



A Wholly Owned Subsidiary of
The Bank of Punjab

**FIRST
PUNJAB
MODARABA**

(An Islamic Financial Institution)

QUARTERLY REPORT

JANUARY-MARCH 2026
(UN-AUDITED)



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CORPORATE PROFILE

Board of Directors

Punjab Modaraba Services (Pvt.) Ltd.

Ijaz ur Rehman Qureshi	Chairman
Umer Iqbal Sheikh	Director
Rizwan Hameed	Director
Maqsood Ahmad Muhammad Umer K	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 Asim Jahangir S	Member
Asim Jahangir Seth	Member

Auditors of the Modaraba

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Auditors of the Management Company

Shinewing Hameed Chaudhry & Co.
Chartered Accountants

Bankers

The Bank of Punjab
NRSP Microfinance Bank Limited
Bank Islami Pakistan Limited

Registrar

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

Registered Office









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-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
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Directors' Review

The Board of Directors of Punjab Modaraba Services (Private) Limited, the Management Company of First Punjab Modaraba, is pleased to present the Financial Statements of First Punjab Modaraba together with the Directors' Review for the period ended March 31, 2026.

During the period under review, Pakistan's macroeconomic environment continued to strengthen, supported by improved external sector stability and sustained policy discipline under the IMF program. Real GDP growth accelerated to 3.89% in Q2 FY2026 from 3.63% in Q1 FY2026, primarily driven by strong industrial performance of 7.4%, while the services sector recorded moderate growth of 3.69%. However, the recent increase in fuel prices has disrupted the earlier disinflationary trend. Headline CPI inflation rose to 7.3% year-on-year in March 2026, exceeding the State Bank of Pakistan's medium-term target range of 5-7% for the first time since late 2024. Core inflation remained elevated at 7.8%, reflecting persistent underlying price pressures.

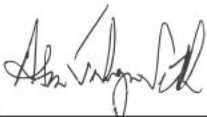
The Modaraba demonstrated a notable turnaround in financial performance, posting a net profit of PKR 0.45 million compared to a loss of PKR 62.96 million in corresponding period last year. This improvement was primarily attributable to a significant reduction in finance costs following equity support from the parent bank, The Bank of Punjab, in the form of a PKR 2.0 billion subordinated fund. However, core income declined, particularly due to lower returns from Musharakah financing amid a reduced KIBOR environment, indicating continued pressure on revenue generation. On the financial position side, total assets increased modestly to PKR 1.78 billion, while the equity remained broadly stable at PKR 1.53 billion. Nevertheless, accumulated losses continue to pose a challenge to long-term capital strength for which the Board is looking various options to improve its equity position and replace current subordinated funds with interest free funding.

Overall, the Modaraba remains in a recovery phase, with improved profitability driven largely by cost efficiencies rather than core income growth. Sustaining this trajectory will depend on strengthening core earning streams, improving asset quality, gradually eliminating accumulated losses, and maintaining prudent cost and liquidity management.

The Board places on record its sincere appreciation to the Securities and Exchange Commission of Pakistan, the Registrar Modaraba, the State Bank of Pakistan, and the NBFCs & Modaraba Association of Pakistan for their continued support and guidance. The Board also thanks the certificate holders and customers for their trust and confidence.

Finally, the Board acknowledges and commends the dedication and commitment of the management and staff of First Punjab Modaraba for their continued efforts in navigating challenges and supporting the organization's progress.

For and on behalf of the Board,



Asim Jahangir Seth
Chief Executive Officer
Lahore June 09, 2026



Imran Bashir
Director

ڈائریکٹرز کا جائزہ

پنجاب مضاربہ سرورمز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز فرسٹ پنجاب مضاربہ پبلیشمنٹ کمپنی، 31 مارچ 2026 کو قائم ہونے والی مدت کے لیے ڈائریکٹرز کے جائزے کے ساتھ فرسٹ پنجاب مضاربہ کے مالیاتی گوشواروں کو پیش کرتے ہوئے خوش ہے۔

زیر جائزہ مدت کے دوران، پاکستان کا سیکرورٹاٹاک ماحول منظم ہوتا رہا، جس کی حمایت بیرونی شعبے کے بہتر استحکام اور آئی ایم ایف پروگرام کے تحت پائیدار پالیسی ڈیپن سے ہوتی ہے۔ حقیقی بی ڈی پی کی شرح نامی مالی سال 2026 کی پہلی سہ ماہی میں 3.63 فیصد سے بڑھ کر FY2026 Q2 میں 3.89 فیصد ہوئی، بنیادی طور پر 7.4 فیصد کی مشروط صنعتی کارکردگی کی وجہ سے ہوا، جبکہ خدمات کے شعبے نے 3.69 فیصد کی مستقل ترقی ریکارڈ کی۔ تاہم، اینڈرسن کی قیمتوں میں حالیہ اضافے نے پہلے کی کمی کے برخلاف کوٹاڑ کیا ہے۔ مارچ 2026 میں بیہ لائن CPI انفرافٹ زمرہ سال بہ سال بڑھ کر 7.3% تک پہنچ گئی، جو کہ 2024 کے آخر میں پہلی بار اسٹیٹ بینک آف پاکستان کے درمیانی مدت کے ہدف کی حد سے 5-7% تک بڑھ گئی۔ بنیادی انفرافٹ زمرہ 7.8% پر بلند رہا، جو مسلسل بنیادی قیمتوں کے دباؤ کی عکاسی کرتا ہے۔

مضاربہ نے مالیاتی کارکردگی میں نمایاں تبدیلی کا مظاہرہ کیا، جس نے گزشتہ سال کی اسی مدت میں 62.96 ملین روپے کے نقصان کے مقابلے میں 0.45 ملین روپے کا خاص منافع حاصل کیا۔ یہ بہتری بنیادی طور پر بنیادی بینک، دی بینک آف پنجاب، 2.0 ملین روپے ماتحت فنڈ کی شکل میں ایکویٹی سپورٹ کے بعد مالیاتی اخراجات میں نمایاں کمی سے منسوب تھی۔ تاہم، بنیادی آمدنی میں کمی واقع ہوئی، خاص طور پر KIBOR کے کم ماحول کے درمیان مشاعرہ بننے کی وجہ سے کم منافع کی وجہ سے، جو کہ آمدنی کی پیو اور پر مسلسل دباؤ کی نشاندہی کرتا ہے۔ مالیاتی پوزیشن کے لحاظ سے کل اثاثے معمولی طور پر بڑھ کر 1.78 ملین روپے ہو گئے، جبکہ ایکویٹی 1.53 ملین روپے پر بڑے پیمانے پر مستحکم رہی۔ اس کے باوجود، جمع شدہ نقصانات طویل مدتی سرمائے کی مشورگی کے لیے ایک چیلنج بننے رہتے ہیں، جس کے لیے بورڈ اپنی ایکویٹی پوزیشن کو بہتر بنانے اور موجودہ ماتحت فنڈ زکوہ سوسائٹیز سے بدلنے کے لیے مختلف آپشنز تلاش کر رہا ہے۔

مجموعی طور پر مضاربہ بحالی کے مرحلے میں ہے، بہتر منافع کے ساتھ بنیادی آمدنی میں اضافے کے بجائے زیادہ تر لاگت کی استعداد کار کے ذریعے۔ اس وقت کاروبار رکھنے کا انحصار بنیادی آمدنی کے سلسلے کو مشروط بنانے، اثاثہ جات کے معیار کو بہتر بنانے، جمع شدہ نقصانات کو آہستہ آہستہ ختم کرنے، اور محتاط لاکٹ اور کیلیڈیٹی پبلیشمنٹ کو برقرار رکھنے پر ہوگا۔

