



Half Yearly Report
December 31,
2024

FIRST NATIONAL BANK MODARABA

Managed By:

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

First National Bank Modaraba

Half Yearly Report

December 31, 2024

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CORPORATE INFORMATION

Board of Directors*	Mr. Muhammad Imran Malik	Chairman
	Mr. Fouad Farrukh	Director
	Khawaja Waheed Raza	Director
	Mr. Hakim Ali Leghari**	Director
	Syed Zubair Ahmad Shah	Director
Audit Committee	Syed Zubair Ahmad Shah	Chairman
	Mr. Hakim Ali Leghari	Member
	Khawaja Waheed Raza	Member
HR & Remuneration Committee	Khawaja Waheed Raza	Chairman
	Mr. Muhammad Imran Malik	Member
	Mr. Hakim Ali Leghari	Member
Shari'ah Advisor	Mufti Ehsan Waquar Ahmed	
Company Secretary (A)	Ms. Nadia Jalil	
Chief Financial Officer	Mr. Naeem Tariq	
Auditors	Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
Bankers	National Bank of Pakistan Bank Alfalah Limited Al Baraka (Pakistan) Limited Habib Bank Limited MCB Bank Limited Bank Islami Pakistan Limited	
Legal Advisor	Muhammad Aqeel Malik Advocates Supreme Court Aqeel & Associates, Advocate/Legal Consultants Office No. 12, 1st Floor, Khawaja Arcade Wahdat Road, Lahore Tel.: 042-35462464	
Shares Registrar	Hameed Majeed Associates (Pvt.) Limited H. M. House, 7 - Bank Square, Lahore Tel: 37235081-2, Fax: 37358817	
Registered Office	Ground Floor, NBP-RHQ Building, 26 - McLagon Road, Lahore Tel: 042-99211200, Fax: 042-99213247 URL: http://www.nbmodaraba.com E-mail: info@nbmodaraba.com	

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

**NBP has nominated Mr. Shahid Iqbal Choudhri as its nominee Director in place of Mr. Hakim Ali Leghari and Registrar Modaraba SECP has approved appointment of Mr. Shahid Iqbal Choudhri nominee Director with we.f 6-1-2025

Directors' Review Report

On behalf of the Board of Directors of National Bank Modaraba Management Company Limited (NBMMCL), the Management Company of First National Bank Modaraba (FNBM), we are presenting the half-yearly report, together with un-audited financial statements of FNBM for the half year ended December 31, 2024.

The economic front of our country is still facing challenges, though over the period of last one year some stability is in the offing but still a lot more remains to be achieved. The considerable drop in the interest rate is a positive indicator but the high forex and petroleum rates are still a hurdle in the take-off of the economy. The half-year under review was just a carry-on of the previous years; the focus of management remained on recovery from the classified portfolio. The recovery managed during the FY 2023-24 was undermined due to various litigations underway and only an amount of Rs. 6.146M was realized during the period. The profit on investment at Rs. 25.3M is the main contributor in the total operating income of Rs. 28M; but the reduction in interest rates has also reduced the margin on investment. Though the management is adopting full measures to control the expenditure which stood at Rs. 29.3M due to which the Modaraba suffered a minor loss of Rs. 1.3M (before tax) during the period under review.

The main task ahead for FNBM is to recover its NPLs. and simultaneously to get back in the business. With the help of the parent bank NBP, FNBM is expecting to recover substantial portion of its accumulated losses that were mainly incurred due to charge of provisioning on NPLs.

The Board would like to take this opportunity to thank its valued certificate holders and clients for their patronage. The Board also extends its sincere gratitude to Registrar Modarabas, SECP and NBFI & Modaraba Association of Pakistan for their continued guidance and support.

Finally, the Board appreciates the dedication and hard work put-in by the management and staff of the Management Company and the Modaraba.

For and on behalf of the Board



Director



Director

Lahore:

Dated: February 26, 2025

ڈائریکٹرز کی سہ ماہی جائزہ رپورٹ

فرسٹ نیشنل بینک مضاربہ (FNBM) کی انتظامی کمپنی نیشنل بینک مضاربہ مینجمنٹ کمپنی لمیٹڈ (NBMMCL) کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2024ء کو اختتام پذیر سہ ماہی کے لئے FNBM کی سہ ماہی رپورٹ اور غیر پڑتال شدہ مالیاتی اسٹیٹمنٹس پیش خدمت ہیں۔

