



Quarterly Report
March 31,
2025

FIRST NATIONAL BANK MODARABA

Managed By:

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

First National Bank Modaraba

Quarterly Report *March 31, 2025*

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CORPORATE INFORMATION

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

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

Directors' Quarterly Review Report

On behalf of 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 3rd quarterly report, together with un-audited financial statements of FNBM for the nine months ended March 31, 2025.

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 nine months 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. 9.784 M was realized during the period. The profit on investment at Rs. 33.716 M is the main contributor in the total operating income of Rs. 39.398 M; the reduction in interest rates has also reduced margin on investment. Though the management is adopting full measures to control the expenditure which stood at Rs. 39.660 M (including Rs. 27.3 M as finance cost) due to which the Modaraba suffered a loss of Rs. 0.265 M (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 NBF1 & 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: April 24, 2025

ڈائریکٹرز کی نوامی جائزہ رپورٹ

فرسٹ نیشنل بینک مضاربہ (FNBM) کی انتظامی کمپنی نیشنل بینک مضاربہ مینجمنٹ کمپنی لمیٹڈ (NBMMCL) کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2025ء کو اختتام پذیر سہ ماہی اور نوامی کے لئے FNBM کی نوامی رپورٹ اور غیر پڑتال شدہ کھاتے پیش کرتے ہیں۔

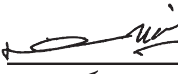
ہمارے ملک کی معیشت تاحال مشکلات کا شکار ہے۔ اگرچہ گزشتہ ایک برس کے دوران معیشت مستحکم ہوئی لیکن اس بابت ابھی کافی کام کرنا باقی ہے۔ شرح سود میں نمایاں کمی ایک مثبت پیش رفت ہے لیکن بلند شرح مبادلہ اور پٹرولیم کے نرخ معیشت کو پروان چڑھانے میں ایک بڑی رکاوٹ ہے۔

زیر جائزہ نوامی گزشتہ برسوں کی طرح ہی تھی اور انتظامیہ کی توجہ کلاسیفائیڈ پورٹ فولیو سے بحالی پر تھی۔ کمپنی متعدد زیر التوا مقدمات کے باعث مالیاتی سال 2023-2024 کے دوران بحالی کے ثمرات سے محروم رہی اور اس مدت کے دوران صرف 9.784 ملین روپے کی رقم ہی حاصل ہو سکی۔ سرمایہ کاری پر 33.716 ملین روپے کے منافع نے 39.398 ملین روپے کی کل آپریٹنگ آمدنی میں مرکزی کردار ادا کیا۔ شرح سود میں کمی نے بھی سرمایہ کاری پر مارجن میں کمی پیدا کی۔ اگرچہ انتظامیہ اخراجات کو کنٹرول کرنے کے لئے متعدد اقدامات کر رہی ہے جو کہ 39.660 ملین روپے رہے (بشمول قرضوں پر لاگت مبلغ 27.3 ملین روپے) جس کے باعث مضاربہ زے زیر جائزہ مدت کے دوران 0.25 ملین روپے خسارہ (بمعہ ٹیکس) برداشت کیا۔

FNBM کی پہلی ترجیح NPLs کی وصولی اور نتیجتاً کاروبار میں واپسی ہے۔ مرکزی بینک NBP کی مدد سے، FNBM اپنے خسارے کو کافی حد تک کم کرنے کی توقع رکھتا ہے جس کو بنیادی طور پر NPLs پر provisioning سے منسوب کیا جاتا ہے۔ اس موقع سے فائدہ اٹھاتے ہوئے بورڈ اپنے معزز سرٹیفکیٹ ہولڈرز اور کلائنٹس کی معاونت پر شکر گزار ہے۔ بورڈ رجسٹرار مضاربہ، NBFI، SECP اور مضاربہ ایسوسی ایشن آف پاکستان کی لگاتار رہنمائی اور حمایت کو بھی سراہتا ہے۔ آخر میں، بورڈ انتظامی کمپنی اور مضاربہ کی انتظامیہ اور عملے کے جذبہ اور ان تھک محنت کو بھی خراج تحسین پیش کرتا ہے۔

برائے/مخائب بورڈ آف ڈائریکٹرز


ڈائریکٹر

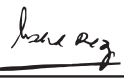

ڈائریکٹر

لاہور: 24 اپریل 2025ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT MARCH 31, 2025