بورڈ سیکرٹریز اینڈ ایگزیکٹو کمیٹی آف پاکستان، رجنرل مضاربہ، اسٹیٹ بینک آف پاکستان، اور INBFCs ایگزیکٹو کمیٹی آف پاکستان کی مسلسل مدد اور رہنمائی کے لیے اپنی خاصانہ تعریف کرتا ہے۔ بورڈ حقیقت اور ہولڈرز اور صارفین کے اعتماد اور اعتماد کے لیے ان کا بھی شکریہ ادا کرتا ہے۔

آخر میں، بورڈ فرسٹ پنجاب مضاربہ کی انتظامیہ اور عملے کی لگن اور محنت کو تسلیم کرتا ہے اور اس کی تعریف کرتا ہے کہ وہ چیلنجوں سے نمٹنے اور تنظیم کی پیشرفت میں تعاون کرنے میں مسلسل کوششیں کر رہے ہیں۔

بورڈ کے لیے اور اس کی جانب سے،



عمران شیر
ڈائریکٹر



عاسم جہاگیر سیوہ
چیف ایگزیکٹو آفیسر
09 جن 2026

STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
 AS AT MARCH 31, 2026

	Note	March 31, 2026 (Un-audited)	December 31, 2025 (Audited)
		Rupees	Rupees
ASSETS			
Non Current Assets			
Fixed assets under Ijarah arrangement	6	149,823,208	154,064,320
Fixed assets under own use	7	2,992,876	3,178,450
Long-term investment under musharakah arrangement	8	715,660,062	717,396,501
Long-term investment under murabahah arrangement	9	3,064,889	3,828,094
Long term deposits		1,422,494	1,422,494
Deferred tax asset		94,239,022	94,239,022
		967,202,551	974,128,881
Current Assets			
Short-term investment under murabahah arrangement	10	121,356,245	108,479,952
Current portion of non-current assets	11	461,868,913	423,433,861
Ijarah rentals receivable	12	52,887,787	54,154,717
Short term investment		4,000,000	4,000,000
Advances, deposits, prepayments and other receivables	13	35,125,305	59,733,568
Income tax refundable from the Government		35,944,355	34,500,088
Cash and bank balances	14	103,140,272	81,460,724
		814,322,877	765,762,910
TOTAL ASSETS		1,781,525,428	1,739,891,791
EQUITY AND LIABILITIES			
Certificate Capital and Reserves			
Authorized certificate capital			
50,000,000 (December 31, 2025: 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 (December 31, 2025: 34,020,000) modaraba certificates of Rs. 10 each		340,200,000	340,200,000
Capital reserves		218,176,678	218,176,678
Revenue reserves - accumulated losses		(1,022,527,141)	(1,022,980,092)
Subordinated funds	15	2,000,000,000	2,000,000,000
Certificate Holders' Equity		1,535,849,537	1,535,396,586
Non Current Liabilities			
Long term security deposits		17,232,830	18,026,827
Deferred murabahah income		2,168,369	1,328,128
Post employment benefits		6,995,777	7,465,007
		26,396,976	26,819,962
Current Liabilities			
Current portion of non current liabilities		30,027,724	29,365,174
Accrued finance cost		78,933,830	25,115,312
Trade and other payables	16	88,806,177	102,400,143
Provision for levies		4,396,276	3,679,706
Unclaimed dividends		17,114,908	17,114,908
		219,278,915	177,675,243
Contingencies and Commitments	17	-	-
TOTAL EQUITY AND LIABILITIES		1,781,525,428	1,739,891,791

The annexed notes from 1 to 24 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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHNSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2026**

	Note	Mar-26 Un-Audited Rupees	Mar-25 Un-Audited Rupees
Income from Operations			
Income from Ijarah rentals - net	18	4,263,617	7,424,501
Profit on murabahah financing		666,236	773,365
Profit on diminishing musharakah financing		46,250,875	50,571,483
Gain on sale of development properties		-	643,164
		51,180,728	59,412,513
Other Income			
Other income	19	8,630,369	12,815,013
Total Income		59,811,097	72,227,526
Expenses			
Administrative and general expenses	20	19,515,698	15,999,834
Finance cost	21	53,922,333	91,100,292
		73,438,031	107,100,126
Operating Loss before provisions		(13,626,934)	(34,872,600)
(Provision) / reversal of provision against Ijarah rentals - net		598,465	5,157
(Provision) / reversal against murabahah arrangement - net		18,580,879	3,805,380
(Provision) / reversal against musharakah arrangement - net		(4,252,943)	(16,728,054)
		14,926,401	(12,917,517)
Operating Profit / (Loss) before Management Company's Fee		1,299,467	(47,790,117)
Modaraba management company's management fee		(129,947)	-
Profit / (Loss) before Levy and Taxation		1,169,520	(47,790,117)
Levy / final taxation		(716,570)	(724,950)
Profit / (Loss) before Taxation		452,950	(48,515,067)
Taxation		-	(14,444,193)
Net Profit / (Loss) for the Period		452,950	(62,959,260)
Other Comprehensive Income for the Period			
Other Comprehensive Income/(Loss) for the Period		-	-
Total Comprehensive Income / (loss) for the Period		452,950	(62,959,260)
Earning / (Loss) per Certificate - Basic and Diluted		0.01	(1.85)

The annexed notes from 1 to 24 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

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2026

Particulars	Issued, Subscribed and Paid up Capital	Reserves			Subordinated funds	Total
		Capital Reserve	Revenue Accumulated Loss	Total Reserves		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at January 01, 2025	340,200,000	218,176,678	(850,373,686)	(632,197,008)	500,000,000	208,002,992
Net profit for the period	-	-	(62,959,260)	(62,959,260)	-	(62,959,260)
Other comprehensive income for the period	-	-	(62,959,260)	(62,959,260)	-	(62,959,260)
Total comprehensive income for the period	-	-	(62,959,260)	(62,959,260)	-	(62,959,260)
Balance as at March 31, 2025 (Un-Audited)	340,200,000	218,176,678	(913,332,946)	(695,156,268)	500,000,000	145,043,732
Balance as at January 01, 2026	340,200,000	218,176,678	(1,022,980,091)	(804,803,413)	2,000,000,000	1,535,396,587
Net loss for the period	-	-	452,950	452,950	-	452,950
Other comprehensive loss for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	452,950	452,950	-	452,950
Balance as at March 31, 2026 (Un-Audited)	340,200,000	218,176,678	(1,022,527,141)	(804,350,463)	2,000,000,000	1,535,849,537

The annexed notes from 1 to 24 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

**STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2026**

	Mar-26 Un-Audited Rupees	Mar-25 Un-Audited Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Generated from Operations	59,015,275	66,190,589
Disbursements under Ijarah arrangements	6 (19,835,000)	(14,508,950)
Proceeds from transfer of ijarah assets	11,130,051	7,776,890
Morabaha financing - net	2,789,847	(9,506,948)
Musharikhah financing - net	(31,950,167)	22,966,736
Development properties	-	9,999,999
Security deposits against Ijarah assets - net	794,000	501,105
Profit paid on redeemable capital - participatory and unsecured	-	(139,297,126)
Bank charges paid	21 (103,813)	(13,265)
Gratuity paid	(469,230)	(59,602)
Income tax paid	(1,444,267)	(2,245,738)
	(39,088,579)	(124,386,899)
Net Cash Generated from / (Used in) Operating Activities	19,926,696	(58,196,310)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of assets in own use	7 (170,000)	(247,538)
Profit received on bank deposits	1,922,852	6,724,570
Changes in short term investments made during the year - net	-	99,816,508
Net Cash Generated from Investing Activities	1,752,852	106,293,540
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distributed among the certificate holders	-	1,369
Net Cash Generated from / (Used in) Financing Activities	-	1,369
Net Increase / (Decrease) in Cash and Cash Equivalents	21,679,548	48,098,598
Cash and cash equivalents at the beginning of the year	81,460,724	23,080,100
Cash and Cash Equivalents at the End of the Period	103,140,272	71,178,698

