



Half Yearly Report December 31, 2009

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
Interim Financial Statements
For the Half Year Ended December 31, 2009

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First National Bank Modaraba

CORPORATE INFORMATION

Board of Directors	Mr. Qamar Hussain Mr. Shahid Anwar Khan Dr. Asif A. Brohi Mr. Muhammad Nusrat Vohra Mr. Wajahat Baqai Mr. Qamar Hussain Mr. Barbruce Ishaq	Chairman Director Director Director Director Director Chief Executive
Chief Financial Officer/ Company Secretary	Mr. Abbas Azam	
Audit Committee	Mr. Shahid Anwar Khan Dr. Asif A. Brohi Mr. Wajahat Baqai	Chairman Member Member
Auditors	HORWATH HUSSAIN CHAUDHURY & CO. (A member firm of HORWATH INTERNATIONAL)	
Bankers	National Bank of Pakistan Al Baraka Islamic Bank Standard Chartered Bank Bank Alfalah Limited Habib Bank Limited HSBC Bank Middle East Limited Allied Bank Limited MCB Bank Limited First Women Bank Limited Bank Islami Pakistan	
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	5 th Floor, NBP RHQs Building, 26 - Mc Lagon Road, Lahore Tel: 042-99211200, Fax: 042-9213247 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, 2009.

During the period under review the credit appetite of the industry remained low, which coupled with FNBM's cautious credit approach resulted in a decrease in balance sheet footing from Rs. 2.410 billion on June 30, 2009 to Rs.2.096 billion as on December 31, 2009. From business point of view, the main focus of the Modaraba remained the reinvestment of amounts recovered/realized from Ijarah investments. The maturities in leases resulted in a reduction in Net Investment in Ijarah/lease Finance to Rs.0.724 billion as on December 31, 2009 as compared to Rs.0,984 billion as on June 30, 2009. During the period FNBM booked new leases of Rs.0.113 billions.

The amount of total income increased by 9.76% from Rs.164.258 millions in the corresponding six months period to Rs.180.122 millions in the period under review. However these figures are not exactly comparable because of different accounting treatment of Ijarah Income in the current period under IFAS-II (Ijarah) as compared to treatment under IAS-17 in the corresponding period. Finance costs reduced by 20.28% due to reduction in bank borrowings and also reduction in the mark-up rates. The net profit booked for the half year ended December 31, 2009 was Rs.7.1 Millions which is 48.6% lower than the corresponding half year. Accordingly the EPC stood at 0.28 for the period under review as compared to 0.55 for the corresponding period. The main reason being recognition of Rs.10.319 Millions of impairment loss on available for sale investment pursuant to SECP's S.R.O 150(I)/2009 dated February 13, 2009. However the total amount to be impaired under the said SRO has been completely charged to Profit and Loss by December 31, 2009.

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

Barbruce Ishaq
Chief Executive Officer

Dated: February 25, 2010.

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, 2009 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 for the half year then ended ("the interim financial statements"). Management of the Modaraba Management Company (National Bank Modaraba Management Company Limited) is responsible for the preparation and presentation of these interim financial statements in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2008 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial statements Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 statements as of and for the half year ended December 31, 2009 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The financial statements for the year ended June 30, 2009 were audited by another firm of chartered accountants who have issued unqualified opinion on financial statements for the year then ended.

LAHORE
Dated February 25, 2010.

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Half Yearly Report - December 31, 2009

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2009

		(Un-audited) December 31, 2009 Rupees	(Audited) June 30, 2009 Rupees
ASSETS			
Current Assets			
Cash and bank balances		11,073,943	13,878,858
Advances, prepayments and other receivables		103,248,013	92,746,184
Accrued profit		31,005,064	30,099,468
Short term investments	5	3,960,708	21,704,851
Short term morabaha finances - secured		654,824,875	732,293,129
Short term musharaka finances - unsecured	6	112,500,000	25,000,000
Current portion of non-current assets		<u>420,291,102</u>	<u>535,030,967</u>
		1,336,903,705	1,450,753,457
Non Current Assets			
Net investment in lease / ijarah finance	7	383,995,932	565,865,257
Long term morabaha finances - secured		86,755,828	172,238,527
Long term musharaka finances - secured		6,941,801	8,941,801
Long term loans and deposits		1,381,208	1,126,860
Fixed assets	8	<u>280,592,671</u>	<u>211,516,055</u>
		759,667,440	959,688,500
		<u>2,096,571,145</u>	<u>2,410,441,957</u>
LIABILITIES			
Current Liabilities			
Creditors, advances, accrued and other liabilities		45,432,238	67,495,397
Short term finances - secured		522,723,488	726,969,660
Certificates of musharaka	9	190,112,028	53,825,000
Current portion of long term liabilities		<u>508,840,316</u>	<u>562,265,886</u>
		1,267,108,070	1,410,555,943
Non Current Liabilities			
Long term security deposits		114,319,675	122,530,664
Long term certificates of musharaka - unsecured		100,000,000	120,000,000
Long term finances - secured	10	291,666,670	421,133,335
Deferred morabaha income		<u>11,047,495</u>	<u>47,738,528</u>
		517,033,840	711,402,527
		<u>1,784,141,910</u>	<u>2,121,958,470</u>
Net Assets		<u>312,429,235</u>	<u>288,483,487</u>
Represented by			
Capital and Reserves			
Issued, subscribed and paid up certificate capital	11	250,000,000	250,000,000
Reserves		<u>62,429,235</u>	<u>38,483,487</u>
		<u>312,429,235</u>	<u>288,483,487</u>
Contingencies and Commitments	12		