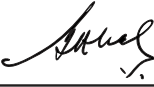
ہمارے ملک کے معاشی محاذ کو ابھی بھی چیلنجز کا سامنا ہے، اگرچہ گزشتہ ایک سال کے دوران کچھ استحکام آیا ہے لیکن ابھی بہت کچھ حاصل کرنا باقی ہے۔ شرح سود میں نمایاں کمی ایک مثبت اشارہ ہے لیکن غیر ملکی کرنسی اور پیٹرولیم کی شرحیں ابھی بھی معیشت کی بہتری میں رکاوٹ ہیں۔ زیر جائزہ ششماہی پچھلے سالوں کی طرح ہی ہے۔ انتظامیہ کی توجہ کلاسیفائیڈ پورٹ فولیو سے بحالی پر رہی۔ مالی سال 2023-24 کے دوران منظم ہونے والی وصولی مختلف قانونی چارہ جوئی کی وجہ سے کمزور پڑ گئی تھی اور اس عرصے کے دوران 6.146 ملین روپے کی وصولی ہوئی۔ سرمایہ کاری پر منافع 25.3 ملین روپے ہے جو کل آمدنی 28 ملین روپے کا بڑا حصہ ہے۔ شرح سود میں کمی نے سرمایہ کاری پر منافع کو بھی کم کر دیا ہے۔ اگرچہ انتظامیہ اخراجات کو کنٹرول کرنے کے لیے مکمل اقدامات کر رہی ہے جو کہ 29.3 ملین روپے ہے۔ جس کی وجہ سے زیر جائزہ مدت کے دوران (ٹیکس سے پہلے) 1.3 ملین روپے کا مضاربہ کو معمولی نقصان ہوا۔

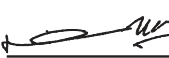
FNBM کے لیے اہم کام اس کے NPLs کو بازیافت کرنا ہے اور ساتھ ہی کاروبار میں واپس آنا ہے۔ پیرنٹ بینک NBP کی مدد سے، FNBM اپنے جمع شدہ نقصانات کے خاطر خواہ حصے کی وصولی کی توقع کر رہا ہے جو بنیادی طور پر NPLs پر فراہمی کے چارج کی وجہ سے اٹھائے گئے تھے۔

بورڈ اس موقع کو اپنے قابل قدر سرٹیفکیٹ ہولڈرز اور کلائنٹس کی سرپرستی اور مستقل صبر کے لیے ان کا شکریہ ادا کرنا چاہتا ہے۔ اس کے علاوہ، بورڈ رجسٹرار مضاربہ، SECP اور NBFI اینڈ مضاربہ ایسوسی ایشن آف پاکستان کا ان کی مسلسل رہنمائی اور تعاون کے لیے تہہ دل سے شکریہ ادا کرتا ہے۔

آخر میں، بورڈ مینجمنٹ کمپنی اور مضاربہ کی انتظامیہ اور عملے کی لگن اور محنت کو سراہتا ہے۔

برائے/مخانب بورڈ آف ڈائریکٹرز


ڈائریکٹر


ڈائریکٹر

لاہور: 26 فروری 2025ء



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

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Lahore-54660, Pakistan.
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E-mail: rsrirh@gmail.com
rsrirh@gmail.com
Other Offices: Islamabad - Karachi

Independent Auditors' Review Report

To the Certificate Holders of First National Bank Modaraba

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **First National Bank Modaraba** (the Modaraba) as at 31 December 2024 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

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

Conclusion

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


Emphasis of matter

We draw attention to note '1.2' to the condensed interim financial statements, describing circumstances which indicates that a material uncertainty exists that cast significant doubt on the Modaraba's ability to continue as a going concern. Particularly that its accumulated losses exceed its certificate capital by Rs. 69.027 million, its current liabilities exceed current assets by Rs. 72.321 million and winding up petition has been filed against the Modaraba by the Registrar Modaraba. Hence, these condensed interim financial statements are prepared on the basis of estimated realizable/ settlement values of assets and liabilities respectively. Our conclusion is not modified in this regard. *U.*



Other matter

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2023 and 2024 have not been reviewed, as we are required to review only the cumulative figures for the half year.

