



**FINANCIAL STATEMENTS
OF
NATIONAL BANK MODARABA MANAGEMENT
COMPANY LIMITED
FOR THE YEAR ENDED
DECEMBER 31, 2025**

BDO Ebrahim & Co. Chartered Accountants

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DIRECTORS' REPORT

The Board of Directors of National Bank Modaraba Management Company Limited (NBMMCL) is pleased to present its report together with the audited financial statements of the Company for the year ended December 31, 2025. The financial statements have been audited by the statutory auditors, and their report is annexed herewith.

1. Financial Performance

During the year under review, First National Bank Modaraba (FNBM) remained in a transitional phase and no significant business operations were undertaken. Accordingly, the Company's income was primarily generated from short-term placements with financial institutions, amounting to Rs. 13.34 million (2024: Rs. 22.96 million). The Company recorded a net profit of Rs. 0.116 million (2024: Rs. 11.90 million). The decline in profitability is mainly attributable to lower returns on placements, coupled with inflationary pressures and an increase in administrative expenses. Operating expenses for the year amounted to Rs. 16.20 million as compared to Rs. 9.89 million in the preceding year.

A summary of key financial indicators for the last six years is presented below:

Year ended December 31	2025	2024	2023	2022	2021	2020
Balance Sheet size	139,186	137,020	124,577	110,915	105,324	116,916
Total Equity	29,287	29,172	17,270	9,638	6,186	19,503
Total Operating & other Income	16,367	26,844	25,168	12,121	8,828	10,192
Total Operating expenses	16,201	9,889	11,004	8,477	7,112	7,000
Profit before taxation	166	16,955	9,832	4,157	(13,206)	3,190
Net Profit	116	11,901	7,632	3,452	(13,316)	2,649
EPS	0.01	1.13	0.73	0.33	(1.27)	0.25

2. Strategic Direction and Future Outlook

The Board and Management have undertaken a comprehensive review of the Modaraba's operational and financial position and have formulated a structured framework aimed at addressing existing challenges in a phased and controlled manner. An appropriate business plan has been forwarded and is in the approval process.

The proposed framework focuses on the following key areas:

- strengthening the equity base, including exploration of potential support from the sponsor, subject to all requisite approvals;
- improving recovery of outstanding assets;
- rationalization of operating costs;
- strengthening governance, compliance, and internal control systems; and
- evaluating the feasibility of recommencement of business operations, subject to regulatory approvals.

The implementation of the above framework is subject to approval of relevant stakeholders and regulatory authorities and remains dependent on external conditions.

The Board confirms that all issues in the ongoing proceedings before the learned Modaraba Tribunal shall be resolved in an amicable manner.

3. Basis of Preparation of Financial Statements

In view of the prevailing circumstances, the financial statements have been prepared on a basis other than going concern. Accordingly, assets have been stated at their estimated realizable values and liabilities at amounts expected to be settled in the normal course of resolution.

4. Corporate Governance and Financial Reporting Framework

The Board remains committed to the principles of transparency, accountability, and compliance with applicable legal and regulatory requirements. The following statements are made in accordance with the applicable provisions of the Code of Corporate Governance:

- The Board has complied with the applicable principles of corporate governance in respect of FNBM, to the extent relevant.
- The financial statements, prepared by the management of the Company, fairly present the state of affairs, results of operations, cash flows, and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied, and accounting estimates are based on reasonable and prudent judgment.
- Applicable International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) have been followed in the preparation of the financial statements.
- A sound system of internal control shall be put in place, which is regularly reviewed by the internal audit function, and corrective actions are taken where necessary.
- During the year, a Managing Director/Chief Executive Officer was appointed. He brings extensive banking experience, and under his leadership, a structured approach towards operational stabilization has been initiated.
- The Board was strengthened during the year through the appointment of additional directors, including a female director, in compliance with regulatory requirements.
- There are no outstanding statutory dues as at December 31, 2025, except as disclosed in the financial statements.

During the year, six (6) meetings of the Board of Directors were held. In addition, four (4) meetings of the Audit Committee and one (1) meeting of the HR Committee were convened. Attendance of each director is as follows:



Name	No. of Attendance		
	Board	Audit Committee	HR Committee
i. Mr. Muhammad Imran Malik	6	-	1
ii. Mr. Zubair	6	4	1
iii. Mr. Foud Farrukh	6	-	-
iv. Khawaja Waheed Raza	5	3	1
v. Mr Hakim Ali Leghari*	-	-	-
vi. Mr. Shahid Iqbal Choudhry*	5	1	-
vii. Mr. Hasan Ahmad**	2	2	-
viii. Ms. Tosheeba Sarwar***	-	-	-

* Mr. Shahid Iqbal Choudhry replaced Mr. Hakim Ali Leghari on January 06, 2025 (approval date of SECP) as NBP Nominee/ Non-Executive Director. Later Board of Directors in its meeting held on June 20, 2025 appointed Mr. Shahid Iqbal Choudhry as CEO. His appointment was approved by Registrar Modaraba, SECP on July 28, 2025.

**Appointed on September 09, 2025

*** Appointed on October 21, 2025

Leave of absence was granted to directors who were unable to attend certain meetings.

All directors, except the MD/CEO, are non-executive and do not receive any remuneration other than a meeting fee of Rs. 50,000 per meeting. The remuneration of the MD/CEO is disclosed in the notes to the financial statements.

5. Pattern of Shareholding

The pattern of shareholding as at December 31, 2025 is as follows:

No. of Shareholders	No. of Shares held	Percentage holding
4	2,000	0.02%
1	10,498,000	99.98%

National Bank of Pakistan holds 99.98% of the shareholding of the Company. The remaining shares are held by directors as per their entitlement.

6. Auditors

The present auditors, Messrs. BDO Ebrahim & Co., Chartered Accountants, being eligible, have offered themselves for reappointment. The Board recommends their appointment as auditors of the Company for the year ending December 31, 2026.

7. Acknowledgement

The Board expresses its appreciation to the certificate holders and other stakeholders for their continued trust and support. The Board also acknowledges the guidance and facilitation extended 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 under challenging circumstances.

For and on behalf of the Board

Director v Shahid (Counsel)
(C/O/Y^A)

Director _____

Shahid
Shahid Riz

REVIEW REPORT TO THE MEMBERS OF THE NATIONAL BANK MODARABA MANAGEMENT COMPANY LIMITED ON THE STATEMENTS OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) (both herein referred to as 'Codes') prepared by the Board of Directors of National Bank Modaraba Management Company Limited (the "Company") for the year ended December 31, 2025 to comply with the requirements of regulation 36 of the Regulations and the provisions of the Rules.

The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Codes.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arms' length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended December 31, 2025.

Further, we highlight below instances of non-compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, as reflected in the paragraph references where it is stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
I	10(A)	No sustainability committee established by the Board.
II	19	Directors' training certification requirement not complied.
III	23	Head of Internal Audit criteria not met.
IV	29(1)	Nomination committee not established by the Board.

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Further, we highlight below instances of non-compliance with the requirements of the Public Sector Companies (Corporate Governance) Rules, 2013, as reflected in the paragraph references where it is stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
I	5(2)	CEO hired without proper prescribed procedure.
II	8(1)	Board members' performance, including chairman, unevaluated.
III	8(2)	Senior management performance not monitored annually.
IV	10(1)	Quarterly financial statements not prepared.
V	12(1)	Nomination and Procurement Committees not formed.
VI	22(2)	Head of Internal Audit criteria not met.

