

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
Aamir Malik	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 results of the Modaraba, together with Directors' report, for nine months period ended March 31, 2021.

Notwithstanding, the recent rise in Covid-19 cases, Pakistan has been showing signs of a fragile economic recovery with a gradual resumption of economic dynamism, according to a latest World Bank report. The economic growth is expected to reach 1.3 percent in FY2021 and strengthen to an average of 2.7 percent for FY2022-23, according to the Pakistan Development Update. The baseline economic growth forecast, however, is highly uncertain, especially given the third and more-contagious wave of the pandemic currently circulating in the country.

Private consumption is estimated to have picked up, owing to increase in remittances inflows, social assistance support, the government's construction package, and a return to pre-Covid mobility levels from September 2020. Investment is also estimated to be recovering as machinery imports and cement sales both recorded double-digit growth rates during this period. It is crucial to sustain the positive reform momentum to continue to boost the competitiveness of Pakistan's economy.

Covid-19 has also adversely impacted on the performance of the Modaraba owing to increase in overall credit risk, disruption in growth due to slowdown in economic activity and continuity of business operations. The Modaraba is primarily exposed in Transport sector which was one of the most affected segments because of restrictions imposed on Transport Sector and traveling. Due to continued trouble in form of second and third waves of the pandemic, the impact is apprehended to be significant.

Though the Modaraba benefited from improvement in economy, its profitability during the period was significantly hit by recent change in regulatory regime of classification and provisioning criteria. However, substantial negative impact was more than neutralized by notable positive impact due to recovery from chronic non-performing assets. On net basis, positive bottom line of Rs.5.076 million was recorded for the period under review as compared to loss of Rs.7.727 million in corresponding period. The wholly owned subsidiary of the Modaraba, i.e. Punjab Capital Securities (Pvt) Limited also performed well during the nine months period and earned profit after taxation of Rs.5.047 million as compared to Rs.0.080 million in corresponding period.

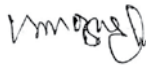
Going forward, the Management is taking extra caution while booking fresh assets. The Management is actively pursuing litigation cases and at the same time, strategizing out of Court settlements for recovery from non-performing assets. The SECP has granted approval to amend prospectus of the Modaraba in order to undertake real estate activities.

The Board is indebted to 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 patronage extended by the certificate holders is also well acknowledged.

For and on behalf of the Board of Directors



(Aamir Malik)  
Chief Executive



(Imran Bashir)  
Director

Lahore: April 27, 2021

## ڈائریکٹرز کی رپورٹ

پنجاب مدار بہرہ سروسز پرائیویٹ لمیٹڈ، فرسٹ پنجاب مدار بہ کی مینجمنٹ کمپنی، کے ڈائریکٹر 31 مارچ 2021 کو ختم ہونے والے 9 ماہ کے نتائج پیش کرنے میں مسرت محسوس کرتے ہیں۔

عالمی بینک کی ایک تازہ رپورٹ کے مطابق، Covid-19 واقعات میں حالیہ اضافے کے باوجود، پاکستان میں معاشی حرکیات کی بتدریج بحالی کے ساتھ ایک نازک معاشی بحالی کے آثار ظاہر ہو رہے ہیں۔ پاکستان ڈولپمنٹ اپ ڈیٹ کے مطابق مالی سال 2021 میں معاشی نمو 1.3 فیصد تک پہنچنے اور مالی سال 2022-23 کے لئے اوسط 2.7 فیصد تک پہنچنے کی توقع ہے۔ تاہم بنیادی معاشی نمو کی پیش گوئی انتہائی غیر یقینی ہے، خاص طور پر ملک میں اس وقت وبائی امراض کی تیسری اور زیادہ متعدد لہروں کو دیکھتے ہوئے۔

تخمینہ لگایا گیا ہے کہ ستمبر 2020 سے ترسیلات زر میں اضافے، معاشی امداد، حکومت کے تعمیراتی پیکج اور قبل از Covid-19 نقل و حرکت کی سطح میں واپسی کی وجہ سے نجی استعمال میں اضافہ ہوا ہے۔ اس مدت کے دوران سینٹ اور مشینری کی درآمد اور فروخت دونوں میں ڈبل ہندسے کی شرح نمو ریکارڈ کی گئی جس کی وجہ سے بھی سرمایہ کاری کی بحالی کا تخمینہ ہے۔ پاکستان کی معیشت کی مسابقت کو فروغ دینے کے لئے مثبت اصلاحی تحریک کو برقرار رکھنا بہت ضروری ہے۔

Covid-19 کے زیر اثر معاشی سرگرمی اور کاروباری کاروائیوں کے تسلسل میں سست روی، مجموعی طور پر کریڈٹ رسک میں اضافے اور نمو میں رکاوٹ کی وجہ سے مضاربہ کی کارکردگی پر بھی منفی اثر پڑا۔ مضاربہ بنیادی طور پر ٹرانسپورٹ سیکٹر میں سرمایہ کار ہے جو ٹرانسپورٹ سیکٹر اور سفر پر عائد پابندیوں کی وجہ سے سب سے زیادہ متاثر طبقہ تھا۔ وبائی مرض کی دوسری اور تیسری لہروں کی شکل میں مسلسل پریشانی کی وجہ سے، اس کے اثر کے زیادہ ہونے کا خدشہ ہے۔

اگرچہ مضاربہ نے معیشت میں بہتری سے فائدہ اٹھایا، اس عرصے کے دوران اس کا منافع درجہ بندی اور پروویژن کے ریگولیٹری ڈھانچے میں حالیہ تبدیلی کی وجہ سے نمایاں طور پر متاثر ہوا۔ تاہم، دائمی عدم کارکردگی کا مظاہرہ کرنے والے اثاثوں سے بازیابی کی وجہ سے نمایاں مثبت اثر کے ذریعے خاطر خواہ منفی اثر جذب ہو گیا۔ خالص بنیاد پر، حالیہ مدت کے دوران 5.076 ملین روپے کے مثبت منافع کو ریکارڈ کیا گیا جبکہ اس سے متعلق پچھلے عرصے میں 7.727 ملین روپے کا نقصان ہوا تھا۔ مضاربہ کی مکمل ملکیتی ماتحت کمپنی، یعنی پنجاب کسٹومل سسٹمز (پرائیویٹ) لمیٹڈ نے نے بھی نو ماہ کے عرصے میں اچھی کارکردگی کا مظاہرہ کیا اور اس عرصے میں 80 ہزار روپے کے مقابلے میں 5.047 ملین روپے کا بعد از ٹیکس منافع حاصل کیا۔

