



2012 HALF YEARLY REPORT DECEMBER 31,

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
Condensed Interim Financial Statements
For the Half Year Ended December 31, 2012

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CORPORATE INFORMATION

Board of Directors	Mr. Shahid Anwar Khan Mr. Wajahat A. Baqai Mr. Khawaja Waheed Raza Syed Mustafa Kamal Mr. Jamal Nasim Mr. Sadiq-ul-Huda Mr. Javaid Sadiq	Chairman Director Director Director Director Director Chief Executive Officer
Chief Financial Officer/ Company Secretary	Mr. Abbas Azam	
Audit Committee	Mr Jamal Nasim Mr. Wajahat A. Baqai Mr. Khawaja Waheed Raza	Chairman Member Member
HR & Remuneration Committee	Mr. Khawaja Waheed Raza Mr. Wajahat A. Baqai Syed Mustafa Kamal	Chairman Member Member
Shari'ah Advisor	Mufti Abdul Sattar Laghari	
Auditors	Horwath Hussain Chaudhury & Co. (A member firm of Crowe Horwath International)	
Bankers	National Bank of Pakistan Bank Alfalah Limited Al Baraka Islamic Bank Habib Bank Limited Allied Bank Limited MCB Bank Limited First Women Bank Limited Bank Islami Pakistan Limited	
Legal Advisor	Cornelius Lane & Mufti Advocates and Solicitors Nawa-i-Waqt House 4 – Shahrah-e-Fatima Jinnah, Lahore Tel.: 36360824, Fax: 36303301	
Shares Registrar	Hameed Majeed Associates (Pvt.) Limited H. M. House, 7 – Bank Square, Lahore Tel: 37235081-2, Fax: 37358817	
Registered Office	5th Floor, NBP RHQs Building, 26 – McLagon Road, Lahore Tel: 042-99211200, Fax: 042-99213247 URL: http://www.nbmodaraba.com E-mail: info@nbmodaraba.com	

Directors' 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), I am pleased to present the half yearly report, together with financial statements of FNBM along with Review Report by the Auditors, for the six months ended December 31, 2012.

During the period under review FNBM focused primarily on Ijarah and entered into new Ijarah arrangements amounting to Rs.304 Millions. On the liability side COMs were the main instrument for generating funds. As a result FNBM has managed to maintain its balance sheet footing at Rs.1.959 Billion as on December 31, 2012 as against Rs.1.962 Billion on June 30, 2012.

The total income decreased by 8.1% from Rs.296.7 Millions to Rs.272.9 Million as compared with the corresponding six months period. On the other hand the finance costs reduced by 28% because of low average outstanding borrowings during the period under review as compared to the last year. The significant reduction in KIBOR during the period as compared to the corresponding period last year had also contributed in the reduction of both income and financial charges. However FNBM has managed to improve the profitability slightly and the net profit booked for the half year ended December 31, 2012 was Rs.9.9 Millions which is 6% higher than the profit booked in the corresponding half year. The EPC stood at 0.40 for the period under review as compared to 0.37 for the corresponding period.

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

For and on behalf of the Board

Javaid Sadiq
Chief Executive Officer

Dated: February 27, 2013



SHARIAH ADVISOR'S REPORT (HALF YEAR)

Alhamdulillah, I conducted the Shariah review and audit of First National Bank Modaraba (FNBM) managed by National Bank Modaraba Management Company Limited (NBMMCL) for the Half year ended December 31, 2012 in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas and except the observations hereunder, report that, in my opinion:

