



QUARTERLY REPORT MARCH 31, 2007



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, 2007

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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
Chief Financial Officer	Mr. Adeel S. Ali	
Company Secretary	Mr. Adeel S. Ali	
Audit Committee	Mr. Shahid Anwar Khan Dr. Asif A. Brohi Mr. Tajammal H. Bokharee	Chairman Member Member
Auditors	M. Yousuf Adil Saleem & Co. (An independent firm associated with 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 The Bank of Punjab The Hongkong & Shanghai Banking Corp. Limited	
Legal Advisor	Cornelius Lane & Mufti Advocates and Solicitors Nawa-i-Waqt House 4-Shahrah-e-Fatima Jinnah, Lahore Tel : 6360824 Fax : 7358817	
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 Tel:	

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, 2007.

During the quarter under review, FNBM, continuing the policy of steady growth, booked new leases. The balance sheet footing remained stable at Rs.2.039 billion. Despite the low appetite for credit in the market, the Modaraba has been successful in making disbursements of Rs. 102.749 million against lease financing in the said quarter compared to Rs. 200.450 million in the preceding quarter. The aggregate lease disbursements during the nine months ended March 31, 2005 were Rs. 336.833 million. While booking the new leases, the main emphasis remained on further diversification of the lease portfolio.

The Modaraba generated total income of Rs.159.610 million in the nine months under review as compared to Rs.116.395 million in the corresponding period last year. The Modaraba earned net profit of Rs. 32.034 million during the nine months ended March 31, 2007 as compared to Rs. 33.820 million in the full year ended June 30, 2006.

On the borrowing side, during the quarter under review, FNBM availed fresh financing facility of Rs.100 million from a foreign commercial bank as well as received fresh approvals from two Islamic Banks. FNBM is endeavoring to diversify its borrowing by way of issuance of its COMs and some progress has been made in this regard.

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.

For and on behalf of the Board:

Shafiq Khan
Chief Executive Officer

Lahore: April 24, 2007

Quarterly Report - March 31, 2007

BALANCE SHEET (UNAUDITED)

AS AT MARCH 31, 2007

	Note	March 31 2007 Rupees	June 30 2006 Rupees
ASSETS			
Current assets			
Cash and bank balances		9,149,500	13,476,172
Advances, prepayments and other receivables		108,238,699	142,226,518
Short-term investments	5	32,433,844	42,573,263
Short-term morabaha investment		517,506,510	535,000,000
Short-term musharaka investment		-	30,000,000
Current portion of non-current assets		468,594,795	413,483,064
		1,135,923,348	1,176,759,017
Non - current assets			
Net investment in ijarah	6	885,764,830	837,157,393
Long-term morabaha investment		12,500,000	25,518,638
Long-term loans and deposits		841,915	810,583
Deferred costs		3,339,983	4,840,085
Fixed assets	7	875,001	1,274,756
		903,321,729	869,601,455
Total Assets		2,039,245,077	2,046,360,472
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities		49,496,546	42,068,357
Short-term finances	8	472,450,519	506,544,207
Certificates of Musharaka	9	15,700,000	-
Current portion of long-term liabilities		550,127,009	291,720,326
		1,087,774,074	840,332,890
Long - term loans and deposits			
Long-term security deposits		148,561,846	118,165,132
Long -term finances	10	505,833,775	792,500,000
Total liabilities		1,742,169,695	1,750,998,022
NET ASSETS		297,075,382	295,362,450
Represented by:			
CAPITAL AND RESERVES			
Certificate capital	11	250,000,000	250,000,000
Reserves		47,075,382	45,362,450
CONTINGENCIES AND COMMITMENTS	12		
		297,075,382	295,362,450