آگے بڑھتے ہوئے، کمپنی کی انتظامیہ تازہ اثاثوں کی بکنگ کے دوران اضافی احتیاط برت رہی ہے۔ مینجمنٹ فعال طور پر قانونی چارہ جوئی کے مقدمات کی پیروی کر رہی ہے اور ساتھ ساتھ، نادہندہ اثاثوں سے بازیابی کے لئے عدالتوں سے باہر حکمت عملی تیار کر رہی ہے۔ رینیل انٹیٹی کی سرگرمیاں انجام دینے کے لئے SECP نے مضاربہ کے پرائیکٹس میں ترمیم کرنے کی منظوری دے دی ہے۔

بورڈ نے باقاعدگی سے رجسٹرڈ مدار بہ، سکیو رٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان کی مسلسل رہنمائی اور حمایت کو تسلیم کیا اور مستقبل میں بھی اسی طرح فائدہ حاصل کرنے کی توقع ہے۔ بورڈ سرٹیفیکیٹ ہولڈرز کی سرپرستی کے لئے بھی شکر گزار ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



ڈائریکٹر

عمران بشیر



چیف ایگزیکٹو

عامر ملک

لاہور: 27 اپریل 2021

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

AS AT 31 March 2021

	Note	31 March 2021 (Un-Audited) Rupees	30 June 2020 (Audited) Rupee
<b>ASSETS</b>			
<b>Non current assets</b>			
Tangible fixed assets	5		
- Ijarah assets	5.1	475,881,668	509,909,085
- Assets in own use	5.2	2,732,253	3,107,836
Investment in subsidiary	6	76,500,000	76,500,000
Long term musharikhah investment - secured	7	221,188,994	228,414,227
Long term morabaha investment - secured	8	-	8,821,104
Long term deposits		203,444	203,444
Deferred tax asset		64,398,663	64,398,663
		<b>840,905,022</b>	<b>891,354,359</b>
<b>Current assets</b>			
Short term morabaha investment - secured	9	261,554,204	290,546,077
Current maturity of long term investment	10	397,988,746	412,794,668
Ijarah rental receivable	11	254,986,473	272,887,424
Advances, deposits, prepayments and other receivables	12	170,378,505	187,551,827
Tax refund due from government		4,094,245	3,736,354
Cash and bank balances		51,310,845	25,102,916
		<b>1,140,313,018</b>	<b>1,192,619,266</b>
<b>TOTAL ASSETS</b>		<b>1,981,218,040</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		<b>500,000,000</b>	<b>500,000,000</b>
Issued, subscribed and paid-up certificate capital			
34,020,000 (30 June 2020: 34,020,000) certificates of			
Rs. 10 each		<b>340,200,000</b>	<b>340,200,000</b>
Capital reserves		216,692,528	216,692,528
Revenue reserves		(414,517,300)	(419,594,296)
		<b>142,375,228</b>	<b>137,298,232</b>
<b>Non current liabilities</b>			
Long term security deposits		53,823,038	61,340,259
Deferred morabaha income		2,257,620	4,206,452
Long term musharikhah finance - secured	13	546,455,087	648,738,613
		<b>602,535,745</b>	<b>714,285,324</b>
<b>Current liabilities</b>			
Current maturity of non current liabilities		85,508,001	85,702,657
Redeemable capital - participatory and unsecured	14	1,014,056,631	1,013,549,225
Profit payable	15	25,880,176	37,742,338
Trade and other payables	16	92,407,065	77,937,508
Provision for taxation		1,039,867	-
Unclaimed profit		17,415,327	17,458,341
		<b>1,236,307,067</b>	<b>1,232,390,069</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,981,218,040</b>	<b>2,083,973,625</b>

**CONTINGENCIES AND COMMITMENTS**

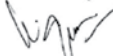
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The attached notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

**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 nine months ended 31 March 2021

Note	2021		2020	
	Nine months Ended 31 March	Three months Ended 31 March	Nine months Ended 31 March	Three months Ended 31 March
----- (Rupees) -----				
<b>Income</b>				
Income from ijarah rentals	40,372,323	8,329,067	47,437,400	9,654,018
Income from morabaha financing	4,517,628	946,152	14,161,572	5,013,425
Income from diminishing musharaka financing	47,989,688	13,949,385	94,992,925	23,751,752
Gain on disposal of fixed assets	5,237,649	219,704	1,591,635	-
Other income	8,434,253	2,345,251	9,371,895	4,419,802
	106,551,541	25,789,559	167,555,427	42,838,997
<b>Expenses</b>				
Administrative expenses	28,960,578	10,760,782	26,039,641	9,013,471
Finance cost	90,208,022	29,204,903	152,738,366	43,554,936
	119,168,600	39,965,685	178,778,007	52,568,407
<b>Operating (loss) / profit before provision</b>	<b>(12,617,059)</b>	<b>(14,176,126)</b>	<b>(11,222,580)</b>	<b>(9,729,410)</b>
Reversal / (Provision) for impairment of ijarah assets	18,733,922	18,955,522	(14,700)	(14,700)
Reversal / (Provision) for musharikhah investment	-	-	3,509,713	-
	18,733,922	18,955,522	3,495,013	14,700
<b>Operating profit after provision and impairment</b>	<b>6,116,863</b>	<b>4,779,396</b>	<b>(7,727,567)</b>	<b>(9,744,110)</b>
<b>Modaraba Company's management fee</b>	-	-	-	-
<b>Profit before taxation</b>	<b>6,116,863</b>	<b>4,779,396</b>	<b>(7,727,567)</b>	<b>(9,744,110)</b>
<b>Taxation</b>	<b>(1,039,867)</b>	<b>(812,498)</b>	-	342,812
<b>Profit for the period</b>	<b>5,076,996</b>	<b>3,966,898</b>	<b>(7,727,567)</b>	<b>(9,401,298)</b>
<b>Earnings per certificate - basic and diluted</b>	<b>0.15</b>	<b>0.12</b>	<b>(0.23)</b>	<b>(0.28)</b>

