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AUDITED
ANNUAL REPORT
31 DEC, 2021

First Punjab Modaraba

(An Islamic Financial Institution)

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Corporate Profile

Board of Directors

Punjab Modaraba Services (Pvt.) Ltd.

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

Chief Financial Officer

Syed Asad Raza

Company Secretary

Mudassar Kaiser Pal

Audit Committee

Imran Bashir	Chairman
Ijaz ur Rehman Qureshi	Member
Samina Afsar	Member

Human Resource Committee

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

Auditors of the Modaraba

EY Ford Rhodes

Chartered Accountants

Auditors of the Management Company

Shinewing Hameed Chaudhry & Co.

Chartered Accountants

Bankers

The Bank of Punjab

Bank Alfalah Limited

Registrar

Hameed Majeed Associates (Pvt) Ltd.

H.M. House, 7-Bank Square,

The Mall,Lahore

Tel:(+92-42) 37235081-2

Registered Office

Office No. 100, 3rd Floor National Tower,

Egerton Road, Lahore.

Postal Code No. 54600

PABX: (+92-42) 36365191

Fax: (+92-42) 36365193

E-mail: info@punjabmodaraba.com.pk

URL: www.punjabmodaraba.com.pk

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- ★ Ijarah
- ★ Murabaha



PUNJAB MODARABA SERVICES (PVT) LIMITED

First Punjab Modaraba



Our Vision

Connect the Community to Islamic Mode of Financing



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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SECP

Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan

Six Year at a Glance

(Amounts in '000)

	June-17	June-18	June-19	June-20	June-21	December-21
BANALNCE SHEET						
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	209,697	215,477	216,693	216,693	218,177	220,304
Un-appropriated Profit	(358,247)	(352,254)	(364,283)	(419,594)	(413,658)	(405,150)
Total	**191,650**	**203,423**	**192,609**	**137,298**	**144,719**	**155,354**
Liabilities:						
Redeemable Capital	400,000	400,000	445,518	1,013,549	1,014,102	1,603,000
Musharikah Arrangements	1,101,205	1,193,495	1,223,622	648,739	535,129	131,101
Accrued, Deferred & Other Liabilities	180,964	195,971	267,847	284,388	254,069	275,319
Total	**1,682,169**	**1,789,466**	**1,936,987**	**1,946,675**	**1,803,299**	**2,009,420**
Total Equity & Liabilities	**1,873,819**	**1,992,889**	**2,129,596**	**2,083,974**	**1,948,018**	**2,164,774**
Operating Assets:						
Ijarah Assets	178,858	225,738	363,711	509,909	450,440	402,480
Defferred tax	56,069	61,834	64,399	64,399	64,399	64,399
Musharikah Investment	889,074	896,722	857,740	650,888	582,556	713,093
Morabaha Investment	276,995	275,416	308,264	305,443	251,927	211,197
Sub Total	**1,400,996**	**1,459,710**	**1,594,114**	**1,530,639**	**1,349,321**	**1,391,168**
Other Assets:						
Assets in own use	2,561	3,390	3,338	3,108	3,217	3,415
Investment in Subsidiary	50,000	76,500	76,500	76,500	76,500	76,500
Deposits, Prepayments & other receivables	378,509	406,090	412,619	448,624	407,232	558,412
Cash & Bank Balances	41,753	47,169	43,025	25,103	111,748	135,278
Sub Total	**472,823**	**533,149**	**535,482**	**553,335**	**598,697**	**773,605**
Total Assets	**1,873,819**	**1,992,859**	**2,129,596**	**2,083,974**	**1,948,018**	**2,164,774**
PROFIT & LOSS ACCOUNT						
Operating Income	125,081	128,663	169,527	187,385	139,449	78,019.32
Other Income	6,114	10,749	17,903	10,700	13,573	6,492
Total Income	**131,195**	**139,413**	**187,430**	**198,084**	**153,023**	**84,511**
Operating Expenses	29,374	15,117	30,319	45,719	24,877	26,722
Financial Charges	79,970	93,504	150,423	207,676	119,205	55,318
Management Fee	2,672	3,079	-	-	-	-
Total Expenses	**112,016**	**111,700**	**180,742**	**253,395**	**144,082**	**82,040**
Profit before Taxation	24,048	27,713	6,688	(55,311)	8,941	12,813
Taxation	3,836	1,041	(463)	-	(1,520)	2,178
Profit for the year	**27,884**	**28,754**	**6,225**	**(55,311)**	**7,421**	**10,635**
DISTRIBUTION:						
Cash Dividend(%)	5.00	5.00	-	-	-	-
Bonus (%)	-	-	-	-	-	-
RATIOS:						
Breakup Value (Rs.)	5.63	5.98	5.66	4.04	4.25	4.57
Earning per Certificate (Rs.)	0.82	0.81	0.18	(1.63)	0.22	0.31
Return on Equity (Rs.)	14.55	14.14	3.23	(40.29)	5.13	6.85

Chairman's Review

On behalf of the Board of Directors ("the Board") of Punjab Modaraba Services (Pvt) Limited, the Management Company of First Punjab Modaraba, I extend my gratitude to all certificate holders, sponsors and stakeholders.

I am pleased to present performance review of the Modaraba for the period ended December 31, 2021 along with role of the Board of Directors in its governance.

Over the years, the Modaraba's leadership has endeavored to foster a transparent and conducive business environment. Success is defined by demonstrating respect, fairness, and honesty in all our efforts. The Board appreciates the agility with which the Modaraba has adapted to the formidable challenges posed by the macro environment during six months period ended December 31, 2021.

The Board has performed its duties with a view to safeguard the best interest of the certificate holders. Accordingly, the affairs of the Modaraba were carried out in professional and organized manner. By the grace of Allah; the Modaraba continued its decent financial performance in a tough operating environment by recording profit after tax of Rs.10.63 million. It is pertinent to mention that this profit represents performance of six months pursuant to change of accounting year from June 30 to December 31.

The Board exercised its powers and has performed its duties as stated in Modaraba Ordinance, 1980; the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with the provisions of the Rule Book of the Pakistan Stock Exchange Limited where the Modaraba's certificates are listed. The Board performed its duties and responsibilities conscientiously and contributed successfully in guiding the Modaraba in all its strategic affairs. The Board also played a key role in monitoring of management performance with focus on major risks areas. All Directors, including Independent Directors, fully participated and contributed in decision making process of the Board.

The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code of Corporate Governance and that members of the Board and its respective committees have suitable skills, experience and knowledge to manage the affairs of the Modaraba. The Board also ensured that meetings of the Board and that of its committees were held with the requisite quorum, all the decision making were taken through Board resolutions and that the minutes of all the meetings including committees are appropriately recorded and maintained. The Board exercised its powers in accordance with the relevant laws and regulations applicable on the Modaraba and the Board has always prioritized the compliance with all applicable laws and regulations in terms of their conduct as directors and exercising their powers and decision making.

While the new year provides us a range of business opportunities to explore, I believe it is imperative to focus on futureproofing our businesses through a culture of continuous learning, sustainability and data driven decision-making. The dynamic future will present new challenges, necessitating investment in building and enhancing leadership competencies.

The Board shall remain firmly committed to fulfill its responsibility in line with best practices of corporate governance. Further, it will be ensured that the Management's performance continues to improve upon maximization of certificate holders' return on investment.

I am thankful to the Government of Pakistan, regulators, service providers, customers, partners, our people and all stakeholders specially Registrar Modaraba. I take this opportunity to applaud each Member of the Board of Directors for their sincerity in service as custodians of the vision of the Modaraba.



Nadeem Aamir
Chairman

April 8, 2022

DIRECTORS' REPORT

The Board of Directors of Punjab Modaraba Services (Pvt.) Limited, the Management Company of First Punjab Modaraba (the Modaraba) is pleased to present the 29th Directors' Report of the Modaraba, together with audited financial statements and auditors' report for period ended December 31, 2021.

Economic Outlook and Future Prospects

- The current financial period year started with positive prospects for building upon the momentum of economic growth achieved during the last fiscal year FY21. However, the tenuous spillover between growth acceleration and the external sector vulnerabilities once again surfaced during the period. Nonetheless, Pakistan's economy continues to show healthy value-added creation. Its cyclical position is largely balanced and the trend growth rate of potential output remains strong.

Meanwhile, certain risks exist in the economy including the spread of Omicron variant, inflationary and external sector pressures due to rebounding of global commodity prices. However, appropriate policies i.e., massive vaccination drive, effective monitoring of markets and prudent measures to curtail non-essential imports are underway to offset the risks and challenges being faced by the economy.

Principal activities and performance of Modaraba

The Modaraba is a perpetual and multi-dimensional Modaraba and is primarily engaged in the business of Ijarah, Musharikah and Morabaha financing, equity investment and other related businesses in accordance with the injunctions of Islam. The addition of Building, Construction and Real Estate activity bids a diversified business prospect.

In order to conform the accounting year of the Modaraba to parent bank, the Securities and Exchange Commission of Pakistan, upon request of the Modaraba, has approved change of accounting year from June to December.

The period under consideration witnessed stability in performance envisaged by after tax profit of Rs.10.63 million. The most significant factors included reduction of financial cost and positive impact of recoveries from chronic non-performing assets. The booking of fresh assets of Rs.380 million during the period remained an encouraging achievement from growth perspective.

The booking of fresh assets for sustainable growth, recovery from non-performing assets and focus on construction segment will continue to be fundamental aspects of business strategy.

Financial Results

The financial results of the Modaraba are summarized below:

	Dec-2021 Rupees	Jun-2020 Rupees
Profit / (loss) for the year	10,634,680	7,420,750
Accumulated loss brought forward	(413,657,696)	(419,594,296)
Other comprehensive income	-	-
Profit available for appropriation	-	-
Appropriations		
Transfer to statutory reserve	2,126,936	1,484,150
Final dividend: Nil (June 2021:Nil)	-	-
Accumulated loss carried forward	(405,149,952)	(413,657,696)
Earning per certificate - Rs.	0.31	0.22

Profit Distribution and transfer to reserves

During the year, no dividend was declared while Rs. 2,126,936 were transferred to reserves by the Board.

FPM Financial Strength Rating

The Pakistan Credit Rating Agency (Pvt.) Limited (PACRA) has maintained long term rating of "A-" and short term rating of "A2" with "Stable" outlook, based on annual and interim review.

Wholly owned Subsidiary

The accounting year of wholly owned subsidiary of the Modaraba, i.e. Punjab Capital Securities (Private) Limited has also been changed to December 31. The Company recorded net profit of Rs.4.25 million during the year. The total assets remained to the tune of Rs.105.38 million by close of the year. The good performance of the Company is expected to continue in future.

Corporate and Financial Reporting Framework

The Modaraba has complied with all the requirements of the Code of Corporate Governance as required by the listing regulations. Accordingly, the Directors are pleased to confirm the following:

a) The financial statements, prepared by the management of the Modaraba, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
b) Proper books of account of the Modaraba have been maintained;
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained;
e) The system of internal control is sound in design and has been effectively implemented and monitored;
f) There are no significant doubts upon the Modaraba's ability to continue as a going concern.
g) There were no principal risks or uncertainties facing the Modaraba.
h) There were no significant changes concerning the nature of business of the Modaraba or its subsidiary.
i) There has been no material departure from the best practices of corporate governance as detailed in listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) expect for those mentioned in the statement of compliance.
j) There were no material changes and commitments affecting the financial position of the Modaraba which have occurred between the end of the financial year of the Modaraba to which the financial statement relates and the date of the report.
k) The Board of directors and its management team are fully determined to move the Modaraba from present situation of uncertainties and for this a strategic plan has been developed and which is expected to bring positive improvements in the foreseeable future.
l) Key operating and financial data for last six years, Pattern of holding by the certificate holders and additional related information is annexed.
m) Due to reduction in period under view, amid change of accounting year; one meeting of the Board of Directors and one audit committee meeting were held separately. Attendance by each Director and member of audit committee is annexed.
n) Majority of the members of the Audit Committee are amongst independent, while all are non-executive directors.
o) There are no outstanding demands of statutory payments on account of taxes, duties, levies and charges as at 31 December 2021, except for those disclosed in financial statements.
p) The value of investments of the staff provident fund, based on audited accounts, was Rupees 7,263,208 as at 31 December, 2021.

Compliance with the Code of Corporate Governance

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, relevant for year ended 31 December, 2021 have been duly complied with and any exceptions have been disclosed in the Statement of Compliance with the Best Practices of Corporate Governance.

The Board of Directors

Composition of the Board

The Board of Directors is composed of seven members, with statutory representation of different categories of directors, including independent directors, non-executive directors and executive directors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board is responsible for making strategic decisions with respect to important management matters, including the execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating matters according to established criteria: assessing risks and giving due consideration to ground realities. The Board is also responsible for supervising and monitoring conduct guidelines.

1. The total number of directors is seven (7) comprising of six (6) male and one (1) female directors.
2. The Board included one (1) executive, and six (6) non-executive directors out of whom two (2) were independent directors.
3. The composition of Board of Directors (the Board) is as follows:

Category	Names
Independent Directors	Mr. Imran Bashir, Ms. Samina Afsar,
Non-Executive Directors	Mr. Nadeem Aamir Mr. Ijaz ur Rehman Qureshi Mr. Umar Sheikh, Mr. Khawar Shahid Ansari
Executive Director	Mr. Aamir Malik

Board Meeting and Attendance

During the year one (1) meeting of the Board of Directors of the Modaraba was held; attendance by each director is shown below:

Sr. No.	Name	Designation	Number of meetings Attended
1	Mr. Nadeem Amir	Chairman / Director	1
2	Mr. Aamir Malik	Chief Executive / Director	1
3	Mr. Ijaz-ur-Rehman Qureshi	Director	1
4	Mr. Umer Iqbal Sheikh	Director	1
5	Mr. Imran Bashir	Director	1
6	Ms. Samina Afsar	Director	1
7	Mr. Khawar Shahid Ansari	Director	1

Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants have retired. In their place, M/s A. F. Ferguson & Company, Chartered Accountants have been appointed auditors of the Modaraba for financial year ending 31 December 2022 subject to the approval of Registrar Modaraba.

Statement of Ethics and Business Practices

The Board has adopted a Code of Conduct that sets out core values relating to lawful and ethical conduct of business. All employees have a copy of this code of conduct and are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulations. This forms a part of the Modaraba's compliance structure.

Social, Ethical and Environmental Responsibilities

The Board is conscious of social, ethical and environmental matters and is planning for its continued participation in these areas of public interest.

Chairman's Review

The accompanied Chairman review deals with the performance of the Modaraba for the year ended 31 December 2021 and future outlook. The directors endorse the contents of the review.

Relationship with Stakeholders

The Modaraba is committed to establishing mutually beneficial relations with all stakeholders, Pakistan Stock Exchange, SECP and other business partners of the Modaraba. Alhamdulillah during the period under review relations with all stakeholders remained cordial.

Post Balance Sheet Events

No material changes or commitments affecting the financial position of the Modaraba have occurred between the end of financial year of the Modaraba and date of this report.

Acknowledgments

The Board is grateful for the continuous guidance and support extended by the Registrar Modaraba and Securities & Exchange Commission of Pakistan and expects to take their benefit in future as well.

For and on behalf of the Board

(Aamir Malik)
CHIEF EXECUTIVE

(Imran Bashir)
DIRECTOR

Lahore: April 08, 2022

ڈائریکٹرز رپورٹ

پنجاب مضاربہ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز، فرسٹ پنجاب مضاربہ (مضاربہ) کی مینجمنٹ کمپنی مضاربہ کے 29ویں ڈائریکٹرز کی رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشواروں اور آڈیٹرز کی رپورٹ کو ختم ہونے والے سال 31 دسمبر 2021 کے لیے پیش کرتے ہوئے خوش ہے۔

اقتصادی آؤٹ لک اور مستقبل کے امکانات

رواں مالی سال کا آغاز گزشتہ مالی سال FY21 کے دوران حاصل کی گئی معاشی نمو کی رفتار پر استوار ہونے کے مثبت امکانات کے ساتھ ہوا۔ تاہم، اس مدت کے دوران ترقی کی رفتار اور بیرونی شعبے کی کمزوریوں کے درمیان ایک بار پھر اضطراب ظاہر ہوا۔ اس کے باوجود، پاکستان کی معیشت صحت مند ویلیو ایڈڈ تخلیق کا مظاہرہ کر رہی ہے۔ اس کی گردشی پوزیشن بڑی حد تک متوازن ہے اور ممکنہ پیداوار کے رجحان کی شرح نمو مضبوط رہتی ہے۔

دریں اثنا، معیشت میں بعض خطرات موجود ہیں جن میں Omicron ویرینٹ کا پھیلاؤ، مہنگائی اور عالمی سطح پر اجناس کی قیمتوں میں اضافے کی وجہ سے بیرونی شعبے کے دباؤ شامل ہیں۔ تاہم، معیشت کو درپیش خطرات اور چیلنجوں کو دور کرنے کے لیے مناسب پالیسیاں یعنی بڑے پیمانے پر ویکسینیشن مہم، مارکیٹوں کی موثر نگرانی اور غیر ضروری درآمدات کو کم کرنے کے لیے دانشمندانہ اقدامات جاری ہیں۔

مضاربہ کی بنیادی سرگرمیاں اور کارکردگی

مضاربہ ایک دائمی اور کثیر جہتی مضاربہ ہے اور بنیادی طور پر اسلام کے احکام کے مطابق اجارہ، مشارکہ اور مرابحہ فنانسنگ، ایکویٹی انویسٹمنٹ اور دیگر متعلقہ کاروبار میں مصروف ہے۔ بلڈنگ، کنسٹرکشن اور ریئل اسٹیٹ کی سرگرمی کا اضافہ ایک متنوع کاروبار کو بڑھاوا دیتا ہے۔

مضاربہ کے اکاؤنٹنگ سال کو پیرنٹ بینک سے ہم آہنگ کرنے کے لیے، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے مضاربہ کی درخواست پر، اکاؤنٹنگ سال جون سے دسمبر میں تبدیل کرنے کی منظوری دی ہے۔

زیر نظر سال میں 10.63 ملین روپے کے بعد از ٹیکس منافع سے کارکردگی میں استحکام کا مشاہدہ کیا گیا۔ سب سے اہم عوامل میں مالی لاگت میں کمی اور دائمی غیر کارکردگی والے اثاثوں سے وصولیوں کے مثبت اثرات شامل تھے۔ سال کے دوران 380 ملین روپے کے تازہ اثاثوں کی بکنگ ترقی کے نقطہ نظر سے ایک حوصلہ افزا کامیابی رہی۔

پائیدار ترقی کے لیے تازہ اثاثوں کی بکنگ، غیر فعال اثاثوں سے بحالی اور تعمیراتی شعبے پر توجہ کاروباری حکمت عملی کے بنیادی پہلوؤں میں شامل رہیں گے۔

مالیاتی نتائج

مضاربہ کے مالی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

	دسمبر-2021	جون-2021
	روپے	روپے
منافع/(نقصان) سال کے لیے	10,634,68	7,420,7500
جمع شدہ نقصان	(413,657,696)	(419,594,296)
دیگر جامع آمدنی		
مختص کے لیے دستیاب منافع	-	-
مختصات		
قانونی ریزرو میں منتقلی	2,126,936	1,484,150
حتمی منافع صفر (جون 2021 :صفر)--		
جمع شدہ نقصان	(405,149,952)	(413,657,696)
	==========	==========
کمائی فی سرٹیفکیٹ-روپے	0.31	0.22
	==========	==========

منافع کی تقسیم اور ذخائر میں منتقلی۔

سال کے دوران کوئی ڈیویڈنڈ کا اعلان نہیں کیا گیا جبکہ بورڈ نے 2,126,936 روپے کو ریزرو میں منتقل کیا گیا۔

FPM مالیاتی طاقت کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی (پرائیویٹ) لمیٹڈ (PACRA) نے سالانہ اور عبوری جائزے کی بنیاد پر طویل مدتی درجہ بندی "A-" اور "A2" کی مختصر مدت کی درجہ بندی کو "مستحکم" آؤٹ لک کے ساتھ برقرار رکھا ہے۔

مکمل ملکیتی ماتحت ادارہ

مضاربہ کی مکمل ملکیتی ذیلی کمپنی، یعنی پنجاب کیپٹل سیکیورٹیز (پرائیویٹ) لمیٹڈ کے اکاؤنٹنگ سال کو بھی 31 دسمبر میں تبدیل کر دیا گیا ہے۔ کمپنی نے سال کے دوران 4.25 ملین روپے کا خالص منافع ریکارڈ کیا۔ سال کے اختتام تک کل اثاثے 105.38 ملین روپے رہے۔ کمپنی کی اچھی کارکردگی مستقبل میں بھی جاری رہنے کی امید ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

مضاربہ نے کوڈ آف کارپوریٹ گورننس کے تمام تقاضوں کی تعمیل کی ہے جیسا کہ فہرست سازی کے ضوابط کی ضرورت ہے۔اس کے مطابق، ڈائریکٹرز درج ذیل کی تصدیق کرتے ہوئے خوش ہیں:

الف) مضاربہ کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے کاموں، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کے نتائج کو منصفانہ طور پر پیش کرتے ہیں۔

ب) مضاربہ کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔

c) مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

d) بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی روانگی کا مناسب انکشاف اور وضاحت کی گئی ہے۔

e) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

f) مضاربہ کی ایک جاری تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔

g) مضاربہ کو درپیش کوئی بنیادی خطرہ یا غیر یقینی صورتحال نہیں تھی۔

h) مضاربہ یا اس کے ذیلی ادارے کے کاروبار کی نوعیت سے متعلق کوئی خاص تبدیلیاں نہیں کی گئیں۔

i) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے جیسا کہ درج کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ریگولیشنز) میں تفصیل سے تعمیل کے بیان میں ذکر کردہ افراد کے لیے توقع ہے۔

j) مضاربہ کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں تھے جو مضاربہ کے مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان واقع ہوئے ہیں۔

(k) بورڈ آف ڈائریکٹرز اور اس کی انتظامی ٹیم مضاربہ کو موجودہ غیر یقینی صورتحال سے نکالنے کے لیے پوری طرح پرعزم ہے اور اس کے لیے ایک اسٹریٹجک منصوبہ تیار کیا گیا ہے اور اس سے مستقبل قریب میں مثبت بہتری کی توقع ہے۔

l) پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا، سرٹیفکیٹ ہولڈرز کے انعقاد کا نمونہ اور اضافی متعلقہ معلومات منسلک ہیں۔

m) زیر نظر مدت میں کمی کی وجہ سے، اکاؤنٹنگ سال کی تبدیلی کے درمیان؛ بورڈ آف ڈائریکٹرز کا ایک اجلاس اور آڈٹ کمیٹی کا ایک اجلاس الگ الگ منعقد ہوا۔ ہر ڈائریکٹر اور آڈٹ کمیٹی کے ممبر کی حاضری منسلک ہے۔

n) آڈٹ کمیٹی کے زیادہ تر ممبران آزاد ہیں، جب کہ تمام غیر ایگزیکٹو ڈائریکٹر ہیں۔

o) 31 دسمبر 2021 تک ٹیکس، ڈیوٹی، لیویز اور چارجز کی مد میں قانونی ادائیگیوں کے کوئی بقایا مطالبات نہیں ہیں، سوائے مالیاتی گوشواروں میں ظاہر کیے گئے مطالبات کے۔

p) اسٹاف پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر، آڈٹ شدہ کھاتوں کی بنیاد پر، 31 دسمبر 2021 تک 7,263,208 روپے تھی۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل

31 دسمبر 2021 کو ختم ہونے والے سال کے لیے متعلقہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضوں کی پوری طرح سے تعمیل کی گئی ہے اور کارپوریٹ گورننس کے بہترین طرز عمل کی تعمیل کے بیان میں کسی بھی استثناء کا انکشاف کیا گیا ہے۔

بورڈ آف ڈائریکٹرز

بورڈ کی تشکیل

بورڈ آف ڈائریکٹرز سات اراکین پر مشتمل ہے، جس میں مختلف زمروں کے ڈائریکٹرز کی قانونی نمائندگی ہے، بشمول آزاد ڈائریکٹرز، نان ایگزیکٹو ڈائریکٹرز اور ایگزیکٹو ڈائریکٹرز جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضرورت ہے۔ بورڈ ذمہ دار ہے۔ اہم انتظامی امور کے حوالے سے تزویراتی فیصلے کرنے کے لیے، بشمول اہم کاروباری سرگرمیوں کی انجام دہی اور قانون کے مطابق دیگر معاملات۔ یہ فیصلے طے شدہ معیارات کے مطابق معاملات پر غور وفکر کرنے کے بعد کیے جاتے ہیں: خطرات کا اندازہ لگانا اور زمینی حقائق کو مدنظر رکھنا۔ بورڈ طرز عمل کے رہنما خطوط کی نگرانی اور نگرانی کے لیے بھی ذمہ دار ہے۔

1. ڈائریکٹرز کی کل تعداد سات (7) ہے جس میں چھ (6) مرد اور ایک (1) خاتون ڈائریکٹر شامل ہیں۔
2. بورڈ میں ایک (1) ایگزیکٹو، اور چھ (6) نان ایگزیکٹو ڈائریکٹرز شامل تھے جن میں سے دو (2) آزاد ڈائریکٹر تھے۔
3. بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل حسب ذیل ہے:

زمرے کے نام	
آزاد ڈائریکٹرز	جناب عمران بشیر،
	محترمہ ثمینہ افسر صاحبہ
نان ایگزیکٹیو ڈائریکٹرز	جناب ندیم عامر
	جناب اعجاز الرحمٰن قریشی صاحب
	عمر شیخ صاحب
	جناب خاور شاہد انصاری۔
ایگزیکٹو ڈائریکٹر	جناب عامر ملک

بورڈ میٹنگ اور حاضری

سال کے دوران مضاربہ کے بورڈ آف ڈائریکٹرز کا ایک (1) اجلاس منعقد ہوا؛ ہر ڈائریکٹر کی حاضری ذیل میں دکھائی گئی ہے۔

نمبر	نام	عہدہ	میٹنگز کی تعداد
1	جناب ندیم عامر	چیئرمین/ ڈائریکٹر	1
2	جناب عامر ملک	چیف ایگزیکٹو/ ڈائریکٹر	1
3	جناب اعجاز الرحمٰن قریشی	ڈائریکٹر	1
4	جناب عمر اقبال شیخ	ڈائریکٹر	1
5	جناب عمران بشیر	ڈائریکٹر	1
6	محترمہ ثمینہ افسر	ڈائریکٹر	1
7	جناب خاور شاہد انصاری	ڈائریکٹر	1

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 کا اجلاس اور حاضری

سال کے دوران مضاربہ کی بورڈ آڈٹ کمیٹی کا ایک (1) اجلاس منعقد ہوا؛ ہر ممبر کی حاضری حسب ذیل ہے:

نمبر	نام	عہدہ	میٹنگز کی تعداد
1	جناب عمران بشیر	چیئرمین	1
2	جناب اعجاز الرحمٰن قریشی	ممبر	1
3	محترمہ ثمینہ افسر	ممبر	0

ہیومن ریسورس کمیٹی کا اجلاس اور حاضری

سال کے دوران مضاربہ کی ہیومن ریسورس کمیٹی کا کوئی اجلاس منعقد نہیں ہوا۔

-غیر حاضری کی چھٹی ڈائریکٹرز کو دی گئی تھی، جو بورڈ کے اجلاسوں میں شرکت نہیں کر سکتے تھے۔
-مضاربہ کے پاس روپے ادا کرنے کی پالیسی ہے۔ بورڈ آف ڈائریکٹرز یا بورڈ کی کمیٹیوں کی ہر میٹنگ میں شرکت کے لیے 25,000 بطور فیس صرف آزاد ڈائریکٹرز کو۔ سال کے دوران، دو آزاد ڈائریکٹرز کو 75,000 روپے کی جمع رقم ادا کی گئی۔
-31 دسمبر 2021 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹوز یا ان کی شریک حیات اور نابالغ بچوں کے ذریعہ مضاربہ کے سرٹیفکیٹس میں کوئی تجارت نہیں کی گئی۔

متعلقہ پارٹی لین دین

31 دسمبر 2021 کو ختم ہونے والے مالی سال کے دوران تمام متعلقہ پارٹی ٹرانزیکشنز کو آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے کے لیے رکھا گیا تھا اور بعد میں اس کی منظوری دی گئی تھی۔ ان ٹرانزیکشنز کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ نے ان کی منظوری دی۔ یہ تمام لین دین منتقلی کی قیمتوں کے تعین کے طریقوں اور بورڈ کی طرف سے منظور شدہ متعلقہ فریقوں کی پالیسی کے مطابق تھے۔

سرٹیفکیٹ ہولڈرز کا کردار

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ مضاربہ کے سرٹیفکیٹ ہولڈرز کو مضاربہ کی حالت پر اثر انداز ہونے والی اہم پیشرفت سے آگاہ رکھا جائے۔ اس مقصد کو حاصل کرنے کے لیے، معلومات کو سہ ماہی، ششماہی اور سالانہ رپورٹوں کے ذریعے سرٹیفکیٹ ہولڈرز تک پہنچایا جاتا ہے۔ بورڈ اعلیٰ سطحی احتساب کو یقینی بنانے کے لیے سالانہ جائزہ اجلاس میں سرٹیفکیٹ ہولڈرز کی فعال شرکت کو سراہتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز M/s EY Ford Rhodess، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں۔ان کی جگہ M/s A.F. Ferguson & Company چارٹرڈ اکاؤنٹنٹس کو رجسٹرار مضاربہ کی منظوری سے مشروط 31 دسمبر 2022 کو ختم ہونے والے مالی سال کے لیے مضاربہ کا آڈیٹر مقرر کیا گیا ہے۔

اخلاقیات اور کاروباری طریقوں کا بیان

بورڈ نے ایک ضابطہ اخلاق اپنایا ہے جو کاروبار کے قانونی اور اخلاقی طرز عمل سے متعلق بنیادی اقدار کا تعین کرتا ہے۔تمام ملازمین کے پاس اس ضابطہ اخلاق کی کاپی ہے اور ان سے توقع کی جاتی ہے کہ وہ گاہکوں، عملے اور ضوابط کے سلسلے میں دیانتداری اور منصفانہ برتاؤ کے اعلیٰ معیارات کا مشاہدہ کریں۔یہ مضاربہ کے تعمیل ڈھانچے کا ایک حصہ بناتا ہے۔

سماجی، اخلاقی اور ماحولیاتی ذمہ داریاں

بورڈ سماجی، اخلاقی اور ماحولیاتی معاملات سے باخبر ہے اور مفاد عامہ کے ان شعبوں میں اپنی مسلسل شرکت کی منصوبہ بندی کر رہا ہے۔

چیئرمین کا جائزہ

اس رپورٹ کے ساتھ چیئرمین کا جائزہ 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے مضاربہ کی کارکردگی اور مستقبل کے نقطہ نظر سے متعلق ہے۔ڈائریکٹرز جائزے کے مندرجات کی توثیق کرتے ہیں۔

اسٹیک ہولڈرز کے ساتھ تعلقات

مضاربہ تمام اسٹیک ہولڈرز، پاکستان اسٹاک ایکسچینج، ایس ای سی پی اور مضاربہ کے دیگر کاروباری شراکت داروں کے ساتھ باہمی طور پر فائدہ مند تعلقات قائم کرنے کے لیے پرعزم ہے۔الحمدللہ زیر جائزہ مدت کے دوران تمام اسٹیک ہولڈرز کے ساتھ تعلقات خوشگوار رہے۔

بیلنس شیٹ کے واقعات پوسٹ کریں۔

مضاربہ کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان مضاربہ کی مالی حالت کو متاثر کرنے والی کوئی بھی مادی تبدیلی یا وعدے نہیں ہوئے ہیں۔

اعترافات

بورڈ رجسٹرار مضاربہ اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مسلسل رہنمائی اور تعاون کا مشکور ہے اور امید کرتا ہے کہ مستقبل میں بھی ان سے فائدہ اٹھایا جائے گا۔

بورڈ کے لیے اور اس کی جانب سے

(عامر ملک)
چیف ایگزیکٹو

(عمران بشیر)
ڈائریکٹر

لاہور: 08 اپریل 2022

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

Name of company: FIRST PUNJAB MODARABA
Year ending: DECEMBER 31, 2021

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

1. The total number of directors are Seven as per the following,-
a. Male: Six (06)
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. Nadeem Amir Mr. Ijaz ur Rehman Qureshi Mr. Khawar Shahid Ansari Mr. Umar Iqbal Sheikh
Executive directors	Mr. Aamir Malik
Female directors	Ms. Samina Afsar *(also an independent director)*

No changes have been made in the Board during the period. The fraction required for minimum number of independent directors, being 0.33 which is less than 0.5, has not been rounded up as one.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this modaraba;

4. The modaraba has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the modaraba along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the modaraba. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating 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

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 Meeting and Attendance

During the year one (1) meeting of the Board Audit Committee of the Modaraba was held; attendance by each member is as under:

Sr. No.	Name	Designation	Number of meetings Attended
1	Mr. Imran Bashir	Chairman	1
2	Mr. Ijaz-ur-Rehman Qureshi	Member	1
3	Ms. Samina Afsar	Member	0

Human Resource Committee Meeting and Attendance

During the year no meeting of the Human Resource Committee of the Modaraba was held.

- Leave of absence was granted to the Directors, who could not attend the Board meetings.
- The Modaraba has the policy to pay Rs. 25,000 as fee to independent directors only, for attending every meeting of the Board of Directors or committees of the Board. During the year, an accumulated amount of Rs.75,000 was paid to two independent directors.
- No trades in certificates of the Modaraba were carried out by the Directors, Executives or their spouses and minor children during the year ended 31 December, 2021.

Related Party Transactions

All related party transactions during the financial year ended on 31 December 2021 were placed before the Audit Committee and the Board for their review and subsequently approved. These transactions were reviewed by the Audit Committee and approved by the Board. All these transactions were in line with the transfer pricing methods and the policy for related parties approved by the Board.

Role of Certificate-Holders

The Board aims to ensure that the Modaraba's certificate holders are kept informed about major developments affecting the Modaraba's state of affairs. To achieve this objective, information is communicated to certificate holders through quarterly, half-yearly and annual reports. The Board appreciates certificate-holders' active participation at annual review meeting to ensure high level of accountability.

requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Out of seven (07) directors, following five (05) have obtained certifications under directors training program:

- Mr. Nadeem Amir
- Mr. Ijaz ur Rehman Qureshi
- Mr. Imran Bashir
- Ms. Samina Afsar
- Mr. Aamir Malik

The above directors constitute 71% of the total number, while one more director due for certification, could not do that due to COVID-19 pandemic.

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief financial officer and Chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below.-

a) Audit Committee

Chairman	Mr. Imran Bashir
Member	Mr. Ijaz ur Rehman Qureshi
Member	Ms. Samina Afsar

b) HR and Remuneration Committee

Chairperson	Ms. Samina Afsar
Member	Mr. Ijaz ur Rehman Qureshi
Member	Mr. Umar Iqbal Sheikh
Member	Mr. Aamir Malik

c) Risk Management Committee

Chairman	Mr. Ijaz ur Rehman Qureshi
Member	Mr. Umar Iqbal Sheikh
Member	Mr. Aamir Malik

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following,-

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

15. The Board has set up an effective internal audit function 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 they 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 a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company 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, 27, 32, 33 and 36 of the Regulations have been complied with.

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

i. In view of the scale of operations of Modaraba, same person has held the office of CFO and company secretary during the period under consideration.



Signature (s)
NADEEM AMIR
Chairman

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 (the Board) of the **First Punjab Modaraba (the Modaraba)** for the six month-period ended **31 December 2021** 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, the Modaraba's related party transactions and also ensure compliance with the requirements of section 208 of the companies Act, 2017. 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. We have not carried out procedures to assess and determine the Modaraba's process for identification of related parties and that whether the related party transactions were taken at arm's length price or not.

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 six-month period ended 31 December 2021.

Further, we highlight below instances of non-compliance with the requirement of the regulations as reflected in the note reference where these are stated in the Statement of Compliance:

Sr.	Reference	Non-Compliance
(i)	Note 19 (i)	In view of the scale of operations of Modaraba, Same person has held the office of CFO and company secretary during the Period under consideration.

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Place: Lahore
Date: April 19, 2022

NOTICE OF ANNUAL REVIEW MEETING

The Certificate Holders are hereby notified that the Certificate Transfer Books shall remain closed from 23-04-2022 to 30-04-2022 (both days inclusive), for the purpose of attending Annual Review Meeting. All transfers received in order upto close of business hours on April 22, 2022 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 10:00 am on Friday, April 29, 2022 through video link (Zoom Meeting) to review the performance of the Modaraba for the year ended December 31, 2021 in terms of Regulation No.33, Chapter IV of Modaraba Regulations, 2021.

The Certificate Holders 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:

armdec2021@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, 2022 are also available on Modaraba's website: www.punjabmodaraba.com.pk.

By the Order of
Board of Directors

(Mudassar Kaiser Pal)
COMPANY SECRETARY

PATTERN OF SHAREHOLDINGS
AS ON JUNE 30TH, 2022

Number of ShareHolders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
921	1 -	100	40,776	0.12
1381	101 -	500	383,766	1.13
1038	501 -	1000	848,805	2.50
581	1001 -	5000	1,319,124	3.88
105	5001 -	10000	783,607	2.30
34	10001 -	15000	435,494	1.28
30	15001 -	20000	539,486	1.59
15	20001 -	25000	341,999	1.01
10	25001 -	30000	283,968	0.83
7	30001 -	35000	231,910	0.68
6	35001 -	40000	224,068	0.66
4	40001 -	45000	171,500	0.50
5	45001 -	50000	244,500	0.72
5	50001 -	55000	265,000	0.78
1	55001 -	60000	59,000	0.17
3	65001 -	70000	204,550	0.60
4	70001 -	75000	297,900	0.88
1	75001 -	80000	79,000	0.23
2	80001 -	85000	168,000	0.49
1	85001 -	90000	86,500	0.25
4	95001 -	100000	396,500	1.17
1	100001 -	105000	101,000	0.30
3	105001 -	110000	322,786	0.95
1	110001 -	115000	112,500	0.33
1	115001 -	120000	117,923	0.35
1	130001 -	135000	135,000	0.40
1	150001 -	155000	151,000	0.44
1	175001 -	180000	178,500	0.52
1	190001 -	195000	193,500	0.57
5	195001 -	200000	992,644	2.92
1	205001 -	210000	210,000	0.62
1	215001 -	220000	217,500	0.64
1	230001 -	235000	232,500	0.68
1	265001 -	270000	266,000	0.78
1	285001 -	290000	287,000	0.84
1	350001 -	355000	351,000	1.03
1	365001 -	370000	367,500	1.08
1	495001 -	500000	500,000	1.47
1	520001 -	525000	525,000	1.54
1	640001 -	645000	642,223	1.89
1	1020001 -	1025000	1,025,000	3.01
1	1265001 -	1270000	1,265,777	3.72
1	5095001 -	5100000	5,099,500	14.99
1	5230001 -	5235000	5,232,194	15.38
1	8085001 -	8090000	8,088,500	23.78
4,188			**34,020,000**	**100**

CATEGORIES OF CERTIFICATE HOLDERS

AS ON DECEMBER 31ST, 2021

Categories of Shareholders	No. of Certificate Holders	Shares Held	Percentage
Individuals	4,137	**13,551,105**	**39.8328**
Associated Companies, Undertaking and Related Parties			
THE BANK OF PUNJAB		4,788	0.0141
PUNJAB MODARABA SERVICES (PVT) LTD.		13,320,694	39.1555
TRUSTEE-THE BANK OF PUNJAB EMPLOYEES GRATUITY FUND		5,099,500	14.9897
Running Total:	3	**18,424,982**	**54.1593**
Mutual Funds			
SECURITY STOCK FUND LTD.		3,100	0.00911
PRUDENTIAL STOCKS FUND LIMITED		100	0.00029
Running Total:	2	**3,200**	**0.0094**
Directors, Chief Executive Officer and their spouse and minor children		**Nil**	**Nil**
Executives		**Nil**	**Nil**
Public Sector Companies and Corporations	1	**400**	**0.0012**
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds.	36	**1,866,947**	**5.4878**
Others			
JAHANGIR SIDDIQUI & CO. LTD.		3,202	0.0094
ALLY BROTHERS & COMPANY M/S. (PAKISTAN) LTD.		17,500	0.0514
HAJVERI HOLDINGS (PVT) LTD		500	0.0015
SAPPHIRE FIBRES LTD		500	0.0015
TRUST LEASING CORPORATION LTD.		1,775	0.0052
B.R.R INVESTMENTS (PVT.) LTD		8,750	0.0257
MORGAN STANLEY INTERNATIONAL		1,200	0.0035
BILAL ASSOCIATES		19	0.0001
DADABHOY LEASING COMPANY LTD.		6,804	0.0200
IMPEX CORPORATION (PVT.) LTD.		3,248	0.0095
MORGAN STANLEY TRUST		19,335	0.0568
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND		3,747	0.0110
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		106,786	0.3139
Running Total:	11	**173,366**	**0.5096**
	4,190	**34,020,000**	**100.00**

UnConsolidated Financial Statements

as at 31 Dec 2021

Auditors' Report to the Certificate Holders

OF FIRST PUNJAB MODARABA

We have audited the annexed unconsolidated balance sheet of **First Punjab Modaraba** (the Modaraba) as at **31 December 2021** and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the six-month period then ended 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 our audit.

These financial statements are the Modaraba management company's (Punjab Modaraba Services (Private) Limited) responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) In our opinion, proper books of accounts have been kept by the Modaraba Company in respect of First Punjab Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and Modaraba Companies and Modaraba Rules, 1981;

(b) In our opinion:

(i) the unconsolidated balance sheet and unconsolidated profit and loss account 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 the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;

(ii) the expenditure incurred during the period was for the purpose of the Modaraba's business; and

(iii) the business conducted, investments made, and the expenditure incurred during the period were in accordance with the objects, terms and conditions of the modaraba;

(c) In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 31 December 2021 and of the profit, its comprehensive income its cash flows and changes in equity for the period then ended; and

(d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980), was deducted by the Modaraba company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner: Ahsan Shahzad
Location: Lahore
Date: 19 April 2022
UDIN: AR202110079EhJvSTjut

Shari'ah Advisor's Report

First Punjab Modaraba (December 31, 2021)

I have conducted the Shari'ah review of First Punjab Modaraba managed by Punjab Modaraba Services (PVT) Limited for the period ended December 31, 2021 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that:

i. The Modaraba has 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 major developments took place during the period included ancillary Shari'ah Compliant HDS, Vehicle financing, Morabaha etc., arrangements for Covid relief for customers under the guidelines issued by the Regulator and staff training during the period.

iii. 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.

iv. During the year, the Shari'ah Advisor visited the premises regularly to provide Shari'ah assistance in day to day operations.

v. History of certain cases reviewed and approved them according to Shari'ah guidelines.

vi. Shari'ah compliance review has been conducted and some cases which were required to be consulted in accordance with Shari'ah principles has been discussed with concerned staff and dully resolved.

vii. Charity amount has been credited to Charity Account.

Recommendation(s)

Modaraba should put more efforts to get the prior approvals of Shari'ah advisor in all relevant operations, investments and procedures. As well, after taking prior approvals, Modarabah should ensure the Shari'sh compliance in all steps of FPM's operations and procedures.

Conclusion:

To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba, and overall business operations are in conformity with the Shari'ah requirements.

May Allah make us successful in this world and hereafter and forgive our mistakes.



MUFTI MUHAMMAD UMAR
SHARI'AH ADVISOR
Dated : December 29, 2021

UNCONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	31 December 2021	30 June 2021
ASSETS		**Rupees**	Rupees
Non current assets			
Tangible fixed assets			
- Ijarah assets	5.1	**402,480,335**	450,439,651
- Assets in own use	5.2	**3,415,009**	2,814,634
Intangible assets	6	**-**	402,186
Investment in subsidiary	7	**76,500,000**	76,500,000
Long term musharikah investment - secured	8	**289,701,023**	220,934,378
Long term morabaha investment - secured	9	**-**	-
Long term deposits	10	**203,444**	203,444
Deferred tax asset	11	**64,398,663**	64,398,663
		836,698,474	815,692,956
Current assets			
Short term morabaha investment - secured	12	**211,196,651**	251,718,651
Current maturity of long term investment	13	**396,998,699**	346,068,240
Ijarah rental receivable	14	**200,621,167**	235,750,535
Short term investment	15	**200,000,000**	-
Development properties - Land	16	**39,483,636**	6,975,000
Advances, deposits, prepayments and other receivables	17	**140,295,307**	175,942,859
Tax refund due from government		**4,201,717**	4,121,734
Cash and bank balances	18	**135,278,267**	111,748,425
		1,328,075,444	1,132,325,444
TOTAL ASSETS		**2,164,773,918**	1,948,018,400
EQUITY AND LIABILITIES			
Authorized certificate capital			
50,000,000 (30 June 2021: 50,000,000) modaraba certificates of Rs. 10 each	19	**500,000,000**	500,000,000
Issued, subscribed and paid-up certificate capital			
34,020,000 (31 December 2021: 34,020,000) certificates of Rs. 10 each	19.1	**340,200,000**	340,200,000
Capital reserves	20	**220,303,614**	218,176,678
Revenue reserves	20	**(405,149,952)**	(413,657,696)
		155,353,662	144,718,982
Non current liabilities			
Long term security deposits	21	**42,274,729**	42,775,909
Deferred morabaha income	22	**-**	-
Long term musharikah finance - secured	23	**131,100,952**	535,128,774
		173,375,681	577,904,683
Current liabilities			
Current maturity of non current liabilities	24	**84,225,155**	89,927,377
Redeemable capital - participatory and unsecured	25	**1,603,000,000**	1,014,101,593
Profit payable	26	**22,864,964**	23,762,005
Trade and other payables	27	**105,053,100**	78,716,762
Provision for taxation		**3,698,100**	1,519,913
Unclaimed profit		**17,203,256**	17,367,085
		1,836,044,575	1,225,394,735
TOTAL EQUITY AND LIABILITIES		**2,164,773,918**	1,948,018,400
CONTINGENCIES AND COMMITMENTS	28		

The attached notes 1 to 45 form an integral part of these unconsolidated financial statements.