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



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Lahore:

UDIN: RR2024107014YwqLSch3

Half Yearly Report-December 31, 2024

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024 (UN-AUDITED)

	Note	December 31, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances		11,313,166	9,710,250
Short term murabaha investments - secured	4	1,772,953	1,772,953
Accrued profit		4,904,281	8,501,794
Short term investments	5	316,384,640	295,843,359
Ijarah rentals receivable	6	11,878,221	13,605,448
Prepayments and other receivables		1,549,867	960,524
Income tax recoverable/ adjustable		11,134,304	15,352,338
Current portion of non-current assets	7	4,800,000	4,800,000
		363,737,432	350,546,666
NON-CURRENT ASSETS			
Net investment in ijarah finance	8	11,696,392	11,696,392
Diminishing musharaka financing - secured	9	-	-
Long term murabaha investments - secured	10	4,673,581	7,073,581
Long term deposits		39,500	39,500
Intangible asset	11	-	-
Fixed assets under ijarah arrangements	12	32,959,576	32,959,576
Fixed assets under own use	13	166,570	190,627
Deferred tax asset	14	-	-
		49,535,619	51,959,676
TOTAL ASSETS		413,273,051	402,506,342
LIABILITIES			
CURRENT LIABILITIES			
Accrued profit on short term financing		177,252,981	156,818,419
Short term financing - secured	15	217,063,388	217,063,388
Creditors, accrued and other liabilities	16	8,310,800	8,727,321
Unclaimed dividend		425,218	425,218
Security deposits against ijarah assets		33,006,276	33,006,276
Provision for taxation		-	7,310,716
		(436,058,663)	(423,351,338)
NET LIABILITIES		(22,785,612)	(20,844,996)
FINANCED BY:			
Certificate capital		250,000,000	250,000,000
Statutory reserve		45,519,244	45,519,244
Accumulated loss		(319,026,996)	(314,583,212)
TOTAL EQUITY		(23,507,752)	(19,063,968)
Unrealised gain/ (loss) on revaluation of sukuks		722,140	(1,781,028)
TOTAL EQUITY AND RESERVES		(22,785,612)	(20,844,996)
CONTINGENCIES AND COMMITMENTS	17	-	-

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

			
Director National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Chief Financial Officer National Bank Modaraba Management Company Limited

Lahore: February 26, 2025

First National Bank Modaraba

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (UN-AUDITED)

	Note	For the half year ended		For the quarter ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
		Rupees	Rupees	Rupees	Rupees
Income from operations					
Profit on bank deposits		205,230	206,305	79,767	105,308
Profit on short term investments		25,095,587	21,483,215	11,052,099	11,585,486
		25,300,817	21,689,520	11,131,866	11,690,794
Other income					
Reversal of provision charged for doubtful receivables	18	-	54,573,581	-	54,573,581
Suspension reversed during the period		2,655,903	1,750,000	2,055,903	850,000
Gain on disposal of fixed assets under own use		-	6,000	-	6,000
Other income		24,741	2,441,979	24,741	2,191,979
		2,680,644	58,771,560	2,080,644	57,621,560
Total income		27,981,461	80,461,080	13,212,510	69,312,354
Expenses					
Operating expenses		(8,899,947)	(6,828,930)	(4,305,526)	(3,340,829)
Finance cost		(20,440,467)	(25,098,113)	(9,180,999)	(12,464,328)
Total expenses		(29,340,414)	(31,927,043)	(13,486,525)	(15,805,157)
Operating (loss)/ profit before provision and taxation		(1,358,953)	48,534,037	(274,015)	53,507,197
Provision charged for doubtful receivables		-	(4,355,648)	-	(4,355,648)
(Loss)/ profit before Modaraba Management Company's fee		(1,358,953)	44,178,389	(274,015)	49,151,549
Modaraba Management Company's fee		-	(4,417,839)	-	(4,417,839)
Provision for Workers' Welfare Fund		-	(795,211)	-	(795,211)
(Loss)/ profit before levies and income tax		(1,358,953)	38,965,339	(274,015)	43,938,499
Levies		(1,303,803)	(6,622,642)	(1,303,803)	(6,622,642)
(Loss)/ profit before income tax		(2,662,756)	32,342,697	(1,577,818)	37,315,857
Taxation - Income tax		-	-	-	-
(Loss)/ profit for the period		(2,662,756)	32,342,697	(1,577,818)	37,315,857
OTHER COMPREHENSIVE LOSS - NET OF INCOME TAX					
<i>Items that may be reclassified subsequently to the statement of profit or loss</i>		-	-	-	-
<i>Items that wil not be reclassified subsequently to the statement of profit or loss</i>					
- Unrealised loss on revaluation of sukuks		(1,719)	(44,009)	(1,719)	(44,009)
Other comprehensive loss for the period		(1,719)	(44,009)	(1,719)	(44,009)
Total comprehensive (loss)/ income for the period		(2,664,475)	32,298,688	(1,579,537)	37,271,848
(Loss)/ earning per modaraba certificate - basic and diluted	19	(0.11)	1.29	(0.06)	1.49

