



2012 QUARTERLY REPORT SEPTEMBER 30,

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
September 30, 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
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 quarterly report, together with unaudited financial statements of FNBM for the quarter ended September 30, 2012.

FNBM made a decent start in the first quarter of the current financial year, as is evident from the following financial figures:

	<i>Rupees</i>
Operating revenue	140,919,181
Operating expenses	135,176,065
Net Profit	5,168,804
Earnings per certificate	0.21

During the quarter under review FNBM booked new leases amounting to Rs.127 Millions, as a result able to maintain the balance sheet footing at Rs.1.903 billions.

The Modaraba generated total income of Rs.141 Millions in the quarter under review as compared to Rs.151 Million in the corresponding period last year. It was largely because of a transient decrease in balance sheet size during the period under review as compared to the corresponding period last year. This reduction was, to large extent, offset by decrease in financial charges to Rs.38 Million as compared to Rs.54 Millions in the corresponding period. The net profit for the quarter remained at Rs.5.17 Millions with EPC of 0.21. In the corresponding quarter last year it was Rs.7 Millions with ECP of 0.28.

The Board would like to take this opportunity to thank its valued certificate holders and clients for their patronage, patience and consistent support in the time of fragile economic and law and order situation of the Country. 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

Lahore: October 31, 2012

Quarterly Report - September 30, 2012

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT SEPTEMBER 30, 2012

	Note	September 30, 2012 Rupees	June 30, 2012 Rupees
ASSETS			
Current Assets			
Cash and bank balances		27,674,249	17,414,896
Ijarah rental receivable		57,763,784	61,138,915
Advances, prepayments and other receivables		70,188,555	112,534,951
Accrued Profit		4,564,467	15,484,215
Short-term investments		1,749,996	1,734,024
Short-term morabaha investments - secured		666,010,784	695,922,758
Current portion of non-current assets		56,774,279	57,425,977
		<u>884,726,114</u>	<u>961,655,736</u>
Non -Current Assets			
Net investment in ijarah finance	4	72,215,343	74,739,723
Long-term morabaha investments - secured		37,504,778	30,235,221
Long-term loans and deposits		4,932,950	3,430,690
Fixed assets under ijarah arrangements	5	902,042,511	891,244,292
Fixed assets owned		1,512,824	1,662,582
		<u>1,018,208,406</u>	<u>1,001,312,508</u>
		<u>1,902,934,520</u>	<u>1,962,968,244</u>
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities		88,145,923	44,704,665
Accrued profit payable		29,382,316	22,725,644
Short-term finances - secured		386,193,210	634,897,699
Short-term certificates of musharaka - unsecured		241,742,608	81,177,255
Current portion of long-term liabilities		369,026,737	365,380,170
		<u>1,114,490,794</u>	<u>1,148,885,433</u>
Non-Current Liabilities			
Long-term security deposits		188,265,748	175,802,255
Long-term certificate of musharaka - unsecured		119,538,078	113,838,077
Long-term finances - secured		148,500,005	181,666,659
Deferred morahaba income		12,195,146	2,999,875
		<u>1,582,989,771</u>	<u>1,623,192,299</u>
NET ASSETS		<u>319,944,749</u>	<u>339,775,945</u>
REPRESENTED BY			
Capital and Reserves			
Authorized certificate capital		<u>600,000,000</u>	<u>600,000,000</u>
Issued, subscribed and paid up certificate capital		<u>250,000,000</u>	<u>250,000,000</u>
Reserves		<u>69,944,749</u>	<u>89,775,945</u>
		<u>319,944,749</u>	<u>339,775,945</u>
Contingencies and commitments	6		

