



**QUARTERLY REPORT**  
**MARCH 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

## Quarterly Report

### March 31, 2024

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## Quarterly Report March31,2024

### 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>	Chairman Director Director Director
<b>Audit Committee</b>	<b>Syed Zubair Ahmad Shah</b> <b>Mr. Hakim Ali Leghari</b> <b>Khawaja Waheed Raza</b>	Chairman Member Member
<b>HR &amp; Remuneration Committee</b>	<b>Khawaja Waheed Raza</b> <b>Mr. Muhammad Imran Malik</b> <b>Mr. Hakim Ali Leghari</b>	Chairman Member Member
<b>Shari'ah Advisor</b>	<b>Mufti Ehsan Waquar Ahmed</b>	
<b>Chief Financial Officer/Company Secretary**</b>		
<b>Auditors</b>	<b>Rahman Sarfaraz Rahim Iqbal Rafiq 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 Tel:</b> <b>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>	

*\*Office of Chief Executive Officer (CEO) is vacant and hiring of new CEO is in process. NBP has nominated Mr.Fouad Farrukh as its Nominee Director in place of Mr. Saad Salman Dar. The nomination is subject to approval by Registrar Modaraba SECP.*

*\*\*Chief Financial Officer /Company Secretary has resigned on March 31, 2024.Ms Shafqat Tahira Virk has been appointed as Chief Financial Officer(Acting) and Ms Nadia Jalil as Company Secretary (Acting) w.e.f April 29, 2024.*

## 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 quarterly report, together with un-audited financial statements of FNBM for the quarter and nine months ended on March 31, 2024.

During the nine month period under review, the focus of management remained on recovery from the classified portfolio. With various settlement arrangements already made with some defaulter customers, an amount of Rs 69.865 million was realized from them during the nine months ended on March 31, 2024 which resulted in reversal of provision by an amount of Rs 57.230 million versus Rs 20.490 million reversed during corresponding period last year. On the operations side, FNBM earned total income of Rs 98.10 million during the period under review as compared to income of Rs 43.414 million earned in the corresponding period last year. Financial cost during the period increased from Rs.27.258 million to Rs.37.328 million whereas operating expenses, despite prevailing inflation increased slightly from Rs 9.715 million to Rs 10.075 million. After charging additional provision of Rs 4.356 million on some old NPLs, FNBM posted net profit after tax of Rs 34.250 million during the period under review versus after tax profit amounting to Rs 0.619 million earned during the preceding period. As a result, earning per modaraba certificate improved from Rs 0.02 to Rs.1.37.

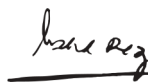
One of the main tasks ahead for FNBM is to recover its NPLs. Besides litigation, settlements/restructurings on favorable terms are also being negotiated with the defaulter clients. As a result, and also with the help of parent bank NBP, FNBM is expecting to recover substantial portion of its accumulated losses that were mainly incurred due to charge of provisioning on NPLs. Different options for revival of FNBM are under consideration of the Board and most suitable option would be opted in the best interest of the stakeholders when overall economic conditions improve.

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 NBFBI & Modaraba Association of Pakistan for their continued guidance and support and appreciates staff members of FNBM for their efforts and dedication.

**For and on behalf of the Board**



**Director**



**Director**

Lahore: April 29 ,2024

## Quarterly Report March 31, 2024

### ڈائریکٹرز کی نو ماہی جائزہ رپورٹ

فرسٹ نیشنل بینک مضاربہ (FNBM) کی انتظامی کچنی نیشنل بینک مضاربہ مینجمنٹ کچنی لمیٹڈ (NBMMCL) کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 31 مارچ 2024ء کو اختتام پذیر سہ ماہی اور نو ماہی کے لئے FNBM کی نو ماہی رپورٹ اور غیر پڑتال شدہ کھاتے پیش کرتے ہیں۔