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Lahore: April 24, 2007

First National Bank Modaraba

**PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007**

	Nine Months ended		Quarter ended	
	March 31 2007	March 31 2006	March 31 2007	March 31 2006
Note	..... Rupees .....		..... Rupees	
REVENUE				
Income from ijarah	105,151,668	69,044,450	37,304,571	25,876,879
Profit on morabaha investment	49,387,819	31,405,206	16,658,077	12,449,855
Profit on musharaka investment	3,135,951	5,950,220	353,279	4,877,553
Profit on bank deposits	66,684	338,707	15,244	206,634
Dividend income	1,743,405	2,730,150	520,000	981,250
Gain on sale of short term investments	(156,138)	6,675,355	(482,346)	2,131,900
Other income	280,871	250,917	48,687	90,560
	<u>159,610,260</u>	<u>116,395,005</u>	<u>54,417,512</u>	<u>46,614,631</u>
EXPENDITURES				
Finance cost	119,622,063	72,924,413	41,489,113	30,526,126
Operating expenses	10,276,696	9,385,743	2,733,428	3,097,468
Diminution in value of short-term investments	(2,323,021)	3,599,687	(3,259,226)	2,454,568
	<u>127,575,738</u>	<u>85,909,843</u>	<u>40,963,315</u>	<u>36,078,162</u>
	32,034,522	30,485,162	13,454,197	10,536,469
Modaraba Company's Management Fee	3,203,452	3,048,516	1,345,420	1,053,647
PROFIT FOR THE PERIOD	<u>28,831,070</u>	<u>27,436,646</u>	<u>12,108,777</u>	<u>9,482,822</u>
Unappropriated profit brought forward	41,000,881	16,650,274	29,378,715	31,013,333
Profit available for appropriation	<u>69,831,951</u>	<u>44,086,920</u>	<u>41,487,492</u>	<u>40,496,155</u>
Appropriation:				
Transfer to statutory reserve	5,766,214	5,487,329	2,421,755	1,896,564
Final dividend @ Rs.1 per share related to year ended June 30, 2006	25,000,000	-	-	-
Unappropriated profit carried forward	<u>39,065,737</u>	<u>38,599,591</u>	<u>39,065,737</u>	<u>38,599,591</u>
EARNINGS PER MODARABA CERTIFICATE				
Basic and diluted	<u>1.15</u>	<u>1.10</u>	<u>0.48</u>	<u>0.38</u>

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

CHIEF EXECUTIVE
Lahore: April 24, 2007

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Quarterly Report - March 31, 2007

CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2007

	March 31 2007 Rupees	March 31 2006 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	28,831,070	27,436,646
Adjustments for:		
Depreciation / Amortization	519,755	499,621
Amortization of deferred costs	1,500,102	1,491,840
Diminution in value of short-term investments	(2,323,021)	3,599,687
Loss/ (Gain) on sale of short-term investments	156,138	(6,675,355)
Finance cost	119,622,063	72,924,413
Profit on bank deposits	(66,684)	(338,707)
Dividend income	(1,743,405)	(2,730,150)
	<u>117,664,948</u>	<u>68,771,349</u>
	146,496,018	96,207,995
(Increase) / Decrease in operating assets		
Advances, prepayments and other receivables	34,865,242	25,909,851
Short-term morabaha investment	17,493,490	(207,098,529)
Short-term musharaka investment	30,000,000	(126,000,000)
Investment in ijarah	(136,994,949)	(327,222,071)
Security deposits from lessees	40,636,731	34,678,164
Long - term morabaha investment	15,293,536	-
Long-term musharaka investment	31,000,000	-
Increase / (Decrease) in operating liabilities	32,294,050	(599,732,585)
Creditors, accrued and other liabilities	(6,093,295)	3,446,037
Cash generated from / (used in) operations	172,696,773	(500,078,553)
Finance cost paid	(106,100,579)	(63,331,317)
Income taxes paid	(252,179)	(374,455)
Dividend income received	1,133,405	2,357,547
Profit received on bank deposits	51,440	259,970
Net cash from / (used in) operating activities	67,528,860	(561,166,808)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(120,000)	(198,100)
Long-term loans and deposits	(30,449)	(585,523)
Short-term investments	10,188,164	(6,041,174)
Net cash from investing activities	10,037,715	(6,824,797)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long - term finances obtained	175,000,000	400,000,000
Repayment of long-term finances	(213,500,000)	(110,801,712)
Increase in short-term finances	(34,093,247)	315,495,698
Finance against certificates of musharaka	15,700,000	-
Dividend paid	(25,000,000)	-
Net cash (used in) / from financing activities	(81,893,247)	604,693,986
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(4,326,672)	36,702,381
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,476,172	11,079,558
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>9,149,500</u>	<u>47,781,939</u>

