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First Crescent Modaraba

Annual Report 2000

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Corporate Information

IRFAN A. IMTIAZl LEGAL ADVISORS
Chairman Hassan and Hassan Advocates

MAHMOOD AHMED PRINCIPAL OFFICE

Chief Executive 45- Shahrah-e-Quaid-e-Azam, Lahore
Phones: (042) 7238336-7

Fax: 92-42-7230504 DIRECTORS Telex: 44445 BANK PK

(In alphabetical order) REGISTERED OFFICE Muhammad Awais Qureshi 2nd Floor, 131-A, E/1

Rashid Ahmed Main Boulevard, Gulberg III,
Zaheer A. Shaikh Lahore. Pakistan

Tel: 92-42-5712036, 5710759
Fax: 92-42-5712446

CORPORATE SECRETARY
Tariq Aleem

AUDITORS

Riaz Ahmad and Company
Chartered Accountants

Investors' Information

STOCK EXCHANGE LISTING SHAHID LATIF DAR

First Crescent Modaraba is listed TEL: (042) 7238331, 7238336-7
on the Karachi, Lahore and Islamabad FAX: (042) 7230504
Stock Exchange

Daily quotes on the Crescent Modaraba Certificatio CERTIFICATE HOLDERS INFORMATION
can be obtained from leading newspapers, Inquires concerning lost stock
listed under "Modaraba Companies" certificates, dividend payments,

change of address, verification of transfer deeds
PUBLIC INFORMATION and certificates transfer should be directed to:
Financial analysts, stock brokers,
interested investors and financial media FIRST CRESCENT MODARABA

desiring information about 2nd Floor, 131-A, E/1
FIRST CRESCENT MODARABA Main Boulevard, Gulberg III, Lahore. Pakistan
should contact the following individual Tel: 92-42-5712036, 5710759

In corporate Investor Relations: Fax: 92-42-5712446

Directors' Report & Chief Executive's review

It is a great pleasure to present to you the Ninth Annual Report of First Crescent Modaraba (FCM), which covers the ninth full year of operations of the Modaraba. Before the review of operating results of
the Modaraba, it will be pertinent to have a brief review of the national economic scenario.

MACRO ECONOMIC SCENARIO

The economy during the financial year 1999-2000 showed some signs of improvement and stability. However, a combination of domestic and external shocks coupled with structural shifts kept the
economy under stress. The political uncertainty and the change of government in October 1999 were major domestic shocks to the economy. On external front, a breakdown in negotiations with IMF in
September 1999, the rise in world oil prices, the dispute with Hubco and serious concerns of some
international quarters on the military government were major contributing factors. The economic
agenda of the new government that is based on accountability, improved governance and widening of

tax net created major structural shifts in the economy. Although the economy of the country is weathered many shocks in the past, its capacity to absorb domestic and external shocks along with
fundamental structural changes at the same times has been tested to limits during the year. The
combination of a slowdown in the informal economy and the cumulative cut in productive public

spending over the last few years has reduced the opportunities for economic expansion and
employment generation to a considerable extent.

During the year under review, the real sector witnessed a turnaround and GDP growth rose to 4.8

percent from 3.1 percent a year earlier mainly contributed by strong agriculture performance. Bumper
crops in cotton and wheat coupled with an increase in production of rice, led top agriculture growth of

7.2 percent, which improved self- sufficiency in food and quantitative increase in exports. The manufacturing sector did not perform better as compared to previous year. The expansion of 11
percent in textile sector was more than offset due to decline in sugar sector.

Fixed investment grew by 4.4 percent. This increase was driven by private investment in textile,

agriculture and related services while investment in other sectors remained low. A larger volume
national saving financed this investment while share of external resources declined considerably.

With stagnant rupee deposit base and lower off-take of credit by the private sector, financial sector

experienced a tighter liquidity poison during the year. There was a systematic shift out of bank
deposits. Net credit to the non-government sector fell sharply from Rs. 118.8 billion in the previous year
to only Rs. 26.2 billion.

The scenario discussed above has effected the normal lending and overall demand especially for fixed

investment, declined considerably and impacted the performance of leasing companies and modarabas.

MERGER We are pleased to report that the Honorable Lahore High Court has approved the merger of First
Confidence Modaraba with First Crescent Modaraba (FCM) with effect from July 01, 1999.

OPERATING AND INVESTING PERFORMANCE As on 30 June 2000, total assets of First Crescent Modaraba were Rs.1,860.70 million as against the
outstanding of Rs. 1,414.65 million on the corresponding date of last year. During the year under

review lease disbursement of Rs. 286.81 million were made. Net investment in leasing business as on
June 30, 2000 amounted to Rs. 643.37 million. Depreciation charge for the year under review was
Rs.271.91 million as compared to Rs. 188.91 million charged in the last year.

STOCK MARKET OPERATIONS

The stock market experienced some bullish trends in the January-March 2000 period and recovered
from a very low level to around 2000 points. However, the index closed at 1521 points on June 30, 2000.

The Modaraba earned an income of Rs. 28.65 million on its investments during the year 1999-2000.

REGULATIONS During the year, prudential regulations for Modarabas were introduced after incorporating the long

needed changes for the Modaraba sector. We hope that the process of rationalizing the Modaraba Ordinance and relevant rules and regulations by the Securities and Exchange Commission of Pakistan will produce favorable results during the year.
RESOURCE MOBILIZATION

As at 30th June 2000, the Modaraba had an outstanding amount of Rs. 1,347.60 mobilized under Morabaha / Musharika arrangements etc. as against Rs. 976.05 million for the last year showing an
increase of 38% over the previous year.

BALANCE SHEET & OPERATING RESULTS After merger, total assets of the Modaraba increased by Rs. 446.05 million (31.53%) during 1999-2000
to Rs. 1,860.70 million. The Modaraba earned an operating profit before provisions of Rs. 31.80 million
during the year. The stock market performed well for a couple of months and the Modaraba was able to

realize reasonable gains. The net profit after tax for the year was Rs. 18.46 million as against Rs. 12.10 million last year.
The subject year was the second year for which the government has revived the income tax exemption
for modaraba if atleast 90 % of its profits for the year are distributed among the certificate holders. No

provision for taxation has been made in these accounts for activities other than trading in view of the
subject exemption. Composition of the net profit after provisions is as follows:-

(Rs. in million)
Amount for the Amount for the % change over

Year Ended Year Ended previous year
30 June 2000 30 June 1999
INCOME

Rental/Profit on lease and Morabaha financing 432.61 355.75 21.60 Dividend / Capital Gains 28.65 3.52 713.92
Fees and Commission etc. 8.03 2.60 208.85

Profit on placements etc. 3.26 7.63 (57.27)
Revenue from other services 2.98 1.16 --
Trading income 6.67 -- --