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

 Director National Bank Modaraba Management Company Limited	 Director National Bank Modaraba Management Company Limited	 Director National Bank Modaraba Management Company Limited	 Chief Financial Officer National Bank Modaraba Management Company Limited
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Lahore: February 26, 2025

Half Yearly Report-December 31, 2024

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (UN-AUDITED)

Particulars	Certificate capital	Statutory reserve	Accumulated loss	Total equity
Rupees				
Balance as at 01 July 2023 (audited)	250,000,000	45,519,244	(349,342,631)	(53,823,387)
Total comprehensive income for the period				
Profit for the period	-	-	32,342,697	32,342,697
Other comprehensive loss*	-	-	-	-
Total comprehensive income for the period	-	-	32,342,697	32,342,697
Transferred to statutory reserve	-	646,854	(646,854)	-
Balance as at 31 December 2023 (unaudited)	250,000,000	46,166,098	(317,646,788)	(21,480,690)
Total comprehensive income for the period				
Profit for the period	-	-	2,416,722	2,416,722
Other comprehensive loss*	-	-	-	-
Total comprehensive income for the period	-	-	2,416,722	2,416,722
Transferred from statutory reserve	-	(646,854)	646,854	-
Balance as at 30 June 2024 (audited)	250,000,000	45,519,244	(314,583,212)	(19,063,968)
Total comprehensive loss for the period				
Loss for the period	-	-	(2,662,756)	(2,662,756)
Other comprehensive loss*	-	-	-	-
Total comprehensive loss for the period	-	-	(2,662,756)	(2,662,756)
Unrealised loss transferred to accumulated loss	-	-	(1,781,028)	(1,781,028)
Transferred to statutory reserve	-	-	-	-
Balance as at 31 December 2024	250,000,000	45,519,244	(319,026,996)	(23,507,752)

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

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





 Director National Bank Modaraba Management Company Limited	 Director National Bank Modaraba Management Company Limited	 Director National Bank Modaraba Management Company Limited	 Chief Financial Officer National Bank Modaraba Management Company Limited
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Lahore: February 26, 2025

CONDENSED INERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (UN-AUDITED)

	Note	For the half year ended	
		December 31, 2024	December 31, 2023
		Rupees	Rupees
CASH FLOWS FORM OPERATING ACTIVITIES			
(Loss) / profit for the period		(1,358,953)	38,965,339
Adjustments for:			
- Depreciation on fixed assets under own use		46,957	11,203
- Gain on disposal of fixed assets under own use		-	(6,000)
- Profit on short term investments		(25,095,587)	(21,483,215)
- Profit written off - net		79,122	-
- Charge of provision against doubtful ijarah rentals receivable - net		-	4,355,648
- Reversal of provision against short term murabaha investments - net		-	(50,000,000)
- Reversal of provision against long term murabaha investments - net		-	(4,573,581)
- Suspension reversed during the period		(2,655,903)	(1,750,000)
- Provision for Worker's Welfare Fund		-	795,211
- Modaraba Management Company's fee		-	4,417,839
- Finance cost		20,440,467	25,098,113
- Profit on bank deposits		(205,230)	(206,305)
		(7,390,174)	(43,341,087)
Operating cash flows before working capital changes		(8,749,127)	(4,375,748)
Changes in working capital:			
Decrease/ (increase) in current assets:			
- Accrued profit		29,394,707	19,486,675
- Ijarah rentals receivable		3,602,401	4,150,000
- Prepayments and other receivables		(589,343)	(19,056)
- Income tax recoverable/ adjustable		4,218,034	(3,180,361)
- Short term murabaha investments - secured		-	50,000,000
- Long term murabaha investments - secured		2,400,000	2,300,000
- Net investment in ijara financing		-	843,305
(Decrease)/ increase in current liabilities:			
- Creditors, accrued and other liabilities		(416,521)	816,548
		38,609,278	74,397,111
Net cash generated from operations		29,860,151	70,021,363
Finance cost paid		(5,905)	(20,571)
Income taxes paid		(8,614,519)	-
Profit received on bank deposits		205,230	206,305
Net cash generated from operating activities		21,444,957	70,207,097
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets under own use		(22,900)	(12,000)
Short term investments - net		(19,819,141)	(71,866,982)
Net cash used in investing activities		(19,842,041)	(71,878,982)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase/ (decrease) in cash and cash equivalents during the period		1,602,916	(1,671,885)
Cash and cash equivalents at the beginning of the period		9,710,250	10,298,604
Cash and cash equivalents at the end of the period		11,313,166	8,626,719

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

			
Director National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Chief Financial Officer National Bank Modaraba Management Company Limited

Lahore: February 26, 2025

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 First National Bank Modaraba ("the Modaraba") is a multi-purpose, perpetual and multi-dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder. The Modaraba is managed by National Bank Modaraba Management Company Limited, a wholly owned subsidiary of the National Bank of Pakistan (the Modaraba Management Company), incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at Ground Floor, National Bank of Pakistan, Regional Headquarters Building, 26-Mc Lagon Road, Lahore.

The Modaraba is listed on Pakistan Stock Exchange Limited (PSX). It commenced its operations on December 4, 2003 and is currently engaged in various Islamic modes of financing and operations including ijarah, musharaka and murabaha arrangements.

1.2 Going concern assumption

During the period, the Modaraba has incurred loss for the period amounting to Rs. 2.663 million (profit, 31 December 2023: Rs. 32.343 million). The profit in previous period was mainly due to the reversal of provision amounting to Rs. 54.574 million.

As at the reporting date, the Modaraba's current liabilities exceed its current assets by Rs. 72.321 million (30 June 2024: Rs. 72.805 million) and its accumulated loss amounts to Rs. 319.027 million (30 June 2024: Rs. 314.583 million) which exceeds its total subscribed certificate capital by Rs. 69.027 million (30 June 2024: Rs. 64.583 million). The trading in the certificates of the Modaraba has already been suspended and the name of the Modaraba is included in the defaulter list at PSX.

Accumulated loss as on 31 December 2024 contain Rs. 207.372 million (30 June 2024: Rs. 207.372 million) against provision for doubtful receivables; the management believes that these amounts are notional in nature and these provisions are reversible in future to the extent of actual cash recoveries, as and when realized, from the defaulter clients. Besides fully charging the provision in accordance with the Prudential Regulations for Modarabas issued by SECP ('PRs'), the Modaraba has also subjectively assessed the carrying value of its classified receivables and has incorporated additional provision in the light of applicable regulations and management judgment. Accordingly, additional provision of Rs. Nil (30 June 2024: Rs. 4.355 million) was incorporated in these condensed interim financial statements. These assessments were made on the basis of relevant factors, including the expectation of reaching restructuring arrangements with respective parties for outstanding amounts within next one year or so.

The Modaraba has filed legal suits for recoveries against all its defaulter clients and Rs. 431.157 million (30 June 2024: 431.157 million) have been decreed in the Modaraba's favor by the Honorable Banking Courts, against principal amount, that are pending execution. Further as referred in note 15, the short term running finance facility obtained from NBP expired on 31 October 2019 that has yet not been renewed while markup outstanding thereupon is also yet to be paid. Outstanding markup on this facility upto 31 October 2019 was Rs. 10.800 million. However, NBP is accruing markup beyond that date in its books; accordingly, the Modaraba, while its request of waiver/reduction of markup is in pendency, has also accrued a further amount of Rs. 166.453 million (30 June 2024: Rs. 146.018 million) on account of finance cost against this facility accumulating to Rs. 177.253 million (30 June 2024: Rs. 156.818 million) as at the reporting date. Total current liabilities amounting to Rs. 436.059 million (30 June 2024: Rs. 423.351 million) include Rs. 394.316 million (30 June 2024: Rs. 373.882 million) payable to National Bank of Pakistan (NBP) on account of outstanding principal and markup on short term running finance facility that the management believes is not readily payable. Further, the current liabilities also include Rs. 33.006 million (30 June 2024: Rs. 33.006 million) worth security deposits that are not immediately repayable rather shall be adjusted against the residual value of ijarah assets. Furthermore, the Modaraba has recovered Rs. 6.146 million (30 June 2024: Rs. 73.918 million) from certain customers against non-performing finances during the current period.

In pursuance of the consistent losses of the Modaraba, the Registrar Modaraba issued a show cause notice to the Modaraba as to why should the proceedings to wind it up not be initiated in terms of Section 23(1)(ii)(b) of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. Further, the Registrar Modaraba, in exercise of powers conferred under Section 23(1)(ii)(b) of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and aforementioned show cause notice, has passed an order dated 31 October 2019, for filing an application for winding up before the Modaraba Tribunal, Lahore. Subsequent to the order dated 31 October 2019 of Registrar Modaraba, the winding up petition has been filed by the Registrar Modaraba on 16 June 2020 under section 23(1)(ii)(b) before the Honorable Modaraba Tribunal, Lahore. However, the case is pending before the court and next date of hearing has been fixed on 06 March 2025.

The winding up petition filed by the Registrar Modaraba indicates the existence of material uncertainty that casts significant doubts about the Modaraba's ability to continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Therefore, these condensed interim financial statements have been prepared on the basis of estimated realizable/ settlement values of assets and liabilities respectively.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Accounting convention

These condensed interim financial statements have been prepared on the basis other than going concern using estimated realizable/ settlement values of the assets and liabilities respectively. In realizable/ settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

2.3 Presentation

These condensed interim financial statements are presented in Pak Rupees, which is also the Modaraba's functional currency. All the figures have been rounded off to the nearest Pak Rupees unless stated otherwise. The corresponding figures are regrouped/ rearranged for the purpose of comparison. Appropriate disclosure is given in relevant note in case of material rearrangement (note 21).

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

3.2 Standards and amendments to published accounting and reporting standards which were effective during the half year ended 31 December 2024

There are other new standards which are effective from 01 July 2024 but they do not have a material effect on the Modaraba's condensed interim financial statements.

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

There are other new standards and certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Modaraba's annual accounting periods beginning on or after 01 July 2024. However, these standards, amendments and interpretations will not have any significant impact on the financial reporting of the Modaraba and, therefore, have not been disclosed in these condensed interim financial statements.

4 SHORT TERM MURABAHA INVESTMENTS - SECURED

Short term murabaha investments - considered doubtful
Add: Deferred murabaha income

Less: Provision for non-performing murabaha investments
Less: Suspended income

Note	December 31, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
	91,706,587	91,706,587
	274,022	274,022
	91,980,609	91,980,609
4.1 and 4.2	(89,933,634)	(89,933,634)
	(274,022)	(274,022)
	1,772,953	1,772,953

Half Yearly Report-December 31, 2024

- 4.1 These represent investments under murabaha arrangements from 4 (30 June 2024: 4) customers on deferred payment basis at expected profit rates ranging from 8.36% to 14.64% (30 June 2024: 8.36% to 14.64%) per annum. These investments are secured against charge over fixed and current assets, personal guarantees of directors of customer companies, registered and equitable mortgage of properties, demand promissory notes and post-dated cheques varying from case to case. Legal proceedings against these customers are in process in Honorable Courts of Law. The Courts have awarded decree in favour of the Modaraba in 4 (30 June 2024: 4) cases for recovery of Rs. 174.431 million (30 June 2024: Rs. 174.431 million) and execution of decree proceedings is underway in the court.

Note	December 31, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
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4.2 Provision for non-performing murabaha investments

Opening balance		89,933,634	143,200,634
Reversed during the period/ year		-	(53,267,000)
Closing balance	18	89,933,634	89,933,634

5 SHORT TERM INVESTMENTS

	December 31, 2024	June 30, 2024			
Number of units					
Investments in sukuk of Rs. 100,000 each - Fair Value Through Other Comprehensive Income (FVTOCI)					
	550	550	Neelum Jehlum Hydropower (Pvt.) Ltd. Sukuk	5.1	9,384,640
					12,273,859
National Bank of Pakistan (Aitemaad) - Term deposit certificates			5.2	307,000,000	283,569,500
				316,384,640	295,843,359

- 5.1 The outstanding principal per unit is Rs. 17,063/- (30 June 2024: Rs. 22,087/-) having fair value of Rs. 101.0205 (30 June 2024: Rs. 101.0390) per unit as at the reporting date.

- 5.2 These term deposit certificates yield profit at the rates ranging from 11.00% to 19.5% (30 June 2024: 18.60% to 20.00%) per annum.

6 IJARAH RENTALS RECEIVABLE

Considered doubtful	6.1 and 6.2	88,172,765	91,775,166
Less: Provision for doubtful ijarah rentals receivable	6.3	(46,127,257)	(46,127,257)
Less: Profit held in suspense account		(30,167,287)	(32,042,461)
		11,878,221	13,605,448

- 6.1 This represents receivables from various customers under the ijarah finance. Legal proceedings against 7 (30 June 2024: 7) customers are in process in the Honorable Courts of Law. The Courts have awarded decree in favour of the Modaraba in above cases for recovery of Rs. 118.036 million (30 June 2024: Rs. 118.036 million) and execution of decree proceedings is underway in the court.

