



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,
2022

First National Bank Modaraba

Quarterly Report
September 30, 2022

CONTENTS

Corporate Information	4
Directors' Review Report	5
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Cash Flow Statement	9
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim un-audited Financial Statements	11

CORPORATE INFORMATION

Board of Directors*	Mr. Muhammad Imran Malik Mr. Hakim Ali Leghari Khawaja Waheed Raza Mr. Muhammad Iqbal Hussain Mr. Abbas Azam	Chairman Director Director Director CEO
Shari'ah Advisor	Mufti Ehsan Waquar Ahmed	
Chief Financial Officer/ Company Secretary	Farah Aslam	
Audit Committee	Mr. Muhammad Iqbal Hussain Khawaja Waheed Raza	Chairman Member
HR & Remuneration Committee	Khawaja Waheed Raza Mr. Muhammad Iqbal Hussain	Chairman Member
Auditors	Rahman Sarfaraz Rahim Iqbal Rafiq 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	Muhammad Aqeel Malik Advocates Supreme Court Aqeel & Associates, Advocate/Legal Consultants Office No. 12, 1st Floor, Khawaja Arcade Wahdat Road, Lahore Tel.: 042-35462464	
Shares Registrar	Hameed Majeed Associates (Pvt.) Limited H. M. House, 7 - Bank Square, Lahore Tel: 37235081-2, Fax: 37358817	
Registered Office	Ground Floor, NBP-RHQ Building, 26 - McLagon Road, Lahore Tel: 042-99211200, Fax: 042-99213247 URL: http://www.nbmodaraba.com E-mail: info@nbmodaraba.com	

Directors' Quarterly Review Report

On behalf of Board of Directors of National Bank Modaraba Management Company Limited (NBMMCL) the Management Company of First National Bank Modaraba(FNBM). I am presenting the quarterly report, together with un-audited financial statements of FNBM for the quarter and three months ended Sep 30, 2022.

During the period under review the focus of management remained on recovery, particularly from the classified portfolio. Various settlement arrangements were made with some defaulter customers and an amount of Rs.7.2 million was realized from them during the period the related provisioning reversals are reflected in the interim accounts.

On the operations side the total income figured to Rs.9.373 Million in the period under review as compared to Rs.24.98 Million in corresponding period last year. Financial cost remained at Rs.4.069 Million compared to Rs. 4.394 Million in the corresponding period. The operation expenses, despite prevailing inflation, slightly declined to Rs.3.082 Million compared to 3.589 Million in the corresponding period. The profit per certificate stood at Rs.0.08 to a profit per certificate of Rs 0.27 in the corresponding period.

First National Bank Modaraba has appointed M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants as its Statutory Auditor for Financial Year Ending June 30, 2023 in Board meeting held on Oct 26,2022 subject to approval of Registrar Modarabas. Our retiring Auditor M/S Crowe Hussain Chaudhary & Co has completed its term of five years .

The Board would like to take this opportunity to thank its valued certificate holders and clients for their patronage and consistent patience. Beside, 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 26, 2022

ڈائریکٹرز کی سہ ماہی جائزہ رپورٹ

نیشنل بینک مضاربہ مینجمنٹ کمپنی لمیٹڈ (NBMMCL) کے بورڈ آف ڈائریکٹرز کی جانب سے فرسٹ نیشنل بینک مضاربہ (FNBM) کی مینجمنٹ کمپنی۔ میں 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی اور تین ماہ کے FNBM کے غیر آڈٹ شدہ مالیاتی بیانات کے ساتھ سہ ماہی رپورٹ پیش کر رہا ہوں۔

زیر جائزہ مدت کے دوران انتظامیہ کی توجہ ریکوری پر رہی، خاص طور پر کلاسیفائیڈ پورٹ فولیو سے۔ کچھ ڈیفالٹس صارفین کے ساتھ تصفیہ کے مختلف اختیارات کیے گئے اور ان سے 7.2 ملین روپے کی رقم اس مدت کے دوران وصول کی گئی جب کے متعلقہ پروویڈنگ اور ریورسلز مالیاتی کھاتوں میں ظاہر ہوتے ہیں۔

