



QUARTERLY REPORT
SEPTEMBER 30,
2011



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, 2011

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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. Javaid Sadiq	Chairman Director Director Director Director Chief Executive Officer
Chief Financial Officer/ Company Secretary	Mr. Abbas Azam	
Audit Committee	Mr. Wajahat A. Baqai Mr. Khawaja Waheed Raza Mr Jamal Nasim	Chairman Member Member
Auditors	Horwath Hussain Chaudhury & Co. (A member firm of Crowe Horwath International)	
Bankers	National Bank of Pakistan Standard Chartered Bank 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	

*Appointment of new Director in place of Mrs. Naiyer Muzafar Hussain is in process.

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 un-audited financial statements of FNBM for the quarter ended September 30, 2011.

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	150,450,428
Operating expenses	142,669,061
Net Profit	7,003,230
Earnings per certificate	0.28

During the quarter under review FNBM booked new leases amounting to Rs.125 Millions and also increased its Morahaba portfolio slightly by an amount of Rs.34 Millions. As a result the balance sheet footing stood at Rs.2,181 Millions as on September 30, 2011 against Rs.2,167 Millions on June 30, 2011.

The Modaraba generated total income of Rs.151 Millions in the quarter under review as compared to Rs.99 Million in the corresponding period last year. The increase in income is largely offset by increase in depreciation from Rs.47 Millions last year to Rs.79 this year. Financial charges stood at Rs.54 Millions compared to Rs.37 Millions in the corresponding period mainly due to large balance sheet size in the current quarter. The net profit for the quarter remained at Rs.7 Millions with EPC of 0.28 and in the corresponding quarter last year it was Rs.6.8 Millions with ECP of 0.27.

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 financial stress faced by the modarabas due to 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 24, 2011

Quarterly Report - September 30, 2011

**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2011**

	Note	September 30, 2011 Rupees	June 30, 2011 Rupees
ASSETS			
Current Assets			
Cash and bank balances		12,412,244	8,140,110
Ijarah rental receivable		49,256,083	41,042,491
Advances, prepayments and other receivables		240,026,460	174,201,991
Accrued Profit		10,372,035	26,048,514
Short-term investments		1,658,235	1,825,507
Short-term morabaha investments - secured		781,510,915	747,751,646
Short-term musharaka investments - unsecured		-	100,000,000
Current portion of non-current assets		130,496,388	164,760,304
		<u>1,225,732,360</u>	<u>1,263,770,563</u>
Non -Current Assets			
Net investment in ijarah finance	4	125,363,463	124,213,765
Long-term morabaha investments - secured		54,267,614	49,862,728
Long-term sukuk investments - secured		941,801	941,801
Long-term loans and deposits		969,001	1,526,640
Fixed assets under ijarah arrangements	5	771,476,765	725,840,696
Fixed assets owned		2,110,622	1,416,498
		<u>955,129,266</u>	<u>903,802,128</u>
		<u>2,180,861,626</u>	<u>2,167,572,691</u>
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities		112,501,011	53,757,648
Accrued profit payable		33,602,678	30,689,323
Short-term finances - secured		743,928,584	665,022,113
Short-term certificates of musharaka - unsecured		69,333,391	120,790,290
Current portion of long-term liabilities		409,348,344	439,908,691
		<u>1,368,714,008</u>	<u>1,310,168,065</u>
Non-Current Liabilities			
Long-term security deposits		146,208,908	127,635,813
Long-term certificate of musharaka - unsecured		81,100,000	78,600,000
Long-term finances - secured		264,166,658	312,499,991
Deferred morahaba income		1,529,395	1,529,395
		<u>1,861,718,969</u>	<u>1,830,433,264</u>
NET ASSETS		<u>319,142,657</u>	<u>337,139,427</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>69,142,657</u>	<u>87,139,427</u>
		<u>319,142,657</u>	<u>337,139,427</u>
Contingencies and commitments	6		

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

CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER
Lahore: October 24, 2011			

First National Bank Modaraba

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2011

	Note	Quarter ended	
		September 30 2011	September 30 2010
		Rupees	Rupees
OPERATING REVENUE			
Income from ijarah		115,872,871	71,305,466
Profit on morabaha finances		30,885,512	26,494,846
Profit on musharaka finances		1,222,936	250,687
Profit on bank deposits		110,560	102,338
Gain/(Loss) on short-term investments		(167,272)	(20,566)
Gain on sale of fixed asset		531,333	-
Other income		1,994,488	840,506
		<u>150,450,428</u>	<u>98,973,277</u>
OPERATING EXPENDITURE			
Operating expenses	7	4,385,032	3,515,661
Depreciation on asset under Ijarah		79,338,129	47,466,734
Finance Cost		53,945,900	37,397,656
Allowance for potential loss in Ijarah & Morabaha		5,000,000	3,000,000
		<u>142,669,061</u>	<u>91,380,051</u>
Operating profit		7,781,367	7,593,226
Modaraba company's management fee		778,137	759,323
PROFIT FOR THE QUARTER		<u>7,003,230</u>	<u>6,833,903</u>
Provision for taxation		-	-
PROFIT AFTER TAXATION		<u>7,003,230</u>	<u>6,833,903</u>
UNAPPROPRIATED PROFIT BROUGHT FORWARD		48,711,542	49,231,856
PROFIT AVAILABLE FOR APPROPRIATION		<u>55,714,772</u>	<u>56,065,759</u>
Appropriation			
Transfer to statutory reserve		1,400,646	1,366,781
Dividend for year ended June 30, 2011 (2010: 25,000,000)		25,000,000	25,000,000
		<u>(26,400,646)</u>	<u>(26,366,781)</u>
UNAPPROPRIATED PROFIT CARRIED FORWARD		<u>29,314,126</u>	<u>29,698,978</u>
EARNINGS PER MODARABA CERTIFICATE			
Basic and diluted		<u>0.28</u>	<u>0.27</u>

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

CHIEF EXECUTIVE OFFICER
Lahore: October 24, 2011

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Quarterly Report - September 30, 2011

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

	Quarter ended	
	September 30 2011	September 30 2010
	Rupees	Rupees
Profit after taxation for the Period	7,003,230	6,833,903
Other comprehensive income		
Net unrealised gain / (loss) in value of available for sale investments	-	-
Total Comprehensive Income for the Period	<u>7,003,230</u>	<u>6,833,903</u>

CHIEF EXECUTIVE OFFICER
Lahore: October 24, 2011

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

First National Bank Modaraba

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2011**

	Quarter ended	
	September 30 2011	September 30 2010
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the quarter	7,003,230	6,833,903
Adjustment for:		
Depreciation / amortization	79,500,498	47,668,271
Allowance for potential loss - Ijarah & Morabaha	5,000,000	3,000,000
(Appreciation) / diminution in value of short-term investments	167,272	20,566
Gain on sale of fixed asset	(531,333)	-
Finance cost	53,945,900	37,397,656
Profit on bank deposits	(110,560)	(102,338)
Dividend income	-	-
	<u>137,971,777</u>	<u>87,984,155</u>
Working capital changes	144,975,007	94,818,058
Advances, prepayments and other receivables	(65,824,469)	26,291,725
Ijarah Rental Receivable	30,670,456	(2,989,035)
Accrued Profit	(23,178,115)	(7,275,173)
Short-term morabaha investment	(41,379,577)	(52,640,495)
Short-term musharaka investment	100,000,000	(2,500,000)
Investment in ijarah	14,840,303	64,706,671
Security deposits from lessees	34,466,387	17,514,093
Long - term morabaha investment	10,869,029	14,125,000
Long - term musharaka investment	-	2,000,000
Creditors, accrued and other liabilities	58,743,363	21,171,046
Dividend Payable	(25,000,000)	(25,000,000)
	<u>94,207,377</u>	<u>55,403,832</u>
Cash generated from operations	239,182,384	150,221,890
Finance cost paid	(51,032,545)	(37,102,434)
Income taxes paid	-	78,818
Profit Received on bank deposits	81,106	116,374
Net cash flow from operating activities	188,230,945	113,314,648
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(125,969,358)	(123,572,140)
Proceeds from disposal of fixed assets	670,000	-
Long-term loans and deposits	557,639	94,240
Net cash used in investing activities	(124,741,719)	(123,477,900)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(86,666,664)	(108,333,330)
Proceeds from long - term financing	78,906,471	120,657,750
Short-term certificates of musharaka - unsecured	(51,456,899)	68,425,678
Long-term certificate of musharaka - unsecured	-	(70,000,000)
Net cash flow used in financing activities	(59,217,092)	10,750,098
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,272,134	586,846
CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER	8,140,110	5,019,214
CASH AND CASH EQUIVALENTS AT END OF QUARTER	<u>12,412,244</u>	<u>5,606,060</u>

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

CHIEF EXECUTIVE OFFICER
Lahore: October 24, 2011

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Quarterly Report - September 30, 2011

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2011

	Certificate capital	Capital reserves Statutory reserves	Revenue reserves Unappropriated profits	Total Equity	
	Rupees				
Balance as at June 30, 2010	250,000,000	32,307,963	-	49,231,856	331,539,819
Profit for the period	-	-	-	6,833,903	6,833,903
Transferred to statutory reserves	-	1,366,781	-	(1,366,781)	-
	-	-	-	-	-
Profit Distribution for year @ Re.1 per modaraba certificate	-	-	-	(25,000,000)	(25,000,000)
Balance as at September 30, 2010	250,000,000	33,674,744	-	29,698,978	313,373,722
Profit for the period	-	-	-	23,765,705	23,765,705
Transferred to statutory reserves	-	4,753,141	-	(4,753,141)	-
Profit Distribution	-	-	-	-	-
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 the 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

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

CHIEF EXECUTIVE OFFICER
Lahore: October 24, 2011

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, 2011

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, 2011.

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, 2011 is made in the financial statements.

	Note	September 30, 2011 Rupees	June 30, 2011 Rupees
4 NET INVESTMENT IN LEASE / IJARAH FINANCE			
Minimum lease / ijarah payments receivable		189,600,631	216,142,107
Residual value of leased assets		<u>74,817,583</u>	<u>69,717,236</u>
Gross investment in lease / ijarah finance		264,418,214	285,859,343
Less: Unearned finance income		<u>29,954,825</u>	<u>(36,555,651)</u>
Net investment in lease / ijarah finance		234,463,389	249,303,692
Less: allowance for potential ijarah losses		(7,920,743)	(4,920,743)
Less: Current portion of net investment in lease / ijarah finance		<u>(101,179,183)</u>	<u>(120,169,184)</u>
		<u><u>125,363,463</u></u>	<u><u>124,213,765</u></u>
5 FIXED ASSETS			
Leased out	5.1	771,476,765	725,840,696
Owned	5.2	<u>2,110,622</u>	<u>1,416,498</u>
		<u><u>773,587,387</u></u>	<u><u>727,257,194</u></u>
5.1 FIXED ASSETS - LEASED OUT			
Opening written down value		725,840,696	418,921,835
Additions during the period			
Tangible			
Plant and machinery		73,734,777	303,820,914
Vehicles		51,239,421	243,576,146
		124,974,198	547,397,060
Disposal during the period			
Vehicle		-	(4,916,546)
Less:			
Depreciation / amortization charged during the period		<u>(79,338,129)</u>	<u>(235,561,653)</u>
		<u><u>771,476,765</u></u>	<u><u>725,840,696</u></u>

Quarterly Report - September 30, 2011

	September 30, 2011 Rupees	June 30, 2011 Rupees
5.2 FIXED ASSETS - OWNED		
Opening written down value	1,416,498	2,016,200
Additions during the period		
Tangible		
Vehicles	945,160	-
Computers and accessories	-	-
Office equipment	50,000	-
	995,160	-
Less:		
Disposal	(138,667)	-
Depreciation / amortization charged during the period	(162,369)	(599,702)
	2,110,622	1,416,498
 6 CONTINGENCIES AND COMMITMENTS		
Contingencies		
There were no known material contingencies as at September 30, 2011. (June 2011 : Nil)		
Commitments		
Ijarah/morahaba contracts approved but not disbursed.	116,319,330	111,998,949
	Quarter ended	
	September 30	September 30
	2011	2010
	Rupees	Rupees
 7 OPERATING EXPENSES		
Salaries, allowances and other benefits	3,486,032	2,980,577
Communication expenses	69,887	45,159
Traveling and conveyance	7,645	6,480
Vehicle running expenses	104,878	34,557
Postage and stamps	13,409	19,935
Advertisement	4,600	25,000
Legal and professional charges	132,645	38,962
Fee and subscription	162,500	55,734
Repairs and maintenance	90,673	27,855
Insurance	39,412	33,849
Stationery, printing and other expenses	55,792	6,924
Depreciation / amortization	162,369	201,537
Entertainment	50,842	19,378
Other sundry expenses	4,348	19,714
	4,385,032	3,515,661

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 2011	September 30 2010
Related Party	Relationship	Nature of Transactions	Rupees	Rupees
National Bank of Pakistan	Holding company	musharaka obtained	118,026,270	45,989,383
National Bank of Pakistan	Holding company	musharaka repaid	61,666,667	58,333,333
National Bank of Pakistan	Holding company	Profit paid	19,421,263	13,222,645
National Bank of Pakistan	Holding company	Ijarah disbursed	1,875,000	41,928,370
National Bank of Pakistan	Holding company	Ijarah repaid	9,623,710	12,996,760
National Bank of Pakistan	Holding company	Profit on Ijarah	3,265,248	2,564,899
National Bank Modaraba Management Company Limited	Management Company	Management fee	778,137	759,323
Balances outstanding at the period end			September 30 2011	June 30 2011
			Rupees	Rupees
NIDA/current accounts with National Bank of Pakistan (running balances)			7,952,543	7,129,661
Finances under musharaka arrangement from National Bank of Pakistan			593,043,917	536,684,314
Net investment in lease / Ijarah finance to National Bank Limited			89,710,777	97,459,486
Current accounts with National Bank of Pakistan			817,856	817,856
Balance payable to Modaraba Management company			8,207,934	7,429,797

9 OTHERS

There were no other significant activities since September 30, 2011 affecting the financial statements.

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 24, 2011 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 24, 2011

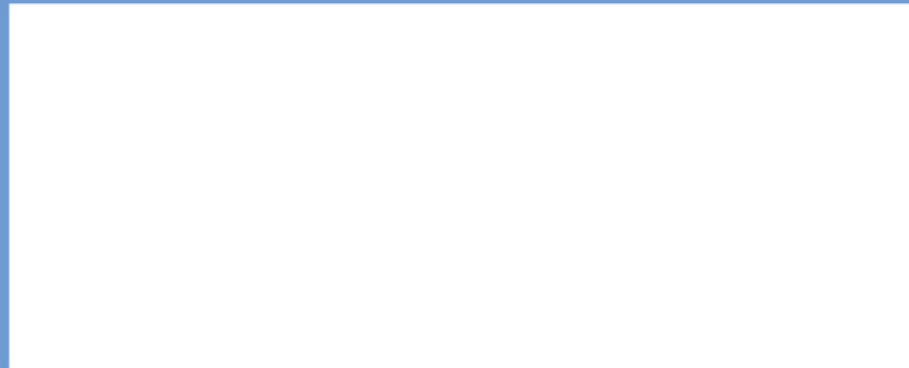
DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

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FIRST NATIONAL BANK MODARABA
5th Floor, NBP RHQs Building,
26 McLagon Road,
Lahore.
Tel : 99211200, Fax: 99213247