زیر جائزہ نو ماہ کی مدت کے دوران، انتظامیہ کی توجہ درجہ بند پورٹ فولیو سے وصولی پر رہی۔ کچھ ڈیفالٹ صارفین کے ساتھ پہلے سے ہی طے پانے والے مختلف انتظامات کے ساتھ، 31 مارچ 2024 کو ختم ہونے والے نو ماہ کے دوران ان سے 69.865 ملین روپے کی رقم وصول کی گئی جس کے نتیجے میں 57.230 ملین روپے کی پروویژن ریورس کی گئی بمقابلہ گزشتہ سال کی اسی مدت جس میں 20.490 ملین روپے کی پروویژن ریورس کی گئی۔ آپریٹنگ کی طرف، FNBM نے زیر جائزہ مدت کے دوران 98.10 ملین روپے کی کل آمدنی حاصل کی جس کے مقابلے میں گزشتہ سال کی اسی مدت میں کمائی گئی 43.414 ملین روپے کی آمدنی ہوئی۔ اس عرصے کے دوران مالیاتی لاگت 27.258 ملین روپے سے بڑھ کر 37.328 ملین روپے ہو گئی جبکہ موجودہ افراط زر کے باوجود آبدیٹنگ اثراجات 9.715 ملین روپے سے بڑھ کر 10.075 ملین روپے ہو گئے۔ کچھ پرانے NPLs پر 4.356 ملین روپے کی اضافی پروویژن چارج کرنے کے بعد، FNBM نے زیر جائزہ مدت کے دوران 34.250 ملین روپے بعد از ٹیکس خالص منافع حاصل کیا جبکہ گزشتہ نو ماہ کی مدت کے دوران 0.619 ملین روپے بعد از ٹیکس منافع حاصل کیا تھا۔ اس کے نتیجے میں، فی مضاربہ سرٹیفکیٹ کی آمدنی 0.02 روپے سے بڑھ کر 1.37 روپے ہو گئی۔

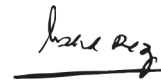
FNBM کے سامنے آنے والے اہم کاموں میں سے ایک اس کے NPLs کو بازیافت کرنا ہے۔ قانونی چارہ جوئی کے علاوہ، ڈیفالٹ کلائنٹس کے ساتھ سازگار شرائط پر تصفیہ / تنظیم نو کے لیے بھی بات چیت کی جا رہی ہے۔ نتیجے کے طور پر، اور پرنٹ بینک NBP کی مدد سے بھی، FNBM اپنے جمع شدہ نقصانات کے خاطر خواہ کی وصولی کی توقع کر رہا ہے جو بنیادی طور پر NPLs پر فراہمی کے چارج کی وجہ سے اٹھائے گئے تھے۔ FNBM کی بحالی کے لیے مختلف آپشنز بورڈ کے زیر غور ہیں اور جب مجموعی معاشی حالات بہتر ہوں گے تو اسٹیک ہولڈرز کے بہترین مفاد میں سب سے موزوں آپشن کا انتخاب کیا جائے گا۔

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 جسٹرار 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 اور FNBM کے سٹاف ممبرز کی محنت اور لگن کی تعریف کرتا ہے

برائے / منجانب بورڈ آف ڈائریکٹرز



ڈائریکٹر



ڈائریکٹر

29 اپریل 2024ء

**FIRST NATIONAL BANK MODARABA**  
**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
**AS AT MARCH 31, 2024**

	Note	March 31, 2024 Rupees (Unaudited)	June 30, 2023 Rupees (Audited)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances		9,119,268	10,298,604
Short term murabaha investments - secured	4	1,772,953	1,772,953
Accrued profit		7,853,267	5,856,727
Short term investments	5	282,985,482	194,074,491
Ijarah rentals receivable	6	14,505,268	25,560,916
Advances, prepayments and other receivables		1,831,043	1,830,087
Income tax recoverable/ adjustable		14,746,887	9,600,084
Current portion of non-current assets	7	4,800,000	16,396,392
		<b>337,614,168</b>	<b>265,390,254</b>
<b>NON-CURRENT ASSETS</b>			
Net investment in ijarah finance	8	10,853,087	-
Diminishing musharaka financing - secured	9	-	-
Long term murabaha investments - secured	10	8,273,581	7,300,000
Long term deposits		39,500	39,500
Intangible asset	11	-	-
Fixed assets under ijarah arrangements	11	32,959,576	32,959,576
Fixed assets under own use	12	269,023	262,226
Deferred tax asset	13	-	-
		<b>52,394,767</b>	<b>40,561,302</b>
<b>TOTAL ASSETS</b>		<b>390,008,935</b>	<b>305,951,556</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accrued markup on short term borrowings		144,551,135	107,243,673
Short term borrowings - secured	14	217,063,388	217,063,388
Creditors, accrued and other liabilities	15	8,873,218	2,951,915
Unclaimed dividend		425,218	425,218
Security deposits against ijarah assets		33,006,276	33,006,276
Provision for taxation		7,462,511	839,869
<b>TOTAL LIABILITIES</b>		<b>(411,381,746)</b>	<b>(361,530,339)</b>
<b>NET LIABILITIES</b>		<b>(21,372,811)</b>	<b>(55,578,783)</b>
<b>FINANCED BY:</b>			
Certificate capital		250,000,000	250,000,000
Statutory reserve		46,204,244	45,519,244
Accumulated loss		(315,777,650)	(349,342,631)
<b>TOTAL EQUITY</b>		<b>(19,573,406)</b>	<b>(53,823,387)</b>
Unrealised loss on revaluation of sukuku		(1,799,405)	(1,755,396)
<b>TOTAL EQUITY AND RESERVES</b>		<b>(21,372,811)</b>	<b>(55,578,783)</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	16	-	-

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



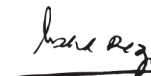
Director

National Bank Modaraba Management  
Company Limited



Director

National Bank Modaraba Management  
Company Limited



Director

National Bank Modaraba Management  
Company Limited



Chief Financial Officer (A)

National Bank Modaraba Management  
Company Limited

Lahore: April 29, 2024

**FIRST NATIONAL BANK MODARABA**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2024**

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
		Rupees	Rupees	Rupees	Rupees
<b>Income from operations</b>					
Profit on bank deposits		358,185	235,780	151,880	82,618
Profit on short term investments		34,440,942	17,568,286	12,957,727	5,080,090
		<b>34,799,127</b>	<b>18,504,066</b>	<b>13,109,607</b>	<b>5,862,708</b>
<b>Other income</b>					
Reversal of provision charged for doubtful receivables - net	17	57,230,741	20,489,654	2,657,160	1,300,000
Suspension reversed during the year		3,622,125	2,015,635	1,872,125	-
Gain on disposal of fixed assets under own use		6,000	-	-	-
Other income		2,441,979	2,404,408	-	-
		<b>63,300,845</b>	<b>24,909,697</b>	<b>4,529,285</b>	<b>1,300,000</b>
<b>Total income</b>		<b>98,099,972</b>	<b>43,413,763</b>	<b>17,638,892</b>	<b>7,162,708</b>
<b>Expenses</b>					
Operating expenses		(10,075,408)	(9,715,589)	(3,246,478)	(3,017,263)
Finance cost		(37,328,074)	(27,258,457)	(12,229,961)	(9,785,804)
<b>Total expenses</b>		<b>(47,403,482)</b>	<b>(36,974,046)</b>	<b>(15,476,439)</b>	<b>(12,803,067)</b>
<b>Operating profit before provision and taxation</b>		<b>50,696,490</b>	<b>6,439,717</b>	<b>2,162,453</b>	<b>(5,640,359)</b>
Provision charged for doubtful receivables - net		(4,355,648)	(5,593,432)	-	(5,593,432)
<b>Profit before Modaraba Management Company's fee</b>		<b>46,340,842</b>	<b>846,285</b>	<b>2,162,453</b>	<b>(5,640,359)</b>
Modaraba Management Company's fee		(4,634,084)	(84,629)	(216,245)	-
Provision for Workers' Welfare Fund		(834,135)	(15,233)	(38,924)	-
<b>Profit before taxation</b>		<b>40,872,623</b>	<b>746,423</b>	<b>1,907,284</b>	<b>(5,640,359)</b>
Taxation		(6,622,642)	(126,892)	-	-
<b>Profit after taxation</b>		<b>34,249,981</b>	<b>619,531</b>	<b>1,907,284</b>	<b>(5,640,359)</b>
<b>Earning per modaraba certificate - basic and diluted</b>	19	<b>1.37</b>	<b>0.02</b>	<b>0.08</b>	<b>(0.23)</b>

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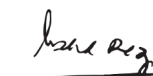
Director

National Bank Modaraba Management  
Company Limited



Director

National Bank Modaraba Management  
Company Limited



Director

National Bank Modaraba Management  
Company Limited



Chief Financial Officer (A)

