FIRST NATIONAL BANK MODARABA

CONDEDSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees (Restated)	Rupees	Rupees (Restated)
INCOME FROM OPERATIONS				
Ijarah rentals earned / income from ijarah finance	1,441,725	5,879,784	(284,532)	1,545,952
Profit on diminishing musharaka financing	81,532	1,209,767	27,812	957,082
Profit on murabaha investments	34,855	67,948	34,855	67,948
Profit on bank deposits	195,269	835,898	169,413	502,924
Gain on disposal of ijarah and owned assets	227,219	407,882	356,517	159,601
Profit on short term investment	5,075,852	1,707,481	3,333,362	1,687,313
	7,056,452	10,108,760	3,637,427	4,920,820
OTHER INCOME				
Reversal of provision charged for doubtful receivables	1,902,510	170,944	1,902,510	-
Other income	37,749	28,710	32,971	28,710
	1,940,259	199,654	1,935,481	28,710
TOTAL INCOME	8,996,711	10,308,414	5,572,908	4,949,530
EXPENSES				
Depreciation on ijarah assets	(2,114,150)	(9,541,106)	(1,042,797)	(5,625,984)
Operating expenses	(8,311,048)	(8,459,601)	(4,381,860)	(4,721,714)
Finance cost	(10,317,666)	(9,864,999)	(2,641,983)	(5,665,354)
TOTAL EXPENSES	(20,742,864)	(27,865,706)	(8,066,640)	(16,013,052)
Operating Loss before Provisions and Taxation	(11,746,153)	(17,557,292)	(2,493,732)	(11,063,522)
Provision charged for doubtful receivables - net	(2,598,619)	(1,749,123)	(2,598,619)	(1,749,123)
	(14,344,772)	(19,306,415)	(5,092,351)	(12,812,645)
Modaraba Company's management fee	-	-	-	-
Loss before Taxation	(14,344,772)	(19,306,415)	(5,092,351)	(12,812,645)
Taxation	-	-	-	-
Loss for the Period	(14,344,772)	(19,306,415)	(5,092,351)	(12,812,645)
LOSS PER CERTIFICATE - BASIC AND DILUTED	(0.57)	(0.77)	(0.20)	(0.51)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information (un-audited).

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

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS OF FIRST NATIONAL BANK MODARABA ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First National Bank Modaraba** ("the Modaraba") as at December 31, 2019 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 the notes to the financial statements for the six months period then ended (hereinafter referred to as "interim financial information"). Management of the Modaraba is responsible for preparation and presentation of 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 December 31, 2018 and December 31, 2019 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

We conducted our review in accordance with International Standards 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 1.2, of the accompanied financial statements, which indicates that the Modaraba incurred a net loss of Rs. 14.345 million during the period ended December 31, 2019. As of that date the Modaraba's current liabilities exceeded its current assets by Rs. 102.982 million, its net liabilities amounted to Rs. 43.061 million and its accumulated losses amounted to Rs. 337.017 million. Its short-term financing facility obtained from National Bank of Pakistan has not been renewed and the Modaraba has not provided for estimated finance cost of Rs. 5.108 million as disclosed in Note 15 to the financial statements.

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National Bank of Pakistan's plan to recapitalize the Modaraba by injecting further Rs. 300 million is still awaiting approval from the State Bank of Pakistan. Furthermore, the Registrar Modaraba has passed an order to the Modaraba for filing an application for winding up before the Modaraba Tribunal Lahore in continuation of its earlier show cause notice consequent to the erosion of Modaraba's Certificate-holders' funds and continued losses. This situation indicates that a material uncertainty exists that may cast significant doubt on the Modaraba's ability to continue as going concern. Therefore, these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Estimated realizable / settlement values are based on the management's best estimate. Estimation involves judgment based on the latest available, reliable information, historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In future, these estimates may need revision if changes occur in the circumstances on which the estimates are based or as a result of new information. Hence, the ultimate values at which assets will be realized and liabilities will be settled may be different from those carried in these financial statements. Our opinion is not qualified in respect of this matter.

LAHORE
Dated:

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