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Total Income = 482.20 370.66 30.09

========== ========== ==========

EXPENDITURE

Charges / profit / return paid on lease, Morabaha and Musharika 428.94 323.71 (32.51)
Provisions 4.10 20.63 80.13
Loss on sale of investments/fixed assets -- 1.81 --

Establishment & other operating expenses 21.46 14.34 (49.65)
------------------ ------------------ ------------------

Total Expenditure = 454.50 360.49 (26.08)
========== ========== ==========

NET PROFIT (Before Management fee & tax) 27.70 10.17 -- Management fee (2.52) (0.92) --
Provision for taxation (6.72) 2.85 --

-- --- --- --- ------- --- --- --- --- --- --- -- --- --- --- ------- NET PROFIT / (LOSS) 18.46 12.10 -- Un-appropriated profit b/f 0.25 0.36 --

-- --- --- --- ------- --- --- --- --- --- --- -- --- --- --- -------

PROFIT AVAILABLE FOR APPROPRIATION 18.71 12.46 --

-- --- --- --- ------- --- --- --- --- --- --- -- --- --- --- ------- APPROPRIATIONS
Transfer to Statutory Reserve (1.85) (2.42) --
Transfer to / (from) General Reserve 5.80 4.20 --

Profit distribution @10% (1999: 7.50%) (22.62) (14.07) --

-- --- --- ---------- --- --- --- --- --- --- -- --- --- --- ------- Un-appropriated profit 0.04 0.17 --
------------------ ------------------ ------------------

PROFIT DISTRIBUTION

A profit distribution of Re. 1.00 (10.00%) per certificate of Rs. 10 each has been approved by the Board

of Directors in its meeting held on January 29, 2001 for the year ended June 30, 2000. The distribution will be subject to zakat and tax at source where applicable.
THE MILLENNIUM BUG

By the grace of God, the Modaraba became fully Year 2000 compliant in June 1999. The transition from

twentieth to twenty first century took place pretty smoothly and no significant problems were identified.

OBJECTIVES FOR 2000-2001

The Modaraba plans to enhance both the quality and quantity of its earnings by concentrating on small
and medium sized leases and generating cheaper resources for financing the activity. The Modaraba
also plans to increase its trading activities in a planned manner.

The Modaraba also plans to start the portfolio management services for its clients besides the
continuation of advisory services on lease syndication during the year 2000-2001.

AUDITORS:

The Auditors M/s. Riaz Ahmad & Company, Chartered Accountants, retire and offer themselves for re-
election.

ACKNOWLEDGEMENT We would like to thank the Securities and Exchange Commission of Pakistan, Registrar of Modarabas
and the State Bank of Pakistan for their continued guidance and support not only as the regulators for
the growth and betterment of the financial sector but for their co-operation in the merger. We would also

like to thank lending institutions and our certificate holders for their co-operation and support for the merger.

In the end, the Directors appreciate the dedication and hard work put in by the officers and staff of the Modaraba.
MAHMOOD AHMED

Dated: January 29, 2001 Chief Executive

Auditors' Report To The Certificate Holders

We have audited the annexed Balance Sheet as at 30 June 2000 and the related Profit and Loss Account and Statement of Changes in Financial Position (Cash Flow Statement) together with the Notes to the Accounts for the year ended 30 June 2000 of FIRST CRESCENT MODARABA which are modaraba company's [Crescent Business Management (Private) 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
First Crescent Modaraba as required by the Modaraba Companies and Modaraba (Floatation
and Control) Ordinance, 1980, and Modaraba Companies and Modaraba Rules, 1981; and

(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 Statement of Changes in

Financial Position (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 30 June 2000
and the Profit and the Changes in the Financial Position for the year ended on that date;

ii) zakat deductible at source under the Zakat and Ushr Ordinance, 1980, has been deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance; 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.

RIAZ AHMAD & COMPANY

LAHORE:- January 29, 2001 Chartered Accountants

Balance Sheet as at June 30, 2000

EQUITY AND LIABILITIES NOTE 2000 1999
Rupees Rupees

CAPITAL AND RESERVES

Certificate capital Authorized 30 000 000 modaraba certificates
of Rupees 10 each 300,000,000 300,000,000
========== ==========

Issued, subscribed and paid up capital 3 226,187,090 187,670,180
Reserves and surplus
Capital reserve 4 35,754,002 23,822,000

Revenue reserve-General 5 44,183,002 45,482,407 Unappropriated profit 42,439 165,279

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306,166,533 257,139,866

NON-CURRENT LIABILITIES
Finances under morabaha and musharaka
arrangements 6 469,769,539 350,225,643

Redeemable capital 7 261,500,000 257,000,000
Long term deposits 8 75,366,650 67,090,918
--- --- --- --- --- --- -- --- --- --- -------

806,636,189 674,316,561

CURRENT LIABILITIES

Current portion of long term
finances and deposits 9 78,960,301 68,482,500

Finances under musharaka arrangements 10 575,976,606 324,082,070
Creditors, accrued and other liabilities 11 70,340,086 76,554,670
Profit distribution 22,618,709 14,075,264

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747,895,702 483,194,504 CONTINGENCIES AND COMMITMENTS 12
------------------ ------------------

TOTAL EQUITY AND LIABILITIES 1,860,698,424 1,414,650,931

========== ==========

NON-CURRENT ASSETS

Tangible operating fixed assets 13 649,617,668 603,492,167

Long term investments 14 303,367,238 224,843,427 Deferred costs 15 192,933 749,877

------------------ ------------------

953,177,839 829,085,471

CURRENT ASSETS

Finances under morabaha

arrangements 16 2,429,262 21,266,297
Finances under musharaka

arrangements 17 521,243,489 374,338,394 Advances, deposits, prepayments
and other receivables 18 221,631,607 125,620,004
Stores and spares 72,866 158,388
Cash and bank balances 19 162,143,361 64,182,377

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907,520,585 585,565,460
--- --- --- --- --- --- -- --- --- --- --- ----

TOTAL ASSETS 1,860,698,424 1,414,650,931

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The annexed notes form an integral part of these accounts,

MAHMOOD AHMED RASHID AHMED ZAHEER A. SHAIKH
CHIEF EXECUTIVE DIRECTOR DIRECTOR

Profit and Loss account for the year ended June 30, 2000

NOTE 2000 1999

Rupees Rupees OPERATING INCOME
Lease rentals 368,196,692 311,516,282
Profit on morabaha and musharaka finances 64,415,730 44,229,488
Revenue from other services 20 2,985,269 1,160,589
Fee, commission and other income 21 39,929,949 13,751,309

