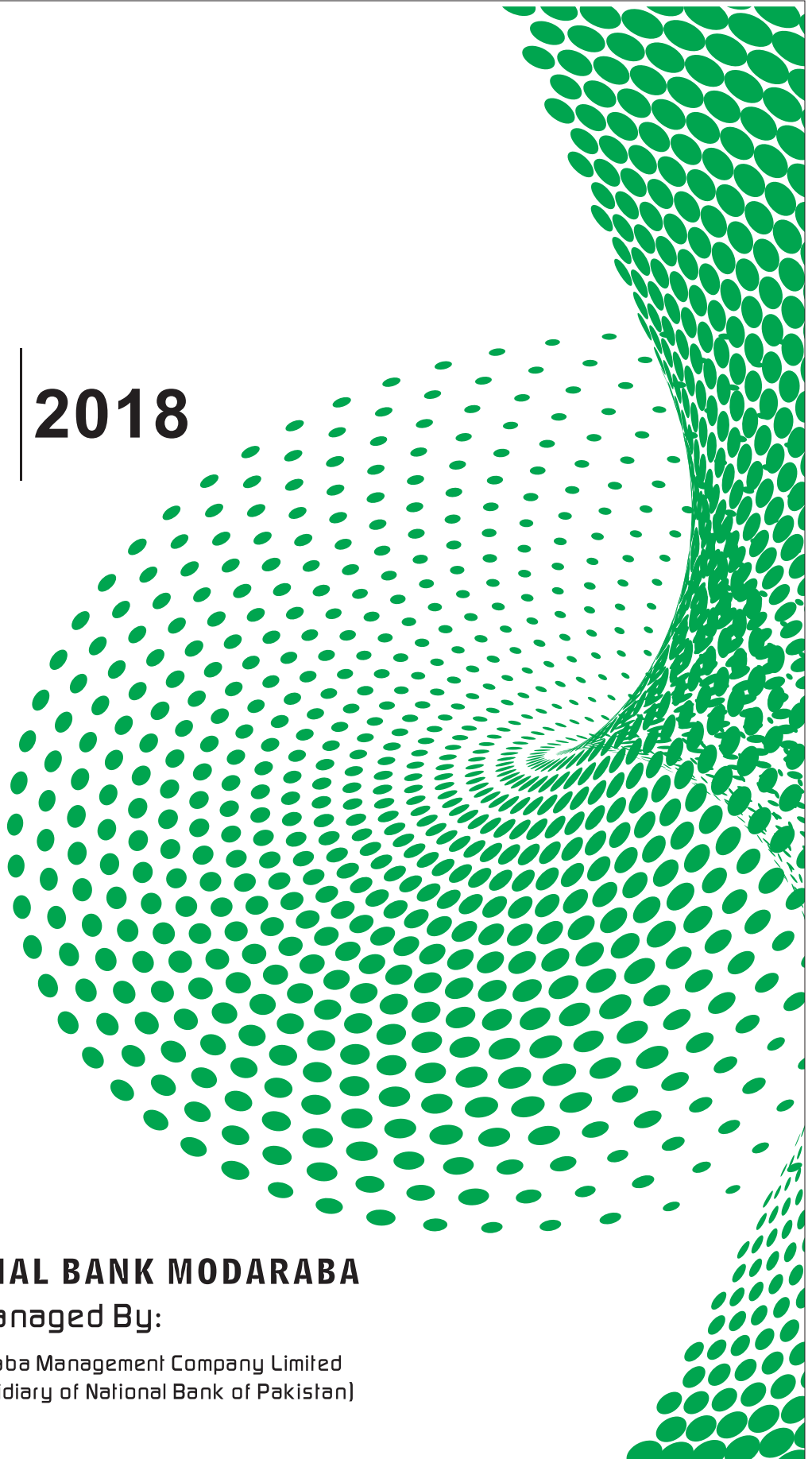




**QUARTERLY  
REPORT  
MARCH 31,**

**2018**



**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*

*March 31, 2018*

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## CORPORATE INFORMATION

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

**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 am pleased to present the quarterly report, together with unaudited financial statements of FNBM for the quarter and nine months year ended March 31, 2018.

During the period under review the focus of management remained on recovery and various means were employed for this purpose and that included filing legal suits, negotiation for settlement etc.

On the operations side the Modaraba generated total income of Rs. 64.6 Millions in the nine months under review as compared to Rs. 144.4 Million in the corresponding period last year. This reduction was in line with the reduction in the portfolio size due to realization of receivables and settlements of liabilities. On the expenses side the financial charges stood at Rs. 9.9 Million compared to Rs. 20.7 Million in the corresponding quarter last year because of reduction in bank borrowings. The operating expenses were kept under control and they stood at Rs. 11.2 Million as against Rs. 10.9 Million in the corresponding period. The earnings per certificate stood at Rs. 0.04 as compared to loss per certificate of (Rs. 1.41) 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.

**For and on behalf of the Board**



**Chief Executive Officer**

Lahore: April 26, 2018

## ڈائریکٹرز جائزہ رپورٹ


مجھے بورڈ آف ڈائریکٹرز، نیشنل بینک مضاربہ مینجمنٹ کمپنی، منتظم، فرسٹ نیشنل بینک مضاربہ کی جانب سے نو ماہی ختمہ 31 مارچ 2018 کی رپورٹ، اس کے غیر احتساب شدہ مالیاتی گوشورائے کے ساتھ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

زیر جائزہ مدت کے دوران انتظامیہ کی بنیادی توجہ وصولی پر مرکوز رہی۔ اس مقصد کے حصول کے لیے مختلف حربے بشمول گفت و شنید، تشکیل نو/تصفیہ و قانونی وعدالتی کارروائی وغیرہ بروئے کار لائے گئے۔

آپریشن سائیڈ پر مضاربہ کی آمدنی گزشتہ سال کے اسی مدت میں کمائی گئی 144.4 ملین کے مقابلہ میں 64.6 ملین رہی۔ یہ کمی پورٹفولیو میں کمی کی وجہ سے ہوئی۔ دوسری طرف قرضہ جات میں کمی کی وجہ سے مالی اخراجات گزشتہ سال کی اسی نو ماہی کے مقابلہ میں 20.7 ملین سے کم ہو کر 9.9 ملین رہے۔ انتظامی اخراجات گزشتہ سال کے اسی نو ماہی کے 10.2 ملین کے مقابلہ میں 11.2 ملین رہے۔ گزشتہ سال کی اس نو ماہی کے خصارہ 1.41 فی سرٹیفکیٹ کے مقابلہ میں اس نو ماہی میں فی سرٹیفکیٹ 0.04 روپے کا منافع ہوا۔

بورڈ اس موقع پر اپنے معزز صارفین اور کلائنٹس کا ان کی مسلسل حمایت رہنمائی اور سرپرستی کے لیے شکر یہ ادا کرنا چاہتا ہے۔ اس کے علاوہ بورڈ رجسٹرار مضاربہ SECP اور مضاربہ ایسوسی ایشن آف پاکستان کا بھی ان کی مسلسل رہنمائی اور سپورٹ پر شکر گزار ہے۔

برائے اور بجانب بورڈ

  
سی۔ ای۔ او

لاہور: 26 اپریل، 2018

## CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT MARCH 31, 2018

ASSETS	NOTE	Un-audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
<b>CURRENT ASSETS</b>			
Bank balances		46,365,536	49,707,521
Short term murabaha investments - secured	3	19,216,842	19,216,842
Accrued profit		548,461	388,493
Ijarah rentals receivable		77,938,673	69,947,032
Advances, prepayments and other receivables		4,609,622	3,843,324
Investment in musharaka certificates		58,000,000	-
Current portion of non-current assets	4	55,253,772	69,782,240
		<u>261,932,906</u>	<u>212,885,452</u>
<b>NON-CURRENT ASSETS</b>			
Net investment in ijarah finance	5	46,700	1,651,514
Diminishing musharaka financing - secured	6	2,996,076	10,497,347
Long term murabaha investments - secured	7	29,356,103	34,991,892
Long term loans and deposits		464,313	1,000,882
Intangible asset		-	-
Ijarah assets	8	138,182,694	247,443,653
Fixed assets - own use	9	54,767	7,732
Deferred income tax asset	10	-	-
		<u>171,100,653</u>	<u>295,593,020</u>
<b>TOTAL ASSETS</b>		<u>433,033,559</u>	<u>508,478,472</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accrued profit		532,128	2,094,045
Deferred murabaha income		2,654,776	2,654,776
Short term finances - secured	11	217,063,388	201,634,754
Creditors, accrued and other liabilities		18,021,780	27,265,399
Current portion of non-current liabilities	12	147,546,930	195,897,100
Provision for taxation		208,630	-
		<u>386,027,632</u>	<u>429,546,074</u>
<b>NON-CURRENT LIABILITIES</b>			
Security deposits against ijarah assets		7,838,100	21,500,787
Long term finances - secured	13	-	16,666,670
Deferred murabaha income		21,780,451	24,431,871
		<u>29,618,551</u>	<u>62,599,328</u>
<b>TOTAL LIABILITIES</b>		<u>415,646,183</u>	<u>492,145,402</u>
<b>NET ASSETS</b>		<u>17,387,376</u>	<u>16,333,070</u>
<b>FINANCED BY</b>			
Certificate capital	14	250,000,000	250,000,000
Reserves		(232,612,624)	(233,666,930)
<b>TOTAL EQUITY AND RESERVES</b>		<u>17,387,376</u>	<u>16,333,070</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer  
National Bank Modaraba  
Management Company Limited



Director  
National Bank Modaraba  
Management Company Limited



Director  
National Bank Modaraba  
Management Company Limited

Lahore: April 26, 2018

## Quarterly Report-March 31, 2018

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>				
Ijarah rentals earned / income from ijarah finance	55,609,199	135,409,445	12,976,762	33,731,122
Profit on diminishing musharaka	1,554,361	3,545,688	431,145	1,016,538
Profit on murabaha investments	199,100	811,438	-	210,438
Profit on bank deposits	713,239	692,778	81,964	244,551
Gain on disposal of ijarah assets	5,031,661	3,233,285	838,516	365,514
Other income	1,444,202	758,261	625,654	25,030
	64,551,762	144,450,895	14,954,041	35,593,193
<b>EXPENSES</b>				
Depreciation on ijarah assets	(36,855,360)	(102,591,454)	(9,306,958)	(24,399,734)
Operating expenses	(11,197,078)	(10,918,440)	(3,739,185)	(3,737,180)
Finance cost	(9,962,266)	(20,757,469)	(1,868,213)	(6,353,058)
	(58,014,704)	(134,267,363)	(14,914,356)	(34,489,972)
<b>OPERATING PROFIT BEFORE PROVISION AND TAXATION</b>	6,537,058	10,183,532	39,685	1,103,221
Provision reversed / (charged) for doubtful receivables - net	3,234,441	(42,284,934)	-	(6,374,838)
Impairment loss on ijarah assets	(8,368,237)	(3,199,383)	-	-
	1,403,262	(35,300,785)	39,685	(5,271,617)
Modaraba management company fee	(140,326)	-	(3,968)	-
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	1,262,936	(35,300,785)	35,717	(5,271,617)
Taxation	(208,630)	-	-	-
<b>PROFIT / (LOSS) AFTER TAXATION</b>	1,054,306	(35,300,785)	35,717	(5,271,617)
<b>EARNING / (LOSS) PER CERTIFICATE - BASIC AND DILUTED</b>	0.04	(1.41)	0.00	(0.21)

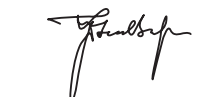
The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer  
National Bank Modaraba  
Management Company Limited



Director  
National Bank Modaraba  
Management Company Limited



Director  
National Bank Modaraba  
Management Company Limited

Lahore: April 26, 2018

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Rupees	Rupees	Rupees	Rupees
PROFIT / (LOSS) AFTER TAXATION	1,054,306	(35,300,785)	35,717	(5,271,617)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>1,054,306</u>	<u>(35,300,785)</u>	<u>35,717</u>	<u>(5,271,617)</u>

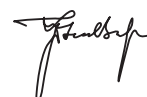
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**Chief Executive Officer**  
National Bank Modaraba  
Management Company Limited



**Director**  
National Bank Modaraba  
Management Company Limited



**Director**  
National Bank Modaraba  
Management Company Limited

Lahore: April 26, 2018



## Quarterly Report-March 31, 2018

### CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	31 March 2018 Rupees	31 March 2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	1,262,936	(35,300,785)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	36,868,825	102,661,125
Provision charged for doubtful receivables - net	(3,234,441)	42,284,934
Impairment loss on ijarah assets	8,368,237	3,199,383
(Gain) / loss on disposal of ijarah assets	(5,031,661)	(3,233,285)
Finance cost	9,962,266	20,757,469
Profit on bank deposits	(713,239)	(692,778)
	47,482,923	129,676,063
<b>Working capital changes</b>		
<b>(Increase) / decrease in operating assets</b>		
Accrued profit	(159,968)	(452,317)
Ijarah rentals receivable	(10,641,597)	19,428,975
Advances, prepayments and other receivables	(397,493)	344,090
Short term murabaha investments	-	29,174,513
Net investment in ijarah finance	20,985,746	2,169,115
Diminishing musharaka financing	11,318,036	15,587,266
Long term murabaha investments	2,433,255	5,623,508
<b>Increase / (decrease) in operating liabilities</b>		
Creditors, accrued and other liabilities	(9,243,619)	9,336,317
Security deposits against ijarah assets - net	(62,580,948)	(63,309,139)
	(48,286,588)	17,902,328
<b>Cash generated from operations</b>	(803,665)	147,578,391
Finance cost paid	(11,524,183)	(24,454,514)
Income taxes paid	(84,391)	-
Profit received on bank deposits	713,239	692,778
Long term loans and deposits - net	664,853	761,625
	(11,034,147)	124,578,280
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in musharaka certificates	(58,000,000)	-
Fixed assets - (own use) acquired	(55,500)	-
Proceeds from disposal of ijarah assets	69,069,023	62,527,831
	(58,986,477)	62,527,831
<b>Net cash from / (used in) investing activities</b>	(11,013,523)	62,527,831

31 March 2018	31 March 2017
Rupees	Rupees

## CASH FLOWS FROM FINANCING ACTIVITIES

Short term finance - net	15,428,634	(72,873,076)
Long term finance - repaid	(18,749,995)	(85,000,000)
<b>Net cash used in financing activities</b>	<b>(3,321,361)</b>	<b>(157,873,076)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(3,341,985)</b>	<b>29,233,035</b>
Cash and cash equivalents at the beginning of the period	49,707,521	14,743,528
<b>Cash and cash equivalents at the end of the period</b>	<b>46,365,536</b>	<b>43,976,563</b>

The annexed notes form an integral part of this condensed interim financial information.



**Chief Executive Officer**  
National Bank Modaraba  
Management Company Limited



**Director**  
National Bank Modaraba  
Management Company Limited



**Director**  
National Bank Modaraba  
Management Company Limited

Lahore: April 26, 2018

## Quarterly Report-March 31, 2018

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

CERTIFICATE CAPITAL	RESERVES			TOTAL	TOTAL EQUITY
	CAPITAL	REVENUE			
	STATUTORY RESERVE	ACCUMULATED LOSS			
.....Rupees.....					
<b>Balance as at 30 June 2016 - (Audited)</b>	250,000,000	43,955,189	(206,262,437)	(162,307,248)	87,692,752
Loss for the nine months ended 31 March 2017	-	-	(35,300,785)	(35,300,785)	(35,300,785)
Other comprehensive income for the nine months ended 31 March 2017	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2017	-	-	(35,300,785)	(35,300,785)	(35,300,785)
<b>Balance as at 31 March 2017 - (Un-audited)</b>	250,000,000	43,955,189	(241,563,222)	(197,608,033)	52,391,967
Loss for the year ended 30 June 2017	-	-	(71,359,682)	(71,359,682)	(71,359,682)
Other comprehensive income for the year ended 30 June 2017	-	-	-	-	-
Total comprehensive loss for the year ended 30 June 2017	-	-	(71,359,682)	(71,359,682)	(71,359,682)
<b>Balance as at 30 June 2017 - (Audited)</b>	250,000,000	43,955,189	(277,622,119)	(233,666,930)	16,333,070
Loss for the nine months ended 31 March 2018	-	-	1,054,306	1,054,306	1,054,306
Other comprehensive income for the nine months ended 31 March 2018	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2018	-	-	1,054,306	1,054,306	1,054,306
<b>Balance as at 31 March 2018 - (Un-audited)</b>	250,000,000	43,955,189	(276,567,813)	(232,612,624)	17,387,376

The annexed notes form an integral part of this condensed interim financial information.

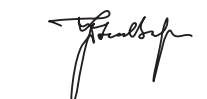


**Chief Executive Officer**  
National Bank Modaraba  
Management Company Limited

Lahore: April 26, 2018



**Director**  
National Bank Modaraba  
Management Company Limited



**Director**  
National Bank Modaraba  
Management Company Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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 National Bank of Pakistan), incorporated in Pakistan under the Companies Ordinance, 1984 (now 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. It commenced its operations on 04 December 2003 and is currently engaged in various Islamic modes of financing and operations including ijarah, musharaka and murabaha arrangements.

#### 1.1 Going concern assumption

As at 31 March 2018 the Modaraba's accumulated loss amounts to Rupees 276.567 million which exceeds the total amount subscribed by the holders of modaraba certificates. This may attract the provisions of section 23 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. As on the reporting date, the Modaraba's accumulated loss net of statutory reserve is amounting to Rupees 232.612 million and its current liabilities exceeded its current assets by Rupees 124.094 million. However, current liabilities include current portion of security deposits against Ijarah facilities amounting to Rupees 106.163 million which will be adjusted against residual value of Ijarah assets on maturity / termination of Ijarah facilities.

On the recommendation of the board of directors of National Bank of Pakistan (parent bank of National Bank Modaraba Management Company), the board of directors of National Bank Modaraba Management Company resolved in its meeting held on 21 April 2017 to explore various appropriate options for cessation of operations of the Modaraba, which may include, but not necessarily be limited to, winding up of the Modaraba in accordance with the prevailing laws or merger of the Modaraba.

These factors have raised uncertainties that the Modaraba may not be able to continue as a going concern. Therefore, this condensed interim financial information has been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Modaraba for the year ended 30 June 2017.

#### 2.1 Basis of Preparation

##### a) Statement of compliance

This condensed interim financial information is un-audited and is being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981. This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), the Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), the Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP shall prevail.

This condensed interim financial information has been prepared in accordance with the International Accounting Standard (IAS 34) "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This condensed interim financial information does not include all information and disclosures made in the annual published financial statements and therefore should be read in conjunction with the audited annual published financial statements of the Modaraba for the year ended 30 June 2017.

##### b) Accounting convention

These financial statements have been prepared using the non-going concern basis of accounting on the basis of 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.

# Quarterly Report-March 31, 2018

## c) Critical accounting estimates and judgments

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Modaraba's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in preceding audited annual published financial statements of the Modaraba for the year ended 30 June 2017.

### Estimated realizable / settlement values of assets and liabilities respectively

Based on the management's best estimate, as on the reporting date, carrying values of assets and liabilities reflect estimated realizable / settlement values respectively. The Modaraba has recognized provision for doubtful short term murabaha investments of Rupees 7.436 million and provision for ijarah rental receivables of Rupees 3.100 million on the basis of subjective evaluation of non-performing receivables / assets after considering the current situation, that the Modaraba may not be able to continue as a going concern. These provisions are made in addition to the time based criteria given in the regulation of classification and provisioning for non-performing assets in Prudential Regulations for Modarabas.

Cumulative effect of upside not recognized in the profit and loss account of the Modaraba for the period ended 31 March 2018 is amounting to Rupees 31.837 million.

The Modaraba has no items that it plans to sell that the Modaraba has not previously recognized in this condensed interim financial information.

	Un-audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
<b>3 SHORT TERM MURABAHA INVESTMENTS - SECURED</b>		
Considered good	-	-
Considered doubtful	244,025,025	244,025,025
	<u>244,025,025</u>	<u>244,025,025</u>
Add: Deferred murabaha income	2,654,776	2,654,776
	<u>246,679,801</u>	<u>246,679,801</u>
Less: Provision for non-performing murabaha investments	(227,462,959)	(227,462,959)
	<u>19,216,842</u>	<u>19,216,842</u>
<b>4 CURRENT PORTION OF NON-CURRENT ASSETS</b>		
Net investment in ijarah finance (Note 5)	17,184,014	31,270,867
Diminishing musharaka financing - secured (Note 6)	22,282,162	26,098,927
Long term murabaha investments - secured (Note 7)	15,320,381	11,816,947
Long term loans and deposits	467,215	595,499
	<u>55,253,772</u>	<u>69,782,240</u>
<b>5 NET INVESTMENT IN IJARAH FINANCE</b>		

	Un-audited 31 March 2018			Audited 30 June 2017		
	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	50,840,981	-	50,840,981	62,161,137	17,185,554	79,346,691
Residual value of ijarah assets	2,221,514	46,700	2,268,214	5,088,181	46,700	5,134,881
Gross investment in ijarah finance	53,062,495	46,700	53,109,195	67,249,318	17,232,254	84,481,572
Less: Unearned finance income	(24,164,747)	-	(24,164,747)	(13,071,599)	(15,580,740)	(28,652,339)
Net investment in ijarah finance	28,897,748	46,700	28,944,448	54,177,719	1,651,514	55,829,233
Less: Provision for doubtful net investment in ijarah finance	(11,713,734)	-	(11,713,734)	(22,906,852)	-	(22,906,852)
	<u>17,184,014</u>	<u>46,700</u>	<u>17,230,714</u>	<u>31,270,867</u>	<u>1,651,514</u>	<u>32,922,381</u>
Less: Current portion (Note 4)			(17,184,014)			(31,270,867)
			<u>46,700</u>			<u>1,651,514</u>

# First National Bank Modaraba

	Un-audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
<b>6 DIMINISHING MUSHARAKA FINANCING - SECURED</b>		
Considered good	13,590,584	32,258,640
Considered doubtful	11,687,654	4,337,634
Provision against doubtful diminishing musharaka (Note 6.1)	-	-
	11,687,654	4,337,634
Less: Current portion (Note 4)	(22,282,162)	(26,098,927)
	<u>2,996,076</u>	<u>10,497,347</u>
<b>6.1</b>	The provision against doubtful diminishing musharaka financing is not required under Prudential Regulations for Modarabas due to forced sale value of collaterally held assets.	
<b>7 LONG TERM MURABAHA INVESTMENTS - SECURED</b>		
Considered good	12,762,930	14,895,252
Considered doubtful	69,301,582	69,602,515
	82,064,512	84,497,767
Add: Deferred murabaha income	31,913,554	31,913,554
	113,978,066	116,411,321
Less: Provision for non-performing murabaha investments	(69,301,582)	(69,602,482)
Less: Current portion (Note 4)	(15,320,381)	(11,816,947)
	<u>29,356,103</u>	<u>34,991,892</u>
<b>8 IJARAH ASSETS</b>		
Opening net book value	247,443,653	466,193,676
Less: Book value of deletions during the period / year (Note 8.1)	(64,037,362)	(92,497,810)
	183,406,291	373,695,866
Less: Impairment loss	(8,368,237)	(1,896,166)
Less: Depreciation charged during the period / year	(36,855,360)	(124,356,047)
Closing net book value	<u>138,182,694</u>	<u>247,443,653</u>
<b>8.1 Book value of deletions</b>		
Plant and machinery	5,734,591	41,013,627
Vehicles	58,302,771	51,484,183
	<u>64,037,362</u>	<u>92,497,810</u>
<b>9 FIXED ASSETS - OWN USE</b>		
Opening net book value	7,732	91,831
Add: Cost of additions during the period / year (Note 9.1)	55,500	-
	63,232	91,831
Less: Depreciation charged during the period / year	(13,465)	(84,099)
Closing net book value	<u>54,767</u>	<u>7,732</u>
<b>9.1 Cost of additions</b>		
Vehicles	39,000	-
Computers and accessories	16,500	-
	<u>55,500</u>	<u>-</u>
<b>10 DEFERRED INCOME TAX ASSET</b>		

The deferred income tax assets amounting to Rupees 123.667 million (30 June 2017: Rupees 107.692 million) has not been recognized in this condensed interim financial information as the temporary differences are not expected to reverse in foreseeable future because taxable profits may not be available against which the temporary differences can be utilized.

# Quarterly Report-March 31, 2018

	Un-audited 31 March 2018 Rupees Rupees	Audited 30 June 2017 Rupees
<b>11 SHORT TERM FINANCES - SECURED</b>		
<b>From banking company</b>		
<b>Running finance</b>		
Associated undertaking - National Bank of Pakistan	<u>217,063,388</u>	<u>201,634,754</u>
<b>12 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>		
Security deposits against ijarah assets	106,163,824	155,082,085
Long term finance - secured (Note 13)	31,250,003	33,333,332
Deferred murabaha income	<u>10,133,103</u>	<u>7,481,683</u>
	<u>147,546,930</u>	<u>195,897,100</u>
<b>13 LONG TERM FINANCE - SECURED</b>		
<b>From banking company</b>		
National Bank of Pakistan - associated undertaking	31,250,003	50,000,002
Less: Current portion (Note 12)	<u>(31,250,003)</u>	<u>(33,333,332)</u>
	<u>-</u>	<u>16,666,670</u>
<b>14 CERTIFICATE CAPITAL</b>		
<b>Authorised certificate capital</b>		
60,000,000 (30 June 2017: 60,000,000) modaraba certificates of Rupees 10 each	<u>600,000,000</u>	<u>600,000,000</u>
<b>Issued, subscribed and paid-up certificate capital</b>		
25,000,000 (30 June 2017: 25,000,000) modaraba certificates of Rupees 10 each	<u>250,000,000</u>	<u>250,000,000</u>
<b>14.1</b> 7,500,000 (30 June 2017: 7,500,000) certificates of the Modaraba are held by National Bank Modaraba Management Company Limited, the management company.		
<b>15 CONTINGENCIES AND COMMITMENTS</b>		
Contingencies	<u>Nil</u>	<u>Nil</u>
Commitments - facilities approved but not disbursed	<u>Nil</u>	<u>Nil</u>
<b>16 BALANCES AND TRANSACTIONS WITH RELATED PARTIES</b>		
<p>Related parties comprise associated companies, modaraba management company and its holding undertaking, directors of the modaraba management company and key management personnel. The Modaraba in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties and balances outstanding with them at the period / year end are as follows:</p>		
	Un-audited 31 March 2018 Rupees Rupees	Audited 30 June 2017 Rupees
<b>16.1 Balances outstanding at the period / year end</b>		
Bank accounts with National Bank of Pakistan	10,809,770	295,938
Finances from National Bank of Pakistan	248,313,391	251,634,756

			Un-audited	Un-audited
			31 March 2018	31 December 2016
			Rupees	Rupees
<b>16.2 Transactions during the period</b>				
<b>Related party</b>	<b>Relationship</b>	<b>Nature of Transaction</b>		
National Bank of Pakistan	Modaraba management company's holding company	Long term finance repaid	18,749,997	16,666,666
		Short term finance repaid - net	-	25,304,000
		Short term finance obtained - net	15,428,634	-
		Ijarah rentals received	9,438,632	6,297,137
		Profit paid	11,460,080	13,602,839
National Bank Modaraba Management Company Limited	Modaraba management company	Modaraba management company fee	140,326	-

## 17 FINANCIAL RISK MANAGEMENT

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual published financial statements of the Modaraba for the year ended 30 June 2017.

## 18 SEGMENT REPORTING

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the modaraba management company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

The Modaraba also has a diversified certificate holder population. As at reporting date, there was only one (30 June 2017: one) certificate holder (National Bank Modaraba Management Company Limited) who held more than 10% of the Modaraba's certificate capital. Its holding was 30% (30 June 2017: 30%).

## 19 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information (un-audited) has been approved by the Board of Directors of National Bank Modaraba Management Company Limited and authorized for issue on April 26, 2018.

## 20 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant reclassification has been made.

## 21 General

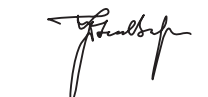
Figures have been rounded off to the nearest rupee.



**Chief Executive Officer**  
National Bank Modaraba  
Management Company Limited



**Director**  
National Bank Modaraba  
Management Company Limited



**Director**  
National Bank Modaraba  
Management Company Limited

Lahore: April 26, 2018



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