



# QUARTERLY REPORT SEPTEMBER 30, 2023

**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*  
*September 30, 2023*

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## CORPORATE INFORMATION

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

## Directors' Quarterly Review Report

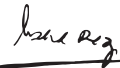
On behalf of Directors of National Bank Modaraba Management Company Limited (NBMMCL) the Management Company of First National Bank Modaraba(FNBM), quarterly report is being presented, together with un-audited financial statements of FNBM for the quarter ended Sep 30,2023.

During the period under review the focus of management remained on recovery, particularly from the classified portfolio. Various settlement arrangements were made with some defaulter customers and an amount of Rs 3.6 million was realized from defaulted customers during the period.

On the operations side the total income figured to Rs 9.998 million for the period under review as compared to Rs 4.895 Million for corresponding period last year. Financial cost figured at Rs 12.633 Million compared to Rs 4.069 Million in the corresponding period. The operating expenses, due to prevailing inflation, slightly increased to Rs 3.488 Million compared to Rs 3.082 Million in the corresponding period. The profit/(loss) per certificate stood at Rs ( 0.20) against profit/(loss) per certificate of Rs 0.08 in the corresponding period.

The Board would like to take this opportunity to thank its valued certificate holders and clients for their patronage and consistent patience. Besides, the board extends its sincere gratitude to Registrar Modarabas, SECP and NBF1 & Modaraba Association of Pakistan for their continued guidance and support.

**For and on behalf of the Board**



Director



Director

Lahore: October 25, 2023

## ڈائریکٹرز کی سہ ماہی جائزہ رپورٹ

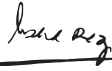
نیشنل بینک مڈارباہ منجمنٹ کمپنی لمیٹڈ (NBMMCL) کے ڈائریکٹرز کی جانب سے فرسٹ نیشنل بینک مڈارباہ (FNBM) کی منجمنٹ کمپنی، 30 ستمبر 2023 کو ختم ہونے والی سہ ماہی کے FNBM کے غیر آڈٹ شدہ مالی بیانات کے ساتھ سہ ماہی رپورٹ پیش کی جا رہی ہے۔

زیر جائزہ مدت کے دوران انتظامیہ کی توجہ ریکوری پر رہی، خاص طور پر کلاسیفائیڈ پورٹ فولیو سے کچھ ڈیفالٹ صارفین کے ساتھ تصفیہ کے مختلف انتظامات کیے گئے اور اس عرصے کے دوران نادر ہندہ صارفین سے 3.6 ملین روپے کی رقم وصول کی گئی۔

آپریٹنگ کی جانب سے زیر جائزہ مدت کے لیے کل آمدنی 9.998 ملین روپے رہی جو گزشتہ سال کی اسی مدت کے لیے 4.895 ملین روپے تھی۔ مالیاتی لاگت اسی مدت میں 4.069 ملین روپے کے مقابلے میں 12.633 ملین روپے رہی۔ آپریٹنگ اخراجات، موجودہ افراط زر کی وجہ سے، اسی مدت میں 3.082 ملین روپے کے مقابلے میں تھوڑا سا بڑھ کر 3.488 ملین روپے ہو گئے۔ منافع/ (نقصان) فی ٹھونکیٹ اسی مدت میں 0.08 روپے کے منافع/ (نقصان) کے مقابلے میں (0.20) روپے رہا۔

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

منجانب بورڈ (کے لئے)