Trading income 22 6,670,713 --
------------------ ------------------

482,198,353 370,657,668

OPERATING EXPENSES

Financial charges 23 152,528,749 132,893,625 Depreciation 271,909,297 188,909,250
Cost of other services 24 4,495,546 1,697,832 Other expenses and charges 25 21,459,955 16,353,861

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450,393,547 339,854,568

--- --- --- --- --- --- -- --- --- --- --- ---- Operating profit before provisions 31,804,806 30,803,100
--- --- --- --- --- --- -- --- --- --- --- ----

Provision for diminution in value of investments 2,509,210 25,768,238
Provision/(reversal) for doubtful receivables 1,593,251 (5,139,413)
------------------ ------------------

4,102,461 20,628,825

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PROFIT FOR THE YEAR 27,702,345 10,174,275 MODARABA COMPANY'S MANAGEMENT FEE 2,518,395 924,934

--- --- --- --- --- --- -- --- --- --- --- ----

PROFIT BEFORE TAXATION 25,183,950 9,249,341

PROVISION FOR TAXATION

Prior year (502,527) 2,848,555
Current year 26 (6,225,673) --
------------------ ------------------

(6,728,200) 2,848,555

--- --- --- --- --- --- -- --- --- --- --- ----

PROFIT AFTER TAXATION 18,455,750 12,097,896

UNAPPROPRIATED PROFIT BROUGHT FORWARD 165,279 634,316
PROFIT BROUGHT FORWARD AS ON 01 JULY
1999 OF FIRST CONFIDENCE MODARABA 85,694 --
LOSS BROUGHT FORWARD AS ON 01 FEBRUARY

1999 OF AL ATA LEASING MODARABA -- (271,669)
--- --- --- --- --- --- -- --- --- --- --- ----

250,973 362,647

------------------ ------------------

PROFIT AVAILABLE FOR APPROPRIATIONS 18,706,723 12,460,543

APPROPRIATIONS

Transfer to statutory reserve @ 10% (1999: @ 20%) (1,845,575) (2,420,000)

Transfer from general reserve 5,800,000 4,200,000
Profit distribution Rupee 1.0 (1999: Rupee
0.75) per certificate (22,618,709) (14,075,264)

--- --- --- --- --- --- -- --- --- --- --- ----

(18,664,284) (12,295,264)

--- --- --- --- --- --- -- --- --- --- --- ---- UNAPPROPRIATED PROFIT 42,439 165,279
========== ==========

EARNINGS PER CERTIFICATE-BASIC 27 0.82 0.64

========== ==========

The annexed notes form an integral part of these accounts.

MAHMOOD AHMED RASHID AHMED ZAHEER A. SHAIKH

CHIEF EXECUTIVE DIRECTOR DIRECTOR

Statement of Changes in Financial position
for the year ended June 30, 2000 (Cash Flow Statement)

2000 1999

Rupees Rupees CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation 25,183,950 9,249,341 Adjustments for non-cash charges and other items

Depreciation 272,687,328 189,230,975 Deferred cost amortized 556,944 466,591

(Gain)/loss on sale of investments-Net (12,509,848) 1,757,453 Dividend income (16,139,365) -- Gain on sale of fixed assets (4,551,895) (1,345,071)

Provision for diminution in value of investments 2,509,210 25,768,238
Provision/(reversal) for doubtful receivable 1,593,251 (5,139,413)

--- --- --- --- --- --- -- --- --- --- --- --- -

244,145,625 210,738,773

--- --- --- --- --- --- -- --- --- --- --- ---- Operating profit before working capital changes 269,329,575 219,988,114

Decrease in finances under morabaha arrangements 18,837,035 17,478,461

(Increase) in finances under musharaka arrangements (146,855,095) (207,121,993) Decrease/(increase) in stocks, stores and spares 9,760,883 (80,216)
(Increase)/decrease in advances, deposits, prepayments and
other receivables (81,098,009) 8,311,704
(Decrease)/increase in creditors, accrued and
other liabilities (16,808,048) 20,869,159

--- --- --- --- --- --- -- --- --- --- --- ----

(216,163,234) (160,542,885)

------------------ ------------------ Cash generated from operating activities 53,166,341 59,445,229
Income tax paid (2,405,017) (54,023)
Profit distributed (14,737,758) (1,320)

--- --- --- --- --- --- -- --- --- --- --- ---- NET CASH GENERATED FROM OPERATING ACTIVITIES 36,023,566 59,389,886

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets (288,865,801) (158,026,691)
Proceeds from sale of fixed assets 38,607,977 41,467,899

Increase in investments- Net (75,013,509) (83,656,348) Dividend received 14,361,788 --

--- --- --- --- --- --- -- --- --- --- --- ---- NET CASH USED IN INVESTING ACTIVITIES (310,909,545) (200,215,140)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in redeemable capital 4,500,000 26,750,000 Obligation under lease finance -- (91,263)
Increase in long term finances under morabaha and musharaka arrangements 115,160,903 72,746,135
Increase in short term finances under morabaha and musharaka arrangements 234,040,537 87,428,606
Increase in long term deposits 18,319,490 4,692,332

--- --- --- --- --- --- -- --- --- --- --- ---- NET CASH GENERATED FROM FINANCING ACTIVITIES 372,020,930 191,525,810

NET INCREASE IN CASH AND CASH EQUIVALENTS 97,134,951 50,700,556

CASH AND CASH EQUIVALENTS AT THE BEGINNING
OF THE YEAR 64,182,377 11,766,748

CASH AND CASH EQUIVALENTS TRANSFERRED FROM

First Confidence Modaraba as on 01 July 1999 826,033 -- Al-Ata Leasing Modaraba as on 01 February 1999 -- 1,715,073
--- --- --- --- --- --- -- --- --- --- --- ---- CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR 162,143,361 64,182,377
========== ==========

MAHMOOD AHMED RASHID AHMED ZAHEER A. SHAIKH

CHIEF EXECUTIVE DIRECTOR DIRECTOR

Notes to the Account for the year ended June 30, 2000

1. LEGAL STATUS AND NATURE OF BUSINESS

The Modaraba 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 Crescent

Business Management (Private) Limited. It is listed on all the Stock Exchanges in Pakistan and is engaged in
the business of leasing, morabaha and musharaka financing, investments in marketable securities, trading and
other businesses. First Confidence Modaraba has been merged with First Crescent Modaraba with effect from
01 July 1999 in accordance with the scheme of arrangements allowed by the Lahore High Court, Lahore.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Overall valuation policy

These accounts have been prepared under the historical cost convention.

2.2 Tangible fixed assets

Assets in own use

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the
straight line method whereby the cost of an asset is written off over its estimated useful life. Full year's

depreciation is charged on additions while no depreciation is charged on assets disposed of during the year.

Maintenance and normal repairs are charged to income as and when incurred. Gain/loss on disposal of fixed
assets are included in income currently.