- i. First National Bank Modaraba ("FNBM) has introduced a mechanism that is strengthening the Shariah compliance, in letter and spirit to a good extent and the systems, procedures and policies adopted by the Modaraba, are in line with the guidelines issued by SECP.
- ii. **Following were the major developments that took place during the audit year:**
 - a. The members from staff were nominated for different training program in Islamic banking and finance arranged by MAP and other institutions.
 - b. Internal Shariah Audit mechanism was developed and a comprehensive audit was carried out in conformity with undersigned.
- iii. The agreements entered into by the First National Bank Modaraba (FNBM) during the audit year are Shariah compliant and the financing agreements have been executed on the formats as approved by the Religious Board.
- iv. First National Bank Modaraba (FNBM) has major asset portfolio of Murabaha and Ijarah.
- v. First National Bank Modaraba (FNBM) has its scheme of COM to raise the funds but to some extent. Major source of funds is equity and bank borrowings.
- vi. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and other matters incidental thereto are, as per my knowledge, in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modarabas
- vii. Profit sharing ratios, profits and charging of losses and compensating through Hiba relating to COM conform to the basis and principles of Shari'ah.
- viii. The earnings that have been realized from the PLS accounts in some commercial banks, payments received as penalty in cases of default in Ijarah and Murabaha and dividend income of a non Shariah compliant shares have been credited to charity accounts amounting Rs: 360,747/- For this audit period.

Observations and Recommendations

1. First National Bank Modaraba (FNBM) is maintaining accounts in commercial banks for the purpose of remittances.
2. First National Bank Modaraba (FNBM) has a PLS account in a commercial bank. It has been advised to discontinue the account. All profits from this account have been deposited to charity account.
3. First National Bank Modaraba (FNBM) has an investment of **Rs: 1,967,056/-** in non Shariah compliant shares. It has been advised to dispose off as soon as possible.
4. The mechanism of allocation of profit sharing ratio, weightages/profit rates has been developed and is in place.
5. First National Bank Modaraba (FNBM) has its major portfolio of assets insured through commercial insurance companies. It has been advised to shift towards Takaful.
6. The senior management and staff of First National Bank Modaraba (FNBM) are well intended and well cooperative in observing Shariah compliance in its true spirit.

Conclusion

In the context of detailed Shari'ah review carried out by the undersigned for the half year ended December 31, 2012, the business activities (transactions) on liability side and asset side executed by FNBM during the audit period were found as per standards requirements of Shariah.

Signature



Stamp of the Shari'ah Advisor



Dated: 04-02-2013



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FIRST NATIONAL BANK MODARABA

REPORT TO MEMBERS 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 December 31, 2012 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 forming part thereof for the half year then ended ("the interim financial information"). Management of the Modaraba Management Company (National Bank Modaraba Management Company Limited) is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2011 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

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 the 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 as of and for the half year ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

LAHORE
Dated February 27, 2013

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)

First National Bank Modaraba

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

AS AT DECEMBER 31, 2012

	NOTE	(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
ASSETS			
Current Assets			
Cash and bank balances		15,550,768	17,414,896
Ijarah rentals receivable		58,509,629	61,138,915
Advances, prepayments and other receivables		99,501,058	112,534,951
Accrued profit		10,570,430	15,484,215
Short term investment	5	1,967,056	1,734,024
Short term morabaha investments	6	640,038,135	695,922,758
Current portion of non-current assets		51,932,276	57,425,977
		878,069,352	961,655,736
Non-Current Assets			
Net investment in ijarah	7	52,152,728	74,739,723
Long term morabaha investments		45,290,913	30,235,221
Long term loans and deposits		3,647,135	3,430,690
Fixed assets under ijarah arrangements	8	978,994,845	891,244,292
Fixed assets - Tangible	9	1,633,976	1,662,582
		1,081,719,597	1,001,312,508
		1,959,788,949	1,962,968,244
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities		56,881,109	44,704,665
Accrued profit payable		21,870,709	22,725,644
Short term finances	10	358,233,712	634,897,699
Short term certificates of musharaka	11	247,452,928	81,177,255
Current portion of non-current liabilities		358,296,687	365,380,170
		1,042,735,145	1,148,885,433
Non-Current Liabilities			
Long term security deposits		236,383,754	175,802,255
Long term certificates of musharaka	12	119,168,077	113,838,077
Long term finances	13	222,166,659	181,666,659
Deferred morabaha income		14,658,488	2,999,875
		592,376,978	474,306,866
		1,635,112,123	1,623,192,299
NET ASSETS		324,676,826	339,775,945
REPRESENTED BY:			
Capital and Reserves			
Issued, subscribed and paid up certificate capital	14	250,000,000	250,000,000
Reserves		74,676,826	89,775,945
Contingencies and commitments	15	-	-
		324,676,826	339,775,945

