

**QUARTERLY
REPORT
MARCH 31,
2017**



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, 2017

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CORPORATE INFORMATION

Board of Directors	Syed Hasan Irtiza Kazmi Khawaja Muhammad Amin-ul-Azam Khawaja Waheed Raza Mr. Jamal Nasim Mr. Muhammad Iqbal Hussain Mr. Aamir Amin Mr. Abbas Azam	Chairman Director Director Director Director Director CEO
Shari'ah Advisor	Mufti Ehsan Waquar Ahmed	
Chief Financial Officer/ Company Secretary	Mr. Ali Abbass	
Audit Committee	Mr Jamal Nasim Khawaja Muhammad Amin-ul-Azam Khawaja Waheed Raza Mr. Aamir Amin	Chairman Member Member Member
HR & Remuneration Committee	Khawaja Waheed Raza Khawaja Muhammad Amin-ul-Azam Mr. Muhammad Iqbal Hussain	Chairman Member Member
Auditors	Riaz Ahmad & Company Chartered Accountants	
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 United Bank 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	Ground 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' 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), I am pleased to present the quarterly report, together with unaudited financial statements of FNBM for the quarter and nine months ended March 31, 2017.

During the period under review, FNBM's focus remained on recovery. Consequently, cash recoveries amounting to Rs. 36 million from defaulter clients have been realized during the nine months under consideration and more recoveries are expected in the next quarter.

The total income earned during the nine months ended remained at Rs.144.5 million as compared to Rs.250.7 million in the corresponding period.. On the other side there has been a considerable reduction of 22% in operating expenses which stood at Rs.10.9 million compared to Rs.13.9 million in the corresponding nine months last year. The financial charges dropped by 41% from Rs.35.6 million to Rs.20.7 million. As a result operating profit of Rs.10.2 Million was recorded during the nine months as compared to Rs.10.6 Million in the corresponding period. On the other hand, due to additional charge of provisioning in accordance with prudential regulation for modarabas amounting to Rs.42.3 million on some old classified accounts, the net loss amounted to Rs.35.3 million. The EPC stood at (Rs.1.41) as against (Rs.2.42) in the corresponding period last year.

Finally, I would like to thank the valued certificate holders for their enduring patronage, and express my gratitude to Registrar Modaraba, SECP and NBF1 & Modaraba Association of Pakistan for their continued guidance and support.



Chief Executive Officer

April 21, 2017

ڈائریکٹرز جائزہ رپورٹ

مجھے بورڈ آف ڈائریکٹرز، نیشنل بینک مضماریہ مینجمنٹ کمپنی، منظم، فرسٹ نیشنل بینک مضماریہ کی جانب سے نو ماہی مختتمہ 31 مارچ 2017 کی رپورٹ، اس کے غیر احتساب شدہ مالیاتی گوشورائے کے ساتھ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔


زیر جائزہ مدت کے دوران انتظامیہ کی بنیادی توجہ وصولی پر مرکوز رہی جس کے نتیجے میں وصولی کی مد میں 36 ملین روپے وصول ہوئے اور اگلی سہ ماہی میں مزید وصولیاں متوقع ہے۔

رواں نو ماہی میں مضماریہ نے گزشتہ سال کے اس مدت کے دوران 250.7 ملین کے مقابلے میں 144.5 ملین کا منافع کمایا۔ دوسری جانب آپریٹنگ اخراجات 22% کی نمایاں کمی کے ساتھ گزشتہ سال کی اسی مدت کے 13.9 ملین کے مقابلے میں 10.9 ملین رہے۔

گزشتہ سال کی اسی مدت کے دوران کے اخراجات 41.1% سے کم ہوتے ہوئے 35.6 ملین کے مقابلے میں 20.7 ملین رہے نتیجتاً اسی نو ماہی میں آپریٹنگ منافع گزشتہ سال کی اس مدت کے 10.6 ملین کے مقابلے میں 10.2 ملین رہا۔ دوسری جانب SECP کی پروڈشئل ریگولیشن کی تعمیل کرتے ہوئے کچھ پرانے کیس پر 42.3% ملین کی اضافی پرووزنگ چارج کرنے کی وجہ سے حقیقی خسارہ 35.3 ملین ہوئی حصص نقصان گزشتہ سال کے 2.42 روپے کے مقابلے میں 1.41 روپے رہا۔

