



FIRST NATIONAL BANK MODARABA

Managed By:

National Bank Modaraba Management Company Limited
(A wholly owned subsidiary of National Bank of Pakistan)

QUARTERLY
REPORT
SEPTEMBER 30,

2019

First National Bank Modaraba

Quarterly Report
September 30, 2019

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Quarterly Report-September 30, 2019

Board of Directors	Mr. Muhammad Imran Malik Mr. Rehmat Ali Hasnie Syed Jamal Baquar Khawaja Waheed Raza Mr. Jamal Nasim Mr. Muhammad Iqbal Hussain Mr. Abbas Azam	Chairman Director Director Director Director Director CEO
Shari'ah Advisor	Mufti Ehsan Waquar Ahmed	
Chief Financial Officer/	Farah Aslam	
Company Secretary		
Audit Committee	Mr Jamal Nasim Khawaja Waheed Raza Syed Jamal Baquar	Chairman Member Member
HR & Remuneration Committee	Khawaja Waheed Raza Mr. Muhammad Iqbal Hussain Mr. Rehmat Ali Hasnie	Chairman Member Member
Auditors	HORWATH HUSSAIN CHAUDHURY & CO. Chartered Accountants	
Bankers	National Bank of Pakistan Bank Alfalah Limited Al Baraka Islamic Bank Habib Bank Limited MCB Bank Limited Bank Islami Pakistan Limited	
Legal Advisor	Cornelius Lane & Mufti Advocates and Solicitors Nawa-i-Waqt House 4 - Shahrah-e-Fatima Jinnah, Lahore Tel.: 36360824, Fax: 36303301	
Shares Registrar	Hameed Majeed Associates (Pvt.) Limited H. M. House, 7 - Bank Square, Lahore Tel: 37235081-2, Fax: 37358817	
Registered Office	Ground Floor, NBP RHQs Building, 26 - McLagon Road, Lahore Tel: 042-99211200, Fax: 042- 99213247 URL: http://www.nbmodaraba.com E-mail: info@nbmodaraba.com	

Directors' Review Report

On behalf of the Board of Directors of National Bank Modaraba Management Company Limited (NBMMCL), the Management Company of First National Bank Modaraba (FNBM), I present the quarterly report, together with un-audited financial statements of FNBM for the quarter ended September 30, 2019.

During the period under review the focus of management remained on recovery. On the operations side the total income figured to Rs.3.4 Million in the quarter under review as compared to Rs.5.18 Million in the corresponding period last year. Financial cost surged to Rs.7.6 Million compared to Rs.4.2 Millions in the corresponding period. The operating expenses remained at Rs.3.9 Million against Rs.3.7 Million last year. This resulted in an operating loss of 9.3 million as against an operating loss of Rs.6.6 Million in the corresponding quarter last year.

As a result of aforesaid the loss per certificate stood at Rs.0.38 as compared to a loss per certificate of Rs.0.27 in the corresponding quarter.

The Board would like to take this opportunity to thank its valued certificate holders and clients for their patronage and consistent patience. Besides, the Board extends its sincere gratitude to Registrar Modarabas, SECP and NBF1 & Modaraba Association of Pakistan for their continued guidance and support.

For and on behalf of the Board



Chief Executive Officer

Lahore: October 29, 2019

ڈائریکٹرز جائزہ رپورٹ

بورڈ آف ڈائریکٹرز، نیشنل بینک مزارہہ مینجمنٹ کمپنی، منظم، فرسٹ نیشنل بینک مزارہہ کی جانب سے سہ ماہی 30 ستمبر 2019 کی رپورٹ اور رپورٹ اور ساتھ غیر احتسابی گوشوارہ پیش کئے جا رہے ہیں۔

زیر جائزہ سہ ماہی کے دوران انتظامیہ کی بنیادی توجہ وصولیابی پر مرکوز رہی۔ اس مقصد کے گزشتہ سال اسی مدت کے 5.18 ملین کے مقابلے میں زیر جائزہ سہ ماہی میں 3.42 ملین کل آمدنی رہی۔

