



HALF YEARLY
REPORT
REPORT
DECEMBER 31,
2025

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

Half Yearly Report
December 31, 2025

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CORPORATE INFORMATION

Board of Directors	Mr. Muhammad Imran Malik Mr. Fouad Farrukh Khawaja Waheed Raza Syed Zubair Ahmad Shah Mr. Hasan Ahmed Ms. Tosheeba Sarwar Mr. Shahid Iqbal Choudhri	Chairman Director Director Director Director Director Chief Executive Officer
Audit Committee	Mr. Hasan Ahmed Khawaja Waheed Raza Syed Zubair Ahmad Shah	Chairman Member Member
HR & Remuneration Committee	Syed Zubair Ahmed Shah Mr. Muhammad Imran Malik Khawaja Waheed Raza	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 Habib 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	

Directors' Review Report

On behalf of the Board of Directors of National Bank Modaraba Management Company Limited (NBMML), the Management Company of First National Bank Modaraba (FNBM), we present the Half-Yearly Report together with the un-audited financial statements of FNBM for the half-year ended December 31, 2025.

During the period under review, management continued to focus on recovery efforts, particularly in relation to the classified portfolio. As a result of ongoing follow-ups and settlement arrangements with certain defaulting customers, an amount of Rs. 5.806 million was realized during the period.

For the half-year ended December 31, 2025, total income stood at Rs. 20.116 million as compared to Rs. 27.980 million in the corresponding period of the previous year. Financial charges decreased to Rs. 12.966 million from Rs. 20.440 million in the corresponding period, while operating expenses were recorded at Rs. 7.645 million compared to Rs. 8.899 million in the corresponding period last year.

The loss per certificate for the period was Rs. (0.01) as against Rs. (0.11) in the corresponding period.

The Board and management have undertaken a strategic review of the Modaraba's operations and are in the process of finalizing a structured revival plan aimed at addressing operational and financial challenges. The proposed plan primarily focuses on improving recoveries, rationalizing costs, strengthening internal controls, and evaluating options for enhancing the equity base, including potential support from sponsors, subject to requisite approvals and regulatory requirements. Implementation of any such measures will be undertaken after obtaining necessary approvals.

The Board remains committed to maintaining prudent governance and ensuring compliance with all applicable regulatory requirements.

The Board expresses its appreciation to the certificate holders and clients for their continued trust and support. The Board also acknowledges the guidance provided by the Registrar Modarabas, the Securities and Exchange Commission of Pakistan (SECP), and the NBF & Modaraba Association of Pakistan.

The Board further appreciates the efforts of the management and staff in managing the affairs of the Modaraba and the Management Company.

For and on Behalf of the Board



Chief Executive Officer



Director

Lahore:
Dated: February 26, 2026

ڈائریکٹرز کی نصف سالہ جائزہ رپورٹ

فرسٹ نیشنل بینک مضاربہ (FNBM) کی انتظامی کمپنی نیشنل بینک مضاربہ مینجمنٹ کمپنی لمیٹڈ (NBMMCL) کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2025ء کو اختتام پذیر نصف سال کے لئے FNBM کی ششماہی رپورٹ کے ہمراہ غیر پڑتال شدہ مالیاتی اسٹیٹمنٹس ازراہ مسرت پیش کرتے ہیں۔

زیر جائزہ مدت کے دوران انتظامیہ نے بحالی کی کوششوں خصوصاً کلاسیفائیڈ پورٹ فولیو پر بھرپور توجہ جاری رکھی۔ جاری نگرانی اور چند نادہندہ صارفین کے ساتھ معاہدہ تصفیہ کے نتیجے میں مذکورہ مدت کے دوران 5.806 ملین روپے کی رقم وصول کی گئی۔

31 دسمبر 2025ء کو اختتام پذیر نصف سال کے لئے کل آمدنی 20.116 ملین روپے رہی جو کہ گذشتہ برس کی اسی مدت میں 27.980 ملین روپے تھی۔ قرضوں پر لاگت میں گذشتہ برس کی اسی مدت میں 20.440 ملین روپے کی نسبت 12.966 ملین روپے کی لاگت آئی ہے۔ جبکہ آپریٹنگ اخراجات گذشتہ برس کی اسی مدت میں 8.899 ملین روپے کے مقابلے میں 7.645 ملین روپے ریکارڈ ہوئے۔

مذکورہ مدت کے لئے فی سرٹیفکیٹ خسارہ متعلقہ مدت میں (0.11) روپے کی نسبت (0.01) روپے رہا۔

بورڈ اور انتظامیہ نے مضاربہ کے آپریٹنگز کا تکنیکی جائزہ لیا ہے اور آپریٹنگ اور مالیاتی مشکلات سے نبرد آزما ہونے کے لئے بحالی منصوبہ کو حتمی شکل دینے کا عمل جاری ہے۔ مجوزہ منصوبے کا بنیادی مقصد بحالیوں کو بہتر کرنا، قیمتوں میں ردوبدل کرنا، داخلی نظم و ضبط کو مضبوط کرنا اور ایکویٹی بیس کو بڑھانے کے لئے مختلف آپشنز کا تعین کرنا ہے۔ جس میں سپانسرز سے مکہ سپورٹ شامل ہے جو ضروری منظوریوں اور ریگولیٹری تقاضوں سے مشروط ہے۔ ایسے اقدامات پر عمل درآمد ضروری منظوریوں حاصل کرنے کے بعد ہوگا۔

بورڈ جامع گورننس کو جاری رکھے اور تمام مروجہ ریگولیٹری تقاضوں کی تعمیل کے لئے پرعزم ہے۔

بورڈ اس موقع پر 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 رجسٹرار 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۔

بورڈ مضاربہ اور انتظامی کمپنی کے امور کی انجام دہی میں انتظامیہ اور عملے کی کاوشوں کو بھی سراہتا ہے۔

مخائب/برائے بورڈ



چیف ایگزیکٹو آفیسر



ڈائریکٹر

لاہور: 26 فروری 2026ء



Independent Auditors' Review Report

To the Certificate Holders of First National Bank Modaraba

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **First National Bank Modaraba** (the Modaraba) as at 31 December 2025 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note '1.2' to the condensed interim financial statements, describing circumstances which indicates that a material uncertainty exists that cast significant doubt on the Modaraba's ability to continue as a going concern. Particularly that its accumulated losses exceed its certificate capital by Rs. 71.329 million, its current liabilities exceed current assets by Rs. 67.250 million and winding up petition has been filed against the Modaraba by the Registrar Modaraba. Hence, these condensed interim financial statements are prepared on the



basis of estimated realizable/ settlement values of assets and liabilities respectively. Our conclusion is not modified in this regard.

Other matter

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2024 and 2025 have not been reviewed, as we are required to review only the cumulative figures for the half year.

The engagement partner on the review resulting in this independent auditors' review report is Mr. Adnan Rasheed. 



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Lahore:

UDIN: RR202510701T8EVZAH43

Half Yearly Report-December 31, 2025

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025 (UN-AUDITED)

	Note	December 31, 2025 Rupees (Unaudited)	June 30, 2025 Rupees (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	14,735,877	9,483,517
Short term murabaha investments - secured	5	1,772,953	1,772,953
Accrued profit		4,181,924	4,004,983
Short term investments	6	335,887,500	331,775,000
Ijarah rentals receivable	7	11,804,532	11,804,532
Prepayments and other receivables		1,187,840	1,248,025
Income tax recoverable/ adjustable		17,185,370	14,305,990
Current and overdue portion of non-current assets	8	7,137,083	6,655,511
		393,893,079	381,050,511
NON-CURRENT ASSETS			
Net investment in ijarah finance	9	8,383,713	8,991,704
Long term murabaha investments - secured	10	-	2,273,581
Long term deposits		37,500	39,500
Intangible asset	11	-	-
Fixed assets under ijarah arrangements	12	32,949,326	32,949,326
Fixed assets under own use	13	68,839	117,704
Deferred tax asset	14	-	-
		41,439,378	44,371,815
TOTAL ASSETS		435,332,457	425,422,326
LIABILITIES			
CURRENT LIABILITIES			
Accrued profit on short term financing		204,044,966	191,085,330
Short term financing - secured	15	217,063,388	217,063,388
Creditors, accrued and other liabilities	16	6,316,220	8,419,322
Unclaimed dividend		425,218	425,218
Security deposits against ijarah assets		32,996,026	32,996,026
Provision for taxation		296,810	961,523
		(461,142,628)	(450,950,807)
NET LIABILITIES		(25,810,171)	(25,528,481)
FINANCED BY:			
Certificate capital		250,000,000	250,000,000
Statutory reserve		45,519,244	45,519,244
Accumulated loss		(321,329,415)	(321,047,725)
TOTAL EQUITY AND RESERVES		(25,810,171)	(25,528,481)
CONTINGENCIES AND COMMITMENTS	17	-	-

The annexed notes 1 to 23 form an integral part of these condensed interim 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: February 26, 2026

First National Bank Modaraba

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2025 (UN-AUDITED)

Note	For the half year ended		For the quarter ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Income from operations				
Profit on bank deposits	189,838	205,230	82,071	79,767
Profit on short term investments	16,520,487	25,095,587	8,348,407	11,052,099
	16,710,325	25,300,817	8,430,478	11,131,866
Other income				
Reversal of provision charged for doubtful receivables	461,867	-	-	-
Suspension reversed during the period	2,944,084	2,655,903	1,444,084	2,055,903
Other income	-	24,741	-	24,741
	3,405,951	2,680,644	1,444,084	2,080,644
Total income	20,116,276	27,981,461	9,874,562	13,212,510
Expenses				
Operating expenses	(7,645,059)	(8,899,947)	(3,943,050)	(4,305,526)
Finance cost	(12,966,705)	(20,440,467)	(6,582,908)	(9,180,999)
Total expenses	(20,611,764)	(29,340,414)	(10,525,958)	(13,486,525)
Operating loss before provisions and taxation	(495,488)	(1,358,953)	(651,396)	(274,015)
Provision charged for doubtful receivables	-	-	-	-
Loss before Modaraba Management Company's fee	(495,488)	(1,358,953)	(651,396)	(274,015)
Modaraba Management Company's fee	-	-	-	-
Provision for Workers' Welfare Fund	-	-	-	-
Loss before levies and income tax	(495,488)	(1,358,953)	(651,396)	(274,015)
Levies	(296,810)	(1,303,803)	(165,279)	(1,303,803)
Loss before income tax	(792,298)	(2,662,756)	(816,675)	(1,577,818)
Taxation - Income tax	510,608	-	-	-
Loss for the period	(281,690)	(2,662,756)	(816,675)	(1,577,818)
OTHER COMPREHENSIVE LOSS - NET OF INCOME TAX				
<i>statement of profit or loss</i>	-	-	-	-
<i>statement of profit or loss</i>	-	-	-	-
- Unrealized loss on revaluation of sukuks	-	(1,719)	-	(1,719)
Other comprehensive loss for the period	-	(1,719)	-	(1,719)
Total comprehensive loss for the period	(281,690)	(2,664,475)	(816,675)	(1,579,537)
Loss per modaraba certificate - basic and diluted	(0.01)	(0.11)	(0.03)	(0.06)

The annexed notes 1 to 23 form an integral part of these condensed interim 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: February 26, 2026

Half Yearly Report-December 31, 2025

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2025 (UN-AUDITED)

Particulars	Certificate capital	Statutory reserve	Accumulated loss	Subtotal	Unrealised loss on revaluation of sukuku	Total equity and reserves
----- Rupees -----						
Balance as at 01 July 2024 (audited)	250,000,000	45,519,244	(314,583,212)	(19,063,968)	(1,781,028)	(20,844,996)
Total comprehensive loss for the period						
Loss for the period	-	-	(2,662,756)	(2,662,756)	-	(2,662,756)
Other comprehensive loss	-	-	-	-	-	-
	-	-	(2,662,756)	(2,662,756)	-	(2,662,756)
Balance as at 31 December 2024 (unaudited)	250,000,000	45,519,244	(317,245,968)	(21,726,724)	(1,781,028)	(23,507,752)
Total comprehensive loss for the period						
Loss for the period	-	-	(1,296,870)	(1,296,870)	-	(1,296,870)
Other comprehensive loss	-	-	-	-	(723,859)	(723,859)
accumulated loss	-	-	(2,504,887)	(2,504,887)	2,504,887	-
	-	-	(3,801,757)	(3,801,757)	1,781,028	(2,020,729)
Balance as at 30 June 2025 (audited)	250,000,000	45,519,244	(321,047,725)	(25,528,481)	-	(25,528,481)
Total comprehensive loss for the period						
Loss for the period	-	-	(281,690)	(281,690)	-	(281,690)
Other comprehensive loss	-	-	-	-	-	-
	-	-	(281,690)	(281,690)	-	(281,690)
Balance as at 31 December 2025 (unaudited)	250,000,000	45,519,244	(321,329,415)	(25,810,171)	-	(25,810,171)

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Chief Executive Officer
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Management Company Limited



Director
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Management Company Limited



Chief Financial Officer
National Bank Modaraba
Management Company Limited

Lahore: February 26, 2026

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED DECEMBER 31, 2025 (UN-AUDITED)

	For the half year ended	
	December 31, 2025	December 31, 2024
CASH FLOWS FORM OPERATING ACTIVITIES		
Loss for the period	(495,488)	(1,358,953)
Adjustments for:		
- Depreciation on fixed assets under own use	48,865	46,957
- Profit on short term investments	(16,520,487)	(25,095,587)
- Profit written off - net	-	79,122
- Long term security written off	2,000	-
- Reversal of provision for doubtful net investment in ijarah financing	(461,867)	-
- Suspension reversed during the period	(2,944,084)	(2,655,903)
- Finance cost	12,966,705	20,440,467
- Profit on bank deposits	(189,838)	(205,230)
	<u>(7,098,706)</u>	<u>(7,390,174)</u>
Operating cash flows before working capital changes	(7,594,194)	(8,749,127)
Changes in working capital:		
Decrease/ (increase) in current assets:		
- Accrued profit	16,343,546	29,394,707
- Ijarah rentals receivable	2,944,084	3,602,401
- Prepayments and other receivables	60,185	(589,343)
- Income tax recoverable/ adjustable	(2,879,380)	4,218,034
- Long term murabaha investments - secured	2,400,000	2,400,000
- Net investment in ijarah financing	461,867	-
(Decrease)/ increase in current liabilities:		
- Creditors, accrued and other liabilities	(2,103,102)	(416,521)
	<u>17,227,200</u>	<u>38,609,278</u>
Net cash generated from operations	9,633,006	29,860,151
Finance cost paid	(7,069)	(5,905)
Income taxes paid	(450,915)	(8,614,519)
Profit received on bank deposits	189,838	205,230
Net cash generated from operating activities	9,364,860	21,444,957
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets under own use	-	(22,900)
Short term investments - net	(4,112,500)	(19,819,141)
Net cash used in investing activities	(4,112,500)	(19,842,041)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net increase in cash and cash equivalents during the period	5,252,360	1,602,916
Cash and cash equivalents at the beginning of the period	9,483,517	9,710,250
Cash and cash equivalents at the end of the period	14,735,877	11,313,166

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Chief Executive Officer
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Management Company Limited



Director
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Director
National Bank Modaraba
Management Company Limited



Chief Financial Officer
National Bank Modaraba
Management Company Limited

Lahore: February 26, 2026

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2025 (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 (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.

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 loss for the period amounting to Rs. 0.282 million (31 December 2024: Rs. 2.663 million).

As at the reporting date, the Modaraba's current liabilities exceed its current assets by Rs. 67.250 million (30 June 2025: Rs. 69.900 million) and its accumulated loss amounts to Rs. 321.329 million (30 June 2025: Rs. 321.048 million) which exceeds its total subscribed certificate capital by Rs. 71.329 million (30 June 2025: Rs. 71.048 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 31 December 2025 contain Rs. 205.871 million (30 June 2025: Rs. 206.333 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 the provision 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 has incorporated additional provision in the light of applicable regulations and management judgment. Accordingly, additional provision of Rs. Nil (30 June 2025: Rs. 0.849 million) was incorporated in these condensed interim 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 2025: 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 15, the short term running finance facility obtained from NBP expired on 31 October 2019 that has yet not been renewed while markup outstanding thereupon is also yet to be paid. Outstanding markup on this facility upto 31 October 2019 was Rs. 10.800 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. 193.245 million (30 June 2025: Rs. 180.285 million) on account of finance cost against this facility accumulating to Rs. 204.045 million (30 June 2025: Rs. 191.085 million) as at the reporting date. Total current liabilities amounting to Rs. 461.143 million (30 June 2025: Rs. 450.951 million) include Rs. 421.108 million (30 June 2025: Rs. 408.149 million) payable to National Bank of Pakistan (NBP) on account of outstanding principal and markup on short term running finance facility that the management believes is not readily payable. Further, the current liabilities also include Rs. 32.996 million (30 June 2025: Rs. 32.996 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. 5.806 million (30 June 2025: Rs. 14.757 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 31 October 2019, for filing an application for winding up before the Modaraba Tribunal, Lahore. Subsequent to the order dated 31 October 2019 of Registrar Modaraba, the winding up petition has been filed by the Registrar Modaraba on 16 June 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 19 February 2026.

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 condensed interim financial statements have been prepared on the basis of estimated realizable/ settlement values of assets and liabilities respectively. As per managements' evaluation, other than "investment in sukuks", disposal of assets in future is not expected to result in any gain, thus upside adjustment not recognised in these financial statements related to sukuks is Rs. 172,929/- (30 June 2025: Rs. 36,810/-).

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. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of :

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017, the Modaraba Companies and Modarabas (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).

Where the provisions of, directives and notifications issued under the Companies Act, 2017 differ with the relevant requirements of IAS 34 and Islamic Financial Accounting Standards (IFASs), the provisions of, directives and notifications issued under the Companies Act, 2017 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 audited financial statements for the year ended 30 June 2025.

2.2 Accounting convention

These condensed interim financial statements 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.

2.3 Presentation

These condensed interim financial statements are presented in Pak Rupees, which is also the Modaraba's functional currency. All the figures have been rounded off to the nearest Pak Rupees unless stated otherwise.

3 MATERIAL ACCOUNTING POLICY INFORMATION

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 30 June 2025.

3.1 Standards and amendments to published accounting and reporting standards which were effective during the half year ended 31 December 2025

There are other new standards which are effective from 01 July 2025 but they do not have a material effect on the Modaraba's condensed interim financial statements.

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 01 July 2025. 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.

4 CASH AND BANK BALANCES

Cash in hand

45

-

Current accounts:

Associated undertaking - National Bank of Pakistan

-

3,196

Others

10,942

10,942

10,942

14,138

Saving accounts:

Associated undertaking - National Bank of Pakistan

548,060

542,066

Others

21

14,176,830

8,927,313

14,724,890

9,469,379

14,735,877

9,483,517

Half Yearly Report-December 31, 2025

	Note	December 31, 2025 Rupees (Unaudited)	June 30, 2025 Rupees (Audited)
5 SHORT TERM MURABAHA INVESTMENTS - SECURED			
Short term murabaha investments - considered doubtful	5.1	89,979,046	89,979,046
Add: Deferred murabaha income		<u>274,022</u>	<u>274,022</u>
		90,253,068	90,253,068
Less: Provision for non-performing murabaha investments	5.2	(88,206,093)	(88,206,093)
Less: Suspended income		<u>(274,022)</u>	<u>(274,022)</u>
	21	<u>1,772,953</u>	<u>1,772,953</u>

5.1 These represent investments under murabaha arrangements from 6 (30 June 2025: 6) customers on deferred payment basis at expected profit rates ranging from 8.36% to 14.64% (30 June 2025: 8.36% to 14.64%) per annum. These investments are secured against charge over fixed and current assets, personal guarantees of directors of customer 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 above cases for recovery of Rs. 174.431 million (30 June 2025: Rs. 174.431 million) and execution of decree proceedings is underway in the court.

	Note	December 31, 2025 Rupees (Unaudited)	June 30, 2025 Rupees (Audited)
5.2 Provision for non-performing murabaha investments			
Opening balance		88,206,093	89,933,634
Reversed during the period/ year		-	(1,727,541)
	18	<u>88,206,093</u>	<u>88,206,093</u>

6 SHORT TERM INVESTMENTS

December 31, 2025	June 30, 2025
Number of units	

Investments in sukuk of Rs. 100,000 each - Fair Value Through Other Comprehensive Income (FVTOCI)

<u>550</u>	<u>550</u>	Neelum Jhelum Hydropower (Pvt.) Ltd. Sukuk	6.1	2,887,500	5,775,000
		National Bank of Pakistan (Aitemaad) - Term deposit certificates	6.2	<u>333,000,000</u>	326,000,000
			21	<u>335,887,500</u>	<u>331,775,000</u>

6.1 The outstanding principal per unit is Rs. 5,250/- (30 June 2025: Rs. 10,500/-) having fair value of 105.9889% (30 June 2025: 100.6374%) per unit as at the reporting date. However, upside adjustment for fair value has not been recognised in these financial statements as explained in note 1.2.

6.2 These term deposit certificates yield profit at the rates ranging from 9.5% to 9.75% (30 June 2025: 9% to 18.42%) per annum.

7 IJARAH RENTALS RECEIVABLE

Considered doubtful	7.1 and 7.2	80,654,992	83,599,076
Less: Provision for doubtful ijarah rentals receivable	7.3	(46,127,257)	(46,127,257)
Less: Profit held in suspense account		<u>(22,723,203)</u>	<u>(25,667,287)</u>
		<u>11,804,532</u>	<u>11,804,532</u>

7.1 This represents receivables from various customers under the ijarah finance. Legal proceedings against 7 (30 June 2025: 7) customers are in process in the Honorable Courts of Law. The Courts have awarded decree in favour of the Modaraba in above cases for recovery of Rs. 118.036 million (30 June 2025: Rs. 118.036 million) and execution of decree proceedings is underway in the court.

7.2 Considered doubtful

Opening balance		83,599,076	91,775,166
Less: Received during the period/ year		<u>(2,944,084)</u>	<u>(8,176,090)</u>
		80,654,992	83,599,076

7.3 Provision for doubtful ijarah rentals receivable

Opening balance		46,127,257	46,127,257
Charged during the period/ year		-	-
	18	<u>46,127,257</u>	<u>46,127,257</u>

Half Yearly Report-December 31, 2025

Note	December 31, 2025 Rupees	June 30, 2025 Rupees
	(Unaudited)	(Audited)
12 FIXED ASSETS UNDER IJARAH ARRANGEMENTS		
Written down value at the beginning of the period/ year	32,949,326	32,959,576
Less: Transfer during the period/ year	-	(10,250)
Less: Depreciation charged during the period/ year	-	-
	<u>32,949,326</u>	<u>32,949,326</u>

12.1 General description of significant ijarah arrangements (IFAS-2)

The Modaraba had entered into various Ijarah agreements for periods ranging from 3 to 14 years (30 June 2025: 3 to 14 years). Security deposits ranging from 0% to 71% (30 June 2025: 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% (30 June 2025: 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 condensed interim financial statements (Note 7). 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	117,704	190,627
Additions made during the period/ year	-	22,900
	<u>117,704</u>	<u>213,527</u>
Less: Depreciation charged during the period/ year	(48,865)	(95,823)
	<u>68,839</u>	<u>117,704</u>

These contain fully depreciated assets at cost of Rs. 3,455,554/- (30 June 2025: Rs. 3,455,554/-) that are still in use by the Modaraba.

14 DEFERRED TAX ASSET

The deferred tax asset of Rs. 85.633 million (30 June 2025: Rs. 85.752 million) has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future; taxable profits may not be available against which the temporary differences can be utilized.

Note	December 31, 2025 Rupees	June 30, 2025 Rupees
	(Unaudited)	(Audited)
15 SHORT TERM FINANCING - SECURED		
From banking company - related party		
Running finance	15.1 217,063,388	217,063,388
15.1	<u>217,063,388</u>	<u>217,063,388</u>
15.1	The Modaraba, during the financial year ended 30 June 2018, obtained running finance facility of Rs. 250 million from the National Bank of Pakistan carrying markup at 1 month KIBOR plus 0.5% per annum payable monthly. The markup rate charged during the period ranged from 11.76% to 11.89% (30 June 2025: 22.04% to 23.27%) 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 (30 June 2025: Rs. 277.778 million). This facility expired on 31 October 2019 and has yet not been renewed and repaid.	
16 CREDITORS, ACCRUED AND OTHER LIABILITIES		
Advances from customers	46,637	46,637
Accrued expenses	652,718	1,285,377
Payable to Modaraba Management Company	3,444,018	5,944,018
Worker's Welfare Fund payable	897,637	897,637
Withholding sales tax payable	61,929	62,009
Charity payable	1,213,281	183,644
	<u>6,316,220</u>	<u>8,419,322</u>

17 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in the annual audited financial statements of the Modaraba for the year ended 30 June 2025.

First National Bank Modaraba

18 PROVISION FOR DOUBTFUL RECEIVABLES

Note	5.2	10.1	7.3	9.2	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
	Short term morabaha investments	Long term morabaha investments	Ijarah rental receivables	Net Investment Ijarah finance		
	Rupees					
Opening balance	88,206,093	59,594,049	46,127,257	12,405,630	206,333,029	207,372,573
Add: Charged during the period / year	18.1	-	-	-	-	849,177
Less: Reversed during the period / year	21	-	-	(461,867)	(461,867)	(1,888,721)
Net provision charged / (reversed) for the period / year		-	-	(461,867)	(461,867)	(55,171,723)
Closing balance		88,206,093	59,594,049	46,127,257	11,943,763	205,871,162

18.1 This represents the provision recognized on the basis of subjective evaluation and in accordance with the Prudential Regulations for Modarabas issued by SECP (PRs) of non-performing ijarah rentals receivable.

December 31, 2025 Rupees	December 31, 2024 Rupees
(Unaudited)	(Unaudited)

19 LOSS PER MODARABA CERTIFICATE - BASIC AND DILUTED

Loss attributable to modaraba certificate holders (loss for the period)	Rupees	(281,690)	(2,662,756)
Weighted average number of modaraba certificates in issue	Numbers	25,000,000	25,000,000
Loss per modaraba certificate - basic	Rupees	(0.01)	(0.11)

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

20 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, the 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 officers are as follows:

Note	December 31, 2025 Rupees	December 31, 2024 Rupees
	(Unaudited)	(Unaudited)

20.1 Transactions during the period:

Particulars	Relationship	Nature of transaction	December 31, 2025 Rupees	December 31, 2024 Rupees
National Bank of Pakistan	Holding Company of the Modaraba Management Company	Markup expense	12,959,636	20,434,562
		Profit on saving account	29,637	28,133
		Profit on short term investments	16,168,767	23,871,164
National Bank Modaraba Management Company Limited	Holding Company/ Modaraba Management Company	Management fee payment	2,500,000	-

December 31, 2025 Rupees	June 30, 2024 Rupees
(Unaudited)	(Unaudited)

20.2 Balances outstanding at the reporting date

National Bank of Pakistan	Holding Company of the Modaraba Management Company	Bank accounts	548,060	545,262
		Short term borrowings	217,063,388	217,063,388
		Markup payable	204,044,966	191,085,330
		Term Deposit Certificates	333,000,000	326,000,000
National Bank Modaraba Management Company Limited	Holding Company/ Modaraba Management Company	Management fee payable	3,444,018	5,944,018

Half Yearly Report-December 31, 2025

21 SHARIAH COMPLIANT DISCLOSURE

During the period, the Securities and Exchange Commission of Pakistan (SECP) amended Item VII of the Fourth Schedule to the Companies Act, 2017, through the issuance of S.R.O. 1278(I)/2024, whereby companies are required to present specified Shariah related disclosures separately in the financial statements. Accordingly, the Company has presented the following disclosures, as applicable.

Note	December 31, 2025 Rupees	December 31, 2024 Rupees
	(Unaudited)	(Unaudited)
Statement of financial position		
Assets		
Shariah compliant:		
Bank balances	4 14,176,830	8,927,313
Short term murabaha investments - secured	5 1,772,953	1,772,953
Short term investments	6 335,887,500	331,775,000
Ijarah rentals receivable	7 11,804,532	11,804,532
Net investment in ijarah finance	9 10,847,215	10,847,215
Long term murabaha investments - secured	10 4,673,581	7,073,581
Liabilities		
Accrued profit on short term financing - conventional	204,044,966	191,085,330

Note	December 31, 2025 Rupees	December 31, 2024 Rupees
	(Unaudited)	(Unaudited)
Statement of profit or loss and other comprehensive income		
Profit earned from Shariah compliant bank balances	189,838	205,230
Profit earned from Shariah compliant investments:		
- Term deposit certificates	16,168,767	23,871,164
- Sukuks	351,720	1,224,423
	16,520,487	25,095,587
Other income:		
- Shariah compliant		
Reversal of provision charged for doubtful receivables	18 461,867	-
Suspension reversed during the period	2,944,084	2,655,903
Scrap sale	-	24,741

Relationship with Shariah-compliant financial institutions and takaful operator:

Name	Relationship
National Bank of Pakistan (Aitemaad)	Term deposit certificates
Bank Islami Pakistan Limited	Bank balance
Al Baraka Bank Pakistan Limited	Bank balance
Pak Brunei Investment Company	Investment agent - sukuks
Jubilee General Insurance Company Limited	Window Takaful

22 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 February 26, 2026.

23 GENERAL

All figures except for 30 June 2025, appearing in these condensed interim financial statements are unaudited.

			
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: February 26, 2026

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