بورڈ اس موقع پر اپنے معزز صارفین کا، سکیورٹی اینڈ آپریشن کمیشن آف پاکستان کا، پاکستان اسٹاک ایکسچینج لیمیٹڈ کا اور مضماریہ ایسوسی ایشن آف پاکستان کا ان کی مسلسل حمایت، رہنمائی اور سرپرستی کے لیے شکریہ ادا کرنا چاہتا ہے۔ ہمارے سٹریٹجک ہولڈرز کا ان کے اعتماد اور بھروسے کے لیے اور مضماریہ عملے کا ان کی پر عزم اور دلجوئی سے کی جانے والی خدمات کے لیے خصوصی شکریہ۔

برائے اور بجانب بورڈ


سی۔ ای۔ او

لاہور: 21 مارچ، 2017

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT MARCH 31, 2017

	NOTE	Un-audited 31 March 2017 Rupees	Audited 30 June 2016 Rupees
ASSETS			
CURRENT ASSETS			
Cash and bank balances		43,976,562	14,743,528
Short term murabaha investments - secured	3	45,727,896	98,334,293
Accrued profit		939,500	487,183
Ijarah rentals receivable		59,809,640	81,817,794
Advances, prepayments and other receivables		2,260,700	2,604,790
Current portion of non-current assets	4	101,776,892	94,413,807
		254,491,189	292,401,395
NON-CURRENT ASSETS			
Net investment in ijarah finance	5	3,273,819	9,442,934
Diminishing musharaka financing - secured	6	16,060,201	35,303,315
Long term murabaha investments - secured	7	13,613,014	36,149,675
Long term loans and deposits		1,082,427	1,723,444
Ijarah assets	8	301,108,293	466,193,676
Fixed assets - own use	9	22,160	91,831
Deferred income tax asset	10	-	-
		335,159,914	548,904,875
TOTAL ASSETS		589,651,103	841,306,270
LIABILITIES			
CURRENT LIABILITIES			
Accrued profit		2,741,091	6,438,136
Deferred murabaha income		2,654,776	3,255,776
Short term finances - secured	11	202,045,510	274,918,586
Creditors, accrued and other liabilities		33,033,294	23,696,977
Current portion of non-current liabilities	12	194,328,237	295,738,705
		434,802,907	604,048,180
NON-CURRENT LIABILITIES			
Security deposits against ijarah assets		43,213,228	71,620,702
Long term finances - secured	13	33,333,335	50,000,000
Deferred murabaha income		25,909,667	27,944,636
		102,456,230	149,565,338
TOTAL LIABILITIES		537,259,137	753,613,518
NET ASSETS		52,391,967	87,692,752
FINANCED BY			
Certificate capital	14	250,000,000	250,000,000
Reserves		(197,608,033)	(162,307,248)
TOTAL EQUITY AND RESERVES		52,391,967	87,692,752
CONTINGENCIES AND COMMITMENTS			
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The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer
National Bank Modaraba
Management Company Limited



Director
National Bank Modaraba
Management Company Limited



Director
National Bank Modaraba
Management Company Limited

Lahore: April 21, 2017

Quarterly Report-March 31, 2017

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Rupees	Rupees	Rupees	Rupees
INCOME				
Ijarah rentals earned / income from ijarah finance	135,409,445	242,405,955	33,731,122	67,760,035
Profit on diminishing musharaka	3,545,688	2,512,292	1,016,538	1,126,511
Profit on murabaha investments	811,438	3,329,270	210,438	1,085,497
Profit on bank deposits	692,778	747,942	244,551	236,483
Gain / (loss) on disposal of ijarah assets	3,233,285	(234,335)	365,514	(159,854)
Other income	758,261	1,964,538	25,030	259,637
	<u>144,450,894</u>	<u>250,725,662</u>	<u>35,593,192</u>	<u>70,308,309</u>
EXPENSES				
Depreciation on ijarah assets	(102,591,454)	(190,672,814)	(24,399,734)	(53,785,681)
Operating expenses	(10,918,440)	(13,902,489)	(3,737,180)	(3,886,989)
Finance cost	(20,757,469)	(35,578,903)	(6,353,058)	(10,027,602)
	<u>(134,267,363)</u>	<u>(240,154,206)</u>	<u>(34,489,972)</u>	<u>(67,700,272)</u>
OPERATING PROFIT BEFORE PROVISION AND TAXATION	10,183,531	10,571,456	1,103,220	2,608,037
Provision charged for doubtful receivables - net	(42,284,934)	(70,978,977)	(6,374,838)	(13,378,074)
Impairment loss on ijarah assets	(3,199,383)	-	-	-
	<u>(35,300,785)</u>	<u>(60,407,521)</u>	<u>(5,271,617)</u>	<u>(10,770,037)</u>
Modaraba management company fee	-	-	-	-
LOSS BEFORE TAXATION	(35,300,785)	(60,407,521)	(5,271,617)	(10,770,037)
Taxation	-	-	-	-
LOSS AFTER TAXATION	(35,300,785)	(60,407,521)	(5,271,617)	(10,770,037)
LOSS PER CERTIFICATE - BASIC AND DILUTED	(1.41)	(2.42)	(0.21)	(0.43)

The annexed notes form an integral part of this condensed interim financial information.



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Lahore: April 21, 2017

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Rupees	Rupees	Rupees	Rupees
LOSS AFTER TAXATION	(35,300,785)	(60,407,521)	(5,271,617)	(10,770,037)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(35,300,785)</u>	<u>(60,407,521)</u>	<u>(5,271,617)</u>	<u>(10,770,037)</u>

The annexed notes form an integral part of this condensed interim financial information.



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Lahore: April 21, 2017

CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation	(35,300,785)	(60,407,521)
Adjustments for non-cash charges and other items:		
Depreciation / amortization	102,661,125	190,985,583
Provision charged for doubtful receivables - net	42,284,934	70,978,977
Gain on disposal of owned assets	-	-
Impairment loss on ijarah assets	3,199,383	
(Gain) / loss on disposal of ijarah assets	(3,233,285)	234,335
Finance cost	20,757,469	35,578,903
Profit on bank deposits	(692,778)	(747,942)
	129,676,063	236,622,335

Working capital changes

(Increase) / decrease in operating assets

Accrued profit	(452,317)	1,897,001
Ijarah rentals receivable	19,428,975	(6,364,640)
Advances, prepayments and other receivables	344,090	27,130,088
Short term murabaha investments	29,174,513	(18,513,012)
Net investment in ijarah finance	2,169,115	(2,067,888)
Diminishing musharaka financing	15,587,266	(29,633,998)
Long term murabaha investments	5,623,508	24,327,971

Increase / (decrease) in operating liabilities

Creditors, accrued and other liabilities	9,336,317	866,124
Security deposits against ijarah assets - net	(63,309,139)	(30,375,001)
	17,902,328	(32,733,355)

Cash generated from operations

	147,578,391	203,888,980
Finance cost paid	(24,454,514)	(45,690,857)
Income taxes paid		(418,469)
Profit received on bank deposits	692,778	747,942
Long term loans and deposits - net	761,625	3,362,643
	761,625	3,362,643

Net cash generated from operating activities

	124,578,279	161,890,239
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CASH FLOWS FROM INVESTING ACTIVITIES

Ijarah assets acquired	-	(68,761,058)
Proceeds from disposal of fixed assets - own use	-	-
Proceeds from disposal of ijarah assets	62,527,831	54,245,755

Net cash from / (used in) investing activities

	62,527,831	(14,515,303)
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HALF YEAR ENDED	
31 March 2017	31 March 2016
Rupees	Rupees

CASH FLOWS FROM FINANCING ACTIVITIES

Short term finances - net	(72,873,076)	(51,226,703)
Short term certificates of musharaka - net	-	(287,828,807)
Long term certificates of musharaka - net	-	166,855,000
Long term finances - obtained	-	-
Long term finances - repaid	(85,000,000)	(40,324,970)
Net cash used in financing activities	(157,873,076)	(212,525,480)
Net increase / (decrease) in cash and cash equivalents	29,233,034	(65,150,544)
Cash and cash equivalents at the beginning of the period	14,743,528	89,487,848
Cash and cash equivalents at the end of the period	43,976,562	24,337,304

