



QUARTERLY REPORT  
SEPTEMBER 30,  
2013

**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, 2013*

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**CORPORATE INFORMATION**

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

## 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, 2013.

After entering into a consolidation phase last year, FNBM made an even start in the first quarter of the current financial year, as is evident from the following financial figures:

|                          | <i>Rupees</i> |
|--------------------------|---------------|
| Operating revenue        | 154,369,698   |
| Operating expenses       | 153,193,460   |
| Net Profit               | 1,058,614     |
| Earnings per certificate | 0.04          |

During the quarter under review FNBM booked new leases amounting to Rs.87 Millions, as a result able to maintain the balance sheet footing at Rs.1.915 billions.

The Modaraba generated total income of Rs.154 Millions in the quarter under review as compared to Rs.141 Million in the corresponding period last year. The reason being the increase in rental income as a result of increase in ijarah investment portfolio from Rs.902 million last year to Rs 970 Million this year. Financial charges stood at Rs.31 Millions compared to Rs.37 Millions mainly due to reduction in KIBOR rates and larger share of relatively cheaper COMs in the borrowing portfolio. A provisioning of Rs.11 Million was charged against stressful cases. The net profit for the quarter remained at Rs.1.06 Millions with EPC of 0.04. In the corresponding quarter last year it was Rs.5.168 Millions with ECP of 0.21.

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 28, 2013

## Quarterly Report - September 30, 2013

### CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT SEPTEMBER 30, 2013

| ASSETS   | Note | September 30,<br>2013<br>Rupees | June 30,<br>2013<br>Rupees |
|--|------|---------------------------------|----------------------------|
| <b>Current Assets</b>                              |      |                                 |                            |
| Cash and bank balances                             |      | 14,003,527                      | 20,491,454                 |
| Ijarah rental receivable                           |      | 69,817,859                      | 65,836,987                 |
| Advances, prepayments and other receivables        |      | 102,995,610                     | 57,202,695                 |
| Accrued Profit                                     |      | 20,227,934                      | 20,344,013                 |
| Short-term morabaha investments - secured          |      | 566,241,213                     | 545,476,571                |
| Short term modaraba / musharika investment         |      | 20,000,000                      | 125,000,000                |
| Current portion of non-current assets              |      | 50,928,145                      | 43,070,558                 |
|  |      | 844,214,288                     | 877,422,278                |
| <b>Non -Current Assets</b>                         |      |                                 |                            |
| Net investment in ijarah finance                   | 4    | 52,209,882                      | 57,424,575                 |
| Long-term morabaha investments - secured           |      | 44,778,874                      | 44,778,874                 |
| Long-term loans and deposits                       |      | 2,836,118                       | 3,197,153                  |
| Fixed assets under ijarah arrangements             | 5    | 970,171,061                     | 1,019,001,825              |
| Fixed assets owned                                 |      | 1,738,759                       | 1,896,405                  |
|  |      | 1,071,734,694                   | 1,126,298,832              |
|  |      | 1,915,948,982                   | 2,003,721,110              |
| <b>LIABILITIES</b>                                 |      |                                 |                            |
| <b>Current Liabilities</b>                         |      |                                 |                            |
| Creditors, accrued and other liabilities           |      | 37,176,179                      | 36,828,247                 |
| Accrued profit payable                             |      | 26,019,706                      | 18,959,105                 |
| Short-term finances - secured                      |      | 271,839,144                     | 351,543,440                |
| Short-term certificates of musharaka - unsecured   |      | 382,543,012                     | 316,705,907                |
| Current portion of long-term liabilities           |      | 405,774,268                     | 465,972,978                |
|  |      | 1,123,352,309                   | 1,190,009,677              |
| <b>Non-Current Liabilities</b>                     |      |                                 |                            |
| Long-term security deposits                        |      | 238,566,146                     | 231,442,853                |
| Long-term certificate of musharaka - unsecured     |      | 52,838,077                      | 19,130,000                 |
| Long-term finances - secured                       |      | 188,328,575                     | 251,333,319                |
| Deferred morahaba income                           |      | 13,891,860                      | 13,891,860                 |
|  |      | 1,616,976,967                   | 1,705,807,709              |
| <b>NET ASSETS</b>                                  |      | <b>298,972,015</b>              | <b>297,913,401</b>         |
| <b>REPRESENTED BY</b>                              |      |                                 |                            |
| <b>Capital and Reserves</b>                        |      |                                 |                            |
| Authorized certificate capital                     |      | 600,000,000                     | 600,000,000                |
| Issued, subscribed and paid up certificate capital |      | 250,000,000                     | 250,000,000                |
| Reserves   |      | 48,972,015                      | 47,913,401                 |
|  |      | <b>298,972,015</b>              | <b>297,913,401</b>         |
| <b>Contingencies and commitments</b>               | 6    |                                 |                            |

