



A Wholly Owned Subsidiary of
The Bank of Punjab

FIRST PUNJAB MODARABA

(An Islamic Financial Institution)

ANNUAL REPORT AUDITED

31 DECEMBER
2025



CONTENTS

P.2	P.3	P.4
Corporate Profile	Our Vision and Our Mission	Jama Punji
P.5	P.6	P.7-8
Six Years at a Glance	Gender Pay Gap statement	Chairman's Review Chairman's Review (Urdu)
P.9-19	P.20-22	P.23
Director's Report Director's Report (Urdu)	Statement of Compliance with the Code of Corporate Governance	Independent Auditor's Review Report
P.24	P.25	P.26
Notice of Book Closure & Annual Review Meeting	Categories of Certificate Holders	Pattern of Certificate Holders

FINANCIAL REPORT

P.27-31	P.32-33	P.34
Auditors' Report	Annual Shari'ah Advisor's Report	Statement of Financial Position
P.35	P.36	P.37
Statement of Profit or Loss and Other Comprehensive	Statement of Changes in Equity	Cash Flow Statement
P.38		
Notes to the Financial Statements		

CORPORATE PROFILE

Board of Directors

Punjab Modaraba Services (Pvt.) Ltd.

Ijaz ur Rehman Qureshi	Chairman
Umer Iqbal Sheikh	Director
Rizwan Hameed	Director
Maqsood Ahmad	Director
Muhammad Umer Khan	Director
Imran Bashir	Director
Samina Afsar	Director
Asim Jahangir Seth	Chief Executive

Chief Financial Officer

Zeeshan Ahmed

Company Secretary

Shiraz Butt

Audit Committee

Imran Bashir	Chairman
Umer Iqbal Sheikh	Member
Muhammad Umer Khan	Member

Human Resource Committee

Samina Afsar	Chairperson
Rizwan Hameed	Member
Umer Iqbal Sheikh	Member

Board Risk Management Committee

Rizwan Hameed	Chairman
Umer Iqbal Sheikh	Member
Maqsood Ahmad	Member
Asim Jahangir Seth	Member

Auditors of the Modaraba

Crowe Hussain Chaudhry & Co.
Chartered Accountants

Auditors of the Management Company

Shinewing Hameed Chaudhry & Co.
Chartered Accountants

Bankers

The Bank of Punjab
NRSP Microfinance Bank Limited
BankIslami Pakistan Limited

Registrar

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

Registered Office

Office # 100, 3rd Floor, National Tower,
28-Egerton Road, Lahore.
Postal Code No. 54600
PABX : (+92-42) 36365191
FAX : (+92-42) 36365193
E-mail : info@punjabmodaraba.com.pk
URL : www.punjabmodraba.com.pk



A Wholly Owned Subsidiary of
The Bank of Punjab

Our Vision

**Connect the Community to
Islamic Mode of Financing**



OUR MISSION

Our Mission

We have committed to progressively enhance fully researched islamic Financing Products and shall continue to meet our customers needs



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-  Risk profiler*
-  Financial calculator
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Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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SIX YEARS AT A GLANCE

(Amounts in '000)

	Restated					
	June-21	December-21	December-22	December-23	December-24	December-25
STATEMENT OF FINANCIAL POSITION						
Authorized Capital	500,000	500,000	500,000	500,000	500,000	500,000
Equity:						
Issued, Subscribed & Paid Up Capital	340,200	340,200	340,200	340,200	340,200	340,200
Reserves	218,177	218,177	218,177	218,177	218,177	218,177
Subordinated Funds	-	-	-	500,000	500,000	2,000,000
Un-appropriated Profit	(413,658)	(471,759)	(570,903)	(680,258)	(850,374)	(1,022,980)
Total	144,719	86,618	(12,526)	378,119	208,003	1,535,397
Liabilities:						
Redeemable Capital	1,014,102	1,603,000	1,825,000	1,485,000	1,485,000	-
Musharikhah Arrangements	535,129	131,101	-	-	-	-
Accrued, Deferred & Other Liabilities	254,069	269,688	218,842	326,628	282,575	204,495
Total	1,803,299	2,003,789	2,043,842	1,811,628	1,767,575	204,495
Total Equity & Liabilities	1,948,018	2,090,407	2,031,316	2,189,747	1,975,578	1,739,892
Operating Assets:						
Ijarah Assets	450,440	331,566	237,096	148,068	185,228	154,064
Deferred tax	64,399	64,399	61,046	109,658	94,239	94,239
Musharikhah Investment	582,556	713,093	843,941	778,624	1,075,327	1,116,245
Morabaha Investment	251,927	184,804	249,948	245,426	180,071	136,894
Sub Total	1,349,321	1,293,861	1,392,030	1,281,776	1,534,865	1,501,441
Other Assets:						
Assets in own use	3,217	3,415	4,695	5,122	3,960	3,178
Investment in Subsidiary	76,500	76,500	76,500	-	-	-
Deposits, Prepayments & other receivables	407,232	581,353	531,414	669,304	413,673	153,811
Cash & Bank Balances	111,748	135,278	26,677	233,545	23,080	81,461
Sub Total	598,697	796,546	639,286	907,971	440,713	238,450
Total Assets	1,948,018	2,090,407	2,031,316	2,189,747	1,975,578	1,739,892
PROFIT & LOSS ACCOUNT						
Operating Income	139,449	63,854	150,676	244,357	276,289	210,088
Other Income	13,573	6,492	60,832	86,962	128,363	41,415
Total Income	153,023	70,346	211,508	331,319	404,652	251,503
Operating Expenses	24,877	26,722	69,596.13	79,992.20	98,463	96,498.38
Financial Charges	119,205	55,318	220,687	358,391	370,612	309,330
Management Fee	-	-	-	-	-	-
Total Expenses	144,082	82,040	290,283	438,383	469,075	405,829
Profit / (loss) before Taxation	8,941	(1,352)	(81,344)	(153,305)	(73,658)	(169,239)
Taxation	(1,520)	-	6,200	(41,743)	20,709	3,680
Profit for the year	7,421	(1,352)	(87,544)	(111,562)	(94,367)	(172,918)
DISTRIBUTION:						
Cash Dividend(%)	-	-	-	-	-	-
Bonus (%)	-	-	-	-	-	-
RATIOS:						
Breakup Value (Rs.)	4.25	2.55	(0.37)	11.11	6.11	45.13
Earning per Certificate (Rs.)	0.22	0.00	-	-	-	-
Return on Equity (Rs.)	5.13	N-A	N-A	N-A	N-A	N-A

Gender Pay Gap Statement

First Punjab Modaraba

Gender Pay Gap statement under Securities and Exchange Commission of Pakistan (SECP) Circular 10 of 2024.

Following is gender pay gap calculated for the year ended December 31, 2025.

- I. Mean Gender Pay Gap: 67.37%
- II. Median Gender Pay Gap: 56.58%
- III. Any other data/details as deemed relevant: The above ratios reflect the overall employee gender pay gap across the organization. The Modaraba ensures equitable compensation for the female members in their respective roles based on experience, qualifications, and performance.

For and on behalf of the Board Directors



Asim Jahangir Seth
Chief Executive Officer

CHAIRMAN'S REVIEW

Dear Valued Certificate Holders,

It is my privilege to present this Annual Review to our esteemed Certificate Holders, outlining the affairs, financial performance, and key developments of First Punjab Modaraba (the "Modaraba") for the financial year ended December 31, 2025.

During the year under review, the Board of Directors continued to discharge its responsibilities with diligence, integrity, and an unwavering commitment to sound corporate governance. The Board's performance and effectiveness were comprehensively evaluated across key dimensions, including strategic oversight, adherence to the Modaraba's vision, mission, and core values, contribution to policy formulation and decision-making, monitoring of operational performance, and promotion of sustainable growth and long-term value creation. The evaluation concluded that the Board had performed its duties effectively and satisfactorily.

To strengthen the Modaraba's capital base and support future business growth, The Bank of Punjab provided subordinated funding, enhancing the Modaraba's financial resilience, optimizing its funding structure, and reinforcing stakeholder confidence in its long-term sustainability. The Board remains steadfast in fulfilling its fiduciary, regulatory, and governance responsibilities in accordance with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Companies Act, 2017, and all other applicable regulatory requirements. It continues to provide strategic direction to management, oversee the execution of business objectives, and ensure effective monitoring of the risks and opportunities that shape the Modaraba's operating environment.

Through the Board's active engagement and oversight, the Modaraba successfully navigated a challenging and evolving business landscape while maintaining focus on strategic priorities and operational efficiency. The Board's self-assessment reaffirmed its effectiveness in providing governance oversight, addressing key business drivers, responding to economic developments, and managing risk. During the year, the Board's governance framework was strengthened through the following initiatives:

- Ensuring appropriate representation of non-executive and independent directors on the Board and its committees in full compliance with applicable regulatory requirements.
- Reviewing and approving business strategies, corporate objectives, financial statements, and other significant matters in a timely and informed manner.
- Maintaining and periodically evaluating robust internal control and risk management systems.
- Upholding high standards of corporate governance to protect and enhance stakeholder value.
- Providing strategic direction and establishing clear annual objectives for management across key performance areas.
- Enhancing decision-making through rigorous review of all significant matters, including related-party transactions, by the Board and its committees.
- Maintaining a balanced Board composition with the requisite skills, expertise, and experience to effectively oversee the Modaraba's operations.
- Approving the Directors' Report and ensuring compliance with all applicable laws, regulations, and governance standards.

Looking ahead, the Board views the future of the Modaraba with cautious optimism and confidence. While remaining mindful of evolving market conditions and broader economic challenges, the Board is committed to pursuing opportunities that enhance long-term sustainability, profitability, and stakeholder value. A key strategic priority will be the diversification and realignment of the Modaraba's business portfolio through the identification of niche sectors and innovative Shariah-compliant investment opportunities. These initiatives are intended to establish a sustainable competitive advantage and strengthen the Modaraba's position within the industry.

On behalf of the Board, I extend my sincere appreciation to my fellow directors for their dedication, valuable guidance, and continued support throughout the year. I also thank our management team, employees, Certificate Holders, customers, regulators, and other stakeholders for their trust and confidence. We remain committed to maintaining the highest standards of corporate governance and creating sustainable value for all stakeholders over the short, medium, and long term.

Yours Sincerely,



Ijaz Ur Rehman Qureshi
June 08, 2026

چیمبر میں جائزہ

محترم شہنشاہیٹ ہولڈرز،

31 دسمبر 2025 کو ختم ہونے والے مالی سال کے لیے فرسٹ پنجاب مضاربہ ("مضاربہ") کے معاملات، مالیاتی کارکردگی اور اہم پیش رفت کا خاکہ پیش کرتے ہوئے یہ سالانہ جائزہ اپنے معزز شہنشاہیٹ ہولڈرز کے سامنے پیش کرنا میرے لیے اعزاز کی بات ہے۔

زیر نظر سال کے دوران، بورڈ آف ڈائریکٹرز نے اپنی ذمہ داریوں کو مستعدی، دیانتداری اور کارپوریٹ گورننس کے لیے غیر متزلزل عزم کے ساتھ ادا کرنا جاری رکھا۔ بورڈ کی کارکردگی اور تاثیر کا کلیدی جہتوں میں جامع طور پر جائزہ لیا گیا، بشمول اسٹریٹجک نگرانی، مضاربہ کے وژن، مشن اور بنیادی اقدار کی پاسداری، پالیسی کی تشکیل اور فیصلہ سازی میں شراکت، آپریشنل کارکردگی کی نگرانی، اور پائیدار ترقی اور طویل مدتی قدر کی تخلیق کو فروغ دینا۔ تشخیص سے یہ نتیجہ اخذ کیا گیا کہ بورڈ نے اپنے فرائض موثر اور تسلی بخش طریقے سے ادا کیے ہیں۔

مضاربہ کے سرمائے کی بنیاد کو مضبوط کرنے اور مستقبل میں کاروباری ترقی کو سپورٹ کرنے کے لیے، بینک آف پنجاب نے ماتحت فنڈنگ فراہم کی، مضاربہ کی مالی لچک کو بڑھایا، اس کے مالیاتی ڈھانچے کو بہتر بنایا، اور اس کی طویل مدتی پائیداری پر اسٹیک ہولڈرز کے اعتماد کو تقویت دی۔ بورڈ مضاربہ کی پیننٹرز اور مضاربہ (فلوئیشن اینڈ کنٹرول) آرڈیننس، 1980 کیپنٹرز ایکٹ، 2017، اور دیگر تمام قابل اطلاق ریگولیشنز، تقاضوں کے مطابق اپنی وفاداری، ریگولیشنز، اور گورننس کی ذمہ داریوں کو پورا کرنے میں ثابت قدم ہے۔ یہ انتظامیہ کو اسٹریٹجک سمت فراہم کرتا ہے، کاروباری مقاصد کے نفاذ کی نگرانی کرتا ہے، اور مضاربہ کے آپریشننگ ماحول کو تشکیل دینے والے خطرات اور مواقع کی مؤثر نگرانی کو یقینی بناتا ہے۔

بورڈ کی فعال مصروفیت اور نگرانی کے ذریعے، مضاربہ نے ترقیاتی ترجیحات اور آپریشنل کارکردگی پر توجہ مرکوز رکھتے ہوئے ایک چیلنجنگ اور ابھرتے ہوئے کاروباری منظر نامے پر کامیابی سے تشریف لے گئے۔ بورڈ کے خود تشخیص نے گورننس کی نگرانی فراہم کرنے، اہم کاروباری ڈرائیوروں سے نمٹنے، اقتصادی پیش رفت کا جواب دینے، اور خطرے کے انتظام میں اس کی تاثیر کی تصدیق کی۔ سال کے دوران، بورڈ کے گورننس فریم ورک کو درج ذیل اقدامات کے ذریعے مضبوط کیا گیا:

- قابل اطلاق ریگولیشنز، تقاضوں کی مکمل تعمیل کرتے ہوئے بورڈ اور اس کی کمیٹیوں میں غیر ایگزیکٹو اور آڈٹ ڈائریکٹرز کی مناسب نمائندگی کو یقینی بنانا۔
- کاروباری حکمت عملیوں، کارپوریٹ مقاصد، مالیاتی بیانات، اور دیگر اہم امور کا بروقت اور باخبر انداز میں جائزہ لینا اور ان کی منظوری دینا۔
- مضبوط اندرونی کنٹرول اور رسک مینجمنٹ سسٹم کو برقرار رکھنا اور وقتاً فوقتاً جائزہ لینا۔
- کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھنا تاکہ اسٹیک ہولڈرز کی قدر کو تحفظ فراہم کیا جاسکے۔
- سٹریٹجک سمت فراہم کرنا اور کلیدی کارکردگی کے شعبوں میں انتظام کے لیے واضح سالانہ مقاصد کا قیام۔
- بورڈ اور اس کی کمیٹیوں کے ذریعے تمام اہم معاملات بشمول متعلقہ فریق کے لین دین کا سخت جائزہ لے کر فیصلہ سازی کو بڑھانا۔
- مضاربہ کے کاموں کی مؤثر طریقے سے نگرانی کرنے کے لیے مطلوبہ مہارت اور تجربے کے ساتھ بورڈ کی متوازن ساخت کو برقرار رکھنا۔
- ڈائریکٹرز کی رپورٹ کو منظور کرنا اور تمام قابل اطلاق قوانین، ضوابط، اور گورننس کے معیارات کی تعمیل کو یقینی بنانا۔

آگے دیکھتے ہوئے، بورڈ مضاربہ کے مستقبل کو محتاط امید اور اعتماد کے ساتھ دیکھتا ہے۔ مارکیٹ کے بدلتے ہوئے حالات اور وسیع تر اقتصادی چیلنجوں کو ذہن میں رکھتے ہوئے، بورڈ ایسے مواقع کی تلاش کے لیے پرعزم ہے جو طویل مدتی پائیداری، منافع اور اسٹیک ہولڈرز کی قدر کو بڑھاتے ہیں۔ ایک اہم سٹریٹجک ترجیح مضاربہ کے کاروباری پورٹ فولیو کو متنوع اور نئے سرے سے ترتیب دینا ہوگی جس میں مخصوص شعبوں کی شناخت اور شریعت کے مطابق سرمایہ کاری کے جدید مواقع ہیں۔ ان اقدامات کا مقصد ایک پائیدار مسابقتی فائدہ قائم کرنا اور صنعت میں مضاربہ کی پوزیشن کو مضبوط کرنا ہے۔

بورڈ کی جانب سے، میں اپنے ساتھی ڈائریکٹرز کو ان کی لگن، قابل قدر رہنمائی اور سال بھر جاری تعاون کے لیے تہنودل سے خراج تحسین پیش کرتا ہوں۔ میں اپنی انتظامی ٹیم، ملازمین، سرٹیفکیٹ ہولڈرز، صارفین، ریگولیشنز، اور دیگر اسٹیک ہولڈرز کے اعتماد کے لیے ان کا بھی شکریہ ادا کرتا ہوں۔ ہم کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو برقرار رکھنے اور تمام اسٹیک ہولڈرز کے لیے مختصر، درمیانی اور طویل مدت کے لیے پائیدار قدر پیدا کرنے کے لیے پرعزم ہیں۔

آپ کا مخلص،



اعجاز الرحمان قریشی

08 جون 2026

Directors' Report

The Board of Directors of Punjab Modaraba Services (Private) Limited, the Management Company of First Punjab Modaraba (the "Modaraba"), takes great pleasure in presenting to the certificate holders the Audited Financial Statements for the fiscal year ended December 31, 2025, together with the Independent Auditors' Report thereon.

Economic Outlook & Prospects Pakistan's macroeconomic environment improved considerably during 2025, underpinned by the Government's ongoing reform programme implemented in collaboration with the International Monetary Fund (IMF) under the Extended Fund Facility (EFF), declining global energy prices, and a sustained commitment to prudent fiscal and monetary management.

These concerted efforts yielded tangible results: fiscal and external imbalances narrowed materially, foreign exchange reserves strengthened, and the exchange rate stabilised. The State Bank of Pakistan's (SBP) foreign exchange reserves climbed to USD 15.9 billion by year-end, bolstered by record workers' remittances of USD 38 billion and a current account surplus equivalent to 0.5% of GDP. Consumer price inflation moderated significantly to 4.5%, enabling the SBP to reduce the policy rate to 10.5% — a development that meaningfully reduced financing costs across the economy. Fiscal consolidation efforts yielded a fiscal deficit of 5.4% of GDP alongside a primary surplus of 2.4% of GDP.

Economic activity gained appreciable momentum, with real GDP growth reaching 3.0% in FY2025 and accelerating further to 3.7% in the first quarter of FY2026, driven principally by industrial sector expansion and demonstrated resilience in the face of climate-related challenges.

Improved macroeconomic fundamentals restored investor confidence, propelling the KSE-100 Index upward by 51% to an all-time record high — positioning Pakistan among the best-performing equity markets globally. The banking sector remained robust, recording meaningful growth in deposits, investments, and profitability, while gradually expanding its focus on private-sector credit intermediation.

Looking ahead, continued implementation of structural reforms, disciplined fiscal management, and entrenched macroeconomic stability are expected to sustain economic growth momentum. The banking and financial sector is well-positioned to facilitate this expansion through enhanced credit intermediation, while maintaining resilience against external shocks.

Financial Highlights The summarized financial results of your modaraba are as follows:

Particulars	FY 2025	FY 2024
	Rupees in million	
Gross Revenue	251.503	404.652
Administrative Expenses	(96.498)	(98.462)
Finance costs	(309.330)	(370.612)
Provisions for doubtful receivables	(14.913)	(9.236)
(Loss) before income tax and levies	(169.239)	(73.657)
Income tax and levies	(3.679)	(20.708)
(Loss) after tax	(172.918)	(94.366)
Other comprehensive income	0.312	0.201
(Loss) per certificate (Rupee)	(5.08)	(2.77)
Total assets	1,739.892	1,975.578
Equity	1,535.397	208.002
Total liabilities	204.495	1,767.574

During the year under review, the Modaraba successfully repaid redeemable capital amounting to Rs. 1,485 million and subordinated funds of Rs. 500 million — a significant milestone in the management of the Modaraba's liabilities. To further fortify the capital base and provide a strong foundation for future growth, the

sponsor bank injected subordinated funds of Rs. 2.0 billion, duly approved by the Securities and Exchange Commission of Pakistan (SECP). The facility carries a floating profit rate benchmarked to the three-year Variable Rate Rental (VRR) Ijarah Sukuk rate, plus a margin of 50 basis points.

Notwithstanding a challenging and competitive operating environment, the Management remained steadfast in its focus on enhancing operational efficiency, maintaining strict cost discipline, and optimising resource utilisation. A comprehensive cost-rationalisation strategy continues to be implemented across the Modaraba's operations, with the objective of improving profitability and reinforcing the Modaraba's financial position over the medium to long term.

In parallel, the Management is actively pursuing income diversification and exploring new business opportunities to drive sustainable and broad-based growth. Supported by a strengthened capital structure and sound financial stewardship, the Management remains confident in its capacity to improve profitability and deliver long-term value to certificate holders.

As at December 31, 2025, the Modaraba's total assets stood at Rs. 1,739.9 million, reflecting a stable financial position and disciplined management of the balance sheet.

Profit distribution and transfer to reserves In view of the loss recorded during the year, the Board of Directors has not recommended the declaration of any dividend to certificate holders. Accordingly, no transfer has been made to reserves for the year ended December 31, 2025.