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

Chief Financial Officer	Chief Executive	Director	Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 1 JULY 2021 TO 31 December 2021

	Note	From 1 July to 31 December 2021 (Note 1.1)	For the year ended 30 June 2021
Income		**Rupees**	Rupees
Income from ijarah rentals	29.1	**43,056,757**	68,026,823
Income from morabaha financing	29.2	**6,356,403**	3,841,615
Income from diminishing musharaka financing	29.3	**28,606,164**	63,839,737
Gain on disposal of fixed assets	30	**661,332**	3,741,006
Other income	31	**5,830,444**	13,573,174
		84,511,100	153,022,355
Expenses			
Administrative expenses	32	**26,721,922**	43,044,852
Finance cost	33	**55,318,235**	119,204,898
		82,040,157	162,249,750
Operating Profit / (loss) before provision		**2,470,943**	(9,227,395)
Reversal of impairment of ijarah assets	5.1	**-**	5,000,000
Provision / (Reversal) of impairment against ijarah rentals - net	14.1	**(333,800)**	13,168,058
Reversal of impairment against murabaha investment	12.2	**21,307,500**	-
Provision of impairment against musharikah investment	13.1	**(10,631,776)**	-
		10,341,924	18,168,058
Operating profit after provision and impairment		**12,812,867**	8,940,663
Modaraba Company's management fee	34	**-**	-
		12,812,867	8,940,663
Taxation	35	**(2,178,187)**	(1,519,913)
Profit for the period		**10,634,680**	7,420,750
Earnings per certificate - basic and diluted	36	**0.31**	0.22

The attached notes 1 to 45 form an integral part of these unconsolidated financial statements.

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

Chief Financial Officer	Chief Executive	Director	Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JULY 2021 TO 31 December 2021

	Note	From 1 July to 31 December 2021 (Note 1.1)	For the year ended 30 June 2021
		Rupees	Rupees
Profit for the period		10,634,680	7,420,750
Other Comprehensive Income for the period		-	-
Total comprehensive income for the period		**10,634,680**	7,420,750

The attached notes 1 to 45 form an integral part of these unconsolidated financial statements.

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

Chief Financial Officer	Chief Executive	Director	Director

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

	Note	From 1 July to 31 December 2021 (Note 1.1)	For the year ended 30 June 2021
		2021	2020
		Rupees	Rupees
Cash flow from operating activities			
Cash generated from operations	42	**96,399,498**	333,818,097
Profit paid on redeemable capital		**(35,807,885)**	(78,462,062)
Profit paid on musharikah finances		**(20,343,294)**	(54,575,474)
Taxes paid		**(79,983)**	(385,380)
		(56,231,162)	(133,422,916)
Net cash generated from operating activities		**40,168,336**	200,395,181
Cash flow from investing activities			
Proceeds from disposal of fixed assets		**-**	27,500
Short term investment		**(200,000,000)**	-
Purchase of fixed assets in own use	5.2	**(1,345,250)**	(628,445)
Net cash used in investing activities		**(201,345,250)**	(600,945)
Cash flow from financing activities			
Musharikah finances-net	23	**(404,027,822)**	(113,609,839)
Redeemable capital-net	25	**588,898,407**	552,368
Profit distributed among the certificate holders		**(163,829)**	(91,256)
Net cash generated from / (used in) financing activities		**184,706,756**	(113,148,727)
Net decrease in cash and cash equivalents		**23,529,842**	86,645,509
Cash and cash equivalents at the beginning of the period / year		**111,748,425**	25,102,916
Cash and cash equivalents at the end of the period / year	18	**135,278,267**	111,748,425

The attached notes 1 to 45 form an integral part of these unconsolidated financial statements.

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

Chief Financial Officer	Chief Executive	Director	Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

From July 01, 2020 to December 31, 2021

	Capital Reserve	Revenue Reserve	
	Certificate capital	Statutory reserve	Accumulated loss	Total
	Rupees			
Balance as at 01 July 2020	340,200,000	216,692,528	(419,594,296)	137,298,232
Profit for the year	-	-	7,420,750	7,420,750
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	7,420,750	7,420,750
Transfer to statutory reserves	-	1,484,150	(1,484,150)	-
Balance as at 30 June 2021	340,200,000	218,176,678	(413,657,696)	144,718,982
Balance as at 01 July 2021	**340,200,000**	**218,176,678**	**(413,657,696)**	**144,718,982**
Profit for the period	-	-	10,634,680	10,634,680
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	10,634,680	10,634,680
Transfer to statutory reserves	-	2,126,936	(2,126,936)	-
Balance as at 31 December 2021	340,200,000	220,303,614	(405,149,952)	155,353,662

The attached notes 1 to 45 form an integral part of these unconsolidated financial statements.

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

Chief Financial Officer	Chief Executive	Director	Director

UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 31 DECEMBER 2021

1 Status and nature of business

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

The Modaraba established its wholly owned subsidiary on November 29, 2016 as a private limited Company under the name of Punjab Capital Securities (Private) Limited. The registered office of Punjab Capital Securities (Private) Limited is situated at 3rd Floor, LSE Plaza, 19-Khayabane Aiwane Iqbal, Lahore. The subsidairy company is mainly engaged in the business of brokerage services, portfolio management and consultancy services.

The Modaraba is a perpetual and multi-dimensional Modaraba and is primarily engaged in the business of Ijarah, Musharikah and 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 13 January 2021.

1.1 During the period, the Company has changed its financial year from 30 June to 31 December. Accordingly, financial statements of the Company are prepared for the six month period ended 31 December 2021 and hence comparative figures in Profit or Loss Accounts, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows are not comparable.

1.2 Management's assessment of going concern

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

During the year ended 31 December 2021, the Modaraba has made profit after tax of Rs. 10,634,680, which is mainly due to reversal of provisions. The accumulated loss, net of reserves, as at 31 December 2021 amount to Rs. 184,846,338 (June 2021: Rs.195,481,018) which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates. Further the current liabilities of the Modaraba exceed its current assets by Rs. 507,969,131 as at 31 December 2021.

In order to address going concern issue in terms of section 23 of the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance), The Bank of Punjab (BOP) being the parent company of the Modaraba's Management Company' is providing consistent support and has confirmed that it shall continue to provide financial support to the Modaraba in order to mitigate liquidity risk. The Modaraba has obtained approval from the Securities & Exchange Commission of Pakistan dated 13 January 2021 to undertake Building, Construction and Real Estate activities. Accordingly, financial benefits shall be accrued in books of Modaraba in due course of time. Further, the Modaraba has made significant progress in terms of recovery from certain classified borrowers resulting in improvement of net equity in term of compliance of section 23 of the Modaraba Ordinance.

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

2 Basis of preparations

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by International Accounting Standards Board (IASB) as notified under Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017; and

- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws).

Where provisions and directives issued under Companies Act, 2017 and the relevant laws differ from IFRS Standards, the provisions and directives issued under Companies Act, 2017 and the relevant laws have been followed.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated 22 May, 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.

The SECP has deferred the applicability of IFRS-9 for Modarabas uptil 30 June, 2022 via SRO 800(I) / 2021 dated 22 June, 2021. The Modaraba has guidance from requirements of IFRS 9 on certain matter guidance on local framework is not available, however this does not construed as application of IFRS 9 for the purpose of these financial statements. The provision against financing has been determined in accordance with requirement of the Prudential Regulations.

These financial statements are the separate financial statements of the Modaraba in which investments in subsidiary are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Modaraba's functional currency. Figures have been rounded of to the nearest rupees, unless otherwise stated.

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgment and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statement or where judgment was exercised in the application of accounting policies are as follows:

2.4.1 Depreciation/Amortization

Estimates of residual values, useful lives and depreciation methods of fixed assets in own use and Ijarah assets (note 5).

2.4.2 Provision against non-performing loans and advances

The Modaraba reviews its portfolio to assess amount of non-performing contracts and provision required there against on a quarterly basis. The provision is made in accordance with the prudential regulations issued by Securities and Exchange Commission of Pakistan.

2.4.3 Income taxes (refer to notes 11 and 35)

The Modaraba takes into account relevant provisions of current income tax laws while providing for current and deferred tax.

2.4.4 Provision against non performing financing and suspense income (refer to notes 12, 13 and 14)

The Modaraba reviews its overdue ijarah rentals, morabaha receivable and musharikah receivable at each reporting date to assess whether provision should be recorded in profit and loss account, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the SECP. In particular, judgment by management is required in the estimation of the amount and the timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

3 New accounting standards / amendments and IFRS interpretations that are effective for the period ended 31 December 2021

During the period, certain amendments to standards, interpretations and improvement to accounting standards became effective; however, the standards, amendments, interpretations and improvements did not have any material effect on these unconsolidated financial statements of the Modaraba.

3.1 New accounting standards / amendments and IFRS Interpretations 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. The Modaraba considers that the following standards and interpretations are either not relevant or will not have any material impact on its unconsolidated financial statements in the period of initial application other than IFRS 9. Adoption of IFRS-9 will significantly change the method for calculation of impairmant of financial assets, from incurred loss method to expected cerdit loss method. Management of the Modaraba is currently in the process of estimating the impact on the unconsolidated financial statements.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 9	Financial instruments	1 January 2022
IFRS 3	Reference to conceptual framework - Amendments	1 January 2022
IAS 16	Property, plant and equipment: Proceeds before intended use -Amendments	1 January 2022
IAS 37	Onerous contracts - costs of fulfilling a contract - Amendments	1 January 2022
AIP	Annual improvements to IFRS Standards 2018 - 2020	1 January 2022
IAS 8	Amended Definition of accounting estimates	1 January 2023
IAS 1	Classification of liabilities as current or non-current - Amendments	1 January 2023

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Tangible fixed assets

Assets In own use

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is 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 profit and loss account as and when incurred.

Depreciation on all fixed assets is charged to profit and loss on straight line basis, so as to write off the historical cost of an asset over its estimated useful life at annual rates mentioned in note 5.2.

Residual values and the useful lives of the assets are reviewed at least at each report date and adjusted if impact on depreciation is significant.

Assets' residual values and useful lives are reviewed and adjusted. if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The Modaraba assesses at each balance sheet date whether there is any indication that fixed 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 amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and 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.

Subsequent costs 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. All other repair and maintenance costs are charged to income during the period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset.

Intangible Assets

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 from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

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 taken to the profit and loss account in the period in which these arise.

Ijarah Assets

Ijarah assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to profit and loss account applying the straight line method whereby the cost of an asset less salvage value is written off over the period of facility, which is considered to be the estimated useful life of the asset. However, in the event the asset is expected to be available for re-ijarah, depreciation is charged over the economic life of asset using straight line basis. In respect of additions and disposals during the year, depreciation is charged proportionately from the date of delivery of assets to the date of its maturity / termination.

Ijarah income is recognized on an accrual basis as and when the rental becomes due.

4.2 Impairment

The carrying amount of the Modaraba's assets are reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such an indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized immediately as an expense in the profit and loss account. For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

Provision for non-performing ijarah, if any, is made in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit and loss account in the current period. Outstanding balances in net investment in Ijarah finance are written off when there is no realistic prospect of recovery.

4.3 Investment In Subsidiary

Investment in subsidiary is initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

4.4 Ijarah rentals and Musharikah Investments

Ijarah rentals and Musharikah investments are stated net of provision and suspense income. Provision is recognized for Ijarah rentals receivable and musharikah investment, in accordance with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan (SECP). Bad debts are written-off when identified.

4.5 Morabaha Investments

Morabaha investments are stated net of provision. Provision is recognized for Morabaha investments in accordance with the Prudential Regulations for Modaraba's issued by the Securities and Exchange Commission of Pakistan. Bad debts are written off when identified.

Morabaha receivable are recorded by the Modaraba at the invoiced amount and disclosed as such in the balance sheet.

Purchase and sales under Morabaha and the resultant profit are accounted for on the culmination of Morabaha transaction.

The profit on that portion of sales revenue not due for payment are deferred by accounting for a debit to "Unearned Morabaha Income" account with the corresponding credit to "Deferred Morabaha Income" account and shown in the balance sheet as a liability.

4.6 Development properties

Property acquired, constructed or in the course of construction for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is classified as development properties and is measured at lower of cost and net realisable value.

All project costs incurred or to be incurred are capitalised as a cost of development properties and mainly includes: costs / rights for free-hold and leasehold land; construction cost, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs necessary to bring the premises in saleable condition and development charges.

Net realizable value 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 recognised in profit or loss is determined with reference to the costs incurred on the property sold and an allocation of any non-specific costs based on the total area of land sold for property, in relation to total area of land. The development charges are recognised in profit or loss on the basis of reimbursable development costs recoverable to date from customers on property sold apportioned to total 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 or loss in the year, in which these are incurred.

The management reviews the carrying values of the development properties on an annual basis.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet. at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current, savings and deposit accounts.

4.10 Provisions

Provisions are recognized when the Modaraba has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.11 Staff retirement benefit

Defined contribution plan

The Modaraba operates a recognized provident fund for all eligible employees. Equal monthly contributions @ 8.33% of the basic salary are made to the fund both by the Modaraba and employees.

Defined benefit plan

The Modaraba operates an un-funded gratuity scheme for its eligible employees completing prescribed period of service in accordance with service rules of the Modaraba. Provision is made for gratuity in accordance with the requirements laid down by IAS 19. The actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

4.12 Revenue recognition

Ijarah rentals

Ijarah rentals are recognized as income on accrual basis, as and when rentals become due.

Documentation charges, front-end fee and other Ijarah income are recognized as income on receipt basis. Unrealized ijarah income pertaining to non-performing ijarah is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations (PR).

Murabaha transaction

Profit on Murabaha transaction is recognized over the period the payment becomes due. The unearned portion is reflected as deferred Murabaha income.

Profit on musharikah arrangement is recognized under the effective interest rate, based on the amount outstanding.

Profit on bank deposit

Return on bank deposits are recognized on accrual basis, using effective interest rate method.

Capital gain or losses on sale of Investment

Capital gain / loss on investment is recognized on sale of the respective investments.

Dividend income

Dividend income on equity instruments is recognized when the right to receive the same is established.

Commission income

Commission income is recognized on accrual basis.

4.13 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognized on the trade date i.e. the date that the Modaraba commits to purchase/sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within three working days after the transaction date as per stock exchange regulations.

4.14 Profit distribution and appropriations

Profit distribution and appropriation to reserves are recognized as liability in the financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations, as may be required by law, are recognized in the period to which these relate.

4.15 Taxation

Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. The income of non-trading modarabas is exempt from tax provided that not less than 90% of their profits are distributed to the certificate-holders as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders.

Deferred

The Modaraba accounts for deferred taxation using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account.

4.16 Earnings per certificate

Earnings per certificate is calculated by dividing the profit after taxation for the year by weighted average number of certificates outstanding during the year. Diluted earnings per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders by taking into account the conversion of any diluted potential ordinary certificate.

4.17 Segment reporting

As per IFRS 8 - 'Operating Segments', operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The chief executive officer of the management company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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.

5 Tangible fixed assets	Note	Dec-21	Jun-21
		Rupees	Rupees
Ijarah assets	5.1	402,480,335	450,439,651
Assets in own use	5.2	3,415,009	2,814,634
		405,895,344	453,254,284

5.1 Ijarah assets

	31-Dec-21													
	COST				DEPRECIATION				IMPAIRMENT				NET BOOK VALUE	
Description	As at 1 July 2021	Additions	Transfer	As at 31 Dec 2021	As at 1 July 2021	Charge for the Period	Transfer	As at 31 Dec 2021	As at 1 July 2021	Reversal for the Period	Transfer	As at 31 Dec 2021	As at 31 Dec 2021	Depreciation Rate
	(Rupees)													%
Plant and machinery	461,728,567	1,011,900	(71,150,004)	391,590,463	380,791,275	5,325,238	(61,961,940)	304,154,573	15,593,102	-	-	15,593,102	71,842,788	As per term
Vehicle	442,297,959	2,605,000	(12,165,530)	432,937,429	144,735,913	37,292,202	(9,850,058)	172,178,057	1,104,397	-	-	1,104,397	259,654,975	As per term
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	-	As per term
Consumer products	113,774,738	32,005,500	(11,886,959)	133,893,279	45,136,926	24,906,139	(7,134,358)	62,910,707	-	-	-	-	70,982,572	As per term
50104500	1,031,353,868	35,622,400	(95,202,493)	971,973,775	564,216,718	67,525,579	(78,946,356)	552,795,941	16,697,499	-	-	16,697,499	402,480,335	

	30-Jun-21													
	COST				DEPRECIATION				IMPAIRMENT				NET BOOK VALUE	
Description	As at 1 July 2020	Additions	Transfer	As at 30 June 2021	As at 1 July 2020	Charge for the Year	Transfer	As at 30 June 2021	As at 1 July 2020	Reversal for the Year	Transfer	As at 30 June 2021	As at 30 June 2021	Depreciation Rate
	(Rupees)													%
Plant and machinery	538,775,141	1,040,000	(78,086,574)	461,728,567	420,683,996	10,869,390	(70,762,111)	380,791,275	20,593,102	(5,000,000)	-	15,593,102	85,344,190	As per term
Vehicle	551,190,599	12,112,609	(121,005,249)	442,297,959	177,825,101	67,993,348	(101,082,536)	144,735,913	1,104,397	-	-	1,104,397	296,457,649	As per term
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	-	As per term
Consumer products	64,211,924	77,382,590	(27,819,776)	113,774,738	24,061,983	42,252,279	(21,177,336)	45,136,926	-	-	-	-	68,637,812	As per term
	1,167,730,268	90,535,199	(226,911,599)	1,031,353,868	636,123,684	121,115,018	(193,021,983)	564,216,718	21,697,499	(5,000,000)	-	16,697,499	450,439,651	

5.1.1 Transfers represent the assets disposed through negotiation after expiry / termination of Ijarah. However, in view of large number of disposals, detail of each disposal has not been given.

5.1.2 The gross carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 342,447,098. (30 June 2021 : Rs. 411,641,601).

5.1.3 No impairment has been reversed on the basis of recovery made from classified party and in accordance with Prudential regulations issued by Securities and Exchange Commission of Pakistan.

5.2 Assets in own use

Description	31-Dec-21									
	COST				DEPRECIATION				NBV	
	As at 1 July 2021	Additions	Disposal	As at 31 Dec 2021	As at 1 July 2021	Charge for the Period	Disposal	As at 31 Dec 2021	As at 31 Dec 2021	Depreciation Rate
	(Rupees)									
Office Equipment	2,942,895	1,153,750	-	4,096,645	2,264,876	19,826	-	2,284,702	1,811,943	15% & 30%
Furniture & Fixtures	2,199,000	-	-	2,199,000	1,400,032	126,899	-	1,526,931	672,069	15%
Vehicles	2,259,300	191,500	-	2,450,800	921,653	598,150	-	1,519,803	930,997	20%
50104500	7,401,195	1,345,250	-	8,746,445	4,586,561	744,875	-	5,331,436	3,415,009	

Description	30-Jun-21									
	COST				DEPRECIATION				NBV	
	As at 1 July 2020	Additions	Disposal	As at 30 June 2021	As at 1 July 2020	Charge for the Year	Disposal	As at 30 June 2021	As at 30 June 2021	Depreciation Rate
	(Rupees)									
Office Equipment	2,630,640	439,245	(126,990)	2,942,895	2,155,057	236,809	(126,990)	2,264,876	678,019	15% & 30%
Furniture & Fixtures	2,358,733	34,400	(194,133)	2,199,000	1,361,956	232,209	(194,133)	1,400,032	798,968	15%
Vehicles	2,174,400	154,800	(69,900)	2,259,300	538,924	450,426	(67,697)	921,653	1,337,647	20%
5E+07	7,163,773	628,445	(391,023)	7,401,195	4,055,937	919,444	(388,820)	4,586,561	2,814,634	

5.2.1 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 2,040,971 (30 June 2021 : Rs. 1,946,371).

5.2.2 The Gross Carrying amount (cost) of assets disposed off during the year amounts to Rs. Nil. (30 June 2021 : 391,023).

		Note	31-Dec-21	30-Jun-21
6	**Intangible Assets**		**Rupees**	Rupees
	Cost		**2,495,000**	2,495,000
	Amortization	**6.1**	**(2,495,000)**	(2,092,814)
	Carrying Amount		**-**	402,186
	Balance as at 1 July 2021		**2,495,000**	1,295,000
	Additions		**-**	1,200,000
	Balance as at 31 Dec 2021		**2,495,000**	2,495,000
6.1	**Amortization**			
	Balance as at 1 July 2021		**(2,092,814)**	(1,295,000)
	Amortization for the year	**32**	**(402,186)**	(797,814)
	Balance as at 31 Dec 2021		**(2,495,000)**	(2,092,814)
	Rate of amortization		**20% - 66.67%**	20% - 66.67%

7 Investment in subsidiary

As a result of Stock Exchange (Corporatization, Demutualization and Integration) Act 2012, the Modaraba acquired Trading Rights Entitlement Certificate (TREC) and the subsidiary has been setup to undertake brokerage business and thereby utilize the TREC. The Modaraba obtained permission from SECP vide letter dated October 21, 2016 to form a wholly owned subsidiary to undertake brokerage business and the subsidiary was incorporated on November 29, 2016. During the Period, total investment in subsidiary remained at Rs. 76,500,000 (June 2021: Rs. 76,500,000).

		Note	31-Dec-21	30-Jun-21
8	**Long term musharikah investment - secured**		**Rupees**	Rupees
	Long term musharikah investment	**8.1**	**713,092,641**	582,555,541
	Less: Current portion of long term musharikah investment	**13**	**(423,391,618)**	(361,621,163)
			289,701,023	220,934,378

8.1 The profit charged on these facilities ranged from 9.60% to 19.98% per annum (June 2021: 9.32% to 19.98% per annum). These facilities are secured by way of personal guarantees and mortgage of properties.

		Note	31-Dec-21	30-Jun-21
9	**Long term morabaha investment - secured**		**Rupees**	Rupees
	Long term morabaha investment	**9.1**	**8,800,000**	9,008,220
	Add: Unearned morabaha income		**-**	-
			8,800,000	9,008,220
	Less: Current portion of long term morabaha investment	**13**	**(8,800,000)**	(9,008,220)
			-	-
	Less: Current portion of unearned morabaha income	**13**	**-**	-
			-	-

9.1 These are secured against mortgage of properties, hypothecation and pledge of stocks, personal guarantees and demand promissory notes. The rate of profit on morabaha finances ranges from Nil to Nil (June 2021:8.50% to 19.53%).

