A Wholly Owned Subsidiary of
The Bank of Punjab

FIRST PUNJAB MODARABA

(An Islamic Financial Institution)

HALF YEARLY REPORT

30 June 2026

(UN-AUDITED)

Content

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 Chaudhury & 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

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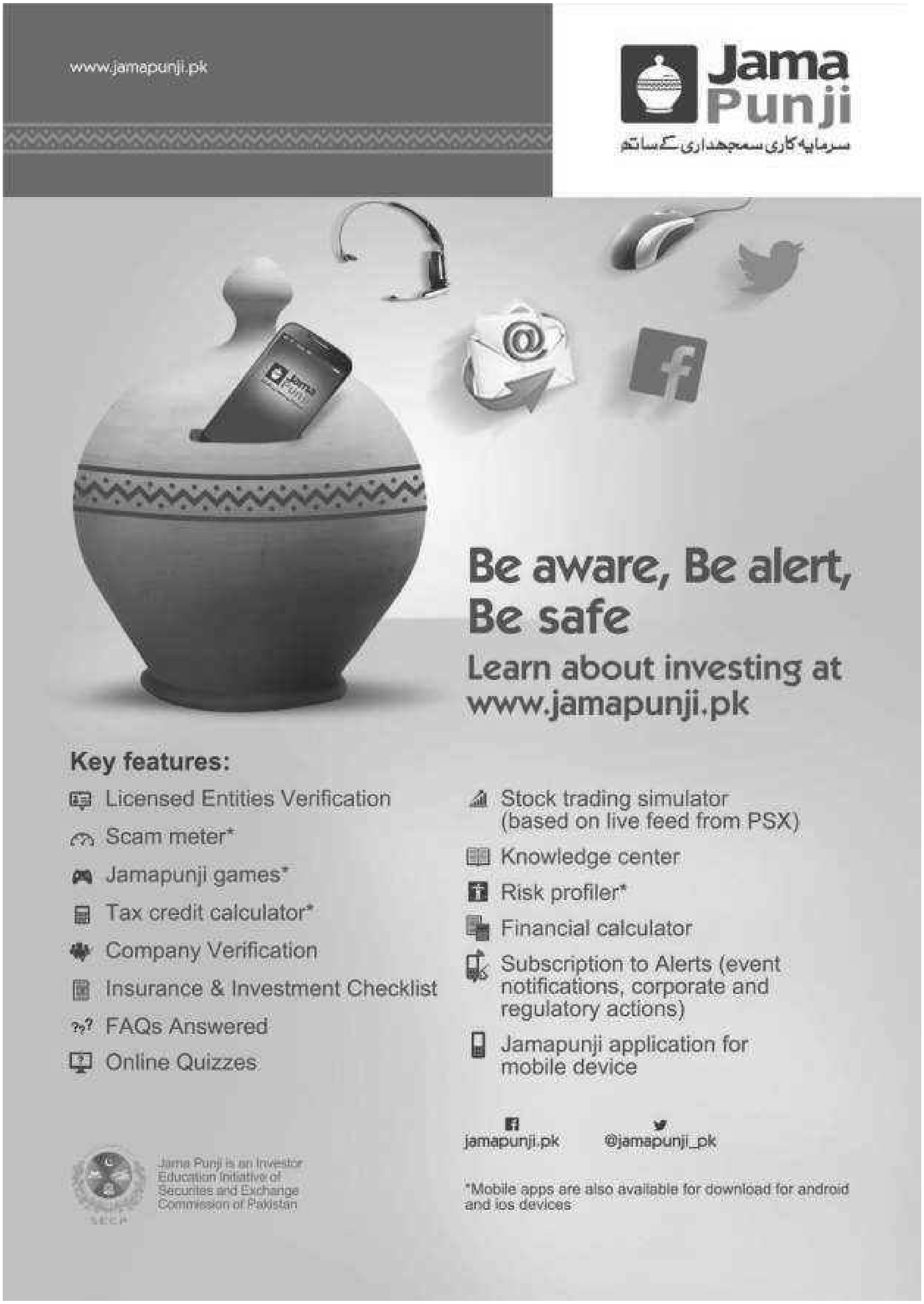
FAX : (+92-42) 36365193

E-mail : info@punjabmodaraba.com.pk

URL : www.punjabmodraba.com.pk



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DIRECTORS' REVIEW

The Board of Directors of Punjab Modaraba Services (Private) Limited, the Management Company of First Punjab Modaraba ("the Modaraba"), is pleased to present the condensed interim financial statements of the Modaraba, together with this Directors' Review, for the half year ended June 30, 2026.

During the period under review, the Modaraba maintained a stable balance sheet while continuing to strengthen its cost base. Total assets stood at Rs. 1.715 billion, a decline of 1.4% from Rs. 1.739 billion, while total liabilities reduced by 4.0% to Rs. 196.269 million from Rs. 204.480 million. Gross income declined by 18.1% to Rs. 107.265 million, from Rs. 130.910 million, while total expenses were reduced by a larger margin of 31.8%, to Rs. 153.992 million from Rs. 225.720 million. This reduction in expenses was primarily attributable to effective cost-control measures, prudent management of operating expenses, and a decline in financial charges resulting from the reduction in the profit rate applicable to the subordinated funds provided by the Parent Bank.

Pakistan's economy continued its gradual recovery during the first half of 2026, supported by improved macroeconomic stability, easing financial conditions, and continued progress under the Government's economic reform program. Real GDP growth strengthened, with economic activity benefiting from improvements across the agriculture, industrial, and services sectors. The State Bank of Pakistan maintained a supportive monetary policy stance, with the policy rate subsequently standing at 11.5%, while foreign exchange reserves also strengthened, contributing to greater stability in the external sector.

The management remained focused on the prudent deployment of funds towards creditworthy clients, supported by enhanced credit assessment procedures and rigorous scrutiny of financing proposals. In line with its financing strategy, the Modaraba primarily focused on Diminishing Musharakah financing, while Ijarah and Murabaha financings were selectively discouraged.

The management also maintained a strong focus on the vigorous monitoring of the financing portfolio and the implementation of appropriate measures to ensure the timely recovery of outstanding amounts. These efforts resulted in the reversal of provisions amounting to Rs. 31.830 million during the period. The management is further taking proactive steps to improve the recovery ratio through the strengthening and modernization of its recovery mechanisms and methodologies.

The economic outlook remains cautiously positive; however, challenges relating to inflationary pressures, external vulnerabilities, fiscal consolidation, energy costs, and global geopolitical developments continue to require close monitoring. The Board remains committed to prudent risk management, continued growth of the financing portfolio through Diminishing Musharakah, and further strengthening of its recovery mechanisms, while closely assessing the potential impact of the evolving macroeconomic environment on the Modaraba's operations and financial performance.

The Board appreciates the continued efforts and commitment of the management and employees of the Modaraba, and acknowledges their valuable contribution towards achieving the Modaraba's objectives. The Board also expresses its sincere gratitude to its valued customers, business partners, regulators, and other stakeholders for their continued support and confidence.

For & On behalf of Board,

Asim Jahangir Seth
Chief Executive Officer

Imran Bashir
Director

Lahore August 28, 2026

ڈائریکٹرز کا جائزہ

فرسٹ پنجاب مضاربہ ("مضاربہ") کی انتظامی کمپنی، پنجاب مضاربہ سروسز (پرائیویٹ) لمیٹڈ کا بورڈ آف ڈائریکٹرز، 30 جون 2026 کو ختم ہونے والی ششماہی کے لیے مضاربہ کے مختصر عبوری مالیاتی گوشوارے اور ڈائریکٹرز کا جائزہ پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

زیرِ جائزہ مدت کے دوران، مضاربہ نے اپنی لاگت کی بنیاد کو مضبوط بنانے کا عمل جاری رکھتے ہوئے ایک مستحکم بیلنس شیٹ برقرار رکھی۔ کل اثاثے 1.739 ارب روپے سے 1.4 فیصد کم ہو کر 1.715 ارب روپے رہ گئے، جبکہ کل واجبات 204.480 ملین روپے سے 4.0 فیصد کم ہو کر 196.269 ملین روپے ہو گئے۔ مجموعی آمدنی 130.910 ملین روپے سے 18.1 فیصد کم ہو کر 107.265 ملین روپے رہ گئی، جبکہ کل اخراجات میں 31.8 فیصد کی نمایاں کمی واقع ہوئی اور یہ 225.720 ملین روپے سے کم ہو کر 153.992 ملین روپے پر آ گئے۔ اخراجات میں اس کمی کی بنیادی وجوہات میں لاگت پر قابو پانے کے مؤثر اقدامات، آپریٹنگ اخراجات کا دانشمندانہ انتظام، اور پیرنٹ بینک کی جانب سے فراہم کردہ ماتحت فنڈز پر لاگو منافع کی شرح میں کمی کے نتیجے میں مالیاتی اخراجات میں ہونے والی کمی شامل ہیں۔

پاکستان کی معیشت نے 2026 کی پہلی ششماہی کے دوران بتدریج بحالی کا عمل جاری رکھا، جس میں بہتر میکرو اکنامک استحکام، مالیاتی حالات میں نرمی، اور حکومت کے معاشی اصلاحاتی پروگرام کے تحت مسلسل پیش رفت نے معاونت کی۔ حقیقی جی ڈی پی (GDP) کی شرح نمو میں بہتری آئی اور زرعی، صنعتی اور خدمات کے شعبوں میں ہونے والی پیش رفت سے معاشی سرگرمیوں کو تقویت ملی۔ اسٹیٹ بینک آف پاکستان نے ایک معاون مانیٹری پالیسی کا موقف برقرار رکھا اور پالیسی ریٹ 11.5 فیصد پر رہا، جبکہ زرمبادلہ کے ذخائر میں بھی بہتری آئی، جس سے بیرونی شعبے میں مزید استحکام پیدا ہوا۔