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER
Lahore: October 31, 2012

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

First National Bank Modaraba

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2012

	Note	Quarter ended	
		September 30 2012	September 30 2011
		Rupees	Rupees
OPERATING REVENUE			
Income from ijarah		117,853,941	115,872,871
Profit on morabaha finances		22,020,581	30,885,512
Profit on musharaka finances		-	1,222,936
Profit on bank deposits		85,680	110,560
Gain/(Loss) on short-term investments		15,972	(167,272)
Gain on sale of fixed asset		814,020	531,333
Other income		128,987	1,994,488
		<u>140,919,181</u>	<u>150,450,428</u>
OPERATING EXPENDITURE			
Operating expenses	7	6,637,032	4,385,032
Depreciation on asset under Ijarah		85,713,470	79,338,129
Finance Cost		37,825,563	53,945,900
Allowance for potential loss in Ijarah & Morabaha		5,000,000	5,000,000
		<u>135,176,065</u>	<u>142,669,061</u>
Operating profit		5,743,116	7,781,367
Modaraba company's management fee		574,312	778,137
PROFIT FOR THE QUARTER		<u>5,168,804</u>	<u>7,003,230</u>
Provision for taxation		-	-
PROFIT AFTER TAXATION		5,168,804	7,003,230
UNAPPROPRIATED PROFIT BROUGHT FORWARD		45,820,756	48,711,542
PROFIT AVAILABLE FOR APPROPRIATION		<u>50,989,560</u>	<u>55,714,772</u>
Appropriation			
Transfer to statutory reserve		1,033,761	1,400,646
Dividend for year ended June 30, 2012 (2011: 25,000,000)		25,000,000	25,000,000
		<u>(26,033,761)</u>	<u>(26,400,646)</u>
UNAPPROPRIATED PROFIT CARRIED FORWARD		<u>24,955,799</u>	<u>29,314,126</u>
EARNINGS PER MODARABA CERTIFICATE			
Basic and diluted		<u>0.21</u>	<u>0.28</u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER
Lahore: October 31, 2012

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Quarterly Report - September 30, 2012

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2012

	Quarter ended	
	September 30 2012	September 30 2011
	Rupees	Rupees
Profit after taxation for the Period	5,168,804	7,003,230
Other comprehensive income		
Net unrealised gain / (loss) in value of available for sale investments	-	-
Total Comprehensive Income for the Period	<u>5,168,804</u>	<u>7,003,230</u>

CHIEF EXECUTIVE OFFICER
Lahore: October 31, 2012

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

First National Bank Modaraba

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2012

	Quarter ended	
	September 30	September 30
	2012	2011
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the quarter	5,168,804	7,003,230
Adjustment for:		
Depreciation / amortization	85,863,228	79,500,498
Allowance for potential loss - Ijarah & Morabaha	-	5,000,000
(Appreciation) / diminution in value of short-term investments	-	167,272
Allowance for potential loss in Ijarah & Morabaha	5,000,000	-
Gain on sale of short - term investments	(15,972)	-
Gain on sale of fixed asset	(814,020)	(531,333)
Finance cost	37,825,563	53,945,900
Profit on bank deposits	(85,680)	(110,560)
	<u>127,773,119</u>	<u>137,971,777</u>
	132,941,923	144,975,007
Working capital changes		
Advances, prepayments and other receivables	42,332,976	(65,824,469)
Ijarah Rental Receivable	3,375,131	30,670,456
Accrued Profit	10,919,748	(23,178,115)
Short-term morabaha investment	9,548,072	(41,379,577)
Short-term musharaka investment	-	100,000,000
Investment in Ijarah	3,610,129	14,840,303
Security deposits from lessees	23,754,381	34,466,387
Long - term morabaha investment	7,353,554	10,869,029
Creditors, accrued and other liabilities	43,441,299	58,743,363
Dividend Payable	(25,000,000)	(25,000,000)
	<u>119,335,290</u>	<u>94,207,377</u>
Cash generated from operations	252,277,213	239,182,384
Finance cost paid	(31,168,891)	(51,032,545)
Profit Received on bank deposits	99,100	81,106
Net cash flow from operating activities	221,207,422	188,230,945
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(126,961,690)	(125,969,358)
Proceeds from disposal of fixed assets	31,264,020	670,000
Long-term loans and deposits	(1,344,573)	557,639
Net cash used in investing activities	(97,042,243)	(124,741,719)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long - term financing - net	(25,766,650)	(7,760,193)
Repayment of long-term financing	(248,704,489)	-
Certificate of Musharaka - unsecured	160,565,353	(51,456,899)
Net cash flow used in financing activities	(113,905,786)	(59,217,092)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,259,393	4,272,134
CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER	17,414,856	8,140,110
CASH AND CASH EQUIVALENTS AT END OF QUARTER	<u><u>27,674,249</u></u>	<u><u>12,412,244</u></u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER
Lahore: October 31, 2012