		Note	31-Dec-21	30-Jun-21
10	**Long term deposits**		**Rupees**	Rupees
	Long term deposits	**10.1**	**203,444**	203,444

10.1 Represents non interest bearing security deposit paid to LESCO and Central Depository Company.

		Note	31-Dec-21	30-Jun-21
11	**Deferred tax**		**Rupees**	Rupees
	Deferred tax asset	**11.1**	**64,398,663**	64,398,663

11.1 This represents deferred tax asset created against brought forward losses and depreciation & amortization expense available for use in future. The management is confident that sufficient taxable profits will be available to set off these losses. Further, the management does not intend to avail exemption under clause 100 of Part 1 of Second Schedule to the Income Tax Ordinance 2001.

The aggregate deferred tax asset available to the Modaraba for set off against future taxable profits as at 31 December 2021 amounted to Rs. 208.24 million (30 June 2021: Rs. 183.16 million). Of these, deferred tax asset aggregating Rs. 64.40 million (30 June 2021: Rs 64.40 million) have been recognized in the financial statements.

Expiry of business losses, depreciation and alternate corporate tax is as follows:

Tax year	Nature	31-Dec-21	30-Jun-21
		Rupees	Rupees
2026	Business loss	**5,653,423**	22,289,062
Unlimited	Depreciation	**48,016,722**	55,084,521
2024	Alternate corporate tax	**9,816,975**	9,816,975
2025	Alternate corporate tax	**16,739,766**	16,739,766
2026	Alternate corporate tax	**3,489,927**	3,489,927
2027	Alternate corporate tax	**4,016,478**	4,016,478
2028	Alternate corporate tax	**4,711,236**	4,711,236
2029	Alternate corporate tax	**1,136,970**	1,136,970
2030	Alternate corporate tax	**-**	-
2031	Alternate corporate tax	**1,477,096**	1,477,096
2032	Alternate corporate tax	**2,178,187**	-
		43,566,635	**41,388,448**

		Note	31-Dec-21	30-Jun-21
12	**Short term morabaha investment-secured**		**Rupees**	Rupees
	Short term morabaha Investment	**12.1**	**420,894,235**	486,122,013
	Add: Unearned morabaha income		**4,556,295**	1,158,017
			425,450,530	487,280,030
	Less: Provision for doubtful morabaha investment	**12.2**	**(214,253,879)**	(235,561,379)
			211,196,651	251,718,651

12.1 These are secured against mortgage of properties, hypothecation and pledge of stocks, personal guarantees and demand promissory notes. The rate of profit on morabaha finances ranges from 11.64% to 16.24% per annum (June 2021: 11.93% to 19.90% per annum).

		Note	31-Dec-21	30-Jun-21
12.2	**Provision for doubtful morabaha investment**		**Rupees**	Rupees
	Opening balance		**235,561,379**	235,561,379
	Additions during the year		**-**	-
	Reversals during the year		**(21,307,500)**	-
			(21,307,500)	-
	Closing balance		**214,253,879**	235,561,379

13	**Current maturity of long term investment**				
	Current portion of long term musharikah investment		**8**	**423,391,618**	361,621,163
	Less:	Provision against musharika investment	**13.1**	**(26,392,919)**	(15,761,143)
				396,998,699	345,860,020
	Current portion of long term morabaha investment		**9**	**8,800,000**	9,008,220
	Add:	Unearned morabaha income	**9**	**-**	-
	Less:	Provision against morabaha investment	**13.2**	**(8,800,000)**	(8,800,000)
				-	208,220
				396,998,699	346,068,240
13.1	**Provision against musharikah investment**				
	Opening balance			**15,761,143**	15,761,143
	Additions during the year				
	Specific provision			**10,631,776**	-
				10,631,776	-
	Reversed during the year			**-**	-
	Closing balance			**26,392,919**	15,761,143
13.2	**Provision for doubtful morabaha investment**				
	Opening balance			**8,800,000**	8,800,000
	Charge during the year			**-**	-
	Closing balance			**8,800,000**	8,800,000
14	**Ijarah rental receivables**				
	Ijarah rental receivable			**324,647,541**	368,478,892
	Less: Provision against ijarah rental receivable		**14.1**	**(124,026,374)**	(132,728,357)
				200,621,167	235,750,535
14.1	**Provision against Ijarah rental receivable**				
	Opening balance			**132,728,357**	155,596,948
	Additions in provision during the year			**333,800**	787,464
	Additions in suspension during the year			**2,912,294**	8,707,278
	Reversal of suspension during the year		**29.1**	**(11,948,077)**	(18,407,811)
	Reversal of provision during the year			**-**	(13,955,522)
				(11,948,077)	(32,363,333)
	Closing balance			**124,026,374**	132,728,357

14.2 Future Ijarah rentals receivable

Aggregate amount of future ijarah rentals receivable on the basis of agreements executed up to 31 Dec 2021 are as follows:

	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
Up to one year		**171,082,582**	183,198,769
Above one year and up to five year		**129,627,523**	171,358,513
		300,710,105	354,557,282

15 Short term Investment

	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
Short term investment	**15.1**	**200,000,000**	-

15.1 It represents investment made in Certificate of Musharika (COM) having maturity of 3 months issued by First Habib Modaraba at the profit rate of 11.25% .

16 Development Properties - Land

The diversification of business model, utilizing multi-purpose status of the Modaraba through construction and development activity has been envisioned as a business prospect. The Modaraba has obtained approval of the Securities and Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in its Prospectus. The work on new business segment has been started and six plots have been acquired while more are under process of acquisition, for a project comprising construction of small houses.

17 Advances, deposits, prepayments and other receivables	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
Profit receivable			
- Morabaha investment	17.1	732,319	20,454,798
- Musharikah investment	17.2	33,728,953	43,453,092
		34,461,272	63,907,890
Prepayments		4,431,221	4,952,103
Advances		3,170,704	2,795,704
Non-banking assets		8,391,250	8,486,298
Other receivables		100,969,152	106,929,156
		151,423,599	187,071,150
Less: Provision for other receivables	17.3	(11,128,292)	(11,128,292)
		140,295,307	175,942,859

17.1 Morabaha profit receivable

Morabaha profit receivable		23,066,160	47,984,578
Less: Income transferred to suspense	17.1.1	(22,333,841)	(27,529,780)
		732,319	20,454,798

17.1.1 Income transferred to suspense

Opening balance		27,529,780	27,121,325
Addition during the period		-	408,455
Reversal during the period	29.2	(5,195,939)	-
Closing balance		22,333,841	27,529,780

17.2 Musharikah profit receivable

Musharikah profit receivable		54,388,378	64,907,268
Less: Income transferred to suspense	17.2.1	(20,659,425)	(21,454,176)
		33,728,953	43,453,092

17.2.1 Income transferred to suspense

Opening balance		21,454,176	19,889,950
Addition during the year	29.3	5,156,455	12,566,330
Reversal of suspension during the year	29.3	(5,951,206)	(11,002,104)
Closing balance		20,659,425	21,454,176

17.3 Provision against other receivables

Opening balance		11,128,292	11,128,292
Additions during the year		-	-
Closing balance		11,128,292	11,128,292

18 Cash and bank balances

Cash at banks			
- Current accounts	18.1	32,709,947	59,368,191
- Deposit accounts	18.2&18.3	102,073,480	52,040,602
- Savings accounts	18.2&18.3	-	49,509
- Current account with State Bank of Pakistan	18.4	233,586	233,586
		135,017,013	111,691,888
Cash in hand		261,254	56,537
		135,278,267	111,748,425

18.1 The balance of Rs. 32.71 million (June 2021: Rs.59.37 million) is maintained with The Bank of Punjab (the holding company of the Modaraba's Management Company).

18.2 Under the terms and conditions for the issuance of certificates of musharikah (both long and short term), the Modaraba is required to maintain a Redemption Reserve Fund equal to at least 5% of the contribution against Certificates of Musharikah Finance received, which may be utilized for redemption purposes.

18.3 The rate of profit on deposit and saving accounts ranges between 0% to 8.30% per annum (June 2021: 4.25% to 8.94% per annum).

18.4 This account has been opened for payment of online charges of the Credit Information Bureau of State Bank of Pakistan.

		Note	31-Dec-21	30-Jun-21
19	**Certificate capital**		**Rupees**	Rupees
	Authorized certificate capital			
	50,000,000 modaraba certificates of Rs.10 each		**500,000,000**	500,000,000

19.1 Issued, subscribed and paid-up certificate capital

31-Dec-21	30-Jun-21		31-Dec-21	30-Jun-21
—(Number of certificates)—			**Rupees**	Rupees
20,000,000	20,000,000	Cetifcates of Rs. 10/- fully paid on cash	**200,000,000**	200,000,000
14,020,000	14,020,000	Cetifcates of Rs. 10/- issued as bonus certificates	**140,200,000**	140,200,000
34,020,000	34,020,000		**340,200,000**	340,200,000

19.2 As at 31 December 2021, The Punjab Modaraba Services (Private) Limited (the management company) held 13,320,694 (June 2021: 13,320,694) certificates of Rs. 10 each.

		Note	31-Dec-21	30-Jun-21
20	**Reserves**		**Rupees**	Rupees
	Capital reserve			
	Statutory reserve	**20.1**	**220,303,614**	218,863,415
	Revenue reserves			
	Accumulated loss		**(405,149,952)**	(413,657,696)
			(184,846,338)	(194,794,281)

20.1 This represents profit set aside to comply with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan requiring modaraba to transfer not less than 20% and not more than 50% of its profits after tax in such manner that reserves equal 100% of the paid up capital. Thereafter a sum not less than 5% of the profit after tax is to be set aside.

		Note	31-Dec-21	30-Jun-21
20.1.1	**Movement in statutory reserve**		**Rupees**	Rupees
	Opening balance		**218,176,678**	216,692,528
	Transfer from profit		**2,126,936**	1,484,150
			220,303,614	218,176,678

21	**Long term security deposits**			
	Long term security deposits against Ijarah		**121,944,089**	131,545,269
	Less: Current maturity of security deposits	**24**	**(79,669,360)**	(88,769,370)
			42,274,729	42,775,899
22	**Deferred morabaha income**			
	Deferred morabaha income	**12**	**4,555,795**	1,158,017
	Less: Current maturity of deferred morabaha income	**24**	**(4,555,795)**	(1,158,017)
			-	-

22.1 These represent receivables against morabaha transactions on deferred payment basis at profit margin which ranges from 11.64% to 16.24% per annum (June 2021 : 8.50% to 19.53%).

		Note	31-Dec-21	30-Jun-21
23	**Long term musharikah finance secured**		**Rupees**	Rupees
	Opening balance		**535,128,774**	648,738,613
	Additions during the period		**2,038,378,738**	4,425,797,407
	Less: Paid during the period		**(2,442,406,560)**	(4,539,407,246)
			(404,027,822)	(113,609,839)
		23.1	**131,100,952**	535,128,774

23.1 The Modaraba has availed musharikah finance facilities from The Bank of Punjab having approved limits of Rs. 1,585 million (June 2020: Rs. 1,585 million) and tenor of 3 years. The facilities have expired on 31 December 2021. These facilities are secured by way of first pari passu charge over present and future fixed assets of Modaraba for amount of Rs. 860 million, first pari passu charge over present and future current assets of Modaraba for an amount of Rs. 1,040 million and ranking charge over present and future current assets for an amount of Rs. 860 million. The estimated share of profit payable on musharikah facilities is 3 month Kibor plus 25 bps per annum (June 2021: 3 month Kibor per annum Plus 25 bps per annum).

		Note	31-Dec-21	30-Jun-21
24	**Current maturity of non current liabilities**		**Rupees**	Rupees
	Current maturity of long term security deposits	24.1	**79,669,360**	88,769,360
	Current maturity of deferred morabaha income	22	**4,555,795**	1,158,017
			84,225,155	89,927,377

24.1 This includes security deposit amounting to Rs. 61.80 million (June 2021: Rs.70.90 million) against those ijarah where the customers have defaulted payment of rentals and the Modaraba has filed suits for recovery.

		Note	31-Dec-21	30-Jun-21
25	**Redeemable capital - participatory and unsecured**		**Rupees**	Rupees
	Opening balance		**1,014,101,593**	1,013,549,225
	Add: Issued during the year		**600,000,000**	552,368
	Add: Re- issued during the year		**1,000,000,000**	1,000,000,000
	Less: Redeemed during the year		**(1,011,101,593)**	(1,000,000,000)
			588,898,407	552,368
	Closing balance	25.1	**1,603,000,000**	1,014,101,593

25.1 The Certificates of Musharaka have been issued with a maturity of upto 3 months. The share of profit payable ranges from 5.65% to 13.60% per annum (June 2021: 5.35% to 13.60%).

		Note	31-Dec-21	30-Jun-21
26	**Profit payable**		**Rupees**	Rupees
	Musharikah finance		**9,463,234**	11,170,271
	Redeemable capital		**13,401,730**	12,591,734
			22,864,964	23,762,005
27	**Trade and other payables**			
	Accrued expenses	27.1	**5,222,072**	4,906,528
	Tax deducted at source		**1,382,147**	1,289,173
	Advances against ijarah / morabaha / musharikah		**46,016,677**	42,759,127
	Other payables		**52,432,204**	29,761,933
			105,053,100	78,716,761

27.1 This includes amount in respect of gratuity payable to employees amounting to Rs. 4.42 million (June 2021: 4.51 million).

28 Contingencies and commitments

28.1 Contingencies

28.1.1 The tax authority, while finalizing assessments for the years 1997-98 and 1998-99, made add backs out of profit and loss account. The Modaraba had filed an appeal before the Commissioner of Income Tax (Appeals) (CIT-(A)), who has rejected the appeals. The Modaraba has filed an appeal, against the order of CIT-(A), before the honorable Income Tax Appellate Tribunal, which has been decided in favor of Modaraba, however Income Tax Department has filed appeal before honorable Lahore High Court. Modaraba management company expects a favorable outcome of the case.

28.1.2 Additional Commissioner Inland Revenue (ACIR) issued order under section 122 (5A) of the Income Tax Ordinance, 2001, (the Ordinance) for tax year 2003 while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance and made additions on account of provision for bad debts, which resulted in a tax liability of Rs. 27.410 million. The Modaraba filed a rectification application under section 221 of the Ordinance for reducing the tax rate from 35% to 25%, resultantly the rectification order passed by the tax department and reduced the tax liability to Rs. 14.580 million. The Modaraba also filed an appeal before the CIR (Appeals) for tax year 2003 against the order of ACIR. In this regard, after hearing of the appeal, the CIR (Appeals) by accepting the claim of exemption has issued a favorable order to the Modaraba while deleting the tax liability of Rs. 14,580,110 vide order No. 31 dated 27 June 2009. The income tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of CIR (Appeals) which was decided in favor of the Modaraba. The Income Tax Department has filed reference in High Court against decision of Appellate Tribunal Inland Revenue which is pending for adjudication. Modaraba management company expects a favorable outcome of the case.

28.1.3 Additional Commissioner Inland Revenue (ACIR) issued order under section 122 (5A) of the Income Tax Ordinance, 2001, (the Ordinance) for tax year 2005 while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance in an arbitrary manner and assessing the taxable income at Rs. 49.85 million and tax liability at Rs. 17.67 million. The Modaraba filed a rectification application under section 221 of the Ordinance for reducing the tax rate from 35% to 25%. Further, the Modaraba has filed an appeal before the CIR (Appeals) for tax year 2005 against this order. In this regard, after hearing of the appeal, the CIR (Appeals) by accepting the claim of exemption has issued a favorable order to the Modaraba while deleting the tax liability of Rs. 17.67 million.

The income tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of CIR (Appeals) which was decided in favor of the Modaraba. The Income Tax Department has filed reference in High Court against decision of Appellate Tribunal Inland Revenue which is pending for adjudication. Modaraba management company expects a favorable outcome of the case.

28.1.4 Legal suits against Modaraba

Suit for rendition of account Rs. 22.145 million filed by a defaulter against the Modaraba. The suit is pending in Honorable Banking Court. The management is of the view that case has no merit and would be disposed off in favor of

23.1.5 Aggregate amount of guarantee given by a bank on behalf of the Modaraba in respect of the payment guarantee amounts to Nil (June 2021: Rs. Nil).

28.2 Commitments

28.2.1 Ijarah commitments approved but not disbursed as on reporting date amount to Rs. Nil (June 2021: Nil).

28.2.2 Morabaha commitments approved but not disbursed as on reporting date amount to Rs. 15 million (June 2021 : Nil).

28.2.3 Musharikah commitments approved but not disbursed as on reporting date amount to Rs. 122.38 million. (June 2021: Rs.22.29 million).

		Note	31-Dec-21	30-Jun-21
29	**Operating Income**		**Rupees**	Rupees
29.1	**Income from Ijarah rentals**			
	Ijarah income		**95,721,965**	162,026,751
	Add: Reversal of rentals suspended	**14.1**	**11,948,077**	18,407,811
	Less: Addition of rentals suspended	**14.1**	**2,912,294**	8,707,278
	Less: Depreciation on ijarah assets	**5.1**	**(67,525,579)**	(121,115,017)
			43,056,757	68,026,823
29.2	**Income from morabaha financing**			
	Morabaha investment		**1,160,468**	3,433,160
	Less: Suspension	**17.1.1**	**5,195,935**	408,455
			6,356,403	3,841,615
29.3	**Income from diminishing musharaka financing**			
	Musharikah investment		**27,811,413**	65,403,963
	Add: Reversals of rentals suspended	**17.2.1**	**5,951,206**	11,002,104
	Less: Rentals suspended	**17.2.1**	**(5,156,455)**	(12,566,330)
			28,606,164	63,839,737
30	**Gain on disposal of assets**			
	Gain on diposal of non banking assets		**-**	1,900,000
	Gain on disposal of owned assets		**-**	25,297
	Gain on disposal of Ijarah assets		**661,332**	1,815,709
			661,332	3,741,006
31	**Other income**			
	Profit on bank deposits		**2,331,611**	3,266,467
	Processing fee		**724,890**	1,349,031
	Gain on settlement of musharikah		**1,089,165**	5,049,915
	Gain on settlement of morabaha		**106,578**	22,024
	Miscellaneous income		**395,000**	1,378,020
	Rebate income from Takaful		**1,183,200**	2,507,717
			5,830,444	13,573,174

		Note	31-Dec-21	30-Jun-21
			Rupees	Rupees
32	**Administrative expenses**			
	Salaries and benefits		**15,529,889**	29,411,235
	Traveling and conveyance		**130,835**	146,018
	Depreciation - owned asset	**5.2**	**744,875**	919,444
	Amortization of Intangible Assets	**6.1**	**402,186**	797,814
	Legal and professional		**190,000**	1,252,327
	Printing and stationary		**705,692**	720,804
	Insurance		**1,476,242**	2,345,307
	Fee and subscription		**1,810,503**	1,090,801
	Auditor's remuneration	**32.2**	**410,000**	585,000
	Repair and maintenance		**1,499,330**	1,693,972
	Vehicle running and maintenance		**117,370**	229,792
	Power and utilities		**810,673**	1,073,405
	Entertainment expenses		**387,838**	529,562
	Advertisement		**190,150**	194,000
	Telephone and postage		**349,391**	593,059
	Corporate expenses		**217,441**	545,334
	Rent rates and taxes		**106,600**	21,325
	Selling and marketing expenses		**1,399,683**	644,649
	Miscellaneous expenses		**243,224**	251,004
			26,721,922	43,044,852

32.1 Salaries and other benefits include Rs. 0.4912 million (June 2021: Rs. 0.913 million) on account of provident fund contribution and Rs.0.056 million (June 2021: Rs. 1.130 million) in respect of gratuity payable to employees.

32.2	**Auditors' remuneration**	**Note**	**31-Dec-21**	30-Jun-21
			Rupees	Rupees
	Half Yearly review and others		**-**	175,000
	Audit fee		**300,000**	300,000
	Out of pocket expenses		**110,000**	110,000
			410,000	585,000

33	**Finance cost**		
	Financial charges on musharikah	**18,636,257**	47,060,064
	Financial charges on redeemable capital	**36,617,881**	71,997,139
	Bank charges	**64,097**	147,695
		55,318,235	119,204,898

34 Management fee

Management fee is payable to Punjab Modaraba Services (Private) Limited. During the current period the management has decided not to pay out the dividend to certificate holders from the current year net annual profit therefore, as per SECP circular the management cannot pay the management fee to Management Company.

		Note	31-Dec-21	30-Jun-21
35	**Taxation**		**Rupees**	Rupees
	Current Tax			
	- Current year		**2,178,187**	1,519,913
	Deferred			
	- Relating to origination and reversal of temporary differences		**-**	-
			2,178,187	1,519,913

36 Earning per certificate

36.1 Basic

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

	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
Profit for the year		10,634,680	7,420,750
Weighted average number of ordinary certificates		34,020,000	34,020,000
Earning per certificate		0.31	0.22

36.2 Diluted

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

37 Transactions with related parties

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

37.1 Balances outstanding at the end of year

	Note	31-Dec-21	30-Jun-21
37.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)		Rupees	Rupees
Musharikah finances		131,100,952	535,128,774
Profit payable on musharikah finances		9,463,234	11,170,271
Certificates of musharikah		1,600,000,000	1,000,000,000
Profit payable on certificates of musharikah		12,374,364	11,564,368
37.1.2 Punjab Capital Securities (Private) Limited (Subsidiary Company)			
Investment in shares		76,500,000	76,500,000

37.2 Transactions during the year

37.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)			
Bank charges		64,097	147,695
Profit charged on finances		18,636,257	47,060,064
Profit charged on certificates of Musharikah		36,159,320	71,370,373

38 Remuneration of officers and executives

	31-Dec-21		
	Executives	Other employees	Total
	Rupees	Rupees	Rupees
Remuneration	9,083,330	78,126	9,161,456
House rent allowance	3,046,789	31,250	3,078,039
Utility allowance	1,343,449	7,813	1,351,262
Medical allowance	599,494	7,813	607,307
Provident fund contribution	491,174	-	491,174
Gratuity Fund	55,648	-	55,648
Expenses reimbursed	785,004	-	785,003
	15,404,888	125,001	15,529,889
Number of employees at the year end	37	2	39
Average no of employees	37	2	39

38.1 The chief financial officer has been provided a vehicle on Ijarah.

	30-Jun-21		
	Officers	Other employees	Total
	Rupees	Rupees	Rupees
Remuneration	17,176,266	212,089	17,388,355
House rent allowance	5,416,811	84,836	5,501,647
Utility allowance	1,351,743	21,209	1,372,952
Medical allowance	1,351,743	21,209	1,372,952
Provident fund contribution	913,476	-	913,476
Gratuity Fund	1,126,881	-	1,126,881
Expenses reimbursed	1,734,973	-	1,734,973
	29,071,893	243,842	29,411,235
Number of employees at the year end	37	2	39
Average number of employees	37	2	39

39 Financial instruments

The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors of the management company has overall responsibility for the establishment and oversight of Modaraba's risk management framework.