ڈائریکٹر

لاہور: 25 اکتوبر، 2023



ڈائریکٹر

# Quarterly Report-September 30, 2023

## BALANCE SHEET AS AT SEPTEMBER 30, 2023

	Sep 30,2023 Rupees	Jun 30,2023 Rupees
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and bank balances	8,077,997	10,298,604
Short term murabaha investments - secured	1,772,953	1,772,953
Accrued profit	5,963,411	5,856,727
Short term investments	204,074,491	194,074,491
Ijarah rentals receivable	24,911,437	25,560,916
Prepayments and other receivables	1,528,581	1,830,087
Income tax recoverable/ adjustable	10,869,994	9,600,084
Current portion of non-current assets	16,096,392	16,396,392
	<b>273,295,256</b>	<b>265,390,254</b>
<b>NON-CURRENT ASSETS</b>		
Net investment in ijarah finance	-	-
Diminishing musharaka financing - secured	-	-
Long term murabaha investments - secured	6,400,000	7,300,000
Long term deposit	39,500	39,500
Intangible asset	-	-
Fixed assets under ijarah arrangements	32,959,576	32,959,576
Fixed assets under own use	242,646	262,226
	<b>39,641,722</b>	<b>40,561,302</b>
<b>TOTAL ASSETS</b>	<b>312,936,978</b>	<b>305,951,556</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accrued profit on short term financing	119,877,417	107,243,673
Short term finances - secured	217,063,388	217,063,388
Creditors, accrued and other liabilities	3,116,622	2,951,915
Unclaimed dividend	425,218	425,218
Security deposits against ijarah assets	33,006,276	33,006,276
Deferred murabaha income	-	-
Provision for taxation	-	839,869
	<b>(373,488,921)</b>	<b>(361,530,339)</b>
<b>TOTAL LIABILITIES</b>	<b>(373,488,921)</b>	<b>(361,530,339)</b>
<b>NET LIABILITIES</b>	<b>(60,551,943)</b>	<b>(55,578,783)</b>
<b>FINANCED BY:</b>		
Certificate capital	250,000,000	250,000,000
Statutory reserve	45,519,244	45,519,244
Accumulated loss	(354,315,791)	(349,342,631)
	<b>(58,796,547)</b>	<b>(53,823,387)</b>
Unrealised loss on revaluation of sukuks	(1,755,396)	(1,755,396)
<b>TOTAL EQUITY AND RESERVES</b>	<b>(60,551,943)</b>	<b>(55,578,783)</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-

The annexed notes 1 to 24 form an integral part of these financial statements.

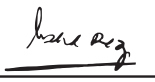
			
Director National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Director National Bank Modaraba Management Company Limited	Chief Financial Officer National Bank Modaraba Management Company Limited

Lahore: October 25, 2023

## CONDENSED QUARTER PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	NOTE	Sep 30, 2023 Rupees	Sep 30, 2022 Rupees
<b>INCOME FROM OPERATIONS</b>			
Profit on bank deposits		100,997	73,631
Profit on short term investments		9,897,729	4,821,803
		9,998,726	4,895,434
<b>OTHER INCOME</b>			
Reversal of provision charged for doubtful receivables		-	4,478,562
Suspension reversed during the year		900,000	-
Gain on termination of ijarah assets		-	-
Excess liabilities written back		-	-
Other income		250,000	-
		1,150,000	4,478,562
<b>TOTAL INCOME</b>		<b>11,148,726</b>	<b>9,373,996</b>
<b>EXPENSES</b>			
Operating expenses		(3,488,101)	(3,082,894)
Finance cost		(12,633,785)	(4,069,939)
Receivables adjusted		-	-
<b>TOTAL EXPENSES</b>		<b>(16,121,886)</b>	<b>(7,152,833)</b>
<b>OPERATING PROFIT / (LOSS) BEFORE PROVISIONS AND TAXATION</b>		<b>(4,973,160)</b>	<b>2,221,163</b>
Provision charged for doubtful receivables		-	-
<b>PROFIT / (LOSS) BEFORE MANAGEMENT COMPANY'S FEE</b>		<b>(4,973,160)</b>	<b>2,221,163</b>
Modaraba Company's management fee		-	(222,116)
Provision for Worker's Welfare Fund		-	(39,981)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		<b>(4,973,160)</b>	<b>1,959,066</b>
Taxation		-	-
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<b>(4,973,160)</b>	<b>1,959,066</b>
<b>EARNINGS PER MODARABA CERTIFICATE - BASIC AND DILUTED</b>		<b>(0.20)</b>	<b>0.08</b>

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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: October 25, 2023

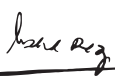


## Quarterly Report-September 30, 2023

### CONDENSED QUARTER STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Sep 30,2023 Rupees	Sep 30,2022 Rupees
<b>PROFIT/LOSS AFTER TAXATION</b>	(4,973,160)	1,959,066
<b>OTHER COMPREHENSIVE LOSS/ INCOME</b>		
<b>Items that will not be reclassified to profit and loss account</b>	-	-
<b>Items that may be reclassified subsequently to profit and loss account</b>		
Unrealised (loss)/ gain on revaluation of sukuks	-	-
Other comprehensive (loss)/ income for the year	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(4,973,160)</b>	<b>1,959,066</b>

The annexed notes 1 to 24 form an integral part of these 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: October 25, 2023

# First National Bank Modaraba


## CONDENSED QUARTER CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Sep 30,2023 Rupees	Sep 30,2022 Rupees
<b>CASH FLOWS FORM OPERATING ACTIVITIES</b>		
<b>Profit/Loss for the year before taxation</b>	(4,973,160)	1,959,066
Adjustments for:		
- Depreciation on fixed assets under own use	19,580	-
- Gain on termination of ijarah assets	-	-
- Gain on disposal of fixed assets under own use	-	-
- Profit on short term investments	(9,897,729)	(4,821,803)
- Charge of provision against doubtful ijarah rentals receivable - net	-	-
- Charge of provision against doubtful net investment in ijarah finance	-	-
- Charge of provision against doubtful diminishing musharaka financing	-	-
- Balances written off	-	-
- Liabilities written back	-	-
- Reversal of provision ijarah rentals receivable - net	-	-
- Reversal of provision long term murabaha investments - net	-	(1,476,153)
- Suspension reversed during the year	(900,000)	-
- Finance cost	12,633,785	4,069,939
- Provision for Worker's Welfare Fund	-	-
- Modaraba Company's management fee	-	-
- Profit on term deposit receipts and bank deposits	(100,997)	(73,631)
	1,754,639	(2,301,648)
<b>Operating Profit/loss before working capital changes</b>	<b>(3,218,521)</b>	<b>(342,582)</b>
<b>Changes in working capital:</b>		
Decrease/ (increase) in current assets:		
- Accrued profit	9,791,045	4,062,114
- Ijarah rentals receivable	1,549,479	3,002,408
- Advances, prepayments and other receivables	301,506	(145,000)
- Short term murabaha investments - secured	-	1,747,420
- Diminishing musharaka financing	-	(226,488)
- Income tax recoverable/ adjustable	(1,269,910)	-
- Long term murabaha investments - secured	1,200,000	-
- Net investment in ijara financing	-	276,153
Decrease in current liabilities:		
- Creditors, accrued and other liabilities	164,707	935,493
<b>Net changes in working capital</b>	<b>11,736,827</b>	<b>9,652,100</b>
	<b>8,518,306</b>	<b>9,309,518</b>
Finance cost paid	(41)	(1,065)
Income taxes paid	(839,869)	(54,887)
Profit received on bank deposits	100,997	73,631
<b>Net cash generated from operating activities</b>	<b>7,779,393</b>	<b>9,327,197</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment made in fixed assets - under own use	-	-
Proceeds from disposal of fixed assets - under own use	-	5,000
Short term investments - net	(10,000,000)	(1,333,333)
Proceeds from disposal of ijarah assets	-	-
<b>Net cash used in investing activities</b>	<b>(10,000,000)</b>	<b>(1,328,333)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(2,220,607)</b>	<b>7,998,864</b>
Cash and cash equivalents at the beginning of the year	10,298,604	1,455,894
<b>Cash and cash equivalents at the end of the year</b>	<b>8,077,997</b>	<b>9,454,758</b>

The annexed notes 1 to 24 form an integral part of these financial statements.

  
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Director  
National Bank Modaraba  
Management Company Limited

  
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\_\_\_\_\_  
Director  
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Management Company Limited

  
\_\_\_\_\_  
Chief Financial Officer  
National Bank Modaraba  
Management Company Limited

Lahore: October 25, 2023

## Quarterly Report-September 30, 2023

### CONDENSED QUARTER STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2023

Particulars	Certificate capital	Statutory reserve	Accumulated loss	Total equity
	Rupees			
<b>Balance as at 30 June 2022</b>	250,000,000	44,699,137	(352,623,061)	(57,923,924)
Net profit for the year	-	-	1,959,066	1,959,066
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,959,066	1,959,066
Transferred to statutory reserve	-	-	-	-
<b>Balance as at 30 September 2022</b>	250,000,000	44,699,137	(350,663,995)	(55,964,858)
<b>Balance as at 30 June 2023</b>	250,000,000	45,519,244	(349,342,631)	(53,823,387)
Net profit/loss for the period	-	-	(4,973,160)	(4,973,160)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(4,973,160)	(4,973,160)
Transferred to statutory reserve	-	-	-	-
<b>Balance as at 30 September 2023</b>	250,000,000	45,519,244	(354,315,791)	(58,796,547)

The annexed notes 1 to 24 form an integral part of these financial statements.



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Management Company Limited

Lahore: October 25, 2023

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2023

### 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 Rules framed thereunder. The Modaraba is managed by National Bank Modaraba Management Company Limited (a wholly owned subsidiary of the National Bank of Pakistan (NBP)), 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

As at the reporting date, the Modaraba's current liabilities exceed its current assets by Rs. 100.194 million (June 2023: Rs. 96.140 million) and its accumulated losses amounting to Rs. 354.316 million (June 2023: Rs. 349.342 million) which exceeds its total subscribed certificate capital by Rs. 104.316 million (June 2023: Rs. 99.343.623 million). The trading in the certificates of Modaraba has already been suspended and the name of the Modaraba is included in the defaulter list of PSX.

The Modaraba has filed legal suits for recoveries against all its defaulter clients and Rs. 431.157 million (June 2023: 431.157 million) have been decreed in the Modaraba's favor by the Honorable Banking Courts, against principal amount, that are pending execution. Further the short term running finance facility obtained from NBP was expired on October 31, 2019 that has yet not been renewed while markup outstanding thereupon is also yet to be paid. Outstanding markup on this facility upto October 31, 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. 109.077 million on account of finance cost against this facility accumulating to Rs. 119.877 million (June 2023: Rs. 107.244 million) as at the reporting date. Total current liabilities amounting to Rs. 373.489 million (June 2023: Rs. 361.53 million) include Rs. 336.940 million (June 2023: Rs. 324.307 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 (June 2023: 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. 3.6 million (June 2023: 23.623 million) from certain customers against non-performing finances during the current quarter.

In purview of the consistent losses of the Modaraba, the Registrar Modaraba issued a show cause notice to the Modaraba as to why should the proceedings to wind it up not be initiated in terms of Section 23(1)(ii)(b) of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. Further, the Registrar Modaraba, in exercise of powers conferred under Section 23(1)(ii)(b) of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and aforementioned show cause notice, has passed an order dated October 31, 2019, for filing an application for winding up before the Modaraba Tribunal, Lahore. Subsequent to the order dated October 31, 2019 of Registrar Modaraba, the winding up petition has been filed by Registrar Modaraba on June 16, 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 October 30, 2023.

# Quarterly Report-September 30, 2023

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 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 financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS) and Islamic Financial Accounting Standards (IFASs) as are notified under the provisions of the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (hereinafter referred to as the relevant laws).

Where the requirements of the approved accounting standards differ from the relevant laws, provisions of and directives issued under the relevant laws have been followed.

### 2.2 Accounting convention

These financial statements have been prepared on the basis other than going concern using estimated realizable/ settlement values of 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 amount of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

### 2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is also the Modaraba's functional and presentation currency. All financial information presented in Pak Rupees is rounded off to the nearest rupee unless otherwise stated.

### 2.4 Use of estimates and judgments

The condensed interim financial statements (un-audited) are presented in pak rupees which is the Modaraba's functional and presentation currency. All the figures are rounded to the nearest pak rupees unless stated otherwise.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are consistent with those applied in the preparation of annual Financial Statements for the year ended June 30,2023.

## 4 CASH AND BANK BALANCES

	Note	Sep 30, 2023 Rupees	June 30, 2023 Rupees
Cash in hand		-	-
Current accounts:			
Associated undertaking - National Bank of Pakistan		3,196	3,196
Others		10,996	10,996
		14,192	14,192
Saving accounts:			
Associated undertaking - National Bank of Pakistan		291,327	146,859
Others		7,772,478	10,137,553
		8,063,805	10,284,412
		8,077,997	10,298,604

# First National Bank Modaraba

## 5 SHORT TERM MURABAHA INVESTMENTS - SECURED

	Note	Sep 30, 2023 Rupees	June 30, 2023 Rupees
Short term murabaha investments (considered doubtful)		144,973,587	166,447,168
Less: transferred to long term morabaha investments		-	(21,473,581)
		144,973,587	144,973,587
Add: deferred murabaha income		274,022	274,022
		145,247,609	145,247,609
Less: provision for non-performing murabaha investments	5.1	(143,200,634)	(143,200,634)
Less: suspended income		(274,022)	(274,022)
		1,772,953	1,772,953

### 5.1 Provision for non-performing murabaha investments

Opening balance	143,200,634	164,674,215
Transferred to long term murabaha investments	-	(21,473,581)
Reversed during the year	-	-
Closing balance	143,200,634	143,200,634

## 6 SHORT TERM INVESTMENTS

Sep 30,2023    June 30,2023  
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	18,074,491	18,074,491
550	750		18,074,491	18,074,491
		National Bank Aitmaad - term deposit certificates	186,000,000	176,000,000
			204,074,491	194,074,491

## 7 IJARAH RENTALS RECEIVABLE

Considered doubtful	7.1	101,125,687	102,375,166
Less: provision for doubtful ijarah rentals receivable		(41,771,789)	(41,771,789)
Less: profit held in suspense account		(34,442,461)	(35,042,461)
		24,911,437	25,560,916

## Quarterly Report-September 30, 2023

- 7.1 This represents receivables from various customers under the ijarah finance. Legal proceedings against 7 (2022: 7) customers are in process in the Honorable Courts of Law. The Courts have awarded decree in favour of Modaraba in 7 (2022: 7) cases for recovery of Rs. 118.036 million (2022: 118.036 million), while the order to execute decree is awaited.

	Note	Sep 30, 2023 Rupees	June 30, 2023 Rupees
<b>7.2 Considered doubtful</b>			
Opening balance		102,375,166	102,176,799
Add: restructuring adjustment		-	15,898,128
Less: received during the year		(1,249,479)	(15,699,761)
Considered doubtful - gross balance		101,125,687	102,375,166
Less: receivable written off		-	-
Considered doubtful - net balance		101,125,687	102,375,166

### 8 CURRENT PORTION OF NON-CURRENT ASSETS

Net investment in ijarah finance	9	11,696,392	11,696,392
Diminishing musharaka financing	10	-	-
Long term murabaha investments - secured	11	4,400,000	4,700,000
		16,096,392	16,396,392

### 9 NET INVESTMENT IN IJARAH FINANCE

Minimum ijarah rentals receivable		49,002,075	49,002,075
Add: residual value of ijarah assets		46,700	46,700
Gross investment in ijarah finance		49,048,775	49,048,775
Less: unearned finance income		(24,109,320)	(24,109,320)
Net investment in lease ijarah finance		24,939,455	24,939,455
Less: provision for doubtful net investment in ijarah finance		(13,243,063)	(13,243,063)
		11,696,392	11,696,392
Less: current portion (note 13)	8	(11,696,392)	(11,696,392)
		-	-

- 9.1 This investment represents ijarah arrangement entered into with a customer for a period of 10 years at an implicit profit rate of 8.7% (June 2023: 8.7%) against security deposits of Rs. 46,700 (June 2023: 46,700). Legal proceedings against the customer are in process in the Honorable Court of Law. The Court has yet not awarded decree in favour of the Modaraba, while the liquidator has been appointed on the customer for its winding up.

# First National Bank Modaraba

	NOTE	Sep 30, 2023 Rupees	June 30, 2023 Rupees
<b>10 DIMINISHING MUSHARAKA FINANCING - SECURED</b>			
Considered doubtful		161,180	161,180
		<u>161,180</u>	<u>161,180</u>
Less: Provision for doubtful musharaka financing		(161,180)	(161,180)
Less: Current portion		-	-
		<u>-</u>	<u>-</u>
<b>11 LONG TERM MURABAHA INVESTMENTS - SECURED</b>			
Considered good		-	-
Considered doubtful	11.1	74,967,630	76,167,630
		<u>74,967,630</u>	<u>76,167,630</u>
Add: deferred murabaha income		29,388,304	29,388,304
		<u>104,355,934</u>	<u>105,555,934</u>
Less: provision for doubtful murabaha investments	11.2	(64,167,630)	(64,167,630)
Less: suspension for doubtful murabaha investments		(29,388,304)	(29,388,304)
		<u>10,800,000</u>	<u>12,000,000</u>
Less: current portion		(4,400,000)	(4,700,000)
		<u>6,400,000</u>	<u>7,300,000</u>
<b>11.1 Movement in the account of long term murabaha investments Considered doubtful</b>			
Opening balance		76,167,630	59,594,049
Add: transferred from short term murabaha investments		-	21,473,581
Less: received during the year		(1,200,000)	(4,900,000)
Closing balance		<u>74,967,630</u>	<u>76,167,630</u>
<b>11.2 Provision for doubtful murabaha investments</b>			
Opening balance		64,167,630	59,594,049
Transferred from short term murabaha investments		-	21,473,581
Reversed during the year		-	(16,900,000)
Net provision during the year		-	4,573,581
Closing balance		<u>64,167,630</u>	<u>64,167,630</u>
<b>12 INTANGIBLE ASSET</b>			
Cost		1,131,300	1,131,300
Accumulated amortization		(1,131,300)	(1,131,300)
Net book value		<u>-</u>	<u>-</u>
<b>12.1</b>	This represents ERP softwar. As at the reporting date, the intangible asset is fully amortized but still in use of the Modaraba.		





# First National Bank Modaraba

	Sep 30, 2023 Rupees	June 30, 2023 Rupees
<b>19 FINANCE COST</b>		
Markup accrued on short term finances	12,633,744	23,504,347
Bank and other charges	41	13,375
	<u>12,633,785</u>	<u>23,517,722</u>

## 20 TAXATION

Under the Finance Bill 2021, tax exemption available to Modarabas has been withdrawn. However due to accumulated losses normal taxation is not expected to arise. Any minimum tax liability under section 113 of Income Tax Ordinance 2001 will be assessed at the year end.

## 21 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, 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 offices are as follows:

### 21.1 Transactions during the year:

Related party	Relationship	Nature of transaction	Sep 30,2023 Rupees	June 30,2023 Rupees
National Bank of Pakistan	Modaraba Management Company's holding company	Markup expense	12,633,744	39,164,182
National Bank Modaraba Management Company Limited	Modaraba Management Company	Management fee expense	-	560,137

### 21.2 Balances outstanding at the reporting date

National Bank of Pakistan	Bank accounts with National Bank of Pakistan	294,523	150,055
	Finances from National Bank of Pakistan	217,063,388	217,063,388
	Markup payable	119,877,417	107,243,673
National Bank Modaraba Management Company Limited	Management fee payable	1,068,257	1,068,257

## 22 FINANCIAL RISK MANAGEMENT

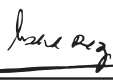
The Modaraba's overall risk management objective and policies are consistent with those disclosed in preceding annual financial statements for the period ended June 30 2023.

## 23 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of National Bank Modaraba Management Company Limited and authorized for issuance on October 25, 2023.

## 24 GENERAL

Comparative figures are rearranged/ reclassified, wherever necessary, to facilitate comparison. No material re-arrangements/ reclassifications have been made in these 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: October 25, 2023