National Bank Modaraba Management  
Company Limited

Lahore: April 29, 2024

**FIRST NATIONAL BANK MODARABA  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2024**

	Nine Months Ended		Quarter Ended	
	March 31, 2024 Rupees	March 31, 2023 Rupees	March 31, 2024 Rupees	March 31, 2023 Rupees
<b>Profit/ loss after taxation</b>	34,249,981	619,531	1,907,284	(5,640,359)
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that will not be reclassified subsequently to the profit and loss account</b>	-	-	-	-
<b>Items that may be reclassified subsequently to the profit and loss account</b>				
- Unrealised loss on revaluation of sukus	(44,009)	(659,281)	-	-
Other comprehensive loss for the period	(44,009)	(659,281)	-	-
<b>Total comprehensive income for the period</b>	<u>34,205,972</u>	<u>(39,750)</u>	<u>1,907,284</u>	<u>(5,640,359)</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



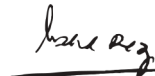
**Director**

National Bank Modaraba Management  
Company Limited



**Director**

National Bank Modaraba Management  
Company Limited



**Director**

National Bank Modaraba Management  
Company Limited



**Chief Financial Officer(A)**

National Bank Modaraba Management  
Company Limited

Lahore: April 29, 2024



**FIRST NATIONAL BANK MODARABA**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2024**

Particulars	Certificate capital	Statutory reserve	Accumulated loss	Total equity
	-----Rupees-----			
<b>Balance as at July 01, 2022</b>	250,000,000	44,699,137	(352,623,061)	(57,923,924)
Total comprehensive income for the period				
Profit after taxation	-	-	619,531	619,531
Other comprehensive loss*	-	-	-	-
Total comprehensive income for the period	-	-	619,531	619,531
Transferred to statutory reserve	-	30,977	(30,977)	-
<b>Balance as at December 31, 2022</b>	<b>250,000,000</b>	<b>44,730,114</b>	<b>(352,034,507)</b>	<b>(57,304,393)</b>
Total comprehensive loss for the period				
Loss after taxation	-	-	3,481,006	3,481,006
Other comprehensive loss*	-	-	-	-
Total comprehensive loss for the period	-	-	3,481,006	3,481,006
Transferred from statutory reserve	-	789,130	(789,130)	-
<b>Balance as at June 30, 2023</b>	<b>250,000,000</b>	<b>45,519,244</b>	<b>(349,342,631)</b>	<b>(53,823,387)</b>
Total comprehensive income for the period				
Profit after taxation	-	-	34,249,981	34,249,981
Other comprehensive loss*	-	-	-	-
Total comprehensive income for the period	-	-	34,249,981	34,249,981
Transferred to statutory reserve	-	685,000	(685,000)	-
<b>Balance as at March 31, 2024</b>	<b>250,000,000</b>	<b>46,204,244</b>	<b>(315,777,650)</b>	<b>(19,573,406)</b>