Strategic Direction and Future Outlook The Management is strategically repositioning the Modaraba towards lower-risk, higher-quality financing opportunities, while simultaneously exploring niche sectors in which the Modaraba can develop a durable competitive advantage. As part of its long-term vision, the Modaraba aspires to evolve from a traditional Islamic financing institution into a diversified, impact-driven organisation with multiple, sustainable revenue streams — placing enhanced emphasis on fee-based and service-oriented income as a complement to core financing activities.

A significant proportion of the Modaraba's non-remunerative assets comprises legacy non-performing financings. The Management is vigorously pursuing recoveries through a combination of legal proceedings, negotiated settlements, and other structured recovery initiatives, with the overarching objective of improving asset quality, enhancing earnings capacity, and delivering superior value to certificate holders over the long term.

Financial Strength Rating The Board is pleased to report that the Modaraba's credit ratings have been reaffirmed by the Pakistan Credit Rating Agency (PACRA) at "A-" (Single A Minus) for the long term and "A2" for the short term, with a Stable outlook. The reaffirmation reflects PACRA's continued confidence in the Modaraba's financial resilience, risk management profile, operational performance, and long-term prospects, as rigorously assessed through its annual and interim rating reviews.

Corporate & Financial Reporting Framework The Modaraba has complied with all applicable requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 throughout the year ended December 31, 2025. Any exceptions to these requirements have been transparently disclosed in the Statement of Compliance with the Best Practices of Corporate Governance. The Directors are pleased to confirm the following in this regard:

- a) The financial statements, prepared by the management, present a true and fair view of the state of affairs of the Modaraba, including the results of its operations, cash flows, and changes in equity;
- b) Proper books of account have been maintained in accordance with applicable legal requirements;
- c) Appropriate accounting policies have been consistently applied in the preparation of the financial statements, and accounting estimates are based on reasonable and prudent judgment;
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of the financial statements, and any departures therefrom have been adequately disclosed and explained;
- e) The system of internal control is sound in design, and has been effectively implemented, monitored, and reviewed during the year;
- f) There are no significant doubts regarding the Modaraba's ability to continue as a going concern;
- g) There were no principal risks or uncertainties that would materially affect the Modaraba's operations, other than those disclosed in the financial statements;

- h) There were no significant changes in the nature of the Modaraba's principal business activities during the year;
- i) There has been no material departure from the best practices of corporate governance as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2019, except for those disclosed in the Statement of Compliance;
- j) There were no material changes or commitments affecting the financial position of the Modaraba that have occurred between the close of the financial year and the date of this report;
- k) The Board of Directors and the Management team remain fully committed to navigating the Modaraba through its current challenges. A comprehensive strategic plan has been developed which is expected to yield measurable improvements in the Modaraba's financial position in the foreseeable future;
- l) Key operating and financial data for the preceding six years, the Pattern of Certificate Holding, and additional related information are annexed to this report;
- m) During the year, six meetings of the Board of Directors and four meetings of the Audit Committee were held. Attendance by each director and committee member is annexed;
- n) A majority of the members of the Audit Committee are independent directors; all committee members are non-executive directors;
- o) There are no outstanding demands of statutory payments on account of taxes, duties, levies, or charges as at December 31, 2025, except as disclosed in the financial statements; and
- p) The value of investments held in the staff provident fund, based on management accounts, was Rs. 10,122,126 as at December 31, 2025.

Compliance with Code of Corporate Governance The Board of Directors comprises seven (7) members, ensuring statutory representation across all prescribed director categories in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board is collectively responsible for providing strategic oversight, exercising sound judgment on key management matters, setting risk appetite, and ensuring full regulatory compliance.

Composition of the Board The seven-member Board of Directors ensures statutory representation across director categories, as mandated by the Listed Companies (Code of Corporate Governance) Regulations, 2019. They make strategic decisions on vital management matters, executing important business activities while adhering to established criteria and assessing risks. The Board also oversees guidelines to ensure compliance.

1. Total number of Directors: Seven (7) — comprising six (6) male and one (1) female director.
2. Executive Directors: One (1).
3. Non-Executive Directors: Six (6), of whom two (2) are Independent Directors.

The composition of Board of directors (the Board) is as follows:

Name of Director	Type
Mr. Ijaz Ur Rehman Qureshi	Chairman
Mr. Nadeem Amir*	Chairman
Mr. Umar Iqbal Sheikh	Non-Executive Director
Mr. Rizwan Hameed	Non-Executive Director
Mr. Maqsood Ahmed	Non-Executive Director
Mr. Muhammed Umer Khan	Non-Executive Director
Mr. Imran Bashir	Independent Director
Ms. Samina Afsar	Independent/Female Director
Mr. Khawar Shahid Ansari**	Non-Executive Director
Mr. Mudassar Kaiser Pal***	Chief Executive
Mr. Asim Jahangir Seth	Chief Executive

*Mr. Nadeem Amir resigned on February 10, 2025.

** Mr. Khawar Shahid Ansari resigned on February 10, 2025.

*** Mr. Mudassar Kaiser Pal resigned on February 10, 2025.

Board Meetings and attendance During the year six meetings of the Board of Directors were held, attendance by each director is as follows:

Name of director	No. of meetings attended
Mr. Ijaz Ur Rehman Qureshi	04
Mr. Nadeem Amir	03
Mr. Umar Iqbal Sheikh	05
Mr. Rizwan Hameed	01
Mr. Maqsood Ahmed	02
Mr. Muhammed Umer Khan	01
Mr. Imran Bashir	05
Ms. Samina Afsar	05
Mr. Asim Jahangir Seth	04
Mr. Khawar Shahid Ansari	01
Mr. Mudassar Kaiser Pal	01

The Board of Directors has established Audit Committee, Human Resource Committee and Risk Management Committee in compliance with the Code of Corporate Governance.

Audit Committee Meetings and attendance During the year four meetings of the Audit Committee were held, attendance by each director is as follows:

Name of director	No. of meetings attended
Mr. Imran Bashir – Chairman	04
Mr. Umer Iqbal Sheikh - Member	01
Mr. Muhammad Umer Khan – Member	-
Mr. Ijaz Ur Rehman Qureshi – Member	02
Ms. Samina Afsar – Member	02

The BOD reconstituted its Audit Committee on September 30, 2025 after which Mr. Ijaz Ur Rehman Qureshi and Ms. Samina Afsar were replaced with Mr. Umer Iqbal Shiekh and Mr. Muhammed Umer Khan.

Human Resource Committee Meetings & Attendance During the year one meeting of the Human Resource Committee was held, attendance by each director is as follows:

Name of director	No. of meetings attended
Ms. Samina Afsar – Chairman	1
Mr. Rizwan Hameed – Member	1
Mr. Umer Iqbal Sheikh	1

Related Party Transactions All transactions entered into with related parties during the financial year ended December 31, 2025, were placed before the Audit Committee and the Board of Directors for detailed review and approval. The Audit Committee conducted a thorough evaluation to ensure that all such transactions were concluded on an arm's-length basis, in compliance with the approved transfer pricing policy and the Board-endorsed related-party transaction framework. Details of all related-party transactions are disclosed in the notes to the financial statements in accordance with applicable accounting standards.

Engagement with Certificate Holders The Board remains firmly committed to transparency and open communication with certificate holders. Quarterly, half-yearly, and annual reports are disseminated in a timely manner, ensuring certificate holders remain fully informed of the Modaraba's performance, financial position, and strategic direction. The Annual Review Meeting provides a vital forum for accountability, enabling certificate holders to engage directly with the Board and contribute valuable insights to the Modaraba's governance and decision-making processes.

Statutory Auditors The retiring auditors, M/s. Crowe Hussain Chaudhury & Co., Chartered Accountants, having completed their term of office, are eligible for re-appointment. The Board has confirmed their re-appointment as statutory auditors for the year ending December 31, 2026, subject to approval from Registrar of Modarabas.

Statement of Ethics & Business Practice The Modaraba conducts its business in accordance with the highest standards of integrity, transparency, and accountability. Its operations are at all times governed by sound ethical principles, full regulatory compliance, and robust corporate governance frameworks, ensuring that disciplined and responsible conduct prevails across every facet of the Modaraba's activities. The Board affirms that these principles have been consistently upheld throughout the year.

Social, Ethical & Environmental Responsibilities The Board remains fully cognisant of its obligations in respect of social, ethical, and environmental stewardship, and recognises their integral role in advancing the broader public interest and in building long-term enterprise value. Through a proactive and structured approach to corporate social responsibility and environmental stewardship, the Board is committed to generating a sustainable and positive impact on society and the communities in which the Modaraba operates. These commitments are firmly aligned with the Modaraba's core values, governance principles, and long-term strategic objectives.

Chairman's Review The enclosed Chairman's Review provides a comprehensive assessment of the Modaraba's performance for the year ended December 31, 2025, together with strategic insights into the Modaraba's future outlook. The Board of Directors endorses the contents of the Review in their entirety, affirming that it accurately reflects the Board's evaluation of the Modaraba's financial and operational performance and its strategic direction going forward.

Stakeholder Relations The Modaraba remains committed to cultivating strong, mutually beneficial, and enduring relationships with all stakeholders, including the Pakistan Stock Exchange (PSX), the Securities and Exchange Commission of Pakistan (SECP), the Registrar of Modarabas, the State Bank of Pakistan (SBP), and all valued business partners. The Board is pleased to report that these relationships have remained constructive, professional, and collaborative throughout the year. Such sustained support and cooperation are considered indispensable to the Modaraba's long-term success and operational resilience.

Subsequent Events The Board confirms that there are no material events or changes that have occurred after the balance sheet date that would require adjustment to, or disclosure in, these financial statements.

Six-Year Operating Data & Pattern of Certificate Holding Key operating and financial data for the preceding six (6) financial years is annexed to this report for the benefit of certificate holders and other stakeholders. The detailed Pattern of Certificate Holding, as required under the Code of Corporate Governance, is likewise annexed to this report.

The Board confirms that no trading in the certificates of the Modaraba was carried out by any Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, or their respective spouses and minor children during the year, unless specifically disclosed in the financial statements.

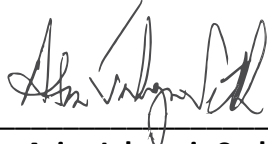
Acknowledgement The Board of Directors records its sincere gratitude to the Securities and Exchange Commission of Pakistan, the Registrar of Modarabas, the State Bank of Pakistan, and the NBFCs & Modaraba Association of Pakistan for their continued support, constructive guidance, and collaborative engagement throughout the year.

The Board also extends its deep appreciation to the certificate holders and customers of the Modaraba for the trust and confidence they continue to repose in the institution. The Board reaffirms its unwavering commitment to maintaining robust internal controls, delivering personalised and high-quality services, and upholding the highest standards of corporate governance and Shari'ah compliance across all areas of its operations.

Finally, the Board places on record its acknowledgement and commendation of the dedication, professionalism, and diligence demonstrated by the Management team and all employees of First Punjab Modaraba during a demanding year.

For and on behalf of the Board of Directors

For and on behalf of the Board



Asim Jahangir Seth
Chief Executive Officer



Imran Bashir
Director

Lahore: June 08, 2026

ڈائریکٹرز رپورٹ

پنجاب مضاربہ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز، فرسٹ پنجاب مضاربہ ("مضاربہ") کی مینجمنٹ کمیٹی، ٹھیکلیٹ ہولڈرز کو 31 دسمبر 2025 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ آزاد آڈیٹرز کی رپورٹ پیش کرنے میں بہت خوشی محسوس کرتے ہیں۔

اکنٹاک آڈٹ لک اور امکانات 2025 کے دوران پاکستان کے میکرو اکنامک ماحول میں خاطر خواہ بہتری آئی، جس کی بنیاد حکومت کے جاری اصلاحاتی پروگرام جو کہ توسیعی فنڈ سہولت (EFF) کے تحت بین الاقوامی مالیاتی فنڈ (IMF) کے تعاون سے نافذ کیا گیا ہے، تو انسانی کی عالمی قیمتوں میں گراوٹ، اور مالیاتی انتظام کے لیے مستقل مالی وابستگی ہے۔

ان مشنرز کو کوششوں کے ٹھوس نتائج برآمد ہوئے: مالی اور بیرونی عدم توازن مادی طور پر کم ہوا، زرمبادلہ کے ذخائر مضبوط ہوئے، اور شرح مبادلہ مستحکم ہوا۔ اسٹیٹ بینک آف پاکستان (SBP) کے زرمبادلہ کے ذخائر سال کے آخر تک بڑھ کر 15.9 بلین امریکی ڈالر تک پہنچ گئے، کارکنوں کی ریکارڈ 38 بلین امریکی ڈالر کی ترسیلات زراور کرنٹ اکاؤنٹ سرپلس جی ڈی پی کے 0.5 فیصد کے برابر ہے۔ صارفین کی قیمتوں میں افراط زر نمایاں طور پر 4.5% تک اعتدال پر آ گیا، جس سے SBP پالیسی کی شرح کو 10.5% تک کم کر سکتا ہے۔ ایک ایسی ترقی جس نے پوری معیشت میں مالیاتی اخراجات کو معنی خیز طور پر کم کیا۔ مالیاتی استحکام کی کوششوں سے جی ڈی پی کا 5.4% مالیاتی خسارہ ہوا جس کے ساتھ ساتھ GDP کے 2.4% کا بنیادی سرپلس ہوا۔

اقتصادی سرگرمیوں نے قابل تعریف رفتار حاصل کی، مالی سال 2025 میں حقیقی جی ڈی پی کی شرح نمو 3.0 فیصد تک پہنچ گئی اور مالی سال 2026 کی پہلی سہ ماہی میں مزید تیزی سے 3.7 فیصد تک پہنچ گئی، جو بنیادی طور پر صنعتی شعبے کی توسیع کی وجہ سے کارفرما ہے اور اس نے آب و ہوا سے متعلق چیلنجوں کے مقابلہ میں پلک کا مظاہرہ کیا۔

بہتر میکرو اکنامک بنیادی اصولوں نے سرمایہ کاروں کا اعتماد بحال کیا، جس سے KSE-100 انڈیکس کو 51 فیصد کی طرف سے اب تک کی بلند ترین سطح پر لے جایا گیا۔ پاکستان کو عالمی سطح پر بہترین کارکردگی کا مظاہرہ کرنے والی ایکویٹی مارکیٹوں میں شامل کیا۔ بینکنگ سیکٹر مضبوط رہا، جس نے ڈپازٹس، سرمایہ کاری اور منافع میں با معنی نمو ریکارڈ کی، جب کہ بتدریج نجی شعبے کے کریڈٹ انٹرمیڈی ایشن پر اپنی توجہ کو بڑھایا۔

آگے دیکھتے ہوئے، ساختی اصلاحات کے مسلسل نفاذ، نظم و ضبط مالیاتی انتظام، اور مضبوط معاشی استحکام سے اقتصادی ترقی کی رفتار کو برقرار رکھنے کی توقع ہے۔ بینکنگ اور مالیاتی شعبہ بیرونی جھٹکوں کے خلاف پلک کو برقرار رکھتے ہوئے، بہتر کریڈٹ انٹرمیڈی ایشن کے ذریعے اس توسیع کو آسان بنانے کے لیے اچھی پوزیشن میں ہے۔

مالیاتی جھٹکیاں آپ کے مضاربہ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

تفصیلات	مالی سال 2025	مالی سال 2024
		روپے (000)
مجموعی آمدنی	251.503	404.652
انتظامی اخراجات	(96.498)	(98.462)
مالیاتی اخراجات	(309.330)	(370.612)
مشترکہ وصولی کے لیے انتظامات	(14.913)	(9.236)
(نقصان) انکم ٹیکس اور لیویز سے پہلے	(169.239)	(73.657)
انکم ٹیکس اور لیویز	(3.679)	(20.708)
(نقصان) ٹیکس کے بعد	(172.918)	(94.366)
دیگر جامع آمدنی	0.312	0.201
(نقصان) فی ٹھیکلیٹ (روپیہ)	(5.08)	(2.77)
کل اثاثے	1,739.892	1,975.578
ایکویٹی	1,535.397	208.002
کل واجبات	204.495	1,767.574

زیر نظر سال کے دوران، مضاربہ نے کامیابی کے ساتھ قابل واپسی کھپیل 1,485 ملین اور ماتحت فنڈز 500 ملین روپے کی رقم کی واپسی کی۔ مضاربہ کی واجبات کے انتظام میں ایک اہم سنگ میل۔ سرمایہ کی بنیاد کو مزید مضبوط کرنے اور مستقبل کی ترقی کے لیے ایک مضبوط بنیاد فراہم کرنے کے لیے، اسپانسریٹک نے دو ملین روپے کے ماتحت فنڈز لگائے جس کی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے منظوری دی۔ یہ سہولت تین سالہ متغیر شرح ریٹل (VRR) اجارہ سکوک کی شرح کے ساتھ ساتھ 50 پیس پوائنٹس کے مارجن کے ساتھ فلوئنگ منافع کی شرح رکھتی ہے۔

ایک چیلنجنگ اور مسابقتی آپریٹنگ ماحول کے باوجود، انتظامیہ آپریٹنگ کارکردگی کو بڑھانے، لاگت کے سخت نظم و ضبط کو برقرار رکھنے، اور وسائل کے استعمال کو بہتر بنانے پر اپنی توجہ پر ثابت قدم رہی۔ مضاربہ کے تمام آپریٹنگز میں لاگت کو معقول بنانے کی ایک جامع حکمت عملی پر عمل درآمد جاری ہے، جس کا مقصد منافع کو بہتر بنانا اور درمیانی سے طویل مدت کے دوران مضاربہ کی مالی پوزیشن کو تقویت دینا ہے۔

متوازی طور پر، مینجمنٹ فعال طور پر آمدنی کے تنوع کی بیرونی کر رہی ہے اور پائیدار اور وسیع البیاد ترقی کو آگے بڑھانے کے لیے نئے کاروباری مواقع تلاش کر رہی ہے۔ مضبوط سرمائے کے ڈھانچے اور مضبوط مالیاتی ذمہ داری سے تعاون یافتہ، انتظامیہ منافع کو بہتر بنانے اور شہریت اور ہولڈرز کو طویل مدتی قدر فراہم کرنے کی اپنی صلاحیت پر پراعتماد ہے۔

31 دسمبر 2025 تک، مضاربہ کے کل اثاثے 1,739.9 ملین روپے تھے جو مستحکم مالی پوزیشن اور بیلنس شیٹ کے نظم و ضبط کی عکاسی کرتا ہے۔

منافع کی تقسیم اور ذخائر میں منتقلی سال کے دوران ریکارڈ کیے گئے نقصان کے پیش نظر، بورڈ آف ڈائریکٹرز نے شہریت اور ہولڈرز کو کسی بھی ڈیویڈنڈ کے اعلان کی سفارش نہیں کی ہے۔ اس کے مطابق، 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے ریزرو میں کوئی منتقلی نہیں کی گئی ہے۔

اسٹریٹجک سمت اور مستقبل کا آؤٹ لک مینجمنٹ اسٹریٹجک طور پر مضاربہ کو کم خطرے والے، اعلیٰ معیار کے فنانسنگ کے مواقع کی طرف تبدیل کر رہی ہے، ساتھ ہی ساتھ ایسے مخصوص شعبوں کی تلاش کر رہی ہے جن میں مضاربہ ایک پائیدار مسابقتی فائدہ حاصل کر سکتا ہے۔ اپنے طویل مدتی وژن کے حصے کے طور پر، مضاربہ ایک روایتی اسلامی مالیاتی ادارے سے ایک متنوع، اثر سے چلنے والی تنظیم میں تبدیل ہونے کی خواہش رکھتا ہے جس میں متعدد، پائیدار آمدنی کے سلسلے ہیں۔ بنیادی مالیاتی سرگرمیوں کی تکمیل کے طور پر فیس پڑنی اور سروس پڑنی آمدنی پر زیادہ زور دیتے ہیں۔

مضاربہ کے غیر منافع بخش اثاثوں کا ایک اہم حصہ میراثی غیر فرارمنگ فنانسنگ پر مشتمل ہے۔ انتظامیہ قانونی کارروائیوں، گفت و شنید کے تصفیے اور دیگر ساختی بحالی کے اقدامات کے امتزاج کے ذریعے ریکوری کے لیے بھرپور طریقے سے کام کر رہی ہے، جس کا بنیادی مقصد اثاثوں کے معیار کو بہتر بنانا، کمائی کی صلاحیت کو بڑھانا، اور شہریت اور ہولڈرز کو طویل مدت میں اعلیٰ قدر فراہم کرنا ہے۔

مالیاتی طاقت کی درجہ بندی بورڈ کو اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے مضاربہ کی کریڈٹ ریٹنگ کی تصدیق طویل مدت کے لیے "A" (سنگل اے) یا "A2" کی گئی ہے، مستحکم آؤٹ لک کے ساتھ۔ یہ تصدیق مضاربہ کی مالی لچک، رسک مینجمنٹ پروفاصل، آپریٹنگ کارکردگی، اور طویل مدتی امکانات میں PACRA کے مسلسل اعتماد کی عکاسی کرتی ہے، جیسا کہ اس کے سالانہ اور عبوری درجہ بندی کے جائزوں کے ذریعے بخوبی سے اندازہ کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک مضاربہ نے 31 دسمبر 2025 کو ختم ہونے والے سال بھر میں ایس کی پی پی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تمام قابل اطلاق تقاضوں کی تعمیل کی ہے۔ ڈائریکٹرز اس سلسلے میں درج ذیل باتوں کی تصدیق کرتے ہوئے خوش ہیں:

