FIRST NATIONAL BANK MODARABA

CONDEDSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees	Rupees	Rupees	Rupees
INCOME FROM OPERATIONS				
Ijarah rentals earned / income from ijarah finance	5,879,784	42,632,437	1,545,952	21,106,337
Profit on diminishing musharaka financing	1,209,767	1,123,216	957,082	434,655
Profit on murabaha investments	67,948	199,100	67,948	199,100
Profit on bank deposits	835,898	631,275	502,924	212,654
Gain on disposal of ijarah and owned assets	407,882	4,193,145	159,601	3,931,154
Profit on short term investment	1,707,481	717,781	1,687,313	717,781
	10,108,760	49,496,954	4,920,820	26,601,681
OTHER INCOME				
Reversal of provision charged for doubtful receivables	170,944	3,234,441	-	-
Other income	28,710	100,767	28,710	47,711
	199,654	3,335,208	28,710	47,711
TOTAL INCOME	10,308,414	52,832,162	4,949,530	26,649,392
EXPENSES				
Depreciation on ijarah assets	(9,541,106)	(27,548,402)	(5,625,984)	(13,387,635)
Operating expenses	(8,107,601)	(7,457,893)	(4,369,714)	(3,342,465)
Finance cost	(9,864,999)	(8,094,052)	(5,665,354)	(3,607,197)
TOTAL EXPENSES	(27,513,706)	(43,100,347)	(15,661,052)	(20,337,297)
Operating (Loss) / Profit before Provision and Taxation	(17,205,292)	9,731,815	(10,711,522)	6,312,095
Provision charged for doubtful receivables - net	(1,749,123)	-	(1,749,123)	(3,158,116)
Impairment loss on ijarah assets - net	-	(8,368,237)	-	(8,368,237)
	(18,954,415)	1,363,578	(12,460,645)	(5,214,258)
Modaraba Company's management fee	-	(136,358)	-	521,426
(Loss) / Profit before Taxation	(18,954,415)	1,227,220	(12,460,645)	(4,692,832)
Taxation	-	(208,630)	-	(208,630)
Net (Loss) / Profit for the Period	(18,954,415)	1,018,590	(12,460,645)	(4,901,462)
LOSS / PROFIT PER CERTIFICATE - BASIC AND DILUTED	(0.76)	0.04	(0.50)	(0.20)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information (un-audited).

CHIEF EXECUTIVE OFFICER **DIRECTOR** **DIRECTOR** **CHIEF FINANCIAL OFFICER**

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AUDITORS' REPORT TO CERTIFICATE HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of First National Bank Modaraba ("the modaraba") as at 31 December 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with notes to the financial statements for the six month period then ended (hereinafter referred to as "interim financial information"). Management of Modaraba is responsible for the preparation and presentation of this condensed interim financial information (un-audited) in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information (un-audited) based on our review. The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 31 December 2018 have not been reviewed as we are required to review only the cumulative figures for the half year ended 31 December 2018.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information (un-audited) is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter Paragraph

We draw attention to Note 1.2 in the financial statements, which indicates that the Modaraba incurred a net loss of Rs. 18.954 million during the half year ended December 31, 2018. As of that date the Modaraba's current liabilities exceeded its current assets by Rs. 111.232 million and its accumulated losses amounted to Rs. 304.765 million. Consequently, its net liabilities have exceeded its net assets by Rs. 10.810 million. This situation indicates that a material uncertainty exists that may cast significant doubt on the Modaraba's ability to continue as a going concern. Therefore, the condensed interim financial information (un-audited) has been prepared on the basis of estimated net realizable / settlement values of assets and liabilities respectively. This estimation involves judgement based on the latest available information, historical experience and possible future events that are believed to be reasonable under the circumstances. As a result of new information, these estimates may need revision. Hence, the ultimate value at which assets will be realized and liabilities will be settled may be different from those carried in the condensed interim financial information (un-audited). Our conclusion is not qualified in respect of this matter.

Other Matter

The interim financial information (un-audited) for the six-month period ended December 31, 2017 were reviewed by another firm of Chartered Accountants whose report dated February 23, 2018 has expressed un-qualified opinion.

Lahore
Dated:

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement Partner: Amin Ali)