The annexed notes form an integral part of these condensed interim financial statements

CHIEF EXECUTIVE OFFICER
Lahore: February 25, 2010.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

First National Bank Modaraba

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009

	Note	Half Year Ended		Quarter Ended	
		December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
		(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Income					
Income from lease / ijarah		113,433,843	101,835,045	61,052,560	51,828,058
Profit on morabaha investment		63,277,434	58,974,023	32,577,093	30,215,708
Profit on musharaka investment		2,607,827	5,684,063	1,257,758	1,414,469
Profit on bank deposits		181,946	120,788	181,946	34,038
Gain / (loss) on sale of shares	13	339,682	(3,541,612)	(842,508)	(1,586,271)
Gain on sale of fixed assets		172,003	-	-	-
Other income		109,686	1,186,252	81,568	774,133
		180,122,421	164,258,559	94,308,417	82,680,135
EXPENDITURES					
Finance cost		110,657,964	138,367,349	53,070,937	68,876,731
Operating expenses	14	51,229,891	10,549,311	27,361,849	5,294,772
Impairment loss recognized		10,319,270	-	8,410,989	-
		172,207,125	148,916,660	88,843,775	74,171,503
Profit before Modaraba Company's management fee		7,915,296	15,341,899	5,464,642	8,508,632
Modaraba Company's management fee		791,530	1,534,190	546,464	850,863
Profit before tax		7,123,766	13,807,709	4,918,178	7,657,769
Taxation		-	-	-	-
Profit after Tax		7,123,766	13,807,709	4,918,178	7,657,769
Unappropriated profit brought forward		28,244,376	44,624,375	30,008,846	49,544,327
Profit Available for Appropriation		35,368,142	58,432,084	34,927,024	57,202,096
Appropriation :					
Transfer to statutory reserve		1,424,753	2,761,542	983,635	1,531,554
Dividend		-	25,000,000	-	25,000,000
		1,424,753	27,761,542	983,635	26,531,554
Unappropriated Profit Carried Forward		33,943,389	30,670,542	33,943,389	30,670,542
Earnings per Modaraba Certificate - Basic and Diluted		0.28	0.55	0.20	0.31

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

CHIEF EXECUTIVE OFFICER
Lahore: February 25, 2010.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Half Yearly Report - December 31, 2009

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009

	Half Year Ended		Quarter Ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Profit after taxation for the Period	7,123,766	13,807,709	4,918,178	7,657,769
Other comprehensive income				
Net unrealised gain / (loss) in value of available for sale investments	16,821,982	(20,586,701)	8,410,991	(10,293,350)
Total Comprehensive Income for the Period	<u>23,945,748</u>	<u>(6,778,992)</u>	<u>13,329,169</u>	<u>(2,635,581)</u>

CHIEF EXECUTIVE OFFICER
Lahore: February 25, 2010.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

First National Bank Modaraba

**CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	Half Year Ended December 31, 2009 (Un-audited)	Half Year Ended December 31, 2008 (Un-audited)
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,130,966	13,807,709
Adjustments:		
Depreciation / amortization	43,597,157	321,042
Amortization of deferred costs	-	839,813
Impairment loss	10,319,270	4,500,101
Gain on sale of shares	(339,682)	(958,489)
Finance cost	110,657,964	138,367,349
Profit on bank deposits	(181,946)	(120,788)
Gain on disposal of fixed assets	(172,003)	-
	<u>163,880,760</u>	<u>142,949,028</u>
(Increase) / Decrease in operating assets		
Advances, prepayments and other receivables	(10,466,475)	84,741,150
Accrued profit	(840,244)	(7,396,003)
Short term morabaha investment - secured	71,450,300	139,089,347
Short term musharaka investment - unsecured	(87,500,000)	100,000,000
Net investment in lease / ijarah	259,986,024	42,539,469
Long term morabaha finances - secured	73,916,666	(49,475,000)
Long term musharaka finances - secured	2,000,000	2,000,000
Long term security deposits from - ijarah	(25,451,283)	(2,088,870)
Creditors, advances, accrued and other liabilities	(11,288,787)	13,219,450
	<u>271,806,201</u>	<u>322,629,543</u>
Cash generated from operations	442,817,927	479,386,280
Finance cost paid	(121,439,536)	(120,766,304)
Income taxes paid	(30,884)	(62,487)
Dividend income received	326,750	849,400
Profit received on bank deposits	116,594	120,788
	<u>(121,027,076)</u>	<u>(119,858,603)</u>
Net cash from operating activities	321,790,851	359,527,677
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(114,905,824)	(216,360)
Proceeds from disposal of fixed assets	2,404,050	-
Long term loans and deposits	(256,834)	187,190
Short term investments	24,255,321	(952,857)
Net cash used in investing activities	<u>(88,503,287)</u>	<u>(982,027)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances	(148,133,335)	(341,833,335)
Short term certificates of musharaka	136,287,028	-
Long term certificates of musharaka	(20,000,000)	(170,300,000)
Short term finances	(204,246,172)	189,672,664
Profit distribution for the year	-	(25,000,000)
Net cash used in financing activities	<u>(236,092,479)</u>	<u>(347,460,671)</u>
(Decrease) / Increase in cash and cash equivalents	(2,804,915)	11,084,979
Cash and cash equivalents at the beginning of the period	13,878,858	12,264,803
Cash and cash equivalents at the end of the period	<u>11,073,943</u>	<u>23,349,782</u>

CHIEF EXECUTIVE OFFICER
Lahore: February 25, 2010.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

Particulars	Certificate capital	Statutory reserve	Unappropriated profit	Total reserves	Total equity
	Rupees				
Balance as at June 30, 2008	250,000,000	24,906,093	31,567,112	56,473,205	306,473,205
Total comprehensive income for the six months period ended December 31, 2008	-	-	(6,778,992)	(6,778,992)	(6,778,992)
Transfer to statutory reserve	-	2,761,542	(2,761,542)	-	-
Profit distribution	-	-	(25,000,000)	(25,000,000)	(25,000,000)
Balance as at December 31, 2008	250,000,000	27,667,635	(2,973,422)	24,694,213	274,694,213
Total comprehensive income for the six months period ended June 30, 2009	-	-	13,789,274	13,789,274	13,789,274
Transfer to statutory reserve	-	(606,542)	606,542	-	-
Balance as at June 30, 2009	250,000,000	27,061,093	11,422,394	38,483,487	288,483,487
Total comprehensive income for the six months period ended December 31, 2009	-	-	23,945,748	23,945,748	23,945,748
Transfer to statutory reserve	-	1,424,753	(1,424,753)	-	-
Balance as at December 31, 2009	<u>250,000,000</u>	<u>28,485,846</u>	<u>33,943,389</u>	<u>62,429,235</u>	<u>312,429,235</u>

Statutory reserve represents profit set aside to comply with the prudential regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan.

CHIEF EXECUTIVE OFFICER
Lahore: February 25, 2010.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

First National Bank Modaraba

NOTES TO THE CONDENSED INTERIM UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2009

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 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 - 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

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- 2.1 These condensed interim financial statements have been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan (SECP) 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.
 - 2.2 These financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2009. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2009 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, 2008
 - 2.3 These financial statements have 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 These condensed interim financial statements are unaudited. However, a limited scope review of these interim financial statements has been performed by the 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 These condensed interim financial statements are presented in Pak rupees, Which is the Modaraba's functional and presentational currency.

Note 3 Accounting Policies

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- 3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those applied in the preparation of published financial statements of Modaraba for the year ended June 30, 2009.
 - 3.2 Impairment loss on Available for sale Investment
The treatment for impairment loss on available for sale investments has been made pursuant to S.R.O. 150(I) / 2009 dated February 13, 2009 issued by the SECP as explained in the published financial statements for the year ended June 30, 2009 and the amount to be impaired under the SRO has been completely charged to profit and loss by December 31, 2009.
 - 3.3 New accounting standards and IFRIC interpretations that are not yet effective
The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards and interpretations.

Half Yearly Report - December 31, 2009

Standards or interpretation	(Accounting periods beginning on / after)
IAS 24 - Related Party Disclosures	January 01, 2011
IAS 32 - Financial Instruments: Amended	January 01, 2010
IFRS 9 - Financial Instruments	January 01, 2013
IFRS 1 - First Time Adoption of International Financial Reporting Standards	January 01, 2010
IFRS 2 - Share Based Payment	January 01, 2010
IFRIC 14 - Prepayments of a Minimum Funding Requirement	January 01, 2011
IFRIC 18 - Transfer of Assets from Customers	July 01, 2010
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010

The Modaraba expects that the adoption of above standards and interpretations will have no material impact on its financial statements in the period of initial application.

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 its profits as cash dividend to the certificate holders out of current period's total profit after appropriating statutory reserves. Where such profit is 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 statement for the tax liability of six months ended December 31, 2009.

Note 5 Short Term Investments	(Un-audited) December 31, 2009 Rupees	(Audited) June 30, 2009 Rupees
Financial assets at fair value through profit or loss	3,076,805	3,482,982
Available for sale financial assets	883,903	18,221,869
	<u>3,960,708</u>	<u>21,704,851</u>

Note 6 Short Term Musharaka Finances - Unsecured

6.1 This is unsecured investment with financial institutions under musharaka arrangement. The estimated share of profit ranges from 13.25% to 14.65% per annum.

6.2 This represents redemption reserve fund set aside by the Modaraba to comply with the requirements of the Registrar of Modarabas for the issuance of certificates of Musharaka. This fund is minimum of 5.00% of the certificates of Musharaka outstanding at the end of any month.

Note 7 Net Investment In Ijarah	(Un-audited) December 31, 2009 Rupees	(Audited) June 30, 2009 Rupees
Minimum lease / ijarah rentals receivable	648,718,273	929,984,242
Residual value of ijarah assets	158,165,395	201,293,518
Gross investment in lease / ijarah finance	806,883,668	1,131,277,760
Less: Unearned finance income	(82,597,297)	(147,005,365)
Net investment in lease / ijarah finance	724,286,371	984,272,395
Less: Current portion of net investment in lease / ijarah finance	(340,290,439)	(418,407,138)
	<u>383,995,932</u>	<u>565,865,257</u>

First National Bank Modaraba

Note 8 Fixed Assets		(Un-audited) December 31, 2009 Rupees	(Audited) June 30, 2009 Rupees
Fixed Assets under Ijarah	8.1	277,932,304	209,889,450
Fixed assets - Owned	8.2	<u>2,660,367</u>	<u>1,626,605</u>
		<u>280,592,671</u>	<u>211,516,055</u>

8.1 Fixed Assets - Under Ijarah

Written down value at the beginning of the period / year	209,889,450	-
Additions at cost	113,583,973	258,672,953
Less: Written down value of vehicle disposed off	<u>(2,232,047)</u>	-
	321,241,376	258,672,953
Less: Depreciation / amortization charged during the period / year	<u>(43,309,072)</u>	<u>(48,783,503)</u>
	<u>277,932,304</u>	<u>209,889,450</u>

8.2 Fixed Assets - Owned

Written down value at the beginning of the period / year	1,626,605	1,997,569
Additions at cost	<u>1,321,847</u>	<u>333,270</u>
	2,948,452	2,330,839
Less: Depreciation / amortization charged during the period / year	<u>(288,085)</u>	<u>(704,234)</u>
	<u>2,660,367</u>	<u>1,626,605</u>

Note 9 Short Term Certificates Of Musharaka - Unsecured

These represent certificates of Musharaka (COMs) through private placements. COMs have different denominations and are repayable within twelve months. The estimated share of profit on these certificates ranges from 11.6% to 15% per annum.

Note 10 Long Term Finance - Secured	(Un-audited) December 31, 2009 Rupees	(Audited) June 30, 2009 Rupees
Finance under musharaka arrangements - From National Bank of Pakistan	437,499,994	516,666,663
Finance under morabaha arrangements - From other financial institutions	<u>245,833,343</u>	<u>312,500,009</u>
	683,333,337	829,166,672
Less: Current portion	<u>391,666,667</u>	<u>408,033,337</u>
	<u>291,666,670</u>	<u>421,133,335</u>

Note 11 Certificate Capital	(Un-audited) December 31, 2009 Rupees	(Audited) June 30, 2009 Rupees
60,000,000 (June 30, 2009: 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, 2009: 25,000,000) issued, subscribed and paid up Modaraba certificates of Rs. 10 each	<u>250,000,000</u>	<u>250,000,000</u>

11.1 7,500,000 (June 30, 2009: 7,500,000) certificates are held by National Bank Modaraba Management Company Limited.

Half Yearly Report - December 31, 2009

Note 12 Contingencies and Commitments	(Un-audited) December 31, 2009 Rupees	(Audited) June 30, 2009 Rupees
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There were no known contingencies as at December 31, 2009.

Commitments - facilities approved but not disbursed	61,108,000	52,838,976
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Note 13 Loss on Sale of Short Term Investments	Half year ended - Unaudited		Quarter ended - Unaudited	
	December 31, 2009 Rupees	December 31, 2008 Rupees	December 31, 2009 Rupees	December 31, 2008 Rupees
(Loss) / gain on sale of short-term investments	(2,048,107)	124,089	(2,048,107)	(127,811)
Dividend income	331,220	834,400	156,970	710,311
Unrealized gain / (loss) in value of short-term investments	2,056,569	(4,500,101)	1,048,629	(2,168,771)
	339,682	(3,541,612)	(842,508)	(1,586,271)

Note 14 Operating Expenses	Half year ended - Unaudited		Quarter ended - Unaudited	
	December 31, 2009 Rupees	December 31, 2008 Rupees	December 31, 2009 Rupees	December 31, 2008 Rupees
Salaries, allowances and benefits	6,188,480	7,619,175	2,712,432	3,694,213
Communication expenses	134,482	177,299	55,584	86,930
Travelling and conveyance	135,869	188,230	73,252	115,786
Vehicle running expenses	102,597	42,665	44,863	23,458
Postage and stamps	46,714	88,647	20,072	70,889
Advertisement	32,602	43,250	32,602	43,250
Legal and professional charges	154,452	180,823	108,186	79,191
Auditor's remuneration	88,000	87,849	88,000	87,849
Fees and subscription	262,830	235,125	138,123	129,375
Repairs and maintenance	115,338	206,078	64,102	106,623
Insurance	97,929	96,730	66,471	68,439
Stationery, printing and other expenses	172,308	238,267	27,574	185,722
Depreciation / amortization	43,597,157	321,042	23,899,214	161,658
Amortization of deferred costs	-	839,813	-	339,779
Central depository company charges	6,575	4,384	6,575	4,384
Entertainment	48,754	55,570	8,893	17,886
Other sundry expenses	39,304	81,604	9,406	60,590
Zakat	6,500	42,760	6,500	18,750
	51,229,891	10,549,311	27,361,849	5,294,772

Note 15 Balances and Transactions with Related Parties

15.1 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.

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

Balance outstanding at the period end:	(Un-audited) December 31, 2009 Rupees	(Un-audited) December 31, 2008 Rupees
	NIDA with National Bank of Pakistan (running balance)	5,777,443
Finances under musharaka arrangement form National Bank of Pakistan	487,788,750	421,984,718
Net investments in lease / ijarah finance to National Bank of Pakistan	42,999,461	24,650,335
Current accounts with National Bank of Pakistan	636,471	11,004,209

First National Bank Modaraba

Related party	Relationship	Nature of Transaction	(Un-audited)	(Un-audited)
			December 31, 2009	December 31, 2008
			Rupees	Rupees
Taurus Securities Limited	Common management and control	Commission paid	54,585	6,250
Taurus Securities Limited	Common management and control	Purchase and sale of securities	31,712,815	7,244,691
National Bank of Pakistan	Management company's holding company	Musharaka obtained	50,000,000	-
National Bank of Pakistan	Management company's holding company	Musharaka repaid	180,527,999	118,853,483
National Bank of Pakistan	Management company's holding company	Ijarah distributed	25,684,500	7,979,282
National Bank of Pakistan	Management company's holding company	Ijarah repaid	11,516,623	7,741,433
Profit / expense during the period				
National Bank Modaraba	Management company	Management fee	792,330	1,534,190
Management Company Limited				
National Bank of Pakistan	Management company's holding company	Profit on finances obtained	34,134,448	33,905,936
National Bank of Pakistan	Management company's holding company	Profit on Ijarah facility extended	2,152,308	1,672,391
Others				

There were no other significant activities since June 30, 2009 affecting these condensed interim financial statements.

Note 17
Date of Authorization for Issue

These condensed interim financial statements have been approved by the board of directors of National Bank Modaraba Management Company Limited and authorized for issue on February 25, 2010.

Note 18
General

Figures have been rounded off to the nearest rupee;

No significant re-arrangements have been made in condensed interim financial statements.

CHIEF EXECUTIVE OFFICER
Lahore: February 25, 2010.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

If undelivered please return to :
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