(a) انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، مضاربہ کی حالت کا ایک حقیقی اور منصفانہ نقطہ نظر پیش کرتے ہیں، بشمول اس کے آپریٹنگ کے نتائج، نقد بہاؤ، اور ایکویٹی میں تبدیلیاں؛

(b) اکاؤنٹ کی مناسب کتابیں قابل اطلاق قانونی تقاضوں کے مطابق برقرار رکھی گئی ہیں۔

(c) مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے، اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پڑنی ہیں۔

(d) بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے، اور وہاں سے کسی بھی رواغی کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔

(e) اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے درست ہے، اور سال کے دوران اسے مؤثر طریقے سے نافذ، نگرانی اور جائزہ لیا گیا ہے۔

(f) مضاربہ کی ایک جاری تشویش کے طور پر جاری رکھنے کی اہلیت کے بارے میں کوئی خاص شک نہیں ہے۔

(g) مالیاتی گوشواروں میں ظاہر کیے گئے ان کے علاوہ کوئی بنیادی خطرہ یا غیر یقینی صورتحال نہیں تھی جو مضاربہ کے آپریٹنگ کو مادی طور پر متاثر کرتی۔

(h) سال کے دوران مضاربہ کی بنیادی کاروباری سرگرمیوں کی نوعیت میں کوئی خاص تبدیلیاں نہیں ہوئیں؛

(i) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے جیسا کہ ایس کی پی پی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں تفصیل سے بیان کیا گیا ہے، سوائے ان کے جو تعمیل کے بیان میں ظاہر کیے گئے ہیں۔

(j) مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان مضاربہ کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں یا وعدے نہیں ہوئے؛
(k) بورڈ آف ڈائریکٹرز اور انتظامی ٹیم مضاربہ کو اس کے موجودہ چیلنجز سے نمٹنے کے لیے پوری طرح پر عزم ہے۔ ایک جامع اسٹریٹجک منصوبہ تیار کیا گیا ہے جس سے مستقبل قریب میں مضاربہ کی مالی حالت میں قابل پیشاب بہتری کی توقع ہے۔
(l) پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا، سٹوکیٹ ہولڈنگ کا نمونہ، اور اضافی متعلقہ معلومات اس رپورٹ کے ساتھ منسلک ہیں؛
(m) سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس اور آڈٹ کمیٹی کے چار اجلاس ہوئے۔ ہر ڈائریکٹر اور کمیٹی ممبر کی حاضری منسلک ہے۔
(n) آڈٹ کمیٹی کے ارکان کی اکثریت آزاد ڈائریکٹرز ہیں؛ کمیٹی کے تمام اراکین نان ایگزیکٹو ڈائریکٹرز ہیں۔
(o) 31 دسمبر 2025 تک ٹیکس، ڈیوٹی، لیویز یا چارجز کی مد میں قانونی ادائیگیوں کے کوئی بقایا مطالبات نہیں ہیں، سوائے اس کے کہ مالی بیانات میں ظاہر کیا گیا ہو۔ اور
(p) اسٹاف پراویڈنٹ فنڈ میں رکھی گئی سرمایہ کاری کی مالیت، پیمنٹس اکاؤنٹس کی بنیاد پر 31 دسمبر 2025 تک 10, 122, 126 روپے تھی۔

کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل بورڈ آف ڈائریکٹرز سات (7) اراکین پر مشتمل ہے، جو فہرست شدہ کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019 کے مطابق تمام مقررہ ڈائریکٹر زمروں میں قانونی نمائندگی کو یقینی بناتا ہے۔ بھوک، اور مکمل ریگولیٹری تعمیل کو یقینی بنانا۔

بورڈ کی تشکیل سات کئی بورڈ آف ڈائریکٹرز تمام ڈائریکٹر کیٹیگریز میں قانونی نمائندگی کو یقینی بناتا ہے، جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے ذریعہ لازمی قرار دیا گیا ہے۔ بورڈ تعمیل کو یقینی بنانے کے لیے ہدایات کی بھی نگرانی کرتا ہے۔

1. ڈائریکٹرز کی کل تعداد: سات (7)۔ جس میں چھ (6) مرد اور ایک (1) خاتون ڈائریکٹر شامل ہیں۔
2. ایگزیکٹو ڈائریکٹرز: ایک (1)۔
3. غیر ایگزیکٹو ڈائریکٹرز: چھ (6)، جن میں سے دو (2) آزاد ڈائریکٹرز ہیں۔

بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل حسب ذیل ہے:

ڈائریکٹر کا نام	چیمبر مین
جناب اعجاز الرحمن قریشی	چیمبر مین
جناب ندیم عامر*	چیمبر مین
جناب عمر اقبال شیخ	نان ایگزیکٹو ڈائریکٹر
جناب رضوان حمید	نان ایگزیکٹو ڈائریکٹر
جناب مقصود احمد	نان ایگزیکٹو ڈائریکٹر
جناب محمد عمران خان	نان ایگزیکٹو ڈائریکٹر
جناب عمران بشیر	آزاد ڈائریکٹر
محترمہ شمینا فرسر	آزاد خواتین ڈائریکٹر
جناب خاور شاہد انصاری**	نان ایگزیکٹو ڈائریکٹر
جناب مدثر قیصر پال***	چیف ایگزیکٹو
جناب عاصم جہانگیر سیٹھ	چیف ایگزیکٹو

* جناب ندیم عامر نے 10 فروری 2025 کو استعفیٰ دے دیا۔

** جناب خاور شاہد انصاری نے 10 فروری 2025 کو استعفیٰ دے دیا۔

*** جناب مدثر قیصر پال نے 10 فروری 2025 کو استعفیٰ دے دیا۔

بورڈ کے اجلاس اور حاضری سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے، ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

ڈائریکٹر کا نام	میٹنگز کی تعداد
جناب اعجاز الرحمن قریشی	04
جناب ندیم عامر	03
جناب عمر اقبال شیخ	05
جناب رضوان حمید	01
جناب مقصود احمد	02
جناب محمد عمران	01
جناب عمران بشیر	05
محترمہ شمینہ انفر	05
جناب عاصم جہانگیر سیٹھ	04
جناب خاور شاہد انصاری	01
جناب مدثر قیصر پال	01

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں آڈٹ کمیٹی، ہیومن ریسورس کمیٹی اور رسک مینجمنٹ کمیٹی قائم کی ہے۔

آڈٹ کمیٹی کے اجلاس اور حاضری سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے، ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

ڈائریکٹر کا نام	میٹنگز کی تعداد
جناب عمران بشیر - چیئر مین	04
جناب عمر اقبال شیخ - ممبر	01
جناب محمد عمران - ممبر	-
جناب اعجاز الرحمن قریشی - ممبر	02
محترمہ شمینہ انفر - ممبر	02

BOD نے 30 ستمبر 2025 کو اپنی آڈٹ کمیٹی کی تشکیل نو کی جس کے بعد جناب اعجاز الرحمن قریشی اور محترمہ شمینہ انفر کو جناب عمر اقبال شیخ اور جناب محمد عمران سے تبدیل کر دیا گیا۔

ہیومن ریسورس کمیٹی کے اجلاس اور حاضری سال کے دوران ہیومن ریسورس کمیٹی کا ایک اجلاس منعقد ہوا، ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

ڈائریکٹر کا نام	میٹنگز کی تعداد
محترمہ شمینہ انفر - چیئر مین	1
جناب رضوان حمید - ممبر	1
جناب عمر اقبال شیخ	1

متعلقہ فریقی لین دین 31 دسمبر 2025 کو ختم ہونے والے مالی سال کے دوران متعلقہ فریقوں کے ساتھ کیے گئے تمام لین دین کو تفصیلی جائزہ اور منظوری کے لیے آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کے سامنے رکھا گیا۔ آڈٹ کمیٹی نے اس بات کو یقینی بنانے کے لیے ایک مکمل جائزہ لیا کہ اس طرح کے تمام لین دین منظور شدہ ٹرانسفر پرائنگ پالیسی اور بورڈ کی توثیق شدہ متعلقہ فریق ٹرانزیکشن فریم ورک کی تعمیل میں، ایک بازو کی لمبائی کی بنیاد پر انجام پائے۔ تمام متعلقہ فریقی لین دین کی تفصیلات مالیاتی بیانات کے نوٹوں میں قابل اطلاق اکاؤنٹنگ معیارات کے مطابق ظاہر کی گئی ہیں۔

سرٹیفکیٹ ہولڈرز کے ساتھ مشغولیت بورڈ شفافیت اور شوقیت ہولڈرز کے ساتھ کھلے رابطے کے لیے پرعزم ہے۔ سہ ماہی، ششماہی اور سالانہ رپورٹس کو بروقت تقسیم کیا جاتا ہے، اس بات کو یقینی بناتے ہوئے کہ سرٹیفکیٹ ہولڈرز مضاربہ کی کارکردگی، مالی پوزیشن اور اسٹریٹجک سمت سے پوری طرح باخبر رہیں۔ سالانہ جائزہ اجلاس احتساب کے لیے ایک اہم فورم فراہم کرتا ہے، جس سے شوقیت ہولڈرز کو بورڈ کے ساتھ براہ راست منسلک ہونے اور مضاربہ کی حکمرانی اور فیصلہ سازی کے عمل میں قیمتی بصیرت فراہم کرنے کے قابل بناتا ہے۔

قانونی آڈیٹرز ریٹائر ہونے والے آڈیٹرز، M/s کرو حسین چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اپنے عہدے کی مدت پوری کرنے کے بعد، دوبارہ تقرری کے اہل ہیں۔ بورڈ نے 31 دسمبر 2026 کو ختم ہونے والے سال کے لیے قانونی آڈیٹرز کے طور پر ان کی دوبارہ تقرری کی تصدیق کی ہے، جو مداربہ کے رجسٹرار کی منظوری سے مشروط ہے۔

اخلاقیات اور کاروباری مشن کامیاب مضارب اپنا کاروبار دیانتداری، شفافیت اور جوابدہی کے اعلیٰ ترین معیارات کے مطابق چلاتا ہے۔ اس کی کارروائیاں ہر وقت درست اخلاقی اصولوں، مکمل ضابطے کی تعمیل، اور مضبوط کارپوریٹ گورننس فریم ورک کے تحت چلتی ہیں، اس بات کو یقینی بناتے ہوئے کہ مضاربہ کی سرگرمیوں کے ہر پہلو پر نظم و ضبط اور ذمہ دارانہ طرز عمل غالب ہو۔ بورڈ اس بات کی توثیق کرتا ہے کہ ان اصولوں کو سال بھر مسلسل برقرار رکھا گیا ہے۔

سماجی، اخلاقی اور ماحولیاتی ذمہ داریاں بورڈ سماجی، اخلاقی اور ماحولیاتی ذمہ داریوں کے سلسلے میں اپنی ذمہ داریوں سے پوری طرح باخبر رہتا ہے، اور وسیع تر عوامی مفاد کو آگے بڑھانے اور انٹر پرائز کی طویل مدتی قدر کی تعمیر میں ان کے اہم کردار کو تسلیم کرتا ہے۔ کارپوریٹ سماجی ذمہ داری اور ماحولیاتی ذمہ داری کے لیے ایک فعال اور منظم انداز کے ذریعے، بورڈ معاشرے اور ان کی کمیونٹی پر ایک پائیدار اور مثبت اثر پیدا کرنے کے لیے پرعزم ہے جن میں مضاربہ کام کرتا ہے۔ یہ وعدے مضاربہ کی بنیادی اقدار، گورننس کے اصولوں اور طویل مدتی اسٹریٹجک مقاصد کے ساتھ مضبوطی سے منسلک ہیں۔

چیئر مین کا جائزہ منسلک چیئر مین کا جائزہ 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے مضاربہ کی کارکردگی کا ایک جامع جائزہ فراہم کرتا ہے، ساتھ ہی مضاربہ کے مستقبل کے نقطہ نظر کی ترویجی بصیرت بھی فراہم کرتا ہے۔ بورڈ آف ڈائریکٹرز جائزے کے مندرجات کی مکمل طور پر توثیق کرتا ہے، اس بات کی توثیق کرتا ہے کہ یہ مضاربہ کی مالی اور آپریشنل کارکردگی کے بورڈ کے جائزے اور آگے بڑھنے والے اس کی حکمت عملی کی درست عکاسی کرتا ہے۔

اسٹیک ہولڈر تعلقات مضاربہ پاکستان اسٹاک ایکسچینج (PSX)، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، مضاربہ کے رجسٹرار، اسٹیٹ بینک آف پاکستان (SBP) اور تمام قابل قدر کاروباری شراکت داروں سمیت تمام اسٹیک ہولڈرز کے ساتھ مضبوط، باہمی طور پر فائدہ مند اور پائیدار تعلقات استوار کرنے کے لیے پرعزم ہے۔ بورڈ کو یہ اطلاع دیتے ہوئے خوشی ہوئی ہے کہ یہ تعلقات سال بھر تعمیری، پیشہ ورانہ اور باہمی تعاون پر مبنی رہے ہیں۔ اس طرح کی پائیدار حمایت اور تعاون کو مضاربہ کی طویل مدتی کامیابی اور آپریشنل چلک کے لیے ناگزیر سمجھا جاتا ہے۔

بعد کے واقعات بورڈ اس بات کی تصدیق کرتا ہے کہ بیننس شیٹ کی تاریخ کے بعد کوئی مادی واقعات یا تبدیلیاں رونما نہیں ہوئی ہیں جن کے لیے ان مالی بیانات میں ایڈجسٹمنٹ یا انکشاف کی ضرورت ہوگی۔

سرٹیفکیٹ ہولڈنگ کا چھ سالہ آپریٹنگ ڈیٹا اور پیرن پچھلے چھ (6) مالی سالوں کے لیے کلیدی آپریٹنگ اور مالیاتی ڈیٹا سرٹیفکیٹ ہولڈرز اور دیگر اسٹیک ہولڈرز کے فائدے کے لیے اس رپورٹ کے ساتھ منسلک ہے۔ سرٹیفکیٹ ہولڈنگ کا تفصیلی پیرن، جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت درکار ہے، اسی طرح اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ اس بات کی تصدیق کرتا ہے کہ مضاربہ کے سرٹیفکیٹس میں کسی بھی ڈائریکٹر، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، یا ان کے متعلقہ شریک حیات اور نابالغ بچوں کی طرف سے سال کے دوران کوئی تجارت نہیں کی گئی، جب تک کہ مالیاتی گوشواروں میں خاص طور پر ظاہر نہ کیا گیا ہو۔

اعتراف بورڈ آف ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، مضاربہ کے رجسٹرار، اسٹیٹ بینک آف پاکستان اور NBFCs اینڈ مضاربہ ایسوسی ایشن آف پاکستان کا سال بھر مسلسل تعاون، تعمیری رہنمائی اور باہمی تعاون کے لیے تہہ دل سے شکر یہ ادا کرتا ہے۔

بورڈ مضاربہ کے سرٹیفکیٹ ہولڈرز اور صارفین کو اس اعتماد اور اعتماد کے لیے بھی تہہ دل سے خراج تحسین پیش کرتا ہے جو وہ ادارے میں برقرار رکھے ہوئے ہیں۔ بورڈ مضبوط داخلی کنٹرول کو برقرار رکھنے، ذاتی نوعیت کی اور اعلیٰ معیار کی خدمات کی فراہمی، اور اپنے آپریٹرز کے تمام شعبوں میں کارپوریٹ گورننس اور شریعت کی تعمیل کے اعلیٰ ترین معیارات کو برقرار رکھنے کے لیے اپنے اہل عزم کا اعادہ کرتا ہے۔

آخر میں، بورڈ نے ایک مشکل سال کے دوران انتظامی ٹیم اور فرسٹ پنجاب مضاربہ کے تمام ملازمین کی لگن، پیشہ ورانہ مہارت اور مستعدی کا اعتراف اور تعریف کی۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے



عمران بشیر
ڈائریکٹر



عاصم جہانگیر سیٹھ
چیف ایگزیکٹو آفیسر

لاہور: 08 جون 2026

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Modaraba: FIRST PUNJAB MODARABA
Year Ended: December 31, 2025

The Modaraba has complied with the requirements of the Regulations in the following manner: -

1. The total number of Directors are eight as per the following:

- a) Male: Seven (07)
- b) Female: One (01)

2. The composition of the Board is as follows:

Independent Directors*	Mr. Imran Bashir Ms. Samina Afsar
Non-executive Directors**	Mr. Ijaz ur Rehman Qureshi Mr. Umer Iqbal Sheikh Mr. Rizwan Hameed Mr. Muhammad Umer Khan Mr. Maqsood Ahmad
Female Directors	Ms. Samina Afsar
Executive Director/Chief Executive	Mr. Asim Jahangir Seth

*The Modaraba has not upward rounded the fraction, required for the minimum number of independent Directors considering the experience and skill possessed by the existing independent Directors, which sufficiently meet the current oversight into the affairs of the Modaraba. However, the Modaraba intends to appoint a third independent Director in the forthcoming years to ensure full compliance.

**During the year, Mr. Nadeem Amir and Mr. Khawar Shahid Ansari resigned Directorship and consequently, the Bank of Punjab, nominated Mr. Muhammad Umer Khan and Mr. Rizwan Hameed as members of the Board of Directors.

3. As per the confirmations submitted by the Directors, none of them are serving as a Director on more than seven listed companies, including the Modaraba;
4. The Modaraba has prepared a code of conduct and has taken appropriate steps to disseminate the same throughout the Modaraba along with its supporting policies and procedures;
5. A vision & mission statement, overall corporate strategy and policies to run the affairs of the Modaraba have been approved by the Board and are in place. The Board has ensured that complete record of particulars of the significant policies along with their date of approval / revision is maintained by the Modaraba;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. Out of eight (08) following three (03) Directors have underwent Directors' training program:
 - Mr. Ijaz ur Rehman Qureshi
 - Mr. Imran Bashir
 - Ms. Samina Afsar

The Modaraba is focused on arranging training programs for the rest of the Directors in the forthcoming year to ensure compliance and enhance the professional expertise of its board members.

***Explained in SOC 19**

10. The Board has approved appointment of Chief Financial Officer, Modaraba Secretary and Head of Internal Audit*, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

***Explained in SOC 19**

11. Chief Financial Officer and Chief Executive Officer have duly endorsed the financial statements before approval of the Board;

12. Following Committee have been constituted by the Board with focused review of the respective affairs of the Modaraba:-

a) Audit Committee:

Imran Bashir (Independent Director)	Chairman
Mr. Umer Iqbal Sheikh	Member
Mr. Muhammad Umer Khan	Member

b) HR and Remuneration Committee:

Ms. Samina Afsar (Independent Director)	Chairperson
Mr. Rizwan Hameed	Member
Mr. Umar Iqbal Sheikh	Member

c) Risk Management Committee:

Mr. Rizwan Hameed	Chairman
Mr. Umar Iqbal Sheikh	Member
Mr. Maqsood Ahmad	Member
Mr. Asim Jahangir Seth	Member

13. The terms of reference of the aforesaid committees have been formulated and approved by the Board and duly advised to the committee for compliance;

14. The frequency of meetings of the committees were as per following:

Audit Committee	Four
HR and Remuneration Committee	One
Risk Management Committee	Nil

15. The Board has set up an effective internal audit function under Head of Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Modaraba;

16. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that the firm and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Modaraba Secretary or Director of the Modaraba;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with the requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Sr. No.	Reference	Description	Explanation
1.	Regulation 19(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.	All Directors on the board have prescribed certification under Director training program.	Three (3) directors have completed the prescribed certification under the Directors' Training Program, while the remaining directors will obtain the same in the next year.
2.	Regulation 10 A (5) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.	Board shall form a Sustainability Committee.	The Board is currently evaluating the terms of reference for a dedicated Sustainability Committee, which is scheduled for formal establishment and activation during the upcoming financial year.
3.	Regulation 20 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.	The Board shall appoint, determine remuneration, renew contracts and terms and conditions of employment of chief financial officer, company secretary and head of internal audit of the company.	During the year, the same individual concurrently held the positions of Head of Internal Audit (HIA) and Company Secretary (CS). The Company acknowledges that this arrangement is not in full compliance with the applicable regulatory requirements; however, it is assured that appropriate corrective measures will be taken to ensure full compliance in future periods.

Date: June 08, 2026



Ijaz Ur Rehman Qureshi
CHAIRMAN

**INDEPENDENT AUDITOR’S REVIEW REPORT TO THE CERTIFICATE
HOLDERS OF FIRST PUNJAB MODARABA
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED
IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)
REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of First Punjab Modaraba (“the Modaraba”) for the year ended December 31, 2025 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Modaraba. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba’s compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba’s personnel and review of various documents prepared by the Modaraba to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors’ statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Modaraba’s corporate governance procedures and risks.

The Regulations require the Modaraba to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba’s compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended December 31, 2025.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1.	9 & 19	Five out of eight directors did not acquire the prescribed certification under the Directors’ Training Program as required under Clause 19(1) of the Regulations.
2.	10 & 19	During the year, the same person held the position of the Company Secretary and Head of Internal Audit.

Lahore
Dated: June 08, 2026 UDIN: CR2025100512ZEIB5pXR
UDIN: CR2025100512ZEIB5pXR


CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants



NOTICE OF ANNUAL REVIEW MEETING

The Certificate Holders are hereby notified that the Certificate Transfer Books shall remain closed from 24-06-2026 to 30-06-2026 (both days inclusive), for the purpose of attending Annual Review Meeting. All transfers received in order upto close of business hours on June 23, 2026 with our Registrar's office, M/s. Hameed Majeed Associates (Pvt.) Ltd., H.M House, 7-Bank Square, The Mall, Lahore, will be considered in time.

The Annual Review Meeting of the Certificate holders will be held at 11:00 am on Tuesday, June 30, 2026 at Registered Office of First Punjab Modaraba, Office No. 100, 3rd Floor, National Towers, 28-Egerton, Road, Lahore to review the performance of the Modaraba for the year ended December 31, 2025 in terms of Regulation No.33, Chapter IV of Modaraba Regulations, 2021.

The Certificate Holders may also join through vide link and are requested to send intimation through valid email ID to the address given below to participate in the meeting through video link, at least seven (07) days prior to the date of meeting:

armdec2025@punjabmodaraba.com.pk

The Modaraba will communicate participation link through return email. Further, the certificate holders may send their comments / suggestions on the above email address or on Whatsapp / Mobile No. 0300 0774434, at least seven (07) days prior to the date of meeting.

The annual audited financial statements of the Modaraba for year ended December 31, 2025 are also available on Modaraba's website: www.punjabmodaraba.com.pk.

By the Order of
Board of Directors

(Shiraz Butt)
COMPANY SECRETARY

FIRST PUNJAB MODARABA
DETAILED CATEGORIES OF SHAREHOLDERS
AS ON DECEMBER 31, 2025

Sr. # Name	Shares Held	Percentage
Associates Companies, Undertakings and Related Parties		
1 PUNJAB MODARABA SERVICES (PVT) LTD.	8,088,500	23.7757
2 THE BANK OF PUNJAB	4,788	0.0141
3 PUNJAB MODARABA SERVICES (PVT) LTD.	5,232,194	15.3798
4 TRUSTEE-THE BANK OF PUNJAB EMPLOYEES GRATUITY FUND	5,099,500	14.9897
Running Total:	18,424,982	54.1593
NIT and ICP		
1 IDBL (ICP UNIT)	2,408	0.0071
Running Total:	2,408	0.0071
Banks, Development Financial Institutions and Non Banking Financial Institutions		
1 Diamond Industries Ltd	151,000	0.4439
2 ESCORTS INVESTMENT BANK LIMITED	19,760	0.0581
3 NATIONAL BANK OF PAKISTAN	656	0.0019
Running Total:	171,416	0.5039
Modarabas and Mutual Funds		
1 FIRST IBL MODARABA	100,000	0.2939
Running Total:	100,000	0.2939
General Public (Local)		
Running Total:	14,918,465	43.8520
Funds		
1 TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	106,786	0.3139
2 TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	3,747	0.0110
Running Total:	110,533	0.3249
Investment Companies		
1 FRANKLIN INVESTMENT BANK LTD	1,100	0.0032
Running Total:	1,100	0.0032
Joint Stock Companies		
1 EJAZ SPINNING MILLS LIMITED	178,500	0.5247
2 PRUDENTIAL SECURITIES LIMITED	2,000	0.0059
3 PRUDENTIAL SECURITIES LIMITED	260	0.0008
4 S.H. BUKHARI SECURITIES (PVT) LIMITED	382	0.0011
5 SARFRAZ MAHMOOD (PRIVATE) LTD	570	0.0017
6 MAPLE LEAF CAPITAL LIMITED	1	0.0000
7 MILLENNIUM SECURITIES & INVEST.(PVT) LTD	20	0.0001
8 CAPITAL VISION SECURITIES (PVT) LTD.	3,310	0.0097
9 NCC - PRE SETTLEMENT DELIVERY ACCOUNT	4,856	0.0143
10 MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	240	0.0007
11 ALI USMAN STOCK BROKERAGE (PVT) LIMITED	275	0.0008
12 DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	200	0.0006
13 MSMANIAR FINANCIALS (PVT) LTD.	132	0.0004
14 MRA SECURITIES LIMITED - MF	40,000	0.1176
15 N. U. A. SECURITIES (PRIVATE) LIMITED - MF	60,000	0.1764
16 DOSSLANIS SECURITIES (PRIVATE) LIMITED	350	0.0010
Running Total:	291,096	0.8557
Grand Total :	34,020,000	100.0000
SHAREHOLDERS HOLDING 5% OR MORE:		
1 PUNJAB MODARABA SERVICES (PVT) LTD.	8,088,500	23.7757
2 PUNJAB MODARABA SERVICES (PVT) LTD.	5,232,194	15.3798
3 TRUSTEE-THE BANK OF PUNJAB EMPLOYEES GRATUITY FUND	5,099,500	14.9897
Running Total:	18,420,194	54.1452

**FIRST PUNJAB MODARABA
PATTERN OF SHAREHOLDINGS
AS ON DECEMBER 31, 2025**

Number of ShareHolders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital
	From	To		
1143	1	100	46,842	0.1377
1436	101	500	393,929	1.1579
1085	501	1,000	888,110	2.6106
690	1,001	5,000	1,617,541	4.7547
151	5,001	10,000	1,131,769	3.3268
53	10,001	15,000	679,540	1.9975
33	15,001	20,000	607,710	1.7863
17	20,001	25,000	380,828	1.1194
13	25,001	30,000	370,792	1.0899
3	30,001	35,000	101,368	0.2980
7	35,001	40,000	262,391	0.7713
5	40,001	45,000	214,413	0.6303
7	45,001	50,000	349,120	1.0262
4	50,001	55,000	203,915	0.5994
4	55,001	60,000	234,845	0.6903
1	65,001	70,000	67,550	0.1986
2	70,001	75,000	147,603	0.4339
3	75,001	80,000	234,911	0.6905
1	80,001	85,000	85,000	0.2499
4	95,001	100,000	400,000	1.1758
1	105,001	110,000	106,786	0.3139
2	110,001	115,000	229,530	0.6747
1	115,001	120,000	117,923	0.3466
1	130,001	135,000	135,000	0.3968
1	140,001	145,000	145,000	0.4262
2	145,001	150,000	298,937	0.8787
1	150,001	155,000	151,000	0.4439
1	175,001	180,000	178,500	0.5247
2	185,001	190,000	373,751	1.0986
3	195,001	200,000	597,644	1.7567
1	205,001	210,000	210,000	0.6173
1	225,001	230,000	227,160	0.6677
1	245,001	250,000	248,000	0.7290
1	315,001	320,000	319,830	0.9401
1	330,001	335,000	330,100	0.9703
1	495,001	500,000	500,000	1.4697
1	640,001	645,000	642,223	1.8878
1	770,001	775,000	770,245	2.2641
1	1,595,001	1,600,000	1,600,000	4.7031
1	5,095,001	5,100,000	5,099,500	14.9897
1	5,230,001	5,235,000	5,232,194	15.3798
1	8,085,001	8,090,000	8,088,500	23.7757
4,689			34,020,000	100.0000

INDEPENDENT AUDITOR’S REPORT
TO THE CERTIFICATE HOLDERS OF FIRST PUNJAB MODARABA
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **FIRST PUNJAB MODARABA (the Modaraba)**, which comprise the statement of financial position as at December 31, 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at December 31, 2025 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Modaraba and Modaraba Company (Punjab Modaraba Services (Private) Limited) in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit
1. Income Recognition from Financing Arrangements	
Refer to "Income from Operations" in statement of profit or loss and other comprehensive income, note 3.18 & 29 to the financial statements. The Modaraba has earned financing income of Rs. 210.088 million for the year ended	Our key audit procedures related to revenue included: <ul style="list-style-type: none"> Obtaining an understanding of the Modaraba's income recognition process for all financing products and evaluated the design and implementation of relevant internal controls.

Key Audit Matters	How the matter was addressed in our audit
<p>December 31, 2025 from its Islamic financing portfolio comprising Musharakah, Ijarah and Murabahah arrangements, as referred to in the accompanying financial statements.</p> <p>Income from these financing arrangements is recognized over the tenure of respective contracts based on agreed profit rates and contractual repayment schedules.</p> <p>We considered income recognition as a key audit matter due to income being one of the key performance indicators of the Modaraba and inherent risk of material misstatement.</p>	<ul style="list-style-type: none"> • Assessing the appropriateness of the Modaraba’s accounting policy for recording revenue and that this is in line with the requirements of applicable law, accounting and reporting standards. • Selecting and testing samples from each financing arrangement, including Diminishing Musharakah, Ijarah and Murabaha, by agreeing recorded income to the underlying financing agreements and repayment schedules. • On a sample basis, verifying rentals received from customers against relevant schedules and records. • Performing cut-off procedures to ensure that income was recorded in the appropriate accounting period. • Recalculating income recognized on selected contracts based on agreed profit rates and tenure. • Evaluating whether the unearned portion of income, where applicable, had been appropriately deferred at the reporting date. • Reviewing the adequacy of related disclosures in the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan.
2. Valuation of Investments under Musharakah, Murabaha and Ijarah Arrangements	
<p>Refer to Note 3.12.1, 7, 8, 11, 12 and 13 to the financial statements.</p> <p>The Modaraba’s gross investments under Musharakah, Murabahah, and Ijarah arrangements as at December 31, 2025, amounted to Rs. 1,185.82 million, Rs. 360.17 million and Rs. 142.90 million respectively, against which allowance for expected credit loss of Rs. 69.57 million, Rs. 223.27 million and Rs. 56.29 million respectively, have been recognized.</p> <p>The loss allowance for expected credit losses (ECL Model) on Musharakah, Murabahah and Ijarah arrangements has been recognized in the financial statements using the guidance included in IFRS 9 ‘Financial Instruments’ and the Modaraba Regulations, 2021. Determination of ECL provision require</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> • Considering management’s process of application of ECL model to calculate impairment loss against financing arrangements. • Evaluating key decisions / assumptions made by the management with respect to estimates and judgements in relation to application of the ECL model. • Evaluating the ECL model for appropriateness of the methodology applied in line with IFRS 9 and Modaraba Regulations, 2021 and checked arithmetical accuracy of the model. • Obtaining Forced Sale Values (FSVs) of the underlying collaterals held against financing arrangements, as determined by an independent valuer and evaluating the incorporation of such

Key Audit Matters	How the matter was addressed in our audit
<p>significant judgment and assumptions.</p> <p>We have considered this area as a key audit matter due to its volume and the significant management judgement involved in valuation.</p>	<p>FSVs in the ECL assessment in accordance with the Modaraba Regulations, 2021.</p> <ul style="list-style-type: none"> • Circularizing balance confirmation requests for Musharakah, Murabahah and Ijarah investment on a sample basis and evaluating responses received. • Checking subsequent clearance of balances due as of December 31, 2025 on sample basis. • Assessing financial impacts and appropriateness of disclosures made in the financial statements to determine whether these are in accordance with the accounting and reporting standards as applicable in Pakistan.

Emphasis of Matter

We draw attention to Note 1.1 to the annexed financial statements, which indicates that the Modaraba's accumulated losses amounting to Rs. 1,022.98 million have exceeded fifty percent of the total amount subscribed by holders of the Modaraba Certificates. This situation violates Section 23 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. Under the Ordinance, if this requirement is not complied with, the Registrar may apply to the Tribunal for the winding up of the Modaraba.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Modaraba Company for the financial statements

Management of the Modaraba Company is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and for such internal control as management of the Modaraba Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Modaraba Company is responsible for assessing the Modaraba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the Modaraba Company either intends to liquidate the Modaraba or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Modaraba Company are responsible for overseeing the Modaraba's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Modaraba Company.
- Conclude on the appropriateness of management of the Modaraba Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors of the Modaraba Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors of the Modaraba Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors of the Modaraba Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Modaraba Company in respect of Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cashflows together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and are in agreement with the books of account;
- c) business conducted, investments made, expenditure incurred and guarantees extended during the year by the Modaraba were in accordance with the objects, terms and conditions of the Modaraba; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Modaraba for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 30, 2025.

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

Lahore
Dated: June 08, 2026 UDIN:
UDIN: AR202510051klzdCWA5t


CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

ANNUAL SHARIAH ADVISOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2025
FIRST PUNJAB MODARABA

I have conducted a Shari'ah review of First Punjab Modaraba (FPM) managed by Punjab Modaraba Services (PVT) Limited for the Year ended December 31, 2025, in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report as follows:

- i. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles.
- ii. The agreement(s) entered by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board of SECP and all the related conditions have been met.
- iii. During the year, the Shari'ah Advisor visited the premises regularly to provide Shari'ah assistance in day-to-day operations.
- iv. Internal Shariah training for HOD's has been conducted by Shariah Advisor during the year.
- v. The earnings and income realized from sources or activities not permissible under Shari'ah have been transferred to the charity account. FPM is advised to ensure timely disbursement of the remaining charity amount.

Observation(s)

- 1) Frequent staff turnover within the Internal Shari'ah Audit function adversely affected its effectiveness, resulting in challenges in the timely and effective review and verification of routine operations from a Shari'ah compliance perspective. The Internal Shari'ah Audit function should be supported by adequately trained and competent personnel possessing appropriate qualifications, experience, and certifications relevant to Shari'ah audit.
- 2) Relevant operational policies and SOPs, particularly those pertaining to charity management, disbursement processes, and other Shari'ah-sensitive areas, require periodic review to ensure continued compliance with Shari'ah principles.
- 3) Prior written approval from the Shari'ah Advisor should be obtained, wherever applicable, for all significant inflows, outflows, investments, and other Shari'ah-sensitive matters to ensure compliance with applicable Shari'ah requirements.
- 4) The Shari'ah review identified deficiencies in the proper filing and sequencing of product-related documentation. It also noted the use of conventional terminology in place of appropriate Islamic terminology, which is not in compliance with applicable Shari'ah requirements.

Recommendation(s):

Based on the review, I recommend that FPM Management consider the following:

- 1) As highlighted in previous Shari'ah reviews, further strengthening of the Internal Shari'ah Audit function remains desirable. FPM is strongly advised to ensure adequate staffing and deployment of suitably qualified personnel with appropriate Shari'ah audit competencies. This will facilitate effective Shari'ah compliance oversight and contribute to mitigating potential Shari'ah and regulatory risks. Management is encouraged to address this matter on priority before the issuance of the next Annual Shari'ah Advisor's Report.
- 2) As part of sound Shari'ah governance practices, all Shari'ah-related policies and Standard Operating Procedures (SOPs) should be periodically reviewed and duly approved by the Shari'ah Advisor. FPM management is advised to complete and regularize this process before issuance of the next Annual Shari'ah Advisor's Report.
- 3) FPM should ensure that all proposed transactions, investments, and other Shari'ah-sensitive matters requiring Shari'ah assessment are submitted to the Shari'ah Advisor in a timely manner for prior review and guidance, wherever applicable, to ensure continued Shari'ah compliance.
- 4) FPM management should ensure proper completion, filing, and sequencing of all product-related documentation in accordance with approved Shari'ah requirements. Appropriate

- Islamic terminology should consistently be used in all agreements and operational documents to reinforce Shari'ah compliance and avoid any perception of non-compliance.
- 5) The commendable efforts made by FPM resulting in a remarkable conversion rate of 98.50% of the portfolio into Takaful are highly appreciated. The remaining small portion consists of corporate clients with their own arrangements. FPM should also encourage them to transit their portfolios into Takaful policies as well.
 - 6) In line with the objective of ensuring Shari'ah compliance across all operational and financial arrangements, FPM is advised to undertake necessary steps for restructuring and managing the Staff Provident Fund under a Shari'ah-compliant mechanism. (Referenced in prior Shari'ah Advisor reports.)
 - 7) It is recommended that FPM arrange regular training and capacity-building programs for staff, management, and Board members to strengthen their understanding of Islamic finance, Shari'ah governance, and regulatory requirements, thereby promoting effective Shari'ah compliance across the institution.

Conclusion:

Based on the review of FPM's operations, supporting information, documentation, and Internal Shari'ah Auditor reports, the Modaraba has generally maintained operations and arrangements in compliance with applicable Shari'ah principles and continues to demonstrate its commitment towards compliance with applicable Shari'ah principles and regulatory requirements. The observations and recommendations outlined in this report are intended to further strengthen the Shari'ah governance framework and enhance the overall effectiveness of Shari'ah compliance practices. FPM management is encouraged to address these matters in a timely manner to support continuous improvement and reinforce the institution's standing as a credible Islamic financial institution.

May Allah Almighty grant us success in fulfilling our responsibilities in accordance with His guidance and forgive any shortcomings and mistakes.



Mufti Muhammad Umar
Shariah Advisor,
First Punjab Modaraba.
SECP/IFD/SA/056

FIRST PUNJAB MODARABA
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025

	Note	2025 Rupees	2024 Rupees
ASSETS			
Non Current Assets			
Fixed assets under ijarah arrangement	5	154,064,320	185,227,848
Fixed assets under own use	6	3,178,450	3,571,658
Intangible assets	7	-	388,332
Long-term investment under musharakah arrangement	8	717,396,501	690,449,778
Long-term investment under murabahah arrangement	9	3,828,094	6,927,036
Long term deposits	10	1,422,494	1,422,494
Deferred tax asset	11	94,239,022	94,239,022
		974,128,881	982,226,168
Current Assets			
Short-term investment under murabahah arrangement	12	108,479,952	136,052,103
Current portion of non-current assets	13	423,433,862	430,279,088
Ijarah rentals receivable	14	54,154,717	76,994,055
Short term investment	15	4,000,000	109,816,508
Development properties	16	-	25,290,372
Advances, deposits, prepayments and other receivables	17	59,733,567	159,798,809
Income tax refundable from the Government		34,500,088	32,040,853
Cash and bank balances	18	81,460,724	23,080,100
		765,762,910	993,351,888
Total Assets		1,739,891,791	1,975,578,056
EQUITY AND LIABILITIES			
Certificate Capital and Reserves			
Authorized certificate capital 50,000,000 (2024: 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 (2024: 34,020,000) modaraba certificates of Rs. 10 each	19	340,200,000	340,200,000
Capital reserve	20	218,176,678	218,176,678
Revenue reserve - accumulated losses		(1,022,980,092)	(850,373,686)
Subordinated funds	21	2,000,000,000	500,000,000
Certificate Holders' Equity		1,535,396,586	208,002,992
Non Current Liabilities			
Redeemable capital	22	-	1,485,000,000
Long term security deposits	23	18,026,827	8,547,016
Deferred murabahah income	24	1,328,128	1,617,760
Post employment benefits	25	7,465,007	7,593,368
		26,819,962	1,502,758,144
Current Liabilities			
Current portion of non current liabilities	26	29,365,174	45,210,018
Accrued finance cost	27	25,115,312	103,723,983
Trade and other payables	28	102,400,143	89,030,847
Provision for levies		3,679,706	9,738,032
Unclaimed dividend		17,114,908	17,114,040
		177,675,243	264,816,920
Contingencies and Commitments	29	-	-
Total Equity and Liabilities		1,739,891,791	1,975,578,056

The annexed notes from 1 to 49 form an integral part of these financial statements.

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



Chief Financial Officer



Chief Executive Officer



Director



Director

FIRST PUNJAB MODARABA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 Rupees	2024 Rupees
Income from Operations			
Income from ijarah rentals - net	30	27,123,067	54,844,805
Profit on murabahah financing		1,763,006	17,941,705
Profit on diminishing musharakah financing		181,202,218	203,502,965
Gain on sale of development properties	31	1,209,628	2,664,589
		211,297,919	278,954,064
Other Income			
Other income	32	40,205,230	125,698,855
Total Income		251,503,149	404,652,919
Expenses			
Administrative and general expenses	33	96,498,377	98,462,810
Finance cost	34	309,330,336	370,612,005
		405,828,713	469,074,815
Operating Loss before provisions		(154,325,564)	(64,421,896)
Provision against financing arrangements	35.1	4,077,381	1,723,382
(Reversal) of provision against financing arrangements	35.2	(33,990,533)	(18,599,543)
Provision against other receivables	17	44,826,163	26,112,216
		14,913,011	9,236,055
Operating Loss after provisions		(169,238,575)	(73,657,951)
Modaraba management company's management fee		-	-
Loss before Levy and Taxation		(169,238,575)	(73,657,951)
Levy / final taxation	36	(3,679,706)	(5,372,086)
Loss before Income Tax		(172,918,281)	(79,030,037)
Income tax			
- Current	36	-	-
- Deferred		-	(15,336,569)
		-	(15,336,569)
Net Loss for the Year		(172,918,281)	(94,366,606)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement gain on post employment benefits obligations		311,875	284,089
Related deferred tax impact		-	(82,386)
Items that may be reclassified to profit or loss			
Other comprehensive income		311,875	201,703
Total Comprehensive Loss for the Year		(172,606,406)	(94,164,903)
(Loss) / Earnings per Certificate - Basic and Diluted	37	(5.08)	(2.77)

The annexed notes from 1 to 49 form an integral part of these financial statements.

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



Chief Financial Officer



Chief Executive Officer



Director



Director

FIRST PUNJAB MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

Particulars	Issued, Subscribed and Paid up Capital	Capital Reserve		Revenue Reserve Accumulated Loss	Subordinated Funds	Total
		Statutory Reserve	Revenue Reserve			
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at December 31, 2023	340,200,000	218,176,678	(756,208,783)	500,000,000	302,167,895	
Net loss for the year	-	-	(94,366,606)	-	-	(94,366,606)
Other comprehensive income for the year	-	-	201,703	-	-	201,703
Total comprehensive loss for the year	-	-	(94,164,903)	-	-	(94,164,903)
Balance as at December 31, 2024	340,200,000	218,176,678	(850,373,686)	500,000,000	208,002,992	
Net loss for the year	-	-	(172,918,281)	-	-	(172,918,281)
Other comprehensive income for the year	-	-	311,875	-	-	311,875
Total comprehensive loss for the year	-	-	(172,606,406)	-	-	(172,606,406)
Subordinated funds received	-	-	-	2,000,000,000	2,000,000,000	2,000,000,000
Subordinated funds paid	-	-	-	(500,000,000)	(500,000,000)	(500,000,000)
Balance as at December 31, 2025	340,200,000	218,176,678	(1,022,980,092)	2,000,000,000	1,535,396,586	

The annexed notes from 1 to 49 form an integral part of these financial statements.

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


Chief Financial Officer


Chief Executive Officer


Director


Director

FIRST PUNJAB MODARABA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 Rupees	2024 Rupees
Cash Generated from / (used in) Operations	38	318,907,031	(43,741,701)
Purchase of fixed assets under ijarah arrangements	5	(40,293,150)	(189,275,421)
Post employment benefits paid	25.3	(1,947,323)	(3,843,429)
Proceeds from transfer of development properties	31	26,500,000	27,070,801
Profit paid on redeemable capital and subordinated funds	34	(387,793,283)	(369,997,392)
Bank charges paid	34	(145,724)	(191,426)
Proceeds from transfer of ijarah assets		6,140,960	114,226,993
Security deposit received / (adjusted) on ijarah arrangements		4,450,580	(50,973,169)
Long term deposits		-	(1,219,050)
Levy / final tax paid		(8,667,671)	(21,987,159)
		<u>(401,755,611)</u>	<u>(496,189,252)</u>
Net Cash Used in Operating Activities		(82,848,580)	(539,930,953)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets under own use	6	(1,665,639)	(854,556)
Proceeds from disposal of fixed assets under own use		199,600	2,650,829
Profit received on bank deposits		18,957,907	87,562,775
Short term investments	15	108,736,468	240,183,492
Net Cash Generated from Investing Activities		126,228,336	329,542,540
CASH FLOWS FROM FINANCING ACTIVITIES			
Subordinated funds received	21	2,000,000,000	-
Subordinated funds paid	21	(500,000,000)	-
Redeemable capital paid	22	(1,485,000,000)	-
Reversal of unclaimed dividend		1,368	-
Unclaimed dividend paid		(500)	(76,444)
Net Cash Generated from / (Used in) Financing Activities	39	15,000,868	(76,444)
Net Increase / (Decrease) in Cash and Cash Equivalents		58,380,624	(210,464,857)
Cash and cash equivalents at the beginning of the year	18	23,080,100	233,544,957
Cash and Cash Equivalents at the End of the Year		81,460,724	23,080,100

The annexed notes from 1 to 49 form an integral part of these financial statements.

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



Chief Financial Officer



Chief Executive Officer



Director



Director

FIRST PUNJAB MODARABA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1

The Modaraba and its Operations

First Punjab Modaraba ("the Modaraba") is a multi-purpose, perpetual and multi-dimensional Modaraba domiciled in Pakistan under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, and the rules made thereunder. Its registered office is situated at Office No. 100, 3rd floor, National Tower, 28-Egerton Road, Lahore. The Modaraba is managed by Punjab Modaraba Services (Private) Limited (the "Modaraba Management Company", "PMSL") which is a wholly owned subsidiary of The Bank of Punjab.

The Modaraba is listed on the Pakistan Stock Exchange. It commenced its operations on December 23, 1992. It is currently engaged in various Islamic modes of financing and operations including Ijarah, Musharakah and Murabahah. The Modaraba has also obtained approval of the Securities & Exchange Commission of Pakistan to undertake building, construction and real estate activity through insertion of a new clause for this purpose in prospectus of the Modaraba on January 13, 2021.

The Pakistan Credit Rating Agency (PACRA) has assigned long term rating of A- (2024: A-) and short term rating of A2 (2024: A2) to the Modaraba on September 19, 2025 (2024: September 20, 2024).

1.1 Going concern assumption

During the year, the Modaraba generated revenue of Rs. 211.30 million (2024: Rs. 278.95 million). The Modaraba incurred significant financing costs amounting to Rs. 309.33 million during the year (2024: Rs. 370.61 million). Consequently, the Modaraba incurred a net loss of Rs. 172.61 million during the year (2024: Rs. 94.16 million). As at the reporting date, the Modaraba's accumulated losses amounted to Rs. 1,022.98 million. Consequently, the accumulated losses have exceeded fifty percent of the total amount subscribed by the holders of Modaraba Certificates, resulting in non-compliance with Section 23 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. Under the Ordinance, where this requirement is not met, the Registrar may apply to the Modaraba Tribunal for the winding up of the Modaraba.

The above conditions indicate the existence of a material uncertainty that may cast significant doubt on the Modaraba's ability to continue as a going concern.

In assessing the appropriateness of the going concern assumption, management has considered the financial support available from the ultimate parent entity, The Bank of Punjab, which has provided a subordinated funds of Rs. 2 billion to support the Modaraba's operations and liquidity requirements. In addition, management intends to intensify its recovery efforts, improve collection efficiencies, and enhance cash flows from the existing financing portfolio.

Based on the continued financial support from the parent entity and the expected improvement in recoveries, management believes that the Modaraba will be able to continue its operations and meet its obligations as they fall due for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

Note 2

Basis of Preparation

2.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), and Islamic Financial Accounting Standards (IFAS) as are notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Companies Act, 2017,
- Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 for Modaraba (hereinafter referred to as the relevant laws) and directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Wherever, the requirements of the approved accounting standards differ from the relevant laws, the relevant laws have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the post employment benefit obligation (i.e. gratuity) which is stated at the present value of the obligation determined through actuarial valuation.

These financial statements provide comparative information in respect of the previous year. In addition, the Modaraba presents an additional statement of financial position as at the beginning of preceding year when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements, during the year no restatement has been made.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees (Rs.) which is the Modaraba's functional and presentation currency. All the figures presented in the financial statements have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and related assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both the current and future years. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are documented in the following accounting policies and notes and relate primarily to:

- Useful lives, residual values and depreciation method of ijarah assets under ijarah arrangement – Note 3.1 and 5
- Useful lives, residual values and depreciation method of fixed assets under own use – Note 3.2 and 6
- Useful lives, residual values and amortization method of intangible assets – Note 3.3 and 7
- Post employment benefits obligation - Note 3.9 and 25
- Development properties - Note 3.7 and 16
- Estimation of provisions - Note 3.14 and 29
- Estimation of contingent liabilities - Note 3.15 and 29
- Provision for expected credit losses – Note 3.12, 8.3, 9.2, 12.2 and 14.2
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses and credits Note 3.10, 1 & 36

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current year

The following standards, amendments, and interpretations are effective for the year ended December 31, 2025. These standards, amendments and interpretations are either irrelevant to the Modaraba's operations or are not expected to significantly impact the Modaraba's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective Date - Annual Periods
IAS 21 Amendments to lack of exchangeability	Beginning on or After January 01, 2025

2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than certain additional disclosures.

Standard or Interpretation	Annual Periods Beginning on or After
IFRS 7 & 9 Amendments to Classification and Measurement of Financial Instruments -	January 01, 2026
IFRS 7 & 9 Contracts referencing Nature-dependent Electricity	January 01, 2026
IFRS 1, 7, 9, 10 & IAS 7 Annual Improvements to IFRS Accounting Standards	January 01, 2026
IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 & IAS 37 Disclosures about Uncertainties in the Financial Statements	January 01, 2026
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	July 01, 2026
IFRS S2 Climate-Related Disclosures	July 01, 2026
IFRS 19 Subsidiaries Without Public Accountability: Disclosures	July 01, 2027
IFRS 18 Presentation and Disclosure in Financial Statements	July 01, 2027

Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have yet not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at the reporting date:

- IFRS 01 First-time Adoption of International Financial Reporting Standards (IFRS)

The management believes that adoption of the new standards, amendments and interpretations, which are in issue but not yet effective, is not likely to have any material impact, on the recognition, measurement, presentation and disclosure of items in the financial statements for current and future years and foreseeable future transactions.

Note 3

Material Accounting Policy Information

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented unless stated otherwise.

3.1 Fixed Assets under Ijarah Arrangement

Assets leased under ijarah arrangement are stated at cost less accumulated depreciation and identified impairment losses, if any. Depreciation is charged to income by applying the straight line method whereby the depreciable amount less residual value is allocated over the lease period, which represents the estimated useful life of the asset. Depreciation on additions and disposals during the year is charged proportionately from the lease commencement to the date of maturity of the lease.

3.2 Fixed Assets under Own Use

Fixed assets under own use, are stated at cost less accumulated depreciation and identified impairment losses, if any.

Depreciation is charged by applying straight line method to write off the cost over the remaining useful life of the assets. Rates of depreciation are stated in note 6. The depreciation method, residual value and useful lives of assets are reviewed at each reporting date and adjusted if appropriate.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Subsequent costs (if any) are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably.

The carrying amount of operating fixed assets is removed from the statement of financial position upon scrapping or disposal, or when no future economic benefit is expected from its use, scrapping or disposal.

Day to day maintenance and normal repairs are charged to profit or loss as and when incurred. Gain or loss on scrapping or disposal of assets, if any, is charged to profit or loss. Gain or loss on disposal of assets is the difference between the sale proceeds and the carrying amount of the asset disposed off / scrapped.

3.3 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the Modaraba and the cost of such asset can be measured reliably. The cost of intangible assets includes purchase cost and directly attributable expenses incurred to bring the asset to its intended use.

Costs that are directly associated with identifiable asset and are expected to generate probable economic benefits beyond one year, are recognized as an intangible assets. However, costs associated with the maintenance of asset are recognized as an expense.

All intangible assets are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to profit or loss using the straight line method so as to write off the cost of the asset over its estimated useful life. The amortization period and method for intangible assets are reviewed, at each reporting date and adjusted if related impact is significant. Rates of amortization are stated in note 7.

3.4 Impairment of non financial assets

The Modaraba continually assesses, at each reporting date, whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

3.5 Musharakah investments

The Modaraba provided financing facilities only under Diminishing Musharakah arrangements. Diminishing Musharakah is a partnership between the Modaraba and the customer in which both parties jointly purchase an asset in agreed ownership proportions. The customer agrees to gradually purchase the Modaraba's share in the asset over an agreed period, resulting in a gradual reduction of the Modaraba's ownership. As the customer purchases units of the Modaraba's share, the carrying value of the Modaraba's investment is reduced accordingly. Musharakah investments are stated net of provision. Provision is recognized in accordance with the Modaraba regulations, 2021 and IFRS 9, whichever is higher. Bad debts are written off when identified.

3.6 Murabahah investments

The Modaraba under murabahah arrangement after obtaining an undertaking (promise to purchase) from the client, purchases the required assets or goods from third parties and obtains possession of such goods or assets. However, the Modaraba may also appoint the client as its agent to purchase the assets or goods on its behalf. Thereafter, it sells these goods / assets to the client at cost plus the profit agreed upon in the promise. Murabahah sale is recorded at the invoiced amount and profit is recognized in accordance with IFAS-1 (Murabahah) on a pro-rata basis with reference to the proportion of sale proceeds to the total agreed sale price. Profit related to the portion of the sale price not yet due for payment is deferred and recognized as liability. Investments under Murabahah are classified into short-term and long-term based on their contractual maturity period. Murabahah investments with a tenure of up to one year are classified as short-term investments, whereas investments with a tenure of more than one year are classified as long-term investments. Murabaha investments are stated net of provision. Provision is recognized in accordance with the Modaraba regulations, 2021 and IFRS 9, whichever is higher. Bad debts are written off when identified.

3.6.1 Deferred murabahah income

Deferred murabahah income represents the unearned portion of profit on murabahah sales relating to future periods. It is recognized as a liability and amortized on a pro-rata basis over the murabahah tenure in accordance with IFAS-1 (Murabahah) as the related installments become due.

3.7 Development properties

Property acquired or constructed including property under construction for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is classified as development property and is measured at lower of cost and net realizable value (NRV).

All project costs incurred or to be incurred are capitalized as the cost of development properties and mainly include the costs or rights for freehold and leasehold land, construction costs, planning and design costs, site preparation costs, professional fees for legal services, property transfer taxes, construction overheads, development charges and other related costs necessary to bring the premises to a saleable condition.

Net realizable value (NRV) is the estimated selling price in the ordinary course of business, based on market prices at the reporting date less estimated costs of completion and the estimated costs necessarily to be incurred to make the sale.

The cost of sales recognized in profit and loss is determined with reference to the costs incurred on the properties sold and an allocation of any non-specific costs based on the area of land sold, in relation to the total area of land. Development charges are recognized in profit or loss on the basis of reimbursable development costs recoverable to date from customers on properties sold apportioned based on the area of land sold in relation to total area of land. Development charges not recoverable from customers are borne by the Modaraba and charged to profit and loss.

At each reporting date, development properties are assessed for impairment. If impaired, the carrying amount is reduced to its estimated selling price less costs to complete and sell. The resulting impairment loss is recognized immediately in the cost of sale in profit and loss.

3.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at calls with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, bank overdrafts and short term borrowings.

3.9 Post employment benefits

Defined benefit plan

Defined benefit plans provide an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations as at the reporting date less the fair value of plan assets, if any. The defined benefit obligations are calculated annually by an independent actuary using the projected unit credit method. The Modaraba operates an unfunded gratuity scheme for its employees which is a defined benefit final salary plan.

The present values of the defined benefit obligations are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bond. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligation.

Retirement benefits are payable to staff on resignation, retirement or termination from service, subject to the completion of prescribed qualifying period of service under these schemes.

Remeasurement gain or losses are recognized in other comprehensive income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets, if any. This cost is included in salaries and benefits in profit or loss.

Defined contribution plan

The Modaraba operates a defined contribution plan and maintains an approved provident fund for all its employees. The Modaraba and the employees both make equal monthly contributions to the fund @ 8.33% of the basic salary of employees. The obligation for contributions to the defined contribution plan is recognized as an expense in profit or loss when incurred.

3.10 Taxation

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income, respectively.

Current

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The charge for current tax is higher of corporate tax (being the higher of tax based on taxable income and minimum tax) and alternative corporate tax. However, in the case of a loss for the year, income tax expense is recognized as a minimum tax liability on the turnover of the Modaraba in accordance with the provisions of the Income Tax Ordinance, 2001. Super tax applicable on the Modaraba is also calculated in accordance with the applicable tax rates as per the Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

The Modaraba offsets current tax assets and current tax liabilities if, and only if, it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

When minimum tax is higher than tax calculated on taxable income, the excess amount is recognized as levy under IFRIC 21 / IAS 37. Further, the Modaraba shall also charge tax expense under levy when tax is calculated under final tax regime.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting or taxable profit or loss.

Deferred tax liabilities are recognized for all material taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized. The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable profits will be available that will allow the deferred tax asset to be recovered. Deferred tax is calculated at rates that are expected to apply to the period when the differences reverse, based on the tax rates and tax laws that have been enacted or enacted subsequently to the reporting date.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit / (loss) of the periods in which temporary differences are expected to reverse.

The Modaraba offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.11 Trade and other payables

These amounts represent liabilities for goods and services provided to the Modaraba prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within a short period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the Effective Interest Rate (EIR) method.

3.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.12.1 Financial assets

All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The management determines the classification of its financial assets at the time of initial recognition. This classification is based on the Modaraba's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Modaraba commits to purchase or sell the asset. The Modaraba initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

Financial assets carried at amortized cost are subsequently measured using the effective interest rate (EIR) method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference in fair value and dividend income arising on equity is charged to profit or loss.

Financial assets at fair value through other comprehensive income are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the EIR method is credited to profit or loss. Dividends on equity instruments are credited to profit or loss when the Modaraba's right to receive payments is established.

Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Modaraba has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cashflows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Modaraba has transferred substantially all the risks and rewards of the asset; or
 - b) the Modaraba has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Modaraba transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Modaraba has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Modaraba continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Modaraba also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Modaraba has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Modaraba could be required to repay.

If the Modaraba's continuing involvement is in only a part of a financial asset, the Modaraba allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

Impairment of financial assets

The Modaraba recognizes the impairment at each reporting date for outstanding Ijarah, Musharakah and murabahah receivables on the basis of the Modaraba Regulations, 2021 and subjective evaluation as per IFRS 9.

ECLs are recognized in two stages. For credit exposures, for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A lifetime ECL is recorded on Diminishing Musharakah and Murabaha Financing in which there have been significant increase in credit risk and which are credit impaired as on the reporting date. A 12 month ECL is recorded on Diminishing Musharakah and Murabaha Financing in which there have been insignificant credit risk. The Modaraba applies the IFRS 9 simplified approach to measure Expected Credit Loss (ECL) for Ijarah rent receivable and other receivables.

For other financial assets, the Modaraba recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income.

3.12.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are initially classified at amortized cost except for financial liabilities at fair value through profit or loss. Such liabilities are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

The Modaraba does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in profit or loss.

Subsequent measurement

The Modaraba measures its financial liabilities subsequently at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. Difference between carrying amount and consideration paid is recognized in profit or loss when the liabilities are derecognized.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respect of carrying amounts is recognized in profit or loss. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3.13 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Modaraba intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.14 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Judgement and estimates

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in profit or loss unless the provision was originally recognized as part of cost of an asset.

3.15 Contingent liabilities

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Modaraba.

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.16 Earnings per certificate

The Modaraba presents basic and diluted earnings per certificate (EPC). Basic EPC is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of ordinary certificates outstanding during the year. Diluted EPC is determined by adjusting the profit or loss attributable to ordinary certificate holders and the weighted average number of ordinary certificates outstanding for the effects of all dilutive potential ordinary certificates, if any.

3.17 Segment Reporting

A segment is a distinguishable component of the Modaraba that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Modaraba has only one reportable segment.

3.18 Revenue recognition

Revenue from ijarah, musharakah and murabahah is recognized as per the requirements of the Islamic Financial Accounting Standards (IFASs). The prepayment schedule is agreed at the start. Payments are usually due over the period of contract at different dates.

Ijarah rentals

Ijarah income is recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished. Unrealized ijarah income pertaining to non-performing ijarah is held in suspense account, where necessary, in accordance with the requirements of the Modaraba Regulations, 2021.

Musharakah profit

Profit on diminishing Musharakah financing is recognized on accrual basis based on the amount of outstanding principal.

Murabahah profit

Profit on transactions under murabahah arrangements is recognized on a pro-rata basis taking into account the elapsed duration for payment of murabahah amounts payable by the customer. Profit not due for payment in the current year is deferred by accounting for unearned murabahah income with corresponding credit to deferred murabahah income which is recorded as a liability. The same is then recognized as revenue on a time proportionate basis as and when the due dates approach for payment of recoverable amounts by the customers.

Sale of development properties

Revenue from the sale of development properties is recognized at a point in time when the performance obligations arising from the contract with a customer are satisfied and the amount of revenue that the Modaraba expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when these properties are transferred to the customers. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Return on bank deposit and short term investments

Return on bank deposits and short term investments is recognized on accrual basis.

Note 4

Other Accounting Policies

Other accounting policy information adopted in the preparation of these unconsolidated financial statements is set out below. These policies have been consistently applied to all the periods presented.

4.1 Dividend and other appropriations

Dividend to the Modaraba's certificate holders is recognized in the year in which it is declared and other appropriations are recognized as liability in the year in which they are approved.

4.2 Advances, deposits, prepayments and other receivables

These are initially recognized when they are originated at the fair value of the consideration receivable and subsequently measured at amortized cost. These assets are written off when there is no reasonable expectation of recovery.