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

  
CHIEF EXECUTIVE OFFICER  
Lahore: October 28, 2013

  
DIRECTOR

  
DIRECTOR


  
CHIEF FINANCIAL OFFICER

# First National Bank Modaraba

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2013

|  | Note | Quarter ended      |                     |
|--|------|--------------------|---------------------|
|  |      | September 30       | September 30        |
|  |      | 2013               | 2012                |
|  |      | Rupees             | Rupees              |
| <b>OPERATING REVENUE</b>                                     |      |                    |                     |
| Income from ijarah   |      | 131,340,593        | 117,853,941         |
| Profit on morabaha finances                                  |      | 20,263,132         | 22,020,581          |
| Profit on musharaka / modaraba finances                      |      | 744,863            | -                   |
| Profit on bank deposits                                      |      | 8,619              | 85,680              |
| Gain/(Loss) on short-term investments                        |      | -                  | 15,972              |
| Gain on sale of fixed asset                                  |      | 1,781,354          | 814,020             |
| Other income   |      | 231,137            | 128,987             |
|  |      | <u>154,369,698</u> | <u>140,919,181</u>  |
| <b>OPERATING EXPENDITURE</b>                                 |      |                    |                     |
| Operating expenses   | 7    | 6,744,390          | 6,637,032           |
| Depreciation on asset under Ijarah                           |      | 104,397,657        | 85,713,470          |
| Finance Cost   |      | 31,051,413         | 37,825,563          |
| Allowance for potential loss in Ijarah & Morabaha            |      | 11,000,000         | 5,000,000           |
|  |      | <u>153,193,460</u> | <u>135,176,065</u>  |
| Operating profit   |      | 1,176,238          | 5,743,116           |
| Modaraba company's management fee                            |      | 117,624            | 574,312             |
| <b>PROFIT FOR THE QUARTER</b>                                |      | <u>1,058,614</u>   | <u>5,168,804</u>    |
| Provision for taxation                                       |      | -                  | -                   |
| <b>PROFIT AFTER TAXATION</b>                                 |      | <u>1,058,614</u>   | <u>5,168,804</u>    |
| <b>UNAPPROPRIATED PROFIT BROUGHT FORWARD</b>                 |      | 3,958,212          | 45,820,756          |
| <b>PROFIT AVAILABLE FOR APPROPRIATION</b>                    |      | <u>5,016,826</u>   | <u>50,989,560</u>   |
| <b>Appropriation</b>   |      |                    |                     |
| Transfer to statutory reserve                                |      | 211,723            | 1,033,761           |
| Dividend for year ended June 30, 2013 NIL (2012: 25,000,000) |      | -                  | 25,000,000          |
|  |      | <u>(211,723)</u>   | <u>(26,033,761)</u> |
| <b>UNAPPROPRIATED PROFIT CARRIED FORWARD</b>                 |      | <u>4,805,103</u>   | <u>24,955,799</u>   |
| <b>EARNINGS PER MODARABA CERTIFICATE</b>                     |      |                    |                     |
| Basic and diluted  |      | <u>0.04</u>        | <u>0.21</u>         |

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

  
**CHIEF EXECUTIVE OFFICER**  
 Lahore: October 28, 2013

  
**DIRECTOR**


  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

## Quarterly Report - September 30, 2013

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2013

|  | Quarter ended        |                      |
|--|----------------------|----------------------|
|  | September 30<br>2013 | September 30<br>2012 |
|  | Rupees               | Rupees               |
| <b>Profit after taxation for the Period</b>                                | 1,058,614            | 5,168,804            |
| Other comprehensive income   |                      |                      |
| Net unrealised gain / (loss) in value of<br>available for sale investments | -                    | -                    |
| <b>Total Comprehensive Income for the Period</b>                           | <u>1,058,614</u>     | <u>5,168,804</u>     |

  
CHIEF EXECUTIVE OFFICER  
Lahore: October 28, 2013

  
DIRECTOR

  
DIRECTOR


  
CHIEF FINANCIAL OFFICER

# First National Bank Modaraba

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2013

| CASH FLOWS FROM OPERATING ACTIVITIES   | Quarter ended        |                      |
|--|----------------------|----------------------|
|  | September 30<br>2013 | September 30<br>2012 |
|  | Rupees               | Rupees               |
| <b>Profit for the quarter</b>  | 1,058,614            | 5,168,804            |
| <b>Adjustment for:</b>   |                      |                      |
| Depreciation / amortization  | 104,608,083          | 85,863,228           |
| Allowance for potential loss - Ijarah & Morabaha<br>(Appreciation) / diminution in value of short-term investments | -                    | -                    |
| Allowance for potential loss in Ijarah & Morabaha  | 11,000,000           | 5,000,000            |
| Gain on sale of short - term investments   | -                    | (15,972)             |
| Gain on sale of fixed asset  | (1,781,353)          | (814,020)            |
| Finance cost   | 31,051,413           | 37,825,563           |
| Profit on bank deposits  | (8,619)              | (85,680)             |
|  | 144,869,524          | 127,773,119          |
|  | 145,928,138          | 132,941,923          |
| <b>Working capital changes</b>   |                      |                      |
| Advances, prepayments and other receivables  | (45,792,915)         | 42,332,976           |
| Ijarah Rental Receivable   | (3,980,872)          | 3,375,131            |
| Accrued Profit   | 116,079              | 10,919,748           |
| Short-term morabaha investment   | (29,651,268)         | 9,548,072            |
| Short-term musharaka / modaraba investment   | 105,000,000          | -                    |
| Investment in Ijarah   | (2,642,894)          | 3,610,129            |
| Security deposits from lessees   | 8,383,793            | 23,754,381           |
| Long - term morabaha investment  | 2,311,174            | 7,353,554            |
| Creditors, accrued and other liabilities   | (347,932)            | 43,441,299           |
| Dividend Payable   | -                    | (25,000,000)         |
|  | 33,395,165           | 119,335,290          |
| Cash generated from operations   | 179,323,303          | 252,277,213          |
| <br>   |                      |                      |
| Finance cost paid  | (23,990,812)         | (31,168,891)         |
| Profit Received on bank deposits   | 8,619                | 99,100               |
| Net cash flow from operating activities  | 155,341,110          | 221,207,422          |
| <br>   |                      |                      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                      |                      |
| Purchase of fixed assets   | (87,505,034)         | (126,961,690)        |
| Proceeds from disposal of fixed assets   | 33,666,714           | 31,264,020           |
| Long-term loans and deposits   | 361,035              | (1,344,573)          |
| Net cash used in investing activities  | (53,477,285)         | (97,042,243)         |
| <br>   |                      |                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                      |                      |
| Long - term financing - net  | (25,000,000)         | (25,766,650)         |
| Repayment of long-term financing   | (79,704,296)         | (248,704,489)        |
| Certificate of Musharaka - unsecured   | (3,647,456)          | 160,565,353          |
| Net cash flow used in financing activities   | (108,351,752)        | (113,905,786)        |
| <br>   |                      |                      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | (6,487,927)          | 10,259,393           |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER</b>   | 20,491,454           | 17,414,856           |
| <b>CASH AND CASH EQUIVALENTS AT END OF QUARTER</b>   | 14,003,527           | 27,674,249           |

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

  
CHIEF EXECUTIVE OFFICER  
Lahore: October 28, 2013

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER




## Quarterly Report - September 30, 2013

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2013

|  | Certificate<br>capital | Capital reserves<br>Statutory<br>reserves | Revenue<br>reserves<br>Unappropriated<br>profits | Total Equity      |                    |
|--|------------------------|---|--|-------------------|--------------------|
|  | ..... Rupees .....     |   |  |                   |                    |
| 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 year @ Re.1 per modaraba certificate | -                      | -   | -  | (25,000,000)      | (25,000,000)       |
| <b>Balance as at September 30, 2012</b>                      | <b>250,000,000</b>     | <b>44,988,950</b>                         | <b>-</b>   | <b>24,955,799</b> | <b>319,944,749</b> |
| Loss for the period  | -                      | -   | -  | (22,031,348)      | (22,031,348)       |
| Transferred to statutory reserves                            | -                      | (1,033,761)                               | -  | 1,033,761         | -                  |
| Profit Distribution  | -                      | -   | -  | -                 | -                  |
| <b>Balance as at June 30, 2013</b>                           | <b>250,000,000</b>     | <b>43,955,189</b>                         | <b>-</b>   | <b>3,958,212</b>  | <b>297,913,401</b> |
| Profit for the period  | -                      | -   | -  | 1,058,614         | 1,058,614          |
| Transferred to statutory reserves                            | -                      | 211,723                                   | -  | (211,723)         | -                  |
| <b>Balance as at September 30, 2013</b>                      | <b>250,000,000</b>     | <b>44,166,912</b>                         | <b>-</b>   | <b>4,805,103</b>  | <b>298,972,015</b> |

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

  
CHIEF EXECUTIVE OFFICER  
Lahore: October 28, 2013

  
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, 2013

### 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, 2013.

### 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, 2013 is made in the financial statements.

|   | Note | September 30,<br>2013<br>Rupees | June 30,<br>2013<br>Rupees  |
|---|------|---------------------------------|-----------------------------|
| <b>4 NET INVESTMENT IN LEASE / IJARAH FINANCE</b>                 |      |                                 |                             |
| Minimum lease / ijarah payments receivable                        |      | 103,470,994                     | 106,690,105                 |
| Residual value of leased assets                                   |      | <u>5,771,116</u>                | <u>5,771,116</u>            |
| Gross investment in lease / ijarah finance                        |      | 109,242,110                     | 112,461,221                 |
| Less: Unearned finance income                                     |      | <u>21,478,155</u>               | <u>(27,340,160)</u>         |
| Net investment in lease / ijarah finance                          |      | 87,763,955                      | 85,121,061                  |
| Less: allowance for potential ijarah losses                       |      | (4,920,743)                     | (4,920,743)                 |
| Less: Current portion of net investment in lease / ijarah finance |      | <u>(30,633,330)</u>             | <u>(22,775,743)</u>         |
|   |      | <u><u>52,209,882</u></u>        | <u><u>57,424,575</u></u>    |
| <b>5 FIXED ASSETS</b>   |      |                                 |                             |
| <b>Leased out</b>   | 5.1  | 970,171,061                     | 725,840,696                 |
| <b>Owned</b>  | 5.2  | <u>1,738,759</u>                | <u>1,416,498</u>            |
|   |      | <u><b>971,909,820</b></u>       | <u><b>727,257,194</b></u>   |
| <b>5.1 FIXED ASSETS - LEASED OUT</b>                              |      |                                 |                             |
| Opening written down value  |      | 1,019,001,825                   | 891,244,292                 |
| Additions during the period                                       |      |                                 |                             |
| <b>Tangible</b>   |      |                                 |                             |
| Plant and machinery   |      | 40,228,037                      | 390,897,542                 |
| Vehicles  |      | 47,224,217                      | 247,525,451                 |
|   |      | -                               |                             |
|   |      | 87,452,254                      | 638,422,993                 |
| Disposal during the period  |      | (31,885,361)                    | (129,648,203)               |
| Less:   |      |                                 |                             |
| Depreciation / amortization charged during the period             |      | <u>(104,397,657)</u>            | <u>(381,017,257)</u>        |
|   |      | <u><u>970,171,061</u></u>       | <u><u>1,019,001,825</u></u> |

## Quarterly Report - September 30, 2013

|   | September 30,<br>2013<br>Rupees | June 30,<br>2013<br>Rupees |
|---|---------------------------------|----------------------------|
| <b>5.2 FIXED ASSETS - OWNED</b>   |                                 |                            |
| Opening written down value  | 1,896,405                       | 1,662,582                  |
| Additions during the period   |                                 |                            |
| <b>Tangible</b>   |                                 |                            |
| Vehicles  | -                               | -                          |
| Computers and accessories   | 52,780                          | 554,764                    |
| Office equipment  | -                               | -                          |
| <b>Intangible</b>   |                                 |                            |
| Software  | -                               | 434,000                    |
|   | 52,780                          | 988,764                    |
| Less:   |                                 |                            |
| Disposal  | -                               | -                          |
| Depreciation / amortization charged during the period                                   | (210,426)                       | (754,941)                  |
|   | 1,738,759                       | 1,896,405                  |
| <br><b>6 CONTINGENCIES AND COMMITMENTS</b>  |                                 |                            |
| <b>Contingencies</b>  |                                 |                            |
| There were no known material contingencies as at September 30, 2013. ( June 2013 : Nil) |                                 |                            |
| <b>Commitments</b>  |                                 |                            |
| Ijarah/morahaba contracts approved but not disbursed.                                   | 153,536,600                     | 228,885,600                |
|   |                                 |                            |
|   | <u>Quarter ended</u>            |                            |
|   | <u>September 30</u>             | <u>September 30</u>        |
|   | <u>2013</u>                     | <u>2012</u>                |
|   | <u>Rupees</u>                   | <u>Rupees</u>              |
| <br><b>7 OPERATING EXPENSES</b>   |                                 |                            |
| Salaries, allowances and other benefits   | 5,373,288                       | 5,770,648                  |
| Communication expenses  | 69,339                          | 56,780                     |
| Traveling and conveyance  | 212,293                         | 72,164                     |
| Vehicle running expenses  | 136,360                         | 113,409                    |
| Postage and stamps  | 7,596                           | 6,574                      |
| Advertisement   | 40,000                          | -                          |
| Legal and professional charges  | 194,848                         | 76,249                     |
| Repairs and maintenance   | 227,845                         | 220,742                    |
| Insurance   | 116,839                         | 45,792                     |
| Stationery, printing and other expenses   | 26,745                          | 18,156                     |
| Depreciation / amortization   | 210,426                         | 149,758                    |
| Entertainment   | 39,395                          | 51,070                     |
| Other expenses  | 89,416                          | 55,690                     |
|   | 6,744,390                       | 6,637,032                  |

# 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

|   |                     |                               | September 30<br>2013<br>Rupees          | September 30<br>2012<br>Rupees     |
|---|---------------------|-------------------------------|---|------------------------------------|
| <b>Transactions with related parties</b>                                |                     |                               |   |                                    |
| <b>Related Party</b>  | <b>Relationship</b> | <b>Nature of Transactions</b> |   |                                    |
| National Bank of Pakistan   | Holding company     | musharaka obtained            | 17,691,929                              | 14,000,000                         |
| National Bank of Pakistan   | Holding company     | musharaka repaid              | 25,000,000                              | 136,937,720                        |
| National Bank of Pakistan   | Holding company     | Profit paid                   | 6,764,731                               | 10,489,146                         |
| National Bank of Pakistan   | Holding company     | Ijarah repaid                 | 8,684,369                               | 13,949,191                         |
| National Bank of Pakistan   | Holding company     | Profit on Ijarah              | 1,329,775                               | 2,302,593                          |
| National Bank Modaraba Management Company Limited                       | Management Company  | Management fee                | 117,624                                 | 574,312                            |
| <b>Balances outstanding at the period end</b>                           |                     |                               | <b>September 30<br/>2013<br/>Rupees</b> | <b>June 30<br/>2013<br/>Rupees</b> |
| NIDA/current accounts with National Bank of Pakistan (running balances) |                     |                               | 12,167,848                              | 11,937,268                         |
| Finances under musharaka arrangement from National Bank of Pakistan     |                     |                               | 340,974,730                             | 348,282,801                        |
| Net investment in lease / Ijarah finance to National Bank Limited       |                     |                               | 31,561,096                              | 40,617,948                         |
| Current accounts with National Bank of Pakistan                         |                     |                               | 939,637                                 | 922,016                            |
| Balance payable to Modaraba Management company                          |                     |                               | 466,348                                 | 348,724                            |

## 9 OTHERS


There were no other significant activities since September 30, 2013 affecting the financial statements.

## 10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 28, 2013 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 28, 2013

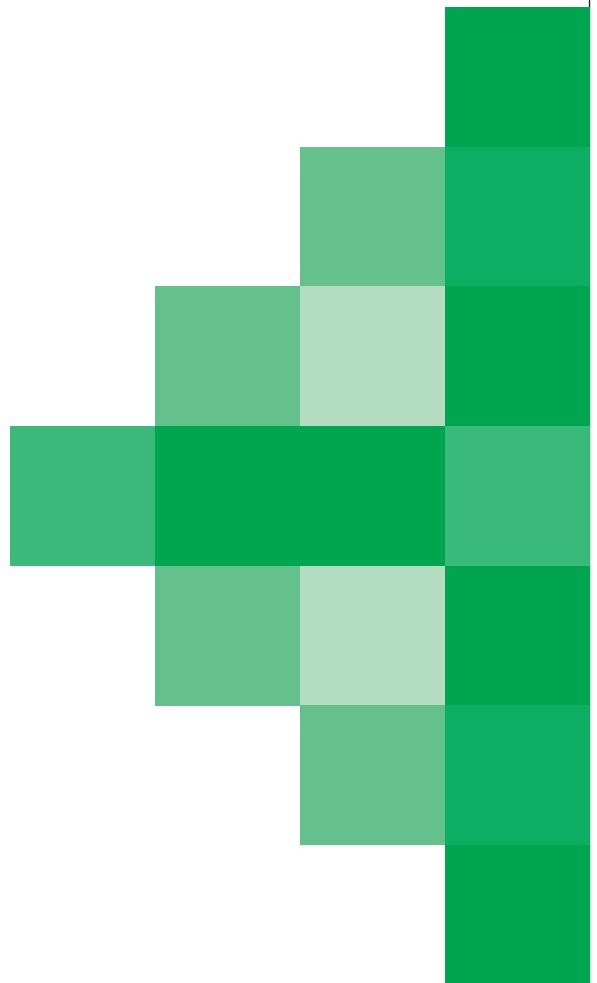
  
**DIRECTOR**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

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