets in own use		(1,559,174)	(992,346)
<b>Net cash used in from investing activities</b>		(7,582,253)	(16,714,846)
<b>Cash flow from financing activities</b>			
Musharikhah finances obtained		87,093,801	53,038,846
Redeemable capital issued		8,000,000	-
Profit distributions among the certificate holders		(14,957,786)	(15,226,274)
<b>Net cash generated from financing activities</b>		80,136,015	37,812,572
<b>Net increase in cash and cash equivalents during the period</b>		3,741,405	47,780,991
<b>Cash and cash equivalents at the beginning of the period</b>		47,169,012	41,752,816
<b>Cash and cash equivalents at the end of the period</b>		50,910,417	89,533,807

The attached notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive  
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( Private ) Limited

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Punjab Modaraba Services  
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## Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the six months ended 31 December 2018

### 1 Status and nature of business

First Punjab Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed thereunder 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 4th Floor, Mega Tower, Gulberg II, Lahore. The Modaraba commenced its operations from 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

The Modaraba established its wholly owned subsidiary on 29 November 2016 as a private limited Company under the name of Punjab Capital Securities (Pvt) Limited. The Company is mainly engaged in the business of brokerage services, portfolio management and consultancy services.

The Modaraba is a perpetual, multi purpose and multi dimensional modaraba and is primarily engaged in the business of ijarah, musharika and morabaha financing, equity investment and other related business in accordance with the injunctions of Islam.

These condensed financial statements are the separate condensed 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 condensed financial statements are prepared separately.

### 2 Basis of preparation

These unconsolidated condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by SECP differ with the requirements of IFRSs or IFAS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the SECP prevail.

These unconsolidated condensed interim financial statements are un-audited. These unconsolidated condensed interim financial statements of the Modaraba for the period ended 31 December 2018 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting". These unconsolidated condensed interim financial statements does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended 30 June 2018.

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

The comparative balance sheet presented in these unconsolidated condensed interim financial statements as at 31 December 2018 has been extracted from the audited financial statements of the Modaraba for the year ended 30 June 2018, whereas the comparative profit and loss account and statement of comprehensive income, cash flow statement and statement of changes in equity have been extracted from the unconsolidated condensed interim financial statements for the period ended 31 December 2017.



## 3 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 30 June 2018, except as follows:

New / Revised Standards, Interpretations and Amendments

The Modaraba has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IAS 40- Transfers to Investment Property (Amendments)

IFRS 2- Share based Payments — Classification and Measurement (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IFRS 15 - Revenue from Contracts with Customers

Further, IFRS - 9 "Financial Instruments" replaces IAS - 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 July 2018. However, the Securities and Exchange Commission of Pakistan vide its notification dated 14 February 2019 has deferred the applicability of IFRS - 9 on interim period ending before 30 June 2019. Therefore, these unconsolidated condensed interim financial statements do not include the impact of adoption of the standard.

The adoption of the above revision, amendments and interpretations of the standards did not have any material effect on the condensed interim financial statements. Such change does not financially impact these unconsolidated condensed interim financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Modaraba expects that such improvements to the standards do not have any material impact on the Modaraba 's unconsolidated condensed interim financial statements for the period.

## 4 Significant accounting estimates and judgements

The preparation of these unconsolidated condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Modaraba's accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for year ended 30 June 2018.

	<b>Note</b>	<b>31 December 2018 (Un-Audited) Rupees</b>	<b>30 June 2018 (Audited) Rupees</b>
<b>5 Tangible fixed assets</b>			
Ijarah assets	5.1	<b>321,932,340</b>	225,737,910
Assets in own use	5.2	<b>3,650,339</b>	2,489,560
		<b>325,582,679</b>	228,227,470

## 5.1 Ijarah assets

December 2018 (Un-Audited)

Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE		Depreciation Rate		
	As at 1 July 2018	Additions	Transfer	As at 31 Dec 2018	As at 1 July 2018	Charge for the period	Transfer	As at 31 Dec 2018	As at 1 July 2018	Reversal for the period	Transfer		As at 31 Dec 2018	As at 31 Dec 2018
	-----Rupees-----													
Plant and machinery	641,915,470	245,000	(1,654,500)	640,505,970	505,531,112	4,968,766	(1,482,796)	509,017,082	29,593,102	(9,000,000)	-	20,593,102	110,895,786	As per term
Vehicle	220,786,051	109,078,000	(2,076,283)	327,787,768	110,518,929	17,536,385	(698,896)	127,356,418	1,104,397	-	-	1,104,397	199,326,953	As per term
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	-	As per term
Consumer products	20,608,226	6,636,873	(4,072)	27,241,027	10,824,297	4,707,129	-	15,531,426	-	-	-	-	11,709,601	As per term
50104500	896,862,351	115,959,873	(3,734,855)	1,009,087,369	640,426,942	27,212,280	(2,181,692)	665,457,530	30,697,499	(9,000,000)	-	21,697,499	321,932,340	
June - 2 0 1 8 (Audited)														