آپریٹنگ کی جانب سے زیر جائزہ مدت میں کل آمدنی 9.373 ملین روپے ہوئی جو گزشتہ سال کی اسی مدت میں 24.98 ملین روپے تھی۔ مارک اپ کی لاگت اس مدت میں 4.069 ملین رہی جو پچھلے سال اسی مدت میں 4.394 ملین روپے تھی۔ آپریشن کے اخراجات، موجودہ افراط زر کے باوجود، اسی مدت میں 3.589 ملین روپے کے مقابلے میں قدرے کم ہو کر 3.082 ملین روپے رہے۔ اسی مدت میں فی سرٹیفکیٹ منافع 0.08 روپے رہا جو پچھلے سال اسی مدت میں 0.27 روپے تھا۔

فرسٹ نیشنل بینک مضاربہ نے M/S رحمان سرفراز رحیم اقبال رفیق چارٹرڈ اکاؤنٹنٹس کو 26 اکتوبر 2022 کو ہونے والی بورڈ میٹنگ میں 30 جون 2023 کو ختم ہونے والے مالیاتی سال کے لیے اپنا قانونی آڈیٹر مقرر کیا ہے جو رجسٹرڈ مضاربہ کی منظوری سے مشروط ہے۔ ہمارے ریٹائر ہونے والے آڈیٹر M/S کرو حسین چوہدری اینڈ کمپنی نے اپنی پانچ سال کی مدت پوری کر لی ہے۔

بورڈ اس موقع کو اپنے قابل قدر سرٹیفکیٹ ہولڈرز اور کلائنٹس کی سرپرستی اور مستقل صبر کے لیے ان کا شکریہ ادا کرنا چاہتا ہے۔ اس کے علاوہ، بورڈ رجسٹرڈ مضاربہ، SECP اور NBFI اینڈ مضاربہ ایسوسی ایشن آف پاکستان کا ان کی مسلسل رہنمائی اور تعاون کے لیے تہہ دل سے شکریہ ادا کرتا ہے۔

منجانب بورڈ (کے لئے)



چیف ایگزیکٹو آفیسر

لاہور: 26 اکتوبر، 2022

Quarterly Report-September 30, 2022

BALANCE SHEET AS AT SEPTEMBER 30, 2022

	Note	Sep 30 2022 Rupees (Un-Audited)	June 30 2022 Rupees (Audited)
ASSETS			
CURRENT ASSETS			
Cash at banks		9,454,758	1,455,894
Short term murabaha investments - secured	4	1,772,944	2,320,364
Accrued profit		3,809,237	3,049,548
Short term investments	5	173,843,915	172,510,582
Ijarah rentals receivable	6	27,864,155	30,866,563
Advances, prepayments and other receivables		7,245,594	7,045,707
Current portion of non current assets	7	14,371,748	14,846,748
		238,362,351	232,095,406
NON-CURRENT ASSETS			
Net investment in ijarah finance	8	-	-
Diminishing musharaka financing - secured	9	-	-
Long term murabaha investments - secured	10	-	-
Long term deposit		39,500	39,500
Intangible asset		-	-
Fixed assets under ijarah arrangements	11	32,959,576	32,959,576
Fixed assets - own use	12	83,759	88,759
		33,082,835	33,087,835
TOTAL ASSETS		271,445,186	265,183,241
LIABILITIES			
CURRENT LIABILITIES			
Accrued profit on short term financing		74,380,153	70,311,279
Short term finances - secured	13	217,063,388	217,063,388
Creditors, accrued and other liabilities	14	2,722,987	2,488,982
Unclaimed dividend		425,218	425,218
Security deposits against ijarah assets		33,006,276	33,006,276
Deferred murabaha income		-	-
TOTAL LIABILITIES		(327,598,022)	(323,295,143)
NET LIABILITIES		(56,152,836)	(58,111,902)
FINANCED BY:			
Certificate capital	15	250,000,000	250,000,000
Statutory reserve		44,699,137	44,699,137
Accumulated loss		(350,663,995)	(352,623,061)
		(55,964,858)	(57,923,924)
Unrealised loss on revaluation of sukuk		(187,978)	(187,978)
TOTAL EQUITY AND RESERVES		(56,152,836)	(58,111,902)
CONTINGENCIES AND COMMITMENTS		-	-

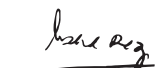
The annexed notes from 1 to 20 form an integral part of these financial statements.