39.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge an obligation. The risk is generally limited to the carrying to principal amounts and accrued profit thereon, if any. The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Prudential Regulations. The carrying amount of the following financial assets represents the maximum credit exposure at the reporting date:

	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
Bank balances	18	135,017,013	111,691,888
Musharikah Investment - net	8	686,699,722	566,794,398
Long term morabaha investment - net		-	208,220
Short term morabaha investment - net	12	211,196,651	251,718,651
Ijarah rental receivable - net	14	200,621,167	235,750,535
Advances, deposits, prepayments and other receivables	17	124,302,132	159,708,754
Long term deposits		203,444	203,444
		1,358,040,129	1,326,075,890

39.1.1 Bank balances

The Modaraba kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having medium to long term rating from AAA to AA+ and short term rating from A1+ to A1. Credit risk rating of the

Banks	Short Term	Long Term	Agency
The Bank of Punjab	A1+	AA+	PACRA
Al Baraka Bank (Pakistan) Limited	A1/A1	A/A+	PACRA / VIS
National Bank of Pakistan	A1+/A1+	AAA/AAA	PACRA / VIS
NRSP Microfinance Bank Limited	A1/A1	A/A	PACRA / VIS

39.1.2 Description of collateral held

The Modaraba's ijarah are secured against ijarah assets and personal guarantees. In few ijarah additional collateral is also obtained in the form of mortgaged property.

Morabaha investments are secured by way of personal guarantees of the directors, pledge of stocks, mortgage of properties and charge on the assets varying from case to case.

Musharikah investments are secured against musharikah assets, personal guarantees and mortgage of properties.

39.1.3 Aging Analysis of Morabaha profit receivable

	31-Dec-21			
Past due	Total	Non-classified	Classified	Suspension
	Rupees			
Not Yet Due	730,838	730,838	-	-
Less than 3 months	-	-	-	-
3 months to 6 months - OAEM	-	-	-	-
6 months to 1 year - Substandard	-	-	-	-
1 to 1.5 years - Doubtful	30,447,712	-	30,447,712	408,455
More than 1.5 years - Loss	37,787,610	-	37,787,610	21,925,386
	68,966,160	730,838	68,235,322	22,333,841

	30-Jun-21			
Past due	Total	Non-classified	Classified	Suspension
	Rupees			
Not yet due	-	-	-	-
Less than 6 months	20,454,798	20,454,798	-	-
6 to 12 months - OAEM	1,395,183	-	1,395,183	1,395,183
1 to 2 years - Substandard	-	-	-	-
2 to 3 years - Doubtful	-	-	-	-
More than 3 years - Loss	26,134,597	-	26,134,597	26,134,597
	47,984,578	20,454,798	27,529,780	27,529,780

Suspension is recognized by the Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

39.1.4 Aging Analysis of Morabaha Investment

Past due	31-Dec-21 Total	Non-classified	Classified	Provision
	Rupees			
Not Yet Due	**40,996,888**	**40,996,888**	**-**	**-**
Less than 3 months	**-**	**-**	**-**	**-**
3 months to 6 months - OAEM	**-**	**-**	**-**	**-**
6 months to 1 year - Substandard	**-**	**-**	**-**	**-**
1 to 1.5 years - Doubtful	**-**	**-**	**-**	**-**
More than 1.5 years - Loss	**393,253,642**	**-**	**393,253,642**	**223,053,873**
	434,250,530	**40,996,888**	**393,253,642**	**223,053,873**

Past due	30-Jun-21 Total	Non-classified	Classified	Provision
	Rupees			
Not yet due	-	-	-	-
Less than 6 months	24,016,220	24,016,220	-	-
6 to 12 months - OAEM	-	-	-	-
1 to 2 years - Substandard	-	-	-	-
2 to 3 years - Doubtful	-	-	-	-
More than 3 years - Loss	471,114,013	-	471,114,013	244,361,379
	495,130,232	24,016,220	471,114,013	244,361,379

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

39.1.5 Aging Analysis of Ijarah receivable

Past due	31-Dec-21 Total	Non-classified	Classified	Provision / Suspension
	Rupees			
Not Yet Due	-	-	-	-
Less than 3 months	**9,133,684**	**9,133,684**	-	-
3 months to 6 months - OAEM	**14,019,653**	-	**14,019,653**	**990,058**
6 months to 1 year - Substandard	**5,085,574**	-	**5,085,574**	**310,414**
1 to 1.5 years - Doubtful	**10,809,782**	-	**10,809,782**	**2,740,754**
More than 1.5 years - Loss	**285,598,848**	-	**285,598,848**	**119,985,148**
	324,647,541	**9,133,684**	**315,513,857**	**124,026,374**

Past due	30-Jun-21 Total	Non-classified	Classified	Suspension
	Rupees			
Not yet due	-	-	-	-
Less than 6 months	32,655,035	32,655,035	-	-
6 to 12 months - OAEM	501,254	-	501,254	-
1 to 2 years - Substandard	96,218	-	96,218	-
2 to 3 years - Doubtful	87,676	-	87,676	-
More than 3 years - Loss	335,138,709	-	335,138,709	132,728,357
	368,478,892	32,655,035	335,823,857	132,728,357

Suspension is recognized by Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

39.1.6 Aging Analysis of Musharikah profit receivable

Past due	31-Dec-21 Total	Non-classified	Classified	Suspension
	Rupees			
Not Yet Due	-	-	-	-
Less than 3 months	**20,531,863**	**20,531,863**	-	-
3 months to 6 months - OAEM	**1,576,852**	-	**1,576,852**	**1,019,660**
6 months to 1 year - Substandard	**979,506**	-	**979,506**	**957,238**
1 to 1.5 years - Doubtful	**1,001,849**	-	**1,001,849**	**1,001,849**
More than 1.5 years - Loss	**30,298,308**	-	**30,298,308**	**17,680,678**
	54,388,378	**20,531,863**	**33,856,515**	**20,659,425**

Past due	30-Jun-21 Total	Non-classified	Classified	Suspension
	Rupees			
Not yet due	-	-	-	-
Less than 6 months	41,707,712	41,707,712	-	-
6 to 12 months - OAEM	16,069,782	-	16,069,782	14,324,403
1 to 2 years - Substandard	-	-		
2 to 3 years - Doubtful	8,858	-	8,858	8,858
More than 3 years - Loss	7,120,917	-	7,120,917	7,120,915
	64,907,269	41,707,712	23,199,557	21,454,176

Suspension is recognized by the Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

39.1.7 Aging Analysis of Musharikah Investment

Past due	31-Dec-21 Total	Non-classified	Classified	Provision
	Rupees			
Not Yet Due	**550,392,834**	**550,392,834**	**-**	**-**
Less than 3 months	**7,503,527**	**7,503,527**	**-**	**-**
3 months to 6 months - OAEM	**2,522,508**	**-**	**2,522,508**	**-**
6 months to 1 year - Substandard	**9,759,844**	**-**	**9,759,844**	**-**
1 to 1.5 years - Doubtful	**14,574,594**	**-**	**14,574,594**	**-**
More than 1.5 years - Loss	**128,339,334**	**-**	**128,339,334**	**26,392,919**
	713,092,641	**557,896,361**	**155,196,280**	**26,392,919**

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

Past due	30-Jun-21 Total	Non-classified	Classified	Provision
	Rupees			
Not yet due	510,581,270	510,581,270	-	-
Less than 6 months	9,193,845	-	9,193,845	-
6 to 12 months - OAEM	2,514,420	-	2,514,420	-
1 to 2 years - Substandard	1,623,264	-	1,623,264	-
2 to 3 years - Doubtful	9,742,742	-	9,742,742	-
More than 3 years - Loss	48,900,000	-	48,900,000	15,761,143
	582,555,540	510,581,270	71,974,271	15,761,143

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an ongoing basis.

39.1.8 The Modaraba manages credit risk and its concentration through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure limits for individuals and industrial sectors.

Break down of credit risk exposure by class of business as at 31 December 2021 is as follows:

	31-Dec-21 Assets Ijarah	Morabaha Investment	Musharikah Investment	Total	% age
	Rupees				
Bank and NBFI's	**-**	**-**	**2,214,383**	**2,214,383**	**0.14%**
Textile Spinning and Composite	**25,071,876**	**184,178,735**	**-**	**209,250,611**	**13.50%**
Sugar and Allied	**-**	**32,000,000**	**-**	**32,000,000**	**2.06%**
Electric Goods	**100,000**	**13,023,643**	**12,215,033**	**25,338,676**	**1.63%**
Chemical and Pharmaceuticals	**415,859**	**2,720,170**	**-**	**3,136,029**	**0.20%**
Paper and Board	**-**	**-**	**32,042,113**	**32,042,113**	**2.07%**
Food and Allied	**2,358,420**	**-**	**190,615,121**	**192,973,541**	**12.45%**
Individuals	**90,872,559**	**31,458,000**	**-**	**122,330,559**	**7.89%**
Jute	**-**	**-**	**31,645,895**	**31,645,895**	**2.04%**
Oil and Gas	**-**	**-**	**31,092,480**	**31,092,480**	**2.01%**
Miscellaneous	**25,751,322**	**103,369,982**	**397,533,458**	**526,654,762**	**33.98%**
Aviation and transport	**214,939,026**	**-**	**14,797,860**	**229,736,886**	**14.82%**
Engineering, Steel & Construction	**42,971,272**	**67,500,000**	**936,300**	**111,407,572**	**7.19%**
	402,480,334	**434,250,530**	**713,092,643**	**1,549,823,507**	**100%**

	30-Jun-21 Assets Ijarah	Morabaha investment	Musharikah investment	Total	% age
	Rupees				
Textile Spinning and Composite	35,464,801	172,178,735	2,804,238	210,447,774	13.77%
Sugar and Allied	-	32,000,000	-	32,000,000	2.09%
Electric Goods	100,000	93,023,643	-	93,123,643	6.09%
Chemical and Pharmaceuticals	483,054	4,720,170	13,787,485	18,990,709	1.24%
Paper and Board	100,000	-	-	100,000	0.01%
Food and Allied	2,740,721	-	33,956,685	36,697,406	2.40%
Individuals	88,784,540	88,616,222	82,090,641	259,491,403	16.98%
Jute	-	-	-	-	0.00%
Oil and Gas	-	-	27,539,253	27,539,253	1.80%
Miscellaneous	30,965,233	37,091,463	21,534,191	89,590,887	5.86%
Aviation and transport	247,319,771	-	387,043,445	634,363,216	41.51%
Engineering, Steel & Construction	44,481,531	67,500,000	10,726,517	122,708,048	8.03%
Cement	-	-	3,073,086	3,073,086	0.20%
	450,439,652	495,130,232	582,555,541	1,528,125,425	100%

39.2 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. 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. The following are the contractual maturities of financial liabilities, including profit payments:

	31-Dec-21					
Financial liabilities	**Carrying Amount**	**Contractual cash flows**	**6 months or less**	**6 to 12 months**	**1 year to 2 years**	**2 years to 5 years**
	----------	----------	----------	Rupees	----------	----------
Redeemable capital	**1,603,000,000**	**1,616,401,730**	**1,616,401,730**	**-**	**-**	**-**
Security deposits against Ijarah	**121,944,089**	**121,944,089**	**79,669,360**	**12,750,250**	**17,613,800**	**11,910,679**
Musharikah finance	**131,100,952**	**140,564,186**	**140,564,186**	**-**	**-**	**-**
Unclaimed profit	**17,203,256**	**17,203,256**	**17,203,256**	**-**	**-**	**-**
Trade and other payables	**59,036,423**	**59,036,423**	**59,036,423**	**-**	**-**	**-**
Profit payable	**22,864,964**	**22,864,964**	**22,864,964**	**-**	**-**	**-**
	1,955,149,685	**1,978,014,649**	**1,935,739,919**	**12,750,250**	**17,613,800**	**11,910,679**

	30-Jun-21					
Financial liabilities	Carrying Amount	Contractual cash flows	6 months or less	6 to 12 months	1 year to 2 years	2 years to 5 years
	----------	----------	----------	Rupees	----------	----------
Redeemable capital	1,014,101,593	1,032,794,470	1,032,794,470	-	-	-
Security deposits against Ijarah	131,545,269	131,545,269	76,019,110	12,750,250	21,613,800	21,162,109
Musharikah finance	535,128,774	619,020,545	20,919,577	20,919,577	41,839,153	576,967,927
Unclaimed profit	17,367,085	17,367,085	17,367,085	-	-	-
Trade and other payables	35,957,634	35,957,634	35,957,634	-	-	-
Profit payable	23,762,005	23,762,005	23,762,005	-	-	-
	1,757,862,361	1,860,447,009	1,206,819,881	33,669,827	63,452,953	598,130,036

39.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of profit rates effective as at year end (and includes both principal and profit payable thereon). The rates of profit have been disclosed in notes 23 and 25 to these financial statements.

39.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, profit rates and equity prices will affect the Modaraba's income or the value of its holdings of financial instruments. The Modaraba has adopted appropriate policies to minimize its exposure to this risk.

39.3.1 Profit rate risk

At the reporting date, the profit rate profile of Modaraba's significant profit bearing financial instruments and the periods in which they mature is as follows:

	31-Dec-21	30-Jun-21	31-Dec-21	30-Jun-21
	Effective profit rate (Percentage)		Carrying amount (Rupees)	
Financial assets				
Musharikah investments	**9.60 - 19.98**	9.32 - 19.98	**686,699,722**	566,794,398
Morabaha investments	**11.64 - 19.90**	8.50 - 19.90	**206,640,356**	250,768,854
Short term investment	**11.25-11.25**	0	**200,000,000**	-
Cash and bank balances	**8.30 - 8.30**	4.25 - 8.94	**102,073,480**	52,090,111
			1,195,413,558	869,653,363
Financial liabilities				
Redeemable Capital	**5.65 - 13.60**	5.35 - 13.60	**1,603,000,000**	1,014,101,593
Musharikah finance	**7.45 - 10.54**	7.25 - 7.84	**131,100,952**	535,128,774
			1,734,100,952	1,549,230,367

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in profit rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the basis for 2021.

	Profit and loss 100 bps	
	Increase	Decrease
As at 31 December 2021		
Cash flow sensitivity-variable rate financial assets	**9,954,136**	**11,835,908**
Cash flow sensitivity-variable rate financial liabilities	**(17,341,011)**	**(16,691,400)**
Net effect	**(7,386,875)**	**(4,855,492)**

	Profit and loss 100 bps	
	Increase	Decrease
As at 30 June 2021		
Cash flow sensitivity-variable rate financial assets	8,696,533	11,835,908
Cash flow sensitivity-variable rate financial liabilities	(15,492,305)	(16,691,400)
Net effect	(6,795,772)	(4,855,492)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Modaraba.

39.3.2 Currency risk

As at 31 December 2021, there is no foreign exchange exposure on Morabaha's balance sheet.

39.4 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 behaviour. Operational risks arise from all of the Modaraba's activities.

- The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders.
- 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;
- risk mitigation, including insurance where it is effective.

40 Fair value of financial instruments

The IFRS-13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.As of reporting date, the carrying values of financial assets and financial liabilities approximate their fair values. Accordingly, no additional disclosure of fair value has been incorporated in these financial statements.

40.1 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Modaraba defines as net operation income divided by total capital employed. The Board of Directors also monitors the level of dividend payouts to certificate holders.

41 Reconciliation of liabilities arising from financing activities

	Balance as at 01 July 2021	Availed / Announced	Repaid / Redeemed	Balance as at 31 Dec 2021
Long term musharikah finance	535,128,774	2,038,378,738	(2,442,406,560)	131,100,952
Prifit payable	17,367,085	-	(163,829)	17,203,256
Redeemable capital	1,014,101,593	1,600,000,000	(1,011,101,593)	1,603,000,000
	1,566,597,452	3,638,378,738	(3,453,671,982)	1,751,304,208

		Note	From 1 July to 31 December 2021	For the year ended 30 June 2021
42	**Cash flow from operating activities**		**Rupees**	Rupees
	Profit for the period		**12,812,867**	8,940,663
	Adjustments for:			
	Depreciation of Ijarah assets		**67,525,579**	121,115,017
	Depreciation of assets in own use		**744,875**	919,444
	Amortization of Intagible Assets		**402,186**	797,814
	Gain on disposal of Ijarah assets		**(661,332)**	(1,815,709)
	Gain on disposal of owned assets		**-**	(25,297)
	Gain on disposal of non-banking assets		**-**	(1,900,000)
	Reversal of impairment of ijarah assets		**-**	(5,000,000)
	(Reversal) / Provision for morabaha investment		**(21,307,500)**	-
	Provision / (Reversal) for musharikah Investment		**10,631,776**	-
	Provision / (Reversal) for Ijara investment		**333,800**	(13,168,058)
	Financial charges on musharikah finances		**18,636,257**	47,060,064
	Financial charges on redeemable capital		**36,617,881**	71,997,139
			112,923,522	219,980,414
	Operating profit before working capital changes		**125,736,389**	228,921,077
	Working capital changes			
	Increase / (decrease) in operating assets:			
	Morabaha investment		**43,077,059**	41,509,917
	Purchase of assets under ijarah arrangements		**(35,822,400)**	(90,535,199)
	Investment in musharikah-net		**(131,287,945)**	68,338,891
	Purchase of Software		**-**	(1,200,000)
	Purchase of assets-Development Properties		**(32,508,636)**	(6,975,000)
	Proceeds from transfer of Ijarah assets		**27,259,393**	53,873,383
	Ijarah Rental Receivable - net		**44,165,151**	41,836,438
	Advances, deposits, prepayments and other receivables		**35,647,551**	11,608,967
			(49,469,827)	118,457,397
	Increase / (decrease) in operating liabilities:			
	Security deposits - net		**(6,203,402)**	(14,339,630)
	Trade and other payables		**26,336,338**	779,253
			20,132,936	(13,560,377)
	Net changes in operating assets and operating liabilities		**(29,336,891)**	104,897,020
	Cash generated from operations		**96,399,498**	333,818,097

43 Provident fund

Size of the fund	**7,263,208**	**5,256,866**
Percentage of investments made	**100%**	**100%**
Fair value of investments made	**7,263,208**	**4,000,000**
Cost of investment made	**7,263,208**	**4,000,000**

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	31-Dec-21 (Un-Audited)		30-Jun-21 (Audited)	
	Investment	**Investment as % of size of the**	**Investment**	**Investment as % of size of the**
Term Deposit Receipts	**-**	**-**	**4,000,000**	**100%**
Scheduled Banks	**7,263,208**	**100%**	**-**	**-**
	7,263,208	**100%**	4,000,000	100%

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

44 Date of authorization for Issue

The unconsolidated financial statements of Modaraba were approved by the Directors of Modaraba Management Company and authorized for issue on April 06, 2022

45 General

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

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

Chief Financial Officer	Chief Executive	Director	Director

Consolidated Financial Statements

as at 31 Dec 2021

Auditors' Report to the Certificate Holders

OF FIRST PUNJAB MODARABA

We have audited the annexed consolidated balance sheet of **First Punjab Modaraba** (the Modaraba) as at **31 December 2021** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the six-month period then ended 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 our audit.

These financial statements are the Modaraba management company's (Punjab Modaraba Services (Private) Limited) responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) In our opinion, proper books of accounts have been kept by the Modaraba Company in respect of First Punjab Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and Modaraba Companies and Modaraba Rules, 1981;

(b) In our opinion:

(i) the consolidated balance sheet and consolidated profit and loss account 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 the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;

(ii) the expenditure incurred during the period was for the purpose of the Modaraba's business; and

(iii) the business conducted, investments made, and the expenditure incurred during the period were in accordance with the objects, terms and conditions of the modaraba;

(c) In our opinion and to the best of our information and according to the explanations given to us, the consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 31 December 2021 and of the profit, its comprehensive income its cash flows and changes in equity for the period then ended; and

(d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980), was deducted by the Modaraba company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner: Ahsan Shahzad
Location: Lahore
Date: 19 April 2022
UDIN: AR202110079jvx80DpeQ

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMER 2021

	Note	31 December 2021	30 June 2021
ASSETS		**Rupees**	Rupees
Non current assets			
Tangible fixed assets			
- Ijarah assets	5.1	**402,480,335**	450,439,651
- Assets in own use	5.2	**4,539,641**	3,800,610
Intangible assets	6	**6,765,726**	7,167,912
Long term investments	7	**20,466,394**	20,533,912
Long term musharikah investment - secured	8	**289,701,023**	220,934,378
Long term morabaha investment - secured	9	**-**	-
Long term deposits	10	**8,395,471**	3,295,435
Deferred tax asset	11	**63,799,180**	64,386,484
		796,147,770	770,558,382
Current assets			
Short term morabaha investment - secured	12	**211,196,651**	251,718,651
Current maturity of long term investment	13	**396,998,699**	346,068,240
Ijarah rental receivable	14	**200,621,167**	235,750,535
Short Term Investment		**200,000,000**	-
Development properties - Land	15	**39,483,636**	6,975,000
Trade Receivable	16	**7,778,595**	32,655,884
Advances, deposits, prepayments and other receivables	17	**171,232,109**	209,553,424
Tax refund due from government		**5,743,208**	6,874,104
Cash and bank balances	18	**163,486,952**	140,072,304
		1,396,541,017	1,229,668,142
TOTAL ASSETS		**2,192,688,787**	2,000,226,524
EQUITY AND LIABILITIES			
Authorized certificate capital			
50,000,000 (30 June 2021: 50,000,000) modaraba certificates of Rs. 10 each	19	**500,000,000**	500,000,000
Issued, subscribed and paid-up certificate capital			
34,020,000 (31 December 2021: 34,020,000) certificates of Rs. 10 each	19.1	**340,200,000**	340,200,000
Capital reserves	20	**220,303,614**	218,176,678
Fair Value Reserve	20	**5,642,018**	9,774,741
Revenue reserves	20	**(405,285,175)**	(422,177,511)
		160,860,457	145,973,908
Non current liabilities			
Long term security deposits	21	**42,274,729**	42,775,909
Deferred morabaha income	22	**-**	-
Long term musharikah finance - secured	23	**131,100,952**	535,128,774
		173,375,681	577,904,683
Current liabilities			
Current maturity of non current liabilities	24	**84,225,155**	89,927,377
Redeemable capital - participatory and unsecured	25	**1,603,000,000**	1,014,101,593
Profit payable	26	**22,864,964**	23,762,005
Trade and other payables	27	**126,456,189**	128,111,554
Provision for taxation		**4,703,085**	3,078,319
Unclaimed profit		**17,203,256**	17,367,085
		1,858,452,649	1,276,347,933
TOTAL EQUITY AND LIABILITIES		**2,192,688,787**	2,000,226,524
CONTINGENCIES AND COMMITMENTS	28		

The attached notes 1 to 46 form an integral part of these consolidated financial statements.

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

Chief Financial Officer	Chief Executive	Director	Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

	Note	From 1 July to 31 December 2021 (Note 1.1)	For the year ended 30 June 2021
		Rupees	Rupees
Income			
Income from ijarah rentals	29.1	43,056,757	68,026,823
Income from morabaha financing	29.2	6,356,403	3,841,615
Income from diminishing musharaka financing	29.3	28,606,164	63,839,737
Revenue from Contract with customers	30	15,056,850	26,054,757
Gain on disposal of fixed assets	31	661,332	3,741,006
Other income	32	7,581,585	16,794,167
		101,319,091	182,298,105
Expenses			
Administrative expenses	33	37,610,975	63,130,642
Finance cost	34	55,325,497	119,227,762
		92,936,472	182,358,404
Operating Profit / (loss) before provision		8,382,619	(60,299)
Reversal of impairment of ijarah assets	5.1	-	5,000,000
Provision / (Reversal) of impairment against ijarah rentals - net	14.1	(333,800)	13,168,058
Reversal of impairment against murabaha investment	12.2	21,307,500	-
Provision of impairment against musharikah investment	13.1	(10,631,776)	-
		10,341,924	18,168,058
Operating profit / (loss) after provision and impairment		18,724,543	18,107,759
Modaraba Company's management fee	35	-	-
		18,724,543	18,107,759
Taxation	36	(3,770,476)	(3,090,498)
Profit for the period		14,954,067	15,017,261
Earnings per certificate - basic and diluted	37	0.44	0.44

The attached notes 1 to 46 form an integral part of these consolidated financial statements.