The attached notes 1 to 27 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 nine months ended 31 March 2021

Note	2021		2020	
	Nine months	Three months	Nine months	Three months
	Ended 31 March	Ended 31 March	Ended 31 March	Ended 31 March
	----- (Rupees) -----			
Income for the period	5,076,996	3,966,898	(7,727,567)	(9,401,298)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>5,076,996</b>	<b>3,966,898</b>	<b>(7,727,567)</b>	<b>(9,401,298)</b>

The attached notes 1 to 27 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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(Private) Limited

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

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





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

For the nine months ended 31 March 2021

	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	-	-	(7,727,567)	(7,727,567)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(7,727,567)	(7,727,567)
<b>Balance as at 31 March 2020 (Un-audited)</b>	<b>340,200,000</b>	<b>216,692,528</b>	<b>(372,010,972)</b>	<b>184,881,556</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	-	-	5,076,996	5,076,996
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	5,076,996	5,076,996
<b>Balance as at 31 Mar 2021 (Un-Audited)</b>	<b>340,200,000</b>	<b>216,692,528</b>	<b>(414,517,300)</b>	<b>142,375,228</b>

The attached notes 1 to 27 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**  
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(Private) Limited

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

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



## UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the nine months ended 31 March 2020

		Nine months ended	
	Note	31 March 2021 Rupees	31 March 2020 Rupees
Cash flow from operating activities			
Cash generated from / (used in) operations	24	230,757,874	144,211,532
PProfit paid on redeemable capital		(59,142,749)	(39,358,368)
Profit paid on musharikah finances		(42,903,126)	(117,193,710)
Taxes paid		(357,891)	(573,102)
		(102,403,766)	(157,125,180)
Net cash generated from / (used in) operating activities		128,354,108	(12,913,648)
Cash flow from investing activities			
Proceeds from disposal of fixed assets		27,500	-
Purchase of fixed assets in own use	5.2	(354,545)	(381,777)
Net cash generated from / (used in) investing activities		(327,045)	(381,777)
Cash flow from financing activities			
Musharikah finances-net	13	(102,283,526)	(566,162,879)
Redeemable capital-net	14	507,406	568,016,369
Profit distributed among the certificate holders		(43,014)	(19,880)
Net cash (used in) / generated from financing activities		(101,819,134)	1,833,610
Net (decrease) / increase in cash and cash equivalents		26,207,929	(11,461,815)
Cash and cash equivalents at the beginning of the period			
		25,102,916	43,024,878
Cash and cash equivalents at the end of the period		51,310,845	31,563,063

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

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Punjab Modaraba Services  
( Private ) Limited

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( Private ) Limited

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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 (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, Musharikah and Morabaha financing, equity investment and other related businesses in accordance with the injunctions of Islam.

These condensed interim 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 interim 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 March 2021, the Modaraba has made profit after tax of Rs. 5,076,996, however the accumulated losses, net of reserves, as at 31 March 2021 amount to Rs. 197,824,772 (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.95,994,049 as at 31 March 2021.

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. On 13 January 2021, the SECP has granted approval to initiate real estate activities for which the modaraba has to 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.

## 1.2 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 and continuity of business operations. 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 facilities 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 required 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 March 2021 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- Definition of a Business – (Amendments)

IAS 1 and IAS 8 - Definition of Material – (Amendments)

IFRS 9, IAS 39

and IFRS 7 - Interest Rate Benchmark Reform – (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 March 2021 (Un-Audited) Rupees	30 June 2020 (Audited) Rupees
<b>5 Tangible fixed assets</b>			
Ijarah assets	5.1	475,881,668	509,909,085
Assets in own use	5.2	2,732,253	3,107,836
		<b>478,613,921</b>	<b>513,016,921</b>

## 5.1 Ijarah assets

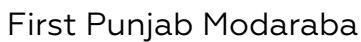
March 2021 (Un-Audited)

Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE		Depreciation Rate	
	As at 1 July 2020	Additions	Transfer	As at 31 March 2021	As at 1 July 2020	Charge for the period	Transfer	As at 31 March 2021	As at 1 July 2020	Reversal for the period	Transfer		As at 31 March 2021
													%
													-----Rupees-----
Plant and machinery	538,775,141	1,040,000	(52,883,000)	486,932,141	420,683,996	8,171,910	(46,931,754)	381,924,152	20,593,102	-	-	20,593,102	84,414,887
Vehicle	551,190,599	12,569,790	(30,552,658)	533,207,731	177,825,101	62,290,023	(25,848,856)	214,266,268	1,104,397	-	-	1,104,397	317,837,066
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	-
Consumer products	64,211,924	65,287,590	(9,951,280)	119,548,234	24,061,983	29,360,632	(7,504,096)	45,918,519	-	-	-	-	73,629,715
	1,167,730,268	78,897,380	(93,386,938)	1,133,240,710	636,123,684	99,822,565	(80,284,706)	655,661,543	21,697,499	-	-	21,697,499	475,881,668

June - 2 0 2 0 (Audited)

Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE		Depreciation Rate		
	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
	-----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	270,220,336	(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. 534,690,174 (30 June 2020 : Rs. 634,195,971).
- 5.1.2** 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.



## March 2021 (Un-Audited)

June 2020 (Audited)

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

**5.2.1** The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 1,459,609 (30 June 2020 : 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 2020: Rs. 76,500,000).

