

Growth + Prosperity



First Punjab Modaraba
(An Islamic Financial Institution)

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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
Umer Iqbal Sheikh	Director
Imran Bashir	Director

Chief Financial Officer & Company Secretary

Mudassar Kaiser Pal

Audit Committee

Imran Bashir	Chairman
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, 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 nine months results of the Modaraba, together with Directors' report, for nine months ended March 31, 2020.

According to the State Bank of Pakistan, Pakistan's economy had clearly moved out of the crisis-management mode before the Covid-19 infections started to be detected in the country. Since then, the worsening outlook for global and domestic economic activity has been noted. Domestically, high-frequency indicators of activity—including retail sales, credit card spending, cement production, export orders, tax collections and mobility data suggest a significant slowdown in most parts of the economy in recent weeks. On the inflation front, a marked reduction in inflation momentum has been observed. While there is exceptionally high uncertainty about the severity and duration of the Coronavirus shock, the developments discussed above imply further downward revision in the outlook for growth and inflation. On the positive note, government's decision to permit construction activities in the country is expected to bring healthy improvement in the economy.

The economic slow-down and exorbitant increase of 48.4% in financial cost absorbed increase in total revenue of 23%. The recovery from non-performing assets also remained subdued and contributed towards reversal of provision of Rs.3.50 million only. The bottom line remained negative to the tune of Rs.7.72 million. The wholly owned subsidiary i.e. Punjab Capital Securities (Pvt) Limited was able to sustain the modest profitability despite crushing decline of the stock market.

Going forward, the Modaraba will continue with its policy of booking of fresh assets though with extra cautious approach. The recovery from non-performing assets, through litigation and / or out-of-court settlement will remain the other equally vital objective of the Modaraba. The outcomes, however, would largely depend on the extent of impact made by the Covid-19 outbreak in coming days.

The Board is grateful for the continuous guidance and support extended by the Registrar Modaraba, Securities & Exchange Commission of Pakistan and hopes to benefit from it in future as well. The Board is also thankful for the patronage extended by the certificate holders.

For and on behalf of the Board of Directors



Chief Executive
Punjab Modaraba Services
(Private) Limited



Director
Punjab Modaraba Services
(Private) Limited

Lahore: April 28, 2020

ڈائریکٹرز کی رپورٹ

پنجاب مودار بہ سروسز (پرائیویٹ) لمیٹڈ جو فرسٹ پنجاب مودار بہ کی انتظامی کمپنی ہے، اس کے بورڈ آف ڈائریکٹرز 31 مارچ 2020 کے نو ماہی نتائج اور ڈائریکٹر رپورٹ مسرت کے ساتھ پیش کرتے ہیں۔

اسٹیٹ بینک آف پاکستان کے مطابق، ملک میں کوویڈ 19 کے انفیکشن کی شناخت سے پہلے پاکستان کی معیشت واضح طور پر بحران سے نکل چکی تھی۔ تب سے عالمی اور مقامی معاشی سرگرمیوں کے لئے بگڑتے ہوئے حالات کو نوٹ کیا جا رہا ہے۔ مقامی طور پر معاشی سرگرمیاں بشمول ریٹیل فروخت، ادائیگی بڑی ریڈ کارڈ، سیمنٹ کی پیداوار، برآمدات کے احکامات، ٹیکس کی وصولی اور نقل و حرکت کے اعداد و شمار حالیہ ہفتوں میں معیشت کے بیشتر حصوں میں نمایاں سست روی کی نشان دہی کرتے ہیں۔ افراط زر کی رفتار میں واضح کمی دیکھی گئی ہے۔ اگرچہ کورونا وائرس کے جھٹکے کی شدت اور مدت کے بارے میں غیر یقینی صورتحال موجود ہے لیکن افراط زر اور معاشی نمو مزید نیچے کی جانب جانے کا اشارہ ہے۔ علاوہ ازیں مثبت پہلو یہ ہے کہ تعمیراتی سرگرمیوں کی اجازت کے حکومتی فیصلے سے معیشت میں سختندانہ بہتری کی توقع ہے۔

معاشی سست روی اور مالی لاگت میں 48.4% کے غیر معمولی اضافے نے کل آمدنی میں 23% اضافے کو ضم کر لیا۔ غیر نادر ہندہ اثاثوں سے بازیابی بھی کم رہی اور صرف 3.5 ملین روپے کی پرویزن کی واپسی ہو سکی۔ کل منافع منفی 7.72 ملین روپے رہا۔ اسٹاک مارکیٹ میں غیر معمولی زوال کے باوجود مکمل ملکیتی ماتحت ادارہ پنجاب کپیٹل سیکورٹیز (پرائیویٹ) لمیٹڈ معمولی منافع کو برقرار رکھنے میں کامیاب رہا۔

مودار بہ احتیاط کے ساتھ آگے بڑھتے ہوئے تازہ اثاثوں کی بکنگ جاری رکھے گی۔ نادر ہندہ اثاثوں سے بازیابی، قانونی چارہ جوئی اور/یا عدالت سے باہر تصفیے کے ذریعے رقم کی وصولی مودار بہ کا دوسرا اہم مقصد رہے گا۔ تاہم نتائج کا بڑی حد تک انحصار اس بات پر ہوگا کہ آنے والے دنوں میں کوویڈ 19 کے حالات کیا ہوں گے۔

بورڈ، رجسٹرڈ مودار بہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے دی گئی مستقل رہنمائی اور مدد کے لئے شکر گزار ہے اور مستقبل میں بھی اس کی توقع کرتا ہے۔ بورڈ، اپنے سرٹیفیکیٹ ہولڈرز کی جانب سے دی گئی سرپرستی کا بھی شکر گزار ہے۔

منجانب/ برائے بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو

لاہور، 28 اپریل 2020

ڈائریکٹر

**UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)**

AS AT 31 MARCH 2020

	Note	31 March 2020 (Un-Audited) Rupees	30 June 2019 (Audited) Rupee
ASSETS			
Non current assets			
Tangible fixed assets			
- Ijarah assets	5.1	536,949,555	363,711,083
- Assets in own use	5.2	3,219,049	3,338,201
Investment in subsidiary	6	76,500,000	76,500,000
Long term musharika investment - secured	7	269,204,690	382,757,015
Long term morabaha investment - secured	8	4,464,209	9,053,126
Long term deposits		203,444	203,444
Deferred tax asset		64,398,663	64,398,663
		954,939,610	899,961,532
Current assets			
Short term morabaha investment - secured	9	299,440,545	294,796,541
Current maturity of long term investment	10	430,198,487	479,398,426
Ijarah rental receivable		283,898,173	300,162,866
Advances, deposits, prepayments and other receivables		130,739,324	108,106,122
Tax refund due from government		3,726,116	4,145,679
Cash and bank balances		31,563,063	43,024,878
		1,179,565,708	1,229,634,512
TOTAL ASSETS		2,134,505,318	2,129,596,044
EQUITY AND LIABILITIES			
Operating (loss) / profit before provision			
Authorized certificate capital			
50,000,000 (30 June 2019: 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 2019: 34,020,000) certificates of			
Rs. 10 each		340,200,000	340,200,000
Capital reserves		216,692,528	216,692,528
Revenue reserves		(372,010,972)	(364,283,405)
		184,881,556	192,609,123
Non current liabilities			
Long term security deposits		65,105,909	51,453,730
Deferred morabaha income		8,557,648	776,860
Long term musharika finance - secured	11	657,458,690	1,223,621,569
		731,122,248	1,275,852,159
Current liabilities			
Current maturity of non current liabilities		83,764,537	95,179,731
Redeemable capital - participatory and unsecured	12	1,013,534,862	445,518,493
Profit payable	13	36,892,830	40,771,650
Trade and other payables		66,771,788	61,114,844
Provision for taxation		0	992,666
Unclaimed profit		17,537,498	17,557,378
		1,218,501,515	661,134,762
TOTAL EQUITY AND LIABILITIES		2,134,505,318	2,129,596,044

CONTINGENCIES AND COMMITMENTS

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

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


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



First Punjab Modaraba

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the nine months ended 31 March 2020

Note	2020		2019	
	Nine months Ended 31 March	Three months Ended 31 March	Nine months Ended 31 March	Three months Ended 31 March
----- (Rupees) -----				
Income				
Income from ijarah rentals	47,437,400	9,654,018	40,603,486	16,796,863
Income from morabaha financing	14,161,572	5,013,425	3,963,108	1,452,453
Income from diminishing musharaka financing	94,992,925	23,751,752	74,414,576	30,768,357
Gain on disposal of fixed assets	1,591,635	(0)	5,807,910	1,140,532
Other income	9,371,895	4,419,802	10,583,065	3,477,133
	167,555,427	42,838,997	135,372,145	53,635,338
Expenses				
Administrative expenses	15 26,039,641	9,013,471	26,186,985	9,511,412
Finance cost	16 152,738,366	43,554,936	102,922,790	41,067,722
	178,778,007	52,568,407	129,109,775	50,579,134
Operating (loss) / profit before provision	(11,222,580)	(9,729,410)	6,262,370	3,056,204
Reversal / (Provision) for impairment of ijarah assets	(14,700)	(14,700)	12,872,346	-
Reversal / (Provision) for musharika investment	3,509,713	-	(4,947,175)	-
	3,495,013	(14,700)	7,925,171	-
Operating profit after provision and impairment	(7,727,567)	(9,744,110)	14,187,541	3,056,204
Modaraba Company's management fee	-	-	-	-
	(7,727,567)	(9,744,110)	14,187,541	3,056,204
Taxation	-	342,812	(2,411,882)	(519,555)
Profit for the period	(7,727,567)	(9,401,298)	11,775,659	2,536,649
Earnings per certificate - basic and diluted	(0.23)	(0.28)	0.35	0.07

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

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Director
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(Private) Limited



UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the nine months ended 31 March 2020

Note	2020		2019	
	Nine months Ended 31 March	Three months Ended 31 March	Nine months Ended 31 March	Three months Ended 31 March
	----- (Rupees) -----			
Income for the period	(7,727,567)	(9,401,298)	11,775,659	2,536,649
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(7,727,567)	(9,401,298)	11,775,659	2,536,649

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

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

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Punjab Modaraba Services
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Director
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(Private) Limited



First Punjab Modaraba

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine months ended 31 March 2020

	Certificate capital	Capital Reserve Statutory reserves	Revenue Reserve Accumulated loss	Total
	(Rupees)			
Balance as at 01 July 2018	340,200,000	215,447,495	(352,253,538)	203,393,957
Profit for the period	-	-	11,775,659	11,775,659
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	11,775,659	11,775,659
Transactions with owners				
Profit distribution for the year ended 30 June 2018 at Rs. 0.5 per certificate	-	-	(17,010,000)	(17,010,000)
Balance as at 31 March 2019	340,200,000	215,447,495	(357,487,879)	198,159,616
Balance as at 01 July 2019	340,200,000	216,692,528	(364,283,405)	192,609,123
Profit for the period	-	-	(7,727,567)	(7,727,567)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(7,727,567)	(7,727,567)
Balance as at 31 March 2020	340,200,000	216,692,528	(372,010,972)	184,881,556

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

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

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(Private) Limited



UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the nine months ended 31 March 2020

	Note	Nine months ended	
31 March 2020		30 March 2019	
Rupees		Rupees	
Cash flow from operating activities			
Cash used in operating activities	22	(22,463,582)	(48,363,401)
Profit paid on redeemable capital		(39,358,368)	(23,692,468)
Profit paid on musharikhah finances		(117,193,710)	(64,036,576)
Taxes paid		(573,102)	(2,055,884)
		(157,125,180)	(89,784,928)
Net cash used in operating activities		(179,588,762)	(138,148,329)
Cash flow from investing activities			
Investment in musharikhah-net		166,675,114	29,138,670
Proceeds from disposal of fixed assets		-	58,000
Purchase of fixed assets in own use	5.2	(381,777)	(1,553,744)
Net cash generated from / (used in) investing activities		166,293,337	27,642,926
Cash flow from financing activities			
Musharikhah finances-net		(566,162,879)	104,212,183
Redeemable capital-net		568,016,369	3,000,000
Profit distributed among the certificate holders		(19,880)	(14,964,809)
Net cash generated from financing activities		1,833,610	92,247,374
Net (decrease) / increase in cash and cash equivalents		(11,461,815)	(18,258,029)
Cash and cash equivalents at the beginning of the period			
		43,024,878	47,169,012
Cash and cash equivalents at the end of the period		31,563,063	28,910,983

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

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

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



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 March 2020

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 3rd floor, National Tower, Egerton Road, 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 un-audited unconsolidated condensed interim financial statements of the Modaraba for the period ended 31 March 2020 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting". These unconsolidated condensed interim financial statements do 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 2019.

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.



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 2019, 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:

- IFRIC 23- Uncertainty over Income Tax Treatments
- IFRS 9 - Prepayment Features with Negative Compensation – (Amendments)
- IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)
- IAS 19 - Plan Amendment, Curtailment or Settlement – (Amendments)
- IFRS 3 - Business Combinations - Previously held Interests in a joint operation – (Amendments)
- IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation
- IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity
- IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalization
- IFRS 16 - Leases

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 2019.

5 Tangible fixed assets

	Note	31 March 2020 (Un-Audited) Rupees	30 June 2019 (Audited) Rupees
ljarah assets	5.1	536,949,555	363,711,083
Assets in own use	5.2	3,219,049	3,338,201
		540,168,604	367,049,284

5.1 Ijarah assets

March 2020 (Un-Audited)

Description	COST			DEPRECIATION				IMPAIRMENT			NET BOOK VALUE		Depreciation Rate	
	As at 1 July 2019	Additions	Transfer	As at 31 March 2020	As at 1 July 2019	Charge for the period	Transfer	As at 31 March 2020	As at 1 July 2019	Reversal for the period	Transfer	As at 31 March 2020		
-----Rupees-----														
Plant and machinery	642,228,970	6,668,305	(110,402,134)	538,495,141	513,460,204	77,54,885	(102,624,005)	418,591,084	20,593,102	-	-	20,593,102	99,310,955	As per term
Vehicle	394,616,063	209,870,536	(39,071,633)	565,414,966	150,684,139	54,395,659	(40,543,150)	164,536,648	1,104,397	-	-	1,104,397	399,773,921	As per term
Cessna aircraft	13,552,604	-	-	(13,552,604)	13,552,604	-	-	13,552,604	-	-	-	-	-	As per term
Consumer products	24,103,475	37,859,496	(1,339,521)	60,623,450	11,395,583	12,642,808	(1,279,620)	22,758,771	-	-	-	-	37,864,679	As per term
	1,074,501,112	254,398,337	(150,813,288)	1,178,086,161	689,092,530	74,793,352	(144,446,775)	619,439,107	21,697,499	-	-	21,697,499	536,949,555	

June - 2 0 1 9 (Audited)

Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE		%			
	As at 1 July 2018	Additions	Transfer	As at 30 June 2019	As at 1 July 2018	Charge for the year	Transfer	As at 30 June 2019	As at 1 July 2018	Reversal for the year	Transfer		As at 30 June 2019	As at 30 June 2019	Depreciation Rate
-----Rupees-----															
Plant and machinery	641,915,470	2,343,000	(2,029,500)	642,228,970	505,531,112	9,763,465	(1,834,373)	513,460,204	29,593,102	(9,000,000)	-	20,593,102	108,175,664	As per term	
Vehicle	220,786,051	194,220,797	(20,390,785)	394,616,063	110,518,929	42,581,925	(2,416,715)	150,684,139	1,104,397	-	-	1,104,397	242,827,527	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	14,021,402	(10,526,153)	24,103,475	10,824,297	10,044,845	(9,473,559)	11,395,583	-	-	-	-	12,707,892	As per term	
	896,862,351	210,585,199	(32,946,438)	1,074,501,112	640,426,942	62,390,236	(13,724,647)	689,092,530	30,697,499	(9,000,000)	-	21,697,499	363,711,083		

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 amounts to Rs. 549,958,201 (30 June 2019 : Rs. 634,195,971).

5.1.3 Impairment is reversed on the basis of recovery made from classified party and in accordance with Prudential regulations issued by Securities and Exchange Commission of Pakistan.



5.2 Assets in own use

March 2020 (Un-Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
			As at 1 July 2019	Charge for the period	Disposal	As at 31 March 2020	As at 31 March 2020	
	As at 1 July 2019	As at 31 March 2020	-----Rupees-----					%
Office Equipment	2,585,910	2,585,910	1,862,471	230,145	-	2,092,616	493,294	15% & 30%
Furniture & Fixtures	1,976,956	2,358,733	1,127,236	173,520	-	1,300,756	1,057,977	15%
Vehicles	2,174,400	2,174,400	409,358	97,264	-	506,622	1,667,778	20%
	6,737,266	7,119,043	3,399,065	500,929	-	3,899,994	3,219,049	

June 2019 (Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
			As at 1 July 2018	Charge for the year	Disposal	As at 30 June 2019	As at 30 June 2019	
	As at 1 July 2018	As at 30 June 2019	-----Rupees-----					%
Office Equipment	2,449,802	2,585,910	1,661,704	311,850	(111,083)	1,862,471	723,439	15% & 30%
Furniture & Fixtures	1,976,956	1,976,956	913,667	213,569	-	1,127,236	849,720	15%
Vehicles	801,900	1,372,500	163,727	245,631	-	409,358	1,765,042	20%
	5,228,658	1,643,908	2,739,098	771,050	(111,083)	3,399,065	3,338,201	

5.2.1 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 1,650,379 (30 June 2019 : Rs. 1,459,609).



6 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 (June 2019: Rs. 76,500,000).

	Note	31 March 2020 (Un-audited) Rupees	30 June 2019 (Audited) Rupees
7 Long term musharikhah investment - secured			
Long term musharikhah investment		699,774,516	866,449,630
Less: Current portion of long term musharikhah investment	10	(430,569,826)	(483,692,615)
		<u>269,204,690</u>	<u>382,757,015</u>
8 Long term morabaha investment - secured			
Long term morabaha investment		15,589,042	20,036,259
Add: Unearned morabaha income		2,503,641	2,232,204
		<u>18,092,683</u>	<u>22,268,463</u>
Less: Current portion of long term morabaha investment	10	(13,891,812)	(11,799,993)
Less: Current portion of unearned morabaha income	10	263,338	(1,415,344)
		<u>4,464,209</u>	<u>9,053,126</u>
9 Short term morabaha investment-secured			
Short term morabaha Investment		529,251,255	525,782,308
Add: Unearned morabaha income		5,750,669	4,575,612
		<u>535,001,924</u>	<u>530,357,920</u>
Less: Provision for doubtful morabaha investment		(235,561,379)	(235,561,379)
		<u>299,440,545</u>	<u>294,796,541</u>
10 Current maturity of long term investment			
Current portion of long term musharikhah investment		430,569,826	483,692,615
Less: Provision against musharika investment		(5,199,813)	(8,709,526)
		<u>425,370,013</u>	<u>474,983,089</u>
Current portion of long term morabaha investment		13,891,812	11,799,993
Add: Unearned morabaha income		(263,338)	1,415,344
Less: Provision against morabaha investment		(8,800,000)	(8,800,000)
		<u>4,828,474</u>	<u>4,415,337</u>
		<u>430,198,487</u>	<u>479,398,426</u>



11 Long term musharikhah finance - secured

The Modaraba has availed musharikhah finance facilities from The Bank of Punjab having approved limits of Rs. 1,585 million (2019: Rs. 1,585 million) maturing latest by 31 October 2020. 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, first pari passu charge over present and future current assets of Modaraba for an amount of Rs. 1,040 million and ranking charge over present and future current assets for an amount of Rs. 860 million. The estimated share of profit payable on musharikhah facilities is 3 month KIBOR per annum (2019: 3 month KIBOR per annum).

12 Redeemable capital - participatory and unsecured

During the period, additional Certificates of Musarika of Rs. 600 Million have been reissued to Bank of Punjab with a maturity of 3 months. The share of profit on all certificates is 12.25% per annum.

	31 March 2020 (Un-audited) Rupees	30 June 2019 (Audited) Rupees
13 Profit payable		
Musharikhah finance	12,903,325	34,609,950
Redeemable capital	23,989,505	6,161,700
	36,892,830	40,771,650

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 2019.

14.2 Commitments

14.2.1 Ijarah commitments approved but not disbursed as on balance sheet date amount to Rs. 2.00 million (30 June 2019: Nil).

14.2.2 MMusharikhah commitments approved but not disbursed as on balance sheet date amount to Rs.12.00 million (30 June 2019: Rs. 10.85 million).



		Nine months ended	
		31 March 2020 (Un-audited) Rupees	31 March 2019 (Un-audited) Rupees
15	Administrative expenses		
	Salaries and benefits	18,123,847	18,729,934
	Traveling and conveyance	176,588	189,356
	Depreciation - owned asset	500,929	652,439
5.2	Legal and professional	482,114	559,654
	Printing and stationary	734,159	557,633
	Insurance	260,172	255,531
	Fee and subscription	1,229,449	1,174,146
	Auditor's remuneration	235,000	267,470
	Repair and maintenance	884,546	673,485
	Vehicle running and maintenance	136,684	50,207
	Power and utilities	712,691	662,547
	Entertainment expenses	581,135	498,958
	Advertisement	58,768	55,278
	Telephone and postage	542,357	269,745
	Corporate expenses	451,142	482,296
	Rent rates and taxes	6,040	5,040
	Selling and marketing expenses	892,274	1,013,115
	Miscellaneous expenses	31,746	90,151
		26,039,641	26,186,985
16	Finance cost		
	Financial charges on musharikhah	95,487,085	76,948,281
	Financial charges on redeemable capital	57,186,173	25,942,755
	Bank charges	65,108	31,754
		152,738,366	102,922,790
17	Taxation		
	Current tax	-	2,411,882
		-	2,411,882

		Nine months ended	
		31 March 2020 (Un-audited) Rupees	31 March 2019 (Un-audited) Rupees
18	Cash flow from operating activities		
	Profit for the period	(7,727,567)	14,187,541
	Adjustments for:		
	Depreciation of ijarah assets	74,793,352	42,757,892
5.1	Depreciation of assets in own use	500,929	652,439
5.2	Gain on disposal of Ijarah assets	(1,591,635)	(5,768,809)
	Gain on disposal of owned assets	-	(39,100)
	Gain on disposal of non-banking assets	(1,333,000)	-
	Reversal for impairment of ijarah assets	-	(12,872,346)
	(Reversal) / Provision for musharika investment	(3,509,713)	4,947,175
	Financial charges on musharika finances	95,487,085	76,948,281
	Financial charges on redeemable capital	57,186,173	25,974,509
		221,533,191	132,600,041
	Operating profit before working capital changes	213,805,624	146,787,582
	Working capital changes		
	(Increase)/decrease in operating assets:		
	Morabaha investment	7,312,564	(47,261,910)
	Purchase of assets under ijarah arrangements	(254,398,337)	(183,493,755)
	Proceeds from transfer of ijarah assets	7,958,148	16,864,064
	Ijarah Rental Receivable - net	16,264,693	(2,250,576)
	Advances, deposits, prepayments and other receivables	(21,300,203)	15,732,151
		(244,163,135)	(200,410,026)
	Increase/(decrease) in operating liabilities:		
	Security deposits - net	2,236,985	31,563,180
	Trade and other payables	5,656,944	(26,304,137)
		7,893,929	5,259,043
	Net changes in operating assets and operating liabilities	(236,269,206)	(195,150,983)
	Cash used in operating activities	(22,463,582)	(48,363,401)



19 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:

19.1 Balance outstanding at the end of period	31 March 2020 (Un-audited) Rupees	30 June 2019 (Audited) Rupees
19.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		
Musharikhah finances	657,458,690	1,223,621,569
Profit payable on musharikhah finances	12,903,325	34,609,950
Certificates of musharikhah	1,000,000,000	400,000,000
Profit payable on certificates of musharikhah	23,764,106	5,936,301
19.1.3 Punjab Capital Securities (Private) Limited (Subsidiary Company)		
Investment in shares	76,500,000	76,500,000
	Nine months ended	
	31 March 2020 (Un-audited) Rupees	31 March 2019 (Un-audited) Rupees
19.2 Transactions during the period		
19.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		
Bank charges	65,108	31,754
Profit charged on finances	95,487,085	76,948,281
Profit charged on certificates of Musharikhah	56,155,827	25,821,180
19.2.2 Punjab Modaraba Services (Pvt.) Limited (Management Company)		
Profit distribution	-	6,660,347
Management fee paid	-	3,079,239

20 Reconciliation of liabilities arising from financing activities

	Audited 30 June 2019	Availed / Announced	Repaid / Redeemed	Un-audited 31 March 2020
	----- (Rupees) -----			
Long Term Musharikah Finance	1,223,621,569	798,100,000	(1,364,262,879)	657,458,690
Dividend Payable	17,557,378	-	(19,880)	17,537,498
Redeemable Capital	445,518,493	1,015,016,369	(447,000,000)	1,013,534,862
	<u>1,686,697,440</u>	<u>1,213,116,369</u>	<u>(1,209,504,597)</u>	<u>1,690,309,214</u>

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. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value. Accordingly, detailed disclosure with reference to fair value has not been given.

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 2019.

23 Date of authorization

This unaudited condensed interim financial statements for the nine months ended 31 March 2020 was authorized for issue by the Board of Directors of the Management Company on April 28, 2020.

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:

Description	From	To	2019 (Rupees)
Depreciation against Ijarah Assets	Depreciation of Ijarah Assets	Income from Ijarah Rentals	43,086,677

25 General

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


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
FINANCIAL INFORMATION**
for the nine months ended
March 31, 2020



Consolidated Balance Sheet (Un-Audited)

As at March 31, 2020

ASSETS

Non current assets

	Note	31 March 2020 (Un-Audited) Rupees	30 June 2019 (Audited) Rupees
Tangible fixed assets			
- Ijarah assets	5.1	536,949,555	363,711,083
- Assets in own use	5.2	4,500,147	4,803,650
Intangible assets	6	6,765,726	6,765,726
Long Term Investment		19,155,066	19,155,066
Long term musharikah investment - secured	7	269,204,690	382,757,015
Long term morabaha investment - secured	8	4,464,209	9,053,126
Long term deposits		2,381,853	2,281,853
Deferred tax asset		64,398,663	64,398,663
		907,819,909	852,926,182

Current assets

Short term morabaha investment - secured	9	299,440,545	294,796,541
Current maturity of long term investment	10	430,198,487	479,398,426
Ijarah rental receivable		283,898,173	300,162,866
Trade Receivable		4,989,197	6,535,096
Advances, deposits, prepayments and other receivables		142,033,581	118,634,000
Tax refund due from government		5,848,518	5,871,699
Cash and bank balances		72,560,954	77,720,149
		1,238,969,455	1,283,118,777
TOTAL ASSETS		2,146,789,364	2,136,044,959

EQUITY AND LIABILITIES

Operating (loss) / profit before provision

Authorized certificate capital

50,000,000 (30 June 2019: 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 2019: 34,020,000) certificates of
Rs. 10 each

340,200,000

340,200,000

Capital reserves

216,692,528

216,692,528

Fair Value Reserve

8,846,368

8,846,368

Revenue reserves

(387,612,912)

(379,965,427)

178,125,984

185,773,469

Non current liabilities

Long term security deposits		65,105,909	51,453,730
Deferred morabaha income		8,557,648	776,860
Long term musharikah finance - secured	11	657,458,690	1,223,621,569
		731,122,248	1,275,852,159

Current liabilities

Current maturity of non current liabilities		83,764,537	95,179,731
Redeemable capital - participatory and unsecured	12	1,013,534,862	445,518,493
Profit payable	13	36,892,830	40,771,650
Trade and other payables		85,510,456	74,174,754
Provision for taxation		300,947	1,217,325
Unclaimed profit		17,537,498	17,557,378
		1,237,541,130	674,419,331
TOTAL EQUITY AND LIABILITIES		2,146,789,364	2,136,044,959

CONTINGENCIES AND COMMITMENTS

14

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

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

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



First Punjab Modaraba

Consolidated Profit and Loss Account(Un-Audited)

For the nine months ended March 31, 2020

Note	2020		2019	
	Nine months Ended 31 March	Three months Ended 31 March	Nine months Ended 31 March	Three months Ended 31 March
----- (Rupees) -----				
Income				
Income from ijarah rentals	47,437,400	9,654,018	40,603,486	16,796,863
Income from morabaha financing	14,161,572	5,013,425	3,963,108	1,452,453
Income from diminishing musharaka financing	94,992,925	23,751,752	74,414,576	30,768,357
Income from Brokrage	6,105,169	2,318,737	7,630,487	2,556,683
Gain on disposal of fixed assets	1,591,635	(0)	5,807,910	1,140,532
Other income	13,039,083	5,463,348	13,826,990	4,557,784
	177,327,784	46,201,280	146,246,557	57,272,672
Expenses				
Administrative expenses 15	35,644,293	12,327,175	35,613,157	12,828,717
Finance cost 16	152,749,700	43,558,843	102,929,182	41,070,510
	188,393,993	55,886,018	138,542,339	53,899,227
Operating (loss) / profit before provision	(11,066,210)	(9,684,739)	7,704,218	3,373,445
Reversal for impairment of ijarah assets	(14,700)	(14,700)	12,872,346	-
Reversal / (Provision) for musharikah investment	3,509,713	-	(4,947,175)	-
	3,495,013	(14,700)	7,925,171	-
Operating profit after provision and impairment	(7,571,197)	(9,699,439)	15,629,389	3,373,445
Modaraba Company's management fee	-	-	-	-
	(7,571,197)	(9,699,439)	15,629,389	3,373,445
Taxation	(76,288)	313,854	(2,497,725)	(548,318)
Profit for the period	(7,647,485)	(9,385,585)	13,131,664	2,825,127
Earnings per certificate - basic and diluted	(0.22)	(0.28)	0.39	0.08

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

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

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 Comprehensive Income (Un-Audited)

For the nine months ended March 31, 2020

Note	2020		2019	
	Nine months Ended 31 March	Three months Ended 31 March	Nine months Ended 31 March	Three months Ended 31 March
----- (Rupees) -----				
Income				
Income for the Period	(7,647,485)	(9,385,585)	13,131,664	2,825,127
Other Comprehensive Income for the period	-	-	675,000	-
Total comprehensive income for the period	(7,647,485)	(9,385,585)	13,806,664	2,825,127

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

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

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 nine months ended March 31, 2020

	Certificate capital	Capital Reserve Fair Value reserve	Statutory reserve	Revenue Reserve Accumulated loss	Total
	-----Rupees-----				
Balance as at 01 July 2018	340,200,000	-	211,960,411	(365,244,416)	186,915,995
Profit for the period	-	-	-	13,131,664	13,131,664
Other comprehensive income for the period	-	-	-	675,000	675,000
Total comprehensive income for the period	-	-	-	13,806,664	13,806,664
Transactions with owners					
Profit distribution for the year ended 30 June 2018 at Rs. 0.5 per certificate	-	-	-	(17,010,000)	(17,010,000)
Balance as at 31 March					
2019	340,200,000	340,200,000	211,960,411	(368,447,752)	183,712,659
Balance as at 01 July 2019	340,200,000	8,846,368	216,692,528	(379,965,427)	185,773,469
Profit for the period	-	-	-	(7,647,485)	(7,647,485)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(7,647,485)	(7,647,485)
Balance as at 31 March					
2020	340,200,000	8,846,368	216,692,528	(387,612,912)	178,125,984

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

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

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 Cash Flow Statement (Un-Audited)

For the nine months ended March 31, 2020

Note	Nine months ended	
	31 March 2020 (Un-audited) Rupees	31 March 2019 (Un-audited) Rupees
Cash flow from operating activities		
Cash used in operating activities	18 (15,726,780)	(17,895,212)
Profit paid on redeemable capital	(39,358,368)	(23,692,468)
Profit paid on musharikah finances	(117,193,710)	(64,042,968)
Taxes paid	(969,484)	(1,575,717)
	(157,521,562)	(89,311,153)
Net cash used in operating activities	(173,248,342)	(107,206,365)
Cash flow from investing activities		
Investment in musharikah-net	166,675,114	29,138,670
Proceeds from disposal of fixed assets	-	58,000
Purchase of fixed assets in own use	5.2 (419,577)	(1,581,244)
Net cash generated from / (used in) investing activities	166,255,537	27,615,426
Cash flow from financing activities		
Musharikah finances-net	(566,162,879)	104,212,183
Redeemable capital-net	568,016,369	3,000,000
Profit distributed among the certificate holders	(19,880)	(14,964,809)
Net cash generated from financing activities	1,833,610	92,247,374
Net (decrease) / increase in cash and cash equivalents	(5,159,195)	12,656,435
Cash and cash equivalents at the beginning of the period	77,720,149	78,128,117
Cash and cash equivalents at the end of the period	72,560,954	90,784,552

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

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


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



Notes to the Consolidated Financial Information (Un-audited)

For the nine months ended March 31, 2020

1 THE GROUP AND ITS OPERATIONS

1.1 The "Group" Consist of :

Parent

- First Punjab Modaraba

Subsidiary Company	Percentage of holding	
	March 2020	March 2019
Punjab Capital Securities (Pvt.) Limited	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.

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.

2 Basis of preparation

The Group Financial Statements include the 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 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 group 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 Financial Statements of the Modaraba and its subsidiary are prepared upto the same reporting date using consistent accounting policies.

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 group 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.

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

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 2019, 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:

- IFRIC 23 - Uncertainty over Income Tax Treatments
- IFRS 9 - Prepayment Features with Negative Compensation – (Amendments)
- IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)
- IAS 19 - Plan Amendment, Curtailment or Settlement – (Amendments)
- IFRS 3 - Business Combinations - Previously held Interests in a joint operation – (Amendments)
- IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation
- IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity
- IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalization
- IFRS 16 - Leases



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 consolidated condensed interim financial statements.

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 2019.

		31 March 2020 (Un-audited) Rupees	30 June 2019 (Audited) Rupees
5 Tangible fixed assets	Note		
Ijarah assets	5.1	536,949,555	363,711,083
Assets in own use	5.2	4,500,147	4,803,650
		541,449,702	368,514,733

5.1 Ijarah assets

March 2020 (Un-Audited)

Description	COST			DEPRECIATION			IMPAIRMENT		NET BOOK VALUE		%
	As at 1 July 2019	Additions	Transfer	As at 31 March 2020	As at 1 July 2019	Charge for the period	Transfer	As at 31 March 2020	As at 31 March 2020	As at 31 March 2020	
-----Rupees-----											
Plant and machinery	642,228,970	6,668,305	(110,402,134)	538,495,141	513,460,204	7,754,885	(102,624,005)	418,591,084	20,593,102	99,310,955	As per term
Vehicle	394,616,063	209,870,536	(39,071,633)	565,414,966	150,684,139	54,395,659	(40,543,150)	164,536,648	1,104,397	399,773,921	As per term
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	As per term
Consumer products	24,103,475	37,859,496	(1,339,521)	60,623,450	11,395,583	12,642,808	(1,279,620)	22,758,771	-	37,864,679	As per term
	1,074,501,112	254,398,337	(150,813,288)	1,178,086,161	689,092,530	74,793,352	(144,446,775)	619,439,107	21,697,499	536,949,555	