The annexed notes from 1 to 24 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

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2026

1 STATUS AND NATURE OF BUSINESS

First Punjab Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (the "Modaraba Company") which is a wholly owned subsidiary of The Bank of Punjab. The registered office of the Modaraba is situated at Office No. 100, 3rd floor, National Tower, 28-Egerton Road, Lahore. The Modaraba commenced its operations on December 23, 1992. The Modaraba is listed on Pakistan Stock Exchange.

The Modaraba is a perpetual and multi-dimensional Modaraba and is primarily engaged in the business of Ijarah, Musharikhah and Murabaha financing, equity investment and other related businesses in accordance with the injunctions of Islam. Modaraba has obtained approval of the Securities & Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by 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).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- o International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- o Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan;
- o Requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and the Modaraba Regulations, 2021; and
- o Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017.

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 and Islamic Financial Accounting Standards (IFAS) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 differ from IFRS Standards, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, IFAS and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 have been followed.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS 2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for defined benefit obligation i.e. gratuity at the present value of the obligation determined through actuarial valuation and discussed further in the respective policy note.

Permissible Islamic financial products including Murabaha (as a liability) and Musharikhah have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed mark-up / profit thereon. Accordingly, purchases, sales and Musharikhah profits / reserves are not reflected in these financial statements except for Murabaha facility (as an asset) which has been accounted for in line with Islamic Financial Accounting Standard - 1.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee (Rs.) which is the Modaraba's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee unless otherwise indicated.

2.4 Critical accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Modaraba's accounting policies. The areas involving a high degree of judgment 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:

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 NEW STANDARDS, INTERPRETATIONS OF AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year:

There are certain amendments to the published approved accounting standards that are effective in the current year. However, these do not have any significant impact on the Modaraba's operations and, therefore, have not been detailed in these financial statements.

3.2 New accounting standards, amendments and interpretations that are not yet effective

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after January 01, 2026 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except for the changes, if any, explained below:

4.1 Assets in own use

Measurement

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes all expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amounts or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Modaraba and the cost of the items can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit and loss and other comprehensive income as and when incurred.

Depreciation

Depreciation on all operating fixed assets is charged to statement of profit and loss and other comprehensive income by applying the straight line method so as to write off the depreciable amount of the assets over their estimated useful lives. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant. Depreciation on additions is charged from the date on which the assets are available for use and on disposals up to the date on which the assets are disposed off.

4.2 Intangible assets

Measurement

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognized as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably. The useful lives and amortization method are reviewed and adjusted, as appropriate, at each reporting date. Amortization is charged when the asset is available for use as intended by management.

Research and development expenditure, if any, is charged to 'administrative and general expenses' in the statement of profit and loss and other comprehensive income, as and when incurred.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. Gain or loss on disposal of intangible assets, if any, is recognized in the statement of profit and loss and other comprehensive income.

5 Taxation

Income tax comprises of current tax and deferred tax. Income tax expense is recognized in the statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), and in which case the tax amounts are recognized directly in other comprehensive income or equity.

