

Growth + Prosperity



First Punjab Modaraba  
*(An Islamic Financial Institution)*

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## Corporate Profile

### Board of Directors

Punjab Modaraba Services (Pvt.) Ltd.

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

### Auditors of the Modaraba

EY Ford Rhodes  
Chartered Accountants

### Auditors of the Management Company

Shinewing Hameed Chaudhry & Co.  
Chartered Accountants

### Chief Financial Officer & Company Secretary

Mudassar Kaiser Pal

### Bankers

The Bank of Punjab  
Bank Alfalah Limited

### Audit Committee

Imran Bashir	Chairman
Ijaz ur Rehman Qureshi	Member
Samina Afsar	Member

### Registrar

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

### Human Resource Committee

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

### 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](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), is pleased to present half yearly results of the Modaraba, together with Directors' report, for half year ended December 31, 2020.

According to State Bank of Pakistan, the economy started to regain its pre-Covid trajectory in the first quarter of FY21 by virtue of notable pickup in economic activity, traction in large-scale manufacturing, encouraging growth in demand indicators, major Kharif crops exceeding their respective production targets, services sector showing buoyancy and external and fiscal sector indicators improving as well. However, owing mainly to food prices, national CPI inflation remained on the high side.

Real GDP growth is projected to be in the range of 1.5 to 2.5 percent in FY21. This is based on the current trends of economic activity. However, downside risk to this projection includes the second wave of Covid19. Given the spare capacity in the industrial sector, high base effect and actions being taken to correct the supply side issues in the food market, upside risks to the inflation outlook are largely contained.

The recovery in economic conditions reflected in performance of the Modaraba. The significant decrease of 48% in financial cost more than compensated the reduction of 35% in revenues emanating from adverse impact of COVID19. The slight increase in administrative cost was also absorbed by the improved yield. On net basis, positive bottom line of Rs.1.110 million was recorded for the period under review as compared to profit of Rs.1.673 million in corresponding period.

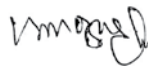
Going forward, the strategy of growth in business by booking of fresh assets on a cautious note will be the mainstay. The recovery from NPAs through litigation as well as out of court settlements will be the other top primacy. The SECP has granted approval to amend prospectus of the Modaraba in order to undertake real estate activities. The wholly owned subsidiary, i.e. Punjab Capital Securities (Pvt) Limited earned profit of Rs.2.915 million during the six months.

The Board is extremely grateful for the continuous guidance and support extended by the Registrar Modaraba, Securities & Exchange Commission of Pakistan and expects to be its beneficiary in coming times as well. The Board also appreciates the patronage extended by the certificate holders.

For and on behalf of the Board of Directors



(Aamir Malik)  
Chief Executive



(Imran Bashir)  
Director

Lahore: February 25, 2021

## ڈائریکٹرز کی رپورٹ

فرسٹ پنجاب موداربا کی انتظامی کمیٹی، پنجاب موداربا سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والے نصف سالانہ کے نتائج کو ڈائریکٹرز کی رپورٹ کے ساتھ مسرت کے ساتھ پیش کرتے ہیں۔

اسٹیٹ بینک آف پاکستان کے مطابق، معاشی سرگرمی میں قابل ذکر اٹھاؤ، بڑے پیمانے پر مینوفیکچرنگ میں اضافہ، طلب کے اشارے میں حوصلی افزائی، خریف کی بڑی فصلوں میں اہداف سے زیادہ پیداوار، خدمات کے شعبہ میں جوش و خروش اور بیرونی اور مالیاتی شعبے کے اشارے میں بہتری کی وجہ سے مالی سال 2021 کی پہلی سہ ماہی میں معیشت نے اپنے COVID-19 سے پہلے کے راستے کو دوبارہ حاصل کرنا شروع کیا۔ تاہم بنیادی طور پر اشیائے خورد و نوش کی قیمتوں کی وجہ سے قومی سی آئی کی افراط زر کی شرح اونچی رہی۔

مالی سال 2021 میں جی ڈی پی کی حقیقی نمو 1.5 سے 2.5 فیصد تک متوقع ہے۔ یہ معاشی سرگرمی کے موجودہ رجحانات پر مبنی ہے۔ تاہم، اس پروجیکشن کے منفی پہلو میں COVID-19 کی دوسری لہر کا خطرہ شامل ہے۔ صنعتی شعبے میں اضافی صلاحیت کے پیش نظر اور اعلیٰ بنیادی اثر اور اشیائے خورد و نوش میں رسد کے معاملات کو درست کرنے کے لئے اٹھائے جانے والے اقدامات کے باعث افراط زر کی شرح برقرار رکھی گئی ہے۔

معاشی سرگرمیوں میں بحالی مضاربہ کی کارکردگی سے ظاہر ہوتی ہے۔ مالی لاگت میں 48 فیصد کمی نمایاں کی COVID-19 کے منفی اثر سے ہونے والی آمدنی میں 35 فیصد کمی کی تلافی کی۔ انتظامی لاگت میں معمولی اضافہ بھی بہتر پیداوار کی وجہ سے جذب ہوا۔ خالص بنیاد پر، زیر جائزہ مدت کے لئے 1.110 ملین روپے کاشت منافع ریکارڈ کیا گیا۔

آگے بڑھتے ہوئے محتاط طریقے سے تازہ اثاثوں کی بگنگ کر کے کاروبار میں اضافے کی حکمت عملی بنیادی ہوگی۔ قانونی چارہ جوئی کے ساتھ ساتھ عدالت سے باہر بھی نادر ہندگان سے بازاریابی اولین ترجیح ہوگی۔ اس کے ساتھ ساتھ اعلیٰ آمدنی کے سلسلے کو شامل کرنے کے خیال کے ساتھ کاروباری ڈھانچے کی تنوع پر بنیادی غور رہے گا۔ سیکورٹی اینڈ اینڈیکسنگ کمیشن نے رینل اسٹیٹ کے کاروبار کے لئے پراسپیکٹس میں تبدیلی کی اجازت دیدی ہے۔ پوری ملکیت میں ذیلی ادارہ پنجاب کمیٹیٹل سیکورٹیز (پرائیویٹ) لمیٹڈ نے اس چھ ماہ کے عرصے کے دوران 29 لاکھ روپے کا منافع حاصل کیا۔

بورڈ، رجسٹرار موداربا 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 سے مستفید ہونے کی توقع کرتا ہے۔ بورڈ، اپنے سٹیفیکٹ ہولڈرز کی جانب سے دی گئی سرپرستی کے لئے بھی شکر گزار ہے۔

منجانب / برائے بورڈ آف ڈائریکٹرز



چیف ایگزیکٹو

لاہور، 25 فروری 2021



ڈائریکٹر

## **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 as at 31 December 2020 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 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 unconsolidated condensed 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 quarter ended 31 December 2020 and 31 December 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2020.