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 26, 2022

CONDENSED QUARTER PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Note	Sep 30 2022 Rupees (Un-audited)	Sep 2021 Rupees (Un-audited)
INCOME FROM OPERATIONS			
Ijarah rentals earned / income from ijarah finance		-	-
Profit on diminishing musharaka financing		-	-
Profit on murabaha income		-	-
Profit on bank deposits		73,631	46,741
Profit on short term investment		4,821,803	1,697,744
		4,895,434	1,744,485
OTHER INCOME			
Reversal of provision charged for doubtful receivables - net		4,478,562	22,082,741
Suspension reversed during the year		-	1,151,081
Gain on termination of ijarah assets		-	1,958
		4,478,562	23,235,780
TOTAL INCOME		9,373,996	24,980,265
EXPENSES			
Depreciation on ijarah assets		-	-
Operating expenses		(3,082,894)	(3,589,021)
Loss on termination of Diminishing musharakah assets		-	(129,260)
Finance cost		(4,069,939)	(4,394,196)
TOTAL EXPENSES		(7,152,833)	(8,112,477)
OPERATING PROFIT BEFORE PROVISIONS AND TAXATION		2,221,163	16,867,788
Provision charged for doubtful receivables - net		-	(9,176,980)
PROFIT BEFORE MANAGEMENT COMPANY'S FEE		2,221,163	7,690,808
Modaraba Company's management fee		(222,116)	(769,081)
Provision for Worker's Welfare Fund		(39,981)	(138,435)
PROFIT BEFORE TAXATION		1,959,066	6,783,292
Taxation	16	-	-
NET PROFIT FOR THE YEAR		1,959,066	6,783,292
EARNINGS PER MODARABA CERTIFICATE - BASIC AND DILUTED		0.08	0.27

The annexed notes from 1 to 20 form an integral part of these financial statements.

 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 26, 2022

Quarterly Report-September 30, 2022

CONDENSED QUARTER STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Sep 30 2022	Sep 30 2021
	Rupees (Un-audited)	Rupees (Un-audited)
NET PROFIT FOR THE YEAR	1,959,066	6,783,292
Other Comprehensive Income		
<i>Items that will not be reclassified to profit and loss account</i>	-	-
<i>Items that may be reclassified subsequently to profit and loss account</i>		
- Surplus on revaluation of sukus	-	-
Other comprehensive income for the year	-	-
Total Comprehensive Income for the Year	<u>1,959,066</u>	<u>6,783,292</u>

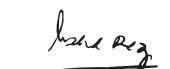
The annexed notes from 1 to 20 form an integral part of these financial statements.



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 26, 2022

CONDENSED QUARTER CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Sep 30 2022	Sep 30 2021
	Rupees	Rupees
Net (Loss) / Profit for the Year	1,959,066	6,783,292
Adjustment for:		
- Loss on termination of ijarah assets	-	(1,958)
- Profit on short term investments	(4,821,803)	(1,697,744)
- Charge of provision against doubtful ijarah rentals receivable - net	-	9,176,980
- Reversal of provision long term murabaha investments - net	(1,476,153)	(22,082,741)
- Suspension reversed during the year	-	(1,151,081)
- Finance cost	4,069,939	4,394,196
- Profit on term deposit receipts and bank deposits	(73,631)	(46,741)
	<u>(2,301,648)</u>	<u>(11,409,089)</u>
Operating loss before working capital changes	(342,582)	(4,625,797)
Decrease / (Increase) in operating assets:		
- Accrued profit	4,062,114	1,456,231
- Ijarah rentals receivable	3,002,408	634,345
- Advances, prepayments and other receivables	(145,000)	(55,000)
- Short term murabaha investments recovered	1,747,420	22,617,199
- Diminishing musharaka financing	(226,488)	-
- Long term murabaha investments	-	-
- Net investment in finance lease	276,153	-
Decrease in operating liabilities:		
- Creditors, accrued and other liabilities	935,493	2,150,775
	<u>9,652,100</u>	<u>26,803,550</u>
Net changes in working capital	9,309,518	22,177,753
Cash Generated from Operations	9,309,518	22,177,753
Finance cost paid	(1,065)	(11,716)
Income taxes paid / deducted at source	(54,887)	(7,770)
Profit received on bank deposits	73,631	46,741
	<u>9,327,197</u>	<u>22,205,008</u>
Net Cash Generated from Operating Activities	9,327,197	22,205,008
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets - own use acquired	-	-
Proceeds from disposal of assets	5,000	-
Short term investments acquired	(3,000,000)	(30,000,000)
Short term investments redeemed	1,666,667	1,666,667
Proceeds from disposal of ijarah assets	-	1,958
	<u>(1,328,333)</u>	<u>(28,331,375)</u>
Net Cash Used in Investing Activities	(1,328,333)	(28,331,375)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net Decrease in Cash and Cash Equivalents	7,998,864	(6,126,367)
Cash and cash equivalents at the beginning of the year	1,455,894	12,975,175
Cash and Cash Equivalents at the End of the Year	<u>9,454,758</u>	<u>6,848,808</u>

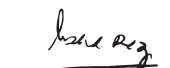
The annexed notes from 1 to 20 form an integral part of these financial statements.



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 26, 2022

Quarterly Report-September 30, 2022

CONDENSED QUARTER STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2022

Particulars	Certificate Capital	Statutory Reserve	Accumulated Loss	Total Equity
	Rupees			
Balance as at June 30, 2021	250,000,000	44,177,257	(354,710,581)	(60,533,324)
Net profit for the period	-	-	6,783,292	6,783,292
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	6,783,292	6,783,292
Transferred to statutory reserve	-	1,356,658	(1,356,658)	-
Balance as at September 30, 2021	<u>250,000,000</u>	<u>45,533,915</u>	<u>(349,283,947)</u>	<u>(53,750,032)</u>
Balance as at June 30, 2022	250,000,000	44,699,137	(352,623,061)	(57,923,924)
Net profit for the three months ended	-	-	1,959,066	1,959,066
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,959,066	1,959,066
Transferred to statutory reserve	-	-	-	-
Balance as at September 30, 2022	<u>250,000,000</u>	<u>44,699,137</u>	<u>(350,663,995)</u>	<u>(55,964,858)</u>

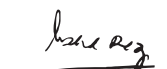
The annexed notes from 1 to 20 form an integral part of these financial statements.



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 26, 2022

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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

As at the reporting date, the Modaraba's current liabilities exceed its current assets by Rs. 89.235 million (June 2022: Rs. 91.199 million) and its accumulated losses amount to Rs. 350.664 million (June 2022: Rs. 352.623 million). Further, the short term running finance facility obtained from National Bank of Pakistan (NBP) was expired on October 31, 2019 that has yet not been renewed while markup outstanding thereupon is also yet to be paid. Outstanding markup on this facility upto October 31, 2019 was Rs. 10.8 million. However, NBP is accruing markup beyond that date in its books; accordingly, the Modaraba, while its request of waiver / reduction of markup is in pendency, has also accrued a further amount of Rs. 59.5 million on account of finance cost against this facility accumulating to Rs. 74.38 million (June 2022: Rs. 70.311 million) as at the reporting date. The trading in the certificates of Modaraba has already been suspended and the name of the Modaraba is included in the defaulter list at PSX.

In purview of the consistent losses of the Modaraba, the Registrar Modaraba issued a show cause notice to the Modaraba as to why should the proceedings to wind it up not be initiated in terms of Section 23(1)(ii)(b) of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. Further, the Registrar Modaraba, in exercise of powers conferred under Section 23(1)(ii)(b) of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and aforementioned show cause notice, has passed an order dated October 31, 2019, for filing an application for winding up before the Modaraba Tribunal, Lahore. Subsequent to order dated October 31, 2019 of Registrar Modaraba, the winding up petition has been filed by Registrar Modaraba on June 16, 2020 under section 23(1)(ii)(b) before the Honorable Modaraba Tribunal, Lahore. However, the case is pending before the court and next date of hearing has been fixed on October 31, 2022.

Accumulated losses as on Sep 30, 2022 contain Rs. 280.742 million (2022: Rs. 285.220 million) against provision for doubtful receivables; the management believes that these amounts are notional in nature and these provisions are reversible in future to the extent of actual cash recoveries, as and when realized, from the defaulter clients. Besides fully charging provisioning in accordance with the Prudential Regulations for Modarabas issued by SECP ('PRs'), the Modaraba has also subjectively assessed the carrying value of its classified receivables and incorporating as much additional provisioning in the light of applicable regulations and management judgment.

The Modaraba has filed legal suits for recovery against all its defaulter clients and Rs. 431.157 million (June 2022: 432.058 million) have been decreed in Modaraba's favor by the Honorable Banking Courts, against principal amount, that are pending execution. Total current liabilities amounting to Rs. 327.598 million (June 2022: Rs. 323.295 million) include Rs. 291.144 million (June 2022: Rs. 287.374 million) payable to National Bank of Pakistan (NBP) on account of outstanding principal and mark-up on short term running finance facility that the management believes is not readily payable. Further, the current liabilities also include Rs. 33.006 (June 2022: Rs. 33.076 million) worth security deposits that are not immediately repayable rather shall be adjusted against the residual value of ijarah assets.

However, the winding up petition filed by the Registrar Modaraba indicates the existence of material uncertainty that casts 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. Therefore, these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively.

Quarterly Report-September 30, 2022

Note 2

Basis of Preparation

- 2.1** These condensed interim financial statements (un-audited) have been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan (SECP) and are in compliance with the International Accounting Standard - 34 (Interim Financial Reporting) and being submitted to certificate holders as required under law.
- 2.2** These condensed interim financial statements (un-audited) should be read in conjunction with annual audited financial statements for the year ended June 30, 2022. Comparative balance sheet is extracted from audited financial statements for the year ended June 30, 2022; 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 statements for the three-month period ended on Sep 30, 2022.
- 2.3** These condensed interim financial statements (un-audited) have been prepared on the basis other than going concern using estimated realizable / settlement values of the assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business. These realizable / settlement values are based on management judgment and other available evidence; however, these may change on actual realization of assets / settlement of liabilities.
- 2.4** These condensed interim financial statements (un-audited) are presented in Pak Rupees, which is the Modaraba's functional and presentation currency. All the figures have been rounded off to the nearest Pak Rupees unless stated otherwise.

Note 3

Summary of Significant Accounting Policies

The accounting policies adopted for the preparation of these condensed interim financial statements (un-audited) are consistent with those applied in the preparation of annual audited financial statements of the Modaraba for the year ended June 30, 2022.

Note 4

Short Term Murabaha Investments - Secured

		30-Sep 2022	30-Jun 2022
	Note	Rupees	Rupees
Short term murabaha investments (considered doubtful)		165,247,159	166,994,579
Add: Deferred murabaha income		274,031	274,022
		<u>165,521,190</u>	<u>167,268,601</u>
Less: Provision for non-performing murabaha investments	4.1	(163,474,215)	(164,674,215)
Less: Suspended income		(274,031)	(274,022)
		<u>1,772,944</u>	<u>2,320,364</u>
4.1 Provision for non-performing murabaha investments			
Opening balance		164,674,215	201,878,010
Reversed during the year		(1,200,000)	(37,203,795)
Closing balance		<u>163,474,215</u>	<u>164,674,215</u>

Note 5

Short Term Investments

	2022	2021		Sep 30 2022	June 30 2022
	Number of Units			Rupees	Rupees
Investments in sukuk of Rs 100,000 each - fair value through OCI					
	550	550	Neelum Jehlum Sukuk	25,416,907	25,416,907
	200	200	Byco Petroleum Pakistan Limited	3,427,008	5,093,675
	<u>750</u>	<u>750</u>		<u>28,843,915</u>	<u>30,510,582</u>
Bankislami Pakistan Limited Islami Aamdani Certificate - TDRs				145,000,000	22,000,000
National Bank Aitmaad - Term deposit certificates				-	120,000,000
				<u>173,843,915</u>	<u>172,510,582</u>

First National Bank Modaraba

Note 6		Sep 30	June 30
Ijarah Rentals Receivable		2022	2022
	Note	Rupees	Rupees
Considered doubtful	6.1	96,171,982	102,176,799
Less: Provision for doubtful ijarah rentals receivable	6.2	(45,589,289)	(48,591,698)
Less: Profit held in suspense account		(22,718,538)	(22,718,538)
		<u>27,864,155</u>	<u>30,866,563</u>

6.1 This represents receivables from various customers under the Ijarah finance. Legal proceedings against 7 (2022: 7) customers are in process in Honorable Courts of Law. The Courts have awarded decree in favour of Modaraba in 7 (2022: 7) cases for recovery of Rs. 141.67 million (2022: 141.67 million).