انتظامیہ نے قرض کی اہلیت رکھنے والے صارفین کے لیے فنڈز کے محتاط استعمال پر توجہ مرکوز رکھی، جس میں قرض کی جانچ پڑتال کے بہتر طریقہ کار اور مالی معاونت کی تجاویز کی سخت جانچ پڑتال شامل تھی۔ اپنی مالی معاونت کی حکمت عملی کے مطابق، مضاربہ نے بنیادی طور پر 'کم ہوتی ہوئی مشارکت' کے ذریعے مالی معاونت پر توجہ دی، جبکہ 'اجارہ' اور 'مرابحہ' کے تحت مالی معاونت کی حوصلہ شکنی کی گئی۔

انتظامیہ نے مالی معاونت کے پورٹ فولیو کی سخت نگرانی اور واجب الادا رقوم کی بروقت وصولی کو یقینی بنانے کے لیے مناسب اقدامات کے نفاذ پر بھی بھرپور توجہ دی۔ ان کوششوں کے نتیجے میں اس عرصے کے دوران 31.830 ملین روپے کی مالیت کے 'پروویژنز' (مخصوص رقوم کی تخصیص) کی واپسی ممکن ہوئی۔ انتظامیہ اپنے وصولی کے میکانزم اور طریقہ کار کو مضبوط اور جدید بنا کر وصولی کے تناسب کو بہتر بنانے کے لیے مزید فعال اقدامات کر رہی ہے۔

معاشی منظرنامہ محتاط انداز میں مثبت ہے؛ تاہم، افراطِ زر کے دباؤ، بیرونی خطرات، مالیاتی استحکام، توانائی کی لاگت اور عالمی جغرافیائی و سیاسی پیش رفت سے متعلق چیلنجز پر مسلسل گہری نظر رکھنے کی ضرورت ہے۔ بورڈ محتاط رسک مینجمنٹ، 'کم ہوتی ہوئی مشارکت' کے ذریعے مالی معاونت کے پورٹ فولیو میں مسلسل توسیع، اور وصولی کے میکانزم کو مزید مضبوط بنانے کے لیے پرعزم ہے، جبکہ ساتھ ہی بدلتے ہوئے مجموعی معاشی ماحول کے مضاربہ کے آپریشنز اور مالی کارکردگی پر ممکنہ اثرات کا بھی بغور جائزہ لے رہا ہے۔

بورڈ مضاربہ کی انتظامیہ اور ملازمین کی مسلسل کوششوں اور عزم کو سراہتا ہے اور مضاربہ کے مقاصد کے حصول میں ان کے گراں قدر کردار کا اعتراف کرتا ہے۔ بورڈ اپنے قابلِ قدر صارفین، کاروباری شراکت داروں، ریگولیٹرز اور دیگر اسٹیک ہولڈرز کا بھی ان کی مسلسل حمایت اور اعتماد پر تہہ دل سے شکریہ ادا کرتا ہے۔

عاصم جہانگیر سیٹھ
چیف ایگزیکٹو آفیسر

عمران بشیر
ڈائریکٹر

لاہور: 28 اگست، 2026

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE CERTIFICATE HOLDERS OF FIRST PUNJAB MODARABA

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **FIRST PUNJAB MODARABA** ("the Modaraba") as at June 30, 2026 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

Pursuant to the requirement of Section 237(1)(b) of the Companies Act, 2017, only cumulative figures for the half year, presented in the second quarter accounts are subject to a limited scope review by the statutory auditors of the Modaraba. Accordingly, the figures of the condensed interim statement of profit and loss account and condensed interim statement of comprehensive income for the three months period ended 30 June 2026 have not been reviewed by us.

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

Crowe Hussain Ch. & Co.

