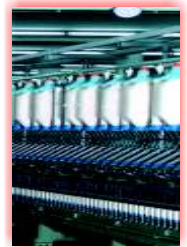


QUARTERLY REPORT MARCH 31, 2008



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

March 31, 2008

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CORPORATE INFORMATION

Board of Directors	Mr. S. Ali Raza Mr. Shahid Anwar Khan Dr. Asif A. Brohi Mr. Tajammal H. Bokharee Mr. Muhammad Nusrat Vohra Mr. Wajahat Baqai Mr. Qamar Hussain Mr. Shafiq Khan	Chairman Director Director Director Director Director Director Chief Executive
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Chief Financial Officer/ Company Secretary	Mr. Abbas Azam
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Audit Committee	Mr. Shahid Anwar Khan Dr. Asif A. Brohi Mr. Tajammal H. Bokharee	Chairman Member Member
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Auditors	M. Yousuf Adil Saleem & Co. (A member firm of Deloitte Touche Tohmatsu)
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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 The Hongkong & Shanghai Banking Corp. Limited
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Legal Advisor	Cornelius Lane & Mufti Advocates and Solicitors Nawa-i-Waqt House 4-Shahrah-e-Fatima Jinnah, Lahore Tel : 6360824 Fax : 6303301
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Shares Registrar	Hameed Majeed Associates (Pvt.) Limited H. M. House, 7-Bank Square, Lahore Tel: 7235081 -2, Fax: 7358817
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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
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Quarterly Report - March 31, 2008

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, 2008.

During the period under review FNBM, continuing the policy of steady growth, booked new leases to replace the maturing leases and enhanced its Morahaba portfolio. Despite low appetite for credit in the market, FNBM has been successful in increasing the Morahaba portfolio from Rs.567 millions in December 31, 2007 to Rs.697 millions as on March 31, 2008. The balance sheet footing also increased from Rs.2.171billions to Rs.2.320 billions during the quarter under review.

The Modaraba generated total income of Rs.170.615 millions in the nine months under review as compared to Rs.161.933 millions in the corresponding period last year. During the quarter ended March 31, 2008 FNBM sold some stagnant scrips lying in 'Available for Sale' category and invested the funds so released in scrips with relatively better earning prospects. The long standing loss in these scrips got shifted from a valuation reserve a/c to P&L a/c. As a result FNBM's net profit remained at Rs.26.263 millions for the nine months ended March 31, 2008 as compared to the corresponding figure of Rs.28.831 millions for the period ended March 31, 2007.

On the borrowing side, during the quarter under review, FNBM availed fresh long term financing facilities as well as raised un-secured funds, both long term and short term, through issuance of COMs.

JCR – VIS Credit Rating Company Ltd in its latest report issued on March 13, 2008 has improved FNBM's long term rating from A - to A + and short term rating from A2 to 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 28, 2008

First National Bank Modaraba

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2008

	Note	March 31 2008 Rupees	June 30 2007 Rupees
ASSETS			
Current assets			
Cash and bank balances		14,967,892	6,794,280
Advances, prepayments and other receivables		112,962,577	169,920,853
Short-term investments	5	55,993,967	28,153,349
Short-term morabaha investment		697,652,905	542,566,025
Short-term musharaka investment		-	-
Current portion of non-current assets		493,640,908	490,635,137
		1,375,218,249	1,238,069,644
Non - current assets			
Net investment in ijarah	6	858,475,859	890,364,786
Long-term morabaha investment		41,480,208	27,434,272
Long-term musharika investment		41,000,000	41,000,000
Long-term loans and deposits		1,383,954	933,712
Deferred costs		1,339,847	2,839,949
Fixed assets	7	1,214,487	853,450
		944,894,355	963,426,169
Total Assets		2,320,112,604	2,201,495,813
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities		72,145,316	47,585,066
Short-term finances	8	505,855,317	429,582,772
Certificates of Musharaka		233,200,000	156,700,000
Current portion of long-term liabilities		568,123,607	599,831,615
		1,379,324,240	1,233,699,453
Long - term loans and deposits			
Long-term security deposits		173,111,523	167,771,631
Long -term finances	9	339,666,370	479,500,008
Certificates of Musharaka		100,000,000	-
Deferred morabaha income		16,480,208	7,434,272
Total liabilities		2,008,582,341	1,888,405,364
NET ASSETS		311,530,263	313,090,449
Represented by:			
CAPITAL AND RESERVES			
Certificate capital	10	250,000,000	250,000,000
Reserves		61,530,263	63,090,449
CONTINGENCIES AND COMMITMENTS	11	311,530,263	313,090,449

