



FIRST NATIONAL BANK MODARABA

Quarterly Report
March 31
2009



Managed By:
National Bank Modaraba Management Company Limited
(A subsidiary of National Bank of Pakistan)

First National Bank Modaraba

Quarterly Report

March 31, 2009

CONTENTS

Corporate Information	2
Directors Report	3
Balance Sheet	4
Profit and Loss Account	5
Cash Flow Statement	6
Statement of Changes in Equity	7
Notes to the Accounts	8

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. Shafiq Khan	Chairman Director Director Director Director Director Chief Executive
Chief Financial Officer/	Mr. Abbas Azam	
Company Secretary		
Audit Committee	Mr. Shahid Anwar Khan Dr . Asif A. Brohi Mr. Wajahat Baqai	Chairman Member Member
Auditors	M. Yousuf Adil Saleem & Co. (A member firm of Deloitte Touche Tohmatsu)	
Bankers	National Bank of Pakistan Al Baraka Islamic Bank Standard Chartered Bank Bank Alfalah Limited Habib Bank Limited Allied Bank Limited MCB Bank Limited First Women Bank Limited HSBC Bank Middle East Limited Bank Islami Pakistan Limited	
Legal Advisor	Cornelius Lane & Mufti Advocates and Solicitors Nawa-i-Waqt House 4-Shahrah-e-Fatima Jinnah, Lahore Tel : 6360824 Fax : 6303301	
Shares Registrar	Hameed Majeed Associates (Pvt.) Limited H. M. House, 7-Bank Square, Lahore Tel: 7235081 -2, Fax: 7358817	
Registered Office	5 th Floor, NBP RHQs Building, 26 Mc Lagon Road, Lahore Tel: 042-9211200, 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 quarterly report, together with un-audited financial statements of FNBM for the quarter and nine months ended March 31, 2009.

Pakistan's economy is passing through a period of stress which has resulted in the country going back into an IMF program. Fiscal year 2008 was one of the toughest years for the financial sector of not only Pakistan but for the entire world. NBFC's sector being financial intermediaries was directly affected by this financial crisis. Under these difficult circumstances FNBM achieved satisfactory results during the nine months ended March 31, 2009.

The balance sheet size has decreased by 7% during the quarter under review and it stood at Rs.2.277 billion as compared to the Rs.2.446 billion on December 31, 2008. The Net Investment in Ijarah Finance was decreased by 7.8% and it stood at Rs.1.336 billion as compared to Rs.1,449 on December 31, 2008. The Modaraba generated total income of Rs.248.262 millions in the nine months under review as compared to Rs. 170.615 millions in the corresponding period last year. During the quarter ended March 31, 2009 FNBM's net profit remained at Rs.21.724 millions for the nine months ended March 31, 2009 as compared to the corresponding figure of Rs. 26.263 millions for the period ended March 31, 2008.

The Institute of Chartered Accountants of Pakistan issued IFAS-2 'Ijarah' which was promulgated by the Securities and Exchange Commission of Pakistan ("SECP") vide an SRO dated May 22, 2007 and was operative for financial statements covering the period beginning on or after July 01, 2007. Later on deferment of one year was given for the implementation of this IFAS and now it is applicable on the financial statements covering the period beginning on or after July 01, 2008. FNBM is converting its accounting system in compliance with the requirements of IFAS-2 Ijarah. As the conversion is in process, therefore this interim financial information for nine months ended March 31, 2009 has been prepared under the requirement of IAS-17 "Leases" as per latest audited financial statements of Modaraba for year ended June 30, 2008. The annual financial statements of the Modaraba for year ending June 30, 2009 will, however, comply with the requirement of IFAS-2 Ijarah.

International Accounting Standard 39 – Financial Instruments: Recognition and Measurement requires that available for sale equity securities are impaired when there is a significant or prolonged decline in the fair value below its cost and such impairment loss should be transferred to profit & loss account from equity. However due to significant decline in values of equity securities SECP vide S.R.O.150 (1) dated February 13, 2009 has allowed to show this impairment loss in equity instead of charging to profit & loss account up to the period ended December 31, 2008. As per the instructions of SECP this loss has to be taken to profit & loss account on quarterly basis during calendar year 2009. According to FNBM has charged Rs.4.948 million to P&L account which is 25% of the difference between market value and cost of available for sale equity securities as at December 31, 2008 after adjusting for the price movement during the quarter.

JCR – VIS Credit Rating Company Ltd in its latest report issued on March 24 2009 has reaffirmed FNBM's long term rating at A+ and short term rating at A1 with stable outlook.

Finally, I would like to thank to the valued certificate holders for their patronage and consistent support in the prevailing challenging scenario. Besides, I extend my sincere gratitude to Registrar Modarabas, SECP and Modaraba Association of Pakistan for their continued guidance and support.

Shafiq Khan
Chief Executive Officer

Lahore: April 24, 2009

Quarterly Report - March 31, 2009

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2009

	Note	March 31 2009 Rupees	June 30 2008 Rupees
ASSETS			
Current assets			
Cash and bank balances		5,656,866	12,264,803
Advances, prepayments and other receivables		26,783,237	119,497,001
Accrued profit		35,813,710	29,719,250
Short-term investments	5	19,729,646	39,331,377
Short-term morabaha investment - secured		518,944,294	660,947,053
Short-term musharaka investment - unsecured		-	100,000,000
Current portion of non-current assets		673,870,057	637,816,245
		1,280,797,810	1,599,575,729
Non - current assets			
Net investment in ijarah	6	815,124,260	965,093,293
Long-term morabaha investment - secured		169,302,583	197,321,492
Long-term musharaka investment - secured		8,941,801	12,941,801
Long-term loans and deposits		923,370	1,205,128
Deferred costs		-	839,813
Fixed assets	7	1,785,056	1,997,569
		996,077,070	1,179,399,096
Total Assets		2,276,874,880	2,778,974,825
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities		64,439,054	54,402,389
Short-term finances - secured		748,302,873	716,502,230
Certificates of Musharaka - unsecured	8	91,800,000	229,900,000
Current portion of long-term liabilities		508,930,020	639,537,005
		1,413,471,947	1,640,341,624
Long - term loans and deposits		130,870,534	191,871,833
Long-term security deposits		100,000,000	102,300,000
Long -term certificate of musharika - unsecured		312,500,003	487,500,004
Long -term finances - secured	9	29,010,916	50,488,159
Deferred morahaba income		-	-
Total liabilities		1,985,853,400	2,472,501,620
NET ASSETS		291,021,480	306,473,205
Represented by:			
CAPITAL AND RESERVES			
Certificate capital	10	250,000,000	250,000,000
Reserves		41,021,480	56,473,205
CONTINGENCIES AND COMMITMENTS	11	291,021,480	306,473,205

The annexed notes from 1 to 16 form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER
Lahore: April 24, 2009

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

First National Bank Modaraba

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2009

	Nine Months ended		Quarter ended	
	March 31 2009	March 31 2008	March 31 2009	March 31 2008
	Note	 Rupees	
REVENUE				
Income from ijarah	151,412,355	113,101,286	49,577,310	36,238,674
Profit on morabaha investment	87,624,923	54,751,332	28,650,900	19,772,334
Profit on musharaka investment	7,528,510	4,031,220	1,844,447	1,330,803
Profit on bank deposits	243,287	55,011	122,499	-
Gain/(Loss) on short term investments	(2,327,860)	(1,779,744)	1,213,752	(1,408,661)
Other income	3,781,226	456,121	2,594,974	178,853
	248,262,441	170,615,226	84,003,882	56,112,003
-				
EXPENDITURES				
Finance cost	205,248,086	129,366,066	66,880,737	43,652,270
Operating expenses	13,928,205	12,068,428	3,378,894	3,904,565
Impairment loss recognized as per SRO 150 (I) dated February 13, 2009	4,948,391	-	4,948,391	-
	224,124,682	141,434,494	75,208,022	47,556,835
	24,137,759	29,180,732	8,795,860	8,555,168
Modaraba Company's Management Fee	2,413,776	2,918,073	879,586	855,517
PROFIT FOR THE PERIOD	21,723,983	26,262,659	7,916,274	7,699,651
Unappropriated profit brought forward	44,624,375	49,214,141	30,670,542	34,064,547
Profit available for appropriation	66,348,358	75,476,800	38,586,816	41,764,198
Appropriation:				
Transfer to statutory reserve	4,344,797	5,252,532	1,583,255	1,539,930
Final dividend @ Rs.1 per certificate related to year ended June 30, 2008	25,000,000	30,000,000	-	-
Unappropriated profit carried forward	37,003,561	40,224,268	37,003,561	40,224,268
EARNINGS PER MODARABA CERTIFICATE				
Basic and diluted	0.87	1.05	0.32	0.31

The annexed notes from 1 to 16 form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER
Lahore: April 24, 2009

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Quarterly Report - March 31, 2009

CONDENSED INTERIM CASH FLOW STATEMENT(UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2009

	March 31 2009 Rupees	March 31 2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	21,723,983	26,262,659
Adjustments for:		
Depreciation / Amortization	518,871	456,755
Amortization of deferred costs	839,813	1,500,102
Diminution in value of short-term investments	(125,694)	(610,253)
Loss/ (Gain) on sale of short-term investments	3,554,579	4,236,124
Impairment loss recognized	4,948,391	-
Finance cost	205,248,086	129,366,066
Profit on bank deposits	(243,287)	(55,011)
Dividend income	(1,101,025)	(1,846,127)
	213,639,734	133,047,656
	235,363,717	159,310,315
(Increase) / Decrease in operating assets		
Advances, prepayments and other receivables	86,487,055	57,154,904
Short-term morabaha investment	142,002,759	(157,095,103)
Investment in ijarah	157,075,569	(12,748,330)
Security deposits from lessees	(13,129,069)	21,503,905
Long - term morabaha investment	(31,750,000)	30,000,000
Long-term musharaka investment	(4,000,000)	-
Increase / (Decrease) in operating liabilities	336,686,314	(61,184,624)
Creditors, accrued and other liabilities	3,000,639	29,158,858
Cash generated from / (used in) operations	575,050,670	127,284,549
Finance cost paid	(191,221,101)	(133,964,674)
Income taxes paid	(18,061)	(47,165)
Dividend income received	894,400	1,535,480
Profit received on bank deposits	270,362	216,195
Net cash from / (used in) operating activities	384,976,270	(4,975,615)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(306,360)	(817,792)
Long-term loans and deposits	(409,620)	(516,193)
Short-term investments	(1,202,202)	(29,289,334)
Net cash from investing activities	(1,918,182)	(30,623,319)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long - term finances obtained	100,000,000	300,000,000
Repayment of long-term finances	(458,366,668)	(479,000,000)
Increase in short-term finances	31,800,643	76,272,546
Finance against certificates of musharaka	(38,100,000)	176,500,000
Dividend paid	(25,000,000)	(30,000,000)
Net cash (used in) / from financing activities	(389,666,025)	43,772,546
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(6,607,937)	8,173,612
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,264,803	6,794,280
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,656,866	14,967,892

The annexed notes from 1 to 16 form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER
Lahore: April 24, 2009

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

First National Bank Modaraba

CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2009

	Certificate capital	Capital / Statutory reverse	Net unrealised gain / (loss) in the value of investments available for sale	Unappropriated profits	Total reserves	Total equity
..... Rupees						
Balance as at June 30, 2007	250,000,000	18,553,535	(4,677,227)	49,214,141	63,090,449	313,090,449
Profit for the period ended March 31, 2008	-	-	-	26,262,659	26,262,659	26,262,659
Transferred to statutory reserves	-	5,252,532	-	(5,252,532)	-	-
Net unrealised gain on investments available for sale	-	-	2,177,155	-	2,177,155	2,177,155
Final dividend @ Rs.1.20 per certificate related to year ended June 30, 2007	-	-	-	(30,000,000)	(30,000,000)	(30,000,000)
Balance as at March 31, 2008	<u>250,000,000</u>	<u>23,806,067</u>	<u>(2,500,072)</u>	<u>40,224,268</u>	<u>61,530,263</u>	<u>311,530,263</u>
Profit for the period ended June 30, 2008	-	-	-	5,500,133	5,500,133	5,500,133
Transferred to statutory reserves	-	1,100,026	-	(1,100,026)	-	-
Net unrealised loss on available for sale investments	-	-	(10,557,191)	-	(10,557,191)	(10,557,191)
Balance as at June 30, 2008	<u>250,000,000</u>	<u>24,906,093</u>	<u>(13,057,263)</u>	<u>44,624,375</u>	<u>56,473,205</u>	<u>306,473,205</u>
Profit for the period ended March 31, 2009	-	-	-	21,723,983	21,723,983	21,723,983
Transferred to statutory reserves	-	4,344,797	-	(4,344,797)	-	-
Net unrealised loss on available for sale investments	-	-	(12,175,708)	-	(12,175,708)	(12,175,708)
Profit distribution @ Re.1.0 per modaraba certificate	-	-	-	(25,000,000)	(25,000,000)	(25,000,000)
Balance as at March 31, 2009	<u><u>250,000,000</u></u>	<u><u>29,250,890</u></u>	<u><u>(25,232,971)</u></u>	<u><u>37,003,561</u></u>	<u><u>41,021,480</u></u>	<u><u>291,021,480</u></u>

The annexed notes from 1 to 16 form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER
Lahore: April 24, 2009

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Quarterly Report - March 31, 2009

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2009

1 STATUS AND ACTIVITIES

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.

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

2 BASIS OF PREPARATION

These financial statements are unaudited and 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.

3 ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of this interim financial information, are consistent with those applied in the preparation of published financial statements of Modaraba for the year ended June 30, 2008. However, the treatment for impairment loss on available for sale investments has been made pursuant to the S.R.O. 150 (I)/2009 dated February 13, 2009 issued by SECP as explained in the following paragraphs.

3.2 Impairment loss on Available for sale investment

The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities effective from August 27, 2008 till December 15, 2009, based on the closing prices of securities prevailing as on August 27, 2008. Consequent to the introduction of Floor Mechanism by the KSE, the market volume declined significantly during the period from August 27, 2008 to December 15, 2008. There were lower floors on a number of securities at December 31, 2008 subsequent to the lifting of floor.

International Accounting Standard 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39) requires that available for sale equity instruments are impaired when there is a significant or prolonged decline in the fair value below its cost. Such impairment loss should be transferred from equity to profit and loss account. However, due to unprecedented decline in equity security prices and prevailing financial crisis, the SECP vide S.R.O. 150 (I)/2009 dated February 13, 2009 has allowed the impairment loss, if any, recognized as on December 31, 2008 due to valuation of listed equity investment held as 'Available for Sale' to quoted market prices may be shown under the equity. The amount taken to equity including any adjustment / effect for price movements shall be taken to profit and loss account on quarterly basis during the calendar year ending on December 31, 2009. Further, the amount taken to equity at December 31, 2008 shall be treated as a charge to profit and loss account for the purposes of distribution as dividend.

Accordingly FNBM has charged Rs. 4.948 Million to Profit and loss account which is the 25 % of the difference between market value and cost of available for sale equity securities as at 31 December 2008 after the adjusting for the price movement during the quarter.

3.3 New Islamic Financial Accounting Standard (IFAS-2)

The Modaraba has not yet adopted Islamic Financial Accounting Standard 2 - Ijarah ("IFAS-2 Ijarah"), issued by the Institute of Chartered Accountants of Pakistan ("ICAP") and promulgated by the Securities and Exchange Commission of Pakistan ("SECP") vide SRO# 431(I)/2007 dated May 22, 2007 and called for its adoption 'prospectively' on those Ijarah transactions commencing on or after its effective date of July 01, 2007 and also allowed an alternative option of 'retrospective' adoption for those Ijarah transactions entered into before the effective date.

Due to practical difficulties in the immediate adoption of IFAS-2 Ijarah, Modaraba Association of Pakistan ("MAP") applied to SECP for deferment of the applicability date. SECP allowed deferment of one year for the implementation of this IFAS and now it is applicable on the financial statements covering the period beginning on or after July 01, 2008.

As the conversion is in process, therefore this interim financial information for period ended March 31, 2009 has been prepared under the requirement of IAS-17 "Leases" as per latest audited financial statements of Modaraba for year ended June 30, 2008. Had the requirements of IFAS-2 Ijarah been applied there would have been certain reclassifications and arrangements of the respective balances in the balance sheet and profit and loss account of the modaraba. However, under annuity method of depreciation these reclassifications and rearrangements do not have any financial impact on net profit for the period and on the certificate holder's equity as at March 31, 2009. The annual financial statements of the Modaraba for year ending June 30, 2009 will, however, comply with the requirement of IFAS-2 Ijarah.

4 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 has been made in these financial statements for the tax liability for the nine months ended March 31, 2009.

5 SHORT-TERM INVESTMENTS

	March 31 2009	June 30 2008
	Rupees	Rupees
Held for trading	3,524,271	7,078,369
Available for sale (Redemption Reserve fund for the issuance of certificate of Musharka)	16,205,275	32,253,008
	<u>19,729,546</u>	<u>39,331,377</u>

First National Bank Modaraba

	March 31 2009 Rupees	June 30 2008 Rupees	
6 NET INVESTMENT IN IJARAH			
Minimum ijarah rentals receivable	1,374,108,889	1,515,567,269	
Residual value	<u>228,509,196</u>	<u>239,858,693</u>	
Gross investment in ijarah	1,602,618,085	1,755,425,962	
Less: Unearned finance income	<u>267,104,517</u>	<u>262,836,825</u>	
Net investment in ijarah	1,335,513,568	1,492,589,137	
Less: Current portion of net investment in ijarah	<u>520,389,308</u>	<u>527,495,844</u>	
	<u>815,124,260</u>	<u>965,093,293</u>	
7 FIXED ASSETS - OWNED			
Written down value-at beginning of period/year	1,997,569	853,450	
Additions during the period/year			
Tangible			
Computers and accessories	16,360	310,250	
Vehicles	-	1,610,063	
Less disposal	-	(799,230)	
Electric equipment	-	38,342	
Intangible			
Software and license fee	290,000	-	
	<u>306,360</u>	<u>1,159,425</u>	
Less:			
Depreciation / amortization charged during the period/year	(518,871)	(641,367)	
Adjustment regarding disposal	<u>-</u>	<u>626,061</u>	
	<u>1,785,058</u>	<u>1,997,569</u>	
8 CERTIFICATES OF MUSHARAKA - UNSECURED			
During the period the modaraba has issued Certificates of Musharaka which are repayable within next twelve months. The estimated share of profit payable on quarterly basis on these certificates ranges from Rs 12% to 16.75% per annum.			
9 LONG-TERM FINANCES - SECURED	March 31 2009 Rupees	June 30 2008 Rupees	
Finance under musharaka arrangements			
From National Bank of Pakistan	310,633,330	433,333,331	
Finance under morabaha arrangements			
From other financial institutions	9.1 <u>368,833,341</u>	<u>604,500,008</u>	
	679,466,671	1,037,833,339	
Less: Current portion	<u>366,966,668</u>	<u>550,333,335</u>	
	<u>312,500,003</u>	<u>487,500,004</u>	
9.1 This includes new facility availed during the period from a commercial bank having approved limit of Rs: 100 million. The facility is repayable within three years from the date of first withdrawal in equal quarterly installments in arrears. Profit is calculated at the rate of six months KIBOR plus spread of 3 % payable at the end of each quarter. The facility is secured against hypothecation charge on all present and future assets of the Modaraba to an extent of Rs: 112 million. Terms and conditions of all other facilities remain unchanged from as disclosed in financial statements for the year ended June 30, 2008.			
10 CERTIFICATE CAPITAL			
Number of certificate			
2009	<u> </u>	<u> </u>	
2008	<u> </u>	<u> </u>	
Authorized:			
60,000,000	<u>60,000,000</u>	<u>60,000,000</u>	Modaraba certificates of Rs.10 each.
Issued, subscribed and paid up:			
25,000,000	<u>25,000,000</u>	<u>25,000,000</u>	Modaraba certificates of Rs.10 each fully paid in cash.
10.1 7,500,000(June 2008: 7,500,000) certificates are held by National Bank Modaraba Management Company Limited.			
11 CONTINGENCIES AND COMMITMENTS			
Contingencies			
There was no change in the status of contingencies as stated in financial statements for the year ended June 30, 2008.			
Commitments			
Ijarah facilities approved but not disbursed	<u>82,000,000</u>	<u>511,321,225</u>	

Quarterly Report - March 31, 2009

	Nine months ended		Quarter ended	
	March 31	March 31	March 31	March 31
	2009	2008	2009	2008
 Rupees Rupees	
12 OPERATING EXPENSES				
Salaries, allowances and other benefits	10,088,627	7,565,496	2,469,452	2,299,975
Utility expenses	-	369,000	-	123,000
Communication expenses	242,724	210,610	65,425	74,302
Traveling and conveyance	286,373	115,432	98,143	23,990
Vehicle running expenses	60,956	43,261	18,291	11,894
Postage and stamps	104,906	88,057	16,259	15,635
Advertisement	43,250	46,410	-	10,500
Legal and professional charges	288,470	442,122	107,647	331,022
Auditor's remuneration	87,695	64,483	-	6,994
Fee and subscription	380,143	414,875	144,863	117,625
Repairs and maintenance	291,377	155,585	85,299	66,090
Insurance	128,836	115,288	32,106	27,763
Stationery, printing and other expenses	312,894	319,195	74,627	89,460
Depreciation / amortization	518,871	456,753	197,829	166,842
Amortization of deferred costs	839,813	1,500,102	-	500,034
Central depository company charges	4,383	2,765	-	-
Entertainment	81,786	61,153	26,216	15,019
Other sundry expenses	90,901	73,292	9,297	24,420
Zakat	47,760	24,549	5,000	-
Fess and commision	28,440	-	28,440	-
	<u>13,928,205</u>	<u>12,068,428</u>	<u>3,378,894</u>	<u>3,904,565</u>

13 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

13.1 Modaraba management fee at the rate of 10 % of profit before tax 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.

13.2 Details of other transactions with related parties and balances outstanding with them at the nine month end are as follows:

	March 31 2009	March 31, 2008
	Rupees	Rupees
Balances outstanding at the period end		
National Income Daily Account with National Bank of Pakistan (running balance)	4,490,910	9,563,175
Finances under Musharaka arrangement from National Bank of Pakistan	433,966,640	325,520,066
Net investment in Ijarah finance to National Bank Limited	5,696,204	28,612,884
	<u>4,920,754</u>	<u>10,501,125</u>
 Rupees Rupees
	March 31	March 31,
	2009	2008
	Rupees	Rupees
Transactions with related parties		
Related Party	Relationship	Nature of Transactions
Taurus Securities Limited	Common management & control	Commission paid
		6,250
Taurus Securities Limited	Common management & control	Purchase and sale of securities
		7,244,691
National Bank Of Pakistan	Management co's holding company	Musharaka obtained
		18,128,438
National Bank Of Pakistan	Management co's holding company	Musharaka repaid
		125,000,002
National Bank Of Pakistan	Management co's holding company	Ijarah disbursed
		20,673,584
National Bank Of Pakistan	Management co's holding company	Ijarah repaid
		12,154,050
National Bank Modaraba Management Co.	Management company	Dividend paid
		7,500,000
Profit / expenses during the period		
National Bank Modaraba Management Co.	Management company	Management fee
		2,413,776
National Bank Of Pakistan	Management co's holding company	Profit paid
		49,525,230
National Bank Of Pakistan	Management co's holding company	Profit on Ijarah
		2,744,443
		<u>2,481,024</u>

First National Bank Modaraba

Transactions with related parties are carried out at arm's length in the normal course of business. The consideration is computed on commercial terms and conditions except for the modaraba company's management fee as mentioned above.

14 OTHERS

There were no other significant activities since June 30, 2008 affecting the financial statements.

15 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 24, 2009 by the Board of Directors of the National Bank Modaraba Management Company Limited.

16 GENERAL

Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison, the effect of which is not material.

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER
Lahore: April 24, 2009.

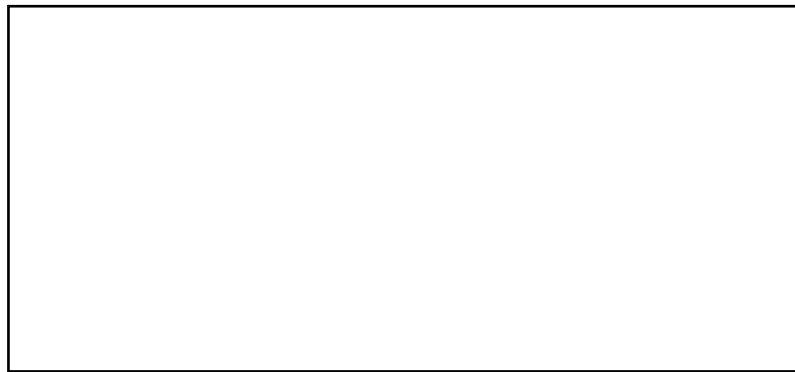
DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

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