LAHORE

DATED: 29 APR 2026

UDIN: CR202510131K9zIunbwH

Muhammad Imran

BDO EBRAHIM & CO.

CHARTERED ACCOUNTANTS

Engagement Partner: Muhammad Imran

Muhammad Imran



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STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013 AND LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of company: National Bank Modaraba Management Company Limited (the Company)
Name of the line ministry: Finance Ministry
For the year ended: December 31, 2025

I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) (both herein referred to as 'Codes') issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner:

Sr. No.	Provision of the Rules	Rule No.	Y	N												
			Tick the relevant box													
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓													
2.	<p>The Board has at least one-third of its total members as independent directors.</p> <p>At present the Board includes:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Category</th> <th>Name</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>Independent Directors</td> <td>Syed Zubair Ahmed Shah Mr. Hasan Ahmed</td> <td>25-05-2023 09-09-2025</td> </tr> <tr> <td>Executive Directors (ED)</td> <td>Mr. Shahid Iqbal Choudhri</td> <td>28-07-2025</td> </tr> <tr> <td>Non-Executive Directors (NED)</td> <td>Mr. Muhammad Imran Malik- (NBP Nominee) Khawaja Waheed Raza Mr. Fouad Farrukh (NBP Nominee) Ms. Tosheeba Sarwar (Female director)</td> <td>25-05-2023 25-05-2023 09-05-2024 21-10-2025</td> </tr> </tbody> </table> <p>Explanation: In a Board comprising 7 members, one third works out to be 2.33 in which fraction is below half (i.e. 0.5). The fraction contained in such one-third is not rounded up as one as presently the two independent directors on board possess the requisite competencies, skills, knowledge and experience to effectively discharge and execute their duties in accordance with applicable law and regulations. As they fulfill all necessary requirements under the relevant legal and regulatory framework, the appointment of third independent director is not warranted.</p>	Category	Name	Date of Appointment	Independent Directors	Syed Zubair Ahmed Shah Mr. Hasan Ahmed	25-05-2023 09-09-2025	Executive Directors (ED)	Mr. Shahid Iqbal Choudhri	28-07-2025	Non-Executive Directors (NED)	Mr. Muhammad Imran Malik- (NBP Nominee) Khawaja Waheed Raza Mr. Fouad Farrukh (NBP Nominee) Ms. Tosheeba Sarwar (Female director)	25-05-2023 25-05-2023 09-05-2024 21-10-2025	3(2)	✓	
Category	Name	Date of Appointment														
Independent Directors	Syed Zubair Ahmed Shah Mr. Hasan Ahmed	25-05-2023 09-09-2025														
Executive Directors (ED)	Mr. Shahid Iqbal Choudhri	28-07-2025														
Non-Executive Directors (NED)	Mr. Muhammad Imran Malik- (NBP Nominee) Khawaja Waheed Raza Mr. Fouad Farrukh (NBP Nominee) Ms. Tosheeba Sarwar (Female director)	25-05-2023 25-05-2023 09-05-2024 21-10-2025														
3.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries. The casual vacancy occurring on the Board was filled up by the directors within 90 days.	3(5)	✓													

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4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as board members under the provisions of the Act.	3(7)	✓	
5.	The Chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓	
6.	The Chairman has been elected by the Board of directors except where the Chairman of the board has been appointed by the Government.	4(4)	✓	
7.	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)		✓
8.	(a) The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (www.nbmodaraba.com) (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5) (b) (ii)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5) (b)(vi)	✓	
12.	a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service. b) A committee has been formed to investigate deviations from the Company's Code of conduct.	5(5) (c)(ii)	✓ ✓	
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)		N/A
14.	The Board has developed a vision or mission statement, corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	5(6) & 5(7)	✓	
15.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)		N/A
16.	The Board has ensured compliance with the policy directions requirements received from the Government.	5(11)		N/A
17.	(a) The Board has met at least four times during the year. (b) Written Policies of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meetings.	6(1) 6(2) 6(3)	✓ ✓ ✓	

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	(c) The minutes of the meetings were appropriately recorded and circulated.																					
18.	<p>(a) The performance evaluation of the members of the Board, including the Chairman and Chief Executive shall be undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of appointment.</p> <p>(b) The Board has monitored and assessed the performance of the senior management on annual basis and goals and key performance indicators set for this purpose.</p>	8(1) & 8(2)		✓																		
19.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓																			
20.	<p>(a) The Board has approved the statement of profit or loss for, statement of comprehensive income and statement of financial position as at the end of, the first, second and third quarter of the year as well as the financial year end.</p> <p>(b) The Board has ensured that half yearly accounts are prepared and reviewed by the external auditors.</p> <p>(c) The board has placed the annual financial statements on the Company's website.</p>	10	✓ ✓	✓																		
21.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	✓																			
22.	<p>(a) The board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the Board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table border="1" data-bbox="381 1545 1209 1937"> <thead> <tr> <th>Committee</th> <th>Number of members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>03</td> <td>Mr. Hasan Ahmed</td> </tr> <tr> <td>Human Resources Committee</td> <td>03</td> <td>Syed Zubair Ahmad Shah</td> </tr> <tr> <td>Nomination Committee</td> <td></td> <td>-</td> </tr> <tr> <td>Procurement Committee</td> <td></td> <td>-</td> </tr> <tr> <td>Risk Management Committee</td> <td>02</td> <td>Khawaja Waheed Raza</td> </tr> </tbody> </table>	Committee	Number of members	Name of Chair	Audit Committee	03	Mr. Hasan Ahmed	Human Resources Committee	03	Syed Zubair Ahmad Shah	Nomination Committee		-	Procurement Committee		-	Risk Management Committee	02	Khawaja Waheed Raza	12	✓ ✓ ✓	✓
Committee	Number of members	Name of Chair																				
Audit Committee	03	Mr. Hasan Ahmed																				
Human Resources Committee	03	Syed Zubair Ahmad Shah																				
Nomination Committee		-																				
Procurement Committee		-																				
Risk Management Committee	02	Khawaja Waheed Raza																				

Signature



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23.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment. The chief Financial Officer and the Company secretary have requisite qualification prescribed in the Rules.	13/14	✓									
24.	The company has adopted International Financial Reporting Standards notified by the Commission under sub-section (1) of section 225 of the Act.	16	✓									
25.	The director's report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓									
26.	The directors, CEO and executives or their relatives, are not directly or indirectly, concerned or interested in any contract or arrangements entered into by or on behalf of the Company except those disclosed to the Company.	18	✓									
27.	A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. The annual report of the Company contains criteria and details of remuneration of each director.	19	✓									
28.	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval of the audit committee and the Board.	20	✓									
29.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members:	21(1) & 21 (2)	✓									
<table border="1"> <thead> <tr> <th>Name of member</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Mr. Hasan Ahmed</td> <td>Chairman</td> </tr> <tr> <td>Syed Zubair Ahmed Shah</td> <td>Member</td> </tr> <tr> <td>Khawaja Waheed Raza</td> <td>Member</td> </tr> </tbody> </table>			Name of member	Category	Mr. Hasan Ahmed	Chairman	Syed Zubair Ahmed Shah	Member	Khawaja Waheed Raza	Member		
Name of member	Category											
Mr. Hasan Ahmed	Chairman											
Syed Zubair Ahmed Shah	Member											
Khawaja Waheed Raza	Member											
The Chief Executive and Chairman of the Board are not members of the audit committee.		✓										
30.	<p>a) The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors attended all meeting of the Audit Committee at which issue relating to accounts and audit were discussed.</p> <p>b) The Audit Committee met the external auditors, at - least once a year, without the presence of Chief Financial Officer, the Chief Internal Auditors and other executives.</p> <p>c) Th audit committee met the chief internal auditors and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.</p>	21(3)	✓									
31.	<p>a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.</p> <p>b) The chief internal auditor has requisite qualification and experience prescribed in the rules.</p> <p>c) The internal audit reports have been provided to the external auditors for their review.</p>	22	✓	✓								
32.	The Company has appointed its external auditors in line with the requirements envisaged under the rules.	23	✓									
33.	The External Auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accounts (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓									