مالیاتی لاگت 7.6 ملین گزشتہ مدت 4.2 ملین کے مقابلے میں بڑھی۔ اخراجات گزشتہ سال 3.7 ملین کے مقابلے میں 3.9 ملین رہے۔ نتیجے کے طور پر گزشتہ سال سہ ماہی خسارہ 6.6 ملین کے خلاف مالی خسارہ 9.2 ملین رہا۔

نتیجتاً حالیہ سہ ماہی میں فی حصص خسارہ 0.38 پر رہا مقابلاً گزشتہ سہ ماہی فی حصص خسارہ 0.27 پر رہا۔

بورڈ اس موقع پر اپنے حالیہ حصص کا، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور مزارہہ ایسوسی ایشن آف پاکستان کا ان کی مسلسل حمایت، رہنمائی اور سرپرستی کا شکریہ ادا کرتا ہے۔

منجانب بورڈ (کے لئے)



چیف ایگزیکٹو آفیسر

لاہور: 29 اکتوبر، 2019

First National Bank Modaraba

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT SEPTEMBER 30, 2019

	Note	September 30, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
ASSETS			
CURRENT ASSETS			
Cash and bank balances		23,367,366	11,329,223
Short term murabaha investments - secured	5	8,891,011	16,138,222
Accrued profit		2,858,647	2,192,041
Short term investments	6	72,226,997	74,518,664
Ijarah rentals receivable		70,504,732	69,521,441
Advances, prepayments and other receivables		4,462,527	4,421,491
Current portion of non current assets	7	34,464,837	34,922,373
		216,776,117	213,043,455
NON-CURRENT ASSETS			
Net investment in ijarah finance	8	-	-
Diminishing musharaka financing - secured	9	-	-
Long term murabaha investments - secured	10	383,066	5,893,939
Long term loans and deposits		48,066	190,780
Intangible asset		-	-
Fixed assets under ijarah arrangements	11	81,866,196	83,900,189
Fixed assets - own use	12	87,747	39,747
Deferred tax asset	13	-	-
		82,385,075	90,024,655
TOTAL ASSETS		299,161,192	303,068,110
LIABILITIES			
CURRENT LIABILITIES			
Accrued profit		10,025,176	4,505,879
Short term finances - secured	14	217,063,388	217,063,388
Creditors, accrued and other liabilities		18,567,945	17,928,939
Current portion of non-current liabilities	15	82,555,415	82,555,415
		328,211,924	322,053,621
NON-CURRENT LIABILITIES			
Security deposits against ijarah assets		77,200	890,000
Deferred murabaha income		2,234,603	2,234,603
		2,311,803	3,124,603
TOTAL LIABILITIES		330,523,727	325,178,224
NET ASSETS		(31,362,535)	(22,110,114)
FINANCED BY:			
Certificate capital	16	250,000,000	250,000,000
Statutory reserves		43,955,189	43,955,189
Accumulated loss		(325,317,724)	(316,065,303)
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND RESERVES		(31,362,535)	(22,110,114)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information (un-audited).

			
Chief Executive Officer National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Chief Financial Officer National Bank Modaraba Management Company Limited

Lahore: October 29, 2019

Quarterly Report-September 30, 2019

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	September 30, 2019	September 30, 2018
	Rupees	Rupees
INCOME FROM OPERATIONS		
Ijarah rentals earned / income from ijarah finance	1,726,257	4,333,832
Profit on diminishing musharaka financing	53,720	252,685
Profit on murabaha investments	-	-
Profit on bank deposits	25,856	332,974
(Loss) / Gain on disposal of ijarah and owned assets	(129,298)	248,281
Profit on short term investment	1,742,490	-
	3,419,025	5,167,772
OTHER INCOME		
Reversal of provision charged for doubtful receivables	-	-
Other income	4,778	20,168
	4,778	20,168
TOTAL INCOME	3,423,803	5,187,940
EXPENSES		
Depreciation on ijarah assets	(1,071,353)	(3,915,122)
Operating expenses	(3,929,188)	(3,737,887)
Finance cost	(7,675,683)	(4,199,645)
TOTAL EXPENSES	(12,676,224)	(11,852,654)
Operating Profit /(Loss) before Provision and Taxation	(9,252,421)	(6,664,714)
Provision charged for doubtful receivables - net	-	-
Impairment loss on ijarah assets - net	-	-
	(9,252,421)	(6,664,714)
Modaraba Company's management fee	-	-
Profit / (Loss) before Taxation	(9,252,421)	(6,664,714)
Taxation	-	-
Net Profit / (Loss) for the Period	(9,252,421)	(6,664,714)
LOSS / PROFIT PER CERTIFICATE - BASIC AND DILUTED	(0.38)	(0.27)