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Chief Executive Officer
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Lahore: April 21, 2017

Quarterly Report-March 31, 2017

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

CERTIFICATE CAPITAL	RESERVES			TOTAL	TOTAL EQUITY
	CAPITAL	REVENUE			
	STATUTORY RESERVE	ACCUMULATED LOSS			
.....Rupees.....					
Balance as at 30 June 2015 - (Audited)	250,000,000	43,955,189	(152,429,935)	(108,474,746)	141,525,254
Loss for the nine months ended 31 March 2016	-	-	(60,407,521)	(60,407,521)	(60,407,521)
Other comprehensive income for the nine months ended 31 March 2016	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2016	-	-	(60,407,521)	(60,407,521)	(60,407,521)
Balance as at 31 March 2016 - (Un-audited)	250,000,000	43,955,189	(212,837,456)	(168,882,267)	81,117,733
Profit/(Loss) for the period ended June 30, 2016	-	-	6,575,019	6,575,019	6,575,019
Other comprehensive income for the half year ended 30 June 2016	-	-	-	-	-
Total comprehensive loss for the half year ended 30 June 2016	-	-	6,575,019	6,575,019	6,575,019
Balance as at 30 June 2016 - (Audited)	250,000,000	43,955,189	(206,262,437)	(162,307,248)	87,692,752
Loss for the nine months ended 31 March 2017	-	-	(35,300,785)	(35,300,785)	(35,300,785)
Other comprehensive income for the nine months ended 31 March 2017	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2017	-	-	(35,300,785)	(35,300,785)	(35,300,785)
Balance as at 31 March 2017 - (Un-audited)	250,000,000	43,955,189	(241,563,222)	(197,608,033)	52,391,967

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer
National Bank Modaraba
Management Company Limited

Lahore: April 21, 2017



Director
National Bank Modaraba
Management Company Limited



Director
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

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 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. It commenced its operations on 04 December 2003 and is currently engaged in various Islamic modes of financing and operations including ijarah, musharaka and murabaha arrangements.

JCR-VIS has assigned long term rating of BBB+ and short term rating of A-3 to the Modaraba.

1.1 Going concern assumption

During the nine months ended 31 March 2017, the Modaraba made an operating profit of Rupees 10.183 million, however, due to provision and impairment charged against old classified assets, the Modaraba incurred loss after taxation of Rupees 35.300 million taking the accumulated loss to Rupees 241.563 million which exceeds 50% of the total amount subscribed by the holders of modaraba certificates. The Statutory reserves amounted to Rupees 43.955 million while the total net accumulated losses stood at Rupees 197.608 million. Moreover, approximate amount of ijarah rentals due from the unclassified parties within next twelve months is Rupees 79.465 million.

This condensed interim financial information does not include any adjustment relating to realization of its assets and liquidation of any liabilities that might be necessary should the Modaraba be unable to continue as a going concern.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Modaraba for the year ended 30 June 2016.

2.1 Basis of Preparation

a) Statement of compliance

This condensed interim financial information is un-audited and is being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981. This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), the Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), the Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP shall prevail.

This condensed interim financial information has been prepared in accordance with the International Accounting Standard (IAS 34) "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This condensed interim financial information does not include all information and disclosures made in the annual published financial statements and therefore should be read in conjunction with the audited annual published financial statements of the Modaraba for the year ended 30 June 2016.

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b) Accounting convention

This condensed interim financial information has been prepared under the historical cost convention, except for certain financial instruments carried at fair value.

c) Critical accounting estimates and judgments

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Modaraba's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in preceding audited annual published financial statements of the Modaraba for the year ended 30 June 2016.