6.2 Considered doubtful

Opening balance		91,775,166	102,375,166
Less: Received during the period/ year		(3,602,401)	(10,600,000)
Closing balance		88,172,765	91,775,166

6.3 Provision for doubtful ijarah rentals receivable

Opening balance		46,127,257	41,771,789
Charged during the period/ year		-	4,355,468
Closing balance	18	46,127,257	46,127,257

7 CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in ijarah finance	8	-	-
Long term murabaha investments - secured	10	4,800,000	4,800,000
		4,800,000	4,800,000

First National Bank Modaraba

	Note	December 31, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
8 NET INVESTMENT IN IJARAH FINANCE			
Minimum ijarah rentals receivable		47,315,465	47,315,465
Add: Residual value of ijarah assets		46,700	46,700
Gross investment in ijarah finance		47,362,165	47,362,165
Less: Unearned finance income		(24,109,320)	(24,109,320)
Net investment in lease ijarah finance		23,252,845	23,252,845
Less: Provision for doubtful net investment in ijarah finance	8.2	(11,556,453)	(11,556,453)
		11,696,392	11,696,392
Less: Current portion	7	-	-
		11,696,392	11,696,392
<p>8.1 This investment represents ijarah arrangement entered into with Chenab Limited (the company) for a period of 10 years at an implicit profit rate of 8.7% per annum against security deposits of Rs. 46,700 (30 June 2024: Rs. 46,700). The Lahore High Court has approved the scheme of arrangement of the company on September 14, 2021 for rehabilitation of the company, which has been implemented. The scheme is binding on all the creditors of the company. As per approved scheme of arrangement, recovery suit has been decreed in the Modaraba's favor through consent decree on 29 June 2022 and the execution proceedings have been adjourned in the court. The Modaraba has so far recovered pro rata share of Rs. 3.470 million under the scheme through sale of non-core assets of the company.</p>			
8.2 Provision for doubtful net investment in ijarah financing			
Opening balance		11,556,453	13,243,063
Reversed during the period/ year		-	(1,686,610)
Closing balance	18	11,556,453	11,556,453
9 DIMINISHING MUSHARAKA FINANCING - SECURED			
Considered doubtful		161,180	161,180
		161,180	161,180
Less: Provision for doubtful musharaka financing	18	(161,180)	(161,180)
		-	-
10 LONG TERM MURABAHA INVESTMENTS - SECURED			
Considered doubtful		69,067,630	71,467,630
Add: Deferred murabaha income		29,388,304	29,388,304
		98,455,934	100,855,934
Less: Provision for doubtful murabaha investments	10.1	(59,594,049)	(59,594,049)
Less: Suspension for doubtful murabaha investments		(29,388,304)	(29,388,304)
		9,473,581	11,873,581
Less: Current portion	7	(4,800,000)	(4,800,000)
		4,673,581	7,073,581
10.1 Provision for doubtful long term murabaha investments			
Opening balance		59,594,049	64,167,630
Reversed during the period/ year		-	(4,573,581)
Closing balance	18	59,594,049	59,594,049
11 INTANGIBLE ASSET			
Cost		1,131,300	1,131,300
Accumulated amortization		(1,131,300)	(1,131,300)
Net book value		-	-
11.1 This represents ERP software. As at the reporting date, the intangible asset is fully amortized but still in use of the Modaraba.			
12 FIXED ASSETS UNDER IJARAH ARRANGEMENTS			
Written down value at the beginning of the period/ year		32,959,576	32,959,576
Less: Depreciation charged during the period/ year		-	-
		32,959,576	32,959,576

Half Yearly Report-December 31, 2024

Note	December 31, 2024 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
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12.1 General description of significant ijarah arrangements (IFAS-2)

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

13 FIXED ASSETS UNDER OWN USE

Written down value at the beginning of the period/ year	190,627	262,226
Additions made during the period/ year	22,900	18,000
	<u>213,527</u>	<u>280,226</u>
Less: Depreciation charged during the period/ year	(46,957)	(89,599)
	<u>166,570</u>	<u>190,627</u>

These contain fully depreciated assets at cost of Rs. 3,455,554/- (30 June 2024: Rs. 3,455,554/-) that are still in use by the Modaraba.

14 DEFERRED TAX ASSET

The deferred tax asset of Rs. 52.387 million (30 June 2024: Rs. 51.956 million) has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future; taxable profits may not be available against which the temporary differences can be utilized.

15 SHORT TERM FINANCING - SECURED

From banking company - related party

Running finance	15.1	<u>217,063,388</u>	<u>217,063,388</u>
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- 15.1 The Modaraba, during the financial year ended 30 June 2018, obtained running finance facility of Rs. 250 million from the National Bank of Pakistan carrying markup at 1 month KIBOR plus 0.5% per annum payable monthly. The markup rate charged during the year ranged from 15.43% to 21.35% (30 June 2024: 22.04% to 23.27%%) per annum. This facility is secured by way of first joint pari passu hypothecation charge on all present and future receivables, leased assets and related lease receivables and present and future assets of the Modaraba to the extent of Rs. 277.778 million (2023: Rs. 277.778 million). This facility expired on 31 October 2019 and has yet not been renewed and repaid.

16 CREDITORS, ACCRUED AND OTHER LIABILITIES

Advances from customers		744,104	1,095,534
Accrued expenses		315,181	463,933
Payable to Modaraba Management Company		5,944,018	5,944,018
Worker's Welfare Fund payable	16.1	897,637	897,637
Withholding sales tax payable		15,061	-
Charity payable		394,799	326,199
		<u>8,310,800</u>	<u>8,727,321</u>

16.1 Worker's Welfare Fund payable

Opening balance	897,637	192,286
Expense during the period/ year	-	877,637
Paid during the period/ year	-	(172,286)
Closing balance	<u>897,637</u>	<u>897,637</u>

17 CONTINGENCIES AND COMMITMENTS

- 17.1 There is no significant change in the status of contingencies and commitments as reported in the annual audited financial statements of the Modaraba for the year ended 30 June 2024.

18 PROVISION FOR DOUBTFUL RECEIVABLES

Note	4.2	6.3	8.2	9	10.1	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
	Short term morabaha investments	Ijara rental receivables	Net investment in Ijarah finance	Diminishing musharaka financing	Long term murabaha investments		
	Rupees						
Opening balance	89,933,634	46,127,257	11,556,453	161,180	59,594,049	207,372,573	262,544,296
Add: Charged during the period/ year	-	-	-	-	-	-	4,355,468
Set off during the period/ year	-	-	-	-	-	-	(59,527,191)
Less: Reversed during the period/ year	-	-	-	-	-	-	-
Net provision charged/ (reversed) for the period/ year	-	-	-	-	-	-	(55,171,723)
Closing balance	89,933,634	46,127,257	11,556,453	161,180	59,594,049	207,372,573	207,372,573

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

December 31, 2024	December 31, 2023
Rupees	Rupees
(Unaudited)	(Unaudited)

19 (LOSS)/ EARNINGS PER MODARABA CERTIFICATE - BASIC AND DILUTED

(Loss)/ earnings attributable to modaraba certificate holders (profit for the period)	Rupees	(2,662,756)	32,342,697
Weighted average number of modaraba certificates in issue	Numbers	25,000,000	25,000,000
(Loss)/ earnings per modaraba certificate - basic	Rupees	(0.11)	1.29

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

20 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, the Modaraba Management Company and its holding undertaking, directors of the Modaraba Management Company, their close relatives and key management personnel. Detail of transactions with related parties and balances outstanding with them as at the reporting dates, except for remuneration to officers are as

20.1 Transactions during the period:

Particulars	Nature of transaction		
National Bank of Pakistan	Markup expense	20,434,562	25,077,542
National Bank Modaraba Management Company Limited	Management fee	-	4,417,839
National Bank of Pakistan	Profit on saving account	28,133	113,808
National Bank of Pakistan	Profit on short term investments	23,871,164	19,389,833

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

20.2 Balances outstanding at the reporting date

	Bank accounts	736,708	242,555
	Short term borrowings	217,063,388	217,063,388
	Markup payable	177,252,981	156,818,419
	Term Deposit Certificates	307,000,000	283,569,500
National Bank Modaraba Management Company Limited	Management fee payable	5,944,018	5,944,018

20.2 Relationship

National Bank of Pakistan	Holding Company of the Modaraba Management Company
National Bank Modaraba Management Company Limited	Holding Company/ Modaraba Management Company

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21 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of better and fair presentation, however no significant rearrangements and reclassifications have been made in these financial statements

For the half year and quarter
ended December 31, 2024

Reclassified from	Reclassified to	Amount Rupees
Taxation - Income tax	Levies	6,622,642

22 DATE OF AUTHORIZATION FOR ISSUE


These condensed interim financial statements (unaudited) have been approved by the Board of Directors of National Bank Modaraba Management Company Limited and authorized for issuance on February 26, 2025.

23 GENERAL

All figures except for 30 June 2024, appearing in these condensed interim financial statements are unaudited.




Director
National Bank Modaraba
Management Company Limited



Director
National Bank Modaraba
Management Company Limited



Director
National Bank Modaraba
Management Company Limited



Chief Financial Officer
National Bank Modaraba
Management Company Limited

Lahore: February 26, 2025

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