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Chief Executive Officer National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Chief Financial Officer National Bank Modaraba Management Company Limited

Lahore: October 29, 2019

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	September 30, 2019	September 30, 2018
	Rupees	Rupees
Net Profit / (Loss) for the Period	(9,252,421)	(6,664,714)
Other comprehensive income / (loss) for the period	-	-
Total Comprehensive Income / (Loss) for the Period	(9,252,421)	(6,664,714)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information (un-audited).

 <u>Chief Executive Officer</u> National Bank Modaraba Management Company Limited	 <u>Director</u> National Bank Modaraba Management Company Limited	 <u>Director</u> National Bank Modaraba Management Company Limited	 <u>Chief Financial Officer</u> National Bank Modaraba Management Company Limited
Lahore: October 29, 2019			

Quarterly Report-September 30, 2019

CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	September 30, 2019	September 30, 2018
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss / profit for the period	(9,252,421)	(6,664,714)
Adjustment for:		
- Depreciation on fixed assets under own use	-	-
- Depreciation on fixed assets under ijarah arrangements	1,071,353	3,915,122
- Impairment on fixed assets under ijarah arrangements	-	-
- Loss / gain on termination of ijarah arrangements	129,298	(248,281)
- Gain on sale of fixed assets under owned use	-	-
- Profit on short term investments	(1,742,490)	-
- Charge of provision against doubtful ijarah rentals receivable - net	-	-
- Reversal of provision against doubtful other receivables - net	-	-
- Reversal of provision against diminishing musharaka finance - net	-	-
- Charge / (reversal) of provision against net investment in ijarah finance - net	-	-
- (Reversal) / charge of provision long term murabaha investments - net	-	-
- Finance cost	7,675,683	4,199,645
- Profit on term deposit receipts and bank deposits	(25,856)	(332,974)
	<u>7,107,988</u>	<u>7,533,512</u>
Operating (loss) /profit before working capital changes	(2,144,433)	868,798
Decrease / (Increase) in operating assets:		
- Accrued profit	1,075,884	463,038
- Ijarah rentals receivable	(983,291)	165,359
- Advances, prepayments and other receivables	(37,375)	(2,647,734)
- Short term murabaha investments	7,247,211	-
- Net investment in ijarah finance	-	-
- Diminishing musharaka financing	457,536	1,495,202
- Long term murabaha investments	5,510,873	1,492,000
Decrease in operating liabilities:		
- Creditors, accrued and other liabilities	639,006	(739,055)
- Security deposits against ijarah assets - net	-	(11,956,720)
	<u>13,909,844</u>	<u>(11,727,910)</u>
Net changes in working capital		
Net Cash Generated from Operating Activities	11,765,411	(10,859,112)
Finance cost paid	(2,156,386)	(5,246,139)
Income taxes paid	(3,661)	(129,619)
Profit received on bank deposits	25,856	139,964
Long term loans and deposits - net	142,714	152,611
	<u>9,773,934</u>	<u>(15,942,295)</u>
Net Cash (Used in) / Generated from Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets - own use	(48,000)	-
Short term investments	2,291,667	-
Proceeds from disposal of own assets	-	-
Proceeds from disposal of ijarah assets	20,542	14,840,699
	<u>2,264,209</u>	<u>14,840,699</u>
Net Cash Used in Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term finances - net	-	-
Long term finances - repaid	-	-
	<u>-</u>	<u>-</u>
Net Cash Used in Financing Activities		
Net Decrease in Cash and Cash Equivalents	12,038,143	(1,101,596)
Cash and cash equivalents at the beginning of the period	11,329,223	51,653,789
Cash and Cash Equivalents at the End of the period	<u>23,367,366</u>	<u>50,552,193</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information (un-audited).