Assets leased out

These are stated at cost less accumulated depreciation. Depreciation is charged to revenue on straight line method whereby the depreciable value of an asset is written off over its expected useful life to Modaraba.
2.3 Stock- in-trade
These are stated at the lower of cost determined on first in first out basis and net realizable value. Net realizable
value signifies the selling price in the ordinary course of business less costs necessarily to be incurred in order

to make the sale. Goods in transit is stated at invoice value plus other charges paid thereon.

2.4 Trade debts Debts considered irrevocable are written-off and provision is made for those debts considered doubtful of
recovery.

2.5 Stores and spares
These are stated at cost determined on first in first out basis.

2.6 Investment

Long term investments are stated at cost. Provision for diminution in the value of investments is made if

considered permanent. Short term investments are stated at lower of cost and market value determined on
aggregate portfolio basis.

2.7 Deferred costs

These are amortized over a period of five years commencing from the year of incurrence.

2.8 Provision for doubtful receivables

Provision for doubtful receivables is made/adjusted after review of outstanding portfolio at the year end on
the basis of NBFIs Regulations as applicable to the Modarabas and management's own judgement.

2.9 Taxation

Provision for current taxation is based on taxable income at current rates of taxation after taking into account

tax credits available. The Modaraba accounts for deferred taxation on all timing differences, using the liability method. However, after amendment in clause 102E of Second Schedule of Part-I of the Income Tax Ordinance, 1979 made through Finance Act, 1998, the Modaraba considers its income other than income

from trading activity exempt from levy of income tax as it distributes 90 percent of its profits to the certificate
holders. Provision for income tax on income from trading activity is made under presumptive tax regime of
the Income Tax Ordinance, 1979.

2.10 Off-setting of financial assets and liabilities
Financial assets and financial liabilities at the year end are off-set and the net amount is reported in the
balance sheet, where the Modaraba has a legally enforceable right to set-off the recognized amounts and
the Modaraba intends either to settle on a net basis or to realize the assets and settle the liability,

simultaneously. Corresponding income on the assets and charge on the liability are also off-set.

2.11 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pak Rupees at the rates of exchange ruling at the
date of transaction. Monetary assets and liabilities in foreign currency are translated into Pak Rupees at the
rate of exchange ruling at the balance sheet date. Exchange gain and losses on translations are included in
income currently

2.12 Staff retirement benefits

The modaraba operates a recognized provident fund for all eligible employees. Equal monthly contributions
are made to the fund both by the modaraba and the employees at the rate of 10% of the basic salary

2.13 Revenue recognition
2.13.1 Lease rentals are recognized as income on accrual basis over the lease period.

2.13.2 Income from morabaha/musharaka transactions is recognized on pro-rata accrual basis taking
into account, the duration of placement of funds and the estimated profit receivable.

2.13.3 Gain/loss on sale of investments is accounted for in the year in which it arises. Income from other

sources is recognized as and when earned. Dividend on equity investment is recognised as and when right to receive is established. In prior years, these were recognise on receipt basis. This
change has been made for appropriate presentation of income. The financial impact of this

change is Rupees 1.778 million.

2.13.4 Profit on bank deposits is recognised on a time proportion basis taking into account, period of
deposit and rate of return applicable thereon.

2000 1999

Rupees Rupees
3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL
10 000 000 modaraba certificates of Rupees 10 each fully paid

up in cash 100 000 000 100 000 000
2 964 518 modaraba certificates of Rupees 10 each issued to
the certificate holders of Al-Ata Leasing Modaraba in
accordance with the scheme of arrangement allowed by the

Lahore High Court, Lahore 29 645 180 29 645 180
3 851 691 modaraba certificates of Rupees 10 each issued to
the certificate holders of First Confidence Modaraba in

accordance with the scheme of arrangement allowed by the

Lahore High Court, Lahore 38 516 910 --
5 802 500 modaraba certificates of Rupees 10 each issued as
fully paid bonus certificates 58 025 000 58 025 000

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226 187 090 187 670 180

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3.1 Crescent Business Management (Private) Limited - Management Company holds 3,395,547
(1999: 2,204,748) modaraba certificates of Rupees 10 each.

4. CAPITAL RESERVE Opening balance 23 822 000 13 700 000
Capital reserve as on 01 February 1999 of Al-Ata Leasing Modaraba -- 7 702 000

Capital reserve as on 01 July 1999 of First Confidence Modaraba 10 066 427 --
Transferred from profit and loss account 1 845 575 2 420 000
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35 754 002 23 822 000

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4.1 Capital reserve represents the merged statutory reserve created to comply with NBFIs Regulations as

applicable to the Modaraba.

5. REVENUE RESERVE-GENERAL Opening balance 45 482 407 25 000 000
Surplus on account of merger (Note 5.1) 4 500 595 24 682 407
--- --- --- --- --- --- -- --- --- --- --- ----

49 963 002 49 682 407

Less: Transferred to profit and loss account 5 800 000 4 200 000

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44 183 002 45 482 407

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5.1 This represents the surplus arising due to the difference between the net assets and paid up value of the
certificates issued to the certificate holders of First Confidence Modaraba (1999: AI-Ata Leasing Modaraba)

after adjusting the inter modaraba holdings in pursuant to the scheme of arrangements allowed by the Lahore High Court, Lahore.

6. FINANCES UNDER MORABAHA AND MUSHARAKA ARRANGEMENTS Morabaha finances (Note 6.1) 69 968 478 81 529 560 Musharaka finances (Note 6.2) 440 158 070 313 436 085

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510 126 548 394 965 645

Less: Current portion (Note 9) 40 357 009 44 740 002

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469 769 539 350 225 643

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6.1 Morabaha finances obtained from the financial institution under morabaha (sale and purchase)
arrangements at a specified profit margin to finance the leased out assets. The morabaha sale and
purchase prices of facilities are Rupees 87.86 million, Rupees 109.2 million, Rupees 40.79 million and

Rupees 51.48 million respectively. Purchase prices are payable in thirty two unequal monthly installments
commencing from 31 May 1999 and 31 December 1999 respectively. The morabaha purchase prices are
secured by way of first hypothecation charge over leased assets and lease rentals and other receivables
of the modaraba and a demand promissory note.

6.2 These represent the finances obtained from financial institutions, corporate bodies and other institutions
under musharaka arrangements on profit and loss sharing basis. The estimated share of profit payable on
these finances ranges between paisas 47 to 58 per Rupees thousand per day.

7. REDEEMABLE CAPITAL

This represents IFC income notes issued according to permission granted by the Registrar Modaraba for expanding leasing activities. International Finance Corporation (IFC) has
subscribed 20 "A" series income notes of face value US$ 250,000 each for an aggregate face
value of US$ 5,000,000 under agreement dated 25 July 1995. These are negotiable instruments
freely transferable at any time by IFC or subsequent holder, if any.

7.1 IFC may exercise an option to convert 20% of the income notes into modaraba certificates at a
price equivalent to the book value at any time before commencement of redemption of the notes.
The unconverted portion of income notes shall be redeemed by the modaraba at par in six equal

semi annual installments payable on 30 September and 31 March in each year commencing on
30 September 2002.

7.2 A first ranking security interest by way of hypothecation of assets covered by each income note

lease and assignment of all income note lease receivables has been created in favour of the
trustee for exclusive benefit of IFC. Al-Faysal Investment Bank Limited has been appointed as a
Trustee, Registrar and Transfer Agent as per terms of income notes agreement.

7.3 The income notes shall have the right, linked to the rights of the holder of the modaraba
certificates, to participate in the profits of the modaraba for each financial year. The profit
participation payable will be equal to aggregate of face value of income notes outstanding at the

end of financial year multiplied by income notes rate determined in accordance with the
agreement.

8. LONG TERM DEPOSITS

Lessees security deposits (Note 8.1) 113 969 942 90 833 416
Less: Current portion (Note 9) 38 603 292 23 742 498
------------------ ------------------

75 366 650 67 090 918

========== ==========

8.1 These represent the interest free security deposits (lease key money) received on lease contracts

and are repayable/adjustable at the expiry/termination of the respective leases.

9. CURRENT PORTION OF LONG TERM FINANCES AND DEPOSITS

Finances under morabaha and musharaka arrangements

(Note 6) 40 357 009 44 740 002
Long term deposits (Note 8) 38 603 292 23 742 498
--- --- --- --- --- --- -- --- --- --- -------

78 960 301 68 482 500

========== ==========

10. FINANCES UNDER MUSHARAKA ARRANGEMENTS

These represent the finances obtained from financial institutions, corporate bodies and other institutions

under musharaka arrangements on profit and loss sharing basis and are unsecured. The estimated share

of profit payable on these finances ranges between paisas 34 to 68 per Rupees thousand per day. The maturity period of these finances ranges between one month to one year.
11. CREDITORS, ACCRUED AND OTHER LIABILITIES
Creditors 5 696 479 16 553 985
Profit accrued on musharaka finances 37 271 488 33 476 293
Profit on IFC income notes 5 899 071 10 935 306
Lease rentals received in advance 10 416 972 12 193 734

Payable to management company 3 640 314 1 300 349 Accrued liabilities 1 066 628 523 335
Sundry payable 1 432 652 854 824

Central excise duty payable -- 383 359 Withholding income tax 227 106 17 701 Due to employees' provident fund trust -- 41 724
Zakat payable (Note 11.1) 602 320 -- Unclaimed profit distribution 4 087 056 274 060

------------------ ------------------

70 340 086 76 554 670

========== ==========

11.1 This represents the zakat deducted on profit distributed to certificate-holders in January 2000 and

deposited in the Central Zakat Fund in November 2000.

12. CONTINGENCIES AND COMMITMENTS

The Modaraba's income tax assessments have been finalized upto the assessment year 1998-99 by

assessing income tax liability amounting to Rupees 4.6 million by the assessing officer under section 80D

of the Income Tax Ordinance, 1979 including additional tax amounting to Rupees 0.504 million. The Modaraba filed appeals with the Commissioner of Income Tax (Appeals) which are still pending. The management is of the view that no minimum tax is not payable under section 80D of the Income Tax Ordinance, 1979 on the modaraba income as per Central Board of Revenue's circular No.24 dated 30 July

1992. Therefore, provision for minimum tax amounting to Rupees 4.6 million has not been made in these
accounts.

13. TANGIBLE OPERATING FIXED ASSETS Assets leased out (Note 13.1) 643 365 501 596 407 274 Assets in own use (Note 13.3) 6 252 167 7 084 893

--- --- --- --- --- --- -- --- --- --- -------

649 617 668 603 492 167

========== ==========

13.1 ASSETS LEASED OUT

COST ACCUMULATED DEPRECIATION

BOOK VALUE

DESCRIPTION As at As at 01 July Additions/ As at As at As at 01 July Adjustments Charge As at AS AT
01 July 1999 First (Deletions) 30 June 01 July 1999 First for the year 30 June 30 JUNE

1999 Confidence 2000 1999 Confidence 2000 2000 Modaraba Modaraba
Plant and machinery 713,178,997 82,740,848 153,739,219 899,693,450 305,859,377 24,219,266 (37,536,740) 199,979,872 492,521,775 407,171,675

(49,965,614) Office equipments 131,384,360 6,650,815 44,992,128 164,172,817 37,833,777 5,154,344 (14,374,073) 28,602,546 57,216,594 106,956,223

(18,854,486) Vehicles 158,691,252 5,794,268 88,079,804 203,732,631 63,154,181 2,634,998 (31,728,398) 40,434,247 74,495,028 129,237,603
(48,832,693)

--- --- --- --- --- --- -- --- --- --- --- ---- --- --- --- --- --- --- -- --- --- --- --- ---- --- --- --- --- --- --- -- --- --- --- --- ---- --- --- --- --- --- --- -- --- --- --- --- ---- --- --- --- --- --- --- -- --- --- --- --- ----

2000 Rupees 1,003,254,609 95,185,931 286,811,151 1,267,598,898 406,847,335 32,008,608 (83,639,211) 269,016,665 624,233,397 643,365,501
(117,652,793)
========== ========== ========== ========== ========== ========== ========== ========== ========== ==========

1999 Rupees 863,271,981 -- 277,108,205 1,003,254,609 316,596,519 -- (97,017,749) 187,268,565 406,847,335 596,407,274
(137,125,577)
========== ========== ========== ========== ========== ========== ========== ========== ========== ==========

13.2 Deletions represent the assets disposed of through negotiation after expiry/termination of leases. However,
in view of the large number of disposals of assets given on lease, the detail of each disposal has not been given.

13.3 ASSETS IN OWN USE

COST ACCUMULATED DEPRECIATION

BOOK VALUE
DESCRIPTION As at As at 01 July Additions/ As at As at As at 01 July Adjustments Charge As at AS AT

01 July 1999 First (Deletions) 30 June 01 July 1999 First for the year 30 June 30 JUNE

1999 Confidence 2000 1999 Confidence 2000 2000 Modaraba Modaraba

Furniture and fixtures 1,349,539 486,909 170,000 2,006,448 1,034,963 283,407 -- 410,028 1,728,398 278,050

Rant and machinery 5,716,947 -- 122,300 5,839,247 1,703,745 -- -- 583,925 2,287,670 3,551,577 Vehicles 3,025,954 94,700 375,669 2,802,523 1,422,672 94,700 (693,800) 815,716 1,639,288 1,163,235
(693,800)

Equipments 3,148,019 1,211,497 1,371,661 5,606,177 2,824,657 1,072,072 (82,500) 1,553,402 5,367,631 238,546
(125,000)
Leased hold improvements 931,170 1,155,313 -- 2,086,483 279,351 672,454 -- 229,382 1,181,187 905,296
Books 376,025 -- 15,020 391,045 197,373 -- -- 78,209 275,582 115,463

--- --- --- --- --- --- -- --- --- --- --- ---- --- --- --- --- --- --- -- --- --- --- --- ---- --- --- --- --- --- --- -- --- --- --- --- ---- --- --- --- --- --- --- -- --- --- --- --- ---- --- --- --- --- --- --- -- --- --- --- --- ----

2000 Rupees 14,547,654 2,948,419 2,054,650 18,731,923 7,462,761 2,122,633 (776,300) 3,670,662 12,479,756 6,252,167
(818,800)

========== ========== ========== ========== ========== ========== ========== ========== ========== ==========

1999 Rupees 13,112,542 -- 1,669,512 14,547,654 5,719,751 -- (219,400) 1,962,410 7,462,761 7,084,893
(234,400)
========== ========== ========== ========== ========== ========== ========== ========== ========== ==========

13.4 DETAIL OF ASSETS SOLD DURING THE YEAR

DESCRIPTION OF ASSETS COST ACCUMULATED BOOK SALE MODE OF PARTICULAR OF BUYER

DEPRECIATION VALUE PROCEEDS DISPOSAL

Photo copier machine 125,000 82,500 42,500 58,000 Trade in Silver Reeds International (Pvt) Limited Honda Civic 3,025,954 1,639,288 1,388,666 --As per Salman Masood - Ex-employee Modaraba Policy
2000 1999

Rupees Rupees
14. LONG TERM INVESTMENTS
Shares of quoted companies and other certificates (Note 14.2) 208 517 238 143 550 450
Shares of unquoted companies (Note 14.3) 5 000 000 6 500 000

Certificates of investment (Note 14.4) 89 850 000 74 792 977
--- --- --- --- --- --- -- --- --- --- --- ----

303 367 238 224 843 427

========== ==========

14.1 The face value of the ordinary shares/certificates of each investee company/modaraba/mutual fund is
Rupees 10 per share/certificate unless otherwise stated. Aggregate break-up value of these investments

other than certificates of investment based on latest published financial statements was Rupees 264.017 million (1999: Rupees 179.482 million). The management intends to retain these investments for a longer
period as the quoted prices are not truly reflective of the state of affairs and operating performance of the
investees.

14.2 SHARES OF QUOTED COMPANIES

NUMBER OF SHARES/ COMPANY 2000 1999
CERTIFICATES
Cost Market Cost Market
2000 1999 value value
Rupees Rupees Rupees Rupees

MUTUAL FUNDS
895 200 --Confidence Mutual Fund Limited 8 952 000 5 818 800 -- --
74 200 --25th ICP Mutual Fund Limited 742 000 263 410 -- --
10 000 --ICP SEMF 340 900 162 000 -- --

MODARABAS

15 505 15 505 First Equity Modaraba 94 165 90 704 94 165 46 515 Managed by Premier Financial Services
(Private) Limited

12 100 12 100 Second Prudential Modaraba 14 026 30 280 14 026 24 200 Managed by Prudential Capital Management
(Private) Limited

44 642 44 642 First Pak Modaraba 58 034 111 605 58 034 71 427 Managed by Royal Management Services
(Private) Limited

- - 500 Al-Zamin Leasing Modaraba -- -- 1 950 1 800 Managed by Al-Zamin Modaraba Management
(Private) Limited

- - 83 Allied Bank Modaraba Managed by Allied Management -- -- 445 519
(Private) Limited

LEASING COMPANIES
2 970 772 1 964 292 Crescent Leasing Corporation Lim 28 873 552 29 707 720 22 283 048 10 803 606

328 040 328 040 Pakistan Industrial Leasing Corpo 11 910 252 2 296 280 11 910 252 1 640 210
Limited

16 200 12 000 Askari Leasing Limited 388 250 157 140 346 250 16 200
19 306 11 701 Atlas Lease Limited 254 570 462 379 196 070 318 852

17 500 16 000 National Development Leasing Co 189 173 86 625 189 173 68 000
Limited

INVESTMENT COMPANIES AND BANKS
593 875 751 875 Pakistan Industrial Credit and Inv 11 998 607 7 601 600 15 739 348 5 413 500

Corporation Limited
395 512 380 512 Crescent Investment Bank Limited 7 977 556 5 734 924 7 604 806 1 921 586
11 112 11 112 Prime Commercial Bank Limited 277 500 53 338 277 500 61 116
-- 58 476 Muslim Commercial Bank Limited -- -- 1 548 925 1 159 595
32 850 32 850 Askari Commercial Bank Limited 1 013 554 453 330 1 013 564 390 915
171 600 156 000 Platinum Commercial Bank Limited 1 616 056 815 100 1 616 056 819 000

15 000 15 000 Trust Investment Bank Limited 150 000 165 000 150 000 120 000

300 300 Prudential Discount and Guarante 1 368 480 1 368 675
Limited
100 100 Al-Towfeek Investment Bank Limi 799 235 799 300
-- 130 Fidelity Investment Bank Limited -- -- 1 300 273
417 656 417 656 Escorts Investment Bank Limited 3 967 734 2 297 108 3 967 734 4 803 044

- - 213 The Bank of Punjab -- -- 12 100 2 822
10 000 10 000 Faysal Bank Limited 212 525 109 500 212 525 85 500

INSURANCE
3 500 3 500 Commercial Union Life Assurance 51 825 33 250 51 825 33 250
Limited

TEXTILES
98 190 80 190 The Crescent Textile Mills Limited 3 054 448 1 531 764 2 553 148 601 425

- - 25 000 Paramount Spinning Mills Limited -- -- 368 750 325 000
9 300 9 300 Sajjad Textile Mills Limited 42 315 11 625 42 315 10 695

50 000 50 000 Service Industries (Textile) Limited 180 000 50 000 180 000 217 500
2 800 4 800 Nafees Cotton Mills Limited 33 619 21 000 57 633 21 600
637 722 637 722 Nazir Cotton Mills Limited 6 369 749 2 550 888 6 369 749 3 026 805
1 045 000 1 045 000 Shaheen Cotton Mills Limited 13 820 629 5 225 000 13 820 629 5 747 500
39 500 39 500 Mohib Textile Mills Limited 79 000 39 800 79 000 17 775
- - 500 Crescent Knitwear Limited -- -- 5 540 6 500

23 000 --Samin Textile Mills Limited 300 610 181 700 -- --

SYNTHETIC & RAYON
124 000 362 000 Dhan Fibres Limited 1 476 830 1 302 000 1 523 075 1 738 100

65 000 --92 Dewan Salman Fibre Limited 1 883 599 1 764 250 -- 2 286

SUGAR & ALLIED INDUSTRIES

329 540 329 540 Shakarganj Mills Limited -- 1 647 700 8 363 330 2 471 550
198 000 198 000 Sakrand Sugar Mills Limited 1 243 525 1 079 100 1 243 525 1 980 000

- - 50 000 Sind Abadgars Sugar Mills Limite -- -- 325 000 350 000
800 800 Kohinoor Sugar Mills Limited 14 760 6 800 14 760 8 200
- - 171 971 Husein Sugar Mills Limited -- -- 3 678 499 2 290 654
18 500 49 500 Noon Sugar Mills Limited 304 027 351 500 813 477 742 500

CEMENT

-- 500 Fecto Cement Limited -- -- 4 100 2 000

350 1 850 Dadabhoy Cement Industries Limi 4 375 8 293 23 125 7 585

166 500 166 500 Fauji Cement Limited 1 993 759 649 350 1 993 759 491 175
- - 35 000 Maple Leaf Cement Company Limi -- -- 134 533 96 250
550 000 221 D.G. Khan Cement Company Limit 4 675 000 4 455 000 13 568 917

198 000 --Chakwal Cement Company Limited 941 914 326 700 -- --

FUEL & ENERGY

45 500 45 500 Maple Leaf Electric Company Limi 927 500 364 000 927 500 166 075

75 000 55 000 Kohinoor Energy Limited 1 203 764 952 500 844 264 605 000
118 000 743 000 Japan Power Generation Company 950 342 613 600 5 983 931 2 897 700
- - 15 050 Karachi Electric Supply Corporati -- -- 196 422 128 678
75 000 75 000 Southern Electric Power Company 1 280 503 600 000 1 280 503 450 000

35 582 550 Sui Northern Gas Pipelines Compa 760 128 576 428 7 126 4 593
85 000 1 220 000 Hub Power Company Limited 2 286 862 1 236 750 21 909 143 17 202 000
394 400 --Pakistan State Oil Limited 66 627 939 64 149 160 -- --

150 000 166 500 Sui Southern Gas Company Limite 3 100 058 2 415 000 -- --

ENGINEERING

27 441 27 441 Crescent Steel and Allied Product 1 183 351 452 777 1 183 351 411 615

TRANSPORT & COMMUNICATION
13 000 13 000 Pakistan International Airlines Cor 118 546 92 300 118 546 167 050
Limited
- - 100 000 Telecard Limited -- -- 2 459 920 1 820 000
510 000 416 000 Pakistan Telecommunications Co 13 252 919 13 770 000 7 818 865 8 257 600
Limited

CHEMICAL & PHARMACEUTICALS
500 000 500 000 Nimir Industrial Chemicals Limited 5 000 000 775 000 5 000 000 850 000
20 000 25 200 ICI (Pakistan) Limited 261 750 303 000 457 469 223 020

CHEMICAL & PHARMACEUTICALS

35 000 25 000 FFC Jordan Fertilizer Company Li 638 600 313 250 487 750 278 750
- - 10 100 Fauji Fertilizers Company Limited -- -- 565 200 411 575
- - 320 Engro Chemical (Pakistan) Limited -- -- 30 400 23 200

GLASS & CERAMICS
453 453 Shabbir Tiles and Ceramics Limite -- 4 711 -- 4 304

OTHERS
258 865 703 558 National Investment Trust Limited 3 662 906 2 851 719 9 973 500 9 638 745

500 000 --WAPDA Bearer Bonds (6th Issue 4 940 000 4 940 000 -- --
50 --National Development Leasing Co 4 999 000 4 999 000 -- --
Limited (14.2.2)

--- --- --- --- --- --- -- --- --- --- --- ---- --- --- --- --- --- --- -- --- --- --- --- ----

235 060 113 177 082 473 168 142 668 91 498 827

Less: Provision for diminution in value of

investments 26 542 875 -- 24 592 218 --

--- --- --- --- --- --- -- --- --- --- --- ---- --- --- --- --- --- --- -- --- --- --- --- ----

208 517 238 177 082 473 143 550 450 91 498 827

========== ========== ========== ==========

14.2.1 These bonds have been issued by Water and Power Development Authority (WAPDA) with
a face value of Rupees 100 each. The sixth issue carries a profit of 19 percent per annum.
Profit is receivable half yearly and these bonds are for a term of ten years maturing in the

year 2001

14.2.2 This represents the term finance certificates (TFC)issued by National Development
Leasing Corporation Limited with a face value of Rupees 100 000 each. These certificates

are issued for a period of five years at a profit of 17 percent per annum receivable bi-
annually.

14.3 SHARES OF UNQUOTED COMPANIES

2000 1999

TEXTILE Rupees Rupees

Crescent Greenwood

300 000 300 000 Limited 3 000 000 3 000 000

Break-up value of
Rupees NIL as per
accounts for the year
ended 30 September

1998 audited by Messrs A.F. Ferguson
and Company

FUEL & ENERGY
Crescent Powertech

500 000 500 000 Limited 5 000 000 5 000 000

Break-up value of
Rupees 21,89 as per
accounts for the year
ended 30 June 1998

audited by Messrs
Ebrahim and Company
------------------ ------------------

8 000 000 8 000 000
Less: Provision for
diminution in value of

investments 3 000 000 1 500 000

--- --- --- --- --- --- -- --- --- --- --- ----

5 000 000 6 500 000

========== ==========

14.3.1 Investment in un-quoted companies has been made as one of the sponsors of the
companies. Public issue of the companies is expected in subsequent period.

2000 1999
Rupees Rupees

14.4 Certificates of investment (Note 14.4.1) 261 500 000 320 781 263
Less: Morabaha facilities availed (Note 14.4.2.) 171 650 000 245 988 286
------------------ ------------------

89 850 000 74 792 977

========== ==========

14.4.1 The proceeds of disbursement of IFC income notes (referred to in note No.7) have been

invested in foreign currency certificates of investment with Al-Faysal Investment Bank
Limited. These will be utilized to redeem the IFC income notes. The maturity dates
coincide with the redemption dates alongwith the amount of income notes. Profit on
foreign currency certificates of investment amounting to US$ 446,868 (1999: US$

488,363) earned during the year under reference.

14.4.2 These are repayable in six equal semi annual installments payable on 30 September and

31 March in each year commencing on 30 September 2002. The profit rates are
estimated to be paisas 38 to 57 per Rupees thousand per day. The morabaha facilities
from Al-Faysal Investment Bank Limited are secured by way of lien on certificates of
investment of US$ 5.000 million (1999: US$ 6.172 million), hypothecation on leased

assets and demand promissory notes.

15. DEFERRED COSTS

IFC income notes issue and other expenses 2 384 583 2 384 583
Less: Amortized todate 2 191 650 1 634 706

--- --- --- --- --- --- -- --- --- --- --- ----

192 933 749 877

========== ==========

16. FINANCES UNDER MORABAHA ARRANGEMENTS

Balance as at 30 June 7 829 262 26 666 297

Less: Provision for doubtful receivables 5 400 000 5 400 000

--- --- --- --- --- --- -- --- --- --- -------

Considered good 2 429 262 21 266 297
========== ==========

16.1 The modaraba has sold goods under morabaha arrangements whereby payment is
deferred alongwith specified profit margin ranging between paisas 51 and 63 per
Rupees thousand per day. These finances are secured by hypothecation and pledge of

goods sold, demand promissory notes and personal guarantees.

17. FINANCES UNDER MUSHARAKA ARRANGEMENTS

These represent the amounts invested in NBFIs and other institutions under musharaka

arrangements on profit and loss sharing basis. Expected rate of profit is ranging
between paisas 51 to 71 per Rupees thousand per day.

18. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES
Profit accrued on Morabaha/Musharaka Finances 35 315 018 27 798 639

------------------ ------------------ Due from lessees 119 362 460 93 227 863
Less: Provision for doubtful receivables 11 017 474 9 424 223

--- --- --- --- --- --- -- --- --- --- -------

108 344 986 83 803 640 Due from stock brokers 41 708 588 2 479 115

--- --- --- --- --- --- -- --- --- --- -------

Profit receivable on certificates of investment 6 817 9131 7 094 889

Profit payable on Morabaha facilities - off setted 1 492 4021 3 475 994

(Note 14.5) ------------------ ------------------
5 325 511 3 618 895

Accrued dividend income 1 777 577 --

Short term prepayments 7 751 582 1 661 661 Advance income tax 5 002 845 2 765 567
Income tax refundable 8 031 265 --

Security deposits 914 770 894 230 Advances to staff-considered good (Note 18.1) 127 542 139 038
Sundry receivables-Considered good 7 331 923 2 459 219
------------------ ------------------

221 631 607 125 620 004

========== ==========

18.1 The maximum aggregate amount due from staff at the end of any month during the period was

Rupees 406,306 (1999: Rupees 663,729).

18.2 This includes amount of Rupees 4,736,000 representing bankers acceptances issued and held for

the negotiation of auctionable goods with Customs Authority.

19. CASH AND BANK BALANCES Cash in hand 21 505 35 449 Cash with banks Deposit accounts 6 744 587 1 595 047

Current accounts 150 761 119 58 983 881

Cash reserve with State Bank of Pakistan (Note 19.1) 4 616150 3 568 000

--- --- --- --- --- --- -- --- --- --- -------

162 121 856 64 146 928

------------------ ------------------

162 143 361 64 182 377

========== ==========

19.1 It is interest free deposit with State Bank of Pakistan as required under NBFIs Regulations

applicable to the modaraba.

20. REVENUE FROM OTHER SERVICES Dry cleaning services 3 432 349 1 295 792
Less: Discount allowed to customers 447 080 135 203

--- --- --- --- --- --- -- --- --- --- -------

2 985 269 1 160 589

First CecnModarb Lmte- AnualRep PakSech.htp:/w.akserchom/Anual0FCM[42501 38P]

========== ==========

21. FEE, COMMISSION AND OTHER INCOME
Fee and commission 3 473 447 1 260 666

Return on investments Dividend income 16 139 365 3 463 071 Gain on sale of investments 12 509 848 53 875

--- --- --- --- --- --- -- --- --- --- --- ----

28 649 213 3 516 946

Profit on short term placement of funds with NBFIs 2 883 586 1 234 375 Gain on sale of fixed assets 4 551 895 1 345 071

Exchange gain on foreign currency deposits -- 6 270 248 Miscellaneous income 371 808 124 003

--- --- --- --- --- --- -- --- --- --- --- --- -

39 929 949 13 751 309

========== ==========

22. TRADING INCOME

Sales 121 450 168 --

Less: Cost of goods sold (Note 22.1) 114 779 455 --
--- --- --- --- --- --- -- --- --- --- --- --- -

6 670 713 --

========== ==========

22.1 COST OF GOODS SOLD

Stock-in-transit as on 01 July 9 675 361 --

Cost of goods imported 78 908 106 --
Custom duty 22 872 426 --

Insurance 470 579 -- Other import expenses 2 852 983 --
Stock as on 30 June -- --

--- --- --- --- --- --- -- --- --- --- --- --- -

114 779 455 --

========== ==========

23. FINANCIAL CHARGES

Profit on Morabaha/Musharaka finances 134 039 846 102 073 650

Profit on Morabaha facilities off-setted 36 366 627 40 303 899

Profit on certificates of investment off-setted (Note 14.5) 23 888 550 20 661 267
--- --- --- --- --- --- -- --- --- --- --- --- -

12 478 077 19 642 632

Bank charges and commission 111 755 242 037
Profit on IFC income notes 5 899 071 10 935 306

--- --- --- --- --- --- -- --- --- --- --- --- -

152 528 749 132 893 625

========== ==========

24. COST OF OTHER SERVICES

Salaries, allowances and other benefits 1 406 644 514 671
Rent, rates and taxes 697 708 265 464

Packing material, detergents and store consumed 576 840 204 747
Electricity, gas and water 558 707 188 602

Insurance and security 35 069 22 741
Repair and maintenance 57 149 61 647
Printing and stationery 61 987 21 857
Travelling and vehicle running 116 931 31 438

Telephone and telegrams 54 239 14 232 Advertisement 44 584 5 000
Fees and subscription 15 624 20 000

Entertainment 38 049 6 968 Depreciation 778 030 321 725 Miscellaneous 53 985 18 740

------------------ ------------------

4 495 546 1 697 832

========== ==========

25. OTHER EXPENSES AND CHARGES

Salaries, allowances and other benefits (Including 5 836 612 4 174 450
contribution to provident fund of Rupees 326,358 (1999:
Rupees 309,731) (Note 25.1)
Staff training and development 325 319 33'1 969

Postage, telephone and telex 1 716 489 849 700 Documentation and stationery 1 793 905 774 002
Fee and subscription 1 076 125 479 841
Legal and professional 2 175 005 2 200 283
Lease rentals 364 764 565 540

Travelling and vehicles' running 1 267 701 712 107
Electricity 461 076 249 461

Insurance 275 221 394 728 Auditors' remuneration (Note 25.3) 57 500 55 000 Deferred cost amortized 556 944 466 591

Loss on sale of investments -- 1 811 328