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

CHIEF EXECUTIVE
Lahore: April 24, 2007

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Half Yearly Report - December 31, 2006

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2006

	December 31 2006 Rupees	December 31 2005 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	16,722,293	17,953,824
Adjustments for:		
Depreciation / Amortization	358,717	326,331
Amortization of deferred costs	1,000,068	994,560
Diminution in value of short-term investments	936,205	1,145,119
Gain on sale of short-term investments	(326,208)	(4,543,455)
Finance cost	78,132,949	42,398,287
Profit on bank deposits	(51,440)	(132,073)
Dividend income	(1,223,405)	(1,748,900)
	<u>78,826,886</u>	<u>38,439,869</u>
	95,549,179	56,393,693
(Increase) / Decrease in operating assets		
Advances, prepayments and other receivables	37,402,992	(8,399,447)
Short-term morabaha investment	96,243,490	(197,786,039)
Short-term musharaka investment	(7,010,000)	(176,000,000)
Investment in ijarah	(138,290,904)	(226,221,327)
Security deposits from lessees	32,832,565	23,977,179
Long - term morabaha investment	2,793,536	-
Long-term musharaka investment	31,000,000	-
Increase / (Decrease) in operating liabilities	54,971,679	(584,429,634)
Creditors, accrued and other liabilities	(2,611,879)	1,661,136
Cash generated from / (used in) operations	<u>147,908,979</u>	<u>(526,374,805)</u>
Finance cost paid	(77,839,267)	(33,726,460)
Income taxes paid	(248,732)	(360,944)
Dividend income received	1,133,405	1,784,797
Profit received on bank deposits	51,440	99,504
Net cash from / (used in) operating activities	71,005,825	(558,577,908)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(120,000)	(157,600)
Long-term loans and deposits	(104,239)	(201,819)
Short-term investments	3,364,672	8,857,663
Net cash from investing activities	3,140,433	8,498,244
CASH FLOWS FROM FINANCING ACTIVITIES		
Long - term finances obtained	75,000,000	300,000,000
Repayment of long-term finances	(156,000,000)	-
Increase in short-term finances	15,892,056	259,064,052
Finance against certificates of musharaka	14,000,000	-
Dividend paid	(25,000,000)	-
Net cash (used in) / from financing activities	(76,107,944)	559,064,052
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,961,686)	8,984,388
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>13,476,172</u>	<u>11,079,558</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>11,514,486</u>	<u>20,063,946</u>

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Lahore: February 20, 2007

First National Bank Modaraba

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007**

	Certificate capital	Capital / Statutory reserve	Net unrealised gain / (loss) in the value of investments available for sale	Unappropriated profits	Total reserves	Total equity
	..... Rupees					
Balance as at June 30, 2005	250,000,000	4,162,568	(5,790,287)	16,650,273	15,022,554	265,022,554
Profit for the period ended December 31, 2005	-	-	-	27,436,646	27,436,646	27,436,646
Transferred to statutory reserves	-	5,487,329	-	(5,487,329)	-	-
Net unrealized gain on investments available for sale	-	-	8,052,374	-	8,052,374	8,052,374
Balance as at March 31, 2006	250,000,000	9,649,897	2,262,087	38,599,590	50,511,574	300,511,574
Profit for the period ended June 30, 2006	-	-	-	3,001,614	3,001,614	3,001,614
Transferred to statutory reserves	-	600,323	-	(600,323)	-	-
Net unrealised loss on available for sale investments	-	-	(8,150,738)	-	(8,150,738)	(8,150,738)
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 December 31, 2006	-	-	-	28,831,070	28,831,070	28,831,070
Transferred to statutory reserves	-	5,766,214	-	(5,766,214)	-	-
Net unrealised loss on available for sale investments	-	-	(2,118,138)	-	(2,118,138)	(2,118,138)
Final dividend @ Rs.1 per share 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

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

CHIEF EXECUTIVE
Lahore: April 24, 2007

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Quarterly Report - March 31, 2007

NOTES TO THE ACCOUNTS (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2007

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, 2006.

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, 2007.

5 SHORT-TERM INVESTMENTS

		March 31 2007	June 30 2006
		Rupees	Rupees
Held for trading	5.1	16,373,089	19,644,370
Available for sale	5.2	16,060,755	22,928,893
		<u>32,433,844</u>	<u>42,573,263</u>

Particulars	No. of shares		Average cost		Fair market value	
	March 31 2007	June 30 2006	March 31 2007	June 30 2006	March 31 2007	June 30 2006
	.....Numbers .....		..... Rupees.....			

5.1 Investments held for trading - Quoted

Commercial banks:

National Bank of Pakistan Ordinary shares of Rs. 10 each	-	10,000	-	2,348,547	-	2,158,000
The Bank of Punjab Ordinary shares of Rs. 10 each	5,000	400	461,311	34,826	434,500	33,160
Bank Alfalah Limited Ordinary shares of Rs. 10 each	20,832	46,666	1,015,012	2,842,108	953,064	1,866,640
Askari Commercial Bank Limited Ordinary shares of Rs. 10 each	-	10,000	-	1,095,511	-	775,500
PICIC Commercial Bank Limited Ordinary shares of Rs. 10 each	15,500	20,000	613,994	811,103	502,200	504,000
Pakistan Indust. Credit & Invest. Corp. Ordinary shares of Rs. 10 each	15,500	-	1,022,393	-	998,975	-

First National Bank Modaraba

Particulars	No. of shares		Average cost		Fair market value	
	March 31 2007	June 30 2006	March 31 2007	June 30 2006	March 31 2007	June 30 2006
	Numbers		Rupees			
Cement:						
D.G. Khan Cement Company Limited Ordinary shares of Rs. 10 each	16,000	10,000	1,582,927	1,158,443	1,392,000	900,000
Fauji Cement Company Limited Ordinary shares of Rs. 10 each	30,000	-	539,289	-	498,000	-
Maple Leaf Cement Factory Limited Ordinary shares of Rs. 10 each	62,500	52,500	2,500,486	2,278,941	1,137,500	1,344,000
Lucky Cement Limited Ordinary shares of Rs. 10 each	15,000	10,000	1,588,608	1,133,117	1,188,750	1,048,000
Chemicals:						
Nimir Industrial Chemical Limited Ordinary shares of Rs. 10 each	10,000	50,000	67,307	336,533	25,500	245,000
Oil and Gas Companies						
Pakistan State Oil Ordinary shares of Rs. 10 each	-	10,000	-	3,871,162	-	3,095,000
Pakistan Oil Fields Ordinary shares of Rs. 10 each	6,000	-	2,012,102	-	1,926,000	-
Oil & Gas Development Company Limited Ordinary shares of Rs. 10 each	7,500	-	895,299	-	891,000	-
Textile Composite:						
Nishat Mills Limited Ordinary shares of Rs. 10 each	1,000	10,000	117,410	1,438,144	100,600	1,048,000
Chenab Limited Ordinary shares of Rs. 10 each	20,000	20,000	472,872	472,872	196,000	291,000
Colony Mills Limited Ordinary shares of Rs. 10 each	102,500	-	960,353	-	779,000	-
Mutual Funds:						
PICIC Growth Funds Ordinary shares of Rs. 10 each	50,000	20,000	1,954,771	945,370	1,575,000	632,000
Refinery:						
BOSICOR Pakistan Limited Ordinary shares of Rs. 10 each	40,000	40,000	1,318,631	1,318,631	494,000	866,000
Fertilizer:						
Fauji Fertilizer Bin Qasim Limited Ordinary shares of Rs. 10 each	60,000	30,000	2,210,314	1,277,628	1,920,000	877,500
Fauji Fertilizer Company Ordinary shares of Rs. 10 each	10,000	-	1,077,213	-	1,055,500	-
Insurance:						
Adamjee Insurance Company Limited Ordinary shares of Rs. 10 each	-	29,100	-	4,396,726	-	3,570,570
Power Generation and Distribution:						
Karachi Electric Supply Corporation Ltd Ordinary shares of Rs. 10 each	10,000	50,000	126,346	631,729	68,000	390,000
Technology and Communication:						
Pakistan Telecom. Company Ltd Ordinary shares of Rs. 10 each	5,000	-	260,452	-	237,500	-
TOTAL	502,332	418,666	20,797,090	26,391,391	16,373,089	19,644,370