			
Chief Executive Officer National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Chief Financial Officer National Bank Modaraba Management Company Limited

Lahore: October 29, 2019

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

Particulars	Certificate Capital	Statutory Reserves	Accumulated Loss	Total Equity
Balance as at June 30, 2018(Audited)	250,000,000	43,955,189	(285,810,707)	8,144,482
Total comprehensive income for period ended September 30, 2018				
Net loss for the period	-	-	(6,664,714)	(6,664,714)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(6,664,714)	(6,664,714)
Balance as at September 30, 2018(Un Audited)	250,000,000	43,955,189	(292,475,421)	1,479,768
Net loss for the period	-	-	(29,051,650)	(29,051,650)
Other comprehensive income for the period	-	-	5,461,768	5,461,768
Balance as at June 30, 2019	250,000,000	43,955,189	(316,065,303)	(22,110,114)
Total comprehensive income for the period ended September 30, 2019				
Net loss for the period	-	-	(9,252,421)	(9,252,421)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(9,252,421)	(9,252,421)
Balance as at September 30, 2019	250,000,000	43,955,189	(325,317,724)	(31,362,535)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information (un-audited).

			
Chief Executive Officer National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Chief Financial Officer National Bank Modaraba Management Company Limited

Lahore: October 29, 2019

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

Note 1

Legal Status and Nature of Business

1.1 First National Bank Modaraba ("the Modaraba") is a multi-purpose, perpetual and multi-dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Rules framed thereunder. The Modaraba is managed by National Bank Modaraba Management Company Limited (a wholly owned subsidiary of the National Bank of Pakistan (NBP)), incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at Ground Floor, National Bank of Pakistan, Regional Headquarters Building, 26-Mc Lagon Road, Lahore.

The Modaraba is listed on Pakistan Stock Exchange Limited (PSX). It commenced its operations on December 4, 2003 and is currently engaged in various Islamic modes of financing and operations including ijarah, musharaka and murabaha arrangements.

1.2 Going concern assumption

During the three months period ended on September 30, 2019, the Modaraba made loss before 'Modaraba Company's Management Fee' of Rs. 9.25 million. As at the reporting date, its accumulated losses amounted to Rs. 325.317 million (2019: Rs. 316.065 million). Resultantly its net liabilities have exceeded its net assets by Rs. 31.362 millions as of the reporting date. In purview of consistent losses the Registrar Modaraba has issued a show cause notice to the Modaraba as to why should the proceedings to wind up the Modaraba not be initiated in terms of Section 23(1)(ii)(b) of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

In view of above, National Bank of Pakistan resolved in its meeting of Board of Directors dated June 22, 2018 to review and reverse its earlier decision of the cessation of the business of the Modaraba and recapitalize the Modaraba by injecting Rs. 300 million against the issuance of 30 million Modaraba certificates of Rs. 10 each.

SECP has given its approval on December 3, 2018 for issuance of further certificates, other than right to National Bank of Pakistan. Consequently National Bank of Pakistan has applied to the State Bank of Pakistan seeking approval of injection of equity funds in the Modaraba and the matter is pending.

These factors indicate the existence of material uncertainties that cast significant doubts about the Modaraba's ability to continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Consequently, these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively.

Note 2

Basis of Preparation

- 2.1 This condensed interim financial information has been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan (SECP) and is in compliance with the International Accounting Standard - 34 (Interim Financial Reporting) and being submitted to certificate holders as required under law.
- 2.2 This financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2019; whereas, comparative profit and loss account, statement of comprehensive income, cash flows statement and statement of changes in equity are extracted from unaudited interim financial information for the period ended on September 30, 2019.
- 2.3 These financial information have been prepared under the historical cost convention except for the measurement of certain financial instruments at fair value in accordance with the requirements of IFRS-9 (Financial Instruments: Recognition and Measurement) and at the overall contract price in accordance with IFAS-1 (Murabaha).
- 2.4 This condensed interim financial information is un-audited. However, a limited scope review of this interim financial information has been performed by the external auditors of the Modaraba in accordance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and they have issued their review report thereon.
- 2.5 This condensed interim financial information (un-audited) is presented in Pak Rupees, which is the Modaraba's functional and presentational currency. All the figures have been rounded off to the nearest Pak Rupees unless stated otherwise.

First National Bank Modaraba

Note 3

Accounting Policies

The accounting policies adopted for the preparation of this condensed interim financial information (un-audited) are consistent with those applied in the preparation of annual audited financial statements of Modaraba for the year ended June 30, 2019.

Note 4

Taxation

Under the current tax law, the income of non-trading modarabas is exempt from tax provided that they distribute ninety (90) percent of their profits as cash dividend to the certificate holders out of current period's total profit after appropriating statutory reserves. Where such profits are not distributed, provision for tax is made on taxable income at the current tax rates applicable to Modaraba after taking into account the available tax exemptions and tax credits, if any. No provision for tax liability has been incorporated in this condensed interim financial information (un-audited) due to losses during the period. Moreover, being prudent, the Modaraba has not recognized deferred tax asset as taxable profits in near foreseeable future are not certain.

Note 5

Short Term Murabaha Investments - Secured

	September 30, 2019	June 30, 2019
	(Un-audited) Rupees	(Audited) Rupees
Considered good	-	-
Considered doubtful	236,353,970	243,601,181
	236,353,970	243,601,181
Add: Deferred murabaha income	2,654,776	2,654,776
	239,008,746	246,255,957
Less: Provision for non-performing murabaha investments	(227,462,959)	(227,462,959)
Less: Suspended income	(2,654,776)	(2,654,776)
	8,891,011	16,138,222

Note 6

Short Term Investments

	September 30, 2019	June 30, 2019
	(Un-audited) Rupees	(Audited) Rupees
Investments in sukuk of 100,000 each - available for sale		
- Neelum Jehlum 300 (June 30, 2019: 200) of Rs 100,000 each	54,093,664	54,718,664
- Byco Petroleum Pakistan Limited 200 (June 30, 2019: 100) of Rs. 100,000 each	18,133,333	19,800,000
	72,226,997	74,518,664
- First Habib Modaraba Investments in Musharika Certificates (June 30, 2019: Nil)	-	-
	72,226,997	74,518,664

Note 7

Current Portion of Non Current Assets

		September 30, 2019	June 30, 2019
	Note	(Un-audited) Rupees	(Audited) Rupees
Net investment in ijarah finance	8	15,718,248	15,718,248
Diminishing musharaka financing	9	13,273,322	13,730,858
Long term murabaha investments	10	5,193,924	5,193,924
Long term loans and deposits		279,343	279,343
		34,464,837	34,922,373

Quarterly Report-September 30, 2019

Note 8

Net Investment in Ijarah Finance

Net Investment in Ijarah Finance	September 30, 2019			June 30, 2019		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	-----Rupees-----					
	------(Un-Audited)-----			------(Audited)-----		
Minimum ijarah rentals receivable	50,840,981	-	50,840,981	50,840,981	-	50,840,981
Residual value of ijarah assets	2,268,214	-	2,268,214	2,268,214	-	2,268,214
Gross investment in ijarah finance	53,109,195	-	53,109,195	53,109,195	-	53,109,195
Less: Unearned finance income	(24,164,747)	-	(24,164,747)	(24,164,747)	-	(24,164,747)
Net investment in lease ijarah finance	28,944,448	-	28,944,448	28,944,448	-	28,944,448
Less: Provision for doubtful net investment in ijarah finance	(13,226,200)	-	(13,226,200)	(13,226,200)	-	(13,226,200)
	<u>15,718,248</u>	<u>-</u>	<u>15,718,248</u>	<u>15,718,248</u>	<u>-</u>	<u>15,718,248</u>
Less: Current portion (Note 7)			(15,718,248)			(15,718,248)
			<u>-</u>			<u>-</u>

Note 9

Diminishing Musharaka Financing - Secured

	Note	September 30, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
Considered good		8,935,688	9,393,224
Considered doubtful		4,337,634	4,337,634
Provision against doubtful diminishing musharaka		-	-
		<u>4,337,634</u>	<u>4,337,634</u>
		13,273,322	13,730,858
Less: Current portion	7	(13,273,322)	(13,730,858)
		<u>-</u>	<u>-</u>

9.1 This represents diminishing musharaka financing arrangement entered for a term of three to four years. The Modaraba has provided financing to the provision against doubtful diminishing musharaka financing has not been incorporated as the forced sale value of collaterally held assets is greater than the amount receivable from the respective parties.

First National Bank Modaraba

Note 10

Long Term Murabaha Investments - Secured

		September 30, 2019	June 30, 2019
	Note	(Un-audited) Rupees	(Audited) Rupees
Considered good		7,279,468	8,800,341
Considered doubtful		61,311,579	65,301,579
		<u>68,591,047</u>	<u>74,101,920</u>
Add: Deferred murabaha income	0	31,675,826	31,675,826
	15.1	100,266,873	105,777,746
Less: Provision for doubtful murabaha investments	15.2	(65,301,579)	(65,301,579)
Less: Suspension for doubtful murabaha investments		<u>(29,388,304)</u>	<u>(29,388,304)</u>
		5,576,990	11,087,863
Less: Current portion	8	<u>(5,193,924)</u>	<u>(5,193,924)</u>
		<u>383,066</u>	<u>5,893,939</u>

Note 11

Fixed Assets under Ijarah Arrangements

		September 30, 2019	June 30, 2019
		(Un-audited) Rupees	(Audited) Rupees
Written down value at the beginning of the period / year		83,900,189	124,871,458
Additions at cost		-	-
Less: Written down value of assets disposed off		<u>(962,640)</u>	<u>(26,176,015)</u>
		82,937,549	98,695,443
Less: Depreciation charged during the period / year		(1,071,353)	(14,795,254)
Less: Impairment charged during the period / year		-	-
		<u>81,866,196</u>	<u>83,900,189</u>

12.1 Written down value of assets disposed off

Plant and Machinery	-	379,172
Vehicle	-	25,796,843
	<u>962,640</u>	<u>26,176,015</u>

Note 12

Fixed Assets under Own Use

		September 30, 2019	June 30, 2019
		(Un-audited) Rupees	(Audited) Rupees
Written down value at the beginning of the period / year		39,747	47,612
Additions at cost		48,000	-
Less: Written down value of assets disposed off		-	-
		<u>87,747</u>	<u>-</u>
Less: Depreciation charged during the period / year		-	(7,865)
		<u>87,747</u>	<u>39,747</u>

Note 13

Deferred Income Tax Asset

The deferred income tax asset amounting to Rs. 123.677 million (June 30, 2019: Rs. 124.187 million) has not been recognized in this condensed interim financial information (un-audited) as the temporary differences are not expected to reverse in foreseeable future because taxable profits may not be available against which the temporary differences can be utilized.

Quarterly Report-September 30, 2019

Note 14

Short Term Finance - Secured

	September 30, 2019	June 30, 2019
	(Un-audited)	(Audited)
	Rupees	Rupees
From banking companies		
Running finance from associated undertaking - National Bank of Pakistan	217,063,388	217,063,388

Note 15

Current Portion of Non-Current Liabilities

		September 30, 2019	June 30, 2019
	Note	(Un-audited)	(Audited)
		Rupees	Rupees
Security deposits against ijarah assets	17	82,502,496	82,502,496
Deferred murabaha income		52,919	52,919
		<u>82,555,415</u>	<u>82,555,415</u>

Note 16

Certificate Capital

	September 30, 2019	June 30, 2019	September 30, 2019	June 30, 2019
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	Number of certificates	Number of certificates	Rupees	Rupees
Authorized:				
	<u>60,000,000</u>	<u>60,000,000</u>	600,000,000	600,000,000
			Modaraba certificates of Rupees 10 each	
Issued, subscribed and paid-up certificate capital:				
	<u>25,000,000</u>	<u>25,000,000</u>	250,000,000	250,000,000
			Modaraba certificates of Rupees 10 each	

18.1 7,500,000 (June 30, 2019: 7,500,000) certificates of the Modaraba are held by National Bank Modaraba Management Company Limited, the modaraba management company.

18.2 No certificates of the Modaraba have been issued / cancelled during the period / year

Note 17

Contingencies and Commitments

17.1 Assistant Commissioner Inland Revenue (Appeals) raised demand of tax payables of Rs. 333.26 million for tax year 2011. Appeal was filed before the Commissioner Appeals Inland Revenue and the demand was deleted. The Department filed an appeal against the order of the Commissioner Appeals before the Appellate Tribunal. The notice of hearing is awaited from the Tribunal.

17.2 Assistant Commissioner Inland Revenue (Appeals) raised demand of tax payables of Rs. 127.362 million for tax year 2014. Appeal was filed before the Commissioner Appeals Inland Revenue and the demand was deleted and case is referred back to Assistant Commissioner.

Note 18

Financial Risk Management

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2019.

First National Bank Modaraba

Note 19

Balances And Transactions With Related Parties

Related parties comprise associated companies, modaraba management company and its holding undertaking, directors of the Modaraba management company and key management personnel. Detail of transactions with related parties and balances outstanding with them at the period / year end are as follows:

		September 30, 2019	June 30, 2019
		(Un-audited)	(Audited)
		Rupees	Rupees
19.1	Balances outstanding at the period / year end		
	Bank accounts with National Bank of Pakistan	353,880	384,760
	Finances from National Bank of Pakistan	217,063,388	217,063,388
	Markup payable to National Bank of Pakistan	10,025,176	4,505,879
		September 30, 2019	June 30, 2019
		(Un-audited)	(Audited)
		Rupees	Rupees
19.2	Transactions during the period		
	Related party		
	Relationship		
	Nature of Transaction		
	National Bank of Pakistan		
	Modaraba Management	-	-
	Company's holding company	-	-
	Long term finance repaid	-	-
	Short term finance repaid - net	-	-
	Ijarah rentals received	-	-
	Mark up Expense	7,675,683	22,397,957
	Mark up Paid	2,134,833	20,483,886
	National Bank Modaraba		
	Modaraba management	-	-
	Management Company Limited company	-	-
	Modaraba management	-	-
	company fee	-	-
		-	-

Note 20

Segment Information

- 20.1** As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer (CEO) of the Modaraba has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.
- 20.2** The CEO is responsible for the Modaraba's entire product portfolio and considers the business as 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.
- 20.3** The internal reporting provided to the CEO for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting and reporting standards as applicable in Pakistan. The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investment in entities incorporated in Pakistan. The Modaraba also has a diversified certificate holder population.

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Note 21

Date Of Authorization For Issue

These condensed interim financial information (unaudited) have been approved by the Board of Directors of National Bank Modaraba Management Company Limited and authorized for issue on October 29, 2019.

Note 22

General

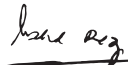
Comparative figures are re-arranged / re-classified, wherever necessary, to facilitate comparison. No such re-arrangements / re-classifications have been made in these condensed interim financial information (un-audited).



Chief Executive Officer
National Bank Modaraba
Management Company Limited



Director
National Bank Modaraba
Management Company Limited



Director
National Bank Modaraba
Management Company Limited



Chief Financial Officer
National Bank Modaraba
Management Company Limited

Lahore: October 29, 2019

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