	Note	March 31 2025 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances		7,638,437	9,710,250
Short term murabaha investments - secured	4	1,772,953	1,772,953
Accrued profit		4,233,247	8,501,794
Short term investments	5	326,496,959	295,843,359
Ijarah rentals receivable	6	12,020,717	13,605,448
Prepayments and other receivables		721,579	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
		368,818,196	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	3,173,581	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	-	-
		48,035,619	51,959,676
TOTAL ASSETS		416,853,815	402,506,342
LIABILITIES			
CURRENT LIABILITIES			
Accrued profit on short term financing		179,375,329	156,818,419
Short term financing - secured	15	217,063,388	217,063,388
Creditors, accrued and other liabilities	16	8,675,207	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
		438,545,418	423,351,338
NET LIABILITIES		(21,691,603)	(20,844,996)
FINANCED BY:			
Certificate capital		250,000,000	250,000,000
Statutory reserve		45,519,244	45,519,244
Accumulated loss		(317,932,987)	(314,583,212)
TOTAL EQUITY		(22,413,743)	(19,063,968)
Unrealised gain/ (loss) on revaluation of sukuks		722,140	(1,781,028)
TOTAL EQUITY AND RESERVES		(21,691,603)	(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
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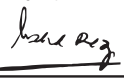
Lahore: April 24, 2025

Quarterly Report-March 31, 2025

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2025

	Note	For the nine months ended		For the quarter ended	
		March 31 2025	March 31 2024	March 31 2025	March 31 2024
		Rupees	Rupees	Rupees	Rupees
Income from operations					
Profit on bank deposits		315,678	358,185	110,448	151,880
Profit on short term investments		33,400,705	34,440,942	8,305,118	12,957,727
		33,716,383	34,799,127	8,415,566	13,109,607
Other income					
Reversal of provision charged for doubtful receivables	18	-	57,230,741	-	2,657,160
Suspension reversed during the period		5,655,903	3,622,125	3,000,000	1,872,125
Gain on disposal of fixed assets under own use		-	6,000	-	-
Other income		26,166	2,441,979	1,425	-
		5,682,069	63,300,845	3,001,425	4,529,285
Total income		39,398,452	98,099,972	11,416,991	17,638,892
Expenses					
Operating expenses		(12,347,065)	(10,075,408)	(3,447,118)	(3,246,478)
Finance cost		(27,316,331)	(37,328,074)	(6,875,864)	(12,229,961)
Total expenses		(39,663,396)	(47,403,482)	(10,322,982)	(15,476,439)
Operating (loss) / profit before provision and taxation		(264,944)	50,696,490	1,094,009	2,162,453
Provision charged for doubtful receivables		-	(4,355,648)	-	-
(Loss) / profit before Modaraba Management Company's fee		(264,944)	46,340,842	1,094,009	2,162,453
Modaraba Management Company's fee		-	(4,634,084)	-	(216,245)
Provision for Workers' Welfare Fund		-	(834,135)	-	(38,924)
(Loss) / profit before levies and income tax		(264,944)	40,872,623	1,094,009	1,907,284
Levies		(1,303,803)	(6,622,642)	-	-
(Loss) / profit before income tax		(1,568,747)	34,249,981	1,094,009	1,907,284
Taxation - Income tax		-	-	-	-
		(1,568,747)	34,249,981	1,094,009	1,907,284
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 will not be reclassified subsequently to the statement of profit or loss</i>					
- Unrealised loss on revaluation of sukuks		(1,719)	(44,009)	-	-
Other comprehensive loss for the period		(1,719)	(44,009)	-	-
Total comprehensive (loss) / income for the period		(1,570,466)	34,205,972	1,094,009	1,907,284
(Loss) / earning per modaraba certificate - basic and diluted	19	(0.06)	1.37	(0.11)	0.08

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






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

Lahore: April 24, 2025

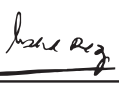
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2025

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	-	-	(1,568,747)	(1,568,747)
Other comprehensive loss*	-	-	-	-
Total comprehensive loss for the period	-	-	(1,568,747)	(1,568,747)
Unrealised loss transferred to accumulated loss	-	-	(1,781,028)	(1,781,028)
Transferred to statutory reserve	-	-	-	-
Balance as at 31 March 2025	250,000,000	45,519,244	(317,932,987)	(22,413,743)

* 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.

Lahore: April 24, 2025


Director
National Bank Modaraba
Management Company Limited


Director
National Bank Modaraba
Management Company Limited


Director
National Bank Modaraba
Management Company Limited

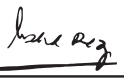
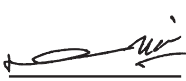

Chief Financial Officer
National Bank Modaraba
Management Company Limited

Quarterly Report-March 31, 2025

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2025

	Note	For the nine months ended	
		March 31 2025	March 31 2024
		Rupees	Rupees
CASH FLOWS FORM OPERATING ACTIVITIES			
(Loss)/ profit for the period		(1,568,747)	40,872,623
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		(33,400,705)	(34,440,942)
- Charge of provision against doubtful ijarah rentals receivable - net		-	4,355,648
- Reversal of provision against short term murabaha investments - net		-	(52,657,160)
- Reversal of provision against long term murabaha investments - net		-	(4,573,581)
- Suspension reversed during the period		(5,655,903)	(3,622,125)
- Provision for Worker's Welfare Fund		-	834,135
- Modaraba Management Company's fee		-	4,634,084
- Finance cost		27,316,331	37,328,074
- Profit on bank deposits		(315,678)	(358,185)
		(12,008,998)	(48,494,849)
Operating cash flows before working capital changes		(13,577,745)	(7,622,226)
Changes in working capital:			
Decrease/ (increase) in current assets:			
- Accrued profit		30,690,360	32,444,402
- Ijarah rentals receivable		3,602,401	9,100,000
- Prepayments and other receivables		238,945	(956)
- Income tax recoverable/ adjustable		4,218,034	(5,146,803)
- Short term murabaha investments - secured		-	52,657,160
- Long term murabaha investments - secured		3,900,000	3,500,000
- Net investment in ijara financing		-	843,305
(Decrease)/ increase in current liabilities:		(52,114)	1,587,191
		42,597,626	94,984,299
Net cash generated from operations		29,019,881	87,362,073
Finance cost paid		(5,905)	(20,612)
Income taxes paid		(8,614,519)	-
Profit received on bank deposits		205,230	358,185
Net cash generated from operating activities		20,604,687	87,699,646
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets under own use		(22,900)	(12,000)
Short term investments - net		(22,653,600)	(88,866,982)
Net cash used in investing activities		(22,676,500)	(88,878,982)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase/ (decrease) in cash and cash equivalents during the period		(2,071,813)	(1,179,336)
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		7,638,437	9,119,268

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: April 24, 2025

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2025

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. 1.570 million (profit, 31 March 2024: Rs. 34.250 million). The profit in previous period was mainly due to the reversal of provision amounting to Rs. 57.231 million.

As at the reporting date, the Modaraba's current liabilities exceed its current assets by Rs. 69.727 million (30 June 2024: Rs. 72.805 million) and its accumulated loss amounts to Rs. 317.932 million (30 June 2024: Rs. 314.583 million) which exceeds its total subscribed certificate capital by Rs. 67.932 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 March 2025 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. 168.575 million (30 June 2024: Rs. 146.018 million) on account of finance cost against this facility accumulating to Rs. 179.375 million (30 June 2024: Rs. 156.818 million) as at the reporting date. Total current liabilities amounting to Rs. 438.545 million (30 June 2024: Rs. 423.351 million) include Rs. 396.438 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. 9.784 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 13 May 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 period ended 31 March 2025

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.

First National Bank Modaraba

	Note	March 31, 2025 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
4	SHORT TERM MURABAHA INVESTMENTS - SECURED		
Short term murabaha investments - considered doubtful		91,706,587	91,706,587
Add: Deferred murabaha income		274,022	274,022
		91,980,609	91,980,609
Less: Provision for non-performing murabaha investments	4.1 and 4.2	(89,933,634)	(89,933,634)
Less: Suspended income		(274,022)	(274,022)
		1,772,953	1,772,953

4.1 These represent investments under murabaha arrangements from 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.

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

March 31, 2025	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	7,496,959	12,273,859
National Bank of Pakistan (Aitemaad) - Term deposit certificates			5.2	319,000,000	283,569,500
				326,496,959	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 9.00% - 19.5% (30 June 2024: 18.60% to 20.00%) per annum.

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	Note	March 31, 2025 Rupees (Unaudited)	June 30, 2024 Rupees (Audited)
6 IJARAH RENTALS RECEIVABLE			
Considered doubtful	6.1 and 6.2	88,315,261	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)
		<u>12,020,717</u>	<u>13,605,448</u>
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		(3,459,905)	(10,600,000)
Closing balance		<u>88,315,261</u>	<u>91,775,166</u>
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	<u>46,127,257</u>	<u>46,127,257</u>
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
		<u>4,800,000</u>	<u>4,800,000</u>
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		<u>47,362,165</u>	<u>47,362,165</u>
Less: Unearned finance income		(24,109,320)	(24,109,320)
Net investment in lease ijarah finance		<u>23,252,845</u>	<u>23,252,845</u>
Less: Provision for doubtful net investment in ijarah finance	8.2	(11,556,453)	(11,556,453)
		<u>11,696,392</u>	<u>11,696,392</u>
Less: Current portion	7	-	-
		<u>11,696,392</u>	<u>11,696,392</u>

First National Bank Modaraba

- 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.

	Note	March 31, 2025 Rupees	June 30, 2024 Rupees
		(Unaudited)	(Audited)
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		67,567,630	71,467,630
Add: Deferred murabaha income		29,388,304	29,388,304
		96,955,934	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)
		7,973,581	11,873,581
Less: Current portion	7	(4,800,000)	(4,800,000)
		3,173,581	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

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Note	March 31, 2025 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>	217,063,388
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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 12.90% 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	684,496	1,095,534
Accrued expenses	751,348	463,933
Payable to Modaraba Management Company	5,944,018	5,944,018
Worker's Welfare Fund payable	16.1	897,637
Withholding sales tax payable	2,909	-
Charity payable	394,799	326,199
	<u>8,675,207</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.

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18 PROVISION FOR DOUBTFUL RECEIVABLES

	Short term Morabha Investments	Ijara rentals Receivables	net investment in ijarah finance	Diminishing Musharaka	Long term Murahaba	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
Opening balance	89,933,634	46,127,257	11,556,453	161,180	59,594,049	207,372,573	262,544,296
18.1 Add/charged during the period	-	-	0	0	-	-	4,355,468
Set-off during the period	-	-	0	0	-	-	(59,527,191)
Reversed during the period	-	-	0	0	-	-	
net provision for the period	-	-	0	0	-	-	
	-	-	-	-	-	-	(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 ijara rentals receivable.

		March 31 2025 Rupees (Unaudited)	March 31 2024 Rupees (Unaudited)
19 (LOSS) / EARNINGS PER MODARABA CERTIFICATE - BASIC AND DILUTED			
(Loss) / earnings attributable to modaraba certificate holders (profit for the period) Rupees		(1,568,747)	34,249,981
Weighted average number of modaraba certificates in issue	Numbers	25,000,000	25,000,000
(Loss) / earnings per modaraba certificate - basic	Rupees	(0.06)	1.37

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 follows:

		March 31 2025 Rupees (Unaudited)	March 31 2024 Rupees (Unaudited)
20.1 Transactions during the period:			
Particulars	nature of transaction		
National Bank of Pakistan	mark-up expense	22,556,910	37,307,462
National Bank Modaraba			
Management Co	Management fee	-	4,634,084
National Bank of Pakistan	profit on savings Account	42,200	141,246
National Bank of Pakistan	profit on short term	33,400,705	29,084,750

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20.2 Balances outstanding at the reporting date

		March 31, 2025 Rupees (Unaudited)	"June 30, 2024 Rupees (Audited)
National Bank of Pakistan	Bank accounts	711,763	242,555
	Short term borrowings	217,063,388	217,063,388
	Markup payable	179,375,329	156,818,419
	Term deposits certificates	319,000,000	283,569,500
National Bank Modaraba Management Co. Ltd	management fee	5,944,018	5,944,018

20.3 Relationship

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

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 except for the following:

For the 9 months ended March 31, 2025		
Reclassified from	Reclassified to	Amount Rupees
Taxation - Income tax	Levies	6,622,642

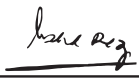
22 DATE OF AUTHORIZATION FOR ISSUE

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 April 24, 2025.

23 GENERAL

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

Lahore: April 24, 2025


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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