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Quarterly Report - September 30, 2012

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2012

	Certificate capital	Capital reserves Statutory reserves	Revenue reserves Unappropriated profits	Total Equity	
 Rupees				
Balance as at June 30, 2011	250,000,000	38,427,885	-	48,711,542	337,139,427
Profit for the period	-	-	-	7,003,230	7,003,230
Transferred to statutory reserves	-	1,400,646	-	(1,400,646)	-
	-	-	-	-	-
Profit Distribution for year @ Re.1 per modaraba certificate	-	-	-	(25,000,000)	(25,000,000)
Balance as at September 30, 2011	250,000,000	39,828,531	-	29,314,126	319,142,657
Profit for the period	-	-	-	20,633,288	20,633,288
Transferred to statutory reserves	-	4,126,658	-	(4,126,658)	-
Profit Distribution	-	-	-	-	-
Balance as at June 30, 2012	250,000,000	43,955,189	-	45,820,756	339,775,945
Profit for the period	-	-	-	5,168,804	5,168,804
Transferred to statutory reserves	-	1,033,761	-	(1,033,761)	-
	-	-	-	-	-
Profit Distribution for the year @ Re.1 per modaraba certificate	-	-	-	(25,000,000)	(25,000,000)
Balance as at September 30, 2012	250,000,000	44,988,950	-	24,955,799	319,944,749

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER
Lahore: October 31, 2012

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

First National Bank Modaraba

SELECTED EXPLANATORY NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30, 2012

1 LEGAL STATUS AND OPERATIONS

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 there under and 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 - McLagon Road , Lahore. The Modaraba is listed on Karachi and Lahore stock exchanges. The Modaraba commenced its business operations on December 04, 2003 and is currently engaged in various islamic modes of financing and operations including Ijarah, Musharaka and Morabaha arrangements.

The Modaraba is currently engaged in various Islamic modes of financing and business including ijarah, musharaka and morabaha arrangements.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan and are 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.

These financial statements are unaudited. The accounting policies adopted for preparation of these interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Modaraba for the year ended June 30, 2012.

3 TAXATION

The income of non-trading modarabas is exempt from income tax, provided not less than 90% of its profits are distributed to the certificate holders. The Modaraba intends to continue availing the tax exemption and hence no provision for tax liability for the quarter ended September 30, 2012 is made in the financial statements.

	Note	September 30, 2012 Rupees	June 30, 2012 Rupees
4 NET INVESTMENT IN LEASE / IJARAH FINANCE			
Minimum lease / ijarah payments receivable		119,134,354	126,965,822
Residual value of leased assets		21,259,971	21,259,971
Gross investment in lease / ijarah finance		140,394,325	148,225,793
Less: Unearned finance income		29,187,674	(33,409,013)
Net investment in lease / ijarah finance		111,206,651	114,816,780
Less: allowance for potential ijarah losses		(4,920,743)	(4,920,743)
Less: Current portion of net investment in lease / ijarah finance		(34,070,565)	(35,156,314)
		72,215,343	74,739,723
5 FIXED ASSETS			
Leased out	5.1	902,042,511	725,840,696
Owned	5.2	1,512,824	1,416,498
		903,555,335	727,257,194
5.1 FIXED ASSETS - LEASED OUT			
Opening written down value		891,244,292	725,840,696
Additions during the period			
Tangible			
Plant and machinery		76,177,013	275,401,723
Vehicles		50,784,676	290,279,367
		-	-
		126,961,689	565,681,090
Disposal during the period		(30,450,000)	(51,895,653)
Less:			
Depreciation / amortization charged during the period		(85,713,470)	(348,381,841)
		902,042,511	891,244,292