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

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



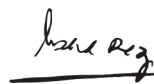
**Director**

National Bank Modaraba Management  
Company Limited



**Director**

National Bank Modaraba Management  
Company Limited



**Director**

National Bank Modaraba Management  
Company Limited



**Chief Financial Officer(A)**

National Bank Modaraba Management  
Company Limited

**Lahore: April 29, 2024**

**FIRST NATIONAL BANK MODARABA**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2024**

	March 31, 2024 Rupees	March 31, 2023 Rupees
<b>CASH FLOWS FORM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>40,872,623</b>	<b>746,423</b>
Adjustments for:		
- Depreciation on fixed assets under own use	11,203	10,856
- Gain on disposal of fixed assets under own use	(6,000)	-
- Profit on short term investments	(34,440,942)	(17,568,286)
- Charge of provision against doubtful ijarah rentals receivable - net	4,355,648	5,593,432
- Other income	-	(2,404,408)
- Reversal of provision against short term murabaha investments - net	(52,657,160)	(20,489,654)
- Reversal of provision against long term murabaha investments - net	(4,573,581)	-
- Suspension reversed during the period	(3,622,125)	(2,015,635)
- Worker's Welfare Fund	834,135	15,233
- Modaraba Management Company's fee	4,634,084	84,629
- Finance cost	37,328,074	27,258,457
- Profit on bank deposits	(358,185)	(235,780)
	<b>(48,494,849)</b>	<b>(9,835,785)</b>
<b>Operating cash flows before working capital changes</b>	<b>(7,622,226)</b>	<b>(9,089,362)</b>
<b>Changes in working capital:</b>		
Decrease/ (increase) in current assets:		
- Accrued profit	32,444,402	17,525,162
- Ijarah rentals receivable	9,100,000	13,499,761
- Advances, prepayments and other receivables	(956)	(401,323)
- Income tax recoverable/ adjustable	(5,146,803)	-
- Short term murabaha investments - secured	52,657,160	547,411
- Diminishing musharaka financing	-	775,000
- Long term murabaha investments - secured	3,500,000	2,400,000
- Net investment in ijara financing	843,305	693,781
(Decrease)/ increase in current liabilities:		
- Creditors, accrued and other liabilities	1,587,191	1,737,878
<b>Net cash generated from operations</b>	<b>94,984,299</b>	<b>36,777,670</b>
Finance cost paid	87,362,073	27,688,308
Income taxes paid	(20,612)	29,179
Profit received on bank deposits	-	(2,644,151)
	358,185	235,780
<b>Net cash generated from operating activities</b>	<b>87,699,646</b>	<b>25,309,116</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets under own use - net off trade-in allowance	(12,000)	-
Short term investments - net	(88,866,982)	(18,083,201)
<b>Net cash used in investing activities</b>	<b>(88,878,982)</b>	<b>(18,083,201)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>Net (decrease)/ increase in cash and cash equivalents during the period</b>	<b>(1,179,336)</b>	<b>7,225,915</b>
Cash and cash equivalents at the beginning of the period	10,298,604	1,455,894
<b>Cash and cash equivalents at the end of the period</b>	<b>9,119,268</b>	<b>8,681,809</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



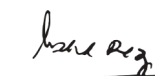
Director

National Bank Modaraba Management  
Company Limited



Director

National Bank Modaraba Management  
Company Limited



Director

National Bank Modaraba Management  
Company Limited



Chief Financial Officer(A)

National Bank Modaraba Management  
Company Limited

Lahore: April 29, 2024

**FIRST NATIONAL BANK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
FOR THE QUARTER ENDED MARCH 31, 2024

**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 (NBP) (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, Pakistan.

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 earned profit after taxation amounting to Rs. 34.250 million (March 31, 2023: Rs. 0.619 million) which is mainly due to reversal of provisions amounting to Rs. 57.230 million (March 31, 2023: Rs. 20.490 million).

As at the reporting date, the Modaraba's current liabilities exceed its current assets by Rs.73.768 million (June 30, 2023: Rs. 96.140 million) and its accumulated loss amounts to Rs. 315.778 million (June 30, 2023: Rs. 349.343 million) which exceeds its total subscribed certificate capital by Rs. 65.777 million (June 30, 2023: Rs 99.343 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 losses as on 31 March 2024 contain Rs. 209.508 million (30 June 2023: Rs. 262.544 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. Modaraba has fully charged the provision against its classified receivables in accordance with the Prudential Regulations for Modarabas issued by SECP (PRs) and has incorporated additional provision of Rs. 4.356 million (30 June 2023: Rs. 5.755 million) 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 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 as referred in note 14, the short term running finance facility obtained from NBP 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. 133.751 million (30 June 2023: Rs. 96.444 million) on account of finance cost against this facility accumulating to Rs. 144.551 million (30 June 2023: Rs. 107.244 million) as at the reporting date. Total current liabilities amounting to Rs. 411.382 million (30 June 2023: Rs. 361.530 million) include Rs. 361.614 million (30 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 (30 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. 69.865 million (30 June 2023: 23.316 million) from certain customers against non-performing finances during the current period.

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 the 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 April 29, 2024.

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 June 30, 2023.

### **2.2 Accounting convention**

These condensed interim financial statements (unaudited) 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. These realizable/ settlement values are based on management judgment and other available evidence; however, these may change on actual realization of assets/ settlement of liabilities.

### **2.3 Functional and presentation currency**

These condensed interim financial statements (unaudited) are presented in Pak Rupees, which is the Modaraba's functional and presentation currency. All the figures have been rounded off to the nearest Pak Rupees unless stated otherwise.

## **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 June 30, 2023.

### **3.2 Standards and amendments to published accounting and reporting standards which were effective during the half year ended March 31, 2024**

There are other new standards which are effective from 01 July, 2023 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 July 1, 2023. 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.

	Note	March 31, 2024 Rupees (Unaudited)	June 30, 2023 Rupees (Audited)
<b>4 SHORT TERM MURABAHA INVESTMENTS - SECURED</b>			
Short term murabaha investments - considered doubtful		92,316,427	166,447,168
Less: Transferred to long term morabaha investments		-	(21,473,581)
		92,316,427	144,973,587
Add: Deferred murabaha income		274,022	274,022
		92,590,449	145,247,609
Less: Provision for non-performing murabaha investments	4.1 and 4.2	(90,543,474)	(143,200,634)
Less: Suspended income		(274,022)	(274,022)
		<u>1,772,953</u>	<u>1,772,953</u>

4.1 These represent investments under murabaha arrangements from 6 (June 30, 2023: 6) customers on deferred payment basis at expected profit rates ranging from 8.36% to 14.64% (June 30, 2023: 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 6 (June 30, 2023: 6) cases for recovery of Rs. 174.431 million (June 30, 2023: Rs. 174.431 million) and execution of decree proceedings is underway in the court.

#### 4.2 Provision for non-performing murabaha investments

Opening balance		143,200,634	164,674,215
Transferred to long term murabaha investments	10.1	-	(21,473,581)
Reversed during the period/ year		(52,657,160)	-
Closing balance	17	<u>90,543,474</u>	<u>143,200,634</u>

#### 5 SHORT TERM INVESTMENTS

	March 31, 2024	June 30, 2023			
	Number of units				
Investments in sukuk of Rs 100,000 each - Fair Value Through Other Comprehensive Income (FVTOCI)					
	<u>550</u>	<u>550</u>	Neelum Jehlum Hydropower (Pvt.) Ltd. Sukuk	5.1	15,142,982
			National Bank of Pakistan (Aitemaad) - Term deposit certificates	5.2	267,842,500
					<u>282,985,482</u>
					<u>194,074,491</u>

5.1 The outstanding principal per unit is Rs. 27,533 (June 30, 2023: Rs. 32,457) having fair value of Rs. 100.9566 (June 30, 2023: 101.2500) per unit as at the reporting date.

5.2 These term deposits certificates yield profit at the rates ranging from 18.60% to 20% (June 30, 2023: 10.60% to 18.60) per annum.

#### 6 IJARAH RENTALS RECEIVABLE

Considered doubtful	6.1 and 6.2	93,275,166	102,375,166
Less: provision for doubtful ijarah rentals receivable	6.3	(46,127,437)	(41,771,789)
Less: profit held in suspense account		(32,642,461)	(35,042,461)
		<u>14,505,268</u>	<u>25,560,916</u>

6.1 This represents receivables from various customers under the ijarah finance. Legal proceedings against 7 (June 30, 2023: 7) customers are in process in the Honorable Courts of Law. The Courts have awarded decree in favour of the Modaraba in 7 (June 30, 2023: 7) cases for recovery of Rs. 118.036 million (June 30, 2023: 118.036 million) and execution of decree proceedings is underway in the court.

#### 6.2 Considered doubtful

Opening balance		102,375,166	102,176,799
Add: Restructuring adjustment		-	15,898,128
Less: Received during the period/ year		(9,100,000)	(15,699,761)
Closing balance		<u>93,275,166</u>	<u>102,375,166</u>

#### 6.3 Provision for doubtful ijarah rentals receivable

Opening balance		41,771,789	48,591,698
Charged during the period/ year		4,355,648	4,710,671
Provision written back during the period/ year		-	(11,530,580)
Net charged/ (reversed) during the period/ year		4,355,648	(6,819,909)
Closing balance	17	<u>46,127,437</u>	<u>41,771,789</u>

	Note	March 31, 2024 Rupees (Unaudited)	June 30, 2023 Rupees (Audited)
<b>7 CURRENT PORTION OF NON-CURRENT ASSETS</b>			
Net investment in ijarah finance	8	-	11,696,392
Long term murabaha investments - secured	10	4,800,000	4,700,000
		<u>4,800,000</u>	<u>16,396,392</u>
<b>8 NET INVESTMENT IN IJARAH FINANCE</b>			
Minimum ijarah rentals receivable		48,158,770	49,002,075
Add: Residual value of ijarah assets		46,700	46,700
Gross investment in ijarah finance		<u>48,205,470</u>	<u>49,048,775</u>
Less: Unearned finance income		<u>(24,109,320)</u>	<u>(24,109,320)</u>
Net investment in lease ijarah finance		<u>24,096,150</u>	<u>24,939,455</u>
Less: Provision for doubtful net investment in ijarah finance	8.2	<u>(13,243,063)</u>	<u>(13,243,063)</u>
		<u>10,853,087</u>	<u>11,696,392</u>
Less: Current portion	7	<u>-</u>	<u>(11,696,392)</u>
		<u>10,853,087</u>	<u>-</u>
<b>8.1</b>			
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 (June 30, 2023: 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 June 29, 2022 and the execution proceedings have been adjourned in the court sin-e-die. The Modaraba has so far recovered pro rata share of Rs. 2.627 million under the scheme through sale of non-core assets of the company.			
<b>8.2 Provision for doubtful net investment in ijarah financing</b>			
Opening balance		13,243,063	12,360,302
Charged during the period/ year		-	882,761
Closing balance	17	<u>13,243,063</u>	<u>13,243,063</u>
<b>9 DIMINISHING MUSHARAKA FINANCING - SECURED</b>			
Considered doubtful		-	161,180
		-	161,180
Less: Provision for doubtful musharaka financing	17	<u>-</u>	<u>(161,180)</u>
		<u>-</u>	<u>-</u>
<b>10 LONG TERM MURABAHA INVESTMENTS - SECURED</b>			
Considered good		-	-
Considered doubtful		72,667,630	76,167,630
		<u>72,667,630</u>	<u>76,167,630</u>
Add: Deferred murabaha income		<u>29,388,304</u>	<u>29,388,304</u>
		<u>102,055,934</u>	<u>105,555,934</u>
Less: Provision for doubtful murabaha investments	10.1	<u>(59,594,049)</u>	<u>(64,167,630)</u>
Less: Suspension for doubtful murabaha investments		<u>(29,388,304)</u>	<u>(29,388,304)</u>
		<u>13,073,581</u>	<u>12,000,000</u>
Less: Current portion	7	<u>(4,800,000)</u>	<u>(4,700,000)</u>
		<u>8,273,581</u>	<u>7,300,000</u>
<b>10.1 Provision for doubtful long term murabaha investments</b>			
Opening balance		64,167,630	59,594,049
Transferred from short term murabaha investments	4.2	-	21,473,581
Reversed during the period/ year		(4,573,581)	(16,900,000)
Net (reversed)/ charged during the period/ year		<u>(4,573,581)</u>	<u>4,573,581</u>
Closing balance	17	<u>59,594,049</u>	<u>64,167,630</u>

Note	March 31, 2024 Rupees (Unaudited)	June 30, 2023 Rupees (Audited)
<b>11 FIXED ASSETS UNDER IJARAH ARRANGEMENTS</b>		
Written down value at the beginning of the period/ year	32,959,576	32,959,576
Less: Depreciation charged during the period/ year	-	-
	<u>32,959,576</u>	<u>32,959,576</u>

The ijarah assets are adjusted against their security deposits.

The Modaraba had entered into various Ijarah agreements for periods ranging from 3 to 14 years (June 30, 2023: 3 to 14 years). Security deposits ranging from 0% to 71% (June 30, 2023: 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% (June 30, 2023: 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 8). These ijarah assets would be adjusted against the security deposits received from customers.

#### 12 FIXED ASSETS UNDER OWN USE

Written down value at the beginning of the period/ year	262,226	88,759
Additions made during the period/ year	18,000	202,100
	<u>280,226</u>	<u>290,859</u>
Less: Depreciation charged during the period/ year	(11,203)	(28,633)
	<u>269,023</u>	<u>262,226</u>

These contain fully depreciated assets at cost of Rs. 3,425,554/- (June 30, 2023: Rs. 3,477,154/-) that are still in use by the Modaraba.

#### 13 DEFERRED TAX ASSET

The deferred tax asset of Rs. 104.764 million (June 30, 2023: Rs. 114.840 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.

#### 14 SHORT TERM BORROWINGS - SECURED

##### From banking company - related party

Running finance	14.1	217,063,388	217,063,388
-----------------	------	-------------	-------------

- 14.1 The Modaraba has obtained running finance facility of Rs. 250 million (June 30, 2023: Rs. 250 million) from the National Bank of Pakistan carrying markup at 1 month KIBOR plus 0.5% (June 30, 2023: 1 month KIBOR plus 0.5%) per annum payable monthly. The markup rate charged during the year ranged from 22.66% to 23.04% (June 30, 2023: 14.66% to 22.20%) 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 (June 30, 2023: Rs 277.778 million). This facility expired on October 31, 2019 and has yet not been renewed and repaid.

#### 15 CREDITORS, ACCRUED AND OTHER LIABILITIES

Advances from customers		1,653,282	1,040,404
Accrued expenses		173,833	465,233
Payable to Modaraba Management Company		5,702,341	1,068,257
Worker's Welfare Fund payable	15.1	1,026,421	192,286
Sales tax payable		19,148	1,901
Charity payable		298,193	183,834
		<u>8,873,218</u>	<u>2,951,915</u>

##### 15.1 Worker's Welfare Fund payable

Opening balance		192,286	91,461
Expense during the period/ year		834,135	100,825
Closing balance		<u>1,026,421</u>	<u>192,286</u>

#### 16 CONTINGENCIES AND COMMITMENTS

- 16.1 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 2023.

#### 17 PROVISION FOR DOUBTFUL RECEIVABLES

Note	4.2	6.3	8.2	9	10.1	March 31, 2024	June 30, 2023
	Short term morabaha investments	Ijara rental receivables	Net investment in ijarah finance	Diminishing musharaka financing	Long term murabaha investments	Rupees (Unaudited)	Rupees (Audited)
Opening balance	143,200,634	41,771,789	13,243,063	161,180	64,167,630	262,544,296	285,220,264
Add: Charged during the period/ year	-	4,355,648	-	-	-	4,355,648	5,754,612
Adjusted during the period/ year	-	-	-	(161,180)	-	(161,180)	-
Less: Reversed during the period/ year	(52,657,160)	-	-	-	(4,573,581)	(57,230,741)	(28,430,580)
Net provision charged/ (reversed) for the period/ year	(52,657,160)	4,355,648	-	(161,180)	(4,573,581)	(53,036,273)	(22,675,968)
Closing balance	90,543,474	46,127,437	13,243,063	-	59,594,049	209,508,023	262,544,296

- 17.1 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.

	Note	March 31, 2024 Rupees (Unaudited)	March 31, 2023 Rupees (Unaudited)
<b>18 EARNINGS PER MODARABA CERTIFICATE - BASIC AND DILUTED</b>			
Earnings attributable to modaraba certificate holders (profit after taxation)	Rupees	<u>34,249,981</u>	<u>619,531</u>
Weighted average number of modaraba certificates in issue	Numbers	<u>25,000,000</u>	<u>25,000,000</u>
Earnings per modaraba certificate - basic and diluted	Rupees	<u>1.37</u>	<u>0.02</u>

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

#### 19 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:





19.1 Transactions during the period:		March 31, 2024	March 31, 2023
Particulars	Nature of transaction	Rupees (Unaudited)	Rupees (Unaudited)
National Bank of Pakistan	Markup expense	37,307,462	27,252,636
National Bank Modaraba Management Company Limited	Management fee	4,634,084	84,629
National Bank of Pakistan	Profit on saving account	141,246	209,095
19.2 Balances outstanding at the reporting date		March 31, 2024	June 30, 2023
		Rupees (Unaudited)	Rupees (Audited)
National Bank of Pakistan	Bank accounts	274,286	150,015
	Short term borrowings	217,063,388	217,063,388
	Markup payable	144,551,135	107,243,673
National Bank of Pakistan (Aitemaad)	Term Deposit Certificates	267,842,500	176,000,000
National Bank Modaraba Management Company Limited	Management fee payable	5,702,341	1,068,257
19.2 Relationship			
National Bank of Pakistan	Holding Company of the Modaraba Management Company		
National Bank Modaraba Management Company Limited	Modaraba Management Company		

#### 20 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 29, 2024

#### 21 GENERAL

Figures in the financial statements have been rounded off to the nearest rupees except where stated otherwise.

			
Director	Director	Director	Chief Financial Officer(A)
National Bank Modaraba Management Company Limited	National Bank Modaraba Management Company Limited	National Bank Modaraba Management Company Limited	National Bank Modaraba Management Company Limited

Lahore: April 29, 2024



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