	Note	31 March 2021 (Un-audited) Rupees	30 June 2020 (Audited) Rupees
<b>7 Long term musharikhah investment - secured</b>			
Long term musharikhah investment		624,788,009	650,894,432
Less: Current portion of long term musharikhah investment	10	(403,599,015)	(422,480,205)
		221,188,994	228,414,227
<b>8 Long term morabaha investment - secured</b>			
Long term morabaha investment		17,591,652	21,619,598
Add: Unearned morabaha income		1,359,222	2,077,112
		18,950,874	23,696,710
Less: Current portion of long term morabaha investment	10	(17,591,648)	(12,489,038)
Less: Current portion of unearned morabaha income	10	(1,359,226)	(2,386,568)
		-	8,821,104
<b>9 Short term morabaha investment-secured</b>			
Short term morabaha Investment		494,857,959	521,591,548
Add: Unearned morabaha income		2,257,624	4,515,908
		497,115,583	526,107,456
Less: Provision for doubtful morabaha investment		(235,561,379)	(235,561,379)
		261,554,204	290,546,077
<b>10 Current maturity of long term investment</b>			
Current portion of long term musharikhah investment	7	403,599,015	422,480,205
Less: Provision against musharika investment		(15,761,143)	(15,761,143)
		387,837,872	406,719,062
Current portion of long term morabaha investment	8	17,591,648	12,489,038
Add: Unearned morabaha income	8	1,359,226	2,386,568
Less: Provision against morabaha investment		(8,800,000)	(8,800,000)
		10,150,874	6,075,606
		397,988,746	412,794,668
<b>11 Ijarah rental receivables</b>			
Ijarah rental receivable		385,910,609	428,484,372
Less: Provision against ijarah rental receivable		(130,924,136)	(155,596,948)
		254,986,473	272,887,424





# First Punjab Modaraba

	<b>Note</b>	<b>31 March 2021 (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>16,885,773</b>	10,535,511
- Musharikhah investment		<b>32,262,137</b>	36,979,801
		<b>49,147,910</b>	47,515,311
Prepayments		<b>5,850,765</b>	3,342,702
Advances		<b>1,645,704</b>	2,807,424
Non-banking assets		<b>8,486,298</b>	31,782,500
Other receivables		<b>116,376,120</b>	113,232,181
		<b>181,506,797</b>	198,680,118
Less: Provision for non performing assets		<b>(11,128,292)</b>	(11,128,292)
		<b>170,378,505</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 (2020: Rs. 1,585 million) maturing latest by 31 October 2021. 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 plus 0.25 bps per annum (2020: 3 month Kibor per annum).

	<b>31 March 2021 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>14 Redeemable capital - participatory and unsecured</b>		
Opening balance	<b>1,013,549,225</b>	445,518,493
Add: Issued during the year	<b>507,406</b>	2,410,030,732
Add: Re- issued during the year	<b>1,000,000,000</b>	105,000,000
Less: Redeemed during the year	<b>(1,000,000,000)</b>	(1,947,000,000)
	<b>507,406</b>	568,030,732
Closing balance	<b>14.1 1,014,056,631</b>	1,013,549,225

**14.1** The Certificates of Musharaka have been issued with a maturity of upto 3 years. The share of profit payable ranges from 7.00% to 11.50% per annum (2020: 6.50% to 12.75%).

		31 March 2021 (Un-audited) Rupees	30 June 2020 (Audited) Rupees
<b>15 Profit payable</b>			
Musharikah finance		11,672,348	18,685,681
Redeemable capital		14,207,828	19,056,657
		<b>25,880,176</b>	<b>37,742,338</b>
<b>16 Contingencies and commitments</b>			
<b>16.1 Contingencies</b>			
There are no significant changes in contingent liabilities since the last published financial statement as at 30 June 2020.			
<b>16.2 Commitments</b>			
Musharikah commitments approved but not disbursed as on balance sheet date amount to Rs. Nil. (2020: Rs.10.85 million).			
		31 March 2021 (Un-audited) Rupees	31 March 2020 (Un-Audited) Rupees
<b>17 Other Income</b>			
Profit on bank deposits		2,025,832	2,393,137
Processing fee		1,171,852	1,245,960
Cheque return charges		-	13,000
Gain on settlement of musharikah	5.2	2,607,146	269,663
Gain on settlement of morabaha		21,682	1,526,120
Miscellaneous income		2,607,741	3,924,015
		<b>8,434,253</b>	<b>9,371,895</b>



		Nine months ended	
		31 March 2021 (Un-audited) Rupees	31 March 2020 (Un-audited) Rupees
<b>18</b>	<b>Operating Expenses</b>		
	Salaries and benefits	21,151,495	19,270,765
	Traveling and conveyance	99,627	176,588
	Depreciation - owned asset	727,925	500,929
5.2	Amortization of Intangible Assets	900,822	-
	Legal and professional	409,646	482,114
	Printing and stationary	674,871	734,159
	Insurance	460,849	260,172
	Fee and subscription	789,099	793,039
	Auditor's remuneration	235,000	235,000
	Repair and maintenance	889,881	377,041
	Vehicle running and maintenance	178,896	136,684
	Power and utilities	724,710	712,691
	Entertainment expenses	340,048	378,136
	Advertisement	107,600	58,768
	Telephone and postage	474,032	542,357
	Corporate expenses	309,095	451,142
	Rent rates and taxes	18,975	6,040
	Selling and marketing expenses	410,171	892,274
	Miscellaneous expenses	57,836	31,746
		<b>28,960,578</b>	<b>26,039,641</b>
<b>19</b>	<b>Finance cost</b>		
	Financial charges on musharikhah	35,889,793	95,487,085
	Financial charges on redeemable capital	54,293,920	57,186,173
	Bank charges	24,309	65,108
		<b>90,208,022</b>	<b>152,738,366</b>
<b>19</b>	<b>Taxation</b>		
	<b>Current Tax</b>		
	- Current year	1,039,867	-
		<b>1,039,867</b>	<b>-</b>



## 21 Earning per certificate

### 21.1 Basic

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

	<b>31 March 2021 (Un-audited) Rupees</b>	<b>31 March 2020 (Un-audited) Rupees</b>
Profit for the year	<b>5,076,996</b>	(7,727,567)
Weighted average number of ordinary certificates	<b>34,020,000</b>	34,020,000
Earning per certificate	<b>0.15</b>	(0.23)

### 21.2 Diluted

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

## 22 Transactions with related parties

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

	<b>31 March 2021 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>22.1 Balances outstanding at the end of year</b>		
<b>22.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)</b>		
Musharikhah finances	<b>546,455,087</b>	648,738,613
Profit payable on musharikhah finances	<b>11,672,348</b>	18,685,681
Certificates of musharikhah	<b>1,000,000,000</b>	1,000,000,000
Profit payable on certificates of musharikhah	<b>14,207,828</b>	17,742,455
<b>22.1.2 Punjab Capital Securities (Private) Limited (Subsidiary Company)</b>		
Investment in shares	<b>76,500,000</b>	76,500,000



Nine months ended	
31 March 2021 (Un-audited) Rupees	31 March 2020 (Un-audited) Rupees

## 22.2 Transactions during the period

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

Bank charges	24,309	65,108
Profit charged on finances	35,889,793	95,487,085
Profit charged on certificates of Musharikah	53,667,154	56,155,827

## 23 Reconciliation of liabilities arising from financing activities

	Balance as on 1 July 2020	Availed / Announced	Repaid / Redeemed	Balance 31 March 2021
	----- (Rupees) -----			
Long Term Musharikah Finance	648,738,613	2,240,365,563	(2,342,649,089)	546,455,087
Dividend Payable	17,458,338	-	(43,011)	17,415,327
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>3,250,865,563</u>	<u>(3,352,684,694)</u>	<u>1,577,927,045</u>



Note	Nine months ended	
	31 March 2021 (Un-audited) Rupees	31 March 2020 (Un-audited) Rupees
<b>24 Cash flow from operating activities</b>		
Profit for the period	<b>6,116,863</b>	(7,727,567)
Adjustments for:		
Depreciation of ijarah assets	<b>99,822,565</b>	74,793,352
Depreciation of assets in own use	<b>727,925</b>	500,929
Amortization of Intangible Assets	<b>900,822</b>	-
Gain on disposal of Ijarah assets	<b>(3,312,352)</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>	(1,333,000)
(Reversal) / Provision for musharikhah investment	<b>-</b>	(3,509,713)
(Reversal) / Provision for Ijara investment	<b>(18,733,922)</b>	-
Financial charges on musharikhah finances	<b>35,889,793</b>	95,487,085
Financial charges on redeemable capital	<b>54,293,920</b>	57,186,173
	<b>167,663,454</b>	221,533,191
<b>Operating profit before working capital changes</b>	<b>173,780,317</b>	213,805,623
<b>Working capital changes</b>		
(Increase)/decrease in operating assets:		
Morabaha investment	<b>31,788,877</b>	7,312,564
Purchase of assets under ijarah arrangements	<b>(78,897,380)</b>	(254,398,337)
Investment in musharikhah-net	<b>26,106,423</b>	166,675,114
Proceeds from transfer of ijarah assets	<b>16,414,584</b>	7,958,148
Ijarah Rental Receivable - net	<b>17,900,951</b>	16,264,693
Advances, deposits, prepayments and other receivables	<b>36,906,422</b>	(21,300,203)
	<b>50,219,877</b>	(77,488,021)
Increase/(decrease) in operating liabilities:		
Security deposits - net	<b>(7,711,877)</b>	2,236,985
Trade and other payables	<b>14,469,557</b>	5,656,944
	<b>6,757,680</b>	7,893,929
<b>Net changes in operating assets and operating liabilities</b>	<b>56,977,557</b>	(69,594,092)
<b>Cash used in operating activities</b>	<b>230,757,874</b>	144,211,532



## 25 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.

## 26 Date of authorization

This unaudited condensed interim financial statements for the nine months ended 31 March 2021 was authorized for issue by the Board of Directors of the Management Company on April 27, 2021.

## 27 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 nine months ended  
March 31, 2021





# First Punjab Modaraba

## Consolidated Balance Sheet (Un-Audited)

As at March 31, 2021

### ASSETS

#### Non current assets

	Note	31 March 2021 (Un-Audited) Rupees	30 June 2020 (Audited) Rupees
Tangible fixed assets			
- Ijarah assets	5.1	475,881,668	509,909,085
- Assets in own use	5.2	3,777,792	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	221,188,994	228,414,227
Long term morabaha investment - secured	8	-	8,821,104
Long term deposits		2,381,853	2,381,853
Deferred tax asset		64,398,663	64,398,663
		<b>794,000,235</b>	<b>844,628,266</b>

#### Current assets

Short term morabaha investment - secured	9	261,554,204	290,546,077
Current maturity of long term investment	10	397,988,746	412,794,668
Trade Receivable		22,839,711	8,983,643
Ijarah rental receivable - net	11	254,986,473	272,887,424
Advances, deposits, prepayments and other receivables	12	208,094,587	196,617,173
Tax refund due from government		6,558,755	5,945,010
Cash and bank balances		85,334,577	69,445,617
		<b>1,237,357,053</b>	<b>1,257,219,612</b>
		<b>2,031,357,288</b>	<b>2,101,847,878</b>

### 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

**(425,586,677)**

**(435,710,622)**

**140,152,220**

**130,028,274**

#### Non current liabilities

Long term security deposits		<b>53,823,038</b>	61,340,259
Deferred morabaha income		<b>2,257,620</b>	4,206,452
Long term musharikhah finance - secured	13	<b>546,455,087</b>	648,738,613
		<b>602,535,745</b>	<b>714,285,324</b>

#### Current liabilities

Current maturity of non current liabilities	14	<b>85,508,001</b>	85,702,657
Redeemable capital - participatory and unsecured		<b>1,014,056,631</b>	1,013,549,225
Profit payable	15	<b>25,880,176</b>	37,742,338
Trade and other payables		<b>144,186,391</b>	102,700,068
Provision for taxation		<b>1,622,798</b>	381,651
Unclaimed profit		<b>17,415,327</b>	17,458,341
		<b>1,288,669,324</b>	<b>1,257,534,280</b>
		<b>2,031,357,289</b>	<b>2,101,847,878</b>

### TOTAL EQUITY AND LIABILITIES

### CONTINGENCIES AND COMMITMENTS

16

The attached notes 1 to 24 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 nine months ended March 31, 2021

Note	2021		2020	
	Nine months Ended 31 March	Three months Ended 31 March	Nine months Ended 31 March	Three months Ended 31 March
----- (Rupees) -----				
<b>Income</b>				
Income from ijarah rentals	40,372,323	8,329,067	47,437,400	9,654,018
Income from morabaha financing	4,517,628	946,152	14,161,572	5,013,425
Income from diminishing musharaka financing	47,989,688	13,949,385	94,992,925	23,751,752
Revenue from Contract with Customers	16,102,351	6,698,165	6,105,169	2,318,737
Gain on disposal of fixed assets	5,237,649	219,704	1,591,635	-
Other income 17	11,040,632	3,012,695	13,039,083	5,463,348
	125,260,271	33,155,168	177,327,784	46,201,280
<b>Expenses</b>				
Administrative expenses 18	42,413,353	15,909,947	35,644,293	12,327,175
Finance cost 19	90,215,748	29,206,643	152,749,700	43,558,843
	132,629,101	45,116,590	188,393,993	55,886,018
<b>Operating (loss) / profit before provision</b>	<b>(7,368,830)</b>	<b>(11,961,422)</b>	<b>(11,066,209)</b>	<b>(9,684,738)</b>
Provision against ijarah rentals	18,733,922	18,955,522	(14,700)	(14,700)
Reversal for musharika investment	-	-	3,509,713	-
	18,733,922	18,955,522	3,495,013	14,700
<b>Operating profit after provision and impairment</b>	<b>11,365,092</b>	<b>6,994,100</b>	<b>(7,571,196)</b>	<b>(9,699,438)</b>
<b>Modaraba Company's management fee</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit before taxation</b>	<b>11,365,092</b>	<b>6,994,100</b>	<b>(7,571,196)</b>	<b>(9,699,438)</b>
<b>Taxation</b>	<b>(1,241,147)</b>	<b>(896,226)</b>	<b>(76,288)</b>	<b>313,854</b>
<b>Profit for the period</b>	<b>10,123,946</b>	<b>6,097,874</b>	<b>(7,647,484)</b>	<b>(9,385,584)</b>
<b>Earnings per certificate -</b>				
<b>basic and diluted 20</b>	<b>0.30</b>	<b>0.18</b>	<b>(0.22)</b>	<b>(0.28)</b>

The attached notes 1 to 24 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 nine months ended March 31, 2020

Note	2021		2020	
	Nine months Ended 31 March	Three months Ended 31 March	Nine months Ended 31 March	Three months Ended 31 March
----- (Rupees) -----				
<b>Income</b>				
Profit for the period	10,123,946	6,097,874	(7,647,484)	(9,385,584)
Other Comprehensive Income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>10,123,946</b>	<b>6,097,874</b>	<b>(7,647,484)</b>	<b>(9,385,584)</b>

The attached notes 1 to 24 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  
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**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, 2021

		Nine months ended	
	Note	31 March 2021 (Un-audited) Rupees	31 March 2020 (Un-audited) Rupees
<b>Cash flow from operating activities</b>			
<b>Cash used in operating activities</b>	<b>22</b>	<b>220,694,760</b>	150,948,334
Profit paid on redeemable capital		<b>(59,142,749)</b>	(39,358,368)
Profit paid on musharikhah finances		<b>(42,903,126)</b>	(117,193,710)
Tax paid		<b>(613,745)</b>	(969,484)
		<b>(102,659,620)</b>	(157,521,562)
<b>Net cash used in operating activities</b>		<b>118,035,140</b>	(6,573,228)
<b>Cash flow from investing activities</b>			
Proceeds from disposal of fixed assets		<b>27,500</b>	-
Purchase of fixed assets in own use	<b>5.2</b>	<b>(354,545)</b>	(419,577)
<b>Net cash generated from / (used in) investing activities</b>		<b>(354,045)</b>	(419,577)
<b>Cash flow from financing activities</b>			
Musharikhah finances-net		<b>(102,283,526)</b>	(566,162,879)
Redeemable capital-net		<b>507,406</b>	568,016,369
Profit distributed among the certificate holders		<b>(43,014)</b>	(19,880)
<b>Net cash (used in) / generated from financing activities</b>		<b>(101,819,134)</b>	1,833,610
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>15,888,961</b>	(5,159,195)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>69,445,617</b>	77,720,149
<b>Cash and cash equivalents at the end of the period</b>		<b>85,334,578</b>	72,560,954

The attached notes 1 to 24 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**  
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(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, 2021

### 1 THE GROUP AND ITS OPERATIONS

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

Parent

- First Punjab Modaraba

Subsidiary Company	Percentage of holding	
	31 March-21	30 June-20
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, 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, management has carefully assessed number of factors covering the performance of the business, business prospects and appetite of majority shareholder to continue financial support. Based on the analysis of these, management is comfortable that the Modaraba will be able to continue as a going concern in the foreseeable future.

During the period ended 31 March 2021, the group has made profit after tax of Rs. 10,123,945, however the accumulated losses, net of reserves, as at 31 March 2021 amount to Rs. 200,047,781 (2020: Rs.210,171,726) 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.51,312,271 as at 31 March 2021.

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. On 13 January 2021, the SECP has granted approval to initiate real estate activities for which the modaraba has to 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 and continuity of business operations. 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 facilities 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 required 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 March 2021 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	-Definition of a Business — (Amendments)
IAS 1 and IAS 8	-Definition of Material — (Amendments)
IFRS 9, IAS 39 and IFRS 7	-Interest Rate Benchmark Reform — (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.

		<b>31 March 2021 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>5 Tangible fixed assets</b>			
Ijarah assets	<b>5.1</b>	<b>475,881,668</b>	509,909,085
Assets in own use	<b>5.2</b>	<b>3,777,792</b>	4,332,069
		<b>479,659,460</b>	514,241,154

## 5.1 Ijarah assets

March 2021 (Un-Audited)

Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE		Depreciation Rate	
	As at 1 July 2020	Additions	Transfer	As at 31 March 2021	As at 1 July 2020	Charge for the period	Transfer	As at 31 March 2021	As at 1 July 2020	Reversal for the period	Transfer		As at 31 March 2021
													%
													-----Rupees-----
Plant and machinery	538,775,141	1,040,000	(52,883,000)	486,932,141	420,683,996	8,171,910	(46,931,754)	381,924,152	20,593,102	-	-	20,593,102	84,414,887
Vehicle	551,190,599	12,569,790	(30,552,658)	533,207,731	177,825,101	62,290,023	(25,848,856)	214,266,268	1,104,397	-	-	1,104,397	317,837,066
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	-
Consumer products	64,211,924	65,287,590	(9,951,280)	119,548,234	24,061,983	29,360,632	(7,504,096)	45,918,519	-	-	-	-	73,629,715
	1,167,730,268	78,897,380	(93,386,938)	1,133,240,710	636,123,684	99,822,565	(80,284,706)	655,661,543	21,697,499	-	-	21,697,499	475,881,668

June - 2 0 2 0 (Audited)

Description	COST			DEPRECIATION			IMPAIRMENT			NET BOOK VALUE		Depreciation Rate	
	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	Reversal for the year	Transfer	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	270,220,336	(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
Cesna 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. 534,690,174 (30 June 2020 : Rs. 634,195,971).
- 5.1.2** 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

December 2020 (Un-Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
	As at 1 July 2020	As at 31 March 2021	As at 1 July 2020	Charge for the period	Disposal	As at 31 March 2021	As at 31 March 2021	
								%
Office Equipment	3,370,492	3,564,737	2,471,629	171,462	-	2,643,091	921,645	15% & 30%
Furniture & Fixtures	3,107,718	3,113,218	1,674,161	227,685	-	1,901,846	1,211,372	15%
Vehicles	2,174,400	2,259,300	538,940	425,549	(67,697)	896,792	1,362,508	20%
Computer Equipment	1,212,980	1,212,980	848,791	81,921	-	930,712	282,267	20%
	9,865,590	10,150,235	5,533,521	906,617	(67,697)	6,372,441	3,777,792	

June 2020 (Audited)

Description	COST		DEPRECIATION			NET BOOK VALUE		Depreciation Rate
	As at 1 July 2019	As at 30 June 2020	As at 1 July 2019	Charge for the year	Disposal	As at 30 June 2020	As at 30 June 2020	
								%
Office Equipment	3,306,762	3,370,492	2,106,783	364,846	-	2,471,629	898,863	15% & 30%
Furniture & Fixtures	2,725,941	3,107,718	1,362,975	311,186	-	1,674,161	1,433,557	15%
Vehicles	2,174,400	2,174,400	409,374	129,566	-	538,940	1,635,460	20%
Computer Equipments	1,175,180	1,212,980	699,501	149,290	-	848,791	364,189	20%
	9,382,283	9,865,590	4,578,633	954,888	-	5,553,521	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).



	<b>Note</b>	<b>31 March 2021 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>6 Intangible assets</b>			
LSE Room		<b>4,265,726</b>	4,265,726
Trading right entitlement certificate (TREC)		<b>2,500,000</b>	2,500,000
	<b>6.1</b>	<b>6,765,726</b>	6,765,726
<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>			
	<b>Note</b>	<b>31 March 2021 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>7 Long term musharikah investment - secured</b>			
Long term musharikah investment		<b>624,788,009</b>	650,894,432
Less: Current portion of long term musharikah investment	<b>10</b>	<b>(403,599,015)</b>	(422,480,205)
		<b>221,188,994</b>	228,414,227
<b>8 Long term morabaha investment - secured</b>			
Long term morabaha investment		<b>17,591,652</b>	21,619,598
Add: Unearned morabaha income		<b>1,359,222</b>	2,077,112
		<b>18,950,874</b>	23,696,710
Less: Current portion of long term morabaha investment	<b>10</b>	<b>(17,591,648)</b>	(12,489,038)
Less: Current portion of unearned morabaha income	<b>10</b>	<b>(1,359,226)</b>	(2,386,568)
		<b>-</b>	8,821,104
<b>9 Short term morabaha investment-secured</b>			
Short term morabaha Investment		<b>494,857,959</b>	521,591,548
Add: Unearned morabaha income		<b>2,257,624</b>	4,515,908
		<b>497,115,583</b>	526,107,456
Less: Provision for doubtful morabaha investment		<b>(235,561,379)</b>	(235,561,379)
		<b>261,554,204</b>	290,546,077



	Note	31 March 2021 (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		17,591,648	12,489,038
Add: Unearned morabaha income		1,359,226	2,386,568
Less: Provision against morabaha investment		(8,800,000)	(8,800,000)
		<b>10,150,874</b>	6,075,606
		<b>397,988,746</b>	412,794,668
<b>11 Ijarah rental receivables</b>			
Ijarah rental receivable		385,910,609	428,484,372
Less: Provision against ijarah rental receivable		(130,924,136)	(155,596,948)
		<b>254,986,473</b>	272,887,424
<b>12 Advances, deposits, prepayments and other receivables</b>			
Profit receivable			
- Morabaha investment		16,885,773	10,535,511
- Musharikhah investment		32,262,137	36,979,801
		<b>49,147,910</b>	47,515,312
Prepayments		5,911,726	3,343,952
Advances		1,645,704	2,807,424
Advances to Suppliers		42,490	119,585
Security Deposit		37,400,000	8,900,000
Non-banking assets		8,486,298	31,782,500
Accrued Mark up on Margin Financing		212,631	44,511
Other receivables		116,376,120	113,232,181
		<b>219,222,879</b>	207,745,465
Less: Provision for non performing assets		(11,128,292)	(11,128,292)
		<b>208,094,587</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 (2019: Rs. 1,585 million) maturing latest by 08 April 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 Plus 0.25 BPS per annum (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 (2020: Rs. 83.31 million) and Rs. 1.57 million (2020: Rs. 2.39 million), respectively.