	March 31, 2026 (Un-audited) Rupees	December 31, 2025 (Audited) Rupees
6 Fixed Assets under Ijarah Arrangement		
Opening written down value	154,064,320	185,227,848
Additions during the period / year	19,835,000	40,293,150
Transfers during the period / year - written down value	<u>(10,917,396)</u>	<u>(15,390,014)</u>
	162,981,924	210,130,984
Depreciation charge for the period / year	<u>(13,158,716)</u>	<u>(56,066,664)</u>
	<u>149,823,208</u>	<u>154,064,320</u>
7 Fixed Assets under Own Use		
Opening written down value	3,178,450	3,571,658
Additions during the period / year	170,000	1,665,639
Deletions during the period / year - written down value	-	(17,770)
	3,348,450	5,219,527
Depreciation charge for the period / year	<u>(355,574)</u>	<u>(2,041,077)</u>
	<u>2,992,876</u>	<u>3,178,450</u>
8 Long-Term Investment Under Musharakah Arrangement-Secured		
Investment under musharakah arrangement	1,220,087,748	1,185,819,718
Less: Expected credit loss against musharakah arrangement	8.1 <u>(73,827,770)</u>	(69,574,827)
Less: Current portion of long term investment	<u>(331,629,798)</u>	(299,259,830)
Less: Principal due but not received	<u>(98,970,118)</u>	(99,588,560)
	<u>715,660,062</u>	<u>717,396,501</u>
8.1 Expected credit losses against musharakah arrangement		
Opening balance	69,574,827	69,151,530
Charge / (reversal) of provision during the period / year	4,252,943	423,297
Closing balance	<u>73,827,770</u>	<u>69,574,827</u>
9 Long-Term Investment Under Murabahah Arrangement -Secured		
Investment under murabahah arrangement	49,286,208	44,868,678
Add: Unearned murabahah income	4,926,176	3,423,385
	54,212,384	48,292,063
Less: Expected credit loss against murabahah arrangement	9.1 <u>(19,878,498)</u>	(19,878,498)
Less: Current portion of long term murabahah arrangement	<u>(8,404,665)</u>	(6,599,612)
Less: Principal due but not received	<u>(20,106,525)</u>	(15,890,602)
Less: Current portion of unearned murabahah income	<u>(2,757,807)</u>	(2,095,257)
	<u>3,064,889</u>	<u>3,828,094</u>
9.1 Expected credit losses against murabahah arrangement		
Opening balance	19,878,498	16,224,414
Charge / (reversal) of provision during the period / year	-	3,654,084
Closing balance	<u>19,878,498</u>	<u>19,878,498</u>
10 Short-Term Investment Under Murabahah Arrangement -Secured		
Short-term investment under murabahah arrangement	306,168,962	311,873,548
Less: Expected credit losses against short term murabahah arrangement	10.1 <u>(184,812,717)</u>	(203,393,596)
	<u>121,356,245</u>	<u>108,479,952</u>
10.1 Expected credit losses against short term murabahah arrangement		
Opening balance	203,393,596	213,374,252
Charge / (reversal) of provision during the period / year	<u>(18,580,879)</u>	(9,980,656)
Closing balance	<u>184,812,717</u>	<u>203,393,596</u>
11 Current Portion of Non-Current Assets		
Musharakah arrangement		
Current portion of long term investment	331,629,798	299,259,830
Principal due but not received	98,970,118	99,588,560
	430,599,916	398,848,390
Murabahah arrangement		
Current portion of long term investment	8,404,665	6,599,612
Principal due but not received	20,106,525	15,890,601
Current portion of unearned murabahah income	2,757,807	2,095,258
	31,268,997	24,585,471
	<u>461,868,913</u>	<u>423,433,861</u>

	March 31, 2026 (Un-audited) Rupees	December 31, 2025 (Audited) Rupees
12 Ijarah Rentals Receivable		
Ijarah rentals receivable	108,584,198	110,449,593
Less: Provision against ijarah rentals receivable	(55,696,411)	(56,294,876)
	52,887,787	54,154,717
12.1 Provision against Ijarah rentals receivable		
Opening balance	56,294,876	80,304,753
Charge / (reversal) of provision during the period / year	(598,465)	(24,009,877)
Closing balance	55,696,411	56,294,876
13 Advances, Deposits, Prepayments and Other Receivables		
Profit receivable against		
- Murabahah arrangement	1,266,611	5,866,767
- Musharakah arrangement	6,082,251	7,168,600
	7,348,862	13,035,367
Prepayments	1,729,839	2,425,777
Advances	57,706	52,706
Non-banking assets	14,067,500	14,067,500
Receivable from provident fund	-	2,486,991
Other receivables	146,250,364	161,994,193
	162,105,409	181,027,167
Less: Expected credit losses against advances and other receivables	(134,328,966)	(134,328,966)
	35,125,305	59,733,568
13.1 Murabahah arrangement		
Profit receivable on murabahah arrangement	17,487,642	22,316,406
Less: Income suspended	(16,221,031)	(16,449,639)
	1,266,611	5,866,767
13.2 Musharakah arrangement		
Profit receivable on Musharakah arrangement	33,963,849	34,816,034
Less: Income suspended	(27,881,598)	(27,647,434)
	6,082,251	7,168,600
13.3 Other receivables		
Receivable from Ijarah parties	29,115,628	29,033,863
Receivable from Musharakah parties	40,370,224	52,861,153
Receivable from Murabahah parties	27,662,704	31,629,575
Advance to employees	2,890,501	3,097,936
Sales tax receivable	881,368	802,351
Profit receivable from bank deposits	728,489	832,118
Others	44,601,451	43,737,197
	146,250,364	161,994,193
13.4 Expected credit losses against advances and other receivables		
Opening balance	134,328,966	89,502,803
Provision charged for the period / year	-	44,826,163
Closing balance	134,328,966	134,328,966
14 Cash and Bank Balances		
Cash in hand	610,251	89,792
Cash at banks		
-Current accounts	18,936,959	9,013,391
-Saving accounts	83,593,062	72,357,541
	103,140,272	81,460,724
15 Subordinated Funds		

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

	March 31, 2026 (Un-audited) Rupees	December 31, 2025 (Audited) Rupees
16 Trade and Other Payables		
Tax deducted at source	692,854	445,514
Advances against ijarah / murabahah / musharakah	57,757,460	70,068,990
Accrued and other liabilities	30,355,863	31,885,639
	88,806,177	102,400,143
17 Contingencies and Commitments		
There is no change in the status of contingencies and commitments as reported in the financial statements of Modaraba for the year ended December 31, 2025.		
	March 31, 2026 Un-Audited Rupees	March 31, 2025 Un-Audited Rupees
18 Income from Ijarah Rentals - Net		
Income from ijarah rentals	17,422,333	20,168,301
Less: Depreciation on ijarah assets	(13,158,716)	(12,743,800)
	4,263,617	7,424,501
19 Other Income		
Profit on bank deposits and short-term investments	1,819,223	9,417,456
Gain on transfer of ijarah assets	212,656	1,696,695
Gain on disposal of own assets	5,000	-
Processing fee	307,544	163,502
Documentation charges	159,400	220,550
Cheque return charges	398,000	412,500
Gain on settlement of Musharakah arrangements	939,910	899,729
Gain on settlement of Murabahah arrangements	4,463,742	-
Miscellaneous income	324,894	4,581
	8,630,369	12,815,013
20 Administrative and General Expenses		
Salaries and benefits	13,567,005	10,229,427
Rent, rates and taxes	491,684	1,685,923
Insurance	753,454	656,681
Fee & subscription	656,997	199,870
Selling and marketing expenses	-	72,777
Advertisement	1,740	44,260
Repair & maintenance	921,744	680,067
Power and utilities	926,352	531,869
Legal and professional	275,628	42,000
Printing and stationery	80,081	190,925
Vehicle running and maintenance	131,665	113,165
Entertainment	361,108	641,028
Telephone and postage	256,042	151,874
Corporate expenses	34,947	29,405
Depreciation of fixed assets under own use	355,574	115,765
Amortization of intangible assets	-	166,819
Miscellaneous expenses	701,677	447,979
	19,515,698	15,999,834
21 Finance Cost		
Redeemable capital	-	68,143,192
Subordinated funds	53,818,521	22,943,836
Bank charges	103,813	13,265
	53,922,333	91,100,292

22 RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES

22.1 Transactions with the related parties

Names of related parties	Relationship	Nature of transactions	March, 2026	March, 2025
			Un audited Rupees	Un audited Rupees
The Bank of Punjab	Holding Company of Modaraba Company	Profit paid on certificates of musharakah	-	139,297,126
Punjab Modaraba Services (Pvt.) Limited	Modaraba Management Company	Rent expense of head office premises Management Fee	491,684 129,947	1,578,448 -
Key Management Personnel	Key Management Personnel	Remuneration of key management personnel	3,788,285	2,005,989
First Punjab Modaraba Employees Provident Fund Trust	Associate	Staff loans disbursed during the period Provident fund contributions paid to the fund	16,785,000 308,195	1,325,000 337,634

22.2 Balances with the related parties

Names of related parties	Relationship	Nature of balances	March, 2026	Dec, 2025
			Un audited Rupees	Audited Rupees
The Bank of Punjab	Holding Company of Modaraba's Management Company	Subordinated funds / loans Profit payable on subordinate funds / loans	2,000,000,000 78,933,830	2,000,000,000 25,115,312
The Bank of Punjab Employees Gratuity Fund	Associate	Outstanding Modaraba certificates	47,880	47,880
Punjab Modaraba Services (Pvt.) Limited	Modaraba Management Company	Bank accounts maintained with BOP Outstanding Modaraba certificates	20,075,094	10,323,151
		Outstanding Modaraba certificates	50,995,000	50,995,000
		Outstanding Modaraba certificates	133,206,940	133,206,940
		Management Fee Payable	129,947	-
		Payable on behalf of payment made by PMSL	69,043	-
Key Management personnel	Key Management personnel	Outstanding loan under musharakah and Ijarah arrangements during the period	15,748,264	9,282,117

	March 31, 2026 Un-Audited Rupees	March 31, 2025 Un-Audited Rupees
23 CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before levy and taxation	1,169,520	(47,790,117)
Adjustment for:		
- Depreciation of Ijarah assets	18 13,158,716	12,743,800
- Depreciation of assets in own use	20 355,574	115,765
- Amortization of intangible assets	-	166,819
- (Gain) / loss on disposal of Ijarah assets	19 (212,656)	(1,696,695)
- (Gain) / loss on disposal of assets in own use	-	(5,000)
- (Gain) / loss on disposal of Musharikhah investment	19 (939,910)	(899,729)
- (Gain) / loss on disposal of Morabaha investment	19 (4,463,742)	-
- (Gain) / loss on disposal of development property	-	(643,164)
- Provision for gratuity	-	529,626
- (Reversal) / Provision for Ijarah rental receivables	(598,465)	(5,157)
- (Reversal) / Provision for musharikhah investment	4,252,943	16,728,054
- (Reversal) / Provision for morabaha investment	(18,580,879)	(3,805,380)
Profit on bank deposits	19 (1,819,223)	(9,417,456)
Bank charges	21 103,813	-
Financial charges on redeemable capital and subordinated funds	21 53,818,521	91,087,027
	45,069,592	104,903,510
Operating profit before working capital changes	46,239,211	57,113,393
Working capital changes:		
(Increase)/decrease in operating assets:		
Ijarah rental receivables - net	1,865,395	4,241,638
Advances, deposits, prepayments and other receivables	24,504,634	8,844,359
	26,370,030	13,085,996
Increase / (decrease) in operating liabilities:		
Trade and other payables	(13,593,966)	(4,008,800)
Net changes in operating assets and operating liabilities	12,776,064	9,077,196
Cash generated from operations	59,015,275	66,190,589

24 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 9, 2026.

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


Chief Financial Officer


Chief Executive Officer


Director


Director



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

Managed By:
Punjab Modaraba Services (Pvt) Ltd.

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