6.2 Considered doubtful		Sep 30'2022	Jun 30'2022
		Rupees	Rupees
Opening balance		102,176,799	107,088,572
Less: Received during the year		(6,004,817)	(1,200,000)
Considered doubtful - gross balance		96,171,982	105,888,572
Less: Receivable written off		-	(3,711,773)
Considered doubtful- net balance		<u>96,171,982</u>	<u>102,176,799</u>

Note 7		Sep 30	June 30
Current Portion of Non Current Assets		2022	2022
	Note	Rupees	Rupees
Net investment in ijarah finance	8	13,272,934	13,272,934
Diminishing musharaka financing	9	1,098,814	1,573,814
		<u>14,371,748</u>	<u>14,846,748</u>

Note 8		Sep 30	June 30
Net Investment in Ijarah Finance		2022	2022
		Rupees	Rupees
Minimum ijarah rentals receivable		49,419,703	49,695,856
Add: Residual value of ijarah assets		46,700	46,700
Gross investment in ijarah finance		49,466,403	49,742,556
Less: Unearned finance income		(24,109,320)	(24,109,320)
Net investment in lease ijarah finance		25,357,083	25,633,236
Less: Provision for doubtful net investment in ijarah finance		(12,084,149)	(12,360,302)
		13,272,934	13,272,934
Less: Current portion	7	(13,272,934)	(13,272,934)
		<u>-</u>	<u>-</u>

8.1 This investment represents ijarah arrangement entered into with a customer for a period of 10 years at an implicit profit rate of 8.7% against security deposits of Rs. 46,700 (2022: 46,700). Legal proceedings against the customer are in process in the Honorable Court of Law. The Court has yet not awarded decree in favour of the Modaraba, while the liquidator has been appointed on the customer for its winding up.

Note 9		Sep 30	June 30
Diminishing Musharaka Financing - Secured		2022	2022
	Note	Rupees	Rupees
Considered good		-	-
Considered doubtful		1,098,814	1,573,814
		1,098,814	1,573,814
Less: Current portion	7	(1,098,814)	(1,573,814)
		<u>-</u>	<u>-</u>

Quarterly Report-September 30, 2022

Note 10

Long Term Murabaha Investments - Secured	Sep 30 2022	June 30 2022
Note	Rupees	Rupees
Considered good	-	-
Considered doubtful	59,594,049	59,594,049
	59,594,049	59,594,049
Add: Deferred murabaha income	29,388,304	29,388,304
	88,982,353	88,982,353
Less: Provision for doubtful murabaha investments	(59,594,049)	(59,594,049)
Less: Suspension for doubtful murabaha investments	(29,388,304)	(29,388,304)
	<u>-</u>	<u>-</u>

10.1 Provision for doubtful murabaha investments

Opening balance	59,594,049	59,594,049
Charged during the year	-	-
Reversed during the year	-	-
Net reversed during the year	-	-
Closing balance	<u>59,594,049</u>	<u>59,594,049</u>

Note 11

Fixed Assets under Ijarah Arrangements	Sep 30 2022	June 30 2022
	Rupees	Rupees
Written Down Value at the beginning of the period	<u>32,959,576</u>	<u>32,305,576</u>
Less: Written down value of assets disposed off	-	654,000
	<u>32,959,576</u>	<u>32,959,576</u>

Note 12

Fixed Assets under Own Use	Sep 30 2022	June 30 2022
	Rupees	Rupees
Written Down Value at the beginning of the period	<u>88,759</u>	<u>88,759</u>
WDV-of-Additions / (Disposal)	<u>(5,000)</u>	<u>-</u>
	<u>83,759</u>	<u>88,759</u>
Less Depreciation charged during period	NIL	NIL

Note 13

Short Term Finance - Secured	Sep 30 2022	June 30 2022
Note	Rupees	Rupees
From banking company - Related Party		
Running finance	13.1 <u>217,063,388</u>	<u>217,063,388</u>

13.1 The Modaraba has obtained running finance facility of Rs. 250 million (2022: Rs. 250 million) from the National Bank of Pakistan carrying mark-up at 1 month KIBOR plus 1% (2022: 1 month KIBOR plus 1%) per annum payable monthly. The finance cost has been charged during the period at cost of funds of NBP @ 7.50% (2022 (mark-up at kibar plus 1%):8.33% to 13.39%) p.a. This facility is secured by way of first joint pari passu hypothecation charge on all present and future receivables, leased assets and related lease receivables and present and future assets of the Modaraba to the extent of Rs 277.778 million (2022: Rs. 277.778 million). This facility was expired on October 31, 2019 and has yet not been renewed and repaid.