Quarterly Report - September 30, 2012

	September 30, 2012 Rupees	June 30, 2012 Rupees
5.2 FIXED ASSETS - OWNED		
Opening written down value	1,662,582	1,416,498
Additions during the period		
Tangible		
Vehicles	-	990,895
Computers and accessories	-	18,650
Office equipment	-	50,000
	-	1,059,545
Less:		
Disposal	-	(138,667)
Depreciation / amortization charged during the period	(149,758)	(674,794)
	<u>1,512,824</u>	<u>1,662,582</u>
 6 CONTINGENCIES AND COMMITMENTS		
Contingencies		
There were no known material contingencies as at September 30, 2012. (June 2012 : Nil)		
Commitments		
Ijarah/morahaba contracts approved but not disbursed.	<u>74,904,000</u>	<u>82,711,000</u>
	<u>Quarter ended</u>	
	<u>September 30</u>	<u>September 30</u>
	<u>2012</u>	<u>2011</u>
	<u>Rupees</u>	<u>Rupees</u>
 7 OPERATING EXPENSES		
Salaries, allowances and other benefits	5,770,648	3,486,032
Communication expenses	56,780	69,887
Traveling and conveyance	72,164	7,645
Vehicle running expenses	113,409	104,878
Postage and stamps	6,574	13,409
Advertisement	-	4,600
Legal and professional charges	76,249	132,645
Fee and subscription	-	162,500
Repairs and maintenance	220,742	90,673
Insurance	45,792	39,412
Stationery, printing and other expenses	18,156	55,792
Depreciation / amortization	149,758	162,369
Entertainment	51,070	50,842
Other expenses	55,690	4,348
	<u>6,637,032</u>	<u>4,385,032</u>

First National Bank Modaraba

8 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Modaraba management fee at the rate of 10% of the profit before tax has been recorded as payable to National Bank Modaraba Management Company Ltd U/s 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980

Transactions with related parties			September 30	September 30
Related Party	Relationship	Nature of Transactions	2012	2011
			Rupees	Rupees
National Bank of Pakistan	Holding company	musharaka obtained	14,000,000	118,026,270
National Bank of Pakistan	Holding company	musharaka repaid	136,937,720	61,666,667
National Bank of Pakistan	Holding company	Profit paid	10,489,146	19,421,263
National Bank of Pakistan	Holding company	Ijarah disbursed	-	1,875,000
National Bank of Pakistan	Holding company	Ijarah repaid	13,949,191	9,623,710
National Bank of Pakistan	Holding company	Profit on Ijarah	2,302,593	3,265,248
National Bank Modaraba Management Company Limited	Management Company	Management fee	574,312	778,137
			September 30	June 30
			2012	2011
			Rupees	Rupees
Balances outstanding at the period end				
NIDA/current accounts with National Bank of Pakistan (running balances)			22,969,967	15,835,593
Finances under musharaka arrangement from National Bank of Pakistan			251,140,694	374,078,414
Net investment in lease / Ijarah finance to National Bank Limited			39,343,258	53,292,449
Current accounts with National Bank of Pakistan			581,698	581,698
Balance payable to Modaraba Management company			1,923,036	1,348,724

9 OTHERS

There were no other significant activities since September 30, 2012 affecting the financial statements.

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 31, 2012 by the Board of Directors of the National Bank Modaraba Management Company Limited.

11 GENERAL

Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of comparison. Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER
Lahore: October 31, 2012

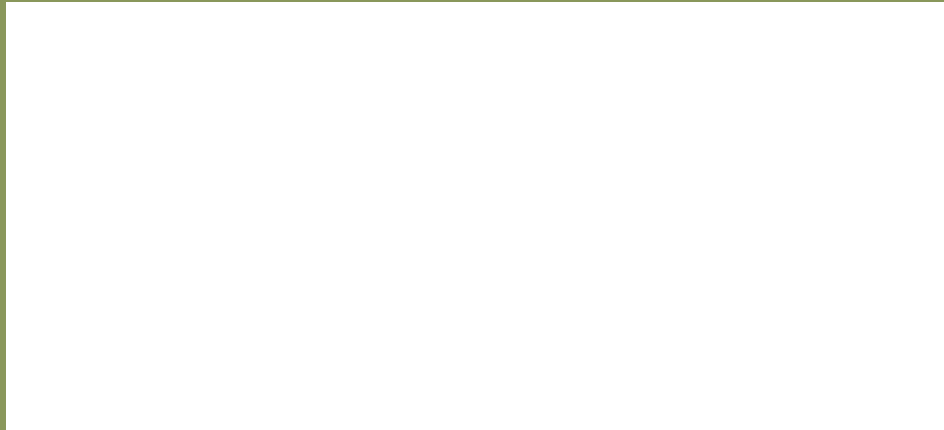
DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

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