

Modaraba Al-Mali

Annual Report 1999

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Syed Iradat Husain	Chairman
Mr. Maqbool Hussain	Vice Chairman
Mr. Mohammad Kamil	Director
Mr. Ashraf Kalam	Director
Mr. Ahmad H.I. Dada	Director
Mr. Imdad Ali	Director
Mr. Faisal Hussain	Director
Mr. Zafar H. Naqvi	Chief Executive

MANAGEMENT TEAM

Mr. Zafar H. Naqvi	Chief Executive
Mr. S. Shakeel-ur-Rehman	Chief Manager
Mr. S. Masood Akhter	Financial Controller
Mr. D.V. Karia	Company Secretary

AUDITORS

Ford, Rhodes, Robson, Morrow
 Chartered Accountants
 Finlay House
 I.I. Chundrigar Road
 Karachi.

BANKERS & FINANCERS

Muslim Commercial Bank Limited
 Askari Commercial Bank Limited
 Metropolitan Bank Limited
 Allied Bank of Pakistan Limited
 Pak-Libya Holding Co. (Pvt) Limited
 Bankers Equity Limited

REGISTERED OFFICE

10th Floor, Progressive Square
 Opposite Nursery, Sharea Faisal
 Karachi.
 Phones :4547521-5
 Fax: (92-21) 4547526

DIRECTOR'S REPORT

The Board of Directors of Al-Mal Corporation Limited have pleasure in presenting the 13th Report of Modaraba Al-Mali together with Audited Accounts for the year ended June 30, 1999.

1. Operating Results:

	<i>(Rs. in "000")</i>	
The summarized results for the period under report are as under:	1999	1998
* Total Operating income	128,067	109,031
	=====	=====
* Net profit before management fee & taxation	32,989	5,261

* Less: Management fee	2,999	478
	-----	-----
	29,990	4,783
* Less: Provision for Taxation	412	4,361
	-----	-----
* Net Profit for the year	29,578	422
* Add: Unappropriated profit b/f	374	36
	-----	-----
* Profit available for appropriation	29,952	458
* Appropriations:		
-- Statutory reserves	5,916	84
-- Cash dividend @ 12.5% (1998: Nil)	22,821	--
	-----	-----
	28,737	84
	-----	-----
* Unappropriated profit carried forward	1,215	374
	=====	=====
* Basic earnings per certificate	1.62	0.02
	=====	=====

2. Profit Distribution

Directors take pleasure in announcing distribution of cash dividend @ 12.5% i.e. Rs.1.25 per certificate.

3. Statutory Reserves

In compliance with SBP Prudential Regulations, Directors have decided to appropriate 20% of the year's profits to Statutory Reserves until it equals the Certificate Capital of the Modaraba.

21. Business Operations

Despite the recession witnessed by the country's economy, specially in view of economic sanctions, your modaraba managed to perform reasonably well. We were able to negotiate new leases amounting to Rs. 117.01 million in 1998-99 as compared to Rs. 119.59 million during the year 1997-98. However, income before provisions increased to Rs. 31.8 million as against Rs. 26.1 million earned during the proceeding year. Profit before tax was 30.0 million. Provision for tax in respect of prior years amounted to Rs. 0.4 million. In view of the tax exemption granted to the modarabas through Finance Act 1998, no provision was made against current year's tax. Through effective control, the overall administrative expenses were kept at the same levels. The recovery efforts were quite successful. However, in view of inherent financial risks, a provision of Rs. 2.24 million was made against the doubtful debts. The earnings per certificate were Rs. 1.62

5. Future Prospects

The future business prospects depend largely on the economic policies of the new government. The introduction of effective legislature for recovery of overdues is expected to boost the leasing and financial sector. We are negotiating with few banks and financial institutions for obtaining additional morabaha lines to augment our resource base. The management is confident that the improvement in current year's results will continue in future years as well.

6. Millennium Bug

Necessary steps have been taken to ensure that hardware and software in use are year 2000 compliant.

7. Auditors

The present auditors, Messrs. Ford, Rhodes, Robson, Morrow, Chartered Accountants, are due for retirement, and being eligible, offer themselves for re-appointment for the year 1999-2000.

8. Pattern of Certificate holding

The pattern of certificate holding is attached.

9. Acknowledgment

The Directors wish to place on record their appreciation and thanks to certificate holders for their continued confidence in the Modaraba, to the authorities for their guidance and to all the Members of Management and staff for their dedication and hard work.

On behalf of the Board,

S. IRADAT HUSAIN
Chairman

Karachi: Dated 06th December, 1999

AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed Balance Sheet as at June 30, 1999 and the related Profit and Loss Account and the Cash Flow Statement together with the Notes to the Accounts for the year ended June 30, 1999 of

Modaraba Al-Mali which are modaraba company's (AI-Mal Corporation Limited) representation and we state that we have obtained all the information and explanations which we required and, after due verification thereof, we report that:

(a) In our opinion, proper books of account have been kept by the modaraba company in respect of Modaraba Al-Mali as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981;

(b) In our opinion, the Balance Sheet and the Profit and Loss Account have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, and Modaraba Companies and Modaraba Rules, 1981; and

(c) In our opinion and to the best of our information and according to the explanations given to us;

(i) the Balance Sheet and the related Profit and Loss Account and the Cash Flow Statement, which are in agreement with the books of account, exhibit respectively a true and fair view of the state of the Modaraba's affairs as at June 30, 1999 and of the Profit and Cash Flows for the year ended on that date;

(ii) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980; and

(iii) the business conducted, investments made and expenditure incurred by the Modaraba are in accordance with the objects, terms and conditions of the Modaraba.

Karachi: 6th December, 1999

Ford, Rhodes, Robson, Morrow
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1999

ASSETS		<i>June 30, 1999</i>	<i>June 30, 1998</i>
NON-CURRENT ASSETS	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
Fixed assets - Tangible	3		
Assets given on lease	3.1	225,469,455	203,366,058
Assets in own use	3.2	10,508,663	11,823,816
		-----	-----
		215,189,874	235,978,118
Long term investments	4	6,631,599	5,066,267
Long-term deposits		300,000	--
Deferred expenditure	5	25,613	129,545
		-----	-----
		242,935,330	220,385,686
CURRENT ASSETS			
Short term musharaka finance-secured	6	7,079,532	5,940,000
Short term morabaha finances-secured	7	11,040,108	13,338,440
Short term investments	8	5,013,195	4,527,011
Lease rentals receivable	9	7,317,482	9,206,920
Advances, deposits, prepayments and other receivables	10	6,356,988	7,170,922
Cash and bank balances	11	11,766,802	3,184,816
		-----	-----
		48,574,107	43,368,109
		-----	-----
TOTAL ASSETS		291,509,437	263,753,795
		=====	=====
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Certificate capital			
Authorised-20,000,000 (1998: 20,000,000)			
Modaraba Certificates of Rs. 10/- each		200,000,000	200,000,000
		=====	=====
Issued, subscribed and paid-up Reserves	12	182,574,000	182,574,000

Capital reserve			
Statutory reserve	13	20,371,319	14,455,639
Revenue reserve			
Unappropriated profit		1,214,903	373,934
		-----	-----
		21,586,222	14,829,573
		-----	-----
		204,160,222	197,403,573
NON-CURRENT LIABILITIES			
Long term morabaha finances	14	1,192,826	6,350,000
Deferred liability	15	28,442,256	23,257,207
		-----	-----
		29,635,082	29,607,207
CURRENT LIABILITIES			
Current maturity of morabaha finances	14	4,179,159	4,368,052
Current maturity of deferred liability	15	15,131,143	13,743,515
Creditors, accrued and other liabilities	16	9,714,749	12,624,888
Rentals received in advance		4,706,383	4,791,988
Unclaimed dividend		1,160,949	1,214,572
Proposed dividend		22,821,750	--
		-----	-----
		57,714,133	36,743,015
CONTINGENCIES			
	17		
		-----	-----
TOTAL EQUITY AND LIABILITIES		291,509,437	263,753,795
		=====	=====

The annexed notes form an integral part of these accounts

Zafar H. Naqvi
Chief Executive

Maqbool Hussain
Vice Chairman

S. Iradat Husain
Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1999

	<i>Note</i>	<i>June 30, 1999 Rupees</i>	<i>June 30, 1998 Rupees</i>
Operating income	18	128,066,933	109,031,169
Operating costs	19	95,418,931	81,364,499
Profit distribution on borrowings	20	1,733,967	2,726,425
		-----	-----
		97,152,898	84,090,924
		30,914,035	24,940,245
Other income	21	921,558	1,187,214
		-----	-----
		31,835,593	26,127,459
Provisions	22	(1,153,752)	20,866,348
		-----	-----
		32,989,345	5,261,111
Modaraba company's management fee		(2,999,031)	(478,283)
		-----	-----
Profit before taxation		29,990,314	4,782,828
Taxation - Current	23	--	(4,000,000)
Prior years		(411,915)	(361,159)
		-----	-----
		(411,915)	(4,361,159)
		-----	-----
Profit after taxation		29,578,399	421,669
Unappropriated profit brought forward		373,934	36,599
		-----	-----
Available for appropriation		29,952,333	458,268
Appropriations			
Proposed dividend @ 12.5% (1998: nil)		(22,821,750)	--
Transfer to statutory reserve @ 20%		(5,915,680)	(84,334)

		(28,737,430)	(84,334)
Balance Carried forward		1,214,903	373,934
Basic earnings per certificate	24	1.62	0.02

The annexed notes form an integral part of these accounts.

Zafar H. Naqvi
Chief Executive

Maqbool Hussain
Vice Chairman

S. Iradat Husain
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1999

	<i>Note</i>	<i>June 30, 1999 Rupees</i>	<i>June 30, 1998 Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before management fee and taxation		32,989,345	5,261,111
Adjustment of non-cash and other items	25	82,319,948	90,374,840
Changes in working capital			
(Increase)/decrease in trade and other receivables		(380,128)	17,262,515
Decrease/(increase) in short term investments		508,568	(3,502,485)
(Decrease)/Increase in trade payables		(3,699,555)	5,942,144
Financial charges paid		111,738,178	115,338,125
Income taxes paid		(1,876,544)	(2,844,257)
Management fee paid - net		(347,756)	(9,364,679)
Profit received from bank		(1,489,000)	(2,005,000)
		676,430	1,304,339
Net cash from operating activities		108,701,308	102,428,528
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets - Leased out		(117,008,237)	(119,590,822)
- Owned		(95,174)	(221,050)
Purchase of long term investments		--	(190,000)
Proceeds from sale of fixed assets - Leased out		14,199,826	22,931,959
- Owned		374,500	--
Proceeds from sale of long term investments		540,350	235,820
Dividend received		696,426	896,137
Customer's security deposits received - net		6,572,677	2,646,369
Net cash used in investing activities,		(94,719,632)	(93,291,587)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term borrowings		(5,346,067)	(4,390,430)
Dividend paid		(53,623)	(10,868,980)
Net cash used in financing activities		(5,399,690)	(15,259,410)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,581,986	(6,122,469)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,184,816	9,307,285
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		11,766,802	3,184,816

Zafar H. Naqvi
Chief Executive

Maqbool Hussain
Vice Chairman

S. Iradat Husain
Chairman

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1999

1. LEGAL STATUS AND NATURE OF BUSINESS

Modaraba Al-Mali is a multipurpose, perpetual Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, and the rules framed thereunder and is managed by

Al-Mal Corporation Limited. It is listed on the Karachi, Lahore and Islamabad Stock Exchanges. It is engaged in the business of leasing, morabaha, musharaka financing and other related business.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

These accounts have been prepared under the historical cost convention.

(b) Staff gratuity

The Modaraba operates an approved funded gratuity scheme for all its employees, who have completed minimum qualifying period of service. Monthly contributions to the fund are based on actuarial valuation using the projected unit credit method'.

Actuarial valuation of the scheme is carried out once in every three years and the latest valuation was carried out as at June 30, 1996. The fair value of the scheme's assets and liabilities for past services of the employees at the latest valuation date were Rs.0.427 million and Rs.0.523 million respectively. The contribution rate is 8.14% per annum of basic salaries excluding allowance for deficit at the rate of 1.31%. Significant assumptions used for valuation of this scheme are:

Expected long term rate of increase in salary level 12 per cent per annum.

Expected long term rate of interest 12 per cent per annum.

(c) Fixed assets

(i) Assets given out on lease and amortization

All lease transactions are accounted for as operating leases.

Leased assets are stated at cost to the Modaraba less accumulated amortization.

Amortization is charged to income applying the annuity method whereby the amortizable value of assets is amortized over the lease period.

(ii) Assets in own use and depreciation

Assets in own use are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of asset is written-off over its estimated useful life. In respect of additions and disposals during the year depreciation is charged proportionately to the period of use.

Maintenance and normal repairs are charged to income as and when incurred.

(iii) Gain or loss on disposal of assets, if any, is included in income currently.

(d) Deferred expenditure

Deferred expenditure incurred in connection with the floatation of Modaraba and right/bonus issue is being written-off over a period of five years from the date of incurrence.

(e) Investments

Short-term investments are carried at lower of moving average cost and market value determined on an aggregate portfolio basis. In case of long-term investments, the effect of permanent diminution, if any, in the value of investments is charged to profit and loss account.

(f) Revenue recognition

(i) Lease rentals are recognised as income when due on a systematic basis over the lease period. Income pertaining to the periods falling between the due dates and the period end is recognised on an accrual basis.

(ii) Dividend income is recorded at the time of closure of share transfer books of the company declaring dividend.

(iii) Income from morabaha and musharaka transactions is recognised on accrual basis taking into account the duration of placement of funds and the estimated profit receivable.

(g) Taxation

As per the changes made through Finance Act, 1998 in clause 102E of Second Schedule of Part I of Income Tax Ordinance, 1979, the Modaraba considers itself exempt from income tax application. Therefore, no provision with respect to current and deferred taxation has been made in the accounts for the assessment year 1999-2000.

(h) Bad and doubtful debts

Debts considered doubtful are provided for.

3. TANGIBLE FIXED ASSETS**3.1 Assets given out on lease**

<i>Description</i>	<i>Cost as at July 1, 1998 Rupees</i>	<i>Additions / (disposals) Rupees</i>	<i>Cost as at June 30, 1999 Rupees</i>	<i>Accumulated amortization as at July 1, 1996 Rupees</i>	<i>Amortization for the year (accumulated amortization on disposal) Rupees</i>	<i>Accumulated amortization as at June 30, 1999 Rupees</i>	<i>Book value as at June 30,1999 Rupees</i>
Plant and machinery	166,154,909	59,592,876 (29,020,470)	196,727,315	84,590,773	35,283,623 (26,495,471)	93,378,925	103,348,390
Motor vehicles	115,973,897	36,306,464 (31,314,729)	120,965,632	49,090,280	27,669,348 (23,566,439)	53,193,189	67,772,443
Furniture and fixtures	1,047,501	--	1,047,501	174,391	289,331	463,722	583,779
Office and computer equipment	70,272,319	21,108,897 (8,902,044)	82,479,172	17,163,100	16,862,891 (4,997,388)	29,028,603	53,450,569
Home appliances	1,769,629	-- (547,275)	1,222,354	833,653	599,821 (525,394)	908,080	314,274
	355,218,255	117,008,237 (69,784,518)	402,441,974	151,852,197	80,705,014 (55,584,692)	176,972,519	2,254,694.55
1998	354,189,624	119,590,822 (118,562,191)	355,218,255	181,268,478	66,420,654 (95,836,935)	151,852,197	203,366,058

3.2 Assets in own use

<i>Description</i>	<i>Cost as at July 1, 1998 Rupees</i>	<i>Additions / (disposals) Rupees</i>	<i>Cost as at June 30, 1999 Rupees</i>	<i>Accumulated Depreciation as at July 1, 1998 Rupees</i>	<i>Dep. charge for the year (accumulated Depreciation on disposal) Rupees</i>	<i>Accumulated Depreciation as at June 30, 1999 Rupees</i>	<i>Book value as at June 30, 1999 Rupees</i>	<i>Rate of depreciation %</i>
Office premises - Leasehold	8,455,677	--	8,455,677	704,640	422,784	1,127,424	7,328,253	5
Motor vehicles	2,712,172	-- (623,300)	2,088,872	1,416,944	395,208 (564,817)	1,247,335	841,537	20
Furniture and fixtures	2,462,978	2,500	2,465,478	640,592	244,653	885,245	1,580,233	10
Office equipment	1,386,741	43,000 (5,600)	1,424,141	618,363	200,935 (607)	818,691	605,450	10 to 25
Computers	1,573,410	49,674 (182,250)	1,440,834	1,386,623	83,268 (182,247)	1,287,644	153,190	20
	16,590,978	95,174 (811,150)	15,875,002	4,767,116	1,346,848 (747,671)	5,366,339	10,508,663	
1998	16,369,928	221,050	16,590,978	3,405,166	1,361,996	4,767,162	11,823,816	

3.3 Details of disposal of assets given out on lease is as under:

<i>Particulars</i>	<i>Cost of assets</i>	<i>Accumulated amortization</i>	<i>Book value</i>	<i>Sale proceeds</i>	<i>Mode of disposal</i>	<i>Particular of purchasers</i>
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	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>		
Equipment	46,750	44,250	2,500	2,500	Lease expiry	M.I. Hyat Furniture 36, The Mall Road, Lahore.
Equipment	52,500	49,875	2,625	2,625	Lease expiry	Globe Merchandiser Ground Floor, Shaikh Sultan Trust Bldg., No-10, 25, Civil lines, Karachi.
Equipment	268,248	253,333	14,915	14,915	Lease expiry	Nabila Enterprises (Pvt) Ltd. 303,304 Fayyaz Centre, S.M.C.H.S, Karachi.
Equipment	160,522	152,422	8,100	8,100	Lease expiry	Nikhar Printing 18, Mubarak Mahal, Mohan Road, Opp. Urdu Bazar, Karachi.
Equipment	60,000	57,000	3,000	3,000	Lease expiry	Globe Merchandiser Ground Floor, Shaikh Sultan Trust Building No-10, 25 Civil Lines, Karachi.
Equipment	33,000	31,350	1,650	1,650	Lease expiry	Globe Merchandiser Ground Floor, Shaikh Sultan Trust Building No-10, 25 Civil Lines, Karachi.
Equipment	90,000	81,000	9,000	9,000	Lease expiry	Globe Merchandiser Ground Floor, Shaikh Sultan Trust Building No-10,25 Civil Lines, Karachi.
Equipment	265,000	238,500	26,500	26,500	Lease expiry	Brooks Pharmaceuticals Lab 58/15, Korangi Industrial Area, Karachi.
Equipment	1,200,000	1,080,000	120,000	120,000	Lease expiry	Himont Pharmaceuticals (Pvt) Ltd 17 Km Ferozpor Road, Lahore.
Equipment	70,800	63,720	7,080	7,080	Lease expiry	Salam Sons 301, Usmania Colony, Nazimabad, Karachi.
Equipment	1,054,000	948,600	105,400	105,400	Lease expiry	National Investments Co. Karachi Stock Exchange, Karachi.
Equipment	131,600	118,440	13,160	13,160	Lease expiry	Mercantile Industries (Private) Ltd, B-18, S.I.T.E, Karachi.
Equipment	100,000	90,000	10,000	10,000	Lease expiry	Binder International Sabah Palace, Suit No. 118. 29-A/6, P.E.C.H.S, Karachi.
Equipment	155,000	139,500	15,500	15,500	Lease expiry	Huma Medical Centre Shah Beig Line, Block-C, Off: Atmaram Road. Lyari, Karachi
Equipment	70,725	63,650	7,075	7,075	Lease expiry	Shahab Azfar 708-A, Kashif Centre, Shahrah-e-Faisal, Karachi.
Equipment	59,000	53,100	5,900	5,900	Lease expiry	First Media Services (Pvt)Ltd 43-5 E/3, Block 6, P.E.C.H.S, Karachi.
Equipment	87,000	78,300	8,700	8,700	Lease expiry	Path Laab, Sb-7, Block-2, Asian Appartment, Gulshan-e-Iqbal, Karachi.
Equipment	71,545	64,390	7,155	7,155	Lease expiry	Dr. Jamal Ara D-2, BLOck-3, Doctor's Colony, J.P.M.C., Karachi.
Equipment	163,000	110,158	52,842	52,842	Lease Termination	National Finance & Investment Co 8th Floor, Tower-A, Finance & Trade Centre, Karachi.
Equipment	116,000	32,378	83,622	83,622	Lease Termination	A.S.I. Printers 7, Hiralal Building, Near Urdu Arts
Equipment	3,742,354	1,073,971	2,668,383	2,668,383	Lease Expiry	Information System 26, Illaco House, Abdullah Haroon Road, Karachi.
Equipment	55,000	11,574	43,426	43,426	Insurance Claim	Adamjee Insurance Co. Ltd. Saddar Br, Zaibunnisia Street, Karachi.
Equipment	850,000	161,877	688,123	688,123	Lease Termination	Vision Industries Plot # 18, Sector No.14 Korangi Industrial Area, Karachi.
Sub-total	8,902,044	4,997,388	3,904,656	3,904,656		
Home Appliances	14,975	14,675	300	300	Lease expiry	Akhlaq Hussain 4th & 5th Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
Home Appliances	20,255	19,850	405	405	Lease expiry	Aslam Amir Ali Hasani 4th & 5th Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi.

Home Appliances	16,410	16,082	328	328	Lease expiry	S. Sajjad Ali Abidi 4th & 5th Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi,
Home Appliances	20,513	20,103	410	410	Lease expiry	Tariq Roomi 4th & 5th Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
Home Appliances	14,965	14,665	300	300	Lease expiry	Irfan Ahmed 4th & 5th Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
Home Appliances	14,965	14,665	300	300	Lease expiry	S. Mansoor Ahmed Naqvi 4th & 5th Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
Home Appliances	10,557	10,346	211	211	Lease expiry	Ahsan-ur-Rehman 4th & 5th Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
Home Appliances	43,675	43,238	437	437	Lease expiry	Syed Mohsin Ali 187/(1), Khayaban-e-Hilal, Defence, Phase-VI, Karachi.
Home Appliances	12,800	12,544	256	256	Lease expiry	Syed Mohsin Ali 187/(1), Khayaban-e-Hilal, Defence, Phase-VI, Karachi.
Home Appliances	12,892	12,634	258	258	Lease expiry	Syed Asghar Ali Pakistan Naval Academy, PNS Rabbet Mannora, Karachi.
Home Appliances	25,333	24,826	507	507	Lease expiry	Irfan Ahmed House No. 3/1 11.A, Nazimabad, Khi.
Home Appliances	14,600	14,308	292	292	Lease expiry	Haji Abdur Rehman B-5, Yousuf Apt., Jamshed Qtr, Khi.
Home Appliances	15,140	14,838	302	302	Lease expiry	Syed Ali Sajjad 83-A/II, 2nd Comm Street, Phase-IV, DHA, Karachi.
Home Appliances	71,435	70,005	1,430	1,430	Lease expiry	Brian D'Souza 8/5th Floor, Office Tower, Rimpa Plaza, M. A. Jinnah Road, Karachi,
Home Appliances	20,410	20,002	408	408	Lease expiry	Mazhar A. Latif IR-18, Sasi Apartments, Block-4, Gulistan-e-Johar, Karachi.
Home Appliances	6,918	6,780	138	138	Lease expiry	Mr. Javaid Alam Apptt. NO. G-3, FI-7, Block-16. Gulistan-e-Johar, Karachi.
Home Appliances	27,579	21,789	5,790	5,790	Lease Termination	Syed Ahmed Raza A-11, 3rd Floor, Ruffi Height, Phase-II, Gulistan-e-Jauhar, Karachi.
Home Appliances	14,564	14,273	291	291	Lease expiry	Syed Shahab Ali J-3, Erum Palace Block 13-A, Gulshan-e-Iqbal, Karachi.
Home Appliances	76,102	74,580	1,522	1,522	Lease expiry	Mr. Irfan Daudi 107/1 Khayaban Bahria 1, D.H.A Phase-V, Karachi.
Home Appliances	9,128	8,945	183	183	Lease expiry	Mr. Mansoor Zaidi 9-B/III Khayaban-e-Shujaat, Phase-V, Defence, Karachi.
Home Appliances	16,080	15,758	322	322	Lease expiry	Mr. Mansoor Zaidi 9-B/III Khayaban-e-Shujaat, Phase-V, Defence, Karachi.
Home Appliances	27,179	20,504	6,675	6,675	Lease Termination	Ejaz Akhter Ansari A-19,Ruffi Garden, Block-13-D/11, Gulshan-e-Iqbal, Karachi.
Home Appliances	20,400	19,992	408	408	Lease expiry	Mr. Irfan Ahmed A-235, Block 10-A, Gulshan-e-Iqbal, Khi.
Home Appliances	20,400	19,992	408	408	Lease expiry	Mr. Israr-ul-Haqq A-38, Block 18, Gulshan-e-Iqbal, Karachi.
Sub-total	547,275	525,394	21,881	21,881		
Machinery	5,000,000	4,750,000	250,000	250,000	Lease expiry	SEFEC Engineering (Pvt.) Ltd 35, Sector 28, Korangi Industrial Area, Karachi.
Machinery	1,092,000	1,032,000	60,000	60,000	Lease expiry	SEFEC Engineering (Pvt.) Lid 35, Sector 28, Korangi Industrial Area, Karachi.

Machinery	382,500	360,000	22,500	22,500	Lease expiry	SEFEC Engineering (Pvt.) Lid 35, Sector 28, Korangi Industrial Area, Karachi.
Machinery	60,762	57,564	3,198	3,198	Lease expiry	New Pleasure Drive 172-C, Block-2, P.E.C.H.S.
Machinery	8,000,000	7,200,000	800,000	800,000	Lease expiry	Custom Synthetics (Private) Limited 5th Floor, Alfrid Centre. M.T. Khan Road, Karachi.
Machinery	3,456,895	3,111,205	345,690	345,690	Lease expiry	Brookes pharmaceuticals Lab 58/15, Korangi Industrial Area, Karachi.
Machinery	925,000	832,500	92,500	92,500	Lease expiry	Brookes pharmaceuticals Lab 58/15, Korangi Industrial Area, Karachi.
Machinery	2,295,000	2,180,250	114,750	114,750	Lease expiry	Baluchistan lubricants 303, Qamar House. I.I. Chundrigar Road, Karachi.
Machinery	1,100,000	990,000	110,000	110,000	Lease expiry	Brookes Pharmaceuticals Lab 58/15, Korangi Industrial Area, Karachi.
Machinery	525,000	472,500	52,500	52,500	Lease expiry	Brookes Pharmaceuticals Lab 58/15, Korangi Industrial Area, Karachi.
Machinery	600,000	540,000	60,000	60,000	Lease expiry	Brookes Pharmaceuticals Lab 58/15, Korangi Industrial Area, Karachi.
Machinery	690,000	565,474	124,526	124,526	Lease Termination	Kimblze Chateau De Glace Plot 10-1/5, Korangi Industrial Area, Karachi.
Machinery	765,000	688,500	76,500	76,500	Lease expiry	Salam Sons 301, Usmania Colony, Nazimabad, Khi.
Machinery	682,565	614,305	68,260	68,260	Lease expiry	Brookes Pharmaceuticals Lab, 58/15, Korangi Industrial Area, Karachi.
Machinery	1,025,000	922,500	102,500	102,500	Lease expiry	Paragon Construction (Pvt.) Limited. 503, Wind Sang Palace, BI- 7/8. Off Sheheed-e-Millat Road, Karachi.
Machinery	700,000	630,000	70,000	70,000	Lease expiry	Spotlit Printers (Pvt) Ltd. St 16 Block B, N. Nazimabad, Near Ziauddin Hospital, Karachi.
Machinery	1,035,400	931,860	103,540	103,540	Lease expiry	Mehran International (Pvt.) Ltd. Polka Annexe, Hotel Metropole, Karachi.
Machinery	685,348	616,813	68,535	68,535	Lease expiry	Rab Medical Centre Sb-1, Block 2, Scheme 24, Gulshan--e-Iqbal, Karachi.
Sub-total	29,020,470	26,495,471	2,524,999	2,524,999		
Vehicle	104,200	98,000	6,200	6,200	Lease expiry	Saint's Restaurant 26th Street, Tauheed Commercial Area, D. H. A. Karachi.
Vehicle	593,750	562,500	31,250	31,250	Lease expiry	M.I. Hyat Furniture 35, The Mall Road, Lahore.
Vehicle	123,500	117,000	6,500	6,500	Lease expiry	SEFEC Engineering (Pvt.) Ltd. 35, Sector 28, Industrial Area, Karachi.
Vehicle	277,518	262,911	14,607	14,607	Lease expiry	M I. Hyat 36, The Mall Road, Lahore.
Vehicle	475,250	450,500	24,750	24,750	Lease expiry	SEFEC Engineering (Pvt.) Ltd. 35, Sector 28, Industrial Area, Karachi.
Vehicle	138,700	131,400	7,300	7,300	Lease expiry	M.I. Hyat 36, The Mail Road, Lahore.
Vehicle	850,000	765,000	85,000	85,000	Lease expiry	TNT Sky Pak Rukhsana Bldg, Shaheed-e-Millet Road, Khi.
Vehicle	1,641,025	1,476,925	164,100	164,100	Lease expiry	Bashir Siddiqui Goods Transport 3, Ground Floor, KDLB Building, West Wharf Road, Karachi.
Vehicle	220,000	198,500	21,500	21,500	Lease expiry	Omega (Pvt) Ltd. 03, Hoshang Road, Karachi.
Vehicle	47,000	42,300	4,700	4,700	Lease expiry	Globe Merchandiser, Ground Floor, Sheikh Sultan Trust Bldg No. 10, 25, Civil Lines, Karachi.
Vehicle	564,103	507,693	56,410	56,410	Lease expiry	New Pleasure Drive 172- C Block-2, P.E.C.H.S., Karachi.
Vehicle	480,000	432,000	48,000	48,000	Lease expiry	Brookes Pharmaceuticals Lab 58/15, Korangi Industrial Area, Lahore.
Vehicle	1,332,079	1,204,079	128,000	128,000	Lease expiry	Himont Pharmaceuticals 17 Km Ferozpor Road, Lahore.

Vehicle	330,000	297,000	33,000	33,000	Lease expiry	Shamsi Builders 8th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi.
Vehicle	1,490,000	1,348,850	141,150	141,150	Lease expiry	Arabian Construction Go. (Pvt.) Ltd. M.L.C. Building 34-C, West Wharf, Khi.
Vehicle	650,000	585,000	65,000	65,000	Lease expiry	Continental Chemical Co. (Pvt.) Ltd. Room No. 13, 2nd Floor, Shalimar Centre, Tariq Road, Karachi.
Vehicle	300,600	270,540	30,060	30,060	Lease expiry	Larr Sugar Mills 16-E, Block 6, P.E.C.H.S.. Karachi.
Vehicle	261,750	235,750	26,000	26,000	Lease expiry	A.H. Traders Bhagnari Street, Juna Market, Karachi.
~/Vehicle	365,000	328,500	36,500	36,500	Lease expiry	Atco Laboratories (Private) Limited. B-18, S.I.T.E., Karachi.
Vehicle	522,240	459,675	62,565	62,565	Lease expiry	Mustafa Corporation Alibhai Building, Jinnah Road, Karachi.
Vehicle	1,067,000	960,300	106,700	106,700	Lease expiry	Security Papers Ltd. 9-10, Hotel Metropole, Abdullah Haroon Road, Karachi.
Vehicle	688,000	417,879	270,121	270,121	Lease Termination	General Tyre and Rubber Co. Ltd. P & O Plaza, I.I. Chundrigar Road, Karachi.
Vehicle	600,000	540,000	60,000	60,000	Lease expiry	Industrial Combustion & Control IV-E/1, Yamin Mansion, Nazimabad, Karachi.
Vehicle	599,000	539,100	59,900	59,900	Lease expiry	Mehran Int'l (Private) Limited, Polka Avenue, Hotel Metropole, Karachi.
Vehicle	856,000	770,400	85,600	85,600	Lease expiry	First Media Services (Private)Limited. 43-5, E/3. Block-6, P.E.C.H.S. Karachi.
Vehicle	691,500	622,350	69,150	69,150	Lease expiry	Atco Laboratories (Private) Limited B-18, S.I.T.E., Karachi.
Vehicle	256,650	213,150	43,500	43,500	Lease expiry	Associated Instrument Dis. Ltd. 8/5th Floor, Rimpa Plaza, M.A. Jinnah Road, Karachi.
Vehicle	489,000	440,100	48,900	48,900	Lease expiry	Froebel Nursery D-99 Block II, Clifton, Karachi.
Vehicle	673,200	598,400	74,800	74,800	Lease expiry	Commerce Aids & Equipment (Pvt) Ltd. Spotlite Chambers, Near Daily Jang. I.I. Chundrigar Road, Karachi.
Vehicle	572,000	500,500	71,500	71,500	Lease expiry	Al Taj Ghee Industries (Pvt.) Limited. Cement Factory Road, Rohri, Sukkur,
Vehicle	1,303,897	1,173,497	130,400	130,400	Lease expiry	Spotlit Printers (Private) Limited. St. 16-A, Block-B, N. Nazimabad, Khi.
Vehicle	272,000	244,800	27,200	27,200	Lease expiry	Atco Laboratories (Private) Limited. B-18, S.I.T.E., Karachi.
Vehicle	748,000	673,200	74,800	74,800	Lease expiry	Hussain Corporation, Shop 11/1-2, AI-Azmat Plaza, Block-3, Gulshan-e- Iqbal, Karachi.
Vehicle	720,800	461,180	259,620	259,620	Lease expiry	Kamran Medical Store, Opp: KMC Park, "K" Area Market, Korangi, Karachi.
Vehicle	270,000	243,000	27,000	27,000	Lease expiry	Atco Laboratories (Private) Limited. B-18, S.I.T.E., Karachi.
Vehicle	547,692	492,922	54,770	54,770	Lease expiry	Hassan Motor Training School, Hasrat Mohani Road, Manghopir Road, Karachi.
Vehicle	670,000	603,000	67,000	67,000	Lease expiry	Oxford Knitting Mills (Private) Limited. Adamjee Insurance Building. I.I. Chundrigar Road, Karachi.
Vehicle	478,000	430,200	47,800	47,800	Lease expiry	Allied Batteries (Private) Limited. B-18, S.I.T.E., Karachi.
Vehicle	678,400	517,647	160,753	160,753	Lease Termination	Mohammad Shafi & Brothers Haji Hassan Din Street, Plot No. 169B, Shah Waliullah Road, Karachi.
Vehicle	412,000	391,400	20,600	20,600	Lease expiry	NBP Staff Welfare Foundation Chappal Plaza, Mezannine Floor, Hasrat Mohani Road, Karachi.
Vehicle	278,975	251,075	27,900	27,000	Lease expiry	Atco Laboratories (Private) Limited B-18, S.I.T.E., Karachi.
Vehicle	465,400	326,854	138,546	138,546	Lease Termination	Rana Muhammad Shamim R-27, 10 East Street, Phase I, D.H.A., Karachi.

Vehicle	460,000	382,432	77,568	77,568	Lease	Little Folks Paradise School, Termination St-5, Block "F", N. Nazimabad, Karachi,
Vehicle	357,000	181,084	175,916	175,916	Lease	Atco Laboratories (Private) Limited
Vehicle	990,000	514,451	475,549	475,549	Lease	B-18, S.I.T.E., Karachi.
Vehicle	1,023,000	512,040	510,960	510,960	Lease	Nabila Abs Group Termination 303, 3rd Floor, Fayaz Centre, S.M.C.H. Society, Karachi.
Vehicle	256,000	44,269	211,731	211,731	Lease	Blazon (Private) Limited
Vehicle	460,000	160,975	299,025	299,025	Lease	51 -D, Commercial Area 'A', Phase II, D. H. A., Karachi.
Vehicle	629,000	235,460	393,540	393,540	Lease	Atco Laboratories (Private) Limited
Vehicle	60,500	8,706	51,794	51,794	Insurance	B-18, S.I.T.E., Karachi.
Vehicle	789,000	54,559	734,441	734,441	Lease	Ahmed Plasticraft (Private) Limited
Vehicle	348,000	82,539	265,461	265,461	Lease	F-9, Estate Avenue, S.I.T.E. Karachi.
Vehicle	661,500	60,366	601,134	601,134	Insurance	Naurus (Private) Limited
Vehicle	869,000	86,506	782,494	782,494	Lease	C-1/8, Manghopir Road, Karachi.
Vehicle	247,000	46,432	200,568	200,568	Insurance	Adamjee Insurance Company Limited
Vehicle	60,500	11,543	48,957	48,957	Insurance	Saddar Br., Zaibunnisa Street, Karachi.
					Claim	Shahzada Security Services
					Termination	C-36/1, Comm. Market 'A', D.H.A., Khi.
					Lease	Atco Laboratories (Private) Limited
					Termination	B-18, S.I.T.E., Karachi,
					Insurance	Adamjee Insurance Company Limited
					Claim	Saddar Br., Zaibunnisa Street, Karachi.
					Lease	Tayab Mehmood Dental Clinic
					Termination	Shop No.28, Hadi Market, Nazimabad, Karachi.
					Insurance	Habib Insurance Co.
					Claim	First Floor, Habib Square, M. A. Jinnah Road, Karachi.
					Insurance	Adamjee Insurance Company Limited
					Claim	Saddar Br., Zaibunnisa Street, Karachi.
Sub Total	31,314,729	23,566,439	7,748,290	7,748,290		
	69,784,518	55,584,692	14,199,826	14,199,826		
1998	118,562,191	95,836,935	22,725,256	22,931,956		

3.4 Details of disposal of assets in own use is as under:

<i>Particulars</i>	<i>Cost of assets Rupees</i>	<i>Accumulated Depreciation Rupees</i>	<i>Book value Rupees</i>	<i>Sale proceeds Rupees</i>	<i>(Loss)/Gain on Disposal Rupees</i>	<i>Mode of disposal</i>	<i>Particular of purchasers</i>
Computer	132,250	132,249	1	1,500	1,498	Negotiation	Mr. Nisar Kauser 22/5, C-1 Area, Liaquatabad, Karachi.
Computer	50,000	49,998	2	1,500	1,499	Negotiation	Mr. Nisar Kauser 22/5, C-1 Area, Liaquatabad, Karachi.
Motor Vehicle	562,800	562,800	--	310,000	310,000	Negotiation	Mr. Talib Qureshi A 7/2, Azizabad, F.B. Area, Karachi.
Motor Vehicle	60,500	2,017	58,483	60,000	1,517	Insurance Claim	Adamjee Insurance Co., Saddar Br. Zaibunnisa Street, Karachi.
Equipment	5,600	607	4,993	1,500	(3,493)	Negotiation	Nasir Electronic 2-D, Aisha Chambers, Abdullah Haroon Road, Karachi.
	811,150	747,671	63,479	374,500	311,021		
1998	--	--	--	--	--		

4. LONG TERM INVESTMENTS

Unless stated otherwise the holdings are in quoted ordinary shares/certificates of Rs. 10 each.

June 30, 1999

	<i>No. of shares/certificates</i>		<i>June 30,</i>	<i>Average</i>		
	<i>June 30,</i>	<i>June 30,</i>	<i>1998</i>	<i>cost per</i>	<i>Cost</i>	<i>Market value</i>
	<i>1998</i>	<i>1999</i>	<i>Cost</i>	<i>share/</i>	<i>Rupees</i>	<i>Rupees</i>
			<i>Rupees</i>	<i>certificate</i>		
				<i>Rupees</i>		
(a) ASSOCIATED UNDERTAKING						
Al-Mal Securities & Services Limited	229,500	229,500	2,182,820	9.5112	2,182,820	803,250
(b) ASSOCIATED MODARABA						
Modaraba Al-Tijarah (Managed by Al-Mal Corporation Limited)	120,800	120,800	1,230,058	10.1826	1,230,058	132,880
(c) OTHERS						
MUTUAL FUNDS						
ICP State Enterprise Mutual Fund	28,500	28,500	1,014,507	35.5967	1,014,507	300,675
Twenty Second ICP Mutual Fund	25,000	25,000	650,750	26.0300	650,750	56,250
Twenty Fourth ICP Mutual Fund	49,800	49,800	498,000	10.0000	498,000	72,210
National Investment Trust (Units)	95,000	95,000	1,482,000	15.6000	1,482,000	722,000
MODARABAS						
Allied Bank Modaraba [Managed by Allied Management Services (Pvt) Limited]	45,783	45,783	526,537	11.5007	526,537	286,144
First Grindlays Modaraba [Managed by Grindlays Services of Pakistan (Pvt) Ltd]	20,088	20,088	604,755	30.1053	604,755	246,078
First UDL Modaraba [Managed by UDL Modaraba Management (Pvt) Ltd]	21,384	21,384	255,398	11.9434	255,398	69,498
LEASING COMPANIES						
Ibrahim Leasing Company Limited	25,000	25,000	447,208	17.8883	447,208	92,500
First Leasing Corporation Limited	11,500	11,500	395,393	34.3820	395,393	60,375
INSURANCE						
Adamjee Insurance Company Limited	6,102	6,102	702,499	104.6631	702,499	260,762
TEXTILE WEAVING						
Kohinoor Weaving Mills Limited	17,100	17,100	323,994	18.9470	323,994	247,950
SYNTHETIC AND RAYON						
Dhan Fibre Limited	45,500	45,500	656,608	14.4309	656,608	209,300
Gatron Industries Limited	11,700	11,700	742,008	63.4195	742,008	169,650
Ibrahim Fibre Limited	35,000	35,000	625,275	17.8650	625,275	245,000
SUGAR AND ALLIED INDUSTRIES						
Haseeb Waqas Sugar Mills Limited	16,000	16,000	209,581	13.0988	209,581	28,000
CEMENT						
Essa Cement Limited	17,545	17,545	611,038	34.8269	611,038	122,815
Maple Leaf Cement Factory	18,900	18,900	1,198,751	63.4260	1,198,751	53,865
FUEL AND ENERGY						
Kohinoor Power Company	24,150	24,150	1,238,900	51.3002	1,238,900	78,488
AUTO AND ALLIED ENGINEERING						
Agri-Autos Industries Limited	698,486	698,486	5,645,915	8.0831	5,645,915	2,060,534
Gandhara Nissan Limited	32,500	2,500	1,133,330	34.8720	87,180	20,375
VANASPATI AND ALLIED						
Kashmir Edible Oil Mills Limited	25,500	25,500	381,936	14.9779	381,936	51,000
PAPER AND BOARD						
Century Paper & Board Mills Limited	17,600	19,360	597,125	30.8432	597,125	242,000
			23,354,386		22,308,236	6,631,599
Provision for diminution in value of investment			(18,288,119)		(15,676,637)	--

	5,066,267		6,631,599	6,631,599
Aggregate market value as at June 30, 1998				5,066,267

	<i>Note</i>	<i>June 30, 1999 Rupees</i>	<i>June 30, 1998 Rupees</i>
5. DEFERRED EXPENDITURES			
Expenditure on issue of right certificates		519,643	519,643
Amortization to date		(494,030)	(390,098)
		25,613	129,545

The above expenditure is carried forward as it confers benefit to future years.

6. SHORT TERM MUSHARAKA FINANCE - Secured

Considered good			
To an associated modaraba	6.1	7,079,532	5,940,000

6.1 The Modaraba has entered into a musharaka agreement with Modaraba Al-Tijarah, an associated modaraba, for providing funding to a maximum limit of Rs. 16 million (1998: Rs. 16 million) for trading activities. The profit and loss will be shared by both modarabas in an agreed ratio after adjusting all incidental costs. The facility is secured by hypothecation of stock in-trade. The principal amount and profit is repayable in a lump sum after completion of the transactions. A provisional profit at the rate of 19.% (1998: 19%) per annum is being accrued on daily product outstanding balance.

7. SHORTTERM MORABAHA FINANCE-Secured

Considered good	7.1	11,040,108	13,338,440
Considered doubtful		465,688	--
	7.2	11,505,796	13,338,440
Provision for doubtful debts		(465,688)	--
		11,040,108	13,338,440

7.1 The above represent sums receivable against Morabaha transactions i.e. sale of goods on a deferred payment basis at specified profit margins ranging from 23% to 27% (1998: 23% to 27%) per annum. The facilities are secured by personal guarantees of the directors, equitable mortgage of property and hypothecation of stock.

7.2 The above amount is considered to be fully receivable. However, in accordance with the SBP's Prudential Regulations, the Modaraba has made the required provision against overdue rentals.

8. SHORTTERM INVESTMENTS

Unless stated otherwise the holdings are in quoted ordinary shares/certificates of Rs. 10 each.

	<i>No. of shares/certificates</i>		<i>June 30, 1998 Cost Rupees</i>	<i>Average cost per share/ certificate Rupees</i>	<i>June 30, 1999</i>	
	<i>June 30, 1998</i>	<i>June 30, 1999</i>			<i>Cost Rupees</i>	<i>Market value Rupees</i>
a) ASSOCIATED UNDERTAKING						
Al-Mal Securities & Services Limited	1,500	1,500	8,095	5.3967	8,095	5,250
b) ASSOCIATED MODARABA						
Modaraba Al-Tijarah (Managed by Al-Mal Corporation Ltd.)	3,500	25,500	4,150	1.0167	25,925	28,050
c) OTHERS						
MUTUAL FUND						
Golden Arrow S.S. Fund	49,500	17,000	72,281	1.4220	24,174	22,100
ICP State Enterprise Mutual Fund	--	1,000	--	10.8240	10,824	10,550

MODARABAS

Long Term Venture Capital Modaraba (Rs. 5) [Managed by National Technology Development Corporation Limited]	95,550	95,550	633,471	6.6297	633,471	128,992
First Mehran Modaraba [Managed by Technology Ventures (Pvt) Ltd]	18,012	18,012	214,980	11.9354	214,980	45,030
First Habib Bank Modaraba [Managed by Habib Bank Financial Services (Pvt) Ltd]	10,000	10,000	71,050	7.1050	71,050	62,500
First Equity Modaraba [Managed by Premier Financial Services (Pvt) Ltd.]	17,000	17,000	130,710	7.6888	130,710	51,850
Allied Bank Morabaha [Managed by Allied Services (Pvt) Ltd]	--	500	--	6.0640	3,032	3,125

LEASING COMPANIES

Saudi Pak Leasing Co. (Formerly Standard Chartered Mercantile)	24,124	24,124	882,759	36.5926	882,759	144,744
Dadabhoj Leasing Company Limited	10,212	10,212	87,735	8.5914	87,735	12,254
Trust Leasing Corporation Limited	19,376	19,376	622,754	32.1405	622,754	62,972
National Development Leasing Corporation	5,250	5,250	46,900	8.9333	46,900	22,312
Paramount Leasing Limited.	5,000	5,000	43,150	8.6300	43,150	25,000
Union Leasing Limited	7,000	200	23,500	2.6950	539	600

INVESTMENT COMPANIES/BANKS

The Bank of Punjab Limited	4,933	5,426	278,861	51.3935	278,861	74,608
Faysal Bank Limited	15,000	15,000	427,625	28.5083	427,625	138,750
First Capital Securities Corporation Limited	5,500	6,187	98,150	15.8639	98,150	49,496

INSURANCE

Commercial Union Assurance Company	10,000	10,000	135,200	13.5200	135,200	77,500
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TEXTILE SPINNING

Khurshid Spinning Mills Limited	13,000	13,000	95,312	7.3317	95,312	7,800
Crescent Spinning Mills Limited	10,500	10,500	138,195	13.1614	138,195	51,450
Taj Textile Mills Limited	10,500	10,500	143,781	13.6934	143,781	21,000
Friends Spinning Mills Limited	7,355	7,355	75,757	10.3001	75,757	12,871
Maqbool Textile Mills Limited	7,000	7,000	86,835	12.4050	86,835	29,750
Sail Textile Mills Limited	11,902	11,902	179,435	15.0760	179,435	83,314

TEXTILE COMPOSITE

(Colony) Sarhad Textile Mills Limited	25,014	25,014	369,077	14.7548	369,077	50,028
Nishat Mills Limited	23,489	23,489	1,240,093	52.7946	1,240,093	223,146

SYNTHETIC AND RAYON

Tristar Polyester Limited	17,000	17,000	485,867	28.5804	485,867	29,750
Polycon Limited	8,500	8,500	115,855	13.6300	115,855	21,675
Dewan Salman Fibre Limited	18,562	21,346	894,150	41.8884	894,150	536,852
Dhan Fibre Limited	45,000	45,000	259,550	5.7678	259,550	207,000

Carried Forward

7,865,278 **7,829,841** **2,240,319**

Brought forward

7,865,278 **7,829,841** **2,240,319**

SUGAR AND ALLIED INDUSTRIES

Al-Asif Sugar Mills Limited	200	200	2,451	12.2550	2,451	370
Dewan Sugar Mills Limited	15,840	17,424	1,034,653	59.3809	1,034,653	309,276
Haseeb Waqas Sugar Mills Limited	18,500	18,500	74,899	4.0486	74,899	33,300

CEMENT

Punjab Building Products Limited (Rs.5)	24,000	24,000	239,126	9.9636	239,126	--
Cherat Cement Company Limited	14,750	14,750	521,500	35.3559	521,500	191,750
Pakistan Slag Cement Industries Limited	5,000	5,000	181,375	36.2750	181,375	10,000
Lucky Cement Limited	26,000	26,000	593,600	22.8308	593,600	107,900
D.G. Khan Cement Company Limited	30,000	30,000	503,750	16.7917	503,750	127,500
Fauji Cement Factory Limited	15,000	15,000	142,200	9.4800	142,200	44,250
Pakland Cement Limited	10,000	10,000	99,050	9.9050	99,050	46,000
Dandot Cement Company Limited	9,000	9,000	52,250	5.8056	52,250	11,250

FUEL AND ENERGY

Tristar Power Limited	22,500	22,500	763,827	33.9479	763,827	42,750
Ibrahim Energy Limited	2,500	2,500	91,600	36.6400	91,600	29,625
Sui Southern Gas Company Limited	4,025	4,427	101,675	22.9670	101,675	38,515
Sitara Energy Limited	22,500	21,500	729,250	31.9794	687,557	505,250
Kohinoor Energy Limited	10,000	10,000	207,000	20.7000	207,000	106,000
Genertech (Pak) Power Company	2,000	2,000	36,260	18.1300	36,260	17,000
Japan Power Generation Limited	5,000	64,000	51,900	4.5233	289,492	252,800
Hub Power Company Limited	14,000	14,000	585,700	41.8357	585,700	197,400

AUTO AND ALLIED ENGINEERING

Indus Motor Company Limited	10,000	--	142,325	--	--	--
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CHEMICAL AND PHARMACEUTICAL

Sardar Chemical Industries Limited	5,000	5,000	69,885	13.9770	69,885	12,000
ICI Pakistan Limited	20,000	20,000	588,900	29.4450	588,900	177,000
FFC Jordan Company Limited	5,000	5,000	120,000	24.0000	120,000	56,000
Fauji Fertilizer Co. Ltd	--	4,000	--	54.8000	219,200	164,400

TRANSPORT AND COMMUNICATION

Pakistan National Shipping Corporation	21,900	21,900	228,441	10.4311	228,441	51,465
Pakistan Telecommunication Corporation Limited "A"	29,500	7,500	861,307	21.4069	160,552	148,875
Pakistan International Airlines Corporation (A)	5,000	--	45,150	--	--	--

PAPER AND BOARD

Century Paper & Board Mills Limited	5,000	5,500	146,000	26.5455	146,000	68,750
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MISCELLANEOUS

Arpak International Investment Limited	6,700	6,700	68,753	10.2616	68,753	23,450
--	-------	-------	--------	---------	--------	--------

			16,148,105		15,639,537	5,013,195
Provision for diminution in value of investments			(11,621,094)		(10,626,342)	--
			4,527,011		5,013,195	5,013,195
Aggregate market value as at June 30, 1998						4,527,011

	<i>Note</i>	<i>June 30, 1999 Rupees</i>	<i>June 30, 1998 Rupees</i>
9. LEASE RENTALS RECEIVABLE -Secured			
Considered good		7,317,482	9,206,920
Considered doubtful		17,620,091	16,029,915
	9.1	24,937,573	25,236,835
Provision for doubtful debts		(17,620,091)	(16,029,915)
		7,317,482	9,206,920

9.1 The above amount is considered to be fully receivable. However, in accordance with the SBP's Prudential Regulations, the Modaraba has made the required provision against overdue rentals.

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances and deposits		123,100	41,850
Advance Income Tax		2,155,092	2,219,251
Prepayments		1,624,747	1,776,378
Expenses recoverable from lessees		2,997,921	1,651,303
Provision for bad debts		(915,320)	(518,702)
		2,082,601	1,132,601
Dividend receivable		45,128	130,714
Provision for bad debts		(7,350)	(7,350)
		37,778	123,364

Profit accrued on short term morabaha finance	188,815	468,282
Receivable from management company	--	1,340,073
Other receivables	144,855	69,123
	-----	-----
	6,356,988	7,170,922
	=====	=====

11. CASH AND BANK BALANCES

At bank - in PLS accounts		8,054,551	2,500,233
- in current accounts		3,465,391	433,663
- with State Bank of Pakistan	11.1	225,000	225,000
		-----	-----
		11,744,942	3,158,896
Security stationery in hand		21,860	25,920
		-----	-----
		11,766,802	3,184,816
		=====	=====

11.1 This represents interest free deposit with State Bank of Pakistan as required under the State Bank of Pakistan's Prudential Regulations for Non-Banking Financial Institutions to maintain liquidity against certain liabilities.

	<i>Note</i>	<i>June 30, 1999 Rupees</i>	<i>June 30, 1998 Rupees</i>
--	-------------	-------------------------------------	-------------------------------------

12. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

13,569,000 (1998:13,569,000) Modaraba Certificates of Rs. 10 each fully paid in cash		135,690,000	135,690,000
4,688,400 (1998: 4,688,400) Modaraba Certificates of Rs. 10 each fully paid bonus certificates		46,884,000	46,884,000
		-----	-----
		182,574,000	182,574,000
		=====	=====

13. STATUTORY RESERVE

Balance at the beginning of the year		14,455,639	14,371,305
Transfer from profit and loss appropriation account		5,915,680	84,334
		-----	-----
Balance at the end of the year		20,371,319	14,455,639
		=====	=====

The statutory reserve represents profits set aside as required under the State Bank of Pakistan's Prudential Regulations for Non-Banking Financial Institutions.

14. LONG TERM MORABAHA FINANCES- Secured

Morabaha from financial institutions	14.1	5,371,985	10,718,052
Current maturities shown under current liabilities		(4,179,159)	(4,368,052)
		-----	-----
		1,192,826	6,350,000
		=====	=====

14.1 Morabaha from financial institutions

	<i>Outstanding Balance 1998 Rupees</i>	<i>Outstanding Balance 1999 Rupees</i>	<i>Sale price Rupees</i>	<i>Purchase price Rupees</i>	<i>Profit margin per annum %</i>	<i>Repayment from</i>	<i>installments</i>
Loan A	4,973,922	3,263,019	10,505,725	7,000,000	20.00	August 1, 1996	9 unequal half yearly
Loan B	5,744,130	2,108,966	14,659,664	10,000,000	20.50	October 1, 1996	14 unequal quarterly
	-----	-----	-----	-----			
	10,718,052	5,371,985	25,165,389	17,000,000			
	=====	=====	=====	=====			

The morabaha sale prices are secured by hypothecation of certain leased assets, rentals receivable thereagainst and promissory notes.

	<i>Note</i>	<i>June 30, 1999 Rupees</i>	<i>June 30, 1998 Rupees</i>
15. DEFERRED LIABILITY			
Customer's security deposits		43,573,399	37,000,722
Current maturities shown under current liabilities		(15,131,143)	(13,743,515)
		-----	-----
		28,442,256	23,257,207
		=====	=====

16. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	16.1	8,549,448	10,719,959
Accrued liabilities		117,389	199,014
Profit accrued on morabaha finance		271,916	414,493
Management fee payable		169,958	--
Others	16.2	606,038	1,291,422
		-----	-----
		9,714,749	12,624,888
		=====	=====

16.1 These include Rs. 4,191,088 (1998: Rs. 3,514,658) as profit received on PLS bank accounts from January 1, 1994 to the year end. The Modaraba is of the opinion that the profit received on PLS bank accounts is not permitted under the Islamic mode of financing and hence has not been recognised as income, pending clarification from Religious Board of the appropriate treatment of such profit.

16.2 This represents late payment charges on rentals recovered from the customers of the Modaraba which according to the direction of the Religious Board are not to be taken to income but used for charitable purposes only.

17. CONTINGENCIES

A suit has been filed against the Modaraba for Rs. 6.48 million (1998: Rs. 6.48 million) being a claim for refund of security deposit in respect of lease finance. The Modaraba is defending the claim as they have evidence of repayment of the security deposit. The Modaraba is of the opinion that it stands a fairly good chance of winning this case. Consequently no provision is considered necessary.

18. OPERATING INCOME

Leasing income		124,086,801	105,658,575
Profit on Morabaha finance		2,794,125	2,486,433
Profit on Musharaka finance from an associated undertaking		1,139,532	--
(Loss) on sale of investments		(564,365)	(5,178)
Dividend income		610,840	891,339
		-----	-----
		128,066,933	109,031,169
		=====	=====

	<i>Note</i>	<i>June 30, 1999 Rupees</i>	<i>June 30, 1998 Rupees</i>
19. OPERATING COST			
Salaries and allowances	28	4,743,556	4,240,731
Amortization of leased assets	3.1	80,705,014	66,420,654
Depreciation on assets in own use	3.2	1,346,848	1,361,996
Insurance		4,330,211	4,897,018
Subscription		171,526	165,250
Legal and professional charges		505,814	1,170,011
Amortization of deferred expenditure		103,932	103,932
Printing and stationery		240,040	235,044
Electricity		379,703	530,171
Telephone		222,793	203,744
Postage		29,286	35,592
Advertising		243,868	42,416
Auditors' remuneration	19.1	87,945	76,872
Repair and maintenance		598,811	581,296
Fuel and conveyance		344,158	277,368
Rent, rates and taxes		523,124	172,029
Registrar services	26	600,000	540,000
Miscellaneous expenses		242,302	310,375
		-----	-----

	95,418,931	81,364,499
	=====	=====

19.1 Auditors' remuneration

Statutory audit	80,000	70,000
Out of pocket expenses	7,945	6,872
	-----	-----
	87,945	76,872
	=====	=====

20. PROFIT DISTRIBUTION ON BORROWINGS

Profit on long term Morabaha finance	1,680,460	2,726,425
Profit on short term Musharaka finance	53,507	--
	-----	-----
	1,733,967	2,726,425
	=====	=====

21. OTHER INCOME

Gain on disposal of assets given on lease	3.3	--	206,703
Gain on disposal of assets in own use	3.4	311,021	--
Others		610,537	980,511
		-----	-----
		921,558	1,187,214
		=====	=====

	<i>Note</i>	<i>June 30, 1999 Rupees</i>	<i>June 30, 1998 Rupees</i>
22. PROVISIONS			
Provision for diminution in value of short term investments		(994,752)	4,362,009
Provision for diminution in value of long term investments		(2,611,482)	18,288,119
Provision for short term morabaha finance		465,688	--
Provision for lease rental receivables		1,590,176	(1,960,921)
Provision for expenses recoverable from lessees		396,618	177,141
		-----	-----
		(1,153,752)	20,866,348
		=====	=====

23. TAXATION

The Modaraba's Income tax assessments until assessment years 1998-1999 have been finalised. An amount of Rs. 0.412 million has been provided as prior year charge during the current year.

As per the changes made through Finance Act, 1998 in clause 102E of Second Schedule of Part I of Income Tax Ordinance, 1979, the Modaraba now considers itself exempt from income tax application. Therefore, no provision with respect to current and deferred taxation has been made in the accounts for the assessment year 1999-2000.

24. BASIC EARNINGS PER CERTIFICATE

Basic earnings per certificates is calculated by dividing the net profit for the year by the number of certificates outstanding during the year as follows:

Profit after tax for the year	29,578,399	421,669
	=====	=====
Weighted average number of certificates outstanding during the year	18,257,400	18,257,400
	=====	=====
Basic earnings per certificate	1.62	0.02
	=====	=====

No figure for diluted earnings per certificates has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.

25. ADJUSTMENTS ON NON CASH AND OTHER ITEMS

Depreciation - Leased assets	80,705,014	6,642,065.40
- Owned assets	1,346,848	1,361,996
Amortization of deferred expenditure	103,932	103,932
Provision for bad debts	2,452,482	(1,783,780)
Provision for short term investments	(994,752)	18,288,119
Provision for long term investments	(2,611,482)	4,362,009
Gain on disposal of leased/owned assets	(311,021)	(206,703)
Loss/(Gain) on sale of long term investments	505,800	(6,473)

Financial charges	1,733,967	2,726,425
Dividend income	(610,840)	(891,339)
	-----	-----
	82,319,948	90,374,840
	=====	=====

	<i>Note</i>	<i>June 30, 1999 Rupees</i>	<i>June 30, 1998 Rupees</i>
26. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS			
Charges for register services		600,000	540,000
Brokerage expenses	26.1	13,005	17,107
Reimbursement of salaries & perquisites	26.2	79,432	100,735
Disbursements against musharaka with associated modaraba		2,100,000	2,110,000
Receipts against musharaka with associated modaraba		2,100,000	11,528,000
Profit on musharaka finance		1,139,532	--
Management fee paid-net		1,489,000	2,005,000
Dividend paid		--	1,497,820
Received on account of services rendered		56,100	140,400
Payment for charity and donations	26.3	945,000	122,140

26.1 These represent commission on sales and purchases of investments through Al-Mal Securities and Services Limited which is a corporate member of Karachi Stock Exchange.

26.2 The amount paid to Al-Mal Corporation for Modaraba Al-Mali's share of salaries of group internal auditor.

26.3 The amount paid to Al-Mal Charitable Trust as charity and donations from late payment charges recovered.

26.4 Maximum amount due from associated undertakings at the end of any month during the year was Rs. 7,079,532 (1998: Rs. 15,451,693).

26.5 The transactions with the associated undertakings are in the normal course of business at contracted rates and terms determined in accordance with market rates.

27. RENTALS RECEIVABLE WITHIN ONE YEAR

Rentals receivable in the subsequent financial year i.e. June 30, 2000 would amount to approximately Rs. 114.022 million (June 30, 1999 Rs. 104.522 million)

28. REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

The aggregate amount charged in the accounts for remuneration, including all benefits, to officers and other employees of the Modaraba were as follows:

	<i>OFFICERS</i>		<i>OTHER EMPLOYEES</i>		<i>TOTAL</i>	
	<i>June 1999 Rupees</i>	<i>June 1998 Rupees</i>	<i>June 1999 Rupees</i>	<i>June 1998 Rupees</i>	<i>June 1999 Rupees</i>	<i>June 1998 Rupees</i>
Salaries	1,591,124	1,206,690	1,104,523	1,130,060	2,695,647	2,336,750
Retirement benefits	265,911	202,591	166,664	210,563	432,575	413,154
House rent allowance	715,978	542,977	466,191	502,917	1,182,169	1,045,894
Conveyance and other allowances	298,906	235,046	134,259	209,887	433,165	444,933
	-----	-----	-----	-----	-----	-----
	2,871,919	2,187,304	1,871,637	2,053,427	4,743,556	4,240,731
	=====	=====	=====	=====	=====	=====
Number of persons at the end of the year	6	5	22	22	28	27
	=====	=====	=====	=====	=====	=====

Four of the officers are also provided with free use of cars maintained by the Modaraba

29. INTEREST RATE RISK

As most financial instruments of the Modaraba are on a predetermined profit and loss sharing basis rather than being exposed to mark-up, the Modaraba is not considered exposed to material interest rate risk.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction. whereas, the Modaraba prepares its financial statement under the historical cost convention, therefore, differences may arise between book value and the fair estimates

The estimated fair value of all balance sheet financial instruments are not significantly different from their book value.

31. CREDIT RISK AND CONCENTRATION OF CREDIT

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba, attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Modaraba performance to developments affecting a particular industry or geographic location.

The Modaraba seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains security when appropriate. Concentration of credit risk on assets leased out, morabaha financing and musharaka financing with parties are indicated in the following table by the percentage of total balance receivable from these parties in the specified industries/sectors

June 30, 1999

<i>Industry Sector</i>	<i>Lease rentals receivable Rupees</i>	<i>Morabaha finances Rupees</i>	<i>Musharaka finance Rupees</i>	<i>Total Rupees</i>	<i>Total %</i>
Distributors, Wholesellers and Retailers	985,062	6,241,190	--	7,226,252	28.41
Financial Institutions	--	--	7,079,532	7,079,532	27.83
Food, Tobacco and Beverages	2,752,232	2,431,050	--	5,183,282	20.38
Transport and Communication	1,441,709	--	--	1,441,709	5.67
Chemical, Fertilizer and Pharma	--	1,429,893	--	1,429,893	5.62
Textile & Garments	47,817	837,700	--	885,517	3.48
Glass, Ceramics and Plastics	603,748	--	--	603,748	2.37
Hotels	462,338	--	--	462,338	1.82
Steel, Engineering and Autos	397,312	--	--	397,312	1.56
Miscellaneous	194,434	100,275	--	294,709	1.16
Construction	255,935	--	--	255,935	1.01
Printers And Publishers	154,005	--	--	154,005	0.61
Security Services	22,890	--	--	22,890	0.09
	7,317,482	11,040,108	7,079,532	25,437,122	100.00

June 30, 1998

<i>Industry Sector</i>	<i>Lease rentals receivable Rupees</i>	<i>Morabaha finances Rupees</i>	<i>Musharaka finance Rupees</i>	<i>Total Rupees</i>	<i>Total %</i>
Textile & Garments	427,199	7,174,122	--	7,601,321	26.69
Distributors, Wholesellers and Retailers	805,477	5,822,768	--	6,628,245	23.27
Financial Institution	390,777	--	5,940,000	6,330,777	22.22
Transport and Communications	1,887,298	--	--	1,887,298	6.63
Food, Tobacco and Beverages	1,725,176	--	--	1,725,176	6.06
Miscellaneous	1,229,773	341,550	--	1,571,323	5.52
Leather, Footware and Tanneries	1,079,213	--	--	1,079,213	3.79
Glass, Ceramics and Plastics	701,958	--	--	701,958	2.46
Construction	615,935	--	--	615,935	2.16
Printers and Publishers	144,550	--	--	144,550	0.51
Security Services	126,505	--	--	126,505	0.44
Energy Oil and Gas	73,059	--	--	73,059	0.26
	9,206,920	13,338,440	5,940,000	28,485,360	100.00

31. GENERAL

(a) Previous year's figures have been rearranged, wherever necessary, for the purpose of comparison.

(b) Figures have been rounded off to the nearest Rupee.

Zafar H. Naqvi
Chief Executive

Maqbool Hussain
Vice Chairman

S. Iradat Husain
Chairman

PATTERN OF CERTIFICATE HOLDINGS AS AT JUNE 30, 1999

<i>Number of Certificate Holders</i>	<i>From</i>	<i>Certificate holding To</i>	<i>Total Certificates Held</i>
373	1	to 100	18726
570	101	to 500	166128
535	501	to 1000	417407
1158	1001	to 5000	2585479
256	5001	to 10000	1802850
92	10001	to 15000	1111381
39	15001	to 20000	660358
31	20001	to 25000	690010
14	25001	to 30000	376174
14	30001	to 35000	454574
11	35001	to 40000	413405
8	40001	to 45000	339160
5	45001	to 50000	236884
7	50001	to 60000	389713
6	60001	to 70000	399339
2	70001	to 80000	144747
4	80001	to 90000	332915
1	90001	to 100000	99085
9	100001	to 125000	1052940
2	150001	to 200000	319436
1	200001	to 250000	236302
2	250001	to 300000	553788
1	300001	to 350000	336520
2	500001	to 600000	1066587
1	700001	to 800000	782460
1	1000001	to 1500000	1412377
1	1500001	to 20000000	1858655
-----			-----
3146			18257400
=====			=====

<i>Categories of Certificate Holders</i>	<i>Number of Certificate Holders</i>	<i>Number of Certificates held</i>	<i>Percentage</i>
INDIVIDUALS	3095	12014013	65.80
INSURANCE COMPANIES	4	1451554	7.95
JOINT STOCK COMPANIES	5	86128	0.47
FINANCIAL INSTITUTIONS	11	1004720	5.50
INVESTMENT COMPANIES	12	972946	5.33
MODARABA COMPANIES	11	2477673	13.57
OTHERS	8	250366	1.37
-----			-----
	3146	18257400	100.00
=====			=====