	Un-audited 31 March 2017 Rupees	Audited 30 June 2016 Rupees
3 SHORT TERM MURABAHA INVESTMENTS - SECURED		
Considered good	-	25,000,000
Considered doubtful	242,950,516	247,125,028
	<u>242,950,516</u>	<u>272,125,028</u>
Add: Deferred murabaha income	2,654,773	3,255,776
	<u>245,605,289</u>	<u>275,380,804</u>
Less: Provision for non-performing murabaha investments	(199,877,393)	(177,046,511)
	<u>45,727,896</u>	<u>98,334,293</u>
4 CURRENT PORTION OF NON-CURRENT ASSETS		
Net investment in ijarah finance (Note 5)	28,080,628	24,080,628
Diminishing musharaka financing - secured (Note 6)	25,023,421	21,367,573
Long term murabaha investments - secured (Note 7)	47,876,078	48,048,233
Long term loans and deposits	796,765	917,373
	<u>101,776,892</u>	<u>94,413,807</u>
5 NET INVESTMENT IN IJARAH FINANCE		

	Un-audited 31 March 2017			Audited 30 June 2016		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	Rupees					
Minimum ijarah rentals receivable	57,729,071	21,617,620	79,346,691	54,929,071	29,185,554	84,114,625
Residual value of ijarah assets	5,088,181	46,700	5,134,881	5,088,181	46,700	5,134,881
Gross investment in ijarah finance	62,817,252	21,664,320	84,481,572	60,017,252	29,232,254	89,249,506
Less: Unearned finance income	(11,630,953)	(18,589,320)	(30,220,273)	(13,029,772)	(19,789,320)	(32,819,092)
Net investment in ijarah finance	51,186,299	3,075,000	54,261,299	46,987,480	9,442,934	56,430,414
Less: Provision for doubtful net investment in ijarah finance	(22,906,852)	-	(22,906,852)	(22,906,852)	-	(22,906,852)
	<u>28,279,447</u>	<u>3,075,000</u>	<u>31,354,447</u>	<u>24,080,628</u>	<u>9,442,934</u>	<u>33,523,562</u>
Less: Current portion (Note 4)			(28,080,628)			(24,080,628)
			<u>3,273,819</u>			<u>9,442,934</u>

First National Bank Modaraba

	Un-audited 31 March 2017 Rupees	Audited 30 June 2016 Rupees
6 DIMINISHING MUSHARAKA FINANCING - SECURED		
Considered good	36,747,042	52,007,931
Considered doubtful	4,336,580	4,662,957
Provision against doubtful diminishing musharaka (Note 6.1)	-	-
	4,336,580	4,662,957
Less: Current portion (Note 4)	(25,023,421)	(21,367,573)
	<u>16,060,201</u>	<u>35,303,315</u>
6.1	The provision against doubtful diminishing musharaka financing is not required under Prudential Regulations for Modarabas due to forced sale value of collaterally held assets.	
7 LONG TERM MURABAHA INVESTMENTS - SECURED		
Considered good	18,660,813	24,284,321
Considered doubtful	69,602,515	69,602,515
	88,263,328	93,886,836
Add: Deferred murabaha income	31,703,117	31,913,554
	119,966,445	125,800,390
Less: Provision for non-performing murabaha investments	(58,477,353)	(41,602,482)
Less: Current portion (Note 4)	(47,876,078)	(48,048,233)
	<u>13,613,014</u>	<u>36,149,675</u>
8 IJARAH ASSETS		
Opening net book value	466,193,676	709,030,283
Add: Cost of additions during the period / year (Note 8.1)	-	76,361,058
	466,193,676	785,391,341
Less: Book value of deletions during the period / year (Note 8.2)	(59,294,546)	(77,161,736)
	406,899,130	708,229,605
Less: Impairment loss	(3,199,383)	(4,974,089)
Less: Depreciation charged during the period / year	(102,591,454)	(237,061,840)
Closing net book value	<u>301,108,293</u>	<u>466,193,676</u>
8.1 Cost of additions		
Vehicles	-	<u>76,361,058</u>
8.2 Book value of deletions		
Plant and machinery	19,156,603	14,419,767
Vehicles	40,137,943	62,741,969
	<u>59,294,546</u>	<u>77,161,736</u>
9 FIXED ASSETS - OWN USE		
Opening net book value	91,831	367,358
Add: Cost of additions during the period / year (Note 9.1)	-	10,200
	91,831	377,558
Less: Book value of deletions during the period / year (Note 9.2)	-	(46,802)
	91,831	330,756
Less: Depreciation charged during the period / year	(69,671)	(238,925)
Closing net book value	<u>22,160</u>	<u>91,831</u>