Lahore
UDIN: RR202610051PR0Je8OIF
Dated: August 28, 2026

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT JUNE 30, 2026

	Note	June 30, 2026 (Un-audited) Rupees	December 31, 2025 (Audited) Rupees
ASSETS			
Non Current Assets			
Fixed assets under ijarah arrangement	6	135,759,916	154,064,320
Fixed assets under own use	7	3,038,429	3,178,450
Long-term investment under musharakah arrangement	8	720,751,761	717,396,501
Long-term investment under murabahah arrangement	9	11,377,115	3,828,094
Long term deposits		1,422,494	1,422,494
Deferred tax asset		94,239,022	94,239,022
		966,588,737	974,128,881
Current Assets			
Short-term investment under murabahah arrangement	10	115,353,678	108,479,952
Current portion of non-current assets		449,923,788	423,433,862
Ijarah rentals receivable	11	49,916,339	54,154,717
Short term investment		4,000,000	4,000,000
Advances, deposits, prepayments and other receivables	12	37,652,678	59,733,567
Income tax refundable from the Government		36,456,435	34,500,088
Cash and bank balances	13	55,365,983	81,460,724
		748,668,901	765,762,910
Total assets		1,715,257,638	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		(1,039,388,871)	(1,022,980,092)
Subordinated funds	14	2,000,000,000	2,000,000,000
Certificate Holders' Equity		1,518,987,807	1,535,396,586
Non Current Liabilities			
Long term security deposits		11,252,827	18,026,827
Deferred murabahah income		3,325,987	1,328,128
Post employment benefits		7,105,156	7,465,007
		21,683,970	26,819,962
Current Liabilities			
Current portion of non current liabilities		36,813,513	29,365,174
Accrued finance cost		28,006,981	25,115,312
Trade and other payables		87,458,685	102,400,143
Provision for levies		5,192,279	3,679,706
Unclaimed dividends		17,114,403	17,114,908
		174,585,861	177,675,243
Contingencies and Commitments	15	-	-
		1,715,257,638	1,739,891,791

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

For Punjab Modaraba Services (Private) Limited

(Modaraba Management Company)

Chief Financial Officer	Chief Executive Officer	Director	Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2026

	Note	Half Year Ended June 30,		Quarter Ended June 30,	
		2026	2025	2026	2025
		(Un-audited)			
		Rupees	Rupees	Rupees	Rupees
Income from Operations					
Income from ijarah rentals - net	16	6,777,119	17,770,598	2,513,502	10,346,097
Profit on murabahah financing		327,151	849,381	-	76,016
Profit on diminishing musharakah financing		88,195,849	98,971,861	41,944,974	48,400,378
Gain on sale of development properties		-	778,483	-	135,319
		95,300,119	118,370,323	44,458,476	58,957,810
Other income	17	11,965,341	12,544,466	3,334,972	-
Total Income		107,265,460	130,914,789	47,793,448	58,957,810
Expenses					
Administrative and general expenses	18	42,739,048	42,978,534	23,223,350	27,249,247
Finance cost	19	111,253,298	182,749,717	57,330,965	91,649,425
		153,992,346	225,728,251	80,554,315	118,898,672
Operating Loss before provisions		(46,726,886)	(94,813,462)	(32,760,867)	(59,940,862)
Reversal against Ijarah rentals -net		3,163,572	177,721	2,565,107	172,564
Reversal / (provision) against murabaha arrangement- net		11,091,846	(7,421,221)	(7,489,033)	9,306,833
Reversal against musharakah arrangement - net		12,924,636	-	17,177,579	(3,805,380)
Suspension against Murabaha income		-	-	(339,085)	-
Reversal against other receivables		4,650,626	-	4,650,626	-
		31,830,680	(7,243,500)	16,565,194	5,674,017
Operating Loss before Management Company's Fee		(14,896,206)	(102,056,962)	(16,195,673)	(54,266,845)
Modaraba management company's management fee		-	-	129,947	-
Loss before Levy and Taxation		(14,896,206)	(102,056,962)	(16,065,726)	(54,266,845)
Levy / final taxation		(1,512,573)	(1,919,694)	(796,003)	(1,194,744)
Loss before Taxation		(16,408,779)	(103,976,656)	(16,861,729)	(55,461,589)
Taxation		-	-	-	14,444,193
Net Loss for the Period		(16,408,779)	(103,976,656)	(16,861,729)	(41,017,396)
Other Comprehensive Income for the Period					
Other Comprehensive Income / (loss) for the Period		-	-	-	-
Total Comprehensive loss for the Period		(16,408,779)	(103,976,656)	(16,861,729)	(41,017,396)
Loss per Certificate - Basic and Diluted		(0.48)	(3.06)	(0.50)	(1.63)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer	Chief Executive Officer	Director	Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2026

Particulars	Issued, Subscribed and Paid up Capital	Reserves			Subordinated funds	Total
		Capital	Revenue	Total Reserves		
		Statutory Reserve	Accumulated Loss			
Balance as at December 31, 2024	340,200,000	218,176,678	(850,373,686)	(632,197,008)	500,000,000	208,002,992
Net loss for the period	-	-	(103,976,656)	(103,976,656)	-	(103,976,656)
Other comprehensive loss for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-		(103,976,656)	(103,976,656)		(103,976,656)
Subordinated funds received	-	-	-	-	2,000,000,000	2,000,000,000
Balance as at June 30, 2025 (un-audited)	340,200,000	218,176,678	(954,350,342)	(736,173,664)	2,500,000,000	2,104,026,336
Balance as at December 31, 2025	340,200,000	218,176,678	(1,022,980,092)	(804,803,414)	2,000,000,000	1,535,396,586
Net loss for the period	-	-	(16,408,779)	(16,408,779)	-	(16,408,779)
Other comprehensive loss for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-		(16,408,779)	(16,408,779)	-	(16,408,779)
Balance as at June 30, 2026 (un-audited)	340,200,000	218,176,678	(1,039,388,871)	(821,212,193)	2,000,000,000	1,518,987,807

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer | Chief Executive Officer | Director | Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2026

		Half Year Ended June 30,	
		2026	2025
	Note	Rupees	Rupees
Cash Generated from Operations	20	89,604,415	261,530,245
Profit paid on redeemable capital and subordinated funds	19	(108,235,026)	(277,281,348)
Bank charges paid	19	(126,602)	(16,441)
Employees retirement benefits paid		(1,269,332)	(546,996)
Levy / final taxation paid		(1,956,347)	(1,277,424)
		(111,587,307)	(279,122,209)
Net Cash Used in Operating Activities		(21,982,892)	(17,591,964)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from transfer of ijarah assets	6	16,815,549	6,021,692
Proceeds from security deposit on new ijarah facility		-	4,450,580
Purchase of fixed assets under ijarah arrangements	6	(24,632,000)	(21,635,950)
Purchase of fixed assets under own use	7	(575,715)	(754,189)
Proceeds from disposal of fixed assets under own use	7	5,000	-
Profit received on bank deposits	17	4,275,822	2,229,634
Short term investments		-	102,251,854
Net Cash (Used in) / Generated from Investing Activities		(4,111,344)	92,563,621
CASH FLOWS FROM FINANCING ACTIVITIES			
Subordinated funds received		-	2,000,000,000
Redeemable capital paid		-	(1,485,000,000)
Reversal of unclaimed dividend		-	1,368
Unclaimed dividend paid		(505)	(500)
Net Cash (Used in) / Generated from Financing Activities		(505)	515,000,868
Net (Decrease) / Increase in Cash and Cash Equivalents		(26,094,741)	589,972,525
Cash and cash equivalents at the beginning of the period	13	81,460,724	23,080,100
Cash and Cash Equivalents at the End of the Period		55,365,983	613,052,625

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer	Chief Executive Officer	Director	Director

NOTES TO AND FORMING PART OF
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2026

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 having a registered office at Office No. 100, 3rd floor, National Tower, 28-Egerton Road, Lahore. The Modaraba is managed by Punjab Modaraba Services (Private) Limited (the "Modaraba Company") which is a wholly owned subsidiary of The Bank of Punjab incorporated in Pakistan under the repealed Companies Act, 2017.

The Modaraba is listed on Pakistan Stock Exchange and commenced its operations on December 23, 1992, and is currently engaged in various Islamic mode of financing and operations including Ijarah, Musharakah and Murabaha arrangements including Building, Construction and Real Estate activities.

Note 2
Basis of Preparation

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting 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 Modaraba (Flotation 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 These condensed interim financial statements are unaudited and are being submitted to the certificate holders as required under section 237 of the Companies Act, 2017 (the Act). However, these are subject to limited scope review by the external auditors as required by the Act and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) and Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.

2.3 The condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Modaraba as at and for the year ended December 31, 2025 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Modaraba's financial position and performance since the last annual audited financial statements.

2.4 The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Modaraba for the year ended December 31, 2025, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity are extracted from the un-audited condensed interim financial statements for the half year ended June 30, 2025.

2.5 The figures of the condensed interim statement of profit or loss and the statement of comprehensive income for the quarter ended June 30, 2026 and June 30, 2025 have not been reviewed.

2.6 Basis of measurement

These condensed interim financial statements (un-audited) have been prepared under the historical cost convention using accrual basis of accounting.

2.7 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the Modaraba's functional and presentation currency. All the figures have been rounded off to the nearest Rupees, unless otherwise stated.

Note 3
Material Accounting Policy Information

Material accounting policy information adopted in the preparation of these condensed interim financial statements (un-audited) are the same as those applied in the preparation of preceding annual financial statements of the Modaraba for the year ended December 31, 2025.

Note 4
Use of Estimates and Judgements

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Modaraba's accounting policies and key sources of estimation are the same as those that were applied to the annual audited financial statements for the year ended December 31, 2025.

Note 5
Seasonality or Cyclicality of Operations

The operations of the Modaraba are not subject to any significant seasonality or cyclicality during the interim period.

Note 6

Fixed Assets under Ijarah Arrangement

	June 30, 2026 (Un-audited) Rupees	December 31, 2025 (Audited) Rupees
Opening written down value	154,064,320	185,227,848
Additions during the period / year	24,632,000	40,293,150
Transfers during the period / year - written down value	(16,903,504)	(15,390,014)
	161,792,816	210,130,984
Depreciation charge for the period / year	(26,032,900)	(56,066,664)
	135,759,916	154,064,320

Note 7

Fixed Assets under Own Use

	June 30, 2026 (Un-audited) Rupees	December 31, 2025 (Audited) Rupees
Opening written down value	3,178,450	3,571,658
Additions during the period / year	575,715	1,665,639
Deletions during the period / year - written down value	-	(17,770)
	3,754,165	5,219,527
Depreciation charge for the period / year	(715,736)	(2,041,077)
	3,038,429	3,178,450

Note 8

Long-Term Investment Under Musharakah Arrangement

	Note	June 30, 2026 (Un-audited) Rupees	December 31, 2025 (Audited) Rupees
Secured			
Investment under musharakah arrangement		1,202,461,434	1,185,819,718
Less: Expected credit loss against musharakah arrangement	8.1	(56,650,191)	(69,574,827)
Less: Current portion of long term investment		(339,622,132)	(299,259,830)
Less: Principal due but not received		(85,437,350)	(99,588,560)
Closing balance		720,751,761	717,396,501

8.1 Expected credit losses against musharakah arrangement

Opening balance	69,574,827	69,151,530
(Reversal) / charge of provision during the period / year	(12,924,636)	423,297
Closing balance	56,650,191	69,574,827

Note 9

Long-Term Investment Under Murabahah Arrangement

	Note	June 30, 2026 (Un-audited) Rupees	December 31, 2025 (Audited) Rupees
Secured			
Investment under murabahah arrangement		38,138,490	44,868,678
Add: Deferred murabahah income		6,889,583	3,423,385
		45,028,073	48,292,063
Less: Expected credit loss against murabahah arrangement	9.1	(8,786,652)	(19,878,498)
Less: Current portion of long term murabahah arrangement		(9,208,917)	(6,599,612)
Less: Principal due but not received		(12,091,793)	(15,890,602)
Less: Current portion of deferred murabahah income		(3,563,596)	(2,095,257)
Closing balance		11,377,115	3,828,094

9.1 Expected credit losses against murabahah arrangement

Opening balance	19,878,498	16,224,414
(Reversal) / Charge of provision during the period / year	(11,091,846)	3,654,084
Closing balance	8,786,652	19,878,498

Note 10

Short-Term Investment Under Murabahah Arrangement

	Note	June 30, 2026 (Un-audited) Rupees	December 31, 2025 (Audited) Rupees
Secured			
Short-term investment under murabahah arrangement		318,747,274	311,873,548
Less: Expected credit losses against short term murabahah arrangement	10.1	(203,393,596)	(203,393,596)
		115,353,678	108,479,952

10.1 Expected credit losses against short term murabahah arrangement

Opening balance		203,393,596	213,374,252
Provision / (reversal) of provision during the period / year		-	(9,980,656)
Closing balance		203,393,596	203,393,596

Note 11

Ijarah Rentals Receivable

	Note	June 30, 2026 (Un-audited) Rupees	December 31, 2025 (Audited) Rupees
Ijarah rentals receivable		135,488,609	142,897,817
Less: Provision against ijarah rentals receivable	11.1	(53,131,304)	(56,294,876)
Less: Income suspended		(32,440,966)	(32,448,224)
		49,916,339	54,154,717

11.1 Provision against ijarah rentals receivable

Opening balance		56,294,876	80,304,753
Reversal during the period / year		(3,163,572)	(24,009,877)
Closing balance		53,131,304	56,294,876

Note 12

Advances, Deposits, Prepayments and Other Receivables

	Note	June 30, 2026 (Un-audited) Rupees	December 31, 2025 (Audited) Rupees
Profit receivable against			
- Murabahah arrangement	12.1	485,068	5,866,767
- Musharakah arrangement	12.2	7,009,469	7,168,600
		7,494,537	13,035,367
Prepayments		1,512,674	2,425,777
Advances		1,527,706	52,706
Non-banking assets		14,067,500	14,067,500
Receivable from provident fund		390,766	2,486,991
Other receivables	12.3	142,337,835	161,994,192
		159,836,481	181,027,166
Less: Expected credit losses against advances and other receivables	12.4	(129,678,340)	(134,328,966)
		37,652,678	59,733,567

12.1 Murabahah arrangement

Profit receivable on murabahah arrangement	17,564,751	22,316,406
Less: Income suspended	(17,079,683)	(16,449,639)
	485,068	5,866,767

12.2 Musharakah arrangement

Profit receivable on Musharakah arrangement	34,491,856	34,816,034
Less: Income suspended	(27,482,387)	(27,647,434)
	7,009,469	7,168,600

12.3 Other receivables

Receivable from Ijarah parties	29,387,770	29,033,863
Receivable from Musharakah parties	39,358,393	52,861,153
Receivable from Murabahah parties	30,609,139	31,629,575
Advance to employees	422,000	3,097,936
Sales tax receivable	1,049,536	802,351
Profit receivable from bank deposits	333,382	832,117
Others	41,177,615	43,737,197
	142,337,835	161,994,192

12.4 Expected credit losses against advances and other receivables

Opening balance	134,328,966	89,502,803
Provision (reversed) / charged during the period / year	(4,650,626)	44,826,163
Closing balance	129,678,340	134,328,966

Note 13

Cash and Bank Balances

	June 30, 2026	December 31, 2025
	(Un-audited)	(Audited)
	Rupees	Rupees
Cash in hand	1,535,342	89,792
Cash at banks		
-Current accounts	23,771,132	9,013,391
-Saving accounts	30,059,509	72,357,541
	55,365,983	81,460,724

Note 14

Subordinated Funds

	June 30, 2026	December 31, 2025
	(Un-audited)	(Audited)
	Rupees	Rupees
Opening balance	2,000,000,000	500,000,000
Add: Funds received during the year	-	2,000,000,000
Less: Funds repaid during the year	-	(500,000,000)
Closing balance	2,000,000,000	2,000,000,000

Note 15

Contingencies and Commitments

15.1 Contingencies

As at June 30, 2026, there has been no material change in the status of contingencies as disclosed in the notes to the financial statements of the Modaraba for the year ended December 31, 2025.

15.2 Commitments

There are no commitments during the period (2025: nil)

Note 16
Income from Ijarah Rentals - Net

	Note	June 30, 2026 (Un-audited) Rupees	June 30, 2025 (Un-audited) Rupees
Income from ijarah rentals		32,810,019	47,376,705
Less: Depreciation on ijarah assets	6	(26,032,900)	(29,606,107)
		6,777,119	17,770,598

Note 17
Other Income

	June 30, 2026 (Un-audited) Rupees	June 30, 2025 (Un-audited) Rupees
Profit on bank deposits and short-term investments	3,777,087	5,092,587
Gain on transfer of ijarah assets	706,045	3,111,371
Gain on sale of own assets	5,000	-
Processing fee	503,235	232,038
Documentation charges	376,165	313,850
Cheque return charges	748,000	972,500
Gain on settlement of Musharakah arrangements	1,257,498	1,823,465
Gain on settlement of Murabahah arrangements	3,873,143	-
Miscellaneous income	719,168	998,655
	11,965,341	12,544,466

Note 18
Administrative and General Expenses

	Note	June 30, 2026 (Un-audited) Rupees	June 30, 2025 (Un-audited) Rupees
Salaries and benefits		30,331,565	24,865,239
Rents, rates and taxes		491,684	3,220,055
Insurance		1,555,169	2,836,002
Fee and subscription		1,440,330	1,412,570
Selling and marketing expenses		156,220	1,318,335
Repairs and maintenance		1,784,215	1,180,307
Power and utilities		1,655,594	1,171,016
Legal and professional		1,466,189	1,001,060
Printing and stationery		303,876	615,868
Auditor's remuneration		250,000	250,000
Vehicle running and maintenance		422,694	672,417
Entertainment		645,339	997,370
Telephone and postage		545,959	643,473
Staff training		-	225,000
Depreciation of fixed assets under own use	7	715,736	686,844
Amortization of intangible assets		-	329,938
Income tax refundable from the Government written off		-	836,350
Miscellaneous expenses		974,478	716,690
		42,739,048	42,978,534

Note 19
Finance Cost

	June 30, 2026 (Un-audited) Rupees	June 30, 2025 (Un-audited) Rupees
Redeemable capital	-	135,980,463
Subordinated funds	111,126,696	46,752,813
Bank charges	126,602	16,441
	111,253,298	182,749,717