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

CHIEF EXECUTIVE OFFICER
Lahore: February 27, 2013

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Half Yearly Report - December 31, 2012

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED DECEMBER 31, 2012

	NOTE	Half Year Ended		Quarter Ended		September	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	2012	2011
		(Un-audited)					
Income		Rupees	Rupees	Rupees	Rupees		
Income from leases / ijarahs		231,671,570	235,419,365	113,817,629	119,546,494	117,853,941	115,872,871
Profit on morabaha investments		40,972,053	56,871,144	18,951,472	25,985,632	22,020,581	30,885,512
Profit on musharaka investments		-	1,318,616	-	95,680	-	1,222,936
Profit on bank deposits		32,113	80,163	(53,567)	-	85,680	80,163
Gain / (loss) on short term investment		233,032	(339,251)	217,060	(171,979)	15,972	(167,272)
(Loss) / Gain on disposal of fixed assets		(509,584)	887,933	(1,323,604)	356,600	814,020	531,333
Other income		546,542	2,474,210	417,555	449,325	128,987	2,024,885
		272,945,726	296,712,180	132,026,545	146,261,752	140,919,181	150,450,428
EXPENDITURES							
Operating expenses	16	(11,922,838)	(10,779,238)	(5,285,806)	(6,394,206)	(6,637,032)	(4,385,032)
Depreciation on assets under ijarah		(165,653,631)	(162,054,850)	(79,940,161)	(82,716,721)	(85,713,470)	(79,338,129)
Finance cost		(73,261,798)	(101,912,151)	(35,436,235)	(47,966,251)	(37,825,563)	(53,945,900)
Other operating expenses	17	(11,106,480)	(11,596,800)	(6,106,480)	(6,596,800)	(5,000,000)	(5,000,000)
		(261,944,747)	(286,343,039)	(126,768,682)	(143,673,978)	(135,176,065)	(142,669,061)
Profit before Modaraba Company's management fee		11,000,979	10,369,141	5,257,863	2,587,774	5,743,116	7,781,367
Modaraba Company's management fee		(1,100,098)	(1,036,914)	(525,786)	(258,777)	574,312	778,137
Profit before Tax		9,900,881	9,332,227	4,732,077	2,328,997	5,168,804	7,003,230
Taxation		-	-	-	-	-	-
Net Profit for the Period		9,900,881	9,332,227	4,732,077	2,328,997	5,168,804	7,003,230
Unappropriated profit brought forward		45,820,756	48,711,542	24,955,799	29,314,126	24,955,799	48,711,542
Profit Available for Appropriation		55,721,637	58,043,769	29,687,876	31,643,123	30,124,603	55,714,772
Appropriation:							
Transfer to statutory reserve		(1,980,176)	(1,866,445)	(946,415)	(465,799)	1,033,761	1,400,646
Dividend		(25,000,000)	(25,000,000)	-	-	25,000,000	25,000,000
		(26,980,176)	(26,866,445)	(946,415)	(465,799)	26,033,761	26,400,646
Unappropriated Profit Carried Forward		28,741,461	31,177,324	28,741,461	31,177,324	4,090,842	29,314,126
Earnings per Modaraba Certificate - Basic and Diluted		0.40	0.37	0.19	0.09	0.21	0.28

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

CHIEF EXECUTIVE OFFICER
Lahore: February 27, 2013

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2012**

	Half Year Ended		Quarter Ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Un-audited)			
	Rupees	Rupees	Rupees	Rupees
Net Profit for the Period	9,900,881	9,332,227	4,732,077	2,328,997
Other comprehensive income	-	-	-	-
Total Comprehensive Income for the Period	<u>9,900,881</u>	<u>9,332,227</u>	<u>4,732,077</u>	<u>2,328,997</u>

CHIEF EXECUTIVE OFFICER
Lahore: February 27, 2013

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Half Yearly Report - December 31, 2012

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED DECEMBER 31, 2012

	Half Year Ended December 31, 2012 (Un-audited)	Half Year Ended December 31, 2011 (Un-audited)
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,900,881	9,332,227
Adjustments:		
Depreciation / amortization	166,008,661	162,416,926
Allowance for potential morabaha losses	11,000,000	11,500,000
(Appreciation) / Diminution in value of investments through profit or loss	(233,032)	339,251
Gain on disposal of fixed assets	-	(531,333)
Gain on termination of ijarah arrangements	509,584	(356,600)
Finance cost	73,261,798	101,912,151
Advances written off	-	3,902
Profit on bank deposits	(32,113)	(80,163)
	250,514,898	275,204,134
(Increase) / Decrease in operating assets		
Advances, prepayments and other receivables	13,043,440	72,845,002
Ijarah rentals receivable	2,629,286	(21,620,743)
Accrued profit	5,063,727	914,762
Short term morabaha investments - secured	35,861,652	(35,413,333)
Short term musharaka investments - unsecured	-	100,000,000
Net investment in leases / ijarah	23,063,565	37,009,393
Long term morabaha finances - secured	(8,452,930)	17,302,850
Long term sukuk certificate	-	2,000,000
Long term security deposits from ijarah - net	47,595,410	49,171,393
Creditors, accrued and other liabilities	11,656,389	(10,698,505)
	130,460,539	211,510,819
Cash generated from operations	390,876,318	496,047,180
Finance cost paid	(74,116,733)	(101,507,310)
Income taxes paid	(9,547)	6,875
Profit received on bank deposits	(117,829)	194,938
	(74,244,109)	(101,305,497)
Net cash from operating activities	316,632,209	394,741,683
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets under ijarah arrangements	(304,090,427)	(287,351,835)
Purchase of fixed assets under own use	(326,424)	(995,160)
Proceeds from disposal of fixed assets under own use	-	670,000
Proceeds from disposal of ijarah assets	50,176,659	10,840,601
Long term loans and deposits	(584,556)	(245,473)
Net cash used in investing activities	(254,824,748)	(277,081,867)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances - net	62,166,670	(53,333,331)
Short term certificates of musharaka	166,275,673	(51,493,442)
Long term certificates of musharaka	9,030,000	26,200,000
Short term finances	(276,663,987)	(17,101,983)
Dividends paid	(24,479,945)	(24,985,128)
Net cash used in financing activities	(63,671,589)	(120,713,884)
Net Decrease in cash and cash equivalents	(1,864,128)	(3,054,068)
Cash and cash equivalents at the beginning of the period	17,414,896	8,140,110
Cash and cash equivalents at the end of the period	15,550,768	5,086,042

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Lahore: February 27, 2013

First National Bank Modaraba

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED DECEMBER 31, 2012

Particulars	Certificate Capital	Reserves			Total Equity
		Statutory reserve	Unappropriated profit	Total reserves	
		Rupees			
Balance as at June 30, 2011	250,000,000	38,427,885	48,711,542	87,139,427	337,139,427
Total comprehensive income for the six months period ended December 31, 2011	-	-	9,332,227	9,332,227	9,332,227
Transfer to statutory reserve	-	1,866,445	(1,866,445)	-	-
Profit distributed for the year ended June 30, 2011	-	-	(25,000,000)	(25,000,000)	(25,000,000)
Balance as at December 31, 2011	250,000,000	40,294,330	31,177,324	71,471,654	321,471,654
Balance as at June 30, 2012	250,000,000	43,955,189	45,820,756	89,775,945	339,775,945
Total comprehensive income for the six months period ended December 31, 2012	-	-	9,900,881	9,900,881	9,900,881
Transfer to statutory reserve	-	1,980,176	(1,980,176)	-	-
Profit distributed for the year ended June 30, 2012	-	-	(25,000,000)	(25,000,000)	(25,000,000)
Balance as at December 31, 2012	250,000,000	45,935,365	28,741,461	74,676,826	324,676,826

CHIEF EXECUTIVE OFFICER
Lahore: February 27, 2013

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

SELECTED EXPLANATORY NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED DECEMBER 31, 2012

Note 1

General Information

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 National Bank of Pakistan), incorporated in Pakistan under the Companies Ordinance, 1984 and registered with Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 5th Floor, National Bank of Pakistan, Regional Headquarters Building, 26 - Mc Lagon Road, Lahore. The Modaraba is listed on Karachi and Lahore stock exchanges. The Modaraba commenced its business operations on December 04, 2003.

Note 2

Basis of Preparation

- 2.1 This condensed interim financial information has been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan (SECP) and is in compliance with the International Accounting Standard - 34 (Interim Financial Reporting) and being submitted to certificate holders as required by Section 245 of the Companies Ordinance, 1984.
- 2.2 This financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2012. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2012; whereas, comparative profit and loss account, statement of changes in equity and cash flows statement are stated from unaudited interim financial information for the half year ended on December 31, 2011.
- 2.3 This financial information has been prepared under the historical cost convention, except for short term investments that are measured at fair value in accordance with the requirements of International Accounting Standard - 39 (Financial Instruments: Recognition and Measurement).
- 2.4 This condensed interim financial information is unaudited. However, a limited scope review of this interim financial information has been performed by the external auditors of the Modaraba in accordance with the Clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.
- 2.5 This condensed interim financial information is presented in Pak Rupees, which is the Modaraba's functional and presentational currency. All the figures have been rounded off to the nearest Pak Rupees unless stated otherwise.

Note 3

Accounting Policies

The accounting policies adopted for the preparation of this condensed interim financial information is consistent with those applied in the preparation of published financial statements of Modaraba for the year ended June 30, 2012

Note 4

Taxation

Under the current tax law, the income of non-trading modarabas is exempt from tax provided that they distribute ninety (90) percent of their profits as cash dividend to the certificate holders out of current period's total profit after appropriating statutory reserves. Where such profits are not distributed, provision for tax is made on taxable income at the current tax rates applicable to Modaraba after taking into account the available tax exemptions and tax credits, if any. The Modaraba intends to continue availing the tax exemption and hence no provision has been made in condensed interim financial information of the tax liability for six months ended December 31, 2012.

First National Bank Modaraba

Note 5 Short Term Investment	(Un-audited) December 31, 2012	(Audited) June 30, 2012
	Rupees	Rupees
At fair value through profit or loss	1,967,056	1,734,024

5.1 This represents 39,826 (June 30, 2012: 39,826) fully paid ordinary shares of National Bank of Pakistan.

Note 6 Short Term Morabaha Investments	(Un-audited) December 31, 2012	(Audited) June 30, 2012
	Rupees	Rupees
Short term morabaha investments (Secured)	658,022,975	693,884,627
Unearned morabaha income	7,628,760	27,401,767
	665,651,735	721,286,394
Less: Allowance for potential morabaha losses	(25,613,600)	(25,363,636)
	640,038,135	695,922,758

6.1 These represent investments under morabaha arrangements on deferred payment basis at specified profit margins. These investments carry profit at the rate of 11.35% to 13.45% (June 30, 2012: 13.14% to 16.76%) per annum and are secured against charge over fixed and current assets, personal guarantees of directors of customer companies, demand promissory notes and post dated cheques varying from case to case basis.

Note 7 Net Investment in Ijarah	(Un-audited) December 31, 2012	(Audited) June 30, 2012
	Rupees	Rupees
Minimum ijarah rentals receivable	110,555,006	126,965,822
Residual value of ijarah assets	6,673,199	21,259,971
Gross investment in ijarah (secured)	117,228,205	148,225,793
Less: Unearned finance income	(25,474,990)	(33,409,013)
Net investment in lease ijarah finance	91,753,215	114,816,780
Less: Allowance for potential ijarah losses	(4,920,743)	(4,920,743)
Less: Current portion of net investment in ijarah	(34,679,744)	(35,156,314)
	52,152,728	74,739,723

Note 8 Fixed Assets Under Ijara Arrangements	(Un-audited) December 31, 2012	(Audited) June 30, 2012
	Rupees	Rupees
Written down value at the beginning of the period / year	891,244,292	725,840,696
Additions at cost	304,090,427	565,681,090
Less: Written down value of assets disposed off	(50,686,243)	(51,895,653)
	1,144,648,476	1,239,626,133
Less: Depreciation charged during the period / year	(165,653,631)	(348,381,841)
	978,994,845	891,244,292

Note 9 Fixed Assets - Tangible	(Un-audited) December 31, 2012	(Audited) June 30, 2012
	Rupees	Rupees
Written down value at the beginning of the period / year	1,662,582	1,416,498
Additions at cost	326,424	1,059,545
Less: Written down value of vehicles disposed off	-	(138,667)
	1,989,006	2,337,376
Less: Depreciation charged during the period / year	(355,030)	(674,794)
	1,633,976	1,662,582

Half Yearly Report - December 31, 2012

Note 10 Short Term Finance - Secured	(Un-audited) December 31, 2012	(Audited) June 30, 2012
	Rupees	Rupees
Finance under musharaka arrangements		
National Bank of Pakistan (NBP)	49,875,896	159,911,763
Finance under morabaha arrangements		
Other financial institutions	<u>308,357,816</u>	<u>474,985,936</u>
	<u><u>358,233,712</u></u>	<u><u>634,897,699</u></u>

10.1 The aggregate unavailed short term borrowing facilities amount to Rs. 704 million (2012: Rs. 435.10 million). These combined facilities of Rs. 1,070 million (June 30, 2012: Rs. 1,070 million) obtained from various financial institutions that are payable within one year and carry profit at the rate of one to six months KIBOR plus 0.75% to 3.00% (June 30, 2012: one to six months KIBOR plus 0.75% to 3.00%) per annum. These facilities are secured against first pari passu charge on all the present and future receivables of the Modaraba; joint pari passu charge over all leased assets; present and future current and non-current assets of the Modaraba and first pari passu hypothecation charge over present and future current assets of the Modaraba.

Note 11
Short Term Certificates of Musharaka - Unsecured

These represents Certificates of Musharaka (COMs) through private placements. COMs have different denominations and are repayable within twelve months. The estimated share of profit on these COMs ranges from 9.00% to 11.75% (June 30, 2012: ranges from 11% to 13.15%) per annum.

Note 12 Long Term Certificates of Musharaka - Unsecured	(Un-audited) December 31, 2012	(Audited) June 30, 2012
	Rupees	Rupees
Certificates of Musharakah	151,668,077	142,638,077
Less: Current portion	<u>(32,500,000)</u>	<u>(28,800,000)</u>
	<u><u>119,168,077</u></u>	<u><u>113,838,077</u></u>

12.1 This represents Certificate of Musharaka (COM) through private placement. COMs have different denominations and are repayable within twelve months. The estimated share of profit on COM ranges from 9.07% to 12.75% (June 30, 2012 ranges from 11.15% to 13.45%) per annum.

Note 13 Long Term Finance - Secured	(Un-audited) December 31, 2012	(Audited) June 30, 2012
	Rupees	Rupees
Finance under musharaka arrangements - From National Bank of Pakistan	347,166,651	214,166,651
Finance under morabaha arrangements - From other financial institutions	<u>141,666,674</u>	<u>212,500,004</u>
	488,833,325	426,666,655
Less: Current portion	<u>(266,666,666)</u>	<u>(244,999,996)</u>
	<u><u>222,166,659</u></u>	<u><u>181,666,659</u></u>

Note 14 Certificate Capital	(Un-audited) December 31, 2012	(Audited) June 30, 2012
	Rupees	Rupees
60,000,000 (June 30, 2012: 60,000,000) authorized Modaraba certificates of Rs. 10 each	<u>600,000,000</u>	<u>600,000,000</u>
25,000,000 (June 30, 2012: 25,000,000) issued, subscribed and paid up Modaraba certificates of Rs. 10 each	<u>250,000,000</u>	<u>250,000,000</u>

14.1 7,500,000 (June 30, 2012: 7,500,000) certificates are held by National Bank Modaraba Management Company Limited, a related party.

First National Bank Modaraba

Note 15	(Un-audited)	(Audited)
Contingencies and Commitments	December 31,	June 30,
	2012	2012
	Rupees	Rupees

There were no known contingencies as at December 31, 2012.

Commitments - facilities approved but not disbursed	42,758,000	82,711,000
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Note 16	Half year ended - Unaudited		Quarter ended - Unaudited	
Operating Expenses	December 31,	December 31,	December 31,	December 31,
	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees
Salaries, allowances and benefits	9,828,835	8,480,846	4,058,187	4,994,814
Communication expenses	146,138	132,396	89,358	62,509
Travelling and conveyance	192,268	207,632	120,104	199,987
Vehicle running expenses	159,851	168,961	46,442	64,083
Postage and stamps	36,499	41,460	29,925	28,051
Advertisement	66,780	53,380	66,780	48,780
Legal and professional charges	238,858	210,532	162,609	77,887
Fees and subscription	2,755	301,162	2,755	138,662
Repairs and maintenance	327,041	161,921	106,299	71,248
Insurance	73,581	297,903	27,789	258,491
Stationery, printing and other expenses	279,106	246,547	260,950	190,755
Depreciation / amortization	355,030	362,076	205,272	199,707
Entertainment	106,740	83,227	55,670	32,385
Other sundry expenses	109,356	31,195	53,666	26,847
	11,922,838	10,779,238	5,285,806	6,394,206

Note 17	Half year ended - Unaudited		Quarter ended - Unaudited	
Other Operating Expenses	December 31,	December 31,	December 31,	December 31,
	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees
Allowance for potential loss in ijarah and short term murabaha investments	11,000,000	11,500,000	6,000,000	6,500,000
Auditors' remuneration	106,480	96,800	106,480	96,800
	11,106,480	11,596,800	6,106,480	6,596,800

Half Yearly Report - December 31, 2012

Note 18

Balances and Transactions with Related Parties

18.1 10% Modaraba management fee has been recorded as payable to National Bank Modaraba Management Company Limited under Section 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

18.2 Details of transactions with related parties and balances outstanding with them at the period end are as follows:

	(Un-audited)	(Un-audited)
	December 31,	December 31,
	2012	2011
Balance outstanding at the period end:	Rupees	Rupees
NIDA with National Bank of Pakistan (running balance)	14,204,834	3,773,891
Finances under musharaka arrangement form National Bank of Pakistan	397,042,547	387,195,529
Net investments in lease / ijarah finance to National Bank of Pakistan	31,356,585	76,860,003
Current accounts with National Bank of Pakistan	1,101,627	832,728
Payable to National Bank Modaraba Management Company Limited	1,448,822	1,036,914

Transactions during the period

Related party	Relationship	Nature of Transaction		
National Bank of Pakistan	Management company's holding company	Musharaka obtained - net	190,000,000	-
National Bank of Pakistan	Management company's holding company	Musharaka repaid - net	167,035,867	149,488,785
National Bank of Pakistan	Management company's holding company	Ijarah distributed	-	1,875,000
National Bank of Pakistan	Management company's holding company	Ijarah repaid	21,935,864	22,474,483
National Bank of Pakistan	Management company's holding company	Profit on NIDA account	273,001	74,044

Profit / expense during the period

National Bank Modaraba Management Company Limited	Management company	Management fee	1,100,098	1,036,914
National Bank of Pakistan	Management company's holding company	Profit on finances obtained	18,431,766	34,325,475
National Bank of Pakistan	Management company's holding company	Profit on Ijarah facility	3,605,785	7,302,184

Transactions with related parties are carried out at arm's length in the normal course of business. The method used for computation of consideration is comparable uncontrolled price method except for the Modaraba company's management fee as mentioned above.

Note 19

Date of Authorization for Issue

This condensed interim financial information (un-audited) has been approved by the Board of Directors of National Bank Modaraba Management Company Limited and authorized for issue on February 27, 2013.

Note 20

General

No significant re-arrangements have been made in comparative condensed interim financial information (un-audited).

CHIEF EXECUTIVE OFFICER
Lahore: February 27, 2013

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

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