June - 2019 (Audited)

Description	COST				DEPRECIATION				IMPAIRMENT		NET BOOK VALUE		%	
	As at 1 July 2018	Additions	Transfer	As at 30 June 2019	As at 1 July 2018	Charge for the year	Transfer	As at 30 June 2019	As at 1 July 2018	Reversal for the year	Transfer	As at 30 June 2019		As at 30 June 2019
	-----Rupees-----													
Plant and machinery	641,915,470	2,343,000	(2,029,500)	642,228,970	505,531,112	9,765,465	(1,834,373)	513,460,204	29,593,102	(9,000,000)	-	29,593,102	108,175,664	As per term
Vehicle	220,786,051	194,220,797	(20,390,785)	394,616,063	110,518,929	42,581,925	(2,416,715)	150,684,139	1,104,397	-	-	1,104,397	242,827,527	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	14,021,402	(10,526,153)	24,103,475	10,824,297	10,044,845	(9,473,559)	11,395,583	-	-	-	-	12,707,892	As per term
	896,862,351	210,585,199	(32,946,438)	1,074,501,112	640,426,942	62,390,236	(13,724,647)	689,092,530	30,697,499	(9,000,000)	-	21,697,499	363,711,083	

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 amounts to Rs. 549,958,201 (30 June 2019 : Rs. 634,195,971).

5.1.3 Impairment is reversed on the basis of recovery made from classified party and in accordance with Prudential regulations issued by Securities and Exchange Commission of Pakistan.



5.2 Assets in own use

March 2020 (Un-Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
	As at 1 July 2019	Additions	Disposal	As at 31 March 2020	Charge for the period	Disposal	As at 31 March 2020	
	-----Rupees-----							%
Office Equipment	3,306,762	-	-	3,306,762	284,163	-	2,390,946	15% & 30%
Furniture & Fixtures	2,725,941	381,777	-	3,107,718	230,868	-	1,593,843	15%
Vehicles	2,174,400	-	-	2,174,400	97,264	-	506,637	20%
Computer Equipment	1,175,180	37,800	-	1,212,980	695,501	-	5,301,713	20%
	9,382,283	419,577	-	9,801,860	723,082	-	5,301,713	
							4,500,147	

June 2019 (Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
	As at 1 July 2018	Additions	Disposal	As at 30 June 2019	Charge for the year	Disposal	As at 30 June 2019	
	-----Rupees-----							%
Office Equipment	3,156,804	285,258	(135,300)	3,306,762	1,823,958	393,908	2,106,783	15% & 30%
Furniture & Fixtures	2,698,441	27,500	-	2,725,941	1,061,259	301,716	1,362,975	15%
Vehicles	801,900	1,372,500	-	2,174,400	163,744	245,631	403,374	20%
Computer Equipments	1,175,180	-	-	1,175,180	495,646	203,855	699,501	20%
	7,832,325	1,685,258	(135,300)	9,382,283	3,544,607	1,145,110	4,578,633	
							4,803,650	

5.2.1 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 1,650,379 (30 June 2019 : Rs. 1,459,609).

	Note	31 March 2020 (Un-audited) Rupees	30 June 2019 (Audited) Rupees
6 Intangible assets			
LSE Room		4,265,726	4,265,726
Trading right entitlement certificate (TREC)		2,500,000	2,500,000
	6.1	6,765,726	6,765,726

6.1 This represents cost of right to use room given by LSE Financial Services Limited with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits. The right to use the room was purchased on 24 April 2017 amounting to Rs.4,374,500.

	Note	31 March 2020 (Un-audited) Rupees	30 June 2019 (Audited) Rupees
7 Long term musharikhah investment - secured			
Long term musharikhah investment		699,774,516	866,449,630
Less: Current portion of long term musharikhah investment	10	(430,569,826)	(483,692,615)
		269,204,690	382,757,015

8 Long term morabaha investment - secured			
Long term morabaha investment		15,589,042	20,036,259
Add: Unearned morabaha income		2,503,641	2,232,204
		18,092,683	22,268,463
Less: Current portion of long term morabaha investment	10	(13,891,812)	(11,799,993)
Less: Current portion of unearned morabaha income	10	263,338	(1,415,344)
		4,464,209	9,053,126



	Note	31 March 2020 (Un-audited) Rupees	30 June 2019 (Audited) Rupees
9 Short term morabaha investment-secured			
Short term morabaha Investment		529,251,255	525,782,308
Add: Unearned morabaha income		5,750,669	4,575,612
		535,001,924	530,357,920
Less: Provision for doubtful morabaha investment		(235,561,379)	(235,561,379)
		299,440,545	294,796,541
10 Current maturity of long term investment			
Current portion of long term musharikhah investment		430,569,826	483,692,615
Less: Provision against musharika investment		(5,199,813)	(8,709,526)
		425,370,013	474,983,089
Current portion of long term morabaha investment		13,891,812	11,799,993
Add: Unearned morabaha income		(263,338)	1,415,344
Less: Provision against morabaha investment		(8,800,000)	(8,800,000)
		4,828,474	4,415,337
		430,198,487	479,398,426
11 Long term musharikhah finance secured			
<p>The Modaraba has availed musharikhah finance facilities from The Bank of Punjab having approved limits of Rs. 1,585 million (2019: Rs. 1,585 million) maturing latest by 31 October 2020. 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, first pari passu charge over present and future current assets of Modaraba for an amount of Rs. 1,040 million and ranking charge over present and future current assets for an amount of Rs. 860 million. The estimated share of profit payable on musharikhah facilities is 3 month KIBOR per annum (2019: 3 month KIBOR per annum).</p>			
12 Redeemable capital - participatory and unsecured			
<p>During the period, additional Certificates of Musarika of Rs. 600 Million have been reissued to Bank of Punjab with a maturity of 3 months. The share of profit on all certificates is 12.25% per annum</p>			
	Note	31 March 2020 (Un-audited) Rupees	30 June 2019 (Audited) Rupees
13 Profit Payable			
Musharikhah Finance		12,903,325	34,609,950
Redeemable Capital		23,989,505	6,161,700
		36,892,830	40,771,650

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 2019.