Quarterly Report - March 31, 2007

	March 31 2007	June 30 2006	March 31 2007	June 30 2006	March 31 2007	June 30 2006
	.....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	2,145,000	2,550,000
Pakistan Strategic Allocation Fund Certificates of Rs. 10 each	109,000	109,000	1,090,000	1,090,000	921,050	1,160,850
PICIC Energy Fund Certificates of Rs. 10 each	498,000	498,000	4,980,000	4,980,000	3,461,100	4,233,000
Commercial Banks:						
Bank Islami Pakistan Limited Ordinary shares of Rs. 10 each	100	475,100	1,000	4,751,000	980	5,938,750
Cement:						
Dewan Hattar Cement Limited Ordinary shares of Rs. 10 each	300,000	300,000	5,654,810	5,654,810	2,925,000	3,450,000
Textile:						
Nishat Chunian Limited Ordinary shares of Rs. 10 each	21,270	21,270	2,082,178	2,082,178	797,625	976,293
Power Generation:						
The Hub Power Company Limited Ordinary shares of Rs. 10 each	200,000	200,000	7,259,556	7,259,556	5,810,000	4,620,000
TOTAL	1,428,370	1,903,370	24,067,544	28,817,544	16,060,755	22,928,893
6 NET INVESTMENT IN IJARAH					March 31 2007	June 30 2006
					Rupees	Rupees
Minimum ijarah rentals receivable					1,390,041,918	1,300,929,724
Residual value					174,401,222	130,805,330
Gross investment in ijarah					1,564,443,140	1,431,735,054
Less: Unearned finance income					235,388,070	239,674,933
Net investment in ijarah					1,329,055,070	1,192,060,121
Less: Current portion of net investment in ijarah					443,290,240	354,902,728
					<u>885,764,830</u>	<u>837,157,393</u>
7 FIXED ASSETS - OWNED						
Written down value-at beginning of period/year					1,274,756	1,718,014
Additions during the period/year						
Tangible						
Computers and accessories					-	134,199
Intangible						
Software and license fee					120,000	100,000
					120,000	234,199
Less:						
Depreciation / amortization charged during the period/year					519,755	677,457
					<u>875,001</u>	<u>1,274,756</u>
8 SHORT-TERM FINANCES - SECURED						
This includes new facility availed during the period from a commercial bank having approved limit of Rs: 100 million. The facility is to be used to finance Modaraba's working capital requirements and is repayable within one year. The Profit is reset monthly and is payable quarterly which is calculated at the rate of one month KIBOR plus spread of 1.75 %. The facility is secured against hypothecation charge, to be upgraded to first pari passu, on all present and future assets of the Modaraba to an extent of Rs: 112 million. Terms and conditions of all other facilities remained unchanged from as disclosed in financial statements for the year ended June 30, 2006.						

First National Bank Modaraba

9 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 10.05% to 10.25% per annum.

10 LONG-TERM FINANCES - SECURED

	March 31 2007 Rupees	June 30 2006 Rupees
Finance under musharaka arrangements		
From National Bank of Pakistan	141,666,667	272,500,000
Finance under morabaha arrangements		
From other financial institutions	10.1 892,333,774	800,000,000
	<u>1,034,000,441</u>	<u>1,072,500,000</u>
Less: Current portion	528,166,666	280,000,000
	<u>505,833,775</u>	<u>792,500,000</u>

10.1 This includes new facility availed during the period from a commercial bank having approved limit of Rs: 75 million. The facility is repayable within three years from the date of first withdrawal in six equal semi annual installments in arrears. Profit is calculated at the rate of six months KIBOR plus spread of 1 % payable along with semi annual installments. The facility is secured against hypothecation charge, to be upgraded to first pari passu, on all present and future assets of the Modaraba to an extent of Rs: 93.813 million. Terms and conditions of all other facilities remain unchanged from as disclosed in financial statements for the year ended June 30, 2006.