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34.	The External Auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.	23(5)	✓	
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III. Certain additional disclosures, required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 (The Regulations)

1. The total number of directors are Seven (7) as per the following:
 - a) Male: 6
 - b) Female: 1
2. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / certificate holders as empowered by the relevant provisions of the Act and the Regulations;
3. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
4. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;
5. Three directors of the Company are exempted from the requirement of Directors' Training Program (DTP) on the basis of exemption criteria. Three directors have already obtained the DTP certification. Being a responsible and compliant Company, the remaining one director is expected to attain DTP certification in due course of time;
6. CFO and CEO duly endorsed the financial statements before approval of the Board;
7. The Board has formed committees comprising of members given below:

a) **Audit Committee (AC)**

Chairman	Mr. Hasan Ahmed
Member (NED)	Khawaja Waheed Raza
Member (NED)	Syed Zubair Ahmed Shah

b) **Human Resource and Remuneration Committee (HR & RC)**

Chairman (NED)	Syed Zubair Ahmed Shah
Member (NED)	Mr. Muhammad Imran Malik
Member (NED)	Khawaja Waheed Raza

c) **Risk Management Committee (RMC)**

Chairman (NED)	Khawaja Waheed Raza
Member (NED)	Mr. Muhammad Imran Malik

8. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following:

a) Audit Committee	4 (Quarterly)
b) Human Resource and Remuneration Committee	1 (Annually-As per need)
c) Risk Management Committee	Nil (As per need)
d) Nomination Committee	N/A

9. The Board has established an effective internal audit function comprising individuals who are suitably qualified and experienced for the role and are well-versed in the Company's policies and procedures. However, the Chief Internal Auditor does not meet the specified qualification criteria;
10. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and they and the



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partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or director of the Company;

11. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
12. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied.
13. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below :

Sr. No.	Regulation Ref. no.	Requirement	Explanation of non-compliance
1	10(A)	The Board oversees sustainability risks and opportunities by setting strategies, priorities, and targets to enhance long-term corporate value. The Board takes appropriate measures to assess and mitigate climate-related and other emerging risks. The Board may establish a dedicated sustainability committee having at least one female director or assign additional responsibilities to an existing board committee. The committee monitors sustainability risks, ensures compliance, and submits an annual report to the Board. The directors' report provides disclosures on sustainability risk management and compliance efforts.	Due to the existing litigation initiated by Registrar Modaraba SECP against the Company and its managed Modaraba, the Company and its Modaraba has minimal business activities. Needful will be done after Modaraba Tribunal's favorable decision and resumption of business activities.
2	19	By June 30, 2022 all the directors on the Board should have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it. A newly appointed director on the Board may acquire, the directors training program certification within a period of one year from the date of appointment as a director on the Board.	Company has requested one newly appointed director to obtain the requisite DTP certification in due course.
3	23	No person shall be appointed as the Head of Internal Audit unless they meet specific qualification and experience criteria. The candidate must either: (i) have three years of relevant experience in audit, finance, or compliance and be a member of the Institute of Chartered Accountants of Pakistan (ICAP) or the Institute of Cost and Management Accountants of	Head of Internal Auditor has been appointed on Acting basis. After resumption of business activities, suitable person meeting the requisite qualification and experience criteria will be appointed on the said position.

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		<p>Pakistan (ICMAP); (ii) have five years of relevant experience in audit, finance, or compliance and hold a certification such as Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Certified Internal Control Auditor (CICA), or a postgraduate degree in business or finance from a Higher Education Commission (HEC)-recognized university, along with membership in a relevant professional body if applicable; or (iii) have at least seven years of managerial experience in audit, accounting, financial, or corporate affairs and hold a suitable graduate degree from an HEC-recognized university in Pakistan or abroad.</p> <p>However, an exemption is granted to the existing Head of Internal Audit of a listed company if they have held the same position for at least fifteen years in a listed company.</p>	
4	29 (1)	<p>The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>	<p>The Board has not formed the Nomination Committee as the responsibility of this committee is being taken care of at the Board Level as and when required. Therefore, a need for separate formation of this committee does not exist for the time being. The management ensures for compliance during the next year.</p>

EXPLANATION FOR NON-COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with [except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year:

Sr. No.	Rule / sub-rule no.	Reason for non-compliance	Future course of action
1	5(2)	<p>Keeping in view the emergent situation to meet the statutory requirements, Chief Executive (CEO) of the Company was appointed by the Board through internal hiring amongst the Board members, who fully met the fit and proper criteria prescribed in the rules as well as SECP guidelines. Appointment of CEO was duly approved by Registrar Modaraba, SECP without imposing any condition regarding seeking approval of his nomination/appointment from the</p>	<p>Registrar Modaraba, SECP has approved appointment of CEO with no condition imposed regarding approval of his nomination/appointment by the Government. Should SECP or parent bank issue any such directives in the future, we will strictly comply therewith.</p>



National Bank Modaraba Management Company Limited

(An Islamic Financial Institution)
(A subsidiary of National Bank of Pakistan)

		<p>Government. Neither, any such condition was imposed on us by the government/SECP when previous CEOs of the Company were appointed. The said condition is not applicable on the Company on the following grounds:</p> <ul style="list-style-type: none"> ➤ As per our understanding, Rule 5(2) read with provisions of Companies Act 2017 (Section 187 "Appointment of Subsequent Chief Executive") authorizes the Board to appoint the CEO. Since the majority of directors in the Company are not government-nominated, this appointment power rests solely with the Board without requiring government nomination. ➤ Clause 25 of Articles of Association of the Company empowers its Board to appoint CEO in accordance with Companies Ordinance 1984 (Repealed by Companies Act 2017). <p>Extensive efforts were made by the Company for hiring suitable person on the vacant position of CEO from the market (including recruitment through advertisement in newspapers, interview and shortlisting of candidates) which remained unproductive, particularly due to heavy accumulated losses of the Company and its Modaraba and litigation initiated against them by Registrar Modaraba, SECP before the Modaraba Tribunal.</p>	
2	8(1)	Due to litigation initiated by Registrar Modaraba SECP, the Company has minimal business activities. Keeping this in view, the performance evaluation of members of the Board including the chairman was NOT undertaken as per requirements of the Rules.	Noted for future compliance
3	8(2)	Senior management comprises of three Management Committee members. They attend the Board meetings/ Board Committee meetings wherein Board and its Committees monitor and evaluate their performance. The Board's HR Committee assesses senior management performance and recommends salary increments to the Board as and when required.	A more elaborative and frequent monitoring an assessment system will be developed after Modaraba Tribunal's decision, and resumption of business operations by the Modaraba being managed by the Company
4	10(1)	Company has minimal business activities and retained limited staff due to litigation initiated by Registrar Modaraba, SECP. Keeping this in view,	Noted for future compliance.