4.3 Related party transactions

Related parties comprise the ultimate parent of the Modaraba, the Modaraba management company, associated companies / undertakings, directors of the Modaraba and their close relatives and key management personnel of the Modaraba. The Modaraba in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these financial statements. Following are the key related parties of the Modaraba:

Name of Related party	Basis of Relationship	% of Holding in the Modaraba
The Bank of Punjab	Holding company of Modaraba's Management company	0.01%
Punjab Modaraba Services (Private) Limited	Modaraba Management Company	39.16%
The Bank of Punjab Employees Gratuity Fund	Common Management	14.99%
BOP Exchange (Private) Limited	Common Management	Nil
Mr. Saqib Shamim	Key management personnel	Nil
Mr. Amir Aftab	Key management personnel	Nil
Mr. Zeeshan Ahmed	Key management personnel	Nil
Mr. Shiraz Butt	Key management personnel	Nil

Note 5
Fixed Assets under Ijarah Arrangement

Particulars	Cost				Rate	Depreciation				Book Value
	As at January 01, 2025	Additions	Disposals	As at December 31, 2025		As at January 01, 2025	For the Year	Disposals	As at December 31, 2025	
Vehicles	291,583,449	21,661,150	(88,421,690)	224,822,909	As per the Ijarah term	149,418,446	39,563,724	(78,678,023)	110,304,147	114,518,762
Plant and machinery	171,590,385	-	(1,525,000)	170,065,385	As per the Ijarah term	148,763,631	587,425	(1,175,692)	148,175,364	21,890,021
Consumer products	72,585,596	18,632,000	(31,858,857)	59,358,739	As per the Ijarah term	56,145,049	15,135,351	(26,561,818)	44,718,582	14,640,157
Hamara ghar	3,915,493	-	-	3,915,493	As per the Ijarah term	119,949	780,164	-	900,113	3,015,380
As at December 31, 2025	539,674,923	40,293,150	(121,805,547)	458,162,526		354,447,075	56,066,664	(106,415,533)	304,098,206	154,064,320

Particulars	Cost				Rate	Depreciation				Book Value
	As at January 01, 2024	Additions	Disposals	As at December 31, 2024		As at January 01, 2024	For the Year	Disposals	As at December 31, 2024	
Vehicles	270,704,609	130,775,032	(109,896,192)	291,583,449	As per the Ijarah term	218,008,611	26,839,060	(95,429,225)	149,418,446	142,165,003
Plant and machinery	311,357,190	38,139,000	(177,905,805)	171,590,385	As per the Ijarah term	242,843,226	897,592	(94,977,187)	148,763,631	22,826,754
Consumer products	139,707,680	16,445,896	(83,567,980)	72,585,596	As per the Ijarah term	112,849,423	21,734,816	(78,439,190)	56,145,049	16,440,547
Hamara ghar	-	3,915,493	-	3,915,493	As per the Ijarah term	-	119,949	-	119,949	3,795,544
As at December 31, 2024	721,769,479	189,275,421	(371,369,977)	539,674,923		573,701,260	49,591,417	(268,845,602)	354,447,075	185,227,848

5.1 General description of significant Ijarah arrangements (IFAS-2)

The Modaraba has entered into various Ijarah agreements for periods upto 7.5 years (2024: upto 7.5 years). Security deposits ranging from 0% to 40% (2024: 0% to 27%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah rentals ranges from 7.5% to 40.27% (2024: 7.5% to 40.27%) per annum.

5.2 The assets given under Ijarah arrangements are secured as the title of the assets are held by the Modaraba.

5.3 The depreciation charge of fixed assets under Ijarah arrangement is allocated to income from Ijarah rentals (Refer note 30).

5.4 Fixed assets under Ijarah arrangement include fully depreciated assets having cost of Rs. 263.95 million (2024: Rs. 289.59 million) which are still in use as at the reporting date.

Note 6
Fixed Assets under Own Use

Particulars	Cost			Depreciation			Book Value			
	As at January 01, 2025	Additions	Disposals	As at December 31, 2025	Rate	As at January 01, 2025		For the Year	Disposals	As at December 31, 2025
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Year Ended December 31, 2025										
Office equipment	5,388,756	1,240,352	-	6,629,108	33%	3,843,305	1,276,594	-	5,119,899	1,509,209
Furniture and fittings	2,269,800	425,287	-	2,695,087	25%	2,116,541	185,493	-	2,302,034	393,053
Vehicles	2,958,300	-	(250,750)	2,707,550	20%	1,085,352	578,990	(232,980)	1,431,362	1,276,188
Total	10,616,856	1,665,639	(250,750)	12,031,745		7,045,198	2,041,077	(232,980)	8,853,295	3,178,450

Particulars	Cost			Depreciation			Book Value			
	As at January 01, 2024	Additions	Disposals	As at December 31, 2024	Rate	As at January 01, 2024		For the Year	Disposals	As at December 31, 2024
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Year Ended December 31, 2024										
Office equipment	4,749,645	854,556	(215,445)	5,388,756	14%-33%	3,404,291	566,098	(127,084)	3,843,305	1,545,451
Furniture and fittings	2,283,900	-	(14,100)	2,269,800	14%	2,029,677	100,964	(14,100)	2,116,541	153,259
Vehicles	4,330,800	-	(1,372,500)	2,958,300	20%	1,863,892	593,960	(1,372,500)	1,085,352	1,872,948
Total	11,364,345	854,556	(1,602,045)	10,616,856		7,297,860	1,261,022	(1,513,684)	7,045,198	3,571,658

6.1 The depreciation charge of fixed assets under own use is allocated to administrative and general expenses (Refer Note 33).

6.2 Operating fixed assets contain fully depreciated assets having cost of Rs. 6.90 million (2024: Rs. 4.47 million) which are still in use as at the reporting date.

6.3 No fixed assets under own use with an individual book value of Rs. 0.5 million or more were disposed off during the year (2024: Nil).

6.4 The Modaraba has reassessed the remaining useful lives of all of its furniture and fittings and changed its depreciation rates from 14% to 25%. Effect of change in this accounting estimate has been recognised prospectively as required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) i.e. Change in Accounting Estimate is recognized in the period of change and future periods. Due to change in these accounting estimates depreciation charge on furniture and fixture is increased by Rs. 71,219 for the year ended December 31, 2025

	Note	2025 Rupees	2024 Rupees
Note 7			
Intangible Assets			
Cost		4,495,000	4,495,000
Accumulated amortization		(4,495,000)	(4,106,668)
Net book value	7.1	-	388,332

7.1 The reconciliation of net book value is as follows:

Opening balance		388,332	1,055,607
Amortization charge for the year	7.2	(388,332)	(667,275)
Closing balance		-	388,332
Amortization rate per annum		33%	33%

7.2 The amortization on intangible assets is allocated to the administrative and general expenses (Note 33).

Note 8
Long-Term Investment under Musharakah Arrangement

Secured

Investment under musharakah arrangement	8.1	1,185,819,718	1,147,396,206
Less: Expected credit loss against musharakah arrangement	8.3	(69,574,827)	(69,151,530)
Less: Current portion of long term investment	13	(299,259,830)	(280,838,668)
Less: Principal due but not received	13	(99,588,560)	(106,956,231)
		<u>717,396,501</u>	<u>690,449,778</u>

8.1 This represents musharakah finance provided to customers for periods ranging from 1.5 to 10 years. The effective rate of profit on these finances ranges from 12.21% to 28.04% (2024: 13.05% to 23.12%) per annum, effectively. These receivables are secured against registered vehicles, personal guarantees and post dated cheques.

As part of the Modaraba's credit risk management process, updated valuations of the relevant assets have been obtained as at the reporting date from approved independent valuers. In accordance with the requirement of the Modaraba Regulations, 2021, the assessed values have been adjusted by applying the prescribed adjustment to determine the Forced Sale Values (FSVs). The resulting FSVs have been considered in assessing the recoverable amounts of related exposures and in determining the Expected Credit Loss (ECL) allowance against these receivables.

8.2 The maximum aggregate amount outstanding during the year under the musharakah arrangement extended to the employees of the Modaraba was Rs. 207,205 (2024: Rs. 93,548).

8.3 Expected credit losses provision against diminishing musharakah arrangement

Opening balance		69,151,530	26,621,425
Charge / (reversal) of provision during the year	35.1	423,297	(14,168,710)
Expected credit allowance on initial application of IFRS 9		-	56,698,815
Closing balance		<u>69,574,827</u>	<u>69,151,530</u>

8.4 The stage-wise disclosure of amount outstanding under the diminishing musharakah arrangement is given below:

Not past due		1,056,794,206	1,003,517,547
Stage 1		3,531,151	1,167,824
Stage 2		4,222,870	3,117,428
Stage 3		121,271,491	139,593,407
		<u>1,185,819,718</u>	<u>1,147,396,206</u>

8.5 As per the Modaraba Regulations, 2021, classification into various categories based on objective and subjective evaluation of customers is as follows:

Aging of diminishing musharakah financing arrangement

Classification

Considered good		1,064,548,227	964,507,551
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Portfolio classified as non-performing:

Other asset especially mentioned (OAEM)		1,604,264	61,464,310
Substandard		2,302,845	173,656
Doubtful		2,938,174	7,540,398
Loss		114,426,208	113,710,291
		<u>1,185,819,718</u>	<u>1,147,396,206</u>

	Note	2025 Rupees	2024 Rupees
Note 9			
Long-Term Investment under Murabahah Arrangement Secured			
Investment under murabahah arrangement	9.1	44,868,678	61,001,309
Add: Unearned murabahah income		<u>3,423,385</u>	<u>4,634,330</u>
		48,292,063	65,635,639
Less: Expected credit loss against murabahah arrangement	9.2	(19,878,498)	(16,224,414)
Less: Current portion of long term murabahah arrangement	13	(6,599,612)	(6,272,375)
Less: Principal due but not received	13	(15,890,602)	(33,195,244)
Less: Current portion of unearned murabahah income	13	<u>(2,095,257)</u>	<u>(3,016,570)</u>
		<u><u>3,828,094</u></u>	<u><u>6,927,036</u></u>

9.1 This represents murabahah financing provided to customers for periods ranging from 1.5 to 5 years. The effective rate of profit on these finances ranges from 16.05% to 26.41% (2024: 16.50% to 26.41%) per annum, effectively. These receivables are secured against mortgage of properties, hypothecation, personal guarantees and demand promissory notes.

As part of the Modaraba's credit risk management process, updated valuations of the relevant assets have been obtained as at the reporting date from approved independent valuers. In accordance with the requirement of the Modaraba Regulations, 2021, the assessed values have been adjusted by applying the prescribed adjustment to determine the Forced Sale Values (FSVs). The resulting FSVs have been considered in assessing the recoverable amounts of related exposures and in determining the Expected Credit Loss (ECL) allowance against these receivables.

9.2 Expected credit losses provision against murabahah arrangement

Opening balance		16,224,414	8,800,000
Charge / (reversal) of provision during the year	35.1	3,654,084	(35,419)
Expected credit allowance on initial application of IFRS 9		-	7,459,833
Closing balance		<u>19,878,498</u>	<u>16,224,414</u>

9.3 The stage-wise disclosure of amount outstanding under the murabahah arrangement is given below:

Not past due		9,379,035	11,621,957
Stage 1		-	-
Stage 2		-	-
Stage 3		35,489,643	49,379,352
		<u>44,868,678</u>	<u>61,001,309</u>

9.4 As per the Modaraba Regulations 2021, classification into various categories based on objective and subjective evaluation of customers is as follows:

Aging of murabahah financing arrangement

Classification

Considered good		9,379,035	3,749,992
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Portfolio classified as non-performing:

Other asset especially mentioned (OAEM)		-	-
Substandard		-	8,799,450
Doubtful		-	-
Loss		35,489,643	48,451,867
		<u>44,868,678</u>	<u>61,001,309</u>

Note 10

Long Term Deposits

Punjab Modaraba Services (Private) Limited (PMSL)	10.1	1,219,050	1,219,050
Others	10.2	203,444	203,444
		<u>1,422,494</u>	<u>1,422,494</u>

10.1 This represents security deposit paid to PMSL, a related party, for the leased premises.

10.2 This represents security deposits paid to Lahore Electric Supply Company, Pakistan Mobile Communication Limited and Central Depository Company of Pakistan.

Note 11

Deferred Tax Asset

Deferred tax asset	11.1	<u>94,239,022</u>	<u>94,239,022</u>
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	Note	2025 Rupees	2024 Rupees
Note 12			
Short-Term Investment under Murabahah Arrangement Secured			
Short-term investment under murabahah arrangement	12.1	311,873,548	349,426,355
Less: Expected credit losses against short term murabahah arrangement	12.2	(203,393,596)	(213,374,252)
		<u>108,479,952</u>	<u>136,052,103</u>

12.1 This represents short term murabahah financing provided to customers for a term of 3 months to 1 year. The effective rate of profit on these facilities ranges from 10.75% to 25.77% (2024: 23.42% to 26.43%) per annum, effectively. These receivables are secured against mortgage of properties, hypothecation, personal guarantees and demand promissory notes. As part of the Modaraba's credit risk management process, updated valuations of the relevant assets have been obtained as at the reporting date from approved independent valuers. In accordance with the requirement of the Modaraba Regulations, 2021, the assessed values have been adjusted by applying the prescribed adjustment to determine the Forced Sale Values (FSVs). The resulting FSVs have been considered in assessing the recoverable amounts of related exposures and in determining the Expected Credit Loss (ECL) allowance against these receivables.

12.2 Expected credit losses against short term murabahah arrangement

Opening balance		213,374,252	202,459,373
Reversal of provision during the year	35.2	(9,980,656)	(4,094,017)
Expected credit allowance on initial application of IFRS 9		-	15,008,896
Closing balance		<u>203,393,596</u>	<u>213,374,252</u>

12.3 The stage-wise disclosure of amount outstanding under the murabahah arrangement is given below:

Not past due		-	-
Stage 1		-	-
Stage 2		-	12,535,007
Stage 3		311,873,548	336,891,348
		<u>311,873,548</u>	<u>349,426,355</u>

12.4 As per the Modaraba Regulations, 2021, classification into various categories based on objective and subjective evaluation of customers is as follows:

Aging of short term murabahah financing

Classification

Considered good		-	29,606,451
Portfolio classified as non-performing:			
Other asset especially mentioned (OAEM)		2,785,686	-
Substandard		-	-
Doubtful		-	-
Loss		309,087,862	319,819,904
		<u>311,873,548</u>	<u>349,426,355</u>

Note 13

Current Portion of Non-Current Assets

Musharakah arrangement

Current portion of long term investment	8	299,259,830	280,838,668
Principal due but not received	8	99,588,560	106,956,231
		<u>398,848,390</u>	<u>387,794,899</u>
Current portion of long term investment	9	6,599,612	6,272,375
Principal due but not received	9	15,890,602	33,195,244
Current portion of unearned murabahah income	9	2,095,258	3,016,570
		<u>24,585,472</u>	<u>42,484,189</u>
		<u>423,433,862</u>	<u>430,279,088</u>

Note 14

Ijarah Rentals Receivable

Ijarah rentals receivable	14.1	142,897,817	199,043,882
Less: Provision against ijarah rentals receivable	14.2	(56,294,876)	(80,304,753)
Less: Income suspended		(32,448,224)	(41,745,074)
		<u>54,154,717</u>	<u>76,994,055</u>

14.1 Ijarah rentals receivables are secured against registered vehicles and equipment in the name of the Modaraba, personal guarantees and post dated cheques. The Modaraba is entitled to repossess and sell the ijarah assets in case of default by the customers. As part of the Modaraba's credit risk management process, updated valuations of the relevant assets have been obtained as at the reporting date from approved independent valuers. In accordance with the requirement of the Modaraba Regulations, 2021, the assessed values have been adjusted by applying the prescribed adjustment to determine the Forced Sale Values (FSVs). The resulting FSVs have been considered in assessing the recoverable amounts of related exposures and in determining the Expected Credit Loss (ECL) allowance against these receivables.

	Note	2025 Rupees	2024 Rupees
14.2 Expected credit losses provision against doubtful ijarah rentals receivable			
Opening balance		80,304,753	78,258,490
(Reversal) / charge of provision during the year	35.2	(24,009,877)	1,723,382
Expected credit allowance on initial application of IFRS 9		-	322,881
Closing balance		56,294,876	80,304,753
14.3 The stage-wise disclosure of amount outstanding against ijarah rentals receivable is given below:			
Not past due		1,573,538	33,875,893
Stage 1		19,198,126	16,364,154
Stage 2		216,073	4,820,692
Stage 3		121,910,080	143,983,143
		142,897,817	199,043,882
14.4 As per the Modaraba Regulations 2021, classification into various categories based on objective and subjective evaluation of customers is as follows:			
Aging of ijarah rental receivable			
Classification			
Considered good		20,987,737	55,060,739
Portfolio classified as non-performing:			
Other asset especially mentioned (OAEM)		306,496	758,425
Substandard		316,090	2,942,154
Doubtful		715,036	14,446,179
Loss		120,572,458	125,836,385
		142,897,817	199,043,882
14.5 Aggregate amount of future ijarah rentals receivable on the basis of ijarah arrangements executed up to the reporting date are as follows:			
Not later than one year		70,070,251	24,395,311
Later than one year but not later than five years		75,734,869	117,837,390
Later than five years		1,758,041	-
		147,563,161	142,232,701
14.6 Ijarah rentals receivable include balance receivable of Rs. 55,805 (2024: Rs. 67,345) against ijarah facilities of Rs. 24,948,000 (2024: Rs. 16,963,000) extended to employees.			
14.7 Maximum aggregate amount outstanding from key management personnel and other employees of the Modaraba at any month-end during the year was Rs. 18.59 million (2024: Rs. 8.57 million).			

Note 15

Short term Investment

Term deposit receipts - at amortised cost (Shariah compliant)

NRSP Microfinance Bank Limited	15.1	4,000,000	70,675,000
Bank Islami Pakistan Limited		-	39,141,508
		4,000,000	109,816,508

- 15.1** This represents term deposit receipt (TDR) held with NRSP Microfinance Bank Limited with a maturity period of one year and carrying profit @ 10% (2024: 9.57% to 24.15%) per annum. A lien is marked in favour of the Peshawar High Court on the term deposit receipt.

Note 16

Development Properties

Development properties	16.1	-	25,290,372
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- 16.1** Development properties are stated at the lower of cost and net realizable value (NRV).

- 16.2** During the year, the Modaraba entered into sale agreements in respect of its development properties. In accordance with the terms of the agreements, possession of the properties was handed over to the buyers and the full sale consideration was received during the year. The legal title of the properties was transferred to the buyers subsequent to the reporting date.

	Note	2025 Rupees	2024 Rupees
Note 17			
Advances, Deposits, Prepayments and Other Receivables			
Profit receivable against			
- Murabahah arrangement	17.1	5,866,767	414,536
- Musharakah arrangement	17.2	7,168,600	19,153,437
		<u>13,035,367</u>	<u>19,567,973</u>
Prepayments		2,425,777	3,482,490
Advances		52,706	1,137,766
Non-banking assets		14,067,500	21,060,000
Receivable from provident fund		2,486,991	2,418,150
Other receivables	17.4	161,994,192	201,635,233
		<u>181,027,166</u>	<u>229,733,639</u>
Less: Expected credit losses against advances and other receivables	17.5	(134,328,966)	(89,502,803)
		<u>59,733,567</u>	<u>159,798,809</u>

17.1 Murabahah arrangement

Profit receivable on murabahah arrangement		22,316,406	14,993,944
Less: Income suspended		(16,449,639)	(14,494,221)
Less: Allowance for expected credit losses on adoption of IFRS 9	17.3	-	(85,187)
		<u>5,866,767</u>	<u>414,536</u>

17.2 Musharakah arrangement

Profit receivable on Musharakah arrangement		34,816,034	45,591,113
Less: Income suspended		(27,647,434)	(26,437,676)
		<u>7,168,600</u>	<u>19,153,437</u>

17.3 Expected credit losses provision against profit receivable on murabahah arrangement

Opening balance		85,187	-
Reversal of provision during the year		-	(301,397)
Expected credit allowance on initial application of IFRS 9		-	386,584
Closing balance		<u>85,187</u>	<u>85,187</u>

17.4 Other receivables

Receivable from ijarah parties	17.4.1	29,033,863	46,102,952
Receivable from musharakah parties	17.4.1	52,861,153	60,441,088
Receivable from murabahah parties	17.4.1	31,629,575	29,996,430
Insurance receivable		-	1,970,753
Advance to employees		3,097,936	550,480
Sales tax receivable		802,351	242,726
Profit receivable from bank deposits		832,117	2,916,018
Others		43,737,197	59,414,786
		<u>161,994,192</u>	<u>201,635,233</u>

17.4.1 This represents amounts recoverable from customers of ijarah, musharakah and murabahah in respect of additional charges, including valuation fees, recovery-related legal costs, cheque return charges and other contractually agreed amounts.

17.5 Expected credit losses against advances and other receivables

Opening balance		89,502,803	67,316,336
Charge of provision during the year		44,826,163	26,112,216
Allowance for expected credit losses on adoption of IFRS 9		-	(3,925,749)
Closing balance		<u>134,328,966</u>	<u>89,502,803</u>

Note 18

Cash and Bank Balances

Cash in hand		89,792	46,564
Cash at banks			
- Current accounts		9,013,391	9,146,095
- Saving accounts	18.3	72,357,541	13,887,441
		<u>81,460,724</u>	<u>23,080,100</u>

18.1 Balances in current and saving accounts are maintained in Shariah compliant banks.

18.2 The above figures reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.

18.3 Saving accounts yield interest / profit at floating rates based on daily bank deposit rates ranging from 5% to 10.63% per annum (2024: 5% to 12.79% per annum).

Note 19
Issued, Subscribed and Paid up Certificate Capital

2025		2024	2025		2024
No. of certificates			Rupees	Rupees	
20,000,000	20,000,000	Modaraba certificates of Rs. 10 each fully paid in cash	200,000,000	200,000,000	
14,020,000	14,020,000	Modaraba certificates of Rs. 10 each issued as fully paid bonus certificates	140,200,000	140,200,000	
<u>34,020,000</u>	<u>34,020,000</u>		<u>340,200,000</u>	<u>340,200,000</u>	

19.1 The Modaraba did not further issue / redeem / cancel any modaraba certificates during the year.

19.2 Detail of certificates of modaraba held by its associated companies as at the reporting date is as follows:

	2025	2024
	No. of certificates	
Punjab Modaraba Services (Private) Limited - PMSL	13,320,694	13,320,694
The Bank of Punjab Employees Gratuity Fund	5,099,500	5,099,500
The Bank of Punjab	4,788	4,788
	<u>18,424,982</u>	<u>18,424,982</u>

19.3 All certificates rank equally with regard to residual assets of the Modaraba. Certificate holders are entitled to receive all distributions including profit distributions and other entitlements in the form of bonus and right certificates as and when declared by the Modaraba.

	Note	2025 Rupees	2024 Rupees
Note 20 Capital Reserve - Statutory Reserve			
Statutory reserve	20.1	<u>218,176,678</u>	<u>218,176,678</u>

20.1 Statutory reserve represent profits set aside in compliance with the requirements of the Modaraba Regulations, 2021.

Note 21
Subordinated Funds

Opening balance		500,000,000	500,000,000
Add: Funds received during the year	21.1	2,000,000,000	-
Less: Funds paid during the year	21.2	(500,000,000)	-
Closing balance	21.3	<u>2,000,000,000</u>	<u>500,000,000</u>

21.1 This represents funds extended by the Bank of Punjab, the ultimate parent company and major sponsor, under Musharakah Agreement (the Agreement) dated June 30, 2025. This amount is unsecured and repayable by June 30, 2028. In accordance with the Agreement, gross revenue from operations will be distributed between The Bank of Punjab and the Modaraba in a ratio of 95:5.

21.2 This represents funds obtained on October 23, 2023 carrying a profit rate of 18.61%, that were repaid to the Bank of Punjab during the year.

21.3 This is classified as equity under the provisions of the Modaraba Regulations, 2021.

Note 22
Redeemable Capital

Participatory and unsecured

Opening balance	22.1	1,485,000,000	1,485,000,000
Less: Funds paid during the year		(1,485,000,000)	-
Closing balance		<u>-</u>	<u>1,485,000,000</u>

22.1 This represents unsecured funds provided by the Bank of Punjab, the ultimate parent company and major sponsor to finance the working capital requirements of the Modaraba. The facility was originally repayable over a period of three years and carried a profit rate of 18.61% per annum, payable semi-annually. The Modaraba has fully settled the outstanding balance during the year.

Note 23
Long Term Security Deposits

Security deposits against Ijarah arrangements	23.1	45,296,744	50,740,464
Less: Current portion	26	(27,269,917)	(42,193,448)
		<u>18,026,827</u>	<u>8,547,016</u>

23.1 This represents security deposits received in respect of assets given under Ijarah arrangements (IFAS-2). These deposits are adjustable and there is no restriction on utilization of these balances as per the written agreements.

	Note	2025 Rupees	2024 Rupees
Note 24			
Deferred Murabahah Income			
Deferred Murabahah income	24.1	3,423,385	4,634,330
Less: Current portion	26	(2,095,257)	(3,016,570)
		<u>1,328,128</u>	<u>1,617,760</u>
24.1	This represents deferred murabahah income against Murabahah transactions on deferred payment basis at profit margin which ranges from 10.75% to 26.43% per annum (2024: 16.50% to 26.45% per annum).		
Note 25			
Post Employment Benefits			
Staff gratuity	25.1	<u>7,465,007</u>	<u>7,593,368</u>
25.1 Staff gratuity			
The Modaraba operates an unfunded gratuity scheme for all of its permanent employees subject to completion of a prescribed qualifying period of service (5 years). Latest actuarial valuation of the gratuity scheme was conducted as on December 31, 2025, the results of which are as under:			
Number of employees under the scheme			
		<u>33</u>	<u>32</u>
25.2 Movement in the liability recognized in the statement of financial position			
Opening net liability		7,593,368	9,271,499
Amount charged to statement of profit or loss		2,130,837	2,449,387
Amount charged to other comprehensive income		(311,875)	(284,089)
Benefits paid during the year		<u>(1,947,323)</u>	<u>(3,843,429)</u>
		<u>7,465,007</u>	<u>7,593,368</u>
25.3 Reconciliation of the present value of defined benefit obligation			
Opening balance		7,593,368	9,271,499
Current service cost		1,319,923	1,310,170
Interest cost on defined benefit obligation		810,914	1,139,217
Benefits paid		(1,947,323)	(3,843,429)
Actuarial losses / (gains) from changes in demographic assumptions		28,671	(6,088)
Actuarial gains from changes in financial assumptions		(76,729)	(60,010)
Experience adjustments		<u>(263,817)</u>	<u>(217,991)</u>
Closing balance		<u>7,465,007</u>	<u>7,593,368</u>
25.4 Expense recognized in the statement of profit or loss			
Current service cost		1,319,923	1,310,170
Interest cost on defined benefit obligation		810,914	1,139,217
		<u>2,130,837</u>	<u>2,449,387</u>
25.5 Amount chargeable to other comprehensive income			
Actuarial (gains) / losses from changes in demographic assumptions		28,671	(6,088)
Actuarial (gains) / losses from changes in financial assumptions		(76,729)	(60,010)
Experience adjustments		<u>(263,817)</u>	<u>(217,991)</u>
		<u>(311,875)</u>	<u>(284,089)</u>
25.6 Principal Actuarial assumptions used			
Discount rate used for interest cost in statement of profit or loss charge		12.25%	15.50%
Discount rate used for year end obligation		11.00%	12.25%
Salary increase used for year end obligation:			
Salary Increase FY2025		N/A	11.25%
Salary Increase FY2026		10.00%	11.25%
Salary Increase FY2027		10.00%	11.25%
Salary Increase FY2028		10.00%	11.25%
Salary Increase FY2029		10.00%	11.25%
Salary Increase FY2030		10.00%	11.25%
Salary Increase FY2031 onward		10.00%	11.25%
Next salary is increased		01-Jan-26	01-Jan-25
Mortality rates		SLIC 2001 - 2005	
Withdrawal rates		Setback 1 Year	
Retirement assumption		Age-Based	
		Age 60	

	2025	2024
	Rupees	Rupees
25.7 Year end sensitivity analysis on defined benefit obligations		
Discount Rate + 100 bps	7,174,775	7,110,045
Discount Rate - 100 bps	7,778,609	8,132,952
Salary Increase + 100 bps	7,808,205	8,147,627
Salary Increase -100 bps	7,141,825	7,088,210

25.8 The Modaraba does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2025	2024	2023	2022	2021
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligations	7,465,007	7,593,368	9,271,499	9,659,436	-
Fair value of plan assets	-	-	-	-	-
Net liability	<u>7,465,007</u>	<u>7,593,368</u>	<u>9,271,499</u>	<u>9,659,436</u>	<u>-</u>

25.9 Expense chargeable in profit or loss for the next year is as under:

	2026
	Rupees
Current service cost	1,101,368
Interest cost on defined benefit obligation	744,530
	<u>1,845,898</u>
	2025
	Rupees
	2024
	Rupees

25.10 The expected maturity analysis of undiscounted defined benefits is as follow:

Financial Year 2025	-	617,867
Financial Year 2026	1,393,114	660,202
Financial Year 2027	1,408,515	1,163,672
Financial Year 2028	1,386,841	695,416
Financial Year 2029	1,878,521	1,850,665
Financial Year 2030	1,106,763	774,015
Financial Year 2031	1,783,486	3,000,545
Financial Year 2032	2,715,797	4,482,040
Financial Year 2033	1,189,077	698,123
Financial Year 2034	2,661,922	742,364
Financial Year 2035	1,788,206	51,794,462
Financial Year 2036 onwards	10,402,196	-
	<u>4</u>	<u>7</u>

25.11 The weighted average duration of the obligation (in years)

25.12 Risks on account of defined benefit plans:

The Modaraba faces the following risks on account of defined benefit plans:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Modaraba has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	Note	2025	2024
		Rupees	Rupees
Note 26			
Current Portion of Non-Current Liabilities			
Security deposits against ijarah arrangement	23	27,269,917	42,193,448
Deferred murabahah income	24	2,095,257	3,016,570
		<u>29,365,174</u>	<u>45,210,018</u>

Note 27

Accrued Finance Cost

Redeemable capital	-	95,005,325
Subordinated funds	25,115,312	8,718,658
	<u>25,115,312</u>	<u>103,723,983</u>

Note 28

Trade and Other Payables

Advances against ijarah / murabahah / musharakah	28.1	70,068,990	43,730,458
Accrued and other liabilities	27.2 & 27.3	31,885,639	45,122,830
Tax deducted at source		445,514	177,559
		<u>102,400,143</u>	<u>89,030,847</u>

28.1 This represents amounts received in advance from customers against ijarah, murabahah and musharakah financing arrangements. These include advance rentals received relating to approved financing deals, insurance amounts recovered from customers which are payable to insurance companies, and down-payments received from Musharakah clients.

28.2 This include Rs. 69,043 (2024: Nil) in respect of amount payable to the management company (PMSL).

28.3 This includes charity payable amounting to Rs. 1,002,538 (2024: Rs. 70,269). The reconciliation is as follows:

	2025	2024
	Rupees	Rupees
Opening balance	70,269	320,998
Add: Received during the year	1,029,269	1,200,407
Less: Paid to recognized charitable organization	(97,000)	(1,451,136)
Closing balance	1,002,538	70,269

Note 29

Contingencies and Commitments

Contingencies

29.1 The Deputy Commissioner Inland Revenue (DCIR), while finalizing assessments for the assessment years 1997-1998 and 1998-1999 passed orders dated February 24, 2004 and April 29, 2002 under sections 62 and 135 of the Income Tax Ordinance, 1979 (the "Ordinance"). The DCIR made certain add backs on account of profit and loss expenses and completed the assessment at net income of Rs. 72,070,564. Being aggrieved with the decision of the DCIR, the Modaraba filed an appeal before the Commissioner Inland Revenue (Appeals) (CIR (A)) against the said orders. The CIR (A) vide order dated April 30, 2005 upheld the orders of the DCIR.

Being aggrieved with the decision of CIR (A), the Modaraba filed second appeal before the Appellant Tribunal Inland Revenue (ATIR), who decided the case in favor of the Modaraba and disposed of the appeal. The federal board of revenue has filed a reference before Lahore High Court, Lahore. The Lahore High Court, Lahore heard the appeal and remanded back the case to the Appellant Tribunal Inland Revenue (ATIR) vide Order PTR No.208/2008 dated November 26, 2020. However, till date no notice has been received from ATIR in this respect.

29.2 The Additional Commissioner/Taxation Officer issued order dated December 29, 2008 under section 122(5A) of the Ordinance while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance and making additions on account of provision for bad debts in the taxable income of the Modaraba, which resulted in a tax liability of Rs. 27,410,608. The Modaraba filed a rectification application under section 221 of the Ordinance contesting that the Addl. CIR charged tax at the rate of 35% whereas applicable rate in case of Modaraba is 25%. Thus, a rectification Order was passed dated January 31, 2009, reducing the tax liability to Rs. 14,580,110. The Modaraba also filed appeal before the CIR (A), who accepted the claim of exemption and issued a favorable decision vide Order No. 31 dated June 27, 2009 by deleting the entire rectified tax liability of Rs. 14,580,110. The federal board of revenue has filed a second appeal before ATIR against the order of CIR (A), which was decided in favor of the Modaraba. The federal board of revenue has filed a reference before Lahore High Court, Lahore which is pending adjudication. In light of the facts and circumstances of the case and according to the tax advisor of the Modaraba, the outcome of the case is expected to be in favor of the Modaraba. Therefore, no provision has been incorporated in these financial statements.

29.3 The Additional Commissioner Inland Revenue (Addl. CIR) issued order dated December 29, 2008 under section 122(5A) of the Ordinance while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance, which resulted in a tax liability of Rs. 17,667,886. The Modaraba has filed a rectification application contesting that the Addl. CIR has charged tax at the rate of 35% whereas applicable rate in case of taxpayer company is 25% which is pending till date. Moreover, Modaraba has also filed appeal to the Commissioner Inland Revenue (Appeal) [CIR (A)] against the order passed under section 122(5A) of the Ordinance, who accepted the claim of exemption and issued a favorable decision vide order No. 49 dated May 28, 2012 by deleting the entire tax liability of Rs. 17,667,886. The federal board of revenue has filed an appeal before the ATIR against the order of CIR (A), which has been decided in favor of the Modaraba. The federal board of revenue has filed a reference before the Lahore High Court, Lahore which is pending adjudication. In light of the facts and circumstances of the case and according to the tax advisor of the Modaraba, the outcome of the case is expected to be in favor of the Modaraba. Therefore, no provision has been incorporated in these financial statements.

29.4 As at year end, the Modaraba has ongoing recovery-related legal cases against 105 parties in respect Ijarah, Musharakah, and Murabahah arrangements in the Honorable Courts of Law. The aggregate amount involved in these cases amounts to Rs. 559.64 million (2024: Rs. 547.34 million). These cases are being contested by the Modaraba before various judicial forums, including Banking Courts, High Courts, and the Federal Constitutional Court of Pakistan, and also include proceedings initiated by certain customers against the Modaraba seeking injunctive or related relief. There has been no unfavorable decision in the pending litigation as at the reporting date and, based on legal opinion and management's assessment, there is no likelihood of any material potential loss arising therefrom.

29.5 The Modaraba is involved in a legal proceeding titled M/s First Punjab Modaraba vs Station House Officer, Police Station Excise relating to the superdari of two vehicles taken into custody by the Narcotics Department, Khyber Pakhtunkhwa. The Modaraba filed a petition before the Peshawar High Court and, as directed by the Court, furnished guarantees amounting to Rs. 4 million through Asia Insurance Company Limited. These guarantees are secured against a lien on Term Deposit Receipts (TDRs) maintained with NRSP Microfinance Bank Limited, as disclosed in Note 15.

As at the reporting date, one vehicle has been released; however, the corresponding guarantee has not yet been discharged. The release of the second vehicle is currently in process, and the guarantees are expected to be discharged upon completion of the matter. There has been no unfavorable decision in respect of the pending litigation as at the reporting date. Based on legal advice and management's assessment, there is no likelihood of any material loss arising from this matter. Accordingly, no provision has been recognized in these financial statements.

29.6 Commitments

Commitments in respect of financing transactions amounted to Rs. 6.89 million (2024: Rs. 10.49 million).

	Note	2025 Rupees	2024 Rupees
Note 30			
Income from Ijarah Rentals - Net			
Income from ijarah rentals		83,189,731	104,436,222
Less: Depreciation on ijarah assets	5.3	(56,066,664)	(49,591,417)
		<u>27,123,067</u>	<u>54,844,805</u>

Note 31
Gain on Sale of Development Properties

Sales proceeds		26,500,000	27,050,000
Less: Cost of properties	16	(25,290,372)	(24,385,411)
		<u>1,209,628</u>	<u>2,664,589</u>

Note 32
Other Income

Profit on bank deposits		16,874,006	21,595,988
Profit on short-term investments		2,919,960	61,007,128
Gain on transfer of ijarah assets		645,246	11,702,618
Gain on disposal of assets under own use		181,830	2,562,468
Gain on disposal of non-banking assets		-	260,331
Advising fee		1,117,512	1,117,512
Documentation and processing charges		2,618,204	3,300,419
Cheque return charges		1,845,500	1,169,500
Gain on settlement of Musharakah arrangements		4,601,241	1,111,121
Gain on settlement of Murabaha arrangements		-	9,059,005
Excess liability written back		4,365,946	-
Miscellaneous income		5,035,785	12,812,765
		<u>40,205,230</u>	<u>125,698,855</u>

Note 33
Administrative and General Expenses

Salaries and other benefits	33.1	51,325,460	50,455,005
Rent, rates and taxes		6,405,338	6,108,308
Insurance		4,699,408	3,738,759
Fees and subscription		2,006,533	3,405,616
Commission		1,950,526	3,779,226
Repairs and maintenance		3,007,956	3,608,426
Power and utilities		3,008,552	3,313,573
Legal and professional charges		4,203,382	3,673,199
Printing and stationery		1,999,483	1,611,903
Balances written off	33.2	9,681,549	8,972,153
Auditor's remuneration	33.3	855,000	855,000
Vehicle running and maintenance		1,094,126	1,394,485
Entertainment		1,619,862	1,438,580
Telephone and postage		1,170,627	1,470,718
Travelling and conveyance		67,823	380,201
Depreciation on fixed assets under own use	6.1	2,041,077	1,261,022
Amortization on intangible assets	7.1	388,332	667,275
Miscellaneous		973,343	2,329,361
		<u>96,498,377</u>	<u>98,462,810</u>

33.1 This includes Rs. 1,364,968 (2024: Rs. 1,273,231) in respect of contribution to the staff provident fund and Rs. 2,130,837 (2024: Rs. 2,449,387) in respect of gratuity.

33.2 This includes balances written off against receivables considered irrecoverable. An amount of Rs. 7 million relates to a non-banking asset.

33.3 Auditor's remuneration:

- Statutory audit fee	500,000	500,000
- Half yearly review fee	250,000	250,000
- Other certifications	105,000	105,000
	<u>855,000</u>	<u>855,000</u>

Note 34
Finance Cost

Subordinated funds	21	173,204,148	93,304,932
Redeemable capital	22	135,980,464	277,115,647
Bank charges		145,724	191,426
		<u>309,330,336</u>	<u>370,612,005</u>

	Note	2025 Rupees	2024 Rupees
Note 35			
Provision / (Reversal of Provision) against Financing Arrangements			
Provision against financing arrangements	35.1	4,077,381	1,723,382
Reversal of Provision against financing arrangements	35.2	(33,990,533)	(18,599,543)
35.1 Provision against financing arrangements			
Provision against musharakah arrangement	8.3	423,297	-
Provision against long term murabaha arrangement	9.2	3,654,084	-
Provision against ijarah rentals	14.2	-	1,723,382
		4,077,381	1,723,382
35.2 Reversal of Provision against financing arrangements			
Reversal of provision against musharakah arrangement	8.3	-	(14,168,710)
Reversal of provision against long term murabaha arrangement	9.2	-	(35,419)
Reversal of provision against short term murabaha arrangement	12.2	(9,980,656)	(4,094,017)
Reversal of provision against ijarah arrangement	14.2	(24,009,877)	-
Reversal of provision against profit receivable on murabaha arrangement	17.3	-	(301,397)
		(33,990,533)	(18,599,543)

Note 36
Taxation

Levy / final taxation	36.1	3,679,706	5,372,086
Current		-	-
Deferred		-	15,336,569
		-	15,336,569

36.1 This represents portion of minimum tax paid under section 113 and final tax on builders and developers under section 100D of the Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21/IAS 37. Therefore no tax reconciliation has been given.

36.2 Reconciliation of current tax charge as per the tax laws for the year, with current tax recognized in profit or loss, is as follows:

Current tax expense for the year as per applicable tax laws	3,679,706	5,372,086
Portion of current tax liability as per tax laws, representing income tax under IAS 12	-	-
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	(3,679,706)	(5,372,086)
Difference	-	-

36.3 The aggregate of final tax and income tax, amounting to Rs. 3.68 million represents tax expense of the Modaraba calculated under the relevant provisions of the Income Tax Ordinance, 2001.

Note 37
Loss Per Certificate - Basic and Diluted

Loss per certificate is calculated by dividing net loss for the year by the weighted average number of certificates outstanding which is as follows:

Loss attributable to certificate holders	Rupees	(172,918,281)	(94,366,606)
Weighted average number of certificates outstanding during the year	Number	34,020,000	34,020,000
Loss per certificate - basic and diluted	Rupees	(5.08)	(2.77)

37.1 There is no dilutive effect on the basic earnings per certificate as the Modaraba has not issued any instrument which would have an impact on its earnings per certificate.

Note	2025 Rupees	2024 Rupees
Note 38		
Cash Generated from Operations		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before levy and taxation	(169,238,575)	(73,657,951)
Adjustment for:		
- Depreciation on fixed assets under ijarah arrangement	5	49,591,417
- Depreciation on fixed assets under own use	6	1,261,022
- Amortization of intangible assets	7	667,275
- Income from ijarah rentals - net	30	(54,844,805)
- Profit on diminishing musharakah financing	(181,202,218)	(203,502,965)
- Profit on Murabaha financing	(1,763,006)	(17,941,705)
- Gain on transfer of ijarah assets	32	(11,702,618)
- Gain on disposal of assets under own use	32	(2,562,468)
- Gain on disposal of non-banking assets	-	(260,331)
- Gain on sale of development properties	31	(2,664,589)
- Gain on settlement of investment under musharakah arrangement	32	(1,111,121)
- Gain on settlement of investment under Murabaha arrangement	32	(9,059,005)
- Provision / (Reversal) of provision against Musharakah arrangement	35 & 8	(14,168,710)
- (Reversal) / Provision of provision against Ijarah rental receivables	35 & 14	1,723,382
- Reversal of provision against Murabaha arrangement	35, 9 & 12	(4,430,833)
- Provision against other receivables	17	26,112,216
- Employees retirement benefits	25.4	2,449,387
- Profit on bank deposits	32	(21,595,988)
- Profit on short-term investments	32	(61,007,128)
- Bank charges	34	191,426
- Balances written off	33	-
- Excess liability written back	32	-
- Profit on redeemable capital and subordinated funds	34	370,420,579
	153,665,658	47,564,438
Operating loss before working capital changes	(15,572,917)	(26,093,513)
Decrease / (increase) in current assets:		
- Short-term investment under Murabaha arrangement	12	26,480,536
- Long-term investment under Murabaha arrangement	9	33,343,695
- Long-term investment under musharakah arrangement	8	(137,537,072)
- Ijarah rental receivables	14	87,167,152
- Advances, deposits, prepayments and other receivables	17	(29,981,629)
Increase / (decrease) in current liabilities:		
- Trade and other payables	28	2,879,130
	334,479,948	(17,648,188)
Cash Generated from/ (Used in) Operations	318,907,031	(43,741,701)

Note 39
Changes in Liabilities Arising from Financing Activities

		As at December 31, 2024	Non-cash changes	Cash flows (Net)	As at December 31, 2025
	Note			----- Rupees -----	
Subordinated funds	21	500,000,000	-	1,500,000,000	2,000,000,000
Redeemable capital	22	1,485,000,000	-	(1,485,000,000)	-
Unclaimed dividends		17,114,040	-	868	17,114,908
		<u>2,002,114,040</u>	<u>-</u>	<u>15,000,868</u>	<u>2,017,114,908</u>
		As at December 31, 2023	Non-cash changes	Cash flows (Net)	As at December 31, 2024
	Note			----- Rupees -----	
Subordinated funds	21	500,000,000	-	-	500,000,000
Redeemable capital	22	1,485,000,000	-	-	1,485,000,000
Unclaimed dividends		17,190,484	-	(76,444)	17,114,040
		<u>2,002,190,484</u>	<u>-</u>	<u>(76,444)</u>	<u>2,002,114,040</u>

Note 40
Remuneration of Executives and Key Management Personnel

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to executives / key management personnel and other employees of the Modaraba are as follows:

	Executives		Other Employees		Total	
	2025	2024	2025	2024	2025	2024
				-----Rupees-----		
Managerial remuneration	4,282,828	4,287,894	17,812,795	16,129,188	22,095,623	20,417,082
Retirement benefits	787,281	858,379	2,708,524	2,864,239	3,495,805	3,722,618
Rent and house maintenance	1,713,132	1,715,160	7,171,795	6,407,230	8,884,927	8,122,390
Utilities	428,284	428,790	1,792,981	1,601,848	2,221,265	2,030,638
Medical expenses	428,284	428,790	1,792,981	1,601,848	2,221,265	2,030,638
Other allowances	4,045,647	3,492,103	3,431,053	3,066,432	7,476,700	6,558,535
Commission / Bonuses	1,549,058	1,867,675	3,380,817	5,705,429	4,929,875	7,573,104
	13,234,514	13,078,791	38,090,946	37,376,214	51,325,460	50,455,005
Number of persons	3	2	32	38	35	40

40.1 An Executive is defined as an employee, other than the Chief Executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

40.2 During the year, no amount is paid to the chief executive and any director in the form of remuneration or other benefits (2024: Nil).

40.3 The executives have been provided with vehicles under an Ijarah financing arrangement.

Note 41
Financial Risk Management

41.1 Financial risk factors

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and profit rate risk), credit risk and liquidity risk. The Modaraba's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) of the Management Company and the chief financial officer of the Modaraba. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, profit rate risk, credit risk and liquidity risk.

The Modaraba's overall risk management procedures, to minimize the potential adverse effects of financial market on the Modaraba's performance, are as follows:

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, profit rate, commodity price and equity price that will affect the Modaraba's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Modaraba is not exposed to currency risk as it is not involved in foreign currency transactions.

(ii) Profit rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Modaraba has ijarah, musharakah and Murabaha financing portfolios. The majority of financing portfolio is linked with KIBOR rate as a benchmark. The Modaraba reviews KIBOR on financing portfolio on quarterly / six monthly basis. As at the reporting date, the profit rate profile of the Modaraba's profit bearing financial instruments was as under:

	Note	2025 Rupees	2024 Rupees
Fixed rate instruments			
Financial assets			
Murabahah financing	9 & 12	356,742,226	410,427,664
Financial liabilities			
Redeemable capital	22	-	1,485,000,000
Subordinated funds	21	-	500,000,000
Floating rate instruments			
Financial assets			
Ijarah rentals receivable	14	142,897,817	199,043,882
Musharakah financing	8	1,185,819,718	1,147,396,206
Bank deposits	18	72,357,541	13,887,442
Short term investments	15	4,000,000	109,816,508
Financial liabilities			
Subordinated funds	21	2,000,000,000	-

Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss of the Modaraba.

Cash flow sensitivity analysis for variable rate instruments

If profit rates, as at the reporting date, fluctuate by 1% higher / lower with all other variables held constant, loss before taxation for the year would have been Rs. 5.949 million (2024: profit before taxation for the year would have been Rs. 14.701 million) lower / higher. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates, and is not representative for the whole year.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or profit rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Modaraba is not exposed to any other price risk.

(b) Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date, net of impairment, was as follows:

	Note	2025 Rupees	2024 Rupees
Long term musharakah investment - secured	8	1,116,244,891	1,078,244,676
Long term Murabaha investment - secured	9	28,413,566	49,411,225
Long term deposits	10	1,422,494	1,422,494
Short term Murabaha investment - secured	12	108,479,952	136,052,103
Ijarah rental receivable	14	54,154,717	76,994,055
Short term investments	15	4,000,000	109,816,508
Profit and other receivables	17	43,187,584	134,118,553
Bank balances	18	81,370,932	23,033,536
		1,437,274,136	1,609,093,150

Geographically all credit exposure is concentrated in Pakistan.

The maximum exposure to credit risk for receivables (Musharakah financing, Murabaha financing and ijarah rentals receivables) as at the reporting date by type of customer was as follows:

	Ijarah Assets		Musharakah Investment		Murabaha Investment	
	2025	2024	2025	2024	2025	2024
	-----Rupees-----					
Aviation and transport	71,482,285	108,235,874	351,054,072	419,544,053	-	-
Textile spinning and composite	100,000	100,000	39,875,433	2,113,332	181,835,822	189,926,241
Individuals	67,258,361	61,668,300	343,891,964	456,719,310	31,500,000	31,500,000
Engineering, steel & construction	4,520,000	4,520,000	53,878,554	48,861,647	67,500,000	71,388,880
Sugar and allied	-	-	-	-	20,785,686	50,071,426
Food and allied	10,456,874	10,456,874	78,133,489	24,871,096	5,833,309	-
Oil and gas	-	-	3,200,153	3,821,861	15,411,255	15,411,239
Chemical and pharmaceuticals	-	-	59,747,320	20,524,660	215,320	215,320
Electric goods	-	-	-	-	23,643	13,023,643
Others	246,800	246,800	256,038,733	170,940,247	33,637,191	38,890,915
	154,064,320	185,227,848	1,185,819,718	1,147,396,206	356,742,226	410,427,664

The aging of Murabaha, musharakah and ijarah rentals as at the reporting date is as follows:

	2025 Rupees	2024 Rupees
Aging of Murabaha, musharakah and ijarah rentals		
Not past due	1,067,746,779	1,093,543,796
Past due 1 - 180 days	39,702,481	24,001,043
Past due 181 days - 1 year	6,802,227	3,389,930
Past due 1 - 2 years	7,252,042	89,249,442
More than 2 years	563,956,232	546,683,541
	1,685,459,761	1,756,867,752

The Modaraba has adopted a policy of only dealing with creditworthy parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Modaraba has internally developed rating criteria to rate its customers which is supplemented by ratings supplied by independent rating agencies where available. The Modaraba also uses other publicly available financial information and its own trading records to rate its customers. The Modaraba's exposure and the credit ratings of its parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed annually.

The management monitors and limits Modaraba's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. The table below shows bank balances held with other counterparties as at the reporting date:

	Rating		Rating Agency	2025 Rupees	2024 Rupees
	Short term	Long term			
The Bank of Punjab	A1+	AA+	PACRA	10,323,151	19,029,303
Al Baraka Bank (Pakistan) Limited	A1	AA-	VIS	14,009	14,009
NRSP Microfinance Bank Limited	A2	A-	PACRA	1,633,094	206,038
Bank Islami Pakistan Limited	A1	AA-	PACRA	69,283,477	3,766,985
State Bank of Pakistan	-	-	-	117,201	17,201
				81,370,932	23,033,536

(c) Liquidity Risk

Liquidity risk is the risk that an entity may encounter difficulty in meeting obligations associated with financial liabilities.

The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Owing to the fact that the Modaraba is in a positive working capital position as at the reporting date, the management believes the liquidity risk to be low.

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying Amount	Contractual cash flows	-----Rupees-----		
			Within 1 year	Between 1 and 5 years	Over 5 years
December 31, 2025					
Subordinated funds	2,000,000,000	2,000,000,000	-	2,000,000,000	-
Accrued finance cost	25,115,312	25,115,312	25,115,312	-	-
Trade and other payables	31,885,639	31,885,639	31,885,639	-	-
Unclaimed dividends	17,114,908	17,114,908	17,114,908	-	-
	2,074,115,859	2,074,115,859	74,115,859	2,000,000,000	-
December 31, 2024					
Subordinated funds	500,000,000	500,000,000	-	500,000,000	-
Redeemable capital	1,485,000,000	1,485,000,000	-	1,485,000,000	-
Accrued finance cost	103,723,983	103,723,983	103,723,983	-	-
Trade and other payables	45,122,830	45,122,830	45,122,830	-	-
Unclaimed dividends	17,114,040	17,114,040	17,114,040	-	-
	2,150,960,853	2,150,960,853	165,960,853	1,985,000,000	-

Note 42 to the financial statements summarizes the maturity profile of the Modaraba's assets and liabilities.

(d) Fair value of financial instruments

All financial assets and financial liabilities are initially recognized at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost.

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The Modaraba classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

The Modaraba has no such financial instruments.

(e) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance the limitation of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders.

(f) Financial instruments by categories

Financial assets as at December 31, 2025

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	Rupees	Rupees	Rupees	Rupees
Long-term investment under musharakah arrangement	-	1,116,244,891	-	1,116,244,891
Long-term investment under murabahah arrangement	-	28,413,566	-	28,413,566
Long term deposits	-	1,422,494	-	1,422,494
Short-term investment under Murabaha arrangement	-	108,479,952	-	108,479,952
Ijarah rental receivable	-	54,154,717	-	54,154,717
Short term investment	-	4,000,000	-	4,000,000
Profit and other receivables	-	43,187,584	-	43,187,584
Cash and bank balances	-	81,460,724	-	81,460,724
	-	1,437,363,928	-	1,437,363,928

Financial assets as at December 31, 2024

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	Rupees	Rupees	Rupees	Rupees
Long-term investment under musharakah arrangement	-	1,078,244,677	-	1,078,244,677
Long-term investment under Murabaha arrangement	-	49,411,225	-	49,411,225
Long term deposits	-	1,422,494	-	1,422,494
Short-term investment under Murabaha arrangement	-	136,052,103	-	136,052,103
Ijarah rental receivable	-	76,994,055	-	76,994,055
Short term investment	-	109,816,508	-	109,816,508
Profit and other receivables	-	134,118,552	-	134,118,552
Cash and bank balances	-	23,080,100	-	23,080,100
	-	1,609,139,714	-	1,609,139,714

Financial liabilities at amortized cost

	Note	2025 Rupees	2024 Rupees
Subordinated funds	21	2,000,000,000	500,000,000
Redeemable capital	22	-	1,485,000,000
Accrued finance cost	27	25,115,312	103,723,983
Trade and other payables	28	31,885,639	45,122,830
Unclaimed dividend		17,114,908	17,114,040
		2,074,115,859	2,150,960,853

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- ethical and business standards and
- risk mitigation, including insurance where this is effective.

(g) Capital Risk Management

The Modaraba's objectives when managing capital are to safeguard the Modaraba's ability to continue as a going concern in order to provide return for certificate holders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize certificate holders value. The Modaraba manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. There were no changes to the Modaraba's approach to capital management during the year and the Modaraba is not subject to externally imposed capital requirements.

The Modaraba's accumulated losses have exceeded fifty percent of the total amount subscribed by holders of the Modaraba Certificates. This situation violates Section 23 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (the Ordinance). Under the Ordinance, if this requirement is not complied with, the Registrar may apply to the Tribunal for the winding up of the Modaraba.

In line with the norms, the Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current and excluding subordinated funds) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt. As at the reporting date, the gearing ratio of the Modaraba as under:

	2025 Rupees	2024 Rupees
Borrowings	-	1,485,000,000
Cash and bank balances	(81,460,724)	(23,080,100)
	-	1,461,919,900
Equity	1,535,396,586	208,002,992
Total capital employed	1,535,396,586	1,669,922,892
Gearing ratio	Not Geared	88%

Note 42

Maturity of Assets and Liabilities

Contractual maturity of the financial assets and financial liabilities of the Modaraba is as follows:

	2025				
	Total Rupees	Up to six month Rupees	Six to twelve months Rupees	Two to five years Rupees	Over five years Rupees
Assets:					
Long-term musharakah investment	1,185,819,718	226,074,450	227,520,404	727,690,754	4,534,110
Long-term Murabaha investment	48,292,063	23,618,783	20,352,435	4,320,845	-
Long term deposits	1,422,494	-	-	-	1,422,494
Ijarah rental receivable	142,897,817	142,897,817	-	-	-
Short term investment	4,000,000	4,000,000	-	-	-
Advances, prepayments and other receivables	177,516,550	177,516,550	-	-	-
Cash and bank balances	81,460,724	81,460,724	-	-	-
	1,641,409,366	655,568,324	247,872,839	732,011,599	5,956,604
Liabilities					
Subordinated funds	2,000,000,000	-	-	2,000,000,000	-
Accrued finance cost	25,115,312	25,115,312	-	-	-
Trade and other payables	31,885,639	31,885,639	-	-	-
Unclaimed dividend	17,114,908	17,114,908	-	-	-
	2,074,115,859	74,115,859	-	2,000,000,000	-
Net assets / (liabilities)	(432,706,493)	581,452,465	247,872,839	(1,267,988,401)	5,956,604
	2024				
	Total Rupees	Up to six months Rupees	Six to twelve months Rupees	Two to five years Rupees	Over five years Rupees
Assets:					
Long-term musharakah investment	1,147,396,206	290,080,283	134,638,196	691,163,608	31,514,119
Murabahah investment	415,061,994	405,496,963	2,597,689	6,967,342	-
Long term deposits	1,422,494	-	-	-	1,422,494
Ijarah rental receivable	157,298,808	157,298,808	-	-	-
Short term investment	109,816,508	109,816,508	-	-	-
Advances, prepayments and other receivables	223,621,355	223,621,355	-	-	-
Cash and bank balances	23,080,100	23,080,100	-	-	-
	2,077,697,465	1,209,394,017	137,235,885	698,130,950	32,936,613
Liabilities					
Subordinated funds	500,000,000	-	-	500,000,000	-
Redeemable capital	1,485,000,000	-	-	1,485,000,000	-
Accrued finance cost	103,723,983	103,723,983	-	-	-
Trade and other payables	45,122,830	45,122,830	-	-	-
Unclaimed dividend	17,114,040	17,114,040	-	-	-
	2,150,960,853	165,960,853	-	1,985,000,000	-
Net assets / (liabilities)	(73,263,388)	1,043,433,164	137,235,885	(1,286,869,050)	32,936,613

Note 43**Transactions and Balances with Related Parties**

Related parties comprise associated companies, related group companies, companies where directors also hold directorship, retirement benefits fund, directors and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Modaraba, directly or indirectly, including any director (whether executive or otherwise) of the Modaraba. The Modaraba in the normal course of business carries out transactions with various related parties. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Transactions during the year

Related party	Relationship	Nature of transaction	2025	2024
			Rupees	Rupees
The Bank of Punjab	Holding company of Modaraba's Management company	Redeemable Capital paid	1,485,000,000	-
		Subordinated Funds received	2,000,000,000	-
		Subordinated Funds paid	500,000,000	
		Profit accrued on Subordinated Fund	173,204,148	93,304,932
		Profit accrued on redeemable Capital	135,980,464	277,115,647
		Profit paid on redeemable capital and subordinated fund	387,793,283	369,997,392
		Profit received on bank account with BOP	2,102,835	1,958,101
		Profit earned on bank account with BOP	1,657,511	2,448,961
Punjab Modaraba Services (Private) Limited	Management company	Rent expense of head office premises	6,009,604	5,363,820
		Rent paid of head office premises	6,501,288	5,363,820
		Expenses on behalf of Modaraba	69,043	-
		Sale of office chair and laptop	-	28,500
Key Management Personnel	Key Management Personnel	Remuneration of key management personnel	13,234,514	12,513,791
		Facilities against Ijarah / Musharakah accrued	5,300,000	-
		Facilities against Ijarah / Musharakah paid	2,390,351	300,000
		Advance disbursed this year	2,975,000	6,375,000
		Advance repaid during the year	-	9,138,688
First Punjab Modaraba Employees Provident Fund	Associated undertaking	Provident fund contributions paid	1,296,127	2,546,462
		Provident fund contributions accrued	1,364,968	1,273,231

Outstanding Balance as at December 31,

The Bank of Punjab	Redeemable capital	-	1,485,000,000
	Subordinated funds	2,000,000,000	500,000,000
	Profit payable on redeemable capital	-	95,005,325
	Profit payable on subordinate funds	25,115,312	8,718,658
	Profit receivable on bank account with BOP	-	445,324
	Outstanding Modaraba certificate capital	47,880	47,880
	Bank accounts maintained with BOP	10,323,151	19,026,432
The Bank of Punjab Employees Gratuity Fund	Outstanding Modaraba certificate capital	50,995,000	50,995,000
Punjab Modaraba Services (Private) Limited	Outstanding Modaraba certificate capital	133,206,940	133,206,940
	Prepaid rent of head office premises	491,684	-
	Payable on behalf of payment made by PMSL	69,043	-
Key Management Personnel	Outstanding amount against ijarah / Musharakah	9,282,117	6,372,468
	Advances to employees	2,975,000	-
First Punjab Modaraba Employees Provident Fund Trust	Receivable from provident fund	2,486,991	2,418,150

43.1 No remuneration has been paid by the Modaraba to the chief executive officer and directors of Modaraba (2024: nil).

43.2 The Modaraba carries out transactions with related parties at commercial terms and conditions as per the Modaraba's policy.

Note 44
Segment Reporting

An operating segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Chief Executive Officer (Chief Operating Decision Maker) for allocation of resources and assessments of performance.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of the approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan. All non-current assets of the Modaraba are located in Pakistan as at the reporting date.

The income of the Modaraba is not dependent on the single customer and the Modaraba has no single customer from whom it is generating more than 10% revenue.

Note 45
Provident Fund Related Disclosures

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

Note 46
Shariah Screening Disclosures by Entity Listed on Islamic Index

	Note	2025 Rupees	2024 Rupees
Shariah compliant bank deposits, bank balances, TDRs	14 & 17	85,370,932	132,850,044
Profit earned from shariah compliant bank deposits / bank balances or TDRs	32	19,793,966	82,603,116
Revenue earned from a shariah compliant business segment		211,297,919	278,954,064
Long term and short term Shariah compliant Investments		-	-
Financing (long term, short term or lease financing) obtained as per islamic mode	20 & 21	2,000,000,000	1,985,000,000
Interest or mark-up accrued on any conventional loan or advance		-	-
Break-up of late payment or liquidated damages		-	-
Gain or loss or dividend earned on Shariah compliant investments or share of profit from shariah compliant associates		-	-
Exchange gain / (loss) earned from actual currency		-	-
Exchange gain earned using conventional derivative financial instruments		-	-
Profit paid on islamic mode of financing	26 & 33	284,069,300	266,696,596
Interest earned on any conventional loan or advance		-	-
Other Income		20,411,264	43,095,739

Relationship with shariah compliant financial institutes:

- Bank balances - deposits with banks

**The Bank of Punjab
Bank Islami
Pakistan Limited**

The Bank of Punjab
Bank Islami Pakistan
Limited

-
NRSP Microfinance
Bank Limited
U Microfinance Bank
Limited

- Short term investments

**Bank Islami
Pakistan Limited
NRSP Microfinance
Bank Limited**
-

Bank Islami Pakistan
Limited
NRSP Microfinance
Bank Limited
First Habib Modaraba

Note 47
Number of Employees

	2025 Number	2024 Number
Number of employees as at December 31,	<u>35</u>	<u>40</u>
Average number of employees during the year	<u>38</u>	<u>42</u>

Note 48
Date of Authorization for Issue

These financial statements were approved and authorized by the Board of Directors of Punjab Modaraba Services (Private) Limited (the Management Company) for issuance on June 8, 2026.

Note 49
General

Corresponding figures are rearranged / reclassified for better presentation and comparison. Following re-arrangements / reclassifications have been made in these financial statements:

Nature	From	To	Amount (Rupees)
Gain on disposal of assets	Gain on disposal of assets (Face of statement of profit or loss and other comprehensive income)	Other income Note 31	14,525,417
Computerization expense	Computerization expense Note 33	Repairs and maintenance Note 33	1,244,389
Corporate expenses	Corporate expenses Note 33	Fees and subscription Note 33	799,858
Other payables	Other payables Note 28	Accrued and other liabilities Note 28	45,094,330
Processing fee	Processing fee Note 31	Documentation and processing charges Note 31	1,768,569
Advertisement	Advertisement Note 33	Commission Note 33	108,400

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



Chief Financial Officer



Chief Executive Officer



Director



Director



A Wholly Owned Subsidiary of
The Bank of Punjab

**FIRST
PUNJAB
MODARABA**
(An Islamic Financial Institution)

Managed By:

Punjab Modaraba Services (Pvt) Ltd.

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