



Quarterly Report
September 30,
2024

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, 2024

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CORPORATE INFORMATION

Board of Directors*	Mr. Muhammad Imran Malik Mr. Fouad Farrukh Khawaja Waheed Raza Mr. Hakim Ali Leghari Syed Zubair Ahmad Shah	Chairman Director Director Director Director
Audit Committee	Syed Zubair Ahmad Shah Mr. Hakim Ali Leghari Khawaja Waheed Raza	Chairman Member Member
HR & Remuneration Committee	Khawaja Waheed Raza Mr. Muhammad Imran Malik Mr. Hakim Ali Leghari	Chairman Member Member
Shari'ah Advisor	Mufti Ehsan Waquar Ahmed	
Company Secretary (A)	Ms. Nadia Jalil	
Chief Financial Officer	Mr. Naeem Tariq	
Auditors	Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
Bankers	National Bank of Pakistan Bank Alfalah Limited Al Baraka (Pakistan) Limited 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	

*Office of Chief Executive Officer (CEO) is vacant and hiring of new CEO is in process.

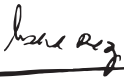
Directors' Quarterly Review Report

On behalf of Directors of National Bank Modaraba Management Company Limited (NBMMCL) the Management Company of First National Bank Modaraba (FNBM), quarterly report is being presented, together with un-audited financial statements of FNBM for the quarter ended September 30, 2024.

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 2.1 million was realized from defaulted customers during the period. On the operations side the total income figured to Rs. 14.768 million for the period under review as compared to Rs 11.149 Million for corresponding period last year. Financial cost figured at Rs 11.259 Million compared to Rs 12.634 Million in the corresponding period. The operating expenses, due to prevailing inflation, slightly increased to Rs 3.870 Million compared to Rs 3.488 Million in the corresponding period. The (loss) per certificate stood at Rs (0.01) against (loss) per certificate of Rs (0.20) in the corresponding period.

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. The Board also acknowledged the professionalism of the management and staff for consistently maintaining the financials, administrative, legal and allied matters of the Modaraba and the management company.

For and on behalf of the Board



Director



Director

Lahore:

Dated: October 25, 2024

ڈائریکٹرز کی سہ ماہی جائزہ رپورٹ

فرسٹ نیشنل بینک مضاربہ (FNBM) کی انتظامی کمپنی نیشنل بینک مضاربہ مینجمنٹ کمپنی لمیٹڈ (NBMMCL) کے ڈائریکٹرز جانب سے 30 ستمبر 2024ء کو اختتام پذیر سہ ماہی کے لئے FNBM کی غیر پڑتال شدہ مالیاتی اسٹیٹمنٹس کے ہمراہ سہ ماہی رپورٹ پیش کی جا رہی ہے۔

زیر جائزہ مدت کے دوران انتظامیہ کلاسیفائیڈ پورٹ فولیو کی بحالی پر توجہ دیتی رہی۔ چند نادہندہ صارفین کے ساتھ سمجھوتہ طے پایا اور مذکورہ مدت کے دوران نادہندہ صارفین سے 2.1 ملین روپے کی رقم وصول کی گئی۔ آپریشنز کے لحاظ سے گذشتہ برس کی اسی مدت میں 11.149 ملین روپے کے مقابلے میں کل آمدنی 14.768 ملین روپے ریکارڈ ہوئی۔ قرضوں پر لاگت کا عدد 11.259 ملین روپے رہا جو گذشتہ برس کی اسی مدت میں 12.634 روپے تھا۔ جاری مہنگائی کے باعث آپریننگ اخراجات میں معمولی اضافہ کے ساتھ 3.870 ملین روپے ہوئے جو کہ گذشتہ برس مدت میں 3.488 ملین روپے تھے۔ فی سرٹیفکیٹ (خسارہ) (0.01) روپے رہا جب کہ گذشتہ مدت میں یہی خسارہ فی سرٹیفکیٹ (0.20) روپے تھا۔

بورڈ اس موقع سے بھرپور فائدہ اٹھاتے ہوئے اپنے معزز سرٹیفکیٹ ہولڈرز اور کلائنٹس کی حمایت اور استقلال پر شکریہ ادا کرتے ہیں۔ علاوہ ازیں، بورڈ رجسٹرڈ مضاربہ، SECP، NBF، اور مضاربہ ایسوسی ایشن آف پاکستان کی مسلسل رہنمائی اور سپورٹ پر بھی اظہار تشکر کرتے ہیں۔ بورڈ مالیاتی، انتظامی و قانونی امور اور مضاربہ اور انتظامی کمپنی کے دیگر معاملات پر مسلسل نگرانی کے لئے انتظامیہ اور عملے کی پیشہ ورانہ صلاحیتوں اور کاوشوں کو بھی سراہتا ہے۔

منجانب/برائے بورڈ

ڈائریکٹر

لاہور: 25 اکتوبر، 2024ء

ڈائریکٹر

Quarterly Report-September 30, 2024

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2024 (UN-AUDITED)

	Note	September 30, 2024 Rupees	June 30, 2024 Rupees
ASSETS			
CURRENT ASSETS			
Cash and bank balances		5,143,068	9,710,250
Short term murabaha investments - secured	4	1,772,953	1,772,953
Accrued profit		8,494,646	8,501,794
Short term investments	5	311,616,359	295,843,359
Ijarah rentals receivable	6	12,705,448	13,605,448
Prepayments and other receivables		719,587	960,524
Income tax recoverable/ adjustable		17,482,973	15,352,338
Current portion of non-current assets	7	4,800,000	4,800,000
		362,735,034	350,546,666
NON-CURRENT ASSETS			
Net investment in ijarah finance	8	11,696,392	11,696,392
Diminishing musharaka financing - secured	9	-	-
Long term murabaha investments - secured	10	5,873,581	7,073,581
Long term deposit		39,500	39,500
Intangible asset	11	-	-
Fixed assets under ijarah arrangements	12	32,959,576	32,959,576
Fixed assets under own use	13	183,478	190,627
		50,752,527	51,959,676
TOTAL ASSETS		413,487,561	402,506,342
LIABILITIES			
CURRENT LIABILITIES			
Accrued profit on short term financing		168,077,782	156,818,419
Short term financing - secured	14	217,063,388	217,063,388
Creditors, accrued and other liabilities	15	8,810,256	8,727,321
Unclaimed dividend		425,218	425,218
Security deposits against ijarah assets		33,006,276	33,006,276
Deferred murabaha income		-	-
Provision for taxation		7,310,716	7,310,716
TOTAL LIABILITIES		(434,693,636)	(423,351,338)
NET LIABILITIES		(21,206,075)	(20,844,996)
FINANCED BY:			
Certificate capital		250,000,000	250,000,000
Statutory reserve		45,519,244	45,519,244
Accumulated loss		(314,944,291)	(314,583,212)
		(19,425,047)	(19,063,968)
Unrealised loss on revaluation of sukuks		(1,781,028)	(1,781,028)
		(21,206,075)	(20,844,996)
CONTINGENCIES AND COMMITMENTS			
	16	-	-

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

			
Director 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 25, 2024

First National Bank Modaraba

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UN-AUDITED)

	September 30, 2024 Rupees	September 30, 2023 Rupees
INCOME FROM OPERATIONS		
Profit on bank deposits	125,463	100,997
Profit on short term investments	14,043,488	9,897,729
	14,168,951	9,998,726
OTHER INCOME		
Reversal of provision charged for doubtful receivables	-	-
Suspension reversed during the year	600,000	900,000
Other income	-	250,000
	600,000	1,150,000
TOTAL INCOME	14,768,951	11,148,726
EXPENSES		
Operating expenses	(3,870,562)	(3,488,101)
Finance cost	(11,259,468)	(12,633,785)
TOTAL EXPENSES	(15,130,030)	(16,121,886)
OPERATING (LOSS) BEFORE PROVISIONS AND TAXATION	(361,079)	(4,973,160)
Provision charged for doubtful receivables	-	-
(LOSS) BEFORE MANAGEMENT COMPANY'S FEE	(361,079)	(4,973,160)
Modaraba Management Company's fee	-	-
Provision for Worker's Welfare Fund	-	-
(LOSS) BEFORE TAXATION	(361,079)	(4,973,160)
Taxation	-	-
PROFIT / (LOSS) FOR THE PERIOD	(361,079)	(4,973,160)
OTHER COMPREHENSIVE LOSS - NET OF INCOME TAX		
Items that may be reclassified subsequently to the statement of profit or loss	-	-
Items that will not be reclassified subsequently to the statement of profit or loss		
- Unrealised loss on revaluation of sukuks	-	-
Other comprehensive loss for the year	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(361,079)	(4,973,160)
EARNINGS PER MODARABA CERTIFICATE - BASIC AND DILUTED	(0.01)	(0.20)

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



Director
National Bank Modaraba
Management Company Limited



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Management Company Limited



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Management Company Limited



Chief Financial Officer
National Bank Modaraba
Management Company Limited

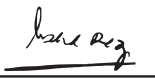



Lahore: October 25, 2024

Quarterly Report-September 30, 2024

CONDENSED INERIM STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UN-AUDITED)

	September 30, 2024 Rupees	June 30, 2024 Rupees
CASH FLOWS FORM OPERATING ACTIVITIES		
Profit / (Loss) for the period / year before taxation	(361,079)	43,004,211
Adjustments for:		
- Depreciation on fixed assets under own use	7,149	89,599
- Gain on disposal of fixed assets under own use	-	(6,000)
- Profit on short term investments	(14,043,488)	(49,704,703)
- Charge of provision against doubtful ijarah rentals receivable - net	-	4,355,468
- Charge of provision against doubtful net investment in ijarah finance	-	(1,686,610)
- Charge of provision against doubtful diminishing musharaka financing	-	-
- Liabilities written back	-	-
- Reversal of provision ijarah rentals receivable - net	-	-
- Reversal of provision charged on short term murabaha investments	-	(53,267,000)
- Reversal of provision long term murabaha investments - net	-	(4,573,581)
- Suspension reversed during the year	-	(3,000,000)
- Finance cost	11,259,468	49,595,160
- Provision for Worker's Welfare Fund	-	877,637
- Modaraba Company's management fee	-	4,875,761
- Profit on term deposit receipts and bank deposits	(125,463)	(476,943)
	(2,902,334)	(52,921,212)
Operating loss before working capital changes	(3,263,413)	(9,917,001)
Changes in working capital:		
Decrease/ (increase) in current assets:		
- Accrued profit	7,148	52,857,052
- Ijarah rentals receivable	900,000	10,600,000
- Advances, prepayments and other receivables	240,937	869,563
- Short term murabaha investments - secured	-	53,267,000
- Diminishing musharaka financing	-	-
- Income tax recoverable/ adjustable	(2,130,635)	(5,752,254)
- Long term murabaha investments - secured	1,200,000	4,700,000
- Net investment in ijara financing	-	1,686,610
Decrease in current liabilities:		
- Creditors, accrued and other liabilities	82,935	(5,775,406)
Net changes in working capital	300,385	112,452,565
	(2,963,028)	102,535,564
Finance cost paid	(105)	(20,416)
Income taxes paid	-	(1,773,945)
Profit received on bank deposits	125,463	476,943
Net cash generated from operating activities	(2,837,670)	101,218,146
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment made in fixed assets - under own use	-	(18,000)
Proceeds from disposal of fixed assets - under own use	-	6,000
Short term investments - net	(1,729,512)	(101,794,500)
Net cash used in investing activities	(1,729,512)	(101,806,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/ (decrease) in cash and cash equivalents	(4,567,182)	(588,354)
Cash and cash equivalents at the beginning of the period / year	9,710,250	10,298,604
Cash and cash equivalents at the end of the period / year	5,143,068	9,710,250

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

			
Director 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

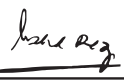
Lahore: October 25, 2024

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UN-AUDITED)

Particulars	Certificate capital	Statutory reserve	Accumulated loss	Total equity
	Rupees			
Balance as at 01 July 2023	250,000,000	45,519,244	(349,342,631)	(53,823,387)
Profit for the year	-	-	34,759,419	34,759,419
Other comprehensive loss for the period *	-	-	-	-
Total comprehensive income for the year	-	-	34,759,419	34,759,419
Transferred to statutory reserve	-	-	-	-
Balance as at 30 June 2024	250,000,000	45,519,244	(314,583,212)	(19,063,968)
Loss for the period	-	-	(361,079)	(361,079)
Other comprehensive loss for the year *	-	-	-	-
Total comprehensive loss for the period	-	-	(361,079)	(361,079)
Transferred to statutory reserve	-	-	-	-
Balance as at 30 September 2024	250,000,000	45,519,244	(314,944,291)	(19,425,047)

* As per circular no. SC/ M/ PRDD/ PRs 2017-259 the (loss)/ surplus on revaluation of investments has not been included in the equity.

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



Director
National Bank Modaraba
Management Company Limited



Director
National Bank Modaraba
Management Company Limited



Director
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Management Company Limited



Chief Financial Officer
National Bank Modaraba
Management Company Limited

Lahore: October 25, 2024

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UN-AUDITED)

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 the 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) (the Modaraba Management Company), 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, Pakistan.

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 has incurred a loss after taxation amounting to Rs. 0.361 million (September 30, 2023: Rs. 4.973 million).

As at the reporting date, the Modaraba's current liabilities exceed its current assets by Rs. 71.958 million (June 30, 2024: Rs. 72.805 million) and its accumulated losses amount to Rs. 314.944 million (June 30, 2024: Rs. 314.583 million) which exceeds its total subscribed certificate capital by Rs. 64.944 million (June 30, 2024: Rs. 64.583 million). The trading in the certificates of the Modaraba has already been suspended and the name of the Modaraba is included in the defaulter list at PSX.

Accumulated loss as on 30 September contain Rs. 207.211 million (30 June 2024: Rs. 207.211 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. Accordingly, additional provision of Rs. nil (30 June 2024: Rs. 5.755 million) was incorporated in these financial statements. These assessments were made on the basis of relevant factors, including the expectation of reaching restructuring arrangements with respective parties for outstanding amounts within next one year or so.

The Modaraba has filed legal suits for recoveries against all its defaulter clients and Rs. 431.157 million (30 June 2024: 431.157 million) have been decreed in the Modaraba's favor by the Honorable Banking Courts, against principal amount, that are pending execution. Further as referred in note 14, the short term running finance facility obtained from NBP was expired on October 31, 2019 that has yet not been renewed while markup outstanding thereupon is also yet to be paid. The Modaraba is accruing markup on this facility, however, payment of the finance and markup accordingly is not readily payable. Further, the current liabilities also include Rs. 33.006 million (30 June 2024: Rs. 33.006 million) worth security deposits that are not immediately repayable rather shall be adjusted against the residual value of ijarah assets. Furthermore, the Modaraba has recovered Rs. 2.700 million (30 June 2024: 73.918 million) from certain customers against non-performing finances during the current period.

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 the 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; the case is pending before the court, the next hearing is scheduled for November 14, 2024.

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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements are unaudited and have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting (IAS-34), the provision and requirements of the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (the Modaraba Regulations). In case above requirements of applicable accounting standards differ from the relevant laws, the relevant laws have been followed. The disclosures in these condensed interim financial statements do not include all the information reported in audited annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2024.

2.2 Accounting convention

These condensed interim financial statements (unaudited) 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 judgement and other available evidence; however, these may change on actual realization of assets/ settlement of liabilities.

2.3 Functional and presentation currency

These condensed interim financial statements (unaudited) 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements (unaudited) are consistent with those applied in the preparation of annual audited financial statements of the Modaraba for the year ended June 30, 2024.

3.2 Standards and amendments to approved accounting and reporting standards that are not yet effective

There are other new standards and certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Modaraba's annual accounting periods beginning on or after July 1, 2023. However, these standards, amendments and interpretations will not have any significant impact on the financial reporting of the Modaraba and, therefore, have not been disclosed in these condensed interim financial statements.

Quarterly Report-September 30, 2024

	Note	September 30, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)		
4 SHORT TERM MURABAHA INVESTMENTS - SECURED					
Short term murabaha investments - considered doubtful		91,706,587	91,706,587		
Less: transferred to long term morabaha investments		-	-		
		91,706,587	91,706,587		
Add: deferred murabaha income		274,022	274,022		
		91,980,609	91,980,609		
Less: provision for non-performing murabaha investments	4.1 and 4.2	(89,933,634)	(89,933,634)		
Less: suspended income		(274,022)	(274,022)		
		1,772,953	1,772,953		
4.1 These represent investments under murabaha arrangements from 6 (June 30, 2024: 6) customers on deferred payment basis at expected profit rates ranging from 8.36% to 14.64% (June 30, 2024 8.36% to 14.64%) per annum. These investments are secured against charge over fixed and current assets, personal guarantees of directors of customers companies, registered and equitable mortgage of properties, demand promissory notes and post-dated cheques varying from case to case. Legal proceedings against these customers are in process in Honorable Courts of Law. The Courts have awarded decree in favour of the Modaraba in 6 (June 30, 2024: 6) cases for recovery of Rs. 174.431 million (June 30, 2024: Rs. 174.431 million), while the execution of decree proceedings is underway in the court.					
4.2 Provision for non-performing murabaha investments					
Opening balance		89,933,634	143,200,634		
Transferred to long term murabaha investments		-	-		
Reversed during the period/ year		-	(53,267,000)		
Closing balance		89,933,634	89,933,634		
5 SHORT TERM INVESTMENTS					
Investments in sukuk of Rs 100,000 each - Fair Value Through Other Comprehensive Income (FVTOCI)					
<u>550</u>	<u>550</u>	Neelum Jehlum Hydropower (Pvt.) Ltd. Sukuk	5.1	12,273,859	12,273,859
		National Bank Aitmaad - term deposit certificates	5.2	299,342,500	283,569,500
				311,616,359	295,843,359
5.1 The outstanding principal per unit is Rs. 22,087 (June 30, 2024: Rs. 22,087 having fair value of Rs. 101.039 (June 30, 2024: 101.039 per unit as at the reporting date.					
5.2 These term deposits certificates yield profit at the rates ranging from 18.60% to 20% (June 30, 2024: 10.60% to 18.60) per annum.					
6 IJARAH RENTALS RECEIVABLE					
Considered doubtful	6.1 and 6.2	90,275,166	91,775,166		
Less: provision for doubtful ijarah rentals receivable	6.3	(46,127,257)	(46,127,257)		
Less: profit held in suspense account		(31,442,461)	(32,042,461)		
		12,705,448	13,605,448		

First National Bank Modaraba

- 6.1 This represents receivables from various customers under the ijarah finance. Legal proceedings against 7 (June 30, 2024: 7) customers are in process in the Honorable Courts of Law. The Courts have awarded decree in favour of Modaraba in 7 (June 30, 2024: 7) cases for recovery of Rs. 118.036 million (June 30, 2024: 118.036 million), while the order to execute decree is awaited.

	Note	September 30, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
6.2 Considered doubtful			
Opening balance		91,775,166	102,375,166
Add: restructuring adjustment		-	-
Less: received during the period/ year		(1,500,000)	(10,600,000)
Considered doubtful - gross balance		90,275,166	91,775,166
Less: receivable written off		-	-
Considered doubtful - net balance		90,275,166	91,775,166

6.3 Provision for doubtful ijarah rentals receivable

Opening balance		46,127,257	41,771,789
Charged during the period/ year		-	4,355,468
Provision written back during the period/ year		-	-
Net reversed/ charged during the period/ year		-	4,355,468
Closing balance		46,127,257	46,127,257

7 CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in ijarah finance		-	-
Long term murabaha investments - secured	10	4,800,000	4,800,000
		4,800,000	4,800,000

Net investment in ijarah finance has been classified as non-current asset because as per the scheme of arrangement, maturity of Chenab Limited has been extended upto 2035.

8 NET INVESTMENT IN IJARAH FINANCE

Minimum ijarah rentals receivable		47,315,465	47,315,465
Add: residual value of ijarah assets		46,700	46,700
Gross investment in ijarah finance		47,362,165	47,362,165
Less: unearned finance income		(24,109,320)	(24,109,320)
Net investment in lease ijarah finance		23,252,845	23,252,845
Less: provision for doubtful net investment in ijarah finance	8.2	(11,556,453)	(11,556,453)
		11,696,392	11,696,392
Less: current portion		-	-
		11,696,392	11,696,392

Quarterly Report-September 30, 2024

- 8.1 This investment represents ijarah arrangement entered into with Chenab Limited (the company) for a period of 10 years at an implicit profit rate of 8.7% per annum against security deposits of Rs. 46,700 (June 30, 2024: 46,700). The Lahore High Court has approved the scheme of arrangement of the company on September 14, 2021 for rehabilitation of the company, which has been implemented. The scheme is binding on all the creditors of the company. As per approved scheme of arrangement, recovery suit has been decreed in the Modaraba's favor through consent decree on June 29, 2022 and the execution proceedings have been adjourned in the court. The Modaraba has so far recovered pro rata share of Rs 0.843 million under the scheme through sale of non-core assets of the company.

	Note	September 30, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
8.2 Provision for doubtful net investment in ijarah financing			
Opening balance		11,556,453	13,243,063
Charged during the period/ year		-	(1,686,610)
Closing balance	8	<u>11,556,453</u>	<u>11,556,453</u>
9 DIMINISHING MUSHARAKA FINANCING - SECURED			
Considered doubtful		161,180	161,180
		161,180	161,180
Less: Provision for doubtful musharaka financing		(161,180)	(161,180)
		<u>-</u>	<u>-</u>
10 LONG TERM MURABAHA INVESTMENTS - SECURED			
Considered doubtful	10.1	70,267,630	71,467,630
Add: deferred murabaha income		29,388,304	29,388,304
		99,655,934	100,855,934
Less: provision for doubtful murabaha investments	10.2	(59,594,049)	(59,594,049)
Less: suspension for doubtful murabaha investments		(29,388,304)	(29,388,304)
		10,673,581	11,873,581
Less: current portion	7	(4,800,000)	(4,800,000)
		<u>5,873,581</u>	<u>7,073,581</u>
10.1 Movement in the Account			
Opening balance		71,467,630	76,167,630
Received during the period / year		(1,200,000)	(4,700,000)
	10	<u>70,267,630</u>	<u>71,467,630</u>

First National Bank Modaraba

	September 30, 2024	June 30, 2024
Note	Rupees (Unaudited)	Rupees (Audited)
10.2 Provision for doubtful murabaha investments		
Opening balance	59,594,049	64,167,630
Transferred from short term murabaha investments	-	-
Reversed during the period/ year	-	(4,573,581)
Net charged/ adjusted during the period/ year	-	(4,573,581)
Closing balance	59,594,049	59,594,049
	10	
11 INTANGIBLE ASSET		
Cost	1,131,300	1,131,300
Accumulated amortization	(1,131,300)	(1,131,300)
Net book value	-	-

This represents ERP software. As at the reporting date, the intangible asset is fully amortized but still in use of the Modaraba.

12 FIXED ASSETS UNDER IJARAH ARRANGEMENTS

Written down value at the beginning of the period/ year	32,959,576	32,959,576
Less: Depreciation charged during the period/ year	-	-
	32,959,576	32,959,576

The ijarah assets are adjusted against their security deposits.

The Modaraba had entered into various Ijarah agreements for periods ranging from 3 to 14 years (June 30, 2024: 3 to 14 years). Security deposits ranging from 0% to 71% (June 30, 2024: 0% to 71%) were obtained at the time of disbursement. The expected rate of profit implicit in ijarah ranges from 9.87% to 16.99% (June 30, 2024: 9.87% to 16.99%) per annum. These ijarahs are fully matured and no further rentals are receivable against these in future, except for those disclosed in the financial statements (Note 6). These ijarah assets would be adjusted against the security deposits received from customers.

13 FIXED ASSETS UNDER OWN USE

Written down value at the beginning of the period/ year	190,627	262,226
Additions made during the period/ year	-	(3,600)
	190,627	258,626
Less: Depreciation charged during the period/ year	(7,149)	(67,999)
	183,478	190,627

These contain fully depreciated assets of Rs. 3,477,154/- (June 30, 2024: Rs. 3,477,154/-) that are still in use by the Modaraba.

Quarterly Report-September 30, 2024

	Note	September 30, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
14 SHORT TERM FINANCE - SECURED			
From banking company - related party			
Running finance	14.1	<u>217,063,388</u>	<u>217,063,388</u>
<p>14.1 The Modaraba has obtained running finance facility of Rs. 250 million (June 30, 2024: Rs. 250 million) from the National Bank of Pakistan carrying markup at 1 month KIBOR plus 0.5% (2024: 1 month KIBOR plus 0.5%) per annum payable monthly. The markup rate charged during the year ranged from 22.66% to 23.04% (2024: 14.66% to 22.20%) per annum. 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 (June 30, 2024: Rs 277.778 million). This facility expired on October 31, 2019 and has yet not been renewed and/or repaid.</p>			
15 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Advances from customers		1,095,534	1,095,534
Accrued expenses		462,032	463,933
Payable to Modaraba Management Company		5,944,018	5,944,018
Worker's Welfare Fund payable		897,637	897,637
Sales tax payable		56,703	-
Charity payable		354,332	326,199
		<u>8,810,256</u>	<u>8,727,321</u>
16 CONTINGENCIES AND COMMITMENTS			
		-	-
<p>There are no significant contingencies and commitments to be reported financial statements of the Modaraba for the year period ended 30 September 2024.</p>			
17 EARNINGS PER MODARABA CERTIFICATE - BASIC AND DILUTED			
Earnings attributable to certificates holders (profit after taxation)	Rupees	<u>(361,079)</u>	<u>34,733,787</u>
Weighted average number of certificates in issue	Numbers	<u>25,000,000</u>	<u>25,000,000</u>
Earnings per certificate - basic and diluted	Rupees	<u>(0.01)</u>	<u>1.39</u>

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

18 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:

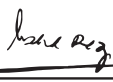
		September 30, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
18.1 Transactions during the period:			
Particulars	Nature of transaction		
National Bank of Pakistan	Markup expense	11,259,363	49,574,746
	Earnings on short term investments	13,428,685	45,784,453
National Bank of Pakistan (Aitemaad)	Profit on saving account	125,463	142,365
National Bank Modaraba management Company Ltd.	Management Fee	-	4,875,761
18.2 Balances outstanding at the reporting date			
National Bank of Pakistan	Bank accounts	426,602	242,555
	Short term borrowings	217,063,388	217,063,388
	Markup payable	168,077,782	156,818,419
	Term deposit certificates	299,342,500	283,569,500
National Bank Modaraba Management Company Limited	Management fee payable	5,944,018	5,944,018
18.2 Relationship			
National Bank of Pakistan		Holding Company of the Modaraba Management Company	
National Bank Modaraba Management Company		Modaraba Management Company	

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements (unaudited) have been approved by the Board of Directors of National Bank Modaraba Management Company Limited and authorized for issuance on October 25, 2024.

20 GENERAL

Figures in the financial statements have been rounded off to the nearest rupees except where stated otherwise.



Director

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 25, 2024

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