	<b>31 March 2021 (Un-audited) Rupees</b>	<b>30 June 2020 (Audited) Rupees</b>
<b>15 Profit payable</b>		
Musharikah finance	<b>11,672,348</b>	18,685,681
Redeemable capital	<b>14,207,828</b>	19,056,657
	<b>25,880,176</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.

##### 16.2 Commitments

Musharikah commitments approved but not disbursed as on balance sheet date amount to Rs. Nil. (2020: Rs.10.85 million).

	<b>Nine months ended</b>	
<b>Note</b>	<b>31 March 2021 (Un-audited) Rupees</b>	<b>31 March 2020 (Un-audited) Rupees</b>
<b>17 Other income</b>		
Profit on bank deposits	<b>2,316,750</b>	4,149,510
Processing fee	<b>1,171,852</b>	1,245,960
Dividend Income	<b>590,783</b>	675,180
Cheque return charges	<b>-</b>	13,000
Gain on settlement of musharikah	<b>2,607,146</b>	269,663
Gain on settlement of morabaha	<b>21,682</b>	1,526,120
Miscellaneous income	<b>4,332,419</b>	5,159,650
	<b>11,040,632</b>	13,039,083



# First Punjab Modaraba

Note	Nine months ended	
	31 March 2021 (Un-audited) Rupees	31 March 2020 (Un-audited) Rupees

## 18 Administrative expenses

Salaries and benefits	30,876,008	26,771,413
Traveling and conveyance	135,720	187,208
Depreciation - owned asset	906,617	723,082
Amortization of Intangible Assets	900,822	-
Legal and professional	1,267,181	905,852
Printing and stationary	674,871	869,633
Insurance	619,643	264,170
PSX, Clearing and house and CDC Charges	964,771	-
Fee and subscription	1,154,243	1,075,038
Auditor's remuneration	235,000	235,000
Repair and maintenance	1,138,758	552,362
Vehicle running and maintenance	178,896	136,684
Power and utilities	1,085,454	1,061,781
Entertainment expenses	454,795	487,991
Advertisement	107,600	58,768
Telephone and postage	609,129	542,357
Corporate expenses	309,095	802,438
Rent rates and taxes	33,368	18,230
Selling and marketing expenses	410,171	919,370
Miscellaneous expenses	351,211	32,916
	<b>42,413,353</b>	<b>35,644,293</b>

## 19 Finance cost

Financial charges on musharikah	35,889,793	95,487,085
Financial charges on redeemable capital	54,293,920	57,186,173
Bank charges	32,035	76,442
	<b>90,215,748</b>	<b>152,749,700</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:

Profit for the year	10,123,946	(7,647,484)
Weighted average number of ordinary certificates	34,020,000	34,020,000
Earning per certificate	0.30	(0.22)

### 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 March 2021 (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>546,455,087</b>	648,738,613
Profit payable on musharikhah finances	<b>11,672,348</b>	18,685,681
Certificates of musharikhah	<b>1,000,000,000</b>	1,000,000,000
Profit payable on certificates of musharikhah	<b>14,207,828</b>	17,742,455
	<b>Nine months ended</b>	
	<b>31 March 2021 (Un-audited) Rupees</b>	<b>31 March 2020 (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>32,035</b>	76,442
Profit charged on finances	<b>35,889,793</b>	95,487,085
Profit charged on certificates of Musharikhah	<b>54,293,920</b>	56,155,827





	Nine months ended	
	31 March 2021 (Un-audited) Rupees	31 March 2020 (Un-audited) Rupees
<b>22 Cash flow from operating activities</b>		
Profit for the period	11,365,092	(7,571,197)
Adjustments for:		
Depreciation of ijarah assets	99,822,565	74,793,352
Depreciation of assets in own use	906,617	723,082
Gain on disposal of Ijarah assets	(3,092,648)	(1,591,635)
Gain on disposal of owned assets	(25,297)	-
Dividend Income	(590,783)	-
Gain on disposal of non-banking assets	(1,900,000)	(1,333,000)
Reversal for musharikhah investment	-	(3,509,713)
Reversal for Ijara investment	(18,733,922)	-
Financial charges on musharikhah finances	35,889,793	95,487,085
Financial charges on redeemable capital	54,293,920	57,186,173
	166,570,246	221,755,344
<b>Operating profit before working capital changes</b>	177,935,338	214,184,148
<b>Working capital changes</b>		
(Increase)/decrease in operating assets:		
Morabaha investment	31,788,877	7,312,564
Purchase of assets under ijarah arrangements	(78,897,380)	(254,398,337)
Investment in Musharikhah - net	41,094,360	166,675,114
Proceeds from transfer of ijarah assets	16,194,880	7,958,148
Ijarah Rental Receivable - net	17,900,951	16,264,693
Dividend Income	590,783	-
Long Term Deposit	-	(100,000)
Advances, deposits, prepayments and other receivables	(19,687,496)	(20,520,683)
	8,984,975	(76,808,501)
Increase/(decrease) in operating liabilities:		
Security deposits - net	(7,711,877)	2,236,985
Trade and other payables	41,486,324	11,335,702
	33,774,447	13,572,687
<b>Net changes in operating assets and operating liabilities</b>	42,759,422	(63,235,814)
<b>Cash used in operating activities</b>	220,694,760	150,948,334

**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**

The consolidated financial statements of Modaraba were approved by the Directors of Modaraba Management Company and authorized for issue on April 27, 2021.

**24 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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