11 CERTIFICATE CAPITAL

Number of certificate				
2006	2005			
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>

11.1 7,500,000 (June 2006: 7,500,000) certificates are held by National Bank Modaraba Management Company Limited.

12 CONTINGENCIES AND COMMITMENTS

Contingencies

There was no change in the status of contingencies as stated in financial statements for the year ended June 30, 2006.

Commitments

Ijarah facilities approved but not disbursed	<u>53,000,000</u>	<u>168,086,105</u>
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13 OPERATING EXPENSES

	Nine months ended		Quarter ended	
	March 31 2007	March 31 2006	March 31 2007	March 31 2006
	..... Rupees .....		..... Rupees	
Salaries, allowances and other benefits	6,059,208	4,747,557	1,467,546	1,695,624
Utility expenses	366,000	365,500	123,000	121,500
Communication expenses	208,680	264,007	58,986	76,038
Traveling and conveyance	69,751	223,559	62,906	83,244
Vehicle running expenses	25,859	33,817	4,819	4,097
Postage and stamps	91,081	59,120	20,973	21,245
Advertisement	24,834	128,626	-	32,000
Legal and professional charges	366,302	407,474	123,322	125,074
Auditor's remuneration	67,489	25,000	-	-
Fee and subscription	336,301	425,533	56,000	90,865
Repairs and maintenance	124,228	107,884	27,320	40,840
Insurance	116,185	146,181	29,217	38,828
Stationery, printing and other expenses	244,079	222,421	42,920	59,388
Depreciation / amortization	519,755	499,621	161,038	173,290
Amortization of deferred costs	1,500,102	1,491,840	500,034	497,281
Central depository company charges	27,053	19,586	27,053	-
Entertainment	55,911	56,833	12,020	26,967
Other sundry expenses	37,036	52,575	16,274	11,187
Zakat	36,842	108,609	-	-
	<u>10,276,696</u>	<u>9,385,743</u>	<u>2,733,428</u>	<u>3,097,468</u>

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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 2007 Rupees	June 30 2006 Rupees
Balances outstanding at the period end				
National Income Daily Account with National Bank of Pakistan (running balance)			5,960,726	9,133,036
Finances under Musharaka arrangement from National Bank of Pakistan			291,586,422	406,136,991
Net investment in Ijarah finance to National Bank Limited			17,525,722	11,984,307
			Nine months ended	
			March 31 2007	March 31 2006
			..... Rupees	
Transactions with related parties				
Related Party	Relationship	Nature of Transactions		
Taurus Securities Limited	Common management & control	Commission paid	104,062	578,216
Taurus Securities Limited	Common management & control	Purchase and sale of securities	145,035,362	834,925,215
National Bank Of Pakistan	Management co's holding company	Musharaka obtained	149,919,755	470,794,492
National Bank Of Pakistan	Management co's holding company	Musharaka repaid	130,833,333	44,331,275
National Bank Of Pakistan	Management co's holding company	Ijarah disbursed	9,366,050	14,865,073
National Bank Of Pakistan	Management co's holding company	Ijarah repaid	4,317,660	2,986,742
National Bank Modaraba Management	Management company	Dividend paid	7,500,000	-
Profit / expenses during the period				
National Bank Modaraba management	Management company	Management fee	3,203,452	3,048,516
National Bank Of Pakistan	Management co's holding company	Profit paid	22,467,583	26,799,197
National Bank Of Pakistan	Management co's holding company	Profit on ijarah	1,200,763	695,966

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, 2006 affecting the financial statements.

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 24, 2007 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 24, 2007

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER