



**QUARTERLY
REPORT
SEPTEMBER 30,
2020**

FIRST NATIONAL BANK MODARABA

Managed By:

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

First National Bank Modaraba

Quarterly Report
September 30, 2020

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CORPORATE INFORMATION

Board of Directors	Mr. Muhammad Imran Malik Mr. Rehmat Ali Hasnie Syed Jamal Baquar Khawaja Waheed Raza Mr. Muhammad Iqbal Hussain Mr. Abbas Azam	Chairman Director Director Director Director CEO
Shari'ah Advisor	Mufti Ehsan Waquar Ahmed	
Chief Financial Officer/	Farah Aslam	
Company Secretary		
Audit Committee	Khawaja Waheed Raza Syed Jamal Baquar	Chairman Member
HR & Remuneration Committee	Khawaja Waheed Raza Mr. Muhammad Iqbal Hussain Mr. Rehmat Ali Hasnie	Chairman Member Member
Auditors	CROWE 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 1H. 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, 2020.

During the period under review the focus of management remained on recovery. On the operations side the total income figured to Rs. 2.9 Million in the quarter under review as compared to Rs. 3.4 Million in the corresponding period last year. Financial cost decreased to Rs. 4.3 Million compared to Rs. 7.67 Millions in the corresponding period. The operating expenses, despite prevailing inflation, remained at Rs. 4.2 Million compared to Rs. 3.9 Million in the corresponding quarter.

As a result of aforesaid the loss per certificate stood at Rs. 0.18 as compared to a loss per certificate of Rs. 0.38 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 27, 2020

ڈائریکٹرز جائزہ رپورٹ

بورڈ آف ڈائریکٹرز، نیشنل بینک مضاربہ مینجمنٹ کمپنی، منتظم، فرسٹ نیشنل بینک مضاربہ کی جانب سے سہ ماہی 30 ستمبر 2020 کی رپورٹ اور رپورٹ اور ساتھ غیر احتسابی گوشوارہ پیش کئے جا رہے ہیں۔

زیر جائزہ سہ ماہی کے دوران انتظامیہ کی بنیادی توجہ وصول یابی پر مرکوز رہی۔ اس مقصد کے گزشتہ سال اسی مدت کے 3.4 ملین کے مقابلے میں زیر جائزہ سہ ماہی میں 2.9 ملین کل آمدنی رہی۔

مالیاتی لاگت 4.3 ملین گزشتہ مدت 7.6 ملین کے مقابلے میں رہی۔ اخراجات گزشتہ سال 3.7 ملین کے مقابلے میں 3.9 ملین رہے۔ نتیجے کے طور پر گزشتہ سال سہ ماہی خسارہ 9.2 ملین کے خلاف مالی خسارہ 4.5 ملین رہا۔

نتیجتاً حالیہ سہ ماہی میں فی حصص خسارہ 0.18 پر رہا مقابلتاً گزشتہ سہ ماہی فی حصص خسارہ 0.38 پر رہا۔

بورڈ اس موقع پر اپنے حاملین حصص کا، سیکورٹیز اینڈ اینجینج کمیشن آف پاکستان اور مضاربہ 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: 27 اکتوبر، 2020

Quarterly Report-September 30, 2020

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT SEPTEMBER 30, 2020

		September 30'2020	June 30'2020
	Note	Rupees	Rupees
ASSETS			
CURRENT ASSETS			
Cash and bank balances		3,366,976	22,655,332
Short term murabaha investments - secured	4	5,638,222	5,638,222
Accrued profit		3,912,200	1,202,746
Short term investments	5	90,672,915	73,997,842
Ijarah rentals receivable		57,172,834	62,456,119
Advances, prepayments and other receivables		7,101,164	5,354,411
Current portion of non current assets	6	25,613,373	27,982,964
		193,477,684	199,287,636
NON-CURRENT ASSETS			
Net investment in ijarah finance	7	-	-
Diminishing musharaka financing - secured	8	-	-
Long term murabaha investments - secured		-	-
Long term loans and deposits		39,500	39,500
Intangible asset		-	-
Fixed assets under ijarah arrangements		39,355,568	39,565,335
Fixed assets - own use		59,234	59,234
		39,454,302	39,664,069
TOTAL ASSETS		232,931,986	238,951,705
LIABILITIES			
CURRENT LIABILITIES			
Accrued profit		32,798,900	28,495,826
Short term finances - secured	9	217,063,388	217,063,388
Creditors, accrued and other liabilities		4,078,668	9,826,010
Current portion of non-current liabilities	10	46,727,533	46,727,533
		300,668,489	302,112,757
NON-CURRENT LIABILITIES			
Security deposits against ijarah assets		-	-
Deferred murabaha income		-	-
		-	-
TOTAL LIABILITIES		300,668,489	302,112,757
NET LIABILITIES		(67,736,503)	(63,161,052)
FINANCED BY:			
Certificate capital	11	250,000,000	250,000,000
Statutory reserves		43,955,189	43,955,189
Accumulated loss		(361,691,692)	(357,116,241)
CONTINGENCIES AND COMMITMENTS			
	12	-	-
TOTAL EQUITY AND RESERVES		(67,736,503)	(63,161,052)

The annexed notes from 1 to 17 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
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Lahore: October 27, 2020

First National Bank Modaraba

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Note	Quarter Ended	
		Sep 30,2020	Sep 30, 2019
		Rupees	Rupees
INCOME FROM OPERATIONS			
Ijarah rentals earned / income from ijarah finance		577,030	1,726,257
Profit on diminishing musharaka financing		34,088	53,720
Profit on murabaha investments		-	-
Profit on bank deposits		44,204	25,856
Profit on disposal of ijarah assets		118,011	(129,298)
Profit on short term investment		2,185,311	1,742,490
		2,958,644	3,419,025
OTHER INCOME			
Reversal of provision charged for doubtful receivables - net		1,900,000	-
Other income		46,707	4,778
		1,946,707	4,778
TOTAL INCOME		4,905,351	3,423,803
EXPENSES			
Depreciation on ijarah assets		(923,847)	(1,071,353)
Operating expenses		(4,230,681)	(3,929,188)
Finance cost		(4,326,274)	(7,675,683)
TOTAL EXPENSES		(9,480,802)	(12,676,224)
OPERATING LOSS BEFORE PROVISIONS AND TAXATION		(4,575,451)	(9,252,421)
Provision charged for doubtful receivables - net		-	-
Impairment loss on ijarah assets - net		-	-
		(4,575,451)	(9,252,421)
Modaraba Company's management fee		-	-
LOSS BEFORE TAXATION		(4,575,451)	(9,252,421)
Taxation		-	-
NET LOSS FOR THE YEAR		(4,575,451)	(9,252,421)
LOSS PER CERTIFICATE - BASIC AND DILUTED		(0.18)	(0.38)

The annexed notes from 1 to 17 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
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Lahore: October 27, 2020

Quarterly Report-September 30, 2020

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Quarter Ended	
	Sep 30,2020	Sep 30, 2019
	Rupees	Rupees (Restated)
Net Loss for the Year	(4,575,451)	(9,252,421)
Other Comprehensive Income:		
<i>Items that will not be reclassified to profit and loss</i>		
<i>Items that may be reclassified subsequently to profit and loss</i>		
- Surplus / (Deficit) on revaluation of sukuks	-	-
Other comprehensive income / (loss) for the period	-	-
Total Comprehensive Loss for the Period	(4,575,451)	(9,252,421)

The annexed notes from 1 to 17 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
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Lahore: October 27, 2020

CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

		Quarter Ended	
		Sep 30, 2020	Sep 30, 2019
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES	13	23,997	11,765,411
Finance cost paid		23,200	(2,156,386)
Income taxes paid / deducted at source		-	(3,661)
Profit received on bank deposits		-	25,856
Long term loans recovered		-	142,714
Net Cash Generated from / (Used in) Operating Activities		47,197	9,773,934
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets - own use acquired		-	(48,000)
Short term investments acquired		(19,289,153)	2,291,667
Short term investments redeemed		-	-
Proceeds from disposal of own assets		(46,390)	-
Proceeds from disposal of ijarah assets		-	20,542
Net Cash Used in Investing Activities		(19,335,543)	2,264,209
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net Increase / (Decrease) in Cash and Cash Equivalents		(19,288,346)	12,038,143
Cash and cash equivalents at the beginning of the year		22,655,322	11,329,223
Cash and Cash Equivalents at the End of the Year		<u>3,366,976</u>	<u>23,367,366</u>

The annexed notes from 1 to 17 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
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Lahore: October 27, 2020

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

Particulars	Certificate Capital	Statutory Reserve	Accumulated Loss	Total Equity
	Rupees			
Balance as at June 30, 2019 as restated	250,000,000	43,955,189	(323,155,104)	(29,199,915)
Comprehensive loss for the period ended Sep 30, 2019				
Net loss for the period	-	-	(9,252,421)	(9,252,421)
Other comprehensive loss for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(9,252,421)	(9,252,421)
Transferred to statutory reserve	-	-	-	-
Balance as at Sep 30, 2019 as restated	<u>250,000,000</u>	<u>43,955,189</u>	<u>(332,407,525)</u>	<u>(38,452,336)</u>
Comprehensive loss for the period				
Net loss for the period	-	-	(24,708,716)	(24,708,716)
Other comprehensive loss for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(24,708,716)	(24,708,716)
Transferred to statutory reserve	-	-	-	-
Balance as at June 30, 2020 as restated	<u>250,000,000</u>	<u>43,955,189</u>	<u>(357,116,241)</u>	<u>(63,161,052)</u>
Comprehensive loss for the period ended Sep 30, 2020				
Net loss for the period	-	-	(4,575,451)	(4,575,451)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(4,575,451)	(4,575,451)
Transferred to statutory reserve	-	-	-	-
Balance as at Sep 30, 2020	<u>250,000,000</u>	<u>43,955,189</u>	<u>(361,691,692)</u>	<u>(67,736,503)</u>