14.2 Commitments

14.2.1 Ijarah commitments approved but not disbursed as on balance sheet date amount to Rs. 2.00 million (30 June 2019: Nil).

14.2.2 Musharikah commitments approved but not disbursed as on balance sheet date amount to Rs.12.00 million (30 June 2019: Rs. 10.85 million).

Note	Nine months ended	
	31 March 2020 (Un-audited) Rupees	31 March 2019 (Un-audited) Rupees

15 Adminstrative expenses

Salaries and benefits	25,624,495	25,941,902
Traveling and conveyance	187,208	210,936
Depreciation - owned asset	5.2 723,082	931,923
Legal and professional	905,852	860,631
Printing and stationary	869,633	636,115
Insurance	264,170	263,819
Fee and subscription	1,511,448	1,459,688
Auditor's remuneration	235,000	267,470
Repair and maintenance	1,059,867	801,835
Vehicle running and maintenance	136,684	50,207
Power and utilities	1,061,781	937,176
Entertainment expenses	690,994	567,857
Advertisement	58,768	55,278
Telephone and postage	542,357	269,745
Corporate expenses	802,438	970,918
Rent rates and taxes	18,230	18,067
Selling and marketing expenses	919,370	1,278,303
Miscellaneous expenses	32,916	91,287
	35,644,293	35,613,157

16 Finance cost

Financial charges on musharikah	95,487,085	76,948,281
Financial charges on redeemable capital	57,186,173	25,942,755
Bank charges	76,442	38,146

16 Taxation

Current Tax

- Current year

	152,749,700	102,929,182
	76,288	2,497,725
	76,288	2,497,725



	Note	Nine months ended	
		31 march 2020 (Un-audited) Rupees	31 March 2019 (Un-audited) Rupees
18 Cash flow from operating activities			
Profit for the period		(7,571,197)	15,629,389
Adjustments for:			
Depreciation of ijarah assets	5.1	74,793,352	42,757,892
Depreciation of assets in own use	5.2	723,082	931,923
Gain on disposal of Ijarah assets		(1,591,635)	(5,768,810)
Gain on disposal of owned assets		-	(39,100)
Gain on disposal of non-banking assets		(1,333,000)	-
Reversal for impairment of ijarah assets		-	(12,872,346)
(Reversal) / Provision for musharikhah investment		(3,509,713)	4,947,175
Financial charges on musharikhah finances		95,487,085	76,948,281
Financial charges on redeemable capital		57,186,173	25,980,901
		221,755,344	132,885,916
Operating profit before working capital changes		214,184,148	148,515,305
Working capital changes			
(Increase)/decrease in operating assets:			
Morabaha investment		7,312,564	(47,261,911)
Purchase of assets under ijarah arrangements		(254,398,337)	(183,493,755)
Proceeds from transfer of ijarah assets		7,958,148	16,864,064
Ijarah Rental Receivable - net		16,264,693	(2,250,576)
Long term deposits		(100,000)	-
Advances, deposits, prepayments and other receivables		(20,520,683)	3,388,331
		(243,483,615)	(212,753,847)
Increase/(decrease) in operating liabilities:			
Security deposits - net		2,236,985	31,563,180
Trade and other payables		11,335,702	14,780,150
		13,572,687	46,343,330
Net changes in operating assets and operating liabilities		(229,910,928)	(166,410,517)
Cash used in operating activities		(15,726,780)	(17,895,212)



19 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:

19.1 Balance outstanding at the end of period	31 March 2020 (Un-audited) Rupees	30 June 2019 (Audited) Rupees
19.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		
Musharikah finances	657,458,690	1,223,621,569
Profit payable on musharikah finances	12,903,325	34,609,950
Certificates of musharikah	1,000,000,000	400,000,000
Profit payable on certificates of musharikah	23,764,106	5,936,301
	Nine months ended	
	31 March 2020 (Un-audited) Rupees	31 March 2019 (Un-audited) Rupees
19.2 Transactions during the period		
19.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		
Bank charges	76,442	38,146
Profit charged on finances	95,487,085	76,948,281
Profit charged on certificates of Musharikah	56,155,827	25,821,180
19.2.2 Punjab Modaraba Services (Private) Limited (Management Company)		
Profit Distribution	-	6,660,347
Management fee paid	-	3,079,239

20 Reconciliation of liabilities arising from financing activities

	Audited 30 June 2019	Availed/ Announced	Repaid / Redeemed	Un-audited 31 March 2020
	----- (Rupees) -----			
Long term musharikah finance	1,223,621,569	798,100,000	(1,364,262,879)	657,458,690
Dividend Payable	17,557,378	-	(19,880)	17,537,498
Redeemable capital	445,518,493	1,015,016,369	(447,000,000)	1,013,534,862
	1,686,697,440	1,213,116,369	(1,209,504,597)	1,690,309,214



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. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value. Accordingly, detailed disclosure with reference to fair value has not been given.

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 2019.

23 Date of authorization

This unaudited condensed interim financial statements for the nine months ended 31 March 2020 was authorized for issue by the Board of Directors of the Management Company on April 28, 2020.

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:

Description	From	To	2019 (Rupees)
Depreciation against Ijarah Assets	Depreciation of Ijarah Assets	Income from Ijarah Rentals	43,086,677

23 General

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

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



First Punjab Modaraba

Managed By:

Punjab Modaraba Services (Pvt) Ltd.

(A wholly owned subsidiary of The Bank of Punjab)

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