Description	COST				DEPRECIATION				IMPAIRMENT			NET BOOK VALUE		
	As at 1 July 2017	Additions	Transfer	As at 30 June 2018	As at 1 July 2017	Charge for the year	Transfer	As at 30 June 2018	As at 1 July 2017	Reversal for the year	Transfer	As at 30 June 2018	As at 30 June 2018	Depreciation Rate
	-----Rupees-----													
Plant and machinery	748,140,470	52,835,000	(159,060,000)	641,915,470	643,006,041	1,760,7889	(139,235,718)	505,531,112	30,604,048	(622,006)	(388,940)	29,593,102	106,791,256	As per term
Vehicle	204,006,260	477,877,91	(31,008,000)	220,786,051	109,236,485	25,741,253	(24,458,809)	110,518,929	1,104,397	-	-	1,104,397	109,162,725	As per term
Cessna aircraft	-	-	-	-	-	-	-	-	-	-	-	-	-	As per term
Consumer products	16,687,789	10,295,000	(6,374,563)	20,608,226	6,025,696	10,039,119	(5,240,518)	10,824,297	-	-	-	-	9,783,929	As per term
	968,834,519	110,917,791	(196,442,563)	883,309,747	758,268,222	37,541,161	(10,052,604)	(168,935,045)	626,874,338	31,708,445	(622,006)	(388,697,499)	225,737,910	

**5.1.1** Transfers represent the assets disposed through negotiation after expiry / termination of Ijarah. However, in view of large number of disposals, detail of each disposal has not been given.

**5.1.2** The gross carrying amount (cost) of fully depreciated assets that are still in use is Rs. 634,195,971 (30 June 2018: Rs. 633,608,701).

## 5.2 Assets in own use

December 2018 (Un-Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
	As at 1 July 2018	Additions	Disposal	As at 1 July 2018	Charge for the period	Disposal	As at 31 Dec 2018	
								%
Office Equipment	2,449,802	185,674	(124,400)	2,511,076	198,835	(105,500)	1,755,039	15% & 30%
Furniture and Fixtures	1,976,956	-	-	1,976,956	108,204	-	1,021,871	15%
Vehicles	801,900	1,373,500	-	2,175,400	72,456	-	236,183	20%
	5,228,658	1,559,174	(124,400)	6,663,432	379,495	(105,500)	3,013,093	

June 2018 (Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
	As at 1 July 2017	Additions	Disposal	As at 1 July 2017	Charge for the year	Disposal	As at 30 June 2018	
								%
Office Equipment	3,519,497	80,880	(1,150,575)	2,378,207	434,072	(1,150,575)	1,661,704	15% & 30%
Furniture and Fixtures	1,782,590	194,366	-	1,976,956	215,834	-	913,667	15%
Vehicles	1,624,088	732,000	(1,554,188)	801,900	129,145	(1,554,188)	163,727	20%
	6,926,175	1,007,246	(2,704,763)	5,228,658	779,051	(2,704,763)	2,739,098	

**5.2.1** The gross carrying amount (cost) of fully depreciated assets that are still in use is Rs. 1,459,609 (30 June 2018: Rs. 1,119,609).

	<b>Note</b>	<b>31 December 2018 (Un-audited) Rupees</b>	<b>30 June 2018 (Audited) Rupees</b>
<b>6 Intangible assets</b>			
<b>Computer Software</b>	<b>6.1</b>	-	-
		-	-
<b>6.1 Computer software</b>			
Cost		1,295,000	1,295,000
Amortization		(1,295,000)	(1,295,000)
Balance as at 31 December		-	-

## 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 was to undertake brokerage business and thereby utilize the TREC. The Modaraba obtained permission from SECP vide letter dated 21 October 2016 to form a wholly owned subsidiary to undertake brokerage business and the subsidiary was incorporated on 29 November 2016.

	<b>Note</b>	<b>31 December 2018 (Un-audited) Rupees</b>	<b>30 June 2018 (Audited) Rupees</b>
<b>8 Long term musharikhah investment - secured</b>			
Musharikhah investment		915,648,967	905,484,057
Less: Current portion of long term musharikhah investment	11	(504,270,140)	(463,186,995)
		411,378,827	442,297,062
<b>9 Long term morabaha investment - secured</b>			
Long term morabaha investment		22,958,477	26,545,141
Add: Unearned morabaha income		3,158,861	4,649,209
		26,117,338	31,194,350
Less: Current maturity	11	(4,671,837)	(4,884,525)
		21,445,501	26,309,825
Less: Provision for doubtful morabaha investment		(8,800,000)	(8,800,000)
		12,645,501	17,509,825





	31 December 2018 (Un-audited) Rupees	30 June 2018 (Audited) Rupees
<b>11 Current maturity of long term investment</b>		
Morabaha investment	3,179,993	3,179,993
Add: Unearned morabaha income	1,491,844	1,704,532
	<b>4,671,837</b>	4,884,525
Musharikah investment	504,270,140	463,186,995
Less: Provision against musharikah investment	(13,709,526)	(8,762,350)
	<b>490,560,614</b>	454,424,645
	<b>495,232,451</b>	459,309,170

## 12 Long term musharikah finance - secured

During the period the modaraba has further availed musharikah finance facilities from The Bank of Punjab having approved limits of Rs.1,505 million (30 June 2018: Rs.1,405 million). These facilities are secured by way of first pari passu charge over present and future fixed assets of Modaraba for amount of Rs. 860 million and first pari passu charge over present and future current assets of Modaraba for an amount of Rs. 1,040 million. The estimated share of profit payable on musharikah facilities is 3 Month-KIBOR (30 June 2018: 3 Month-KIBOR).

	31 December 2018 (Un-audited) Rupees	30 June 2018 (Audited) Rupees
<b>13 Profit payable</b>		
Musharikah finance	25,250,521	18,323,102
Redeemable capital	4,838,951	3,215,070
	<b>30,089,472</b>	21,538,172

## 14 Contingencies and commitments

### 14.1 Contingencies

There are no significant changes in contingent liabilities since the last published financial statements as at 30 June 2018.

### 14.2 Commitments

Musharikah commitments that have been approved, but not disbursed as on balance sheet date, amount to Rs. 58.68 million. (30 June 2018: Rs. 41.38 million).



		Six months ended	
		31 December 2018 (Un-audited) Rupees	31 December 2017 (Un-audited) Rupees
<b>15</b>	<b>Administrative expenses</b>		
	Salaries and benefits	11,525,787	9,990,586
	Traveling and conveyance	81,865	67,824
	Legal and professional	393,370	381,922
	Printing and stationary	325,113	427,144
	Insurance	129,784	253,877
	Fee and subscription	781,926	829,484
	Auditor's remuneration	267,470	267,470
	Repair and maintenance	226,886	384,375
	Vehicle running and maintenance	245,485	71,321
	Power and utilities	519,697	569,287
	Entertainment expenses	203,738	203,316
	Advertisement	-	73,399
	Telephone and postage	182,555	198,809
	Corporate expenses	263,096	190,035
	Rent rates and taxes	-	98,800
	Selling and marketing expenses	757,133	803,337
	Depreciation - own asset	379,495	397,077
	Miscellaneous expenses	392,173	550,177
		<b>16,675,573</b>	<b>15,758,240</b>
<b>16</b>	<b>Finance cost</b>		
	Financial charges on musharikah	45,636,418	32,522,373
	Financial charges on redeemable capital	16,186,896	12,602,744
	Bank charges	31,754	71,392
		<b>61,855,068</b>	<b>45,196,509</b>
<b>17</b>	<b>Taxation</b>		
	<b>Current Tax</b>		
	- Current period	(1,892,327)	(1,555,455)
	<b>Deferred</b>		
	- Relating to origination and reversal of temporary differences	-	3,498,003
		<b>(1,892,327)</b>	<b>1,942,548</b>



		Six months ended	
		31 December 2018 (Un-audited) Rupees	31 December 2017 (Un-audited) Rupees
<b>18</b>	<b>Cash flow from operating activities</b>		
	Profit before taxation	11,131,337	9,149,736
	Adjustments for:		
	Depreciation of ijarah assets	27,212,280	19,125,704
	Depreciation of assets in own use	379,495	397,077
	Gain on disposal of ijarah assets	(19,447)	(331,488)
	Gain on disposal of owned assets	(39,100)	(989,000)
	Gain on disposal of non - banking assets	(525,000)	-
	Gain on disposal of musharikhah investments	(4,083,831)	-
	Reversal of provision against impairment of ijarah assets	(12,872,346)	(622,006)
	Provision against musharikhah investment	4,947,175	49,370
	Other provisions	-	-
	Financial charges on musharikhah finances	45,636,418	32,522,373
	Financial charges on redeemable capital	16,218,650	12,674,136
		<b>76,854,294</b>	<b>62,826,166</b>
	<b>Operating profit before working capital changes</b>	<b>87,985,631</b>	<b>71,975,902</b>
	<b>Working capital changes</b>		
	(Increase)/decrease in current assets:		
	Morabaha investment	(14,423,335)	17,792,191
	Purchase of assets under ijarah arrangements	(115,959,873)	(15,572,985)
	Proceeds from transfer of ijarah assets	1,572,610	26,496,639
	Ijarah Rental Receivable - net	807,088	11,355,755
	Advances, deposits, prepayments and other receivables	24,377,574	(10,001,654)
		<b>(103,625,936)</b>	<b>30,069,946</b>
	Increase/(decrease) in current liabilities:		
	Security deposit - net	16,319,680	(20,555,500)
	Trade and other payables	(13,910,185)	(6,657,470)
		<b>2,409,495</b>	<b>(27,212,970)</b>
		<b>(101,216,441)</b>	<b>2,856,976</b>
	<b>Cash (used in) / generated from operations</b>	<b>(13,230,810)</b>	<b>74,832,878</b>



## 19 Transactions with related parties

19.1 Balance outstanding at the end of period	31 December 2018 (Un-audited) Rupees	30 June 2018 (Audited) Rupees
<b>19.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)</b>		
Musharikhah finances	1,280,588,836	1,193,495,035
Profit payable on musharikhah finances	25,250,521	18,323,102
Certificates of musharikhah	400,000,000	400,000,000
Profit payable on certificates of musharikhah	4,838,951	3,215,070
<b>19.1 Transactions during the period</b>	<b>31 December 2018 (Un-audited) Rupees</b>	<b>31 December 2017 (Un-audited) Rupees</b>
<b>19.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)</b>		
Bank charges	31,754	71,392
Profit charged on finances	45,636,418	32,522,373
Profit charged on certificates of Musharikhah	16,186,896	12,602,744
<b>Punjab Modaraba Services (Pvt.) Limited</b>		
Profit distribution	6,660,347	6,660,347
<b>Punjab Capital Securities (Pvt.) Limited (Wholly owned Subsidiary of Modaraba)</b>		
Investment in subsidiary	-	26,500,000

## 20 Reconciliation of liabilities arising from financing activities

	Audited 30 June 2018	Availed During the period	Repaid / Redeemed During the period	Un-audited 31 December 2018
	----- (Rupees) -----			
Long Term Musharikhah Finance - Secured	1,193,495,035	628,314,602	(541,220,801)	1,280,588,836
Redeemable Capital - Participatory and Unsecured	400,000,000	408,000,000	(400,000,000)	408,000,000

## 21 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.



At reporting date, the Modaraba does not hold any financial instruments which are required to be measured under any valuation method and which falls under any of the levels in the prescribed hierarchy.

The carrying amounts of all the financial instruments reflected in these financial statements approximate their fair value.

## 22 Financial risk management

The Modaraba's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2018.

## 23 Date of authorization

This unaudited condensed interim financial statements for the six months ended 31 December 2018 was authorized for issue by the Board of Directors of the Management Company on February 27, 2019.

## 24 Corresponding figures

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. However, no significant reclassifications have been made during the year except as given below:

Profit distribution	From	To	2017 (Rupees)
Advance paid for Software	Intangibles	Advances, deposits, prepayments and other receivables	900,000

## 25 General

Figures have been rounded off to the nearest rupee.

**Chief Financial officer**  
Punjab Modaraba Services  
( Private ) Limited

**Chief Executive**  
Punjab Modaraba Services  
( Private ) Limited

**Director**  
Punjab Modaraba Services  
( Private ) Limited

**Director**  
Punjab Modaraba Services  
( Private ) Limited



**CONSOLIDATED  
FINANCIAL INFORMATION**  
for the period ended  
December 31, 2018



# First Punjab Modaraba

## Consolidated Condensed Interim Balance Sheet

As at December 31, 2018

<b>ASSETS</b>	<b>Note</b>	<b>31 December 2018 (Un-Audited) Rupees</b>	<b>30 June 2018 (Audited) Rupees</b>
<b>Non current assets</b>			
Tangible fixed assets	5	<b>321,932,340</b>	225,737,910
Ijarah assets		<b>5,262,681</b>	4,287,718
Assets in own use		<b>7,175,000</b>	6,500,000
Intangible assets	6	<b>10,308,698</b>	10,308,698
Shares available for Sale		<b>411,378,827</b>	442,297,062
Long term musharikhah investment - secured	7	<b>12,645,501</b>	17,509,825
Long term morabaha investment - secured	8	<b>2,771,309</b>	2,771,309
Long term deposits		<b>61,834,231</b>	61,834,231
Deferred tax asset		<b>833,308,587</b>	771,246,753
<b>Current assets</b>			
Short term morabaha investment - secured	9	<b>271,907,010</b>	253,021,468
Current maturity of long term investment	10	<b>495,232,451</b>	459,309,170
Advances, deposits, prepayments and other receivables		<b>129,012,358</b>	125,208,450
Ijarah rental receivable		<b>298,720,085</b>	295,654,829
Tax refundable		<b>7,151,466</b>	4,137,232
Cash and bank balances		<b>56,251,489</b>	78,128,117
		<b>1,258,274,859</b>	1,215,459,266
<b>TOTAL ASSETS</b>		<b>2,091,583,446</b>	1,986,706,019
<b>EQUITY AND LIABILITIES</b>			
Authorized certificate capital		<b>500,000,000</b>	500,000,000
50,000,000 modaraba certificates of Rs. 10 each			
Issued, subscribed and paid-up certificate capital 34,020,000 (30 June 2018: 34,020,000) certificates of Rs. 10 each		<b>340,200,000</b>	340,200,000
Capital reserve		<b>211,960,411</b>	211,960,411
Reserves		<b>(371,272,880)</b>	(365,244,416)
		<b>180,887,531</b>	186,915,995
<b>Non current liabilities</b>			
Security deposits		<b>37,873,380</b>	21,029,947
Long term musharikhah finance-secured	11	<b>1,280,588,836</b>	1,193,495,035
		<b>1,318,462,216</b>	1,214,524,982
<b>Current liabilities</b>			
Current maturity of long term security deposits		<b>90,977,622</b>	91,501,375
Deferred morabaha income		<b>4,503,237</b>	5,118,043
Redeemable capital - participatory and unsecured		<b>408,000,000</b>	400,000,000
Profit payable	12	<b>30,089,472</b>	21,538,172
Trade and other payables		<b>37,299,475</b>	49,745,181
Unclaimed profit		<b>18,413,791</b>	16,361,577
Provision for taxation		<b>2,950,101</b>	1,000,694
		<b>592,233,698</b>	585,265,042
<b>Contingencies and commitments</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,091,583,446</b>	1,986,706,019

The attached notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

**Chief Executive**  
Punjab Modaraba Services  
(Private) Limited

**Chief Financial officer**  
Punjab Modaraba Services  
(Private) Limited

**Director**  
Punjab Modaraba Services  
(Private) Limited

**Director**  
Punjab Modaraba Services  
(Private) Limited

**Consolidated Condensed Interim Profit and Loss Account(Un-Audited)**

For the period ended December 31, 2018

Note	2018		2017	
	Six months Ended	Three months Ended	Six months Ended	Three months Ended
	31 December 2018	31 December 2018	31 December 2017	31 December 2017
----- (Rupees) -----				
<b>Income</b>				
Ijarah rentals	51,018,902	28,452,090	35,414,984	19,316,772
Profit on morabaha investment	2,510,655	885,335	2,442,346	947,588
Profit on musharikhah investment	43,646,219	18,924,288	46,432,211	24,432,808
Income from Brokerage	5,073,804	2,741,497	790,133	-
Gain on disposal of fixed assets	4,667,378	3,452,602	1,320,488	1,210,716
Other income	9,269,206	7,357,411	3,469,512	1,999,615
	116,186,165	61,813,224	89,869,674	47,907,499
<b>Expenses</b>				
Administrative expenses	14 22,784,440	11,354,977	19,295,250	10,131,255
Depreciation of ijarah assets	27,212,279	15,196,337	19,125,704	9,760,690
Finance cost	15 61,858,672	34,091,323	45,203,076	22,386,305
	111,855,392	60,642,638	83,624,030	42,278,250
Operating profit/(loss) before provision	4,330,772	1,170,585	6,245,644	5,629,249
Reversal / (Provision) for impairment of ijarah assets	12,872,346	8,448,862	622,006	622,006
Reversal / (Provision) for musharikhah investment	(4,947,175)	(4,947,175)	(49,370)	(49,370)
	7,925,171	3,501,687	572,636	572,636
Operating profit after provision and impairment	12,255,943	4,672,272	6,818,280	6,201,885
Modaraba Company's management fee	-	-	-	-
	12,255,943	4,672,272	6,818,280	6,201,885
Taxation	16 (1,949,407)	(2,160,144)	1,815,447	(277,522)
Profit for the period	10,306,536	2,512,128	8,633,727	5,924,363
Earnings per certificate - basic & diluted	0.30	0.07	0.25	0.17

The attached notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.



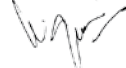
**Chief Executive**  
Punjab Modaraba Services  
(Private) Limited



**Chief Financial officer**  
Punjab Modaraba Services  
(Private) Limited



**Director**  
Punjab Modaraba Services  
(Private) Limited



**Director**  
Punjab Modaraba Services  
(Private) Limited





## Consolidated condensed Interim Statement of Comprehensive Income (Un-Audited)

For the period ended December 31, 2018

Note	2018		2017	
	Six months Ended	Three months Ended	Six months Ended	Three months Ended
	31 December 2018	31 December 2018	31 December 2017	31 December 2017
----- (Rupees) -----				
<b>Income</b>				
Income for the period	10,306,536	2,512,128	13,596,824	8,834,369
Gain on revaluation of available for sale investments	675,000	-	-	-
<b>Total comprehensive income for the period</b>	<b>10,981,536</b>	<b>2,512,128</b>	<b>13,596,824</b>	<b>8,834,369</b>

The attached notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Chief Executive  
Punjab Modaraba Services  
( Private ) Limited

Chief Financial officer  
Punjab Modaraba Services  
( Private ) Limited

Director  
Punjab Modaraba Services  
( Private ) Limited

Director  
Punjab Modaraba Services  
( Private ) Limited



## Consolidated Statement of Changes in Equity (Un-Audited)

For the period ended December 31, 2018

	Certificate capital	Capital Reserve Statutory reserves	Revenue Reserve Accumulated loss	Total
	(Rupees)			
<b>Income</b>				
<b>Balance as at July 1, 2017</b>	340,200,000	207,475,176	(366,175,358)	181,499,818
Profit for the period	-	-	8,633,727	8,633,727
Other comprehensive income for the period	-	-	544,409	544,409
Transactions with owners				
Final dividend for the year ended June 30, 2017 at Rs. 0.5 per certificate	-	-	(17,010,000)	(17,010,000)
<b>Balance as at December 31, 2017</b>	340,200,000	207,475,176	(374,007,222)	173,667,954
<b>Balance as at July 1, 2018</b>	<b>340,200,000</b>	<b>211,960,411</b>	<b>(365,244,416)</b>	<b>186,915,995</b>
Profit for the period	-	-	10,306,536	10,306,536
Other comprehensive income for the period	-	-	675,000	675,000
Transactions with owners				
Final dividend for the year ended June 30, 2018 at Rs. 0.5 per certificate	-	-	(17,010,000)	(17,010,000)
<b>Balance as at December 31, 2018</b>	<b>340,200,000</b>	<b>211,960,411</b>	<b>(371,272,880)</b>	<b>180,887,531</b>

The attached notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Chief Executive  
Punjab Modaraba Services  
( Private ) Limited

Chief Financial officer  
Punjab Modaraba Services  
( Private ) Limited

Director  
Punjab Modaraba Services  
( Private ) Limited

Director  
Punjab Modaraba Services  
( Private ) Limited



## Consolidated Condensed Interim Cash Flow Statement (Un-Audited)

For the period ended December 31, 2018

<b>ASSETS</b>	<b>Note</b>	<b>31 December 2018 (Un-audited) Rupees</b>	<b>31 December 2017 (Un-audited) Rupees</b>
<b>Cash flow from Operating activities</b>			
Cash generated from operations	17	(38,112,391)	69,213,453
Profit paid on certificates of musharikhah		(14,594,769)	(12,602,738)
Profit paid on musharikhah finances		(38,708,999)	(33,406,077)
Taxes paid		(3,014,233)	(2,277,599)
		(56,318,001)	(48,286,414)
<b>Net cash (used in) / generated from operating activities</b>		<b>(94,430,391)</b>	<b>20,927,039</b>
<b>Cash flow from investing activities</b>			
Musharikhah investment		(6,081,079)	9,879,739
Proceeds from disposal of fixed assets		58,000	996,501
Investment in subsidiary		-	-
Purchase of fixed assets in own use		(1,559,174)	(1,014,436)
<b>Net cash used in from investing activities</b>		<b>(7,582,253)</b>	<b>9,861,804</b>
<b>Cash flow from financing activities</b>			
Musharikhah finances obtained		87,093,801	53,038,846
Redeemable capital issued		8,000,000	-
Profit distributions among the certificate holders		(14,957,786)	(15,226,274)
<b>Net cash generated from financing activities</b>		<b>80,136,015</b>	<b>37,812,572</b>
<b>Net increase in cash and cash equivalents</b>		<b>(21,876,628)</b>	<b>68,601,415</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>78,128,117</b>	<b>59,707,426</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>56,251,489</b>	<b>128,308,841</b>

The attached notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

**Chief Executive**  
Punjab Modaraba Services  
(Private) Limited

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Punjab Modaraba Services  
(Private) Limited

**Director**  
Punjab Modaraba Services  
(Private) Limited

**Director**  
Punjab Modaraba Services  
(Private) Limited



## Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

For the period ended December 31, 2018

### 1 THE GROUP AND ITS OPERATIONS

#### 1.1 The "Group" Consist of :

##### Holding Company

##### - First Punjab Modaraba

Percentage of holding	Dec-18	Jun-18
Subsidiary Company	100	100
Punjab Capital Securities (Pvt.) Limited		

Brief profiles of the holding company and subsidiaries are as follows :

#### 1.2 Status and nature of business

First Punjab Modaraba (the Group) Comprises First Punjab Modaraba (the Modaraba) and a wholly owned subsidiary, Punjab Capital Securities (Pvt) Limited. First Punjab Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of The Bank of Punjab), a company incorporated in Pakistan. The registered office of the Modaraba is situated at office No. 100, 4th floor, Mega Tower Main Boulevard Gulberg, Lahore. The Modaraba commenced its operations from 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

The Modaraba is a perpetual, multi purpose and multi dimensional modaraba and is primarily engaged in the business of ijarah, musharika and morabaha financing, equity investment and other related business in accordance with the injunctions of Islam.

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 Company is mainly engaged in the business of brokerage services, portfolio management and consultancy services

#### 2 Basis of preparation

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by SECP differ with the requirements of IFRSs or IFAS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the SECP prevail.

This condensed interim financial information is un-audited. This interim financial information of the Modaraba for the period ended 31 December 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS)-34 "Interim Financial Reporting". This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended 30 June 2018.

This condensed interim financial information is being submitted to the certificate holders as required under the Rule 10 of Modaraba Companies and Modaraba Rules, 1981.

The comparative balance sheet presented in this condensed interim financial information as at 31 December 2018 has been extracted from the audited financial statements of the Modaraba for the year ended 30 June 2018, whereas the comparative profit and loss account and statement of comprehensive income, cash flow statement and statement of changes in equity have been extracted from the condensed interim financial information for the period ended 31 December 2017.



## 3 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 30 June 2018, except as follows:

New / Revised Standards, Interpretations and Amendments

The Modaraba has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IAS 40- Transfers to Investment Property (Amendments)

IFRS 2- Share based Payments — Classification and Measurement (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IFRS 15 - Revenue from Contracts with Customers

Further, IFRS - 9 "Financial Instruments" replaces IAS - 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 July 2018. However, the Securities and Exchange Commission of Pakistan vide its notification dated 14 February 2019 has deferred the applicability of IFRS - 9 on interim period ending before 30 June 2019. Therefore, these unconsolidated condensed interim financial statements do not include the impact of adoption of the standard.

The adoption of the above revision, amendments and interpretations of the standards did not have any material effect on the condensed interim financial statements. Such change does not financially impact these unconsolidated condensed interim financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Modaraba expects that such improvements to the standards do not have any material impact on the Modaraba 's unconsolidated condensed interim financial statements for the period.

## 4 Significant accounting estimates and judgements

The preparation of these consolidated condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Modaraba's accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for year ended 30 June 2018.

	Note	31 December 2018 (Un-audited) Rupees	30 June 2018 (Audited) Rupees
<b>5 Tangible fixed assets</b>			
Ijarah assets	5.1	<b>321,932,340</b>	225,737,910
Assets in own use	5.2	<b>5,262,681</b>	4,287,718
		<b>327,195,021</b>	230,025,628



## 5.1 Ijarah assets

December 2018 (Un-Audited)

Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE		Depreciation Rate		
	As at 1 July 2018	Additions	Transfer	As at 31 Dec 2018	As at 1 July 2018	Charge for the period	Transfer	As at 31 Dec 2018	As at 1 July 2018	Reversal for the period	Transfer		As at 31 Dec 2018	As at 31 Dec 2018
-----Rupees-----														
Plant and machinery	641,915,470	245,000	(1,654,500)	640,505,970	505,531,112	4,968,766	(1,482,796)	509,017,082	29,593,102	(9,000,000)	-	20,593,102	110,895,786	As per term
Vehicle	220,786,051	109,078,000	(2,076,283)	327,787,768	110,518,929	17,536,385	(698,896)	127,356,418	1,104,397	-	-	1,104,397	199,326,953	As per term
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	-	As per term
Consumer products	20,608,226	6,658,500	(25,699)	27,241,027	10,824,297	4,707,129	-	15,531,426	-	-	-	-	11,709,601	As per term
	896,862,351	115,981,500	(3,756,482)	1,009,087,369	640,426,942	27,212,280	(2,181,692)	665,457,530	30,697,499	(9,000,000)	-	21,697,499	321,932,340	As per term

June - 2018 (Audited)

Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE		%	
	As at 1 July 2017	Additions	Transfer	As at 30 June 2018	As at 1 July 2017	Charge for the year	Transfer	As at 30 June 2018	As at 1 July 2017	Reversal for the year	Transfer		As at 30 June 2018

**5.1.1** Transfers represent the assets disposed through negotiation after expiry / termination of Ijarah. However, in view of large number of disposals, detail of each disposal has not been given.

**5.1.2** The gross carrying amount (cost) of fully depreciated assets that are still in use is Rs. 634,195,971 (30 June 2018: Rs. 633,608,701).



## 5.2 Assets in own use

December 2018 (Un-Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
	As at 1 July 2018	Additions	Disposal	As at 1 July 2018	Charge for the period	Disposal	As at 31 Dec 2018	
								%
Office Equipment	3,156,804	180,274	(124,400)	3,218,078	240,047	(105,500)	1,958,505	15% & 30%
Furniture & Fixtures	2,698,441	-	-	2,698,441	150,897	-	1,212,156	15%
Vehicles	801,900	1,373,500	-	2,175,400	72,456	-	236,183	20%
Computer Products	1,175,180	-	-	1,175,180	101,911	597,574	577,606	20%
	7,832,325	1,553,774	(124,400)	9,267,099	565,311	(105,500)	4,004,418	
							5,262,681	

June 2018 (Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
	As at 1 July 2017	Additions	Disposal	As at 30 June 2018	Charge for the year	Disposal	As at 30 June 2018	
								%
Office Equipment	4,214,409	92,970	(1,150,575)	3,156,804	535,521	(1,150,575)	1,823,958	15% & 30%
Furniture & Fixtures	2,450,225	248,216	-	2,698,441	309,885	-	1,061,259	15%
Vehicles	1,624,088	732,000	(1,554,188)	801,900	129,145	(1,554,188)	163,727	20%
Computer Products	1,170,180	5,000	-	1,175,180	290,881	-	495,663	20%
	9,458,902	1,078,186	(2,704,763)	7,832,325	1,265,432	(2,704,763)	3,544,607	
							4,287,718	

**5.1.1** The gross carrying amount (cost) of fully depreciated assets that are still in use is Rs. 1,459,609 (30 June 2018: Rs. 1,119,609).

	<b>Note</b>	<b>31 December 2018 (Un-audited) Rupees</b>	<b>30 June 2018 (Audited) Rupees</b>
<b>6 Intangible assets</b>			
Brokerage Assets	6.1	<b>7,175,000</b>	6,500,000
		<b>7,175,000</b>	6,500,000

**6.1** Brokerage Assets include trading Rights Entitlement Certificate and Room at LSE Building.

	<b>Note</b>	<b>31 December 2018 (Un-audited) Rupees</b>	<b>30 June 2018 (Audited) Rupees</b>
<b>7 Musharikah Investment</b>			
Musharikah investment		<b>915,648,967</b>	905,484,057
Less: Current portion of long term musharikah investment	10	<b>(504,270,140)</b>	(463,186,995)
		<b>411,378,827</b>	442,297,062

**8 Long term morabaha investment - secured**

Long term morabaha investment		<b>22,958,477</b>	26,545,141
Add: Unearned morabaha income		<b>3,158,861</b>	4,649,209
		<b>26,117,338</b>	31,194,350
Less: Current maturity	10	<b>(4,671,837)</b>	(4,884,525)
		<b>21,445,501</b>	26,309,825
Less: Provision for doubtful morabaha investment		<b>(8,800,000)</b>	(8,800,000)
Total long term morabaha investment net		<b>12,645,501</b>	17,509,825

**9 Short term morabaha investment-secured**

Short term morabaha Investment		<b>506,124,013</b>	488,114,013
Add: Unearned morabaha income		<b>1,344,376</b>	468,834
		<b>507,468,389</b>	488,582,847
Less: Provision for doubtful finances		<b>(235,561,379)</b>	(235,561,379)
		<b>271,907,010</b>	253,021,468





	<b>Note</b>	<b>31 December 2018 (Un-audited) Rupees</b>	<b>30 June 2018 (Audited) Rupees</b>
<b>10 Current maturity of long term investment</b>			
Morabaha investment		<b>4,671,837</b>	4,884,525
Add: Unearned morabaha income		-	-
		<b>4,671,837</b>	4,884,525
Musharikhah investment		<b>504,270,140</b>	463,186,995
Less: Provision against musharika investment		<b>(13,709,526)</b>	(8,762,350)
		<b>490,560,614</b>	454,424,645
		<b>495,232,451</b>	459,309,170

## 11 Musharikhah finances - secured

During the period the modaraba has availed musharikhah finance facilities from The Bank of Punjab having approved limits of Rs.1,505 million (June 30, 2018: Rs.1,405 million). These facilities are secured by way of first pari passu charge over present and future fixed assets of Modaraba for amount of Rs. 860 million and first pari passu charge over present and future current assets of Modaraba for an amount of Rs. 1,040 million. The estimated share of profit payable on musharikhah facilities is 3 Month-KIBOR (June 30, 2018: 3 Month-KIBOR).

	<b>Note</b>	<b>31 December 2018 (Un-audited) Rupees</b>	<b>30 June 2018 (Audited) Rupees</b>
<b>12 Profit Payable</b>			
Musharikhah Finance		<b>25,250,521</b>	18,323,102
Redeemable Capital		<b>4,838,951</b>	3,215,070
		<b>30,089,472</b>	21,538,172

## 13 Contingencies and commitments

### 13.1 Contingencies

There are no significant changes in contingent liabilities since the last published financial statements as at June 30, 2018.

### 13.2 Commitments

Musharikhah commitments that have been approved, but not disbursed as on balance sheet date, amount to Rs. 58.68 million. (June 30, 2018:Rs. 41.38).



	31 December 2018 (Un-audited) Rupees	31 December 2017 (Un-audited) Rupees
<b>14 Administrative expenses</b>		
Salaries and benefits	16,127,917	12,548,060
Traveling and conveyance	96,045	71,224
Legal and professional	537,994	575,959
Printing and stationary	376,351	488,978
Insurance	138,072	300,641
Fee and subscription	1,308,428	869,484
Auditor's remuneration	267,470	267,470
Repair and maintenance	301,956	462,950
Vehicle running and maintenance	245,485	71,321
Power and utilities	720,863	618,560
Entertainment expenses	249,644	248,530
Advertisement	-	73,399
Telephone and postage	182,555	198,809
Corporate expenses	263,096	275,032
Rent rates and taxes	13,027	111,212
Selling and marketing expenses	997,215	803,337
Miscellaneous expenses	393,009	550,177
Depreciation-own asset	565,313	636,480
Brokerage Transaction Cost	-	123,627
	<b>22,784,440</b>	<b>19,295,250</b>
<b>15 Finance cost</b>		
Financial charges on musharikhah	45,636,418	32,522,373
Financial charges on redeemable capital	16,186,896	12,602,744
Bank charges	35,358	77,959
	<b>61,858,672</b>	<b>45,203,076</b>
<b>16 Taxation</b>		
<b>Current Tax</b>		
- Current period	(1,949,407)	(1,682,556)
<b>Deferred</b>		
- Relating to origination and reversal of temporary differences	-	3,498,003
	<b>(1,949,407)</b>	<b>1,815,447</b>



# First Punjab Modaraba

	31 December 2018 (Un-audited) Rupees	31 December 2017 (Un-audited) Rupees
<b>17 Cash flow from operating activities</b>		
Profit for the period	12,255,943	6,818,280
Adjustments for:		
Depreciation of ijarah assets	27,212,280	19,125,704
Depreciation of assets in own use	565,311	397,077
Gain on disposal of ijarah assets	(19,447)	(331,488)
Gain on disposal of owned assets	(39,100)	(989,000)
Gain on disposal of non - banking assets	(525,000)	-
Gain on disposal of musharikhah investments	(4,083,831)	-
Reversal of provision against impairment of ijarah assets	(12,872,346)	(622,006)
Provision against musharikhah investment	4,947,175	49,370
Financial charges on musharikhah finances	45,059,155	32,522,373
Financial charges on redeemable capital	16,218,650	12,674,136
	<b>76,462,847</b>	<b>62,826,166</b>
<b>Operating profit before working capital changes</b>	<b>88,718,790</b>	<b>69,644,446</b>
<b>Working capital changes</b>		
(Increase)/decrease in operating assets:		
Musharika investment	-	-
Morabaha investment	(14,423,335)	17,792,191
Purchase of assets under ijarah arrangements	(115,959,873)	(15,572,985)
Proceeds from transfer of ijarah assets	1,572,610	26,496,638
Long term deposits	-	(1,776,909)
Ijarah Rental Receivable - net	807,088	
Advances, deposits, prepayments and other receivables	(2,701,645)	(7,077,669)
	<b>(130,705,155)</b>	<b>19,861,266</b>
Increase/(decrease) in operating liabilities:		
Security deposits refunded	16,319,680	(20,555,500)
Trade and other payables	(12,445,706)	263,241
	<b>3,873,974</b>	<b>(20,292,259)</b>
	<b>(126,831,181)</b>	<b>(430,993)</b>
<b>Cash generated from operations</b>	<b>(38,112,391)</b>	<b>69,213,453</b>
<b>18 Transactions with related parties</b>		



<b>18.1 Balance outstanding at the end of period</b>	<b>31 December 2018 (Un-audited) Rupees</b>	<b>30 June 2018 (Audited) Rupees</b>
<b>18.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)</b>		
Musharikah finances	<b>1,280,588,836</b>	1,193,495,035
Profit payable on Musharikah finances	<b>25,250,521</b>	18,323,102
Certificates of Musharikah	<b>400,000,000</b>	400,000,000
Profit payable on Certificates of Musharikah	<b>4,838,951</b>	3,215,070
<b>18.1.2 Punjab Modaraba Services (Private) Limited Profit distribution</b>	<b>6,660,347</b>	6,660,347
<b>18.2 Transactions during the period</b>	<b>July to December 2018 (Un-Audited) Rupees</b>	<b>July to December 2017 (Un-Audited) Rupees</b>
<b>18.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)</b>		
Bank charges	<b>35,358</b>	77,959
Profit charged on finances	<b>45,636,418</b>	32,522,373
Profit charged on certificates of Musharikah	<b>16,186,896</b>	12,602,744

## 19 Reconciliation of liabilities arising from financing activities

	<b>Audited 30 June 2018</b>	<b>Availed During the period</b>	<b>Repaid / Redeemed During the period</b>	<b>Un-audited 31 December 2018</b>
	----- (Rupees) -----			
Long Term Musharikah Finance - Secured	1,193,495,035	628,314,602	(541,220,801)	1,280,588,836
Redeemable Capital - Participatory and Unsecured	400,000,000	408,000,000	(400,000,000)	408,000,000

## 20 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

At reporting date, the Modaraba does not hold any financial instruments which are required to be measured under any valuation method and which falls under any of the levels in the prescribed hierarchy.

The carrying amounts of all the financial instruments reflected in these financial statements approximate their fair value.



## 21 Financial risk management

The Modaraba's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2018.

## 22 Date of authorization

This unaudited interim financial information for six months ended 31 December 2018 was authorized for issue by the Board of Directors of the Management Company on February 27, 2019.

## 23 Corresponding figures

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. However, no significant reclassifications have been made during the year except as given below:

Profit distribution	From	To	2017 (Rupees)
Advance paid for Software	Intangibles	Advances, deposits, prepayments and other receivables	900,000

## 24 General

Figures have been rounded off to the nearest rupee.

**Chief Financial officer**  
Punjab Modaraba Services  
( Private ) Limited

**Chief Executive**  
Punjab Modaraba Services  
( Private ) Limited

**Director**  
Punjab Modaraba Services  
( Private ) Limited

**Director**  
Punjab Modaraba Services  
( Private ) Limited



## First Punjab Modaraba

Managed by:

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

(A wholly owned subsidiary of The Bank of Punjab)

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