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National Bank Modaraba Management Company Limited

(An Islamic Financial Institution)
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		the interim quarterly financial statements of the Company were not being prepared.	
5	12(1)	Nomination Committee and Procurement Committee were previously formed, comprising of senior management. However, due to minimal business activities of both the entities, a need for separate formation of these committee does not exists for the time being. Responsibility of these committees is being taken care of at the Board Level as and when required. After Modaraba Tribunal's decision and resumption of adequate business operations of the managed Modaraba, these committees will be formed for compliance with the Rules.	Noted for future compliance.
6	22(2)	The Chief Internal Auditor has been appointed on acting basis. After resumption of business activities, a qualified auditor will be hired.	Noted for future compliance.


CHIEF EXECUTIVE OFFICER


CHAIRMAN

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NATIONAL BANK MODARABA MANAGEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **NATIONAL BANK MODARABA MANAGEMENT COMPANY LIMITED** ("the Company"), which comprise the statement of financial position as at December 31, 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2025 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter: Financial Statements prepared on a basis other than Going Concern

We draw attention to Note 3 to the financial statements which describes that the going concern basis has not been used in preparation of these financial statements. As a result, the financial statements for the year ended December 31, 2025, have been prepared by recording assets at estimated realizable values and liabilities at amounts payable. Our opinion is not modified in respect of this matter.

13/11/25

Information Other than the Financial Statements and Auditors' Report Thereon

Management of the Company is responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting. When such use is inappropriate and management uses an alternative basis of accounting, we conclude on the appropriateness of management's use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Imran.

LAHORE

DATED: 29 APR 2026

UDIN: AR202510131u6xNkzKZ1


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS



NATIONAL BANK MODARABA MANGEMENT COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	2025 Rupees	2024 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	8	242,000	-
Investment in managed modaraba	9	-	-
		<u>242,000</u>	<u>-</u>
CURRENT ASSETS			
Short term investments - amortized cost	10	136,000,000	134,000,000
Advances, deposits, prepayments and other receivables	11	734,463	679,951
Management fee receivable	12	-	-
Taxation - net	16	175,211	-
Cash and bank balances	13	2,277,059	2,340,558
		<u>139,186,733</u>	<u>137,020,509</u>
CURRENT LIABILITIES			
Trade and other payables	14	1,163,789	1,860,311
Payable to National Bank of Pakistan	15	108,977,317	103,862,011
Taxation - net	16	-	2,126,597
		<u>110,141,106</u>	<u>107,848,919</u>
WORKING CAPITAL			
		<u>29,045,627</u>	<u>29,171,590</u>
TOTAL CAPITAL EMPLOYED AND NET WORTH			
		<u>29,287,627</u>	<u>29,171,590</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Authorized share capital	17	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid up capital	17	105,000,000	105,000,000
Revenue reserves:			
Accumulated loss		(75,712,373)	(75,828,410)
		<u>29,287,627</u>	<u>29,171,590</u>
CONTINGENCIES AND COMMITMENTS			
	18		

The annexed notes from 1 to 36 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR



NATIONAL BANK MODARABA MANGEMENT COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 Rupees	2024 Rupees
Management fee	19	-	394,760
Other income	20	16,367,464	26,448,809
		<u>16,367,464</u>	<u>26,843,569</u>
Administrative expenses	21	(16,196,245)	(9,428,791)
Provision for doubtful management fee	12.3	-	(457,922)
Bank charges		(4,800)	(1,950)
		<u>(16,201,045)</u>	<u>(9,888,663)</u>
Profit before taxation and levy		166,419	16,954,906
Levy	22	-	-
Profit before taxation		<u>166,419</u>	<u>16,954,906</u>
Taxation	23	(50,382)	(5,053,672)
Profit after taxation		<u><u>116,037</u></u>	<u><u>11,901,234</u></u>
Earnings per share - basic and diluted	25	<u><u>0.01</u></u>	<u><u>1.13</u></u>

The annexed notes from 1 to 36 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER

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DIRECTOR



NATIONAL BANK MODARABA MANGEMENT COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Rupees	2024 Rupees
Profit after taxation	116,037	11,901,234
Other comprehensive income		
Items that will be reclassified to profit or loss	-	-
Items that will not be reclassified to profit or loss	-	-
	-	-
Total comprehensive income for the year	116,037	11,901,234

The annexed notes from 1 to 36 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER





DIRECTOR

NATIONAL BANK MODARABA MANGEMENT COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Issued, subscribed and paid-up share capital	Revenue reserves	Total
		Accumulated losses	
(Rupees)			
Balance as at January 01, 2024	105,000,000	(87,729,644)	17,270,356
Total comprehensive income for the year			
Profit for the year	-	11,901,234	11,901,234
Other comprehensive income	-	-	-
	-	11,901,234	11,901,234
Balance as at December 31, 2024	105,000,000	(75,828,410)	29,171,590
Total comprehensive income for the year			
Loss for the year	-	116,037	116,037
Other comprehensive income	-	-	-
	-	116,037	116,037
Balance as at December 31, 2025	105,000,000	(75,712,373)	29,287,627

The annexed notes from 1 to 36 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

NATIONAL BANK MODARABA MANGEMENT COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		166,419	16,954,906
Adjustments for non-cash items:			
Depreciation	8.1	33,687	25,372
Liability written back	20	521,582	-
Reversal of impairment loss	20	(2,500,000)	-
Profit on bank deposits and short term investments	20	(13,867,464)	(26,448,809)
		<u>(15,812,195)</u>	<u>(26,423,437)</u>
Net cash flow before working capital changes		(15,645,776)	(9,468,531)
Increase in current assets			
Advances, deposits, prepayments and other receivables		(54,512)	(9,140)
		<u>(54,512)</u>	<u>(9,140)</u>
Increase in current liabilities			
Trade and other payables		(696,522)	263,936
Payable to National Bank of Pakistan		5,115,306	(1,218,892)
		<u>4,418,784</u>	<u>(954,956)</u>
Cash used in operations		(11,281,504)	(10,432,627)
Taxes paid		(2,352,190)	(3,557,118)
Net cash used in operating activities		<u>(13,633,694)</u>	<u>(13,989,745)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Profit received on bank deposits and short term investments		13,345,882	27,203,410
Recieved from managed Modaraba against impaired management fee		2,500,000	-
Investment made in property, plant and equipment		(275,687)	-
Purchase of short term investments		(406,500,000)	(520,576,000)
Sale of short term investments		404,500,000	505,076,000
Net cash generated from investing activities		<u>13,570,195</u>	<u>11,703,410</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flow from financing activities		-	-
Net decrease in cash and cash equivalentents		(63,499)	(2,286,335)
Cash and cash equivalentents at the beginning of the year		2,340,558	4,626,893
Cash and cash equivalentents at the end of the year		<u>2,277,059</u>	<u>2,340,558</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

NATIONAL BANK MODARABA MANGEMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1 LEGAL STATUS AND NATURE OF BUSINESS

National Bank Modaraba Management Company Limited ("the Company") was incorporated on August 06, 1992 in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is a wholly-owned subsidiary of National Bank of Pakistan ("the Holding Company"). The purpose of the Company is to float modarabas and manage modarabas funds. The Company has floated "First National Bank Modaraba" in December 2003.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at Ground Floor, NBP Regional Head Quarter Building, 26 - McLagan Road, Lahore.

3 GOING CONCERN ASSUMPTION

The Company's managed modaraba "First National Bank Modaraba" ("the Modaraba") is suffering from losses since 2013 as no new leasing agreements were executed by Modaraba. During the half year ended December 31, 2025, the Modaraba made a loss before 'Modaraba Management Company's Fee' of Rs. 0.495 million. Current liabilities exceeded its current assets by Rs. 67.25 million (June 2025: Rs. 69.900 million) and its accumulated losses amounted to Rs. 321.329 million (June 2025: Rs. 321.048 million). Furthermore, short term running finance facility obtained by First National Bank Modaraba from National Bank of Pakistan (NBP) was expired on October 31, 2019, that has yet not been renewed and markup outstanding thereupon is still payable.

In purview of the consistent losses of the Modaraba, Winding up petition has been filed by the Registrar Modaraba on June 16, 2020, under section 23 (1)(ii)(b) of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 before the Honorable Tribunal Lahore based on the grounds that as per audited accounts for the year ended June 30, 2017, 2018, and 2019 the accumulated losses of the Modaraba had exceeded more than fifty percent of the total amount subscribed by the Modaraba Certificate holders. The case is pending in Banking Court and the next date of hearing is April 15, 2026. Further, the trading in the certificates of Modaraba has already been suspended and the name of Modaraba is included in the defaulter list at PSX. In this regard, the management of the Company is of view that it will continue the Modaraba as it believes that the Modaraba would earn sufficient profits in future to overcome the respective losses and accordingly defending the case against the Registrar's apprehensions.

Since, the only business of the Company is to manage the Modaraba and keeping in view above legal proceedings initiated by the Registrar may likely result against the Modaraba. Consequently, the management has prepared the financial statements on non-going concern basis and has used the estimated realizable / settlement values of the assets and liabilities respectively.

4 BASIS OF PREPARATION

4.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and The Modaraba Companies and Modaraba Rules, 1981.

In case requirements differ, Provisions of and directives issued under the Companies Act, 2017, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and The Modaraba Companies and Modaraba Rules, 1981 shall prevail.

4.2 Basis of preparation

These are the separate financial statements of the Company in which investment in managed modaraba is accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. The Company applies exemption with respect to preparation of consolidated financial statements as provided in paragraph 4 of " IFRS 10-Consolidated Financial Statements " as National Bank of Pakistan ("the Ultimate Parent Company") has consolidated the financial statements of the managed modaraba as the Ultimate Parent Company.

Accordingly, the consolidated financial statements of the Company have not been prepared and these separate financial statements are the only financial statements of the Company.

4.3 Basis of measurement

These financial statements have been prepared under realizable value basis except as disclosed otherwise in these financial statements.

4.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of accounting and reporting standards, as applicable in Pakistan that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are documented in the following accounting policies and notes, and relate primarily to:

	<u>Note</u>
a) Provision for taxation	7.7
b) Useful life, residual values and method of depreciation of operating fixed assets	7.1
c) Impairment of non-financial / financial assets	7.3
d) Valuation of investment	7.2

6 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

6.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2025

The following standards, amendments and interpretations are effective for the year ended December 31, 2025. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

The IASB issued Disclosures about Uncertainties in the Financial Statements - Illustrative examples, which amended multiple IFRS Accounting Standards to include illustrative examples demonstrating how companies can apply IFRS Accounting Standards when reporting the effects of uncertainties in their financial statements.

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6.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Amendments regarding translations to a hyperinflationary presentation currency	January 01, 2027
IFRS 17 Insurance Contracts	January 01, 2027
IFRS 18 'Presentation and Disclosures in Financial Statements'	January 01, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

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7 MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements.

7.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment, if any. Cost of property and equipment consists of historical cost and directly attributable costs of bringing assets to their present location and condition.

Subsequently property, and equipment are measured using cost model at cost less subsequent accumulated depreciation and impairment, if any.

Depreciation is charged to statement of profit or loss by applying straight line method at the rates specified in note 8 to these financial statements. Depreciation on additions is charged when the asset is available for use till its derecognition.

Normal repairs and maintenance are taken to statement of profit or loss, as and when incurred. Major replacements are capitalized and the assets so replaced, if any, are retired. Gain and loss on disposal of assets is taken to the statement of profit or loss.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

7.2 Investments

Investment in managed modaraba is initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Where impairment loss subsequently reverses, the carrying amount of investment is increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the profit or loss.

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7.3 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation / amortization and are tested annually for impairment. Assets that are subject to depreciation / amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash - generating units). Non - financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

7.4 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

7.5 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the company becomes the party to the contractual provisions of the instruments. The company derecognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. While a financial liability or part of financial liability is derecognized from the statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets are investments, advances, deposits, other receivables, cash and bank balances. Except for held to maturity investment, these are stated at the fair value as reduced by impairment, if any.

Financial liabilities are classified according to the substance of the contractual arrangements. Significant financial liabilities are balances due towards the Holding Company and accrued and other liabilities. These liabilities are stated at their amortized cost.

7.5.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

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Classification of financial assets

a) Debt instruments measured at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost and effective interest method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries cash and cash equivalents and trade receivables at amortized cost.

b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured subsequently at FVTOCI.

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

c) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company carries investments in self managed securities at FVTOCI.

d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)

By default, all other financial assets are measured subsequently at FVTPL.

As at reporting date, the Company carries investments in securities classified at FVTOCI.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost or at FVTOCI, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables by using simplified approach. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- a) when there is a breach of financial covenants by the debtor; or
- b) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

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Write-off policy

The Company writes off financial assets when there is information indicating that the amount is not recoverable due to the conflict in invoices with customer. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the statement of profit or loss.

7.5.2 Financial liabilities

Subsequent measurement of financial liabilities

Financial liabilities that are not:

- a) contingent consideration of an acquirer in a business combination,
- b) held for trading, or
- c) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

7.5.3 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize assets and settle liabilities simultaneously.

7.6 Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Management fee is recognized when the right to receive has been established based on profit before tax of managed modaraba.

Interest on bank accounts/ deposits is recognized using effective interest rate method.

Dividend income is recognized when the right to receive has been established based on profit of managed modaraba.

Interest on treasury bills is recognized on time proportion basis.

7.7 Taxation

a) Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

b) Deffered Tax

Deferred tax is provided using the balance sheet method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

7.8 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss account. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as current income tax for the year, is then recognized as a levy.

7.9 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

7.10 Management fee receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. An impairment allowance i.e. expected credit loss is calculated based on actual credit loss experience over the past years. The Company recognizes a loss allowance based on lifetime ECLs at each reporting date. The impairment allowance is recognized in the statement of profit or loss. These assets are written off when there is no reasonable expectation of recovery.

7.11 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

7.12 Trade and other payables

Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

7.13 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs, net of tax, directly attributable to the issue of new shares are shown as a deduction in equity.

7.14 Related party transactions

Transactions with related parties are based as approved by the Board of Directors and are conducted at normal commercial rates on the same terms and conditions as applicable to third party transactions.

8 PROPERTY AND EQUIPMENT

The following is the statement of property, plant and equipment:

Description	Office equipment	Vehicles	Computer and accessories	Furniture and fittings	Total
	(Rupees)				

Net carrying value basis

year ended December 31, 2025

Opening net book value (NBV)	-	-	-	-	-
Addition during the year (cost)	275,687	-	-	-	275,687
Depreciation charge	(33,687)	-	-	-	(33,687)
Closing net book value	242,000	-	-	-	242,000

Gross carrying value basis

year ended December 31, 2025

Cost	1,018,758	2,295,700	924,486	1,102,333	5,341,277
Accumulated depreciation	(776,758)	(2,295,700)	(924,486)	(1,102,333)	(5,099,277)
Net book value	242,000	-	-	-	242,000

Net carrying value basis

year ended December 31, 2024

Opening net book value (NBV)	-	-	25,372	-	25,372
Addition during the year (cost)	-	-	-	-	-
Depreciation charge	-	-	(25,372)	-	(25,372)
Closing net book value	-	-	-	-	-

Gross carrying value basis

year ended December 31, 2024

Cost	743,071	2,295,700	924,486	1,102,333	5,065,590
Accumulated depreciation	(743,071)	(2,295,700)	(924,486)	(1,102,333)	(5,065,590)
Net book value	-	-	-	-	-

Depreciation rate % per annum	10-20%	20%	33%	10%
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8.1 Depreciation charge for the year has been allocated to administrative expenses.

8.2 The Company is utilizing fully depreciated assets including office equipments, vehicles, computers and accessories and furniture and fittings during the year.

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	Note	2025 Rupees	2024 Rupees
9 INVESTMENT IN MANAGED MODARABA			
Managed modaraba - First National Bank Modaraba (related party) 7,500,000 (2024: 7,500,000) certificates of Rs. 10/- each		75,000,000	75,000,000
Accumulated impairment	9.1	<u>(75,000,000)</u>	<u>(75,000,000)</u>
		<u>-</u>	<u>-</u>
9.1 Accumulated impairment			
Opening balance		(75,000,000)	(75,000,000)
Impairment loss arising during the year		-	-
		<u>(75,000,000)</u>	<u>(75,000,000)</u>
9.2 The Company holds 30% (2024: 30%) of voting power in First National Bank Modaraba.			
9.3 Due to reason stated in Note 3, whole amount of the investment was impaired in prior years.			
9.4 Summarized financial information as at and six months ended December 31, 2024 of the First National Bank Modaraba is as follows:			

	Note	(Un-audited) December 31, 2025 Rupees	(Audited) June 30, 2025 Rupees
Current assets		<u>393,893,079</u>	<u>381,050,511</u>
Non-current assets		<u>41,439,378</u>	<u>44,371,815</u>
Total assets		<u>435,332,457</u>	<u>425,422,326</u>
Total liabilities (all current)		<u>461,142,628</u>	<u>450,950,807</u>
Net assets		<u>(25,810,171)</u>	<u>(25,528,481)</u>
Income from operations		<u>16,710,325</u>	<u>40,848,677</u>
(Loss) for the period / year		<u>(281,690)</u>	<u>(4,683,485)</u>

10 SHORT TERM INVESTMENTS

At amortized cost			
Terms deposits receipts			
NBP Aitemad - Islamic Banking	10.1	<u>136,000,000</u>	<u>134,000,000</u>

10.1 This represents investment made in Term Deposit Receipts (TDRs) with NBP Aitemad - Islamic Banking. This investment will mature on March 18, 2026. These carry mark-up ranging from 9.5% to 9.8% (2024: 9.75% - 20%) per annum.

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	Note	2025 Rupees	2024 Rupees
11			
ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advance against expenses		105,000	25,000
Accrued profit on bank deposits		509,963	535,451
Prepayments		94,500	94,500
Security deposit		25,000	25,000
		<u>734,463</u>	<u>679,951</u>

12 MANAGEMENT FEE RECEIVABLE

Unsecured

Considered doubtful

Gross fee	12.1	3,444,017	5,944,017
Less: Provision for doubtful debt	12.2	<u>(3,444,017)</u>	<u>(5,944,017)</u>
		<u>-</u>	<u>-</u>

12.1 It is management fee receivable from the related company First National Bank Modaraba.

12.2 Provision is booked for the whole amount receivable from First National Bank Modaraba due to the reasons disclosed in note 3 of the financial statements. During the year, the Company recovered an amount of Rs. 2.5 million against this provision, which has been recognized in profit or loss under other income.

12.3 Movement in provision for doubtful debt

Balance at the beginning of the year		5,944,017	5,486,095
Addition during the year		-	457,922
Reversal during the year		<u>(2,500,000)</u>	-
		<u>(2,500,000)</u>	<u>457,922</u>
Balance at end of the year		<u>3,444,017</u>	<u>5,944,017</u>

12.4 The aging of management fee receivable at the reporting date is as follows:

Past due and impaired

31-60 days		-	457,922
Above 60 days		3,444,017	5,486,095
		<u>3,444,017</u>	<u>5,944,017</u>

12.5 The maximum amount due from First National Bank Modaraba at the end of any month during the year was Rs. Nil (2024: Rs. 5.944 million).

	Note	2025 Rupees	2024 Rupees
13 CASH AND BANK BALANCES			
Cash in hand including call depository receipts		14,888	-
Cash at bank:			
Current account		-	15,146
Savings accounts			
National Bank of Pakistan - related party	13.1	1,574,799	443,238
NBP Aitemad Islamic Banking- related party	13.2	672,977	1,796,093
Others	13.3	14,395	86,081
		<u>2,277,059</u>	<u>2,340,558</u>

13.1 This carries markup at the rate ranging from 4% to 7% (2024: 11.92% to 20.81%) per annum.

13.2 This carries markup at the rate ranging from 4% to 7% (2024: 5.20% to 8.50%) per annum.

13.3 Rate of markup on other banks saving accounts ranges from 4% to 7% (2024: 4.25% to 12.25%) per annum.

14 TRADE AND OTHER PAYABLES

Accrued expenses		344,060	1,040,581
Sales tax payable		819,729	819,730
		<u>1,163,789</u>	<u>1,860,311</u>

15 PAYABLE TO NATIONAL BANK OF PAKISTAN - RELATED PARTY

Opening balance		103,862,011	105,080,903
Rent and utilities		3,208,860	2,768,565
Communication		9,574	8,822
Janitorial Services		1,488,915	1,233,696
Repairs and maintenance		762,067	-
Miscellaneous expenses		573,640	342,069
		<u>109,905,067</u>	<u>109,434,055</u>
Payments made during the year		(927,750)	(2,082,750)
Liability written back	15.1	-	(3,489,294)
	15.2	<u>108,977,317</u>	<u>103,862,011</u>

15.1 This represents the liability related to prior year's payable balance that is no longer payable to National Bank of Pakistan by the Company as confirmed by the National Bank of Pakistan.

15.2 This balance has been accumulated over the years due to payments made by National Bank of Pakistan on behalf of the Company.

	Note	2025 Rupees	2024 Rupees
16 TAXATION/LEVY - NET			
Opening balance		2,126,597	630,043
Add: Prior year adjustment	23	-	-
		<u>2,126,597</u>	<u>630,043</u>
Add: Taxation for the year	23	50,382	5,053,672
Add: Levy for the year		-	-
		<u>2,176,979</u>	<u>5,683,715</u>
Less: Payment / adjustments against advance tax		<u>(2,352,190)</u>	<u>(3,557,118)</u>
		<u>(175,211)</u>	<u>2,126,597</u>

17 SHARE CAPITAL

17.1 Authorized share capital

	2025	2024		
Number of ordinary shares of Rs. 10/- each				
	<u>15,000,000</u>	<u>15,000,000</u>		
			<u>150,000,000</u>	<u>150,000,000</u>

17.2 Issued, subscribed and paid-up

	2025	2024		
Number of ordinary shares of Rs. 10/- each				
	<u>10,500,000</u>	<u>10,500,000</u>	Fully paid in cash	
				<u>105,000,000</u>
				<u>105,000,000</u>

**Number of
Shares** **Rupees**

17.2.1 Movement of share capital is as follows:

Opening balance	10,500,000	105,000,000
Shares issued during the year	-	-
Closing balance	<u>10,500,000</u>	<u>105,000,000</u>

17.2.2 10,499,000 (2024: 10,499,000) 100% ordinary shares of Rs. 10 each held by Parent Company, National Bank of Pakistan (NBP).