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	Un-audited 31 March 2017 Rupees	Audited 30 June 2016 Rupees
9.1 Cost of additions		
Computers and accessories	-	10,200
9.2 Book value of deletions		
Vehicles	-	46,802
10 DEFERRED INCOME TAX ASSET		
The deferred income tax assets amounting to Rupees 126.022 million (30 June 2016: Rupees 116.190 million) has not been recognized in this condensed interim financial information as the temporary differences are not expected to reverse in foreseeable future because taxable profits may not be available against which the temporary differences can be utilized.		
	Un-audited 31 March 2017 Rupees	Audited 30 June 2016 Rupees
11 SHORT TERM FINANCES - SECURED		
From banking companies		
Running finance		
Associated undertaking - National Bank of Pakistan	202,045,510	249,918,586
	202,045,510	249,918,586
Murabaha finance		
	-	25,000,000
	202,045,510	274,918,586
12 CURRENT PORTION OF NON-CURRENT LIABILITIES		
Security deposits against ijarah assets	155,201,454	190,103,119
Long term finances - secured (Note 13)	33,333,335	101,666,668
Deferred murabaha income	5,793,448	3,968,918
	194,328,237	295,738,705
13 LONG TERM FINANCES - SECURED		
From banking companies and financial institution - secured		
National Bank of Pakistan - associated undertaking	66,666,668	83,333,334
Others	-	68,333,334
	66,666,668	151,666,668
Less: Current portion (Note 12)	(33,333,333)	(101,666,668)
	33,333,335	50,000,000
14 CERTIFICATE CAPITAL		
Authorised certificate capital		
60,000,000 (30 June 2016: 60,000,000) modaraba certificates of Rupees 10 each	600,000,000	600,000,000
Issued, subscribed and paid-up certificate capital		
25,000,000 (30 June 2016: 25,000,000) modaraba certificates of Rupees 10 each	250,000,000	250,000,000
14.1 7,500,000 (30 June 2016: 7,500,000) certificates of the Modaraba are held by National Bank Modaraba Management Company Limited, the management company.		
15 CONTINGENCIES AND COMMITMENTS		
15.1 Assistant Commissioner Inland Revenue (ACIR) had raised demand of Rupees 64.707 million including default surcharge relating to tax year 2009 under section 161 and 205 of the Income Tax Ordinance, 2001. The Modaraba went in appeal before Commissioner Inland Revenue Appeals who in his order No. 10 dated 07-03-2017 has annulled the order raising the demand with the direction that speaking order be passed under the law after considering the contentions of the appellent..		
15.2 Commitments - facilities approved but not disbursed	Nil	Nil

First National Bank Modaraba

16 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, modaraba management company and its holding undertaking, directors of the modaraba management company and key management personnel. The Modaraba in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties and balances outstanding with them at the period / year end are as follows:

16.1 Balances outstanding at the period / year end

Bank accounts with National Bank of Pakistan	803,959	2,512,948
Finances from National Bank of Pakistan	268,712,178	333,251,920

16.2 Transactions during the period

Related party	Relationship	Nature of Transaction	Un-audited 31 March 2017 Rupees	Un-audited 31 March 2016 Rupees
National Bank of Pakistan	Modaraba management company's holding company	Long term finance obtained	-	100,000,000
		Long term finance repaid	16,666,666	136,452,926
		Ijarah disbursed	-	18,450,000
		Ijarah rentals received	9,440,876	11,107,294
		Profit paid	18,253,871	2,508,168
Remuneration to key management personnel			3,028,764	3,893,692

17 FINANCIAL RISK MANAGEMENT

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual published financial statements of the Modaraba for the year ended 30 June 2016.

18 SEGMENT REPORTING

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the modaraba management company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

The Modaraba also has a diversified certificate holder population. As at reporting date, there was only one (30 June 2016: one) certificate holder (National Bank Modaraba Management Company Limited) who held more than 10% of the Modaraba's certificate capital. Its holding was 30% (30 June 2016: 30%).

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 April 21, 2017.

20 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant reclassification has been made.

21 General

Figures have been rounded off to the nearest rupee.



Chief Executive Officer
National Bank Modaraba
Management Company Limited



Director
National Bank Modaraba
Management Company Limited



Director
National Bank Modaraba
Management Company Limited

Lahore: April 21, 2017

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