

DIRECTORS' REPORT TO THE CERTIFICATE-HOLDERS

The Board of Directors of Paramount Investments Limited, the Managers of First Paramount Modaraba, is pleased to forward 3rd Quarterly unaudited financial statements and the report of operation for the period ended 31st March,2007.

The operating profit for the period declined by Rs.5,251,336 or by around 43% over previous fiscal period mainly due to reduction in share of Modaraba profit from CNG project on account of following reasons as mentioned in previous half-yearly report as well.

- (A) Profitability of Musharika CNG Project: There is a reduction of profit by Rs.4,035,224 or by 44% in the Modaraba share from CNG project due to :-
- i) Increase of rent by about 300% of plot of Rashid Minhas Road CNG Station from 1st July,2006, due to unprecedented increase in value of land in last few years.
 - ii) Increase in lease rentals and depreciation due to additions of CNG equipment.
 - iii) Reduction of sale by about 5% in volume of gas due to obstructions of road at SITE and Rashid Minhas Road CNG stations for construction of nearby fly-over.
 - iv) Drastic increase in cost of diesel being used for Generators at SITE and Orangi Town (Banaras Chowk) CNG stations.
 - v) Reduction in Gross Profit Margin due to increase in cost of gas price without proportionate increase in selling price of gas.

However, the road conditions at both the CNG stations (SITE and Rashid Minhas Road) have now been improved and sales in the month of April improved reasonably and therefore we expect a little better performance of CNG profit in the 4th quarter of financial year 2007.

- (B) Profit from Morabaha Financing: Although our Morabaha profit from financing activities still less by 2.87% or by Rs.179,929 for 9 months under review over the previous financial period, but due to additional efforts to increase volume of our Morabaha financing, we succeed to increase our Morabaha profit in 3rd quarter of current financial year over the corresponding period of fiscal year 2006.

We regret to say that we could not receive the required NOCs from government departments for 4th CNG Station at Hyderabad-Mirpurkhas Road and therefore it is expected that few more months would be required to complete the task.

The Board is happy and grateful over the cooperation it received from Registrar Modaraba and Securities and Exchange Commission of Pakistan. The Board also appreciates the meritorious services given by every staff member.

for and on behalf of Board

Date: 27th April,2007

Abdul Ghaffar Umer
Chief Executive