Note 20

Cash Generated from Operations

	Note	June 30, 2026 (Un-audited) Rupees	June 30, 2025 (Un-audited) Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before levy and taxation		(14,896,206)	(102,056,962)
Adjustment for:			
- Depreciation on fixed assets under ijarah arrangement		26,032,900	29,606,107
- Depreciation on fixed assets under own use	7	715,736	686,844
- Amortization of intangible assets		-	329,938
- Income from ijarah rentals - net		(6,777,119)	(17,770,598)
- Profit on diminishing musharakah financing		(88,195,849)	(98,971,861)
- Profit on murabahah financing		(327,151)	(849,381)
- Gain on transfer of fixed assets under ijarah arrangement	17	(706,045)	(3,111,371)
- Gain on sale of fixed assets under own use		(5,000)	-
- Gain on sale of development properties		-	(778,483)
- Gain on settlement of investment under musharakah arrangement	17	(1,257,498)	(1,823,465)
- Gain on settlement of investment under murabahah arrangement	17	(3,873,143)	-
- (Reversal) / charge of provision of expected credit losses against musharakah arrangement		(12,924,636)	7,421,221
- (Reversal) / provision of expected credit losses against murabahah		(11,091,846)	-
- Reversal of expected credit losses against Ijarah rental receivables		(3,163,572)	(177,721)
- Reversal of expected credit losses against other receivables		(4,650,626)	-
- Employees retirement benefits		909,481	1,224,694
- Profit on bank deposits		(3,777,087)	(5,092,587)
- Bank charges	19	126,602	16,441
- Income tax refundable from the Government written off		-	836,350
- Profit on redeemable capital and subordinated funds	19	111,126,696	182,733,276
		2,161,843	94,279,404
Operating profit before working capital changes		(12,734,363)	(7,777,558)
Decrease / (increase) in current assets:			
- Short-term investment under murabahah arrangement		(6,873,726)	11,200,018
- Long-term investment under murabahah arrangement		10,930,482	11,397,222
- Long-term investment under musharakah arrangement		72,811,631	181,051,103
- Development properties		-	10,000,000
- Ijarah rental receivables		14,179,069	35,364,165
- Advances, deposits, prepayments and other receivables		26,232,780	15,114,188
Increase / (decrease) in current liabilities:			
- Trade and other payables		(14,941,458)	5,181,107
		102,338,778	269,307,803
		89,604,415	261,530,245

Note 21

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 period

			June 30, 2026	**June 30, 2025**
			(Un-audited)	**(Un-audited)**
			Rupees	Rupees
Related party	**Relationship**	**Nature of transaction**		
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
		Profit accrued on subordinated funds	111,126,696	46,752,813
		Profit accrued on redeemable capital	-	135,980,463
		Profit paid on redeemable capital and subordinated funds	108,235,026	277,281,348
		Profit received on bank account with BOP	427,879	1,469,254
		Profit earned on bank account with BOP	424,525	1,268,475
Punjab Modaraba Services (Private) Limited	Management company	Rent expense of head office premises	491,684	3,039,500
		Rent paid of head office premises	-	4,534,552
Key Management Personnel	Key Management Personnel	Remuneration of key management personnel	13,635,306	2,843,044
		Facilities against Ijarah / Musharakah accrued	14,500,000	1,006,332
		Facilities against Ijarah / Musharakah paid	9,205,737	1,006,332
	Other Employees	Facilities against Ijarah / Musharakah accrued	3,185,000	-
		Facilities against Ijarah / Musharakah paid	3,436,196	-
		Advance disbursed this year	500,000	3,823,000
		Advance repaid during the year	3,180,000	1,036,000
First Punjab Modaraba Employees Provident Fund Trust	Associated undertaking	Provident fund contributions paid	781,954	1,587,898
		Provident fund contributions accrued	781,954	1,285,719

Outstanding Balance as at :

		June 30, 2026	**December 31, 2025**
		(Un-audited)	**(Audited)**
		Rupees	Rupees
The Bank of Punjab	Subordinated funds	2,000,000,000	2,000,000,000
	Profit payable on subordinate funds	28,006,981	25,115,312
	Outstanding Modaraba certificate capital	47,880	47,880
	Bank accounts maintained with BOP	25,172,616	10,323,151
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	69,043
Key Management Personnel	Outstanding amount against ijarah / Musharakah	14,576,380	9,282,117
Other Employees	Outstanding amount against ijarah / Musharakah	1,277,991	-
	Advances to employees	1,897,000	2,975,000
First Punjab Modaraba Employees Provident Fund Trust	Receivable from provident fund	390,766	2,486,991

21.1 No remuneration has been paid by the Modaraba to the chief executive officer and directors of the Modaraba (2025: nil).

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

Note 22

Financial Risk Management

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in preceding audited financial statements for the year ended December 31, 2025.

Note 23

Date of Authorization for Issue

These condensed, interim, financial statements (un-audited) for the half-year ended June 30, 2026 were approved and authorised for issuance by the Board of Directors of the Modaraba on August 28, 2026.

Note 24

General

Corresponding figures are rearranged / reclassified for better presentation and comparison. No material re-arrangements / reclassifications have been made in these condensed interim financial statements (un-audited).

For Punjab Modaraba Services (Private) Limited

(Modaraba Management Company)

Chief Financial Officer	Chief Executive Officer	Director	Director

FIRST
PUNJAB
MODARABA

(An Islamic Financial Institution)

A Wholly Owned Subsidiary of
The Bank of Punjab

Managed By:
Punjab Modaraba Services (Pvt) Ltd.

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