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

Chief Financial Officer	Chief Executive	Director	Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

	Note	From 1 July to 31 December 2021 (Note 1.1)	For the year ended 30 June 2021
		Rupees	Rupees
Profit for the period		**14,954,067**	15,017,261
Other Comprehensive Income for the period		**(67,518)**	928,373
Total comprehensive Income for the period		**14,886,549**	15,945,634

The attached notes 1 to 46 form an integral part of these consolidated financial statements.

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

Chief Financial Officer	Chief Executive	Director	Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

	Note	From 1 July to 31 December 2021 (Note 1.1)	For the year ended 30 June 2021
		Rupees	Rupees
Cash flow from operating activities			
Cash generated from operations	43	**96,866,131**	318,314,007
Profit paid on redeemable capital		**(35,807,885)**	(78,462,062)
Profit paid on musharikah finances		**(20,343,294)**	(54,755,623)
Taxes paid		**(427,510)**	(1,310,745)
		(56,578,689)	(134,528,430)
Net cash generated from operating activities		**40,287,442**	183,785,577
Cash flow from investing activities			
Proceeds from disposal of fixed assets		**-**	27,500
Short Term Investment		**(200,000,000)**	-
Dividend Income		**-**	590,783
Purchase of fixed assets in own use	5.2	**(1,579,550)**	(628,445)
Net cash used in investing activities		**(201,579,550)**	(10,162)
Cash flow from financing activities			
Musharikah finances-net	23	**(404,027,822)**	(113,609,839)
Redeemable capital-net	25	**588,898,407**	552,368
Profit distributed among the certificate holders		**(163,829)**	(91,257)
Net cash generated from / (used in) financing activities		**184,706,756**	(113,148,728)
Net decrease in cash and cash equivalents		**23,414,648**	70,626,687
Cash and cash equivalents at the beginning of the period / year		**140,072,304**	69,445,617
Cash and cash equivalents at the end of the period / year	18	**163,486,952**	140,072,304

The attached notes 1 to 46 form an integral part of these consolidated financial statements.

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

Chief Financial Officer	Chief Executive	Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

From July 01, 2020 to December 31, 2021

		Capital Reserve		Revenue Reserve	
	Certificate capital	Fair Value Reserve	Statutory reserve	Accumulated loss	Total
		Rupees			
Balance as at 01 July 2020	340,200,000	8,846,368	216,692,528	(435,710,622)	130,028,274
Profit for the year	-	928,373	-	15,017,261	15,945,634
Other comprehensive income for the year	-		-	-	-
Total comprehensive loss for the year	-	928,373	-	15,017,261	15,945,634
Transfer to statutory reserves			1,484,150	(1,484,150)	-
Balance as at 30 June 2021	340,200,000	9,774,741	218,176,678	(422,177,511)	145,973,908
Balance as at 01 July 2021	**340,200,000**	**9,774,741**	**218,176,678**	**(422,177,511)**	**145,973,908**
Profit for the period	-	-	-	14,954,067	14,954,067
Other comprehensive income for the period	-	(67,518)	-		(67,518)
Total comprehensive income for the period	-	(67,518)	-	14,954,067	14,886,549
Adjustment of fair value reserve		(4,065,205)		4,065,205	
Transfer to statutory reserves	-	-	2,126,936	(2,126,936)	-
Balance as at 31 December 2021	340,200,000	5,642,018	220,303,614	(405,285,175)	160,860,457

The attached notes 1 to 46 form an integral part of these consolidated financial statements.

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

Chief Financial Officer	Chief Executive	Director	Director

FIRST PUNJAB MODARABA AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 31 DECEMBER 2021

1 The Group and Its Operations

The "Group" consists of:

Parent	**Percentage of holding**	
	31-Dec-21	30-Jun-21
First Punjab Modaraba		
Subsidiary Company		
Punjab Capital Securities (Private) Limited	**100%**	100%

First Punjab Modarba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of The Bank of Punjab), a company incorporated in Pakistan. The registered office of the Modaraba is situated at 3rd floor, National Tower, Egerton Road, Lahore. The Modaraba commenced its operations on 23 December 1992. The Modaraba is listed on Pakistan Stock Exchange.

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

Modaraba has obtained approval of the Securities and 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 13 January 2021.

Punjab Capital Securities (Private) Limited

The Punjab Capital Securities (Private) Limited ("the Company") is registered under the repealed Companies Ordinance, 1984 (which is replaced by Companies Act 2017) as a company limited by shares on the 29th day of November 2016. The Company is mainly engaged in business of brokerage services, portfolio management and consultancy services. The registered office of the Company is situated at Room No 319, 3" Floor, Lahore stock exchange (LSE) Building, Lahore.

1.1 During the period, the Modaraba has changed its financial year from 30 June to 31 December. Accordingly, financial statements of the Company are prepared for the six month period ended 31 December 2021 and hence comparative figures in Consolidated Profit or Loss Accounts, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows are not comparable.

1.2 Basis of Consolidation

The Group consolidated financial statements include the consolidated financial statements of the Modaraba and its subsidiary.

Subsidiary are fully consolidated from the date on which control is transferred to the Modaraba. They are deconsolidated from the date that control ceases. The consolidated financial statements of subsidiary have been consolidated on line by line basis. All significant inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

The Modaraba applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Modaraba recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The consolidated financial statements of the Modaraba and its subsidiary are prepared upto the same reporting date using consistent accounting policies.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through income statement.

Any contingent consideration to be transferred by the Modaraba is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill, if any, is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in income statement. After initial recognition, is measured at carrying value i.e. cost at the date of acquisition less any accumulated impairment.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Modaraba ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Modaraba had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Non-controlling interest

The Group applies a policy of treating transactions with non- controlling interests as transaction with parties external to the Group. Disposals of non-controlling interests results in gain and losses for the Group that are recorded in the profit and loss account.

1.3 Management's Assessment of Going Concern

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

During the period ended 31 December 2021, the Modaraba has made profit after tax of Rs. 10,634,680, which is mainly due to reversal of provisions. The accumulated loss, net of reserves, as at 31 December 2021 amount to Rs. 184,846,338 (June 2021: Rs.195,481,018) which exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates. Further the current liabilities of the Modaraba exceed its current assets by Rs. 507,969,131 as at 31 December 2021.

In order to address going concern issue in terms of section 23 of the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance), The Bank of Punjab (BOP) being the parent company of the Modaraba's Management Company' is providing consistent support and has confirmed that it shall continue to provide financial support to the Modaraba in order to mitigate liquidity risk. The Modaraba has obtained approval from the Securities & Exchange Commission of Pakistan dated 13 January 2021 to undertake Building, Construction and Real Estate activities. Accordingly, financial benefits shall be accrued in books of Modaraba in due course of time. Further, the Modaraba has made significant progress in terms of recovery from certain classified borrowers resulting in improvement of net equity in term of compliance of section 23 of the Modaraba Ordinance.

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

2 Basis of preparations

These financial statements are the consolidated financial statements of the group in which investment in subsidiary is accounted for on the basis of acqusition method. Standalone financial statements of Modaraba and its subsidiary are prepared separately.

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws).

Where provisions and directives issued under Companies Act, 2017 and the relevant laws differ from IFRS Standards, the provisions and directives issued under Companies Act, 2017 and the relevant laws have been followed.

The SECP has deferred the applicability of IFRS-9 for Modarabas uptil 30 June, 2022 via SRO 800(I) / 2021 dated 22 June, 2021. The Modaraba has guidance from requirements of IFRS 9 on certain matter guidance on local framework is not available, however this does not construed as application of IFRS 9 for the purpose of these financial statements. The provision against financing has been determined in accordance with requirement of the Prudential

The SECP has issued directive (vide SRO 431 (I) / 2007 dated 22 May, 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 consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at their fair value or amortized cost as applicable.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is also the Modaraba's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee, unless otherwise stated.

2.4 Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgment and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, orin the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statement or where judgment was exercised in the application of accounting policies are as follows:

2.4.1 Depreciation/Amortization

Estimates of residual values, useful lives and depreciation methods of fixed assets in own use and Ijarah assets (note 5)

2.4.2 Provision against non-performing loans and advances

The Modaraba reviews its portfolio to assess amount of non-performing contracts and provision required there against on a quarterly basis. The provision is made in accordance with the prudential regulations issued by Securities and Exchange Commission of Pakistan.

2.4.3 Income taxes (refer to notes 11 and 36)

The Group takes into account relevant provisions of current income tax laws while providing for current and deferred tax

2.4.4 Provision against non performing financing and suspense income (refer to notes 12, 13 and 14)

The Modaraba reviews its overdue ijarah rentals, morabaha receivable and musharikah receivable at each reporting date to assess whether provision should be recorded in profit and loss account, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the SECP. In particular, judgment by management is required in the estimation of the amount and the timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

3 New accounting standards / amendments and IFRS interpretations that are effective for the period ended 31 December 2021

During the period, certain amendments to standards, interpretations and improvement to accounting standards became effective; however, the standards, amendments, interpretations and improvements did not have any material effect on these consolidated financial statements of the Modaraba.

3.1 New accounting standards / amendments and IFRS interpretations 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. The Modaraba considers that the following standards and interpretations are either not relevant or will not have any material impact on its unconsolidated financial statements in the period of initial application other than IFRS 9. Adoption of IFRS-9 will significantly change the method for calculation of impairmant of financial assets, from incurred loss method to expected cerdit loss method. Management of the Modaraba is currently in the process of estimating the impact on the consolidated financial statements.

Standard or Interpretations		Effective date (annual periods beginning on or after)
IFRS 9	Financial instruments	1 January 2022
IFRS 3	Reference to conceptual framework - Amendments	1 January 2022
IAS 16	Property, plant and equipment: Proceeds before intended use -Amendments	1 January 2022
IAS 37	Onerous contracts - costs of fulfilling a contract - Amendments	1 January 2022
AIP	Annual improvements to IFRS Standards 2018 - 2020	1 January 2022
IAS 8	Amended Definition of accounting estimates	1 January 2023
IAS 1	Classification of liabilities as current or non-current -Amendments	1 January 2023

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of previous financial year. Significant accounting policies are enumerated as follows:

4.1 Tangible fixed assets

Assets in own use

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

Depreciation on all fixed assets is charged to profit and loss on straight line basis, so as to write off the historical cost of an asset over its estimated useful life at annual rates mentioned in note 5.2.

Residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Assets' residual values and useful lives are reviewed and adjusted. if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's canying amount is greater than its estimated recoverable amount.

The Group assesses at each balance sheet date whether there is any indication that fixed 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 amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and 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.

Subsequent costs 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 Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset.

Intangible Assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Group and the cost of the items can be measured reliably. The useful lives and amortisation method are reviewed and adjusted, as appropriate, at each reporting date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if

Gain or loss on disposal of intangible assets, if any. Is taken to the profit and loss account in the period in which these arise.

Ijarah Assets

Ijarah assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to profit and loss account applying the straight line method whereby the cost of an asset less salvage value is written off over the period of facility, which is considered to be the estimated useful life of the asset. However, in the event the asset is expected to be available for re-ijarah, depreciation is charged over the economic life of asset using straight line basis. In respect of additions and disposals during the year, depreciation is charged proportionately from the date of delivery of assets to the date of its maturity / termination.

Ijarah income is recognized on an accrual basis as and when the rental becomes due.

4.2 Impairment (Including provision for potential Ijarah losses and write offs)

The carrying amount of the Modaraba's assets are reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such an indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the profit and loss account. For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

Provision for non-performing leases, if any, is made in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit and loss account in the current period. Outstanding balances in net investment in Ijarah finance are written off when there is no realistic prospect of recovery.

4.3 Ijarah rentals and Musharikah investments

Ijarah rentals and Musharikah investments are stated net of provision and suspense income. Provision is recognized for Ijarah rentals receivable and musharikah investment, in accordance with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan (SECP). Bad debts are written-off when identified.

4.4 Morabaha Investments

Morabaha investments are stated net of provision. Provision is recognized for Morabaha investments in accordance with the Prudential Regulations for Modaraba's issued by the Securities and Exchange Commission of Pakistan. Bad debts are written off when identified.

Morabaha receivable are recorded by the Modaraba at the invoiced amount and disclosed as such in the balance sheet.
Purchase and sales under Morabaha and the resultant profit are accounted for on the culmination of Morabaha transaction.

The profit on that portion of sales revenue not due for payment are deferred by accounting for a debit to "Unearned Morabaha Income" account with the corresponding credit to "Deferred Morabaha Income" account and shown in the balance sheet as a liability.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current, savings and deposit accounts.

Financial assets and liabilities are offset and the net amount reported in the consolidated financial statements when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on net basis, or realize the asset and settle the liabilities simultaneously.

4.6 Finance arrangements including Certificates of Musharikah

These are carried on the balance sheet at principal amount.

Profits on these arrangements are recognized as expense in the period in which they incur.

Profit on Musharikah finance is accounted for on the basis of the projected rate of profit. The effect of adjustments, if any, between actual rate and projected rate of profit is accounted for at the end of each year after determination of the actual rate.

4.7 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.10 Staff retirement benefit

4.11 Defined contribution plan

The Modaraba operates a recognized provident fund for all eligible employees. Equal monthly contributions @ 8.33% of the basic salary are made to the fund both by the Modaraba and employees.

Defined benefit plan

The Modaraba operates an un-funded gratuity scheme for its eligible employees completing prescribed period of service in accordance with service rules of the Modaraba. Provision is made for gratuity in accordance with the requirements laid down by IAS 19. The actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

4.12 Revenue recognition

Ijarah rentals

Ijarah rentals are recognized as income on accrual basis, as and when rentals become due.

Documentation charges, front-end fee and other Ijarah income are recognized as income on receipt basis. Unrealized ijarah income pertaining to non-performing ijarah is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations (PR).

Morabaha transaction

Profit on morabaha transaction is recognized over the period the payment becomes due. The unearned portion is reflected as deferred morabaha income.

Profit on musharikah arrangement is recognized under the effective interest rate, based on the amount outstanding.

Profit on bank deposit

Return on bank deposits are recognized on accrual basis, using effective interest rate method.

Capital gain or losses on sale of investment

Capital gain / loss on investment is recognized on sale of the respective investments.

Dividend income

Dividend income on equity instruments is recognized when the right to receive the same is established.

Commission income

Commission income is recognized on accrual basis.

4.13 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognized on the trade date i.e. the date that the Group commits to purchase/sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within three working days after the transaction date as per stock exchange regulations.

4.14 Profit distribution and appropriations

Profit distribution and appropriation to reserves are recognized as liability in the consolidated financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations, as may be required by law, are recognized in the period to which these relate.

4.15 Taxation

Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. The income of non-trading modarabas is exempt from tax provided that not less than 90% of their profits are distributed to the certificate-holders as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders.

Deferred

The Group accounts for deferred taxation using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account.

4.16 Earnings per certificate

Earnings per certificate is calculated by dividing the profit after taxation for the year by weighted average number of certifictaes outstanding during the year. Diluted earnings per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders by taking into account the conversioin of any diluted potential ordinary certificate.

4.17 Segment reporting

As per IFRS 8 - 'Operating Segments', operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The chief executive officer of the management company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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.

5 Tangible fixed assets	Note	Dec-21 Rupees	Jun-21 Rupees
Ijarah assets	5.1	402,480,335	450,439,651
Assets in own use	5.2	4,539,641	3,800,611
		407,019,976	454,240,261

5.1 Ijarah assets

Description	31-Dec-21													
	COST				DEPRECIATION				IMPAIRMENT				NET BOOK VALUE	
	As at 1 July 2021	Additions	Transfer	As at 31 Dec 2021	As at 1 July 2021	Charge for the Period	Transfer	As at 31 Dec 2021	As at 1 July 2021	Reversal for the Period	Transfer	As at 31 Dec 2021	As at 31 Dec 2021	Depreciation Rate
	(Rupees)													%
Plant and machinery	481,728,567	1,011,900	(71,150,004)	391,590,463	360,791,275	5,325,236	(61,961,940)	304,154,573	15,593,102	-	-	15,593,102	71,842,788	As per term
Vehicle	442,297,959	2,695,000	(12,165,530)	432,937,429	144,735,913	37,292,202	(9,850,058)	172,178,057	1,104,397	-	-	1,104,397	259,654,975	As per term
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	-	As per term
Consumer products	113,774,738	32,005,500	(11,886,959)	133,893,279	45,136,926	24,908,139	(7,134,358)	62,910,707	-	-	-	-	70,982,572	As per term
50104500	1,031,353,868	35,822,400	(95,202,493)	971,973,775	564,216,718	67,525,579	(78,946,356)	552,795,941	16,697,499	-	-	16,697,499	402,480,335	

Description	30-Jun-21													
	COST				DEPRECIATION				IMPAIRMENT				NET BOOK VALUE	
	As at 1 July 2020	Additions	Transfer	As at 30 June 2021	As at 1 July 2020	Charge for the Year	Transfer	As at 30 June 2021	As at 1 July 2020	Reversal for the Year	Transfer	As at 30 June 2021	As at 30 June 2021	Depreciation Rate
	(Rupees)													%
Plant and machinery	538,775,141	1,040,000	(78,086,574)	461,728,567	420,883,996	10,869,390	(70,762,111)	360,791,275	20,593,102	(5,000,000)	-	15,593,102	85,344,190	As per term
Vehicle	551,190,599	12,112,609	(121,005,249)	442,297,959	177,625,101	67,993,348	(101,082,536)	144,735,913	1,104,397	-	-	1,104,397	296,457,649	As per term
Cessna aircraft	13,552,604	-	-	13,552,604	13,552,604	-	-	13,552,604	-	-	-	-	-	As per term
Consumer products	64,211,924	77,382,590	(27,819,776)	113,774,738	24,061,983	42,252,279	(21,177,336)	45,136,926	-	-	-	-	68,637,812	As per term
	1,167,730,268	90,535,199	(226,911,599)	1,031,353,868	636,123,684	121,115,018	(193,021,983)	564,216,718	21,697,499	(5,000,000)	-	16,697,499	450,439,651	

5.1.1 Transfers represent the assets disposed through negotiation after expiry / termination of Ijarah. However, in view of large number of disposals, detail of each disposal has not been given.

5.1.2 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 342,447,098. (30 June 2021 : Rs. 411,641,601).

5.1.3 No impairment is reversed on the basis of recovery made from classified party and in accordance with Prudential regulations issued by Securities and Exchange Commission of Pakistan.

5.2 Assets in own use

Description	31-Dec-21									
	COST				DEPRECIATION				NBV	
	As at 1 July 2021	Additions	Disposal	As at 31 Dec 2021	As at 1 July 2021	Charge for the Period	Disposal	As at 31 Dec 2021	As at 31 Dec 2021	Depreciation Rate
	(Rupees)									
Office Equipment	3,682,747	1,360,050	-	5,042,797	2,644,954	49,389	-	2,694,343	2,348,454	15% & 30%
Furniture & Fixtures	2,947,985	-	-	2,947,985	1,777,753	154,744	-	1,932,497	1,015,488	15%
Vehicles	2,259,300	191,500	-	2,450,800	921,653	598,150	-	1,519,803	930,997	20%
Computer Products	1,212,980	28,000	-	1,240,980	958,041	38,238	-	996,279	244,701	20%
50104500	10,103,012	1,579,550	-	11,682,562	6,302,401	840,521	-	7,142,922	4,539,641	

Description	30-Jun-21									
	COST				DEPRECIATION				NBV	
	As at 1 July 2020	Additions	Disposal	As at 30 June 2021	As at 1 July 2020	Charge for the Year	Disposal	As at 30 June 2021	As at 30 June 2021	Depreciation Rate
	(Rupees)									
Office Equipment	3,370,492	439,245	(126,990)	3,682,747	2,471,645	300,299	(126,990)	2,644,954	1,037,793	15% & 30%
Furniture & Fixtures	3,107,718	34,400	(194,133)	2,947,985	1,674,161	297,725	(194,133)	1,777,753	1,170,232	15%
Vehicles	2,174,400	154,800	(69,900)	2,259,300	538,924	450,426	(67,697)	921,653	1,337,647	20%
Computer Products	1,212,980	-	-	1,212,980	848,791	109,250	-	958,041	254,939	20%
5E+07	9,865,590	628,445	(391,023)	10,103,012	5,533,521	1,157,700	(388,820)	6,302,401	3,800,611	

5.2.1 The Gross Carrying amount (cost) of fully depreciated assets that are still in use amounts to Rs. 2,040,971 (30 June 2021 : Rs. 1,946,371).

5.2.2 The Gross Carrying amount (cost) of assets disposed off during the year amounts to Rs. Nil. (30 June 2021 : 391,023).

		Note	31-Dec-21	30-Jun-21
6	**Intangible Assets**		**Rupees**	Rupees
	LSE room	6.1	**4,265,726**	4,265,726
	Trading right entitlement certificate (TREC)	6.2	**2,500,000**	2,500,000
	Computer software	6.3	**-**	402,186
			6,765,726	7,167,912
6.1	**LSE room**			
	Cost		**4,265,726**	4,265,726
	Addition/deletion during the period	6.1.1	**-**	-
			4,265,726	4,265,726

This represents cost of right to use room given by LSE Financial Services Limited with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits. The right to use the room was purchased on 24 April 2017 amounting to Rs.4,374,500.

6.1.1 This represents charges in respect of transfer of right to use LSE room in the name of the Company.

		Note	31-Dec-21	30-Jun-21
6.2	**Trading right entitlement certificate (TREC)**		**Rupees**	Rupees
	Carrying value		**2,500,000**	2,500,000
	Impairement in value of TREC		**-**	-
			2,500,000	2,500,000
	Cost		**5,000,000**	5,000,000

This represents the trading right entitlement certificate which is given by Pakistan Stock Exchange in order to carry out trading. In previous year, SECP has reduced the notional value of transferable TRE Certificate from Rs.5 million to Rs.2.5 million for the purpose of Base Minimum Capital (BMC) through its notification PSX/N-7178 dated 10 November 2017. According, the Company has charged an impairment of Rs. 2.5 million on TREC in the year ended 30 June 2018.

Further, the TREC is under lien in favor of PSX to meet the requirement of Base Minimum Capital (BMC) of the Risk Management Regulation of PSX Rule Book.