The annexed notes from 1 to 17 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 27, 2020

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

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 period, the Modaraba made loss before 'Modaraba Company's Management Fee' of Rs. 4,575 million (2019: Rs. 9.252). As at the reporting date, its current liabilities exceed its current assets by Rs.67.736 million (2019: Rs. 31.362 million) and its accumulated losses amount to Rs. 361.691 million (2019: Rs. 325.317 million). Short term running finance facility obtained from National Bank of Pakistan (NBP) was expired on October 31, 2019 that has yet not been renewed and markup thereupon is also outstanding.

In purview of the consistent losses of the Modaraba, the Registrar Modaraba issued a show cause notice to it 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. 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 show cause notice referred in previous paragraph, 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 on June 16, 2020 under section 23(1)(ii)(b) before the Honorable Modaraba Tribunal, Lahore.

Accumulated losses as on Sep 30, 2020 contain Rs. 330.521 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. The Modaraba has filed legal suits for recovery against all its defaulter clients and Rs. 400.436 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. 300.668 million include Rs. 249.862 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. 44.440 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.

Note 2

Basis of Preparation

2.1 These financial statements have been prepared in accordance with the derivatives issued by the Securities and Exchange Commission of Pakistan (SECP) and in compliance with the International Accounting Standard-34 (Interim Financial Reporting) and being submitted to certificate holders as required under law.

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- 2.2** This financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2020. Comparative balance sheet is extracted from audited financial statements for the year ended June 30, 2020; 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 Sep 30, 2019.
- 2.3** This information has 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.
- 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.

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, 2020.

Note 4

Short Term Murabaha Investments - Secured

	Note	Sep 30'2020 Rupees	June 30'2020 Rupees
Considered good		-	-
Considered doubtful		233,101,181	233,101,181
		233,101,181	233,101,181
Add: Deferred murabaha income		2,654,776	2,654,776
		235,755,957	235,755,957
Less: Provision for non-performing murabaha investments		(227,462,959)	(227,462,959)
Less: Suspended income		(2,654,776)	(2,654,776)
		5,638,222	5,638,222

Note 5

Short Term Investments

Sep 30,2020	June 30,2020		Sep 30,2020	June 30,2020
Number of Units		Note	Rupees	Rupees (Restated)
Investments in sukuk of Rs 100,000 each - fair value through OCI				
550	550	Neelum Jehlum Sukuk	41,250,000	42,301,875
		Byco Petroleum Pakistan		
200	200	Limited	11,422,915	11,695,967
<u>750</u>	<u>750</u>		<u>52,672,915</u>	<u>53,997,842</u>
Bankislami Pakistan Limited Islami Aamdani Certificate - TDRs			38,000,000	20,000,000
			<u>90,672,915</u>	<u>73,997,842</u>

Note 6

Current Portion of Non Current Assets

	Sep 30,2020	June 30,2020
	Rupees	Rupees
Net investment in ijarah finance	13,496,734	13,496,734
Diminishing musharaka financing	9,485,657	11,809,705
Long term murabaha investments	2,525,245	2,525,245
Long term loans and deposits	105,737	151,280
	<u>25,613,373</u>	<u>27,982,964</u>

First National Bank Modaraba

Note 7

Net Investment in Ijarah Finance

Net Investment in Ijarah Finance	Sep 30, 2020			June 30, 2020		
	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						
Minimum ijarah rentals receivable	50,785,554	-	50,785,554	50,785,554	-	50,785,554
Residual value of ijarah assets	46,700	-	46,700	46,700	-	46,700
Gross investment in ijarah finance	50,832,254	-	50,832,254	50,832,254	-	50,832,254
Less: Unearned finance income	(24,109,320)	-	(24,109,320)	(24,109,320)	-	(24,109,320)
Net investment in lease ijarah finance	26,722,934	-	26,722,934	26,722,934	-	26,722,934
Less: Provision for doubtful net investment in ijarah finance (Note 14.2)	(13,226,200)	-	(13,226,200)	(13,226,200)	-	(13,226,200)
	13,496,734	-	13,496,734	13,496,734	-	13,496,734
Less: Current portion			(13,496,734)			(13,496,734)
			-			-

Note 8

Diminishing Musharaka Financing - Secured

	Sep 30, 2020	June 30, 2020
	Rupees	Rupees
Considered good	5,148,023	7,472,071
Considered doubtful	4,337,634	4,337,634
Provision against doubtful diminishing musharaka	-	-
	4,337,634	4,337,634
	9,485,657	11,809,705
Less: Current portion	(9,485,657)	(11,809,705)
	-	-

Note 9

Short Term Finance - Secured

	Sep 30, 2020	June 30, 2020
	Rupees	Rupees
From banking companies		
Running finance	217,063,388	217,063,388

This facility was expired on October 31, 2019 and has yet not been renewed.

Note 10

Current Portion of Non-Current Liabilities

	Sep 30, 2020	June 30, 2020
	Rupees	Rupees
Security deposits against ijarah assets	44,440,011	44,440,011
Deferred murabaha income	2,287,522	2,287,522
	46,727,533	46,727,533

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Note 11

Certificate Capital

	Sep 30,2020	June 30,2020		Sep 30,2020	June 30,2020
	Number of certificates			Rupees	
Authorized:					
	60,000,000	60,000,000	Modaraba certificates of Rupees 10 each	600,000,000	600,000,000
Issued, subscribed and paid-up certificate capital					
	25,000,000	25,000,000	Modaraba certificates of Rupees 10 each	250,000,000	250,000,000

11.1 7,500,000 (2020: 7,500,000) certificates of the Modaraba are held by National Bank Modaraba Management Company Limited, the modaraba management company.

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

Note 12

Contingencies and Commitments

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

12.2 Assistant Commissioner Inland Revenue raised demand of tax payables of Rs. 127.362 million for tax year 2014. Appeal was filed before the Commissioner Inland Revenue (Appeals)-CIR(A) who deleted the demand.

Note 13

Cash Generated from Operations

	Sep 30,2020	Sep 30,2019
	Rupees	
Net loss for the Year	(4,575,451)	(9,252,421)
Adjustment for:		
- Depreciation on fixed assets under own use	-	-
- Depreciation on fixed assets under ijarah arrangements	923,847	1,071,353
- Loss / (profit) on termination of ijarah arrangements	-	129,298
- 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	-	-
- Balances written off	-	-
- Provision against doubtful other receivables - net	-	-
- Charge of provision against net investment in ijarah finance - net	-	-
- Liabilities written back	-	-
- Reversal of provision long term murabaha investments - net	1,900,000	-
- Finance cost	4,326,274	7,675,683
- Profit on term deposit receipts and bank deposits	-	(25,856)
	7,150,121	7,107,988
Operating (loss) before working capital changes	2,574,670	(2,144,433)
Decrease / (Increase) in operating assets:		
- Accrued profit	(2,709,454)	1,075,884
- Ijarah rentals receivable	5,283,285	(983,291)
- Advances, prepayments and other receivables	(1,746,753)	(37,375)
- Short term murabaha investments	-	7,247,211
- Diminishing musharaka financing	-	457,536
- Long term murabaha investments	2,369,591	5,510,873
(Decrease) in operating liabilities:		
- Creditors, accrued and other liabilities	(5,747,342)	639,006
Net changes in working capital	(2,550,673)	13,909,844
Cash Generated from Operations	23,997	11,765,411

First National Bank Modaraba

13.1 Liabilities Arising from Financing Activities

	As at June 30, 2019	Non-cash changes	Cash flows (Net)	As at June 30, 2020
	----- Rupees -----			
Short term borrowings	217,063,388	-	-	217,063,388

Note 14

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 June 30, 2020.

Note 15

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 reporting dates, except for remuneration are as follows:

		Sep 30, 2020	June 30, 2020
		Rupees	Rupees
15.1	Balances outstanding at the reporting date		
	Bank accounts with National Bank of Pakistan	264,488	169,518
	Finances from National Bank of Pakistan	217,063,388	217,063,388
	Mark up payable	32,798,900	28,495,826
15.2	Transactions during the year	Sep 30, 2020	Sep 30, 2019
	Related party		
	Relationship		
	Nature of Transaction		
	National Bank of Pakistan	4,307,074	7,675,683
	Modaraba Management Company's holding company	-	2,134,833

Note 16


Date of Authorization For Issue

These financial statements have been approved by the Board of Directors of National Bank Modaraba Management Company Limited and authorized for issuance on October 27, 2020.

Note 17

General

Comparative figures are re-arranged, wherever necessary, to facilitate comparison. No material re-arrangements have been made in 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 27, 2020

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