First National Bank Modaraba

Note 14

Creditors, Accrued and Other Liabilities

		Sep 30 2022	June 30 2022
	Note	Rupees	Rupees
Advances from customers		1,085,120	1,083,620
Accrued expenses		611,524	611,524
Payable to Modaraba Management Company		730,236	508,120
Worker's welfare fund payable	14.1	131,442	91,461
Sales tax payable		-	-
Charity payable	14.2	164,665	194,257
		<u>2,722,987</u>	<u>2,488,982</u>
14.1 Worker's Welfare Fund payable			
Opening balance		91,461	27,301
Expense during the year		39,981	64,160
Paid during the year		-	-
Closing balance		<u>131,442</u>	<u>91,461</u>
14.2 The reconciliation is as follows:			
Opening balance		194,257	313,209
Additions during the year		20,408	331,083
Charity paid during the year		<u>(50,000)</u>	<u>(450,035)</u>
Closing balance		<u>164,665</u>	<u>194,257</u>

14.3 None of the directors and employees of the Modaraba Management Company have any interest in the charity paid.

Note 15

Certificate Capital

	2022	2022		Sep 30 2022	June 30 2022
	Number of certificates			Rupees	Rupees
Authorized					
	<u>60,000,000</u>	<u>60,000,000</u>	Modaraba certificates of Rupees 10 each	<u>600,000,000</u>	<u>600,000,000</u>
Issued, subscribed and paid-up certificate capital					
	<u>25,000,000</u>	<u>25,000,000</u>	Modaraba certificates of Rupees 10 each	<u>250,000,000</u>	<u>250,000,000</u>

15.1 7,500,000 (2022: 7,500,000) certificates of the Modaraba are held by National Bank Modaraba Management Company Limited, the modaraba management company.

15.2 No certificates of the Modaraba have been issued / cancelled during the year.

15.3 All certificates rank equally with regard to residual assets of the Modaraba. Certificate holders are entitled to receive all distributions including profit distributions and other entitlements in the form of bonus and right certificates as and when declared by the Modaraba. Nothing and other rights are in proportion to the shareholding.

Note 16

Taxation

Under the Finance Bill 2021, tax exemption available to Modarabas have been withdrawn. However due to accumulated tax losses normal taxation is not expected to arise. Any minimum Tax liability under Section 113 of Income Tax Ordinance 2001 will be assessed at year end.

Quarterly Report-September 30, 2022

Note 17

Balances and Transactions with Related Parties

Related parties comprise associated companies, Modaraba Management Company and its holding undertaking, directors of the Modaraba Management Company, their close relatives and key management personnel. Detail of transactions with related parties and balances outstanding with them as at the reporting dates, except for remuneration to offices are as follows:

17.1 Transactions during the Period

Related party	Relationship	Nature of Transaction	Sep 30	June 30
			2022	2021
			Rupees	Rupees
National Bank of Pakistan	Modaraba Management Company's holding company	Mark up expense	4,068,874	4,382,480
National Bank Modaraba Management Company Limited	Modaraba Management Company	Management fee payable	222,116	769,081

17.2 Balances outstanding at the reporting date

National Bank of Pakistan	Bank accounts with National Bank of Pakistan	3,409	317,629
	Finances from National Bank of Pakistan	217,063,388	217,063,388
	Mark up payable	74,380,153	70,311,279
National Bank Modaraba Management Company Limited	Management fee payable	730,236	508,120

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 period ended Sep 30, 2022.

Note 19

Date of Authorization of Issue

The condensed interim financial statements (un-audited) have been approved by the Board of Directors of National Bank Modaraba Management Company Limited and authorized for issuance on October 26, 2022.

Note 20

General

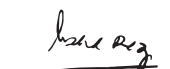
Comparative figures are re-arranged / re-classified, wherever necessary, to facilitate comparison.No such re-arrangement/re-classifications have been made in these condensed interim financial statements(un-audited)



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 26, 2022