		Note	31-Dec-21	30-Jun-21
6.3	**Computer Sofware**		**Rupees**	Rupees
	Cost		**2,495,000**	2,495,000
	Amortization	6.3.2	**(2,495,000)**	(2,092,814)
	Carrying Amount		**-**	402,186
6.3.1	**Cost**			
	Balance as at 1 July 2021		**2,495,000**	1,295,000
	Additions		**-**	1,200,000
	Balance as at 31 Dec 2021		**2,495,000**	2,495,000
6.3.2	**Amortization**			
	Balance as at 1 July 2021		**(2,092,814)**	(1,295,000)
	Amortization for the period	33	**(402,186)**	(797,814)
	Balance as at 31 Dec 2021		**(2,495,000)**	(2,092,814)
	Rate of amortization		**20% - 66.67%**	20% - 66.67%
7	**LONG TERM INVESTMENTS**			
	843,975 (June 2021 : 843,975) Shares of LSE Financial Services Limited		**20,533,912**	19,605,539
	Other comprehensive income		**(67,518)**	928,373
			20,466,394	20,533,912

7.1 In absence of active market for shares of LSE Financial Services Limited, it is measured using net asset value of Rs. 22.70, which approximates the fair value of shares of LSE Financial Services Limited as majority assets held by LSE Financial Services Limited are carried at revaluation/fair value model.

7.2 LSE Financial Services Limited shares are under lien in favor of PSX to meet the requirement of Base Minimum Capital (BMC) of the Risk Management Regulation of PSX Rule Book.

		Note	31-Dec-21	30-Jun-21
8	**Long term musharikah investment - secured**		**Rupees**	Rupees
	Long term musharikah investment	**8.1**	**713,092,641**	582,555,541
	Less: Current portion of long term musharikah investment	**13**	**(423,391,618)**	(361,621,163)
			289,701,023	220,934,378

8.1 The profit charged on these facilities ranged from 9.60% to 19.98% per annum (June 2021: 9.32% to 19.98% per annum). These facilities are secured by way of personal guarantees and mortgage of properties.

		Note	31-Dec-21	30-Jun-21
9	**Long term morabaha investment - secured**		**Rupees**	Rupees
	Long term morabaha investment	**9.1**	**8,800,000**	9,008,220
	Add: Unearned morabaha income		**-**	-
			8,800,000	9,008,220
	Less: Current portion of long term morabaha investment	**13**	**(8,800,000)**	(9,008,220)
			-	-
	Less: Current portion of unearned morabaha income	**13**	-	-
			-	-

9.1 These are secured against mortgage of properties, hypothecation and pledge of stocks, personal guarantees and demand promissory notes.

		Note	31-Dec-21	30-Jun-21
10	**LONG TERM DEPOSITS**		**Rupees**	Rupees
	National clearing company of Pakistan limited (NCCPL)		**200,000**	200,000
	Central depository company		**100,000**	192,500
	Pakistan stock exchange (PSX)		**6,490,527**	1,490,491
	Basic deposit for regular		**200,000**	200,000
	Basic deposit for future		**1,000,000**	1,000,000
	Deposit against MSF		**100,000**	100,000
	Others		**304,944**	112,444
			8,395,471	3,295,435

		Note	31-Dec-21	30-Jun-21
11	**Deferred tax**		**Rupees**	Rupees
	Deferred tax asset	**11.1**	**63,799,180**	64,386,484

11.1 This represents deferred tax asset created against brought forward losses and depreciation & amortization expense available for use in future. The management is confident that sufficient taxable profits will be available to set off these losses. Further, the management does not intend to avail exemption under clause 100 of Part 1 of Second Schedule to the Income Tax Ordinance 2001.

The aggregate deferred tax asset available to the Modaraba for set off against future taxable profits as at 31 December 2021 amounted to Rs. 208.24 million (30 June 2021: Rs. 183.16 million). Of these, deferred tax asset aggregating Rs. 64.40 million (30 June 2021: Rs 64.40 million) have been recognized in the financial statements.

Expiry of business losses, depreciation and alternate corporate tax is as follows:

Tax year	Nature	31-Dec-21	30-Jun-21
		Rupees	Rupees
2026	Business loss	**22,289,062**	22,289,062
Unlimited	Depreciation	**55,084,521**	55,084,521
2024	Alternate corporate tax	**9,816,975**	9,816,975
2025	Alternate corporate tax	**16,739,766**	16,739,766
2026	Alternate corporate tax	**3,489,927**	3,489,927
2027	Alternate corporate tax	**4,016,478**	4,016,478
2028	Alternate corporate tax	**4,711,236**	4,711,236
2029	Alternate corporate tax	**1,136,970**	1,136,970
2030	Alternate corporate tax	**-**	-
2031	Alternate corporate tax	**1,477,096**	
2032	Alternate corporate tax	**2,178,187**	1,477,096
		43,566,635	41,388,448

			Note	31-Dec-21	30-Jun-21
12	**Short term morabaha investment-secured**			**Rupees**	Rupees
	Short term morabaha Investment		**12.1**	**420,894,235**	486,122,013
	Add:	Unearned morabaha income		**4,556,295**	1,158,017
				425,450,530	487,280,030
	Less:	Provision for doubtful morabaha investment	**12.2**	**(214,253,879)**	(235,561,379)
				211,196,651	251,718,651

12.1 These are secured against mortgage of properties, hypothecation and pledge of stocks, personal guarantees and demand promissory notes. The rate of profit on morabaha finances ranges from 11.64% to 16.24% per annum (June 2021: 11.93% to 19.90% per annum).

	Note	31-Dec-21	30-Jun-21
12.2 Provision for doubtful morabaha investment		**Rupees**	Rupees
Opening balance		**235,561,379**	235,561,379
Additions during the period		**-**	-
Reversals during the period		**(21,307,500)**	-
		(21,307,500)	-
Closing balance		**214,253,879**	235,561,379

13	**Current maturity of long term investment**			
	Current portion of long term musharikah investment	8	423,391,618	361,621,163
	Less: Provision against musharika investment	13.1	(26,392,919)	(15,761,143)
			396,998,699	345,860,020
	Current portion of long term morabaha investment	9	8,800,000	9,008,220
	Add: Unearned morabaha income	9	-	-
	Less: Provision against morabaha investment	13.2	(8,800,000)	(8,800,000)
			-	208,220
			396,998,699	346,068,240
13.1	**Provision against musharikah investment**			
	Opening balance		15,761,143	15,761,143
	Additions during the period			
	Specific provision		10,631,776	-
			10,631,776	-
	Reversed during the period		-	-
	Closing balance		26,392,919	15,761,143
13.2	**Provision for doubtful morabaha investment**			
	Opening balance		8,800,000	8,800,000
	Charge during the period		-	-
	Closing balance		8,800,000	8,800,000
14	**Ijarah rental receivables**			
	Ijarah rental receivable		324,647,541	368,478,892
	Less: Provision against ijarah rental receivable	14.1	(124,026,374)	(132,728,357)
			200,621,167	235,750,535
14.1	**Provision against ijarah rental receivable**			
	Opening balance		132,728,357	155,596,948
	Additions in provision during the period		333,800	787,464
	Additions in suspension during the period	29.1	2,912,294	8,707,278
	Reversal of suspension during the period	29.1	(11,948,077)	(18,407,811)
	Reversal of provision during the period		-	(13,955,522)
			(11,948,077)	(32,363,333)
	Closing balance		124,026,374	132,728,357

14.2 Future Ijarah rentals receivable

Aggregate amount of future ijarah rentals receivable on the basis of agreements executed up to 31 Dec 2021 are as

	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
Up to one year		171,082,582	183,198,769
Above one year and up to five year		129,627,523	171,358,513
		300,710,105	354,557,282

15 Development Properties - Land

The diversification of business model, utilizing multi-purpose status of the Modaraba through construction and development activity has been envisioned as a business prospect. The Modaraba has obtained approval of the Securities and Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in its Prospectus. The work on new business segment has been started and six plots have been acquired while more are under process of acquisition, for a project comprising construction of small houses.

16	**Trade receivables**			
	Receivable against margin financing		5,168,847	10,732,516
	Receivable from NCCPL		-	-
	Other trade receivables	16.1	2,609,748	21,923,368
			7,778,595	32,655,884
16.1	**Aging Analysis**			
	Within 5 days		744,778	20,057,055
	Above 5 days		1,773,400	1,866,313
			2,518,178	21,923,368
	Receivables above 5 days net-off collateral (after applying haircut)		209,390	1,677,567

16.1.1 As per clarifications issued by PSX in its notice PSX/N-6741 this information is required as additional disclosure and does not provide accounting treatment hence no provision was recorded.

		Note	31-Dec-21	30-Jun-21
			Rupees	Rupees
17	**Advances, deposits, prepayments and other receivables**			
	Profit receivable			
	- Morabaha investment	17.1	732,319	20,454,798
	- Musharikah investment	17.2	33,728,953	43,453,092
			34,461,272	63,907,890
	Prepayments		4,530,524	4,953,529
	Advances		3,170,704	2,795,704
	Advances to Suppliers		797,140	28,990
	Security Deposits	17.4	29,917,195	33,400,000
	Non-banking assets		8,391,250	8,486,298
	Accrued Mark up on Margin Financing		123,164	180,149
	Other receivables		100,969,152	106,929,156
			182,360,401	220,681,715
	Less: Provision for other receivables	17.3	(11,128,292)	(11,128,292)
			171,232,109	209,553,424
17.1	**Morabaha profit receivable**			
	Morabaha profit receivable		23,066,160	47,984,578
	Less: Income transferred to suspense	17.1.1	(22,333,841)	(27,529,780)
			732,319	20,454,798
17.1.1	**Income transferred to suspense**			
	Opening balance		27,529,780	27,121,325
	Addition during the year		-	408,455
	Reversal during the year		(5,195,939)	-
	Closing balance		22,333,841	27,529,780
17.2	**Musharikah profit receivable**			
	Musharikah profit receivable		54,388,378	64,907,268
	Less: Income transferred to suspense	17.2.1	(20,659,425)	(21,454,176)
			33,728,953	43,453,092
17.2.1	**Income transferred to suspense**			
	Opening balance		21,454,176	19,889,950
	Addition during the period	29.3	5,156,455	12,566,330
	Reversal of suspension during the period	29.3	(5,951,206)	(11,002,104)
	Closing balance		20,659,425	21,454,176
17.3	**Provision against other receivables**			
	Opening balance		11,128,292	11,128,292
	Additions during the period		-	-
	Closing balance		11,128,292	11,128,292
17.4	This represent deposits with the Pakistan Stock Exchange Limited against regular trade and future trade.			
18	**Cash and bank balances**			
	Cash at banks			
	- Current accounts	18.1	58,258,429	85,300,763
	- Deposit accounts	17.2&17.3	102,073,480	52,040,602
	- Savings accounts	17.2&17.3	2,660,203	2,440,816
	- Current account with State Bank of Pakistan	18.4	233,586	233,586
			163,225,698	140,015,767
	Cash in hand		261,254	56,537
			163,486,952	140,072,304

18.1 The balance of Rs. 32.70 million (June 2021: Rs.59.36 million) is maintained with The Bank of Punjab (the holding company of the Modaraba's Management Company).

18.2 Under the terms and conditions for the issuance of certificates of musharikah (both long and short term), the Modaraba is required to maintain a Redemption Reserve Fund equal to at least 5% of the contribution against Certificates of Musharikah Finance received, which may be utilized for redemption purposes.

18.3 The rate of profit on deposit and saving accounts ranges between 0% to 8.30% per annum (June 2021: 4.25% to 8.94% per annum).

18.4 This account has been opened for payment of online charges of the Credit Information Bureau of State Bank of Pakistan.

		Note	31-Dec-21	30-Jun-21
19	**Certificate capital**		**Rupees**	Rupees
	Authorized certificate capital			
	50,000,000 modaraba certificates of Rs.10 each		**500,000,000**	500,000,000

19.1 Issued, subscribed and paid-up certificate capital

31-Dec-21	30-Jun-21		31-Dec-21	30-Jun-21
---(Number of certificates)---			**Rupees**	Rupees
20,000,000	20,000,000	Cetifcates of Rs. 10/- fully paid on cash	**200,000,000**	200,000,000
14,020,000	14,020,000	Cetifcates of Rs. 10/- issued as bonus certificates	**140,200,000**	140,200,000
34,020,000	34,020,000		**340,200,000**	340,200,000

19.2 As at 31 December 2021, The Punjab Modaraba Services (Private) Limited (the management company) held 13,320,694 (June 2021: 13,320,694) certificates of Rs. 10 each.

		Note	31-Dec-21	30-Jun-21
20	**Reserves**		**Rupees**	Rupees
	Capital reserve			
	Statutory reserve	**20.1**	**220,303,614**	218,863,415
	Revenue reserves			
	Accumulated loss		**(405,285,175)**	(413,657,696)
			(184,981,561)	(194,794,281)

20.1 This represents profit set aside to comply with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan requiring modaraba to transfer not less than 20% and not more than 50% of its profits after tax in such manner that reserves equal 100% of the paid up capital. Thereafter a sum not less than 5% of the profit after tax is to be set aside.

		Note	31-Dec-21	30-Jun-21
20.1.1	**Movement in statutory reserve**		**Rupees**	Rupees
	Opening balance		**218,176,678**	216,692,528
	Transfer from profit		**2,126,936**	1,484,150
			220,303,614	218,176,678

21	**Long term security deposits**			
	Long term security deposits against Ijarah		**121,944,089**	131,545,269
	Less: Current maturity of security deposits	**24**	**(79,669,360)**	(88,769,370)
			42,274,729	42,775,899
22	**Deferred morabaha income**			
	Deferred morabaha income	**12**	**4,555,795**	1,158,017
	Less: Current maturity of deferred morabaha income		**(4,555,795)**	(1,158,017)
			-	-

22.1 These represent receivables against morabaha transactions on deferred payment basis at profit margin which ranges from 11.64% to 16.24% per annum (June 2021 : 8.50% to 19.53%).

		Note	31-Dec-21	30-Jun-21
23	**Long term musharikah finance secured**		**Rupees**	Rupees
	Opening balance		**535,128,774**	648,738,613
	Additions during the period		**2,038,378,738**	4,425,797,407
	Less: Paid during the period		**(2,442,406,560)**	(4,539,407,246)
			(404,027,822)	(113,609,839)
		23.1	**131,100,952**	535,128,774

23.1 The Modaraba has availed musharikah finance facilities from The Bank of Punjab having approved limits of Rs. 1,585 million (June 2020: Rs. 1,585 million) and tenor of 3 years. The facilities have expired on 31 December 2021. These facilities are secured by way of first pari passu charge over present and future fixed assets of Modaraba for amount of Rs. 860 million, first pari passu charge over present and future current assets of Modaraba for an amount of Rs. 1,040 million and ranking charge over present and future current assets for an amount of Rs. 860 million. The estimated share of profit payable on musharikah facilities is 3 month Kibor plus 25 bps per annum (June 2021: 3 month Kibor per annum Plus 25 bps per annum).

		Note	31-Dec-21	30-Jun-21
24	**Current maturity of non current liabilities**		**Rupees**	Rupees
	Current maturity of long term security deposits	**24.1**	**79,669,360**	88,769,360
	Current maturity of deferred morabaha income	**22**	**4,555,795**	1,158,017
			84,225,155	89,927,377

24.1 This includes security deposit amounting to Rs. 61.80 million (June 2021: Rs.70.90 million) against those ijarah where the customers have defaulted payment of rentals and the Modaraba has filed suits for recovery.

		Note	31-Dec-21	30-Jun-21
25	**Redeemable capital - participatory and unsecured**		**Rupees**	Rupees
	Opening balance		**1,014,101,593**	1,013,549,225
	Add: Issued during the period		**600,000,000**	552,368
	Add: Re- issued during the period		**1,000,000,000**	1,000,000,000
	Less: Redeemed during the period		**(1,011,101,593)**	(1,000,000,000)
			588,898,407	552,368
	Closing balance	**25.1**	**1,603,000,000**	1,014,101,593

25.1 The Certificates of Musharaka have been issued with a maturity of upto 3 months. The share of profit payable ranges from 5.65% to 13.60% per annum (June 2021: 5.35% to 13.60%).

		Note	31-Dec-21	30-Jun-21
26	**Profit payable**		**Rupees**	Rupees
	Musharikah finance		**9,463,234**	11,170,271
	Redeemable capital		**13,401,730**	12,591,734
			22,864,964	23,762,005
27	**Trade and other payables**			
	Accrued expenses	**27.1**	**5,222,072**	4,906,528
	Trade Payable		**13,881,979**	35,763,822
	Payable to NCCPL		**2,200,851**	7,925,163
	Tax deducted at source		**1,382,147**	1,289,173
	Advances against ijarah / morabaha / musharikah		**46,016,677**	42,759,127
	Other payables		**57,752,463**	35,467,741
			126,456,189	128,111,554

27.1 This includes amount in respect of gratuity payable to employees amounting to Rs. 4.42 million (June 2021: 4.51 million).

28 Contingencies and commitments

28.1 Contingencies

28.1.1 The tax authority, while finalizing assessments for the years 1997-98 and 1998-99, made add backs out of profit and loss account. The Modaraba had filed an appeal before the Commissioner of Income Tax (Appeals) (CIT-(A)), who has rejected the appeals. The Modaraba has filed an appeal, against the order of CIT-(A), before the honorable Income Tax Appellate Tribunal, which has been decided in favor of Modaraba, however Income Tax Department has filed appeal before honorable Lahore High Court. Modaraba management company expects a favorable outcome of the case.

28.1.2 Additional Commissioner Inland Revenue (ACIR) issued order under section 122 (5A) of the Income Tax Ordinance, 2001, (the Ordinance) for tax year 2003 while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance and made additions on account of provision for bad debts, which resulted in a tax liability of Rs. 27.410 million. The Modaraba filed a rectification application under section 221 of the Ordinance for reducing the tax rate from 35% to 25%, resultantly the rectification order passed by the tax department and reduced the tax liability to Rs. 14.580 million. The Modaraba also filed an appeal before the CIR (Appeals) for tax year 2003 against the order of ACIR. In this regard, after hearing of the appeal, the CIR (Appeals) by accepting the claim of exemption has issued a favorable order to the Modaraba while deleting the tax liability of Rs. 14,580,110 vide order No. 31 dated 27 June 2009. The income tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of CIR (Appeals) which was decided in favor of the Modaraba. The Income Tax Department has filed reference in High Court against decision of Appellate Tribunal Inland Revenue which is pending for adjudication. Modaraba management company expects a favorable outcome of the case.

28.1.3 Additional Commissioner Inland Revenue (ACIR) issued order under section 122 (5A) of the Income Tax Ordinance, 2001, (the Ordinance) for tax year 2005 while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance in an arbitrary manner and assessing the taxable income at Rs. 49.85 million and tax liability at Rs. 17.67 million. The Modaraba filed a rectification application under section 221 of the Ordinance for reducing the tax rate from 35% to 25%. Further, the Modaraba has filed an appeal before the CIR (Appeals) for tax year 2005 against this order. In this regard, after hearing of the appeal, the CIR (Appeals) by accepting the claim of exemption has issued a favorable order to the Modaraba while deleting the tax liability of Rs. 17.67 million.

The income tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of CIR (Appeals) which was decided in favor of the Modaraba. The Income Tax Department has filed reference in High Court against decision of Appellate Tribunal Inland Revenue which is pending for adjudication. Modaraba management company expects a favorable outcome of the case.

28.1.4 Legal suits against Modaraba

Suit for rendition of account Rs. 22.145 million filed by a defaulter against the Modaraba. The suit is pending in Honorable Banking Court. The management is of the view that case has no merit and would be disposed off in favor of the

28.1.5 Aggregate amount of guarantee given by a bank on behalf of the Modaraba in respect of the payment guarantee amounts to Nil (June 2021: Rs. Nil).

28.2 Commitments

28.2.1 Ijarah commitments approved but not disbursed as on balance sheet date amount to Rs. Nil (June 2021: Nil).

28.2.2 Morabaha commitments approved but not disbursed as on balance sheet date amount to Rs. 15 million (June 2021 : Nil).

28.2.3 Musharikah commitments approved but not disbursed as on balance sheet date amount to Rs. 122.38 million. (June 2021: Rs.22.29 million).

		Note	31-Dec-21	30-Jun-21
			Rupees	Rupees
29	**Operating Income**			
29.1	**Income from Ijarah rentals**			
	Ijarah income		**95,721,965**	162,026,751
	Add: Reversal of rentals suspended	**14.1**	**11,948,077**	18,407,811
	Less: Addition of rentals suspended		**2,912,294**	8,707,278
	Less: Depreciation on ijarah assets		**(67,525,579)**	(121,115,017)
			43,056,757	68,026,823
29.2	**Income from morabaha financing**			
	Morabaha investment		**1,160,468**	3,433,160
	Less: Suspension	**17.1.1**	**5,195,935**	408,455
			6,356,403	3,841,615
29.3	**Income from diminishing musharaka financing**			
	Musharikah Investment		**27,811,413**	65,403,963
	Add: Reversals of rentals suspended	**17.2.1**	**5,951,206**	11,002,104
	Less: Rentals suspended	**17.2.1**	**(5,156,455)**	(12,566,330)
			28,606,164	63,839,737
30	**Revenue from Contract with customers**			
	Gross Brokrage Income		**17,924,822**	31,017,568
	Federal excise duty	**30.1**	**(2,867,972)**	(4,962,811)
			15,056,850	26,054,757
30.1	**Gross brokrage**			
	Retail clients		**11,478,473**	20,055,298
	Institutional		**3,578,377**	5,999,459
			15,056,850	26,054,757
31	**Gain on disposal of assets**			
	Gain on diposal of non banking assets		**-**	1,900,000
	Gain on disposal of owned assets		**-**	25,297
	Gain on disposal of Ijarah assets		**661,332**	1,815,709
			661,332	3,741,006
32	**Other income**			
	Profit on bank deposits		**2,335,386**	3,566,048
	Margin Finance income		**269,389**	842,020
	Return on Exposure deposit with PSX		**709,794**	1,083,023
	Dividend Income		**759,578**	590,783
	Processing fee		**724,890**	1,349,031
	Gain on settlement of musharikah		**1,089,165**	5,049,915
	Gain on settlement of morabaha		**106,578**	22,024
	Miscellaneous income		**403,605**	4,278,493
	Rebate income from Takaful		**1,183,200**	-
	Base minimum Capital profit			12,830
			7,581,585	16,794,167

		Note	31-Dec-21	30-Jun-21
			Rupees	Rupees
33	**Administrative expenses**			
	Salaries and benefits		**20,832,134**	39,861,301
	Traveling and conveyance		**153,235**	191,261
	Depreciation - owned asset	**5.2**	**840,520**	1,157,700
	Amortization of Intangible Assets	**6.3.2**	**402,186**	797,814
	Legal and professional		**475,525**	2,167,362
	Printing and stationary		**830,945**	720,804
	Insurance		**1,652,473**	2,556,136
	PSX, Clearing house and CDC Charges		**747,722**	1,448,048
	Fee and subscription		**2,308,163**	1,541,108
	Auditor's remuneration	**33.2**	**670,000**	845,000
	Repair and maintenance		**1,631,587**	2,001,250
	Vehicle running and maintenance		**117,370**	229,792
	Power and utilities		**1,139,722**	1,581,592
	Entertainment expenses		**505,178**	674,184
	Advertisement		**190,150**	194,000
	Commission paid to traders		**2,552,471**	4,396,230
	Telephone and postage		**349,391**	771,105
	Corporate expenses		**217,441**	545,334
	Rent rates and taxes		**215,818**	39,994
	Selling and marketing expenses		**1,526,313**	865,019
	Miscellaneous expenses		**252,631**	545,609
			37,610,975	63,130,643

33.1 Salaries and other benefits include Rs. 0.4912 million (Dec 2020: Rs. 0.454 million) on account of provident fund contribution and Rs.0.056 million (Dec 2020: Rs. Nil) in respect of gratuity payable to employees.

33.2	**Auditors' remuneration**	**Note**	**31-Dec-21**	30-Jun-21
			Rupees	Rupees
	Half Yearly review and others		**-**	175,000
	Audit fee		**500,000**	500,000
	Out of pocket expenses		**170,000**	170,000
			670,000	845,000

34	**Finance cost**		
	Financial charges on musharikah	**18,636,257**	47,060,064
	Financial charges on redeemable capital	**36,617,881**	71,997,139
	Bank charges	**71,359**	167,445
	FED Charges	**-**	3,114
		55,325,497	119,227,762

35 Management fee

Management fee is payable to Punjab Modaraba Services (Private) Limited. During the current year the management has decided not to pay out the dividend to certificate holders from the current year net annual profit therefore, as per SECP circular the management cannot pay the management fee to Management Company.

		Note	31-Dec-21	30-Jun-21
36	**Taxation**		**Rupees**	Rupees
	Current Tax			
	- Current year		**3,770,476**	3,090,498
	Deferred			
	- Relating to origination and reversal of temporary differences		**587,304**	(12,179)
			4,357,780	3,078,319

37 Earning per certificate

37.1 Basic

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

	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
Profit for the year		14,954,067	15,017,261
Weighted average number of ordinary certificates		34,020,000	34,020,000
Earning per certificate		0.44	0.44

37.2 Diluted

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

38 Transactions with related parties

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

38.1 Balances outstanding at the end of period

38.1.1 The Bank of Punjab (Holding company of Modaraba's Management Company)	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
Musharikah finances		131,100,952	535,128,774
Profit payable on musharikah finances		9,463,234	11,170,271
Certificates of musharikah		1,600,000,000	1,000,000,000
Profit payable on certificates of musharikah		12,374,364	11,564,368

38.2 Transactions during the period

38.2.1 The Bank of Punjab (Holding company of Modaraba's Management Company)	31-Dec-21	30-Jun-21
	Rupees	Rupees
Bank charges	71,359	167,445
Profit charged on finances	18,636,257	47,060,064
Profit charged on certificates of Musharikah	36,159,320	71,370,373
Brokrage Income earned	-	4,796,234

39 Remuneration of officers and executives

	31-Dec-21			
	Chief Executive	Executives	Other employees	Total
	Rupees	Rupees	Rupees	Rupees
Remuneration	979,440	11,788,180	78,126	12,845,746
House rent allowance	391,776	3,046,789	31,250	3,469,815
Utility allowance	97,944	1,343,449	7,813	1,449,206
Medical allowance	97,944	870,337	7,813	976,094
Provident fund contribution	81,588	605,966	-	687,554
Gratuity Fund	-	55,648	-	55,648
Expenses reimbursed	533,067	815,004	-	1,348,071
	2,181,759	18,525,373	125,001	20,832,133
Number of employees at the year end	1	37	2	39
Average no of employees	1	37	2	39

39.1 The chief financial officer has been provided a vehicle on Ijarah.

	30-Jun-21			
	Chief Executive	Officers	Other employees	Total
		Rupees	Rupees	Rupees
Remuneration	3,102,000	23,132,002	212,089	26,446,091
House rent allowance	361,814	5,476,811	84,836	5,923,461
Utility allowance	310,200	1,351,743	21,209	1,683,152
Medical allowance	310,200	1,351,743	21,209	1,683,152
Provident fund contribution	149,814	1,113,777	-	1,263,591
Gratuity Fund	-	1,126,881	-	1,126,881
Expenses reimbursed	-	1,734,973	-	1,734,973
	4,234,028	35,287,930	339,342	39,861,300
Number of employees at the year end	1	42	2	44
Average number of employees	1	42	2	44

40 Financial Instruments

The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors of the management company has overall responsibility for the establishment and oversight of Modaraba's risk management framework.

40.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge an obligation. The risk is generally limited to the carrying to principal amounts and accrued profit thereon, if any. The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Prudential Regulations. The carrying amount of the following financial assets represents the maximum credit exposure at the reporting date:

	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
Bank balances	18	163,225,698	111,691,888
Musharikah investment - net	8	686,699,722	566,794,398
Long term morabaha investment - net		0	208,220
Short term morabaha investment - net	12	211,196,651	251,718,651
Ijarah rental receivable - net	14	200,621,167	235,750,535
Advances, deposits, prepayments and other receivables	17	155,139,631	159,708,754
Long term deposits		8,395,471	203,444
		1,425,278,340	1,326,075,890

40.1.1 Bank balances

The Modaraba kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having medium to long term rating from AAA to AA+ and short term rating from A1+ to A1. Credit risk rating of the banks

Banks	Short Term	Long Term	Agency
The Bank of Punjab	A1+	AA+	PACRA
Al Baraka Bank (Pakistan) Limited	A1/A1	A/A+	PACRA / VIS
National Bank of Pakistan	A1+/A1+	AAA/AAA	PACRA / VIS
NRSP Microfinance Bank Limited	A1/A1	A/A	PACRA / VIS

40.1.2 Description of collateral held

The Modaraba's ijarah are secured against ijarah assets and personal guarantees. In few ijarah additional collateral is also obtained in the form of mortgaged property.

Morabaha investments are secured by way of personal guarantees of the directors, pledge of stocks, mortgage of properties and charge on the assets varying from case to case.

Musharikah investments are secured against musharikah assets, personal guarantees and mortgage of properties.

40.1.3 Aging Analysis of Morabaha profit receivable

	31-Dec-21			
Past due	Total	Non-classified	Classified	Suspension
	Rupees			
Not Yet Due	730,838	730,838	-	-
Less than 3 months	-	-	-	-
3 months to 6 months - OAEM	-	-	-	-
6 months to 1 year - Substandard	-	-	-	-
1 to 1.5 years - Doubtful	30,447,712	-	30,447,712	408,455
More than 1.5 years - Loss	37,787,610	-	37,787,610	21,925,386
	68,966,160	730,838	68,235,322	22,333,841

	30-Jun-21			
Past due	Total	Non-classified	Classified	Suspension
	Rupees			
Not yet due	-	-	-	-
Less than 6 months	20,454,798	20,454,798	-	-
6 to 12 months - OAEM	1,395,183	-	1,395,183	1,395,183
1 to 2 years - Substandard	-	-	-	-
2 to 3 years - Doubtful	-	-	-	-
More than 3 years - Loss	26,134,597	-	26,134,597	26,134,597
	47,984,578	20,454,798	27,529,780	27,529,780

Suspension is recognized by the Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

40.1.4 Aging Analysis of Morabaha Investment

Past due	31-Dec-21 Total	Non-classified	Classified	Provision
	Rupees			
Not Yet Due	**40,996,888**	**40,996,888**	**-**	**-**
Less than 3 months	**-**	**-**	**-**	**-**
3 months to 6 months - OAEM	**-**	**-**	**-**	**-**
6 months to 1 year - Substandard	**-**	**-**	**-**	**-**
1 to 1.5 years - Doubtful	**-**	**-**	**-**	**-**
More than 1.5 years - Loss	**393,253,642**	**-**	**393,253,642**	**223,053,873**
	434,250,530	**40,996,888**	**393,253,642**	**223,053,873**

Past due	30-Jun-21 Total	Non-classified	Classified	Provision
	Rupees			
Not yet due	-	-	-	-
Less than 6 months	24,016,220	24,016,220	-	-
6 to 12 months - OAEM	-	-	-	-
1 to 2 years - Substandard	-	-	-	-
2 to 3 years - Doubtful	-	-	-	-
More than 3 years - Loss	471,114,013	-	471,114,013	244,361,379
	495,130,232	24,016,220	471,114,013	244,361,379

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

40.1.5 Aging Analysis of Ijarah receivable

Past due	31-Dec-21			
	Total	Non-classified	Classified	Provision / Suspension
	Rupees			
Not Yet Due	-	-	-	-
Less than 3 months	**9,133,684**	**9,133,684**	-	-
3 months to 6 months - OAEM	**14,019,653**	-	**14,019,653**	**990,058**
6 months to 1 year - Substandard	**5,085,574**	-	**5,085,574**	**310,414**
1 to 1.5 years - Doubtful	**10,809,782**	-	**10,809,782**	**2,740,754**
More than 1.5 years - Loss	**285,598,848**	-	**285,598,848**	**119,985,148**
	324,647,541	**9,133,684**	**315,513,857**	**124,026,374**

Past due	30-Jun-21			
	Total	Non-classified	Classified	Suspension
	Rupees			
Not yet due	-	-	-	-
Less than 6 months	32,655,035	32,655,035	-	-
6 to 12 months - OAEM	501,254	-	501,254	-
1 to 2 years - Substandard	96,218	-	96,218	-
2 to 3 years - Doubtful	87,676	-	87,676	-
More than 3 year - Loss	335,138,709	-	335,138,709	132,728,357
	368,478,892	32,655,035	335,823,857	132,728,357

Suspension is recognized by Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

40.1.6 Aging Analysis of Musharikah profit receivable

Past due	31-Dec-21			
	Total	Non-classified	Classified	Suspension
	Rupees			
Not Yet Due	-	-	-	-
Less than 3 months	**20,531,863**	**20,531,863**	-	-
3 months to 6 months - OAEM	**1,576,852**	-	**1,576,852**	**1,019,660**
6 months to 1 year - Substandard	**979,506**	-	**979,506**	**957,238**
1 to 1.5 years - Doubtful	**1,001,849**	-	**1,001,849**	**1,001,849**
More than 1.5 years - Loss	**30,298,308**	-	**30,298,308**	**17,680,678**
	54,388,378	**20,531,863**	**33,856,515**	**20,659,425**

Past due	30-Jun-21			
	Total	Non-classified	Classified	Suspension
	Rupees			
Not yet due	-	-	-	-
Less than 6 months	41,707,712	41,707,712	-	-
6 to 12 months - OAEM	16,069,782	-	16,069,782	14,324,403
1 to 2 years - Substandard	-	-		
2 to 3 years - Doubtful	8,858	-	8,858	8,858
More than 3 years - Loss	7,120,917	-	7,120,917	7,120,915
	64,907,269	41,707,712	23,199,557	21,454,176

Suspension is recognized by the Modaraba on the basis of requirements given under the Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

40.1.7 Aging Analysis of Musharikah investment

Past due	31-Dec-21 Total	Non-classified	Classified	Provision
	Rupees			
Not Yet Due	**550,392,834**	**550,392,834**	**-**	**-**
Less than 3 months	**7,503,527**	**7,503,527**	**-**	**-**
3 months to 6 months - OAEM	**2,522,508**	**-**	**2,522,508**	**-**
6 months to 1 year - Substandard	**9,759,844**	**-**	**9,759,844**	**-**
1 to 1.5 years - Doubtful	**14,574,594**	**-**	**14,574,594**	**-**
More than 1.5 years - Loss	**128,339,334**	**-**	**128,339,334**	**26,392,919**
	713,092,641	**557,896,361**	**155,196,280**	**26,392,919**

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modarabas and subjective evaluation carried out on an ongoing basis.

Past due	30-Jun-21 Total	Non-classified	Classified	Provision
	Rupees			
Not yet due	510,581,270	510,581,270	-	-
Less than 6 months	9,193,845	-	9,193,845	-
6 to 12 months - OAEM	2,514,420	-	2,514,420	-
1 to 2 years - Substandard	1,623,264	-	1,623,264	-
2 to 3 years - Doubtful	9,742,742	-	9,742,742	-
More than 3 years - Loss	48,900,000	-	48,900,000	15,761,143
	582,555,540	510,581,270	71,974,271	15,761,143

Provision is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an ongoing basis.

40.1.8 The Modaraba manages credit risk and its concentration through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure limits for individuals and industrial sectors.

Break down of credit risk exposure by class of business as at 31 December 2021 is as follows:

	31-Dec-21 Assets Ijarah	Morabaha Investment	Musharikah Investment	Total	% age
	Rupees				
Bank and NBFI's	**-**	**-**	**2,214,383**	**2,214,383**	**0.14%**
Textile Spinning and Composite	**25,071,876**	**184,178,735**	**-**	**209,250,611**	**13.50%**
Sugar and Allied	**-**	**32,000,000**	**-**	**32,000,000**	**2.06%**
Electric Goods	**100,000**	**13,023,643**	**12,215,033**	**25,338,676**	**1.63%**
Chemical and Pharmaceuticals	**415,859**	**2,720,170**	**-**	**3,136,029**	**0.20%**
Paper and Board	**-**	**-**	**32,042,113**	**32,042,113**	**2.07%**
Food and Allied	**2,358,420**	**-**	**190,615,121**	**192,973,541**	**12.45%**
Individuals	**90,872,559**	**31,458,000**	**-**	**122,330,559**	**7.89%**
Jute	**-**	**-**	**31,645,895**	**31,645,895**	**2.04%**
Oil and Gas	**-**	**-**	**31,092,480**	**31,092,480**	**2.01%**
Miscellaneous	**25,751,322**	**103,369,982**	**397,533,458**	**526,654,762**	**33.98%**
Aviation and transport	**214,939,026**	**-**	**14,797,860**	**229,736,886**	**14.82%**
Engineering, Steel & Construction	**42,971,272**	**67,500,000**	**936,300**	**111,407,572**	**7.19%**
Cement	**-**	**-**	**-**		
	402,480,334	**434,250,530**	**713,092,643**	**1,549,823,507**	**100%**

	30-Jun-21 Assets Ijarah	Morabaha investment	Musharikah investment	Total	% age
	Rupees				
Textile Spinning and Composite	35,464,801	172,178,735	2,804,238	210,447,774	13.77%
Sugar and Allied	-	32,000,000	-	32,000,000	2.09%
Electric Goods	100,000	93,023,643	-	93,123,643	6.09%
Chemical and Pharmaceuticals	483,054	4,720,170	13,787,485	18,990,709	1.24%
Paper and Board	100,000	-	-	100,000	0.01%
Food and Allied	2,740,721	-	33,956,685	36,697,406	2.40%
Individuals	88,784,540	88,616,222	82,090,641	259,491,403	16.98%
Jute	-	-	-	-	0.00%
Oil and Gas	-	-	27,539,253	27,539,253	1.80%
Miscellaneous	30,965,233	37,091,463	21,534,191	89,590,887	5.86%
Aviation and transport	247,319,771	-	387,043,445	634,363,216	41.51%
Engineering, Steel & Construction	44,481,531	67,500,000	10,726,517	122,708,048	8.03%
Cement	-	-	3,073,086	3,073,086	0.20%
	450,439,652	495,130,232	582,555,541	1,528,125,425	100%

40.2 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. 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. The following are the contractual maturities of financial liabilities, including profit payments:

	31-Dec-21					
Financial liabilities	**Carrying Amount**	**Contractual cash flows**	**6 months or less**	**6 to 12 months**	**1 year to 2 years**	**2 years to 5 years**
	Rupees					
Redeemable capital	**1,603,000,000**	**1,616,401,730**	**1,616,401,730**	**-**	**-**	**-**
Security deposits against Ijarah	**121,944,089**	**121,944,089**	**79,669,360**	**12,750,250**	**17,613,800**	**11,910,679**
Musharikah finance	**131,100,952**	**140,564,186**	**140,564,186**	**-**	**-**	**-**
Unclaimed profit	**17,203,256**	**17,203,256**	**17,203,256**	**-**	**-**	**-**
Trade and other payables	**80,439,512**	**80,439,512**	**80,439,512**	**-**	**-**	**-**
Profit payable	**22,864,964**	**22,864,964**	**22,864,964**	**-**	**-**	**-**
	1,976,552,774	**1,999,417,738**	**1,957,143,008**	**12,750,250**	**17,613,800**	**11,910,679**

	30-Jun-21					
Financial liabilities	Carrying Amount	Contractual cash flows	6 months or less	6 to 12 months	1 year to 2 years	2 years to 5 years
	Rupees					
Redeemable capital	1,014,101,593	1,032,794,470	1,032,794,470	-	-	-
Security deposits against Ijarah	131,545,269	131,545,269	76,019,110	12,750,250	21,613,800	21,162,109
Musharikah finance	535,128,774	619,020,545	20,919,577	20,919,577	41,839,153	576,967,927
Unclaimed profit	17,367,085	17,367,085	17,367,085	-	-	-
Trade and other payables	35,957,634	35,957,634	35,957,634	-	-	-
Profit payable	23,762,005	23,762,005	23,762,005	-	-	-
	1,757,862,361	1,860,447,009	1,206,819,881	33,669,827	63,452,953	598,130,036

40.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of profit rates effective as at year end (and includes both principal and profit payable thereon). The rates of profit have been disclosed in notes 22 and 24 to these financial statements.

40.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, profit rates and equity prices will affect the Modaraba's income or the value of its holdings of financial instruments. The Modaraba has adopted appropriate policies to minimize its exposure to this risk.

40.3.1 Profit rate risk

At the reporting date, the profit rate profile of Modaraba's significant profit bearing financial instruments and the periods in which they mature is as follows:

	31-Dec-21	30-Jun-21	31-Dec-21	30-Jun-21
	Effective profit rate (Percentage)		Carrying amount (Rupees)	
Financial assets				
Musharikah Investments	**9.60 - 19.98**	9.32 - 19.98	**686,699,722**	566,794,398
Morabaha Investment	**11.64 - 19.90**	8.50 - 19.90	**206,640,356**	250,768,854
Short term investment	**11.25-11.25**	0	**200,000,000**	-
Cash and bank balances	**8.30 - 8.30**	4.25 - 8.94	**104,733,683**	52,090,111
			1,198,073,761	869,653,363
Financial liabilities				
Redeemable Capital	**5.65 - 13.60**	5.35 - 13.60	**1,603,000,000**	1,014,101,593
Musharikah finance	**7.45 - 10.54**	7.25 - 7.84	**131,100,952**	535,128,774
			1,734,100,952	1,549,230,367

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in profit rates at the reporting date would have increased / (decreased) profit for the period by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the basis for 2021.

	Profit and loss 100 bps	
	Increase	Decrease
As at 31 December 2021		
Cash flow sensitivity-variable rate financial assets	**9,980,738**	**11,835,908**
Cash flow sensitivity-variable rate financial liabilities	**(17,341,011)**	**(16,691,400)**
Net effect	**(7,360,273)**	**(4,855,492)**

	Profit and loss 100 bps	
	Increase	Decrease
As at 30 June 2021		
Cash flow sensitivity-variable rate financial assets	8,696,533	11,835,908
Cash flow sensitivity-variable rate financial liabilities	(15,492,305)	(16,691,400)
Net effect	(6,795,772)	(4,855,492)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the period and assets / liabilities of the Modaraba.

40.3.2 Currency risk

As at 31 Dec 2021, there is no foreign exchange exposure on Morabaha's balance sheet.

40.4 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 limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders.
- 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;
- risk mitigation, including insurance where it is effective.

41 Fair value of financial instruments

The IFRS-13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

41.1 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Modaraba defines as net operation income divided by total capital employed. The Board of Directors also monitors the level of dividend payouts to certificate holders.

42 Reconciliation of liabilities arising from financing activities

	Balance as at 01 July 2021	Availed / Announced	Repaid / Reedeemed	Balance as at 31 Dec 2021
Long term musharikah finance	535,128,774	2,038,378,738	(2,442,406,560)	131,100,952
Prifit payable	17,367,085	-	(163,829)	17,203,256
Redeemable capital	1,014,101,593	1,600,000,000	(1,011,101,593)	1,603,000,000
	1,566,597,452	3,638,378,738	(3,453,671,982)	1,751,304,208

		Note	31 Dec 2021 (Audited)	31 Dec 2020 (Un-Audited)
43	**Cash flow from operating activities**		Rupees	Rupees
	Profit for the period		18,724,543	18,107,759
	Adjustments for:			
	Depreciation of Ijarah assets		67,525,579	121,115,017
	Depreciation of assets in own use		840,520	1,157,700
	Amortization of Intagible Assets		402,186	797,814
	Gain on disposal of Ijarah assets		(661,332)	(1,815,709)
	Gain on disposal of owned assets		-	(25,297)
	Gain on disposal of non-banking assets		-	(590,783)
	Dividend Income		(759,578)	(1,900,000)
	(Reversal) / Provision for morabaha investment		(21,307,500)	(5,000,000)
	Provision / (Reversal) for musharikah investment		10,631,776	-
	Provision / (Reversal) for Ijara investment		333,800	(13,168,058)
	Financial charges on musharikah finances		18,636,257	47,060,064
	Financial charges on redeemable capital		36,617,881	71,997,139
			112,259,589	219,627,887
	Operating profit before working capital changes		130,984,132	237,735,646
	Working capital changes			
	(Increase)/decrease in operating assets:			
	Morabaha investment		43,077,059	41,509,917
	Purchase of assets under ijarah arrangements		(35,822,400)	(90,535,199)
	Investment in musharikah-net		(131,287,945)	68,338,891
	Purchase of Software		-	(1,200,000)
	Purchase of assets-Development Properties		(32,508,636)	(6,975,000)
	Proceeds from transfer of ijarah assets		27,259,393	53,873,383
	Ijarah Rental Receivable - net		44,165,151	41,836,438
	Long term deposits		(5,100,036)	-
	Trade Receivable		24,877,287	(23,672,241)
	Advances, deposits, prepayments and other receivables		41,118,244	(12,756,102)
			(24,221,883)	70,420,087
	Increase / (decrease) in operating liabilities:			
	Security deposits - net		(6,203,402)	(15,253,212)
	Trade and other payables		(3,692,716)	25,411,486
			(9,896,118)	10,158,274
	Net changes in operating assets and operating liabilities		(34,118,001)	80,578,361
	Cash generated from operations		96,866,131	318,314,007

44 Provident fund

Size of the fund	7,263,208	5,256,866
Percentage of investments made	100%	100%
Fair value of investments made	7,263,208	4,000,000
Cost of investment made	7,263,208	4,000,000

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	31-Dec-21 (Un-Audited)		Jun-21 (Audited)	
	Investment	Investment as % of size of the	Investment	Investment as % of size of the
Term Deposit Receipts	-	-	4,000,000	100%
Scheduled Banks	7,263,208	100%	-	-
	7,263,208	100%	4,000,000	100%

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

45 Date of authorization for issue

The consolidated financial statements of Modaraba were approved by the Directors of Modaraba Management Company and authorized for issue on April 08, 2022.

46 General

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

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

Chief Financial Officer	Chief Executive	Director	Director

First Punjab Modaraba

Managed By:
Punjab Modaraba Services (Pvt) Ltd.
(A wholly owned subsidiary of The Bank of Punjab)

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