17.2.3 There is no shareholder agreement for voting rights, board selection, rights of first refusal and block voting.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingent liabilities

- 18.1.1 The order issued under section 161(1) of the Income Tax Ordinance, 2001, for the tax year 2017, raising a tax demand of Rs. 4,958,043/-, was appealed before the Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) passed an appellate order on 20 November 2024, deleting the tax demand of Rs. 4,608,636/-, with respect to the remaining demand of Rs. 349,407/-, the matter has been remanded back to the assessing officer for reassessment, which is pending. The Company expects the favorable outcome of it.
- 18.1.2 The notice issued under section 161(1) of the Income Tax Ordinance, 2001, for the tax year 2016, raising a tax demand of Rs. 304,657/-, was appealed before the Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) remanded back the case and a comprehensive reply has been submitted to Inland Revenue Officer dated June 23, 2025 by the Company, the matter is pending for adjudication. The Company expects the favorable outcome of it.
- 18.1.3 The notice issued under section 161(1A) of the Income Tax Ordinance, 2001, for the Tax Year 2018, dated January 09, 2025, raised a tax demand of Rs. 65,175/-. The notice was received by the Company as a result of the order of the Commissioner Inland Revenue (Appeals) remanding the matter relating to salaries expense for reassessment. A comprehensive reply to the notice was submitted to the Inland Revenue Officer. The matter is currently pending adjudication and the Company expects a favorable outcome.
- 18.1.4 The notice issued under section 161(1A) of the Income Tax Ordinance, 2001, for the Tax Year 2020, dated February 11, 2026, raised a tax demand of Rs. 1,943,000/-. The notice was received by the Company for tax not deducted/collected. A comprehensive reply to the notice was submitted to the Inland Revenue Officer in March 2026. The matter is currently under process and the Company expects a favorable outcome.

18.2 Commitments

There are no commitments as at the reporting date (2024: Nil).

	Note	2025 Rupees	2024 Rupees
19 MANAGEMENT FEE			
Gross revenue		-	457,922
Less: Sales tax		-	(63,162)
		<u>-</u>	<u>394,760</u>
19.1 Management fee is charged to managed modaraba at the rate of 10% of profit before tax.			
19.2 Timing of revenue recognition - net			
Goods and services transferred over time		<u>-</u>	<u>394,760</u>
19.3 Geographical market			
Pakistan		<u>-</u>	<u>394,760</u>

	Note	2025 Rupees	2024 Rupees
20 OTHER INCOME			
Markup earned from Shariah compliant Islamic banks			
Markup on term deposit receipts		13,155,940	22,463,577
Others			
Markup on deposit accounts		189,942	495,938
Reversal of impairment of management fee receivable		2,500,000	-
Liability written back		521,582	3,489,294
		<u>16,367,464</u>	<u>26,448,809</u>
21 ADMINISTRATIVE EXPENSES			
Salaries and benefits		6,254,389	984,302
Directors' meeting fee		2,050,000	2,200,000
Travelling and conveyance		443,219	533,014
Rent and utilities		4,707,349	4,011,083
Legal and professional		342,614	624,980
Auditors' remuneration	21.1	504,750	309,000
Fee and subscription		62,500	61,500
Depreciation	8	33,687	25,372
Repair and maintenance		894,422	125,352
Miscellaneous		772,061	464,630
Entertainment expense		131,254	30,718
Printing and stationary		-	8,440
Advertisement expense		-	50,400
		<u>16,196,245</u>	<u>9,428,791</u>
21.1 Auditors' remuneration			
Audit fee		295,000	289,000
Interim and quarterly review fee		189,750	-
Out of pocket expense		15,000	15,000
Code of corporate governance certification fee		5,000	5,000
		<u>504,750</u>	<u>309,000</u>
22 LEVY			
Levies		-	-
23 TAXATION			
Current			
-Current period		50,382	5,053,672
-Prior period		-	-
Net levy and tax charged		<u>50,382</u>	<u>5,053,672</u>

23.1 Reconciliation of tax charge

Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognized in the profit and loss account is as follows:

	Note	2025 Rupees	2024 Rupees
Current tax liability for the year as per applicable tax laws		50,382	5,053,672
Portion of current tax liability as per tax laws, representing income tax under IAS 12		(50,382)	(5,053,672)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		-	-
Difference		-	-

23.2 Relationship between tax expense and accounting profit

Profit / (loss) before taxation	166,419	16,954,906
Tax calculated at applicable rate of 29% (2024: 29%)	50,382	4,916,923
Levy	-	-
Utilization of deferred tax asset not recognized earlier	-	-
Deferred tax not recognized as asset during the year	-	136,749
Prior year tax charge	-	-
	50,382	5,053,672

23.3 Comparison of tax provision against tax assessments

Years	(Short)/excess (Rupees)	Tax provision (Rupees)	Tax assessment/ tax return (Rupees)
2024-25	2,003,324	5,053,672	3,050,348
2023-24	592,359	2,319,565	1,727,206
2022-23	119,803	706,675	586,872

23.4 As at June 30, 2025, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

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24 Deferred tax asset

Deferred tax asset amounting of Rs. 23.580 million (2024: Rs. 23.482 million) has not been recognized in these financial statements due to uncertainty of recoverability in future. Detail is as follows:

	Note	2025 Rupees	2024 Rupees
Deductible temporary difference on:			
Property and equipment		3,340	7,947
Provision for impaired investment in managed modaraba		21,750,000	21,750,000
Provision for doubtful management fee receivable		1,723,765	1,723,765
		<u>23,477,105</u>	<u>23,481,712</u>

25 (LOSS) / EARNING PER SHARE - BASIC AND DILUTED

Profit for the year (Rupees)	<u>116,037</u>	<u>11,901,234</u>
Weighted average number of ordinary shares outstanding during the year (Number)	<u>10,500,000</u>	<u>10,500,000</u>
Earning per share - basic and diluted (Rupees)	<u>0.01</u>	<u>1.13</u>

25.1 There is no dilutive effect on the basic earning per share of the Company.

26 RELATED PARTY TRANSACTIONS

Related parties comprise parent company, other associated undertakings, modaraba, directors and key management personnel of the Company. Significant transactions and balances with related parties, other than those disclosed elsewhere in these financial statements are as follows:

Party Name	Nature of transaction			
National Bank of Pakistan	Expenses incurred during the year	6,043,056	4,353,152	
	Investment made in treasury bills / term deposit receipts	406,500,000	520,576,000	
	Disposal of treasury bills / term deposit receipt	404,500,000	505,076,000	
	Payment made during the year against reimbursable expenses	927,750	2,082,750	
	Markup income on bank account	189,942	486,328	
	Markup on term deposit receipts	13,155,940	22,463,577	
	Payable balance	108,977,317	103,862,011	
	Liability written back	-	3,489,294	
	First National Bank Modaraba	Revenue from management fee	-	394,760
		Balance due and impaired	3,444,017	5,944,017
Chief Executive	Remuneration	5,607,888	-	
Directors	Meeting fee	2,050,000	2,200,000	

Following are the related parties with whom the Company had entered into transactions or have arrangements/ agreements in place.

<u>Name</u>	<u>Basis of relationship</u>	<u>Aggregate % of Shareholding</u>
National Bank of Pakistan	Parent Company	100.00%
First National Bank Modaraba	Managed Modaraba	-
Directors	Key management personnel	-

27 FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

27.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if the counter parties fail completely to perform as contracted. Credit risk arises principally from bank balances, investments and due from related party.

27.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the statement of financial position date was:

	2024	2023
	Rupees	Rupees
Advances, deposits and other receivables	639,963	585,451
Short term investments	136,000,000	134,000,000
Cash and bank balances	2,277,059	2,340,558
	<u>138,917,022</u>	<u>136,926,009</u>

The maximum exposure to credit risk for management fee receivable at the balance sheet date by type of customer is as follows:

Managed Modaraba	<u>3,444,017</u>	<u>5,944,017</u>
	2024	2023
	Rupees	Rupees

The aging of management fee receivable at the reporting date is:

Past due and impaired			
Past due 1-60 days	100%	-	457,922
Past due above 60 days	100%	3,444,017	5,486,095
		<u>3,444,017</u>	<u>5,944,017</u>

The credit quality of the Company's bank balances and terms deposit receipts held with banks can be assessed with reference to the external credit ratings as follows:

Banks	Agency	Rating	
		Short term	Long term
National Bank of Pakistan - related party	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
Albaraka Bank Pakistan Limited	JCR-VIS	A1	A+
Bank Islami Pakistan Limited	PACRA	A1	A+
The Bank of Punjab	PACRA	A1+	AA+
National Bank of Pakistan Aitemad Islamic Banking	JCR-VIS	A1+	AAA

Due to the Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal. However the concentration of credit risk is high.

27.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations, if any.

The following are contractual maturities of financial liabilities as at December 31, 2025:

Description	Carrying amount	Contractual cash flows	Up to one year		More than one year
			Up to one year	More than one year	
.....Rupee.....					
Trade and other payables	1,163,789	1,163,789	1,163,789		-
Payable to National Bank of Pakistan	108,977,317	108,977,317	108,977,317		-
	110,141,106	110,141,106	110,141,106		-

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The following are contractual maturities of financial liabilities as at December 31, 2024:

Description	Carrying amount	Contractual cash flows	Up to one year	More than one year
.....Rupee.....				
Trade and other payables	1,860,311	1,860,311	1,860,311	-
Payable to National Bank of Pakistan	103,862,011	103,862,011	103,862,011	-
	<u>105,722,322</u>	<u>105,722,322</u>	<u>105,722,322</u>	<u>-</u>

27.3 Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest / markup rates and equity prices will affect the value of its financial instruments. The company is exposed to following risks.

27.3.1 Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rate. The Company has no borrowing. However, saving accounts with commercial banks are subject to interest rate risk.

Financial assets	Effective interest rate (%)	2025 Rupees	2024 Rupees
Saving accounts	4.25% - 20.81%	2,262,171	2,325,412
Term deposit receipts	9.75% - 20%	136,000,000	134,000,000
		<u>138,262,171</u>	<u>136,325,412</u>

Cash flow sensitivity analysis for variable rate instruments

	Effect on profit / (loss) before tax 100 bps	
	Increase	Decrease
As at December 31, 2025		
Cash flow sensitivity - variable rate financial assets	<u>1,382,622</u>	<u>(1,382,622)</u>
As at December 31, 2024		
Cash flow sensitivity - variable rate financial assets	<u>1,363,254</u>	<u>(1,363,254)</u>

If the interest rate, at the reporting date, had fluctuated by 10% at the reporting date with all other variable remain constant the impact on the profit / (loss) for the year would have been Rs. 1.383 million (2024: 1.363 million) higher / lower, mainly as a result of interest rate fluctuation.

27.3.2 Equity price risk

Equity price risk arises from the possibility that equity security prices will fluctuate, affecting the value of equity securities and other instruments that derive their value from a particular stock, a defined basket of stocks, or a stock index. Company is not exposed to equity price risk as the fair value of equity investment in First National Bank Modaraba is measured at zero due to reasons mentioned in note 3 of the financial statements.

27.3.3 Currency risk

The Company is exposed to currency risk on trade receivable and sales that are denominated in a currency other than the respective functional currency of the Company. The company is not exposed to any currency risk as there is no transaction in foreign currency.

27.3.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materiality the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

There were no financial instruments held by the Company which are measured at fair value as of December 31, 2025.

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FINANCIAL INSTRUMENTS BY CATEGORY

Note	Carrying amount			Fair value				
	Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total	

On-Balance sheet financial instruments

As at December 31, 2025

Financial assets at cost or amortised cost

Short term investments - amortised cost	10	136,000,000	-	136,000,000	-	-	-	-	-
Deposits and other receivables	11	534,963	-	534,963	-	-	-	-	-
Bank balances	13	2,277,059	-	2,277,059	-	-	-	-	-
		138,812,022	-	138,812,022	-	-	-	-	-

Financial liabilities at amortised cost

Trade and other payables	14	-	1,163,789	1,163,789	-	-	-	-	-
Payable to National Bank of Pakistan	15	-	108,977,317	108,977,317	-	-	-	-	-
		-	110,141,106	110,141,106	-	-	-	-	-

As at December 31, 2024

Financial assets at cost or amortised cost

Short term investments - amortised cost	10	134,000,000	-	134,000,000	-	-	-	-	-
Deposits and other receivables	11	560,451	-	560,451	-	-	-	-	-
Bank balances	13	2,340,558	-	2,340,558	-	-	-	-	-
		136,901,009	-	136,901,009	-	-	-	-	-

Financial liabilities at amortised cost

Trade and other payables	14	-	1,860,311	1,860,311	-	-	-	-	-
Payable to National Bank of Pakistan	15	-	103,862,011	103,862,011	-	-	-	-	-
		-	105,722,322	105,722,322	-	-	-	-	-

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29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2025	2024	2025	2024	2025	2024
----- (Rupees) -----						
Managerial remuneration	3,006,770	-	-	-	-	-
House rent allowance	1,503,385	-	-	-	-	-
Meeting fee	350,000	-	2,050,000	2,200,000	-	-
Other allowance	747,733	-	-	-	-	-
Bonus (Performance)	-	-	-	-	-	-
	<u>5,607,888</u>	<u>-</u>	<u>2,050,000</u>	<u>2,200,000</u>	<u>-</u>	<u>-</u>
Number of persons	<u>1</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>

30 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The management at all times seeks to earn returns higher than its weighted average cost of capital, by increasing efficiencies in operations, so as to increase profitability.

The Company has no borrowing as at the balance sheet date, therefore, quantitative data has not been disclosed. The share capital has been disclosed in the relevant note to these financial statements.

31 NUMBER OF EMPLOYEES

	2025	2024
Number of employees as at December 31	3	2
Average number of employees during the year	3	2

32 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, whenever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made during the year.

33 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

No significant events have occurred subsequent to December 31, 2025 other than those mentioned elsewhere in the financial statements.

34 RISK MANAGEMENT FRAMEWORK

The Board of Directors have overall responsibility for establishment and over sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors. The Board oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

35 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on 27 APR 2026 by the Board of Directors of the Company.

36 GENERAL

Figures have been rounded off to the nearest rupees unless stated otherwise.


DIRECTOR


DIRECTOR