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

EY Ford Rhodes  
Chartered Accountants

Lahore: February 26, 2021



## UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)


AS AT 31 DECEMBER 2020

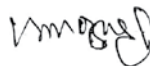
	Note	31 Dec 2020 (Un-Audited) Rupees	30 June 2020 (Audited) Rupee
<b>ASSETS</b>			
<b>Non current assets</b>			
Tangible fixed assets			
- Ijarah assets	5.1	492,659,807	509,909,085
- Assets in own use	5.2	3,003,356	3,107,836
Investment in subsidiary	6	76,500,000	76,500,000
Long term musharika investment - secured	7	206,201,057	228,414,227
Long term morabaha investment - secured	8	765,364	8,821,104
Long term deposits		203,444	203,444
Deferred tax asset		64,398,663	64,398,663
		843,731,691	891,354,359
<b>Current assets</b>			
Short term morabaha investment - secured	9	257,276,594	290,546,077
Current maturity of long term investment	10	398,548,613	412,794,668
Ijarah rental receivable - net	11	292,678,591	272,887,424
Advances, deposits, prepayments and other receivables	12	174,921,097	187,551,827
Tax refund due from government		4,078,718	3,736,354
Cash and bank balances		71,340,970	25,102,916
		1,198,844,583	1,192,619,266
<b>TOTAL ASSETS</b>		<b>2,042,576,274</b>	<b>2,083,973,625</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Operating (loss) / profit before provision</b>			
Authorized certificate capital			
50,000,000 (30 June 2020: 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 2020: 34,020,000) certificates of			
Rs. 10 each		340,200,000	340,200,000
Capital reserves		216,692,528	216,692,528
Revenue reserves		(418,484,198)	(419,594,296)
		138,408,330	137,298,232
<b>Non current liabilities</b>			
Long term security deposits		58,823,038	61,340,259
Deferred morabaha income		2,300,946	4,206,452
Long term musharika finance - secured	13	605,979,236	648,738,613
		667,103,220	714,285,324
<b>Current liabilities</b>			
Current maturity of non current liabilities	14	85,720,627	85,702,657
Redeemable capital - participatory and unsecured		1,014,056,631	1,013,549,225
Profit payable	15	26,394,567	37,742,338
Trade and other payables		93,215,781	77,937,508
Provision for taxation		227,369	-
Unclaimed profit		17,449,749	17,458,341
		1,237,064,724	1,232,390,069
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,042,576,274</b>	<b>2,083,973,625</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16		
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 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



## UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the six months ended 31 December 2020

		2020		2019	
		Six months Ended	Three months Ended	Six months Ended	Three months Ended
Note		31 December	31 December	31 December	31 December
----- (Rupees) -----					
<b>Income</b>					
Income from ijarah rentals		32,043,256	16,778,347	37,783,382	27,791,876
Income from morabaha financing		3,571,476	642,641	9,148,147	5,386,788
Income from diminishing musharaka financing		34,040,303	16,055,358	71,241,173	36,804,792
Gain on disposal of fixed assets		5,017,945	4,827,540	1,591,635	1,193,030
Other income	17	6,089,002	2,685,389	4,952,093	3,873,464
		80,761,982	40,989,275	124,716,430	75,049,950
<b>Expenses</b>					
Administrative expenses	18	18,199,796	9,702,011	17,026,170	8,283,158
Finance cost	19	61,003,119	30,018,744	109,183,430	55,578,591
		79,202,915	39,720,755	126,209,600	63,861,749
<b>Operating (loss) / profit before provision</b>		1,559,067	1,268,520	(1,493,170)	11,188,201
Reversal / (Provision) for impairment of ijarah assets		(221,600)	(221,600)	-	
Reversal / (Provision) for musharikhah investment		-	-	3,509,713	-
		(221,600)	(221,600)	3,509,713	-
<b>Operating profit after provision and impairment</b>		1,337,467	1,046,920	2,016,543	11,188,201
<b>Modaraba Company's management fee</b>		-	-	-	-
<b>Profit before taxation</b>		1,337,467	1,046,920	2,016,543	11,188,201
<b>Taxation</b>		(227,369)	(177,976)	(342,812)	(3,984,249)
<b>Profit for the period</b>		1,110,098	868,944	1,673,731	7,203,952
<b>Earnings per certificate - basic and diluted</b>	20	0.03	0.03	0.05	0.21

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 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





## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six months ended 31 December 2020

Note	2020		2019	
	Six months Ended	Three months Ended	Six months Ended	Three months Ended
	31 December	31 December	31 December	31 December
	----- (Rupees) -----			
Income for the period	1,110,098	868,944	1,673,731	7,203,952
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>1,110,098</b>	<b>868,944</b>	<b>1,673,731</b>	<b>7,203,952</b>

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 Financial Officer**  
Punjab Modaraba Services  
(Private) Limited

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

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



## UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the six months ended 31 December 2020

	Certificate capital	Capital Reserve Statutory reserves	Revenue Reserve Accumulated loss	Total
	(Rupees)			
<b>Balance as at 01 July 2019 (Audited)</b>	<b>340,200,000</b>	<b>216,692,528</b>	<b>(364,283,405)</b>	<b>192,609,123</b>
Profit for the period	-	-	1,673,731	1,673,731
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,673,731	1,673,731
<b>Balance as at 31 December 2019 (Un-audited)</b>	<b>340,200,000</b>	<b>216,692,528</b>	<b>(362,609,674)</b>	<b>194,282,854</b>
<b>Balance as at 01 July 2020 (Audited)</b>	<b>340,200,000</b>	<b>216,692,528</b>	<b>(419,594,296)</b>	<b>137,298,232</b>
Profit for the period	-	-	1,110,098	1,110,098
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,110,098	1,110,098
<b>Balance as at 31 Dec 2020 (Un-Audited)</b>	<b>340,200,000</b>	<b>216,692,528</b>	<b>(418,484,198)</b>	<b>138,408,330</b>

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  
(Private) Limited

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

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



## UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the six months ended 31 December 2020

		Six months ended	
	Note	31 December 2020 Rupees	30 December 2019 Rupees
<b>Cash flow from operating activities</b>			
<b>Cash generated from / (used in) operations</b>	<b>22</b>	<b>161,368,125</b>	<b>(40,553,899)</b>
Profit paid on redeemable capital		<b>(41,690,694)</b>	<b>(26,730,286)</b>
Profit paid on musharikhah finances		<b>(30,659,671)</b>	<b>(74,502,531)</b>
Tax paid		<b>(342,364)</b>	<b>(417,083)</b>
		<b>(72,692,729)</b>	<b>(101,649,900)</b>
<b>Net cash generated from / (used in) operating activities</b>		<b>88,675,396</b>	<b>(142,203,799)</b>
<b>Cash flow from investing activities</b>			
Proceeds from disposal of fixed assets		<b>27,500</b>	<b>-</b>
Purchase of fixed assets in own use	<b>5.2</b>	<b>(204,280)</b>	<b>(351,637)</b>
<b>Net cash generated from / (used in) investing activities</b>		<b>166,293,337</b>	<b>(351,637)</b>
<b>Cash flow from financing activities</b>			
Musharikhah finances-net		<b>(42,759,377)</b>	<b>35,603,121</b>
Redeemable capital-net		<b>507,406</b>	<b>(31,983,631)</b>
Profit distributed among the certificate holders		<b>(8,592)</b>	<b>(7,716)</b>
<b>Net cash (used in) / generated from financing activities</b>		<b>(42,260,563)</b>	<b>3,611,774</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>46,238,053</b>	<b>(16,890,706)</b>
<b>Cash and cash equivalents at the beginning of the period</b>			
		<b>25,102,916</b>	<b>43,024,878</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>71,340,969</b>	<b>26,134,172</b>

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  
(Private) Limited

**Chief Executive**  
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(Private) Limited

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

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

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2020

### 1 Status and nature of business

First Punjab Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of The Bank of Punjab), a company incorporated in Pakistan. The registered office of the Modaraba is situated at 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 established its wholly owned subsidiary on November 29, 2016 as a private limited Company under the name of Punjab Capital Securities (Pvt) Limited. The registered office of Punjab Capital Securities (Pvt) Limited is situated at 3rd Floor, LSE Plaza, 19-Khayabane Aiwane Iqbal, Lahore. The Company is mainly engaged in the business of brokerage services, portfolio management and consultancy services.

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

#### 1.1 Management's Assessment of Going Concern

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

During the period ended 31 December 2020, the Modaraba has made profit after tax of Rs. 1,110,098, however the accumulated losses, net of reserves, as at 31 December 2020 amount to Rs. 201,791,670 (June 2020: Rs.202,901,768) which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates. Further the current liabilities of the Modaraba exceed its current assets by Rs.38,220,141 as at 31 December 2020.

In order to address going concern issue in terms of section 23 of the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance), The Bank of Punjab (BOP) being the parent company of the Modaraba's Management Company' has planned to extend its due support in terms of capital injection. Further, BOP has confirmed that it shall continue to provide financial support to the Modaraba in order to mitigate the liquidity risk. On 13 January 2021, the SECP has granted approval to initiate real estate activities for which the modaraba has to submit amended prospectus and obtain prior written approval of the Registrar Modaraba before undertaking the business of Real Estate. The approval in respect of capital injections from BOP is in process.

On the basis of support and the arrangements as outlined above and the business plan prepared by the management which has been approved by the Board of Directors, the management is of the view that no material uncertainty exists related to events or



conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and the Modaraba shall be able to operate on going concern basis in the foreseeable future. Consequently, these condensed interim financial statements have been prepared reflecting these assumptions.

## 1.1 Impact of COVID-19 on Financial Statements

During the year, the COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. The World Health Organization (WHO) has declared COVID-19 a global pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 has adversely impacted modaraba on a number of fronts including increase in overall credit risk pertaining to the Islamic financing, disruption in growth due to slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the modaraba's staff is working from home.

Due to overall uncertain situation about the impacts and duration for which such a situation will continue, the overall impact on the modaraba's financial position and financial performance cannot be predicted with reasonable certainty.

In view of the relaxation provided by SECP for deferral of Principal and restructuring of loan, the Modaraba has rescheduled some of its Musharakah and Ijarah with its customers on the basis of written request of the customers which had no material impact on the carrying amounts of assets and liabilities or item of income and expenses as required under the relevant accounting and reporting standards, that require specific disclosure in the financial statements.

## 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 December 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 2020.



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 2020, except as follows:

#### New amendments

The Company has adopted the following amendments of IFRSs which became effective for the current period:

IFRS 3-                      Uncertainty over Income Tax Treatments

IAS 1 and IAS 8 - Prepayment Features with Negative Compensation – (Amendments)

IFRS 9, IAS 39  
and IFRS 7 -              Long-term Interests in Associates and Joint Ventures – (Amendments)

The adoption of the above standards, amendments and improvement to accounting standards and interpretations did not have any effect on the interim condensed financial statements.

### 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 2020.

	Note	31 Dec 2020 (Un-Audited) Rupees	30 June 2020 (Audited) Rupees
<b>5 Tangible fixed assets</b>			
Ijarah assets	5.1	492,659,807	509,909,085
Assets in own use	5.2	3,003,356	3,107,836
		<b>495,663,163</b>	<b>513,016,921</b>



## 5.1 Ijarah assets

December 2020 (Un-Audited)

Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE		Depreciation Rate
	As at 1 July 2020	Additions	Transfer	As at 31 Dec 2020	Charge for the period	Transfer	As at 31 Dec 2020	Reversal for the period	Transfer	As at 31 Dec 2020	As at 31 Dec 2020	
-----Rupees-----												
Plant and machinery	538,775,141	590,000	(1,800,000)	537,565,141	420,683,996	5,516,573	(902,075)	425,298,494	20,593,102	-	20,593,102	91,673,545
Vehicle	538,775,141	11,465,137	(29,474,797)	533,180,939	177,825,101	42,094,299	(25,745,202)	194,174,198	1,104,397	-	1,104,397	337,902,344
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-
Consumer products	64,211,924	44,628,098	(9,880,280)	98,959,742	24,061,983	19,257,645	(7,443,804)	35,875,824	-	-	-	-
	1,167,730,268	56,683,235	(41,155,077)	1,183,258,426	636,123,684	66,868,517	(34,091,081)	668,901,120	21,697,499	-	21,697,499	492,659,807

June - 2 0 2 0 (Audited)

Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE		%			
	As at 1 July 2019	Additions	Transfer	As at 30 June 2020	As at 1 July 2019	Charge for the year	Transfer	As at 30 June 2020	As at 1 July 2019	Reversal for the year	Transfer		As at 30 June 2020	As at 30 June 2020	Depreciation Rate
-----Rupees-----															
Plant and machinery	642,157,200	7068,305	(110,450,364)	538,775,141	513,388,434	9,944,191	(102,648,629)	420,683,996	20,593,102	-	-	20,593,102	97,498,043	As per term	
Vehicle	394,687,833	270,220,536	(113,717,770)	-	551,190,599	150,755,909	67,094,817	(40,025,625)	177,825,101	1,104,397	-	-	1,104,397	372,261,101	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	49,824,249	(9,715,800)	64,211,924	11,395,583	19,818,157	(7,151,757)	24,061,983	-	-	-	-	40,149,941	As per term	
	1,074,501,112	327,113,090	(233,883,934)	1,167,730,268	689,092,530	96,857,166	(149,826,011)	636,123,684	21,697,499	-	-	21,697,499	509,909,085		

**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. 534,265,174 (30 June 2020 : Rs. 553,815,454).

## 5.2 Assets in own use

December 2020 (Un-Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
	As at 1 July 2020	Additions	Disposal	As at 1 July 2020	Charge for the period	Disposal	As at 31 Dec 2020	
								%
Office Equipment	2,630,640	43,980	-	2,155,057	122,164	-	2,277,221	15% & 30%
Furniture & Fixtures	2,358,733	5,500	-	1,361,956	119,881	-	1,481,837	15%
Vehicles	2,174,400	154,800	(69,900)	538,924	64,511	(67,697)	535,738	20%
	7,163,773	204,280	(69,900)	4,055,937	306,556	(67,697)	4,294,796	
							3,003,356	

June 2020 (Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
	As at 1 July 2019	Additions	Disposal	As at 1 July 2019	Charge for the year	Disposal	As at 30 June 2020	
								%
Office Equipment	2,585,910	44,730	-	1,862,471	292,586	-	2,155,057	15% & 30%
Furniture & Fixtures	1,976,956	381,777	-	1,127,236	234,720	-	1,361,956	15%
Vehicles	2,174,400	-	-	409,358	129,566	-	538,924	20%
	6,737,266	426,507	-	3,399,065	656,872	-	4,055,937	
							3,107,836	

**5.2.1** The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 2,328,614 (30 June 2020 : Rs. 1,459,609).





## 6 Investment in subsidiary

The Modaraba formed a wholly owned subsidiary, Punjab Capital Securities (Private) Limited, under permission from Securities and Exchange Commission of Pakistan (SECP) vide letter dated October 21, 2016 to undertake brokerage business. The subsidiary was incorporated on November 29, 2016. During the period, total investment in subsidiary remains at Rs. 76,500,000 (June 2020: Rs. 76,500,000).

	<b>Note</b>	<b>31 December 2020 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>7 Long term musharikhah investment - secured</b>			
Long term musharikhah investment		609,800,072	650,894,432
Less: Current portion of long term musharikhah investment	10	(403,599,015)	(422,480,205)
		<u>206,201,057</u>	<u>228,414,227</u>
<b>8 Long term morabaha investment - secured</b>			
Long term morabaha investment		18,383,321	21,619,598
Add: Unearned morabaha income		1,892,784	2,077,112
		<u>20,276,105</u>	<u>23,696,710</u>
Less: Current portion of long term morabaha investment	10	(17,938,889)	(12,489,038)
Less: Current portion of unearned morabaha income	10	(1,571,852)	(2,386,568)
		<u>765,364</u>	<u>8,821,104</u>
<b>9 Short term morabaha investment-secured</b>			
Short term morabaha Investment		490,857,959	521,591,548
Add: Unearned morabaha income		1,980,014	4,515,908
		<u>492,837,973</u>	<u>526,107,456</u>
Less: Provision for doubtful morabaha investment		(235,561,379)	(235,561,379)
		<u>257,276,594</u>	<u>290,546,077</u>
<b>10 Current maturity of long term investment</b>			
Current portion of long term musharikhah investment		403,599,015	422,480,205
Less: Provision against musharika investment		(15,761,143)	(15,761,143)
		<u>387,837,872</u>	<u>406,719,062</u>
Current portion of long term morabaha investment		17,938,889	12,489,038
Add: Unearned morabaha income		1,571,852	2,386,568
Less: Provision against morabaha investment		(8,800,000)	(8,800,000)
		<u>10,710,741</u>	<u>6,075,606</u>
		<u>398,548,613</u>	<u>412,794,668</u>
<b>11 Ijarah rental receivables</b>			
Ijarah rental receivable		447,161,682	428,484,372
Less: Provision against ijarah rental receivable		(154,483,091)	(155,596,948)
		<u>292,678,591</u>	<u>272,887,424</u>

	<b>Note</b>	<b>31 December 2020 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>12 Advances, deposits, prepayments and other receivables</b>			
Profit receivable			
- Morabaha investment		<b>13,006,533</b>	10,535,511
- Musharikhah investment		<b>35,418,699</b>	36,979,801
		<b>48,425,232</b>	47,515,312
Prepayments		<b>4,365,415</b>	3,342,702
Advances		<b>2,845,704</b>	2,807,424
Non-banking assets		<b>17,786,298</b>	31,782,500
Other receivables		<b>112,626,740</b>	113,232,181
		<b>186,049,389</b>	198,680,119
Less: Provision for non performing assets		<b>(11,128,292)</b>	(11,128,292)
Other receivables		<b>174,921,097</b>	187,551,827

#### 13 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 (June 2020: Rs. 1,585 million) maturing latest by 29 January 2021. This facility is long term in nature and in process of renewal, 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 (June 2020: 3 month KIBOR per annum).

#### 14 Current maturity of non current liabilities

This represents current maturity of long term security deposits and deferred morabaha income amounting to Rs. 84.15 million (June 2020: Rs. 83.31 million) and Rs. 1.57 million (June 2020: Rs. 2.39 million), respectively.

	<b>31 Dec 2020 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>15 Profit payable</b>		
Musharikhah finance	<b>12,243,455</b>	<b>18,685,681</b>
Redeemable capital	<b>14,151,112</b>	<b>19,056,657</b>
	<b>26,394,567</b>	<b>37,742,338</b>



## 16 Contingencies and commitments

### 16.1 Contingencies

There are no significant changes in contingent liabilities since the last published financial statements as at 30 June 2020.

		Six months ended	
		31 Dec 2020 (Un-audited) Rupees	31 Dec 2019 (Un-audited) Rupees
<b>17 Other Income</b>			
Profit on bank deposits		1,284,655	582,312
Processing fee		863,431	1,065,315
Cheque return charges	5.2	-	13,000
Gain on settlement of musharikhah		1,448,993	269,663
Gain on settlement of morabaha		21,682	624,288
Miscellaneous income		2,470,241	2,397,515
		<b>6,089,002</b>	<b>4,952,093</b>

## 18 Operating Expenses

Salaries and benefits		12,901,395	11,323,383
Traveling and conveyance		53,804	93,578
Depreciation - owned asset	5.2	306,556	339,682
Legal and professional		430,520	286,386
Printing and stationary		296,281	577,516
Insurance		460,849	122,178
Fee and subscription		740,174	759,413
Auditor's remuneration		235,000	235,000
Repair and maintenance		721,181	630,166
Vehicle running and maintenance		140,636	52,054
Power and utilities		702,977	575,617
Entertainment expenses		282,899	472,479
Advertisement		107,600	52,600
Telephone and postage		238,321	435,493
Corporate expenses		174,169	355,860
Rent rates and taxes		15,050	5,140
Selling and marketing expenses		360,683	639,112
Miscellaneous expenses		31,701	70,513
		<b>18,199,796</b>	<b>17,026,170</b>

## 19 Finance cost

Financial charges on musharikhah		24,217,445	82,586,268
Financial charges on redeemable capital		36,785,149	26,532,554
Bank charges		525	64,608
		<b>61,003,119</b>	<b>109,183,430</b>



## 20 Earning per certificate

### 20.1 Basic

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

	<b>Six months ended</b>	
	<b>31 Dec 2020 (Un-audited) Rupees</b>	<b>31 Dec 2019 (Un-audited) Rupees</b>
Profit for the year	<b>1,110,098</b>	1,673,731
Weighted average number of ordinary certificates	<b>34,020,000</b>	34,020,000
Earning per certificate	<b>0.03</b>	0.05

### 20.2 Diluted

No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.

## 21 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:

	<b>31 Dec 2020 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>21.1 Balances outstanding at the end of year</b>		
<b>21.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)</b>		
Musharikhah finances	<b>605,979,236</b>	648,738,613
Profit payable on musharikhah finances	<b>12,243,455</b>	18,685,681
Certificates of musharikhah	<b>1,000,000,000</b>	1,000,000,000
Profit payable on certificates of musharikhah	<b>14,151,112</b>	17,742,455
<b>21.1.2 Punjab Capital Securities (Private) Limited (Subsidiary Company)</b>		
Investment in shares	<b>76,500,000</b>	76,500,000



Six months ended	
31 December 2020 (Un-audited) Rupees	31 December 2019 (Un-audited) Rupees

## 21.2 Transactions during the period

### 21.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)

Bank charges	525	64,608
Profit charged on finances	24,217,445	82,586,268
Profit charged on certificates of Musharikah	36,158,383	25,502,208

## 22 Reconciliation of liabilities arising from financing activities

	Audited 30 June 2020	Availed / Announced	Repaid / Redeemed	Un-audited 31 Dec 2020
----- (Rupees) -----				
Long Term Musharikah Finance	648,738,613	2,235,989,015	(2,278,748,392)	605,979,236
Dividend Payable	17,458,338	-	(8,592)	17,449,746
Redeemable Capital	1,013,549,225	1,010,500,000	(1,009,992,594)	1,014,056,631
	<u>1,679,746,176</u>	<u>3,246,489,015</u>	<u>(3,288,749,578)</u>	<u>1,637,485,613</u>

	Note	Six months ended	
		31 Dec 2020 (Un-audited) Rupees	31 Dec 2019 (Un-audited) Rupees
<b>23 Cash flow from operating activities</b>			
Profit for the period		(1,337,467)	2,016,543
Adjustments for:			
Depreciation of ijarah assets	5.1	66,868,517	39,533,323
Depreciation of assets in own use	5.2	306,556	339,682
Gain on disposal of Ijarah assets		(3,092,648)	(1,591,635)
Gain on disposal of owned assets		(25,297)	-
Gain on disposal of non-banking assets		(1,900,000)	(250,000)
Reversal for musharikhah investment		-	(3,509,713)
Financial charges on musharikhah finances	15	24,217,445	82,586,268
Financial charges on redeemable capital	15	36,785,149	26,532,554
		<b>123,159,722</b>	<b>143,640,479</b>
<b>Operating profit before working capital changes</b>		<b>124,497,189</b>	<b>145,657,022</b>
<b>Working capital changes</b>			
(Increase)/decrease in operating assets:			
Morabaha investment		34,784,582	(17,327,290)
Purchase of assets under ijarah arrangements		(56,683,235)	(226,759,841)
Investment in Musharikhah - net		41,094,360	122,052,956
Proceeds from transfer of ijarah assets		10,156,644	33,703,312
Ijarah Rental Receivable - net		(19,791,167)	28,428,341
Advances, deposits, prepayments and other receivables		14,530,730	(9,305,559)
		(240,914)	(69,208,081)
Increase/(decrease) in operating liabilities:			
Security deposits - net		(2,499,251)	2,951,119
Trade and other payables		15,278,273	2,098,997
		12,779,022	5,050,116
<b>Net changes in operating assets and operating liabilities</b>		<b>36,870,936</b>	<b>(65,157,965)</b>
<b>Cash used in operating activities</b>		<b>161,368,125</b>	<b>(81,499,057)</b>

### 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.

The figures of the unconsolidated condensed interim statement of profit and loss and unconsolidated condensed interim statement of comprehensive income for the quarter ended 31 December 2020 and 31 December 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2020.



## 24 Date of authorization

This unaudited condensed interim financial statements for the six months ended 31 December 2020 was authorized for issue by the Board of Directors of the Management Company on February 25, 2021.

## 25 General

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

**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 six months ended  
December 31, 2020





# First Punjab Modaraba

## Consolidated Balance Sheet (Un-Audited)

As at December 31, 2020

### ASSETS

#### Non current assets

	Note	31 Dec 2020 (Un-Audited) Rupees	30 June 2020 (Audited) Rupees
Tangible fixed assets			
- Ijarah assets	5.1	492,659,807	509,909,085
- Assets in own use	5.2	4,108,462	4,332,069
Intangible assets		6,765,726	6,765,726
Long Term Investment		19,605,539	19,605,539
Long term musharikhah investment - secured	7	206,201,057	228,414,227
Long term morabaha investment - secured	8	765,364	8,821,104
Long term deposits		2,381,853	2,381,853
Deferred tax asset		64,398,663	64,398,663
		796,886,471	844,628,266

#### Current assets

Short term morabaha investment - secured	9	257,276,594	290,546,077
Current maturity of long term investment	10	398,548,613	412,794,668
Trade Receivable		9,356,447	8,983,643
Ijarah rental receivable - net	11	292,678,591	272,887,424
Advances, deposits, prepayments and other receivables	12	192,044,250	196,617,173
Tax refund due from government		6,487,176	5,945,010
Cash and bank balances		120,963,022	69,445,617
		1,277,354,693	1,257,219,612
		2,074,241,164	2,101,847,878

### TOTAL ASSETS

### EQUITY AND LIABILITIES

#### Operating (loss) / profit before provision

#### Authorized certificate capital

50,000,000 (30 June 2020: 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 2020: 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

(431,684,549)

(435,710,622)

134,054,347

130,028,274

#### Non current liabilities

Long term security deposits		58,823,038	61,340,259
Deferred morabaha income		2,300,946	4,206,452
Long term musharikhah finance - secured	13	605,979,236	648,738,613
		667,103,220	714,285,324

#### Current liabilities

Current maturity of non current liabilities	14	85,720,627	85,702,657
Redeemable capital - participatory and unsecured		1,014,056,631	1,013,549,225
Profit payable	15	26,394,567	37,742,338
Trade and other payables		128,735,450	102,700,068
Provision for taxation		726,572	381,651
Unclaimed profit		17,449,749	17,458,341
		1,273,083,596	1,257,534,280
		2,074,241,163	2,101,847,878

### TOTAL EQUITY AND LIABILITIES

### CONTINGENCIES AND COMMITMENTS

16

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

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 Profit and Loss Account(Un-Audited)**

For the six months ended December 31, 2020

Note	2020		2019	
	Six months Ended 31 Dec	Three months Ended 31 Dec	Six months Ended 31 Dec	Three months Ended 31 Dec
----- (Rupees) -----				
<b>Income</b>				
Income from ijarah rentals	32,043,256	16,778,347	37,783,382	27,791,876
Income from morabaha financing	3,571,476	642,641	9,148,147	5,386,788
Income from diminishing musharaka financing	34,040,303	16,055,358	71,241,173	36,804,792
Revenue from Contract with Customers	9,404,187	4,352,879	3,786,432	2,445,584
Gain on disposal of fixed assets	5,017,945	4,827,540	1,591,635	1,193,030
Other income 17	8,027,937	3,976,404	7,575,735	5,589,842
	177,327,784	46,201,280	146,246,557	57,272,672
<b>Expenses</b>				
Administrative expenses 18	26,503,405	13,984,428	23,317,118	11,699,425
Finance cost 19	61,009,105	30,021,145	109,190,857	55,582,560
	87,512,510	44,005,573	132,507,975	67,281,985
<b>Operating (loss) / profit before provision</b>	4,592,594	2,627,596	(1,381,471)	11,929,927
Provision against ijarah rentals	(221,600)	(221,600)	-	-
Reversal for musharikah investment	-	-	3,509,713	-
	(221,600)	(221,600)	3,509,713	-
<b>Operating profit after provision and impairment</b>	4,370,994	2,405,996	2,128,242	11,929,927
<b>Modaraba Company's management fee</b>	-	-	-	-
<b>Profit before taxation</b>	4,370,994	2,405,996	2,128,242	11,929,927
<b>Taxation</b>	(344,921)	(232,387)	(390,142)	(4,014,818)
<b>Profit for the period</b>	4,026,073	2,173,609	1,738,100	7,915,109
<b>Earnings per certificate -</b>				
<b>basic and diluted 20</b>	0.12	0.06	0.05	0.23

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 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 Statement of Comprehensive Income (Un-Audited)

For the six months ended December 31, 2020

Note	2020		2019	
	Six months Ended 31 Dec	Three months Ended 31 Dec	Six months Ended 31 Dec	Three months Ended 31 Dec
----- (Rupees) -----				
<b>Income</b>				
Profit for the period	4,026,073	2,173,609	1,738,100	7,915,109
Other Comprehensive Income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>4,026,073</b>	<b>2,173,609</b>	<b>1,738,100</b>	<b>7,915,109</b>

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 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 Cash Flow Statement (Un-Audited)

For the six months ended December 31, 2020

	Note	Six months ended	
		31 Dec 2020 (Un-audited) Rupees	31 Dec 2019 (Un-audited) Rupees
<b>Cash flow from operating activities</b>			
<b>Cash used in operating activities</b>	<b>22</b>	<b>166,847,279</b>	<b>86,411,083</b>
Profit paid on redeemable capital		(41,690,694)	(26,730,286)
Profit paid on musharikhah finances		(30,659,671)	(74,502,531)
Tax paid		(542,166)	(713,738)
		<b>(72,892,531)</b>	<b>(101,946,555)</b>
<b>Net cash used in operating activities</b>		<b>93,954,748</b>	<b>(15,535,472)</b>
<b>Cash flow from investing activities</b>			
Proceeds from disposal of fixed assets		27,500	-
Purchase of fixed assets in own use	5.2	(204,280)	(389,437)
<b>Net cash generated from / (used in) investing activities</b>		<b>(176,780)</b>	<b>(389,437)</b>
<b>Cash flow from financing activities</b>			
Musharikhah finances-net		(42,759,377)	35,603,121
Redeemable capital-net		507,406	(31,983,631)
Profit distributed among the certificate holders		(8,592)	(7,716)
<b>Net cash generated from financing activities</b>		<b>(42,260,563)</b>	<b>3,611,774</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>51,517,405</b>	<b>(12,313,135)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>69,445,617</b>	<b>77,720,149</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>120,963,022</b>	<b>65,407,015</b>

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 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



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

For the six months ended December 31, 2020

### 1 THE GROUP AND ITS OPERATIONS

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

Parent

- First Punjab Modaraba

Subsidiary Company	Percentage of holding	
	Dec-2020	June-2020
Punjab Capital Securities (Pvt.) Limited	100%	100%

First Punjab Modarba (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, Musharikah 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, 3<sup>rd</sup> 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 Modaraba applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Modaraba recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The 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 Modaraba ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Modaraba had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

## **2.1 Management's Assessment of Going Concern**

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

During the period ended 31 December 2020, the group has made profit after tax of Rs. 4,026,073, however the accumulated losses, net of reserves, as at 31 December 2020 amount to Rs. 206,145,653 (June 2020: Rs.210,171,726) which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates. Further the current asset of the Modaraba exceed its current liabilities by Rs.4,271,097 as at 31 December 2020.

In order to address going concern issue in terms of section 23 of the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance), The Bank of Punjab (BOP) being the parent company of the Modaraba's Management Company' has planned to extend its due support in terms of capital injection. Further, BOP has confirmed that it shall continue to provide financial support to the Modaraba in order to mitigate the liquidity risk. On 13 January 2021, the SECP has granted approval to initiate real estate activities for which the modaraba has to submit amended prospectus and obtain prior written approval of the Registrar Modaraba before undertaking the business of Real Estate. The approval in respect of capital injections from BOP is in process.

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

## 2.2 Impact of COVID-19 on Financial Statements

During the year, the COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. The World Health Organization (WHO) has declared COVID-19 a global pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 has adversely impacted modaraba on a number of fronts including increase in overall credit risk pertaining to the Islamic financing, disruption in growth due to slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the modaraba's staff is working from home.

Due to overall uncertain situation about the impacts and duration for which such a situation will continue, the overall impact on the modaraba's financial position and financial performance cannot be predicted with reasonable certainty.

In view of the relaxation provided by SECP for deferral of Principal and restructuring of loan, the Modaraba has rescheduled some of its Musharakah and Ijarah with its customers on the basis of written request of the customers which had no material impact on the carrying amounts of assets and liabilities or item of income and expenses as required under the relevant accounting and reporting standards, that require specific disclosure in the financial statements.

## 2.3 Basis of preparations

These consolidated 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 consolidated condensed interim financial statements of the Modaraba for the period ended 31 December 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 2020.

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 consolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 30 June 2020, except as follows:

### New amendments

The Company has adopted the following amendments of IFRSs which became effective for the current period:

IFRS 3	-Uncertainty over Income Tax Treatments
IAS 1 and IAS 8	-Prepayment Features with Negative Compensation – (Amendments)
IFRS 9, IAS 39 and IFRS 7	-Long-term Interests in Associates and Joint Ventures – (Amendments)

The adoption of the above standards, amendments and improvement to accounting standards and interpretations did not have any effect on the interim condensed 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 2020.

## 5 Tangible fixed assets

	Note	31 Dec 2020 (Un-audited) Rupees	30 June 2020 (Audited) Rupees
Ijarah assets	5.1	536,949,555	363,711,083
Assets in own use	5.2	4,500,147	4,803,650
		<b>541,449,702</b>	<b>368,514,733</b>



## 5.1 Ijarah assets

December 2020 (Un-Audited)

Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE		%		
	As at 1 July 2020	Additions	Transfer	As at 31 Dec 2020	As at 1 July 2020	Charge for the period	Transfer	As at 31 Dec 2020	As at 1 July 2020	Reversal for the period	Transfer		As at 31 Dec 2020	As at 31 Dec 2020
	-----Rupees-----													
Plant and machinery	538,775,141	590,000	(1,800,000)	537,565,141	420,683,996	5,516,573	(902,075)	425,298,494	20,593,102	-	-	20,593,102	91,673,545	As per term
Vehicle	538,775,141	11,465,137	(29,474,797)	533,180,939	177,825,101	42,094,299	(25,745,202)	194,174,198	1,104,397	-	-	1,104,397	337,902,344	As per term
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	-	As per term
Consumer products	64,211,924	44,628,098	(9,880,280)	98,959,742	24,061,983	19,257,645	(7,443,804)	35,875,824	-	-	-	-	63,083,918	As per term
	1,167,730,268	56,683,235	(41,155,077)	1,183,258,426	636,123,684	66,868,517	(34,091,081)	668,901,120	21,697,499	-	-	21,697,499	492,659,807	

June - 2 0 2 Q (Audited)

Description	COST			DEPRECIATION			IMPAIRMENT		NET BOOK VALUE		%			
	As at 1 July 2019	Additions	Transfer	As at 1 July 2019	Charge for the year	Transfer	As at 30 June 2020	As at 1 July 2019	Reversal for the year	As at 30 June 2020		As at 30 June 2020		
	-----Rupees-----													
Plant and machinery	642,157,200	7,068,305	(110,450,364)	538,775,141	513,388,434	9,944,191	(102,648,629)	420,683,996	20,593,102	-	20,593,102	97,498,043	As per term	
Vehicle	394,687,833	270,220,536	(113,717,770)	-	551,190,599	150,755,909	67,094,817	(40,025,625)	177,825,101	1,104,397	-	1,104,397	372,261,101	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	49,824,249	(9,715,800)	64,211,924	11,395,583	19,818,157	(7,151,757)	24,061,983	-	-	-	40,149,941	-	As per term
	1,074,501,112	327,113,090	(233,883,934)	1,167,730,268	689,092,530	96,857,166	(149,826,011)	636,123,684	21,697,499	-	21,697,499	509,909,085		

**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. 534,265,174 (30 June 2020 : Rs. 553,815,454).



## 5.2 Assets in own use

December 2020 (Un-Audited)									
Description	COST			DEPRECIATION			NET BOOK VALUE		
	As at 1 July 2020	Additions	Disposal	As at 1 July 2020	Charge for the period	Disposal	As at 31 Dec 2020	As at 31 Dec 2020	Depreciation Rate %
-----Rupees-----									
Office Equipment	3,370,492	43,980	-	2,471,629	154,182	-	2,625,811	788,660	15% & 30%
Furniture & Fixtures	3,107,718	5,500	-	1,674,161	152,377	-	1,826,538	1,286,681	15%
Vehicles	2,174,400	154,800	(69,900)	538,940	64,511	(67,697)	535,754	1,723,547	20%
Computer Equipment	1,212,980	-	-	848,791	54,614	-	903,405	309,575	20%
	9,865,590	204,280	(69,900)	5,533,521	425,683	(67,697)	5,891,507	4,108,462	
June 2020 (Audited)									
Description	COST			DEPRECIATION			NET BOOK VALUE		
	As at 1 July 2019	Additions	Disposal	As at 1 July 2019	Charge for the year	Disposal	As at 30 June 2020	As at 30 June 2020	Depreciation Rate %
-----Rupees-----									
Office Equipment	3,306,762	63,730	-	2,106,783	364,846	-	2,471,629	898,863	15% & 30%
Furniture & Fixtures	2,725,941	381,777	-	1,362,975	311,186	-	1,674,161	1,433,557	15%
Vehicles	2,174,400	-	-	409,374	129,566	-	538,940	1,635,460	20%
Computer Equipments	1,175,180	37,800	-	699,501	149,290	-	848,791	364,189	20%
	9,382,283	483,307	-	4,578,633	954,888	-	5,533,521	4,332,069	

**5.2.1** The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 2,328,614 (30 June 2020 : Rs. 1,459,609).



	Note	31 Dec 2020 (Un-audited) Rupees	30 June 2020 (Audited) Rupees
<b>6 Intangible assets</b>			
LSE Room		4,265,726	4,265,726
Trading right entitlement certificate (TREC)		2,500,000	2,500,000
	<b>6.1</b>	<b>6,765,726</b>	<b>6,765,726</b>
<p><b>6.1</b> 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.</p>			
	Note	31 Dec 2020 (Un-audited) Rupees	30 June 2020 (Audited) Rupees
<b>7 Long term musharikhah investment - secured</b>			
Long term musharikhah investment		609,800,072	650,894,432
Less: Current portion of long term musharikhah investment	<b>10</b>	(403,599,015)	(422,480,205)
		<b>206,201,057</b>	<b>228,414,227</b>
<b>8 Long term morabaha investment - secured</b>			
Long term morabaha investment		18,383,321	21,619,598
Add: Unearned morabaha income		1,892,784	2,077,112
		<b>20,276,105</b>	<b>23,696,710</b>
Less: Current portion of long term morabaha investment	<b>10</b>	(17,938,889)	(12,489,038)
Less: Current portion of unearned morabaha income	<b>10</b>	(1,571,852)	(2,386,568)
		<b>765,364</b>	<b>8,821,104</b>
<b>9 Short term morabaha investment-secured</b>			
Short term morabaha Investment		490,857,959	521,591,548
Add: Unearned morabaha income		1,980,014	4,515,908
		<b>492,837,973</b>	<b>526,107,456</b>
Less: Provision for doubtful morabaha investment		(235,561,379)	(235,561,379)
		<b>257,276,594</b>	<b>290,546,077</b>



# First Punjab Modaraba

	Note	31 Dec 2020 (Un-audited) Rupees	30 June 2020 (Audited) Rupees
<b>10 Current maturity of long term investment</b>			
Current portion of long term musharikhah investment		403,599,015	422,480,205
Less: Provision against musharika investment		(15,761,143)	(15,761,143)
		<b>387,837,872</b>	406,719,062
Current portion of long term morabaha investment		17,938,889	12,489,038
Add: Unearned morabaha income		1,571,852	2,386,568
Less: Provision against morabaha investment		(8,800,000)	(8,800,000)
		<b>10,710,741</b>	6,075,606
		<b>398,548,613</b>	412,794,668
<b>11 Ijarah rental receivables</b>			
Ijarah rental receivable		447,161,682	428,484,372
Less: Provision against ijarah rental receivable		(154,483,091)	(155,596,948)
		<b>292,678,591</b>	272,887,424
<b>12 Advances, deposits, prepayments and other receivables</b>			
Profit receivable			
- Morabaha investment		13,006,533	10,535,511
- Musharikhah investment		35,418,699	36,979,801
		<b>48,425,232</b>	47,515,312
Prepayments		4,485,911	3,343,952
Advances		2,845,704	2,807,424
Advances to Suppliers		119,585	119,585
Security Deposit		16,400,000	8,900,000
Non-banking assets		17,786,298	31,782,500
Accrued Mark up on Margin Financing		483,072	44,511
Other receivables		112,626,740	113,232,181
		<b>203,172,542</b>	207,745,465
Less: Provision for non performing assets		(11,128,292)	(11,128,292)
		<b>192,044,250</b>	196,617,173
<b>13 Long term musharikhah finance secured</b>			

The Modaraba has availed musharikhah finance facilities from The Bank of Punjab having approved limits of Rs. 1,585 million (June 2020: Rs. 1,585 million) maturing latest by 29 January 2021. This facility is long term in nature and in process of renewal, 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 (June 2020: 3 month KIBOR per annum).

**14 Long term musharikhah finance secured**

This represents current maturity of long term security deposits and deferred morabaha income amounting to Rs. 84.15 million (June 2020: Rs. 83.31 million) and Rs. 1.57 million (June 2020: Rs. 2.39 million), respectively.

	<b>31 Dec 2020 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>15 Profit payable</b>		
Musharikhah finance	<b>12,243,455</b>	18,685,681
Redeemable capital	<b>14,151,112</b>	19,056,657
	<b>26,394,567</b>	37,742,338

**16 Contingencies and commitments****16.1 Contingencies**

There are no significant changes in contingent liabilities since the last published financial statements as at 30 June 2020.

	<b>Six months ended</b>	
<b>Note</b>	<b>31 Dec 2020 (Un-audited) Rupees</b>	<b>31 Dec 2019 (Un-audited) Rupees</b>
<b>17 Other income</b>		
Profit on bank deposits	<b>1,284,655</b>	582,312
Processing fee	<b>863,431</b>	1,065,315
Cheque return charges	<b>-</b>	13,000
Gain on settlement of musharikhah	<b>1,448,993</b>	269,663
Gain on settlement of morabaha	<b>21,682</b>	624,288
Miscellaneous income	<b>4,409,176</b>	5,021,157
	<b>8,027,937</b>	7,575,735



	Note	Six months ended	
		31 Dec 2020 (Un-audited) Rupees	31 Dec 2019 (Un-audited) Rupees
<b>18 Administrative expenses</b>			
Salaries and benefits		19,068,424	16,197,335
Traveling and conveyance		60,214	101,078
Depreciation - owned asset	5.2	425,684	486,209
Legal and professional		966,305	500,124
Printing and stationary		381,080	577,516
Insurance		567,608	126,176
PSX, Clearing and house and CDC Charges		558,655	246,743
Fee and subscription		975,855	968,839
Auditor's remuneration		235,000	235,000
Repair and maintenance		851,803	747,481
Vehicle running and maintenance		140,636	52,054
Power and utilities		962,296	832,381
Entertainment expenses		355,059	546,653
Advertisement		107,600	52,600
Telephone and postage		238,321	536,068
Corporate expenses		174,169	355,860
Rent rates and taxes		28,513	17,330
Selling and marketing expenses		360,683	666,208
Miscellaneous expenses		45,500	71,463
		<b>26,503,405</b>	<b>23,317,118</b>
<b>19 Finance cost</b>			
Financial charges on musharikah		24,217,445	82,586,268
Financial charges on redeemable capital		36,785,149	26,532,554
Bank charges		6,511	72,035
		<b>61,009,105</b>	<b>109,190,857</b>
<b>20 Earning per certificate</b>			
<b>20.1 Basic</b>			
Basic earnings per certificate are calculated by dividing the net profit for the year by the weighted average number of certificates outstanding during the year as follows:			
Profit for the year		4,026,073	1,738,100
Weighted average number of ordinary certificates		34,020,000	34,020,000
Earning per certificate		0.12	0.05
<b>20.2 Diluted</b>			

No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.



## 21 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:

	<b>31 Dec 2020 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>21.1 Balances outstanding at the end of year</b>		
<b>21.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)</b>		
Musharikah finances	<b>605,979,236</b>	648,738,613
Profit payable on musharikah finances	<b>12,243,455</b>	18,685,681
Certificates of musharikah	<b>1,000,000,000</b>	1,000,000,000
Profit payable on certificates of musharikah	<b>14,151,112</b>	17,742,455
	<b>Six months ended</b>	
	<b>31 December 2020 (Un-audited) Rupees</b>	<b>31 December 2019 (Un-audited) Rupees</b>
<b>21.2 Transactions during the period</b>		
<b>21.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)</b>		
Bank charges	<b>525</b>	64,608
Profit charged on finances	<b>24,217,445</b>	82,586,268
Profit charged on certificates of Musharikah	<b>36,158,383</b>	25,502,208





		<b>Six months ended</b>	
		<b>31 December 2020 (Un-audited) Rupees</b>	<b>31 December 2019 (Un-audited) Rupees</b>
<b>22</b>	<b>Cash flow from operating activities</b>		
	Profit for the period	<b>(1,337,467)</b>	2,016,543
	Adjustments for:		
	Depreciation of ijarah assets	<b>5.1 66,868,517</b>	39,533,323
	Depreciation of assets in own use	<b>5.2 425,684</b>	486,209
	Gain on disposal of Ijarah assets	<b>(3,092,648)</b>	(1,591,635)
	Gain on disposal of owned assets	<b>(25,297)</b>	-
	Gain on disposal of non-banking assets	<b>(1,900,000)</b>	(250,000)
	Reversal for musharikhah investment	<b>-</b>	(3,509,713)
	Financial charges on musharikhah finances	<b>19 24,217,445</b>	82,586,268
	Financial charges on redeemable capital	<b>19 36,785,149</b>	26,532,554
		<b>123,159,722</b>	143,640,479
	<b>Operating profit before working capital changes</b>	<b>127,649,844</b>	145,657,022
	<b>Working capital changes</b>		
	(Increase)/decrease in operating assets:		
	Morabaha investment	<b>34,784,582</b>	(17,327,290)
	Purchase of assets under ijarah arrangements	<b>(56,683,235)</b>	(226,759,841)
	Investment in Musharikhah - net	<b>41,094,360</b>	122,052,956
	Proceeds from transfer of ijarah assets	<b>10,156,644</b>	33,703,312
	Ijarah Rental Receivable - net	<b>(19,791,167)</b>	28,428,341
	Advances, deposits, prepayments and other receivables	<b>6,100,119</b>	(7,004,274)
		<b>15,661,303</b>	(66,906,796)
	Increase/(decrease) in operating liabilities:		
	Security deposits - net	<b>(2,499,251)</b>	2,951,119
	Trade and other payables	<b>26,035,383</b>	4,451,512
		<b>23,536,132</b>	7,402,631
	<b>Net changes in operating assets and operating liabilities</b>	<b>39,197,435</b>	(59,504,165)
	<b>Cash used in operating activities</b>	<b>166,847,279</b>	86,411,083

**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.

**24 Date of authorization**

This unaudited condensed interim financial statements for the six months ended 31 December 2020 was authorized for issue by the Board of Directors of the Management Company on February 25, 2021.

**25 General**

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



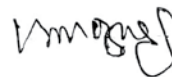
**Chief Financial Officer**  
Punjab Modaraba Services  
( Private ) Limited



**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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