The annexed notes from 1 to 17 form an integral part of these financial statements

CHIEF EXECUTIVE
Lahore: April 28, 2008

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Quarterly Report - March 31, 2008

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2008

	Nine Months ended		Quarter ended	
	March 31	March 31	March 31	March 31
	2008	2007	2008	2007
Note	..... Rupees .....		..... Rupees	
REVENUE				
Income from ijarah	113,101,286	105,151,668	36,238,674	37,304,571
Profit on morabaha investment	54,751,332	49,387,819	19,772,334	16,658,077
Profit on musharaka investment	4,031,220	3,135,951	1,330,803	353,279
Profit on bank deposits	55,011	66,684	-	15,244
(Loss) / gain on short term investments	12 (1,779,744)	3,910,288	(1,408,661)	3,296,880
Other income	456,121	280,871	178,853	48,687
	<u>170,615,226</u>	<u>161,933,281</u>	<u>56,112,003</u>	<u>57,676,738</u>
EXPENDITURES				
Finance cost	129,366,066	119,622,063	43,652,270	41,489,113
Operating expenses	13 12,068,428	10,276,696	3,904,565	2,733,428
	<u>141,434,494</u>	<u>129,898,759</u>	<u>47,556,835</u>	<u>44,222,541</u>
	29,180,732	32,034,522	8,555,168	13,454,197
Modaraba Company's Management Fee	2,918,073	3,203,452	855,517	1,345,420
PROFIT FOR THE PERIOD	<u>26,262,659</u>	<u>28,831,070</u>	<u>7,699,651</u>	<u>12,108,777</u>
Unappropriated profit brought forward	49,214,141	41,000,881	34,064,547	29,378,715
Profit available for appropriation	<u>75,476,800</u>	<u>69,831,951</u>	<u>41,764,198</u>	<u>41,487,492</u>
Appropriation:				
Transfer to statutory reserve	5,252,532	5,766,214	1,539,930	2,421,755
Final dividend @ Rs.1.2 certificate for the year ended June 30, 2007 (June 30, 2006: @ Re.1 per certificate).	30,000,000	25,000,000	-	-
Unappropriated profit carried forward	<u>40,224,268</u>	<u>39,065,737</u>	<u>40,224,268</u>	<u>39,065,737</u>
EARNINGS PER MODARABA CERTIFICATE				
Basic and diluted	<u>1.05</u>	<u>1.15</u>	<u>0.31</u>	<u>0.48</u>

The annexed notes from 1 to 17 form an integral part of these financial statements

CHIEF EXECUTIVE
Lahore: April 28, 2008

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

First National Bank Modaraba

CASH FLOW STATEMENT(UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2008

	March 31 2008 Rupees	March 31 2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	26,262,659	28,831,070
Adjustments for:		
Depreciation / Amortization	456,755	519,755
Amortization of deferred costs	1,500,102	2,500,102
Diminution in value of short-term investments	(610,253)	(2,323,021)
Loss/ (Gain) on sale of short-term investments	4,236,124	156,138
Finance cost	129,366,066	119,622,063
Profit on bank deposits	(55,011)	(66,684)
Dividend income	(1,846,127)	(1,743,405)
	<u>133,047,656</u>	<u>117,664,948</u>
	159,310,315	146,496,018
(Increase) / Decrease in operating assets		
Advances, prepayments and other receivables	57,154,904	34,865,242
Short-term morabaha investment	(157,095,103)	17,493,490
Short-term musharaka investment	-	30,000,000
Investment in ijarah	(12,748,330)	(136,994,949)
Security deposits from lessees	21,503,905	40,636,731
Long - term morabaha investment	30,000,000	15,293,536
Long-term musharaka investment	-	31,000,000
Increase / (Decrease) in operating liabilities	(61,184,624)	32,294,050
Creditors, accrued and other liabilities	29,158,858	(6,093,295)
Cash generated from / (used in) operations	127,284,549	172,696,773
Finance cost paid	(133,964,674)	(106,100,579)
Income taxes paid	(47,165)	(252,179)
Dividend income received	1,535,480	1,133,405
Profit received on bank deposits	216,195	51,440
Net cash from / (used in) operating activities	(4,975,615)	(67,528,860)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(817,792)	(120,000)
Long-term loans and deposits	(516,193)	(30,449)
Short-term investments	(29,289,334)	10,188,164
Net cash from investing activities	(30,623,319)	10,037,715
CASH FLOWS FROM FINANCING ACTIVITIES		
Long - term finances obtained	300,000,000	175,000,000
Repayment of long-term finances	(479,000,000)	(213,500,000)
Increase in short-term finances	76,272,546	(34,093,247)
Finance against certificates of musharaka	176,500,000	15,700,000
Dividend paid	(30,000,000)	(25,000,000)
Net cash (used in) / from financing activities	43,772,546	(81,893,247)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	8,173,612	(4,326,672)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,794,280	13,476,172
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>14,967,892</u>	<u>9,149,500</u>

The annexed notes from 1 to 17 form an integral part of these financial statements

CHIEF EXECUTIVE
Lahore: April 28, 2008

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Quarterly Report - March 31, 2008

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2008

	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, 2006	250,000,000	10,250,220	(5,888,651)	41,000,881	45,362,450	295,362,450
Profit for the period ended March 31, 2007	-	-	-	28,831,070	28,831,070	28,831,070
Transferred to statutory reserves	-	5,766,214	-	(5,766,214)	-	-
Net unrealized gain on investments available for sale	-	-	(2,118,138)	-	(2,118,138)	(2,118,138)
Final dividend @ Re.1 per certificate related to year ended June 30, 2006	-	-	-	(25,000,000)	(25,000,000)	(25,000,000)
Balance as at March 31, 2007	250,000,000	16,016,434	(8,006,789)	39,065,737	47,075,382	297,075,382
Profit for the period ended June 30, 2007	-	-	-	12,685,505	12,685,505	12,685,505
Transferred to statutory reserves	-	2,537,101	-	(2,537,101)	-	-
Net unrealised loss on available for sale investments	-	-	3,329,562	-	3,329,562	3,329,562
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 loss on available for sale investments	-	-	2,177,155	-	2,177,155	2,177,155
Final dividend @ Rs.1.2 per share related to year ended June 30, 2007	-	-	-	(30,000,000)	(30,000,000)	(30,000,000)
Balance as at March 31, 2008	250,000,000	23,806,067	(2,500,072)	40,224,268	61,530,263	311,530,263

The annexed notes from 1 to 17 form an integral part of these financial statements

CHIEF EXECUTIVE
Lahore: April 28, 2008

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

First National Bank Modaraba

SELECTED EXPLANATORY NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2008

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

The accounting policies adopted for the preparation of these 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, 2007.

3.1 New accounting standards, interpretations and amendments that are not yet effective

International Financial Reporting Standards ("IFRSs") and interpretations of accounting standards stated in note 2.2 to the published financial statements for the year ended June 30, 2007 are not either relevant to Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than increased disclosures in certain cases; and

The Islamic Financial Accounting Standard ("IFAS") - 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan was promulgated by the Securities and Exchange Commission of Pakistan ("SECP") vide an SRO dated May 22, 2007

The above IFAS is operative for financial statements covering the period beginning on or after July 01, 2007 and is required to be followed on those Ijarah which commence after the above mentioned date. The Modaraba Association of Pakistan has applied to Securities and Exchange Commission of Pakistan for deferment of the effective date of the said IFAS. It is expected that at least one year deferment will be granted.

Currently the interim financial information of Modaraba has been prepared under the requirements of IAS-17 "Leases"

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, 2008.

5 SHORT-TERM INVESTMENTS

		March 31 2008	June 30 2007
		Rupees	Rupees
Held for trading	5.1	42,941,982	16,023,588
Available for sale	5.2	13,051,985	12,129,761
		<u>55,993,967</u>	<u>28,153,349</u>

Particulars	No. of shares		Average cost		Fair market value	
	March 31 2008	June 30 2007	March 31 2008	June 30 2007	March 31 2008	June 30 2007
	.....Numbers				Rupees	

5.1 Investments held for trading - Quoted

Commercial banks:

National Bank of Pakistan Ordinary shares of Rs. 10 each	24,310	-	5,616,777	-	5,667,877	-
MCB Bank Limited Ordinary shares of Rs. 10 each		10,000		3,701,390		3,650,000
The Bank of Punjab Ordinary shares of Rs. 10 each	60,375	-	4,768,677	-	4,011,919	-
Faysal Bank Limited Ordinary shares of Rs. 10 each	25,000	-	1,489,798	-	1,321,250	-

Quarterly Report - March 31, 2008

Particulars	No. of shares		Average cost		Fair market value	
	March 31	June 30	March 31	June 30	March 31	June 30
	2008	2007	2008	2007	2008	2007
.....Numbers				Rupees		
Cement:						
Maple Leaf Cement Factory Limited Ordinary shares of Rs. 10 each	-	78,125	-	2,695,797	-	1,910,138
Lucky Cement Limited Ordinary shares of Rs. 10 each	25,500	-	3,430,775	-	3,563,625	-
Chemicals:						
Engro Chemical Pakistan Limited Ordinary shares of Rs. 10 each	20,000	10,000	6,552,710	2,541,003	6,478,000	2,540,000
Energy and Petroleum:						
Pakistan Petroleum Limited Ordinary shares of Rs. 10 each	20,000	100	5,303,060	26,578	5,221,000	26,250
Sui Southern Gas Company Limited Ordinary shares of Rs. 10 each		50,000		1,395,275		1,302,500
Oil and Gas Companies						
Pakistan Oil Fields Ordinary shares of Rs. 10 each	5,000	-	1,855,872	-	1,837,000	-
Oil & Gas Development Company Limited Ordinary shares of Rs. 10 each	-	20,000	-	2,501,293	-	2,399,000
Textile Composite:						
Chenab Limited Ordinary shares of Rs. 10 each	-	10,000	-	236,436	-	149,000
Mutual Funds:						
PICIC Growth Funds Ordinary shares of Rs. 10 each	-	50,000	-	1,954,770	-	1,695,000
Refinery:						
BOSICOR Pakistan Limited Ordinary shares of Rs. 10 each	-	64,000	-	1,558,634	-	1,139,200
Attock Refinery Ordinary shares of Rs. 10 each	50,000		13,300,525		13,027,311	
Fertilizer:						
Fauji Fertilizer Bin Qasim Limited Ordinary shares of Rs. 10 each	40,000	-	1,852,372	-	1,814,000	-
Fauji Fertilizer Company Ordinary shares of Rs. 10 each	-	10,000	-	1,251,250	-	1,212,500
TOTAL			44,170,566	17,862,426	42,941,982	16,023,588

First National Bank Modaraba

Particulars	No. of shares / certificates		Average cost		Fair market value	
	March 31	June 30	March 31	June 30	March 31	June 30
	2008	2007	2008	2007	2008	2007
	..... Numbers .....		..... Rupees			
5.2 Investments available for sale - Quoted						
Mutual funds:						
ICP ABAMCO Composite Fund Certificates of Rs. 10 each	300,000	300,000	3,000,000	3,000,000	2,655,000	2,535,000
Pakistan Strategic Allocation Fund Certificates of Rs. 10 each	109,000	109,000	1,090,000	1,090,000	1,035,500	1,144,500
PICIC Energy Fund Certificates of Rs. 10 each	-	498,000	-	4,980,000	-	3,735,000
Commercial Banks:						
Askari Bank Limited Ordinary shares of Rs. 10 each	67,500		5,117,027		4,745,250	
UBL BANK LIMITED Ordinary shares of Rs. 10 each	25,000		4,262,853		3,967,500	
Cement:						
Dewan Hattar Cement Limited Ordinary shares of Rs. 10 each	-	300,000	-	5,654,810	-	3,840,000
Textile:						
Nishat Chunian Limited Ordinary shares of Rs. 10 each	21,270	21,270	2,082,178	2,082,178	648,735	875,261
TOTAL			<u>15,552,058</u>	<u>16,806,988</u>	<u>13,051,985</u>	<u>12,129,761</u>
6 NET INVESTMENT IN IJARAH					March 31 2008 Rupees	June 30 2007 Rupees
Minimum Ijarah rentals receivable					1,345,787,879	1,372,439,919
Residual value					<u>212,597,110</u>	<u>183,279,598</u>
Gross investment in Ijarah					1,558,384,989	1,555,719,517
Less: Unearned finance income					<u>210,636,176</u>	<u>220,719,034</u>
Net investment in Ijarah					1,347,748,813	1,335,000,483
Less: Current portion of net investment in Ijarah					<u>489,272,954</u>	<u>444,635,697</u>
					<u>858,475,859</u>	<u>890,364,786</u>
7 FIXED ASSETS - OWNED						
Written down value-at beginning of period/year					853,450	1,274,756
Additions during the period/year						
Tangible						
Vehicle					640,000	
Computers and accessories					139,450	
Electric Equipment					38,342	
Intangible						
Software and license fee						120,000
					817,792	120,000
Less:						
Depreciation / amortization charged during the period/year					<u>456,755</u>	<u>541,306</u>
					<u>1,214,487</u>	<u>853,450</u>
8 SHORT-TERM FINANCES - SECURED						
This includes new short term loan amounting to Rs.200 million availed during the period from a commercial bank having approved limit of Rs. 300 million (that was enhanced from Rs.100 million to Rs.300 million during the period). The facility is repayable upon maturity up to 3 months. Profit is payable quarterly determined at the rate of one month KIBOR plus 1.00% . It is secured against first pari passu hypothecation charge of Rs. 335 million (margin 10%) on the present and future current assets of the Modaraba.						

Quarterly Report - March 31, 2008

9	LONG-TERM FINANCES - SECURED	March 31 2008 Rupees	June 30 2007 Rupees
	Finance under musharaka arrangements		
	From National Bank of Pakistan	224,166,666	209,166,666
	Finance under morabaha arrangements		
	From other financial institutions	9.1.1 & 9.1.2 635,833,340	829,833,338
		<u>860,000,006</u>	<u>1,039,000,004</u>
	Less: Current portion	520,333,635	559,499,996
		<u>339,666,371</u>	<u>479,500,008</u>

9.1.1 This includes new facility availed during the period from a commercial bank having approved limit of Rs. 50 million. The facility is repayable in six equal semi annual installments from the date of first draw down. Profit is calculated at the rate of six months KIBOR plus 0.50 per annum without floor, payable semi annually. The facility and outstanding balances of two previous facilities (i.e. Rs. 66.67 million) from the said commercial bank are secured against hypothecation of Rs. 156 million over all present and future leased assets, book debts morabaha and musharaka receivables, etc., created through joint first pari passu hypothecation agreement executed with other lending commercial banks.

9.1.2 This includes new facility availed during the period from a commercial bank amounting Rs. 100 million having approved limited of Rs: 150 million. The facility is repayable in four equal semi annual installments with a grace period of one year. Profit is calculated at the rate of three months KIBOR plus 0.4% per annum without floor, payable quarterly. The facility is secured against hypothecation charge of Rs. 200 million over all present and future leased assets, book debts, morabaha and musharaka receivables etc., created joint first pari passu hypothecation agreement executed with other lending commercial banks.

10 CERTIFICATE CAPITAL

Number of certificate			
2008	2007		
Authorized:			
<u>60,000,000</u>	<u>60,000,000</u>	Modaraba certificates of Rs. 10 each.	<u>600,000,000</u> <u>600,000,000</u>
Issued, subscribed and paid up:			
<u>25,000,000</u>	<u>25,000,000</u>	Modaraba certificates of Rs.10 each fully paid in cash.	<u>250,000,000</u> <u>250,000,000</u>

10.1 7,500,000 (June 2007: 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, 2007.

Commitments

Ijarah facilities approved but not disbursed	<u>172,272,726</u>	<u>16,411,375</u>
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12 (LOSS) / GAIN ON SHORT-TERM INVESTMENTS

	Nine months ended		Quarter ended	
	March 31 2008	March 31 2007	March 31 2008	March 31 2007
	..... Rupees .....		..... Rupees	
Dividend Income	1,846,127	1,743,405	677,542	520,000
(Loss) / Gain on Sale of short term investments	(4,236,124)	(156,138)	(3,136,005)	(482,346)
Appreciation / Diminution due to change in value of short term investments	610,253	2,323,021	1,049,802	3,259,226
	<u>(1,779,744)</u>	<u>3,910,288</u>	<u>(1,408,661)</u>	<u>3,296,880</u>

First National Bank Modaraba

	Nine months ended		Quarter ended	
	March 31	March 31	March 31	March 31
	2008	2007	2008	2007
13 OPERATING EXPENSES	..... Rupees .....		..... Rupees	
Salaries, allowances and other benefits	7,565,496	6,059,208	2,299,975	1,467,546
Utility expenses	369,000	366,000	123,000	123,000
Communication expenses	210,610	208,680	74,302	58,986
Traveling and conveyance	115,432	69,751	23,990	62,906
Vehicle running expenses	43,261	25,859	11,894	4,819
Postage and stamps	88,057	91,081	15,635	20,973
Advertisement	46,410	24,834	10,500	-
Legal and professional charges	442,122	366,302	331,022	123,322
Auditor's remuneration	64,483	67,489	6,994	-
Fee and subscription	414,875	336,301	117,625	56,000
Repairs and maintenance	155,585	124,228	66,090	27,320
Insurance	115,288	116,185	27,763	29,217
Stationery, printing and other expenses	319,195	244,079	89,460	42,920
Depreciation / amortization	456,753	519,755	166,842	161,038
Amortization of deferred costs	1,500,102	1,500,102	500,034	500,034
Central depository company charges	2,765	27,053	-	27,053
Entertainment	61,153	55,911	15,019	12,020
Other sundry expenses	73,292	37,036	24,420	16,274
Zakat	24,549	36,842	-	-
	<u>12,068,428</u>	<u>10,276,696</u>	<u>3,904,565</u>	<u>2,733,428</u>

14 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

14.1 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.

14.2 Details of other transactions with related parties and balances outstanding with them at the half year end are as follows:

	March 31 2008 Rupees	June 30 2007 Rupees
Balances outstanding at the period end		
National Income Daily Account with National Bank of Pakistan (running balance)	8,991,458	6,056,456
Finances under Musharaka arrangement from National Bank of Pakistan	325,520,066	314,796,412
Net investment in Ijarah finance to National Bank Limited	28,612,884	17,951,464
Current account with National Bank of Pakistan - Dividend account	571,717	128,744

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			Nine months ended	
			March 31	March 31
			2008	2007
		 Rupees	
Transactions with related parties				
Related Party	Relationship	Nature of Transactions		
Taurus Securities Limited	Common management & control	Commission paid	<u>526,162</u>	<u>104,062</u>
Taurus Securities Limited	Common management & control	Purchase and sale of securities	<u>1,091,751,587</u>	<u>145,035,362</u>
National Bank Of Pakistan	Management co's holding company	Musharaka obtained	<u>150,000,000</u>	<u>149,919,755</u>
National Bank Of Pakistan	Management co's holding company	Musharaka repaid	<u>134,999,998</u>	<u>130,833,333</u>
National Bank Of Pakistan	Management co's holding company	Ijarah disbursed	<u>21,843,230</u>	<u>9,366,050</u>
National Bank Of Pakistan	Management co's holding company	Ijarah repaid	<u>11,181,810</u>	<u>4,317,660</u>
National Bank Modaraba Management Company Limited	Management company	Dividend paid	<u>9,000,000</u>	<u>7,500,000</u>
Profit / expenses during the period				
National Bank Modaraba Management	Management company	Management fee	<u>2,918,073</u>	<u>3,203,452</u>
National Bank Of Pakistan	Management co's holding company	Profit paid	<u>26,944,064</u>	<u>22,467,583</u>
National Bank Of Pakistan	Management co's holding company	Profit on ijarah	<u>2,481,024</u>	<u>1,200,763</u>

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.

15 OTHERS

There were no other significant activities since June 30, 2007 affecting the financial statements.

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 28, 2008 by the Board of Directors of the National Bank Modaraba Management Company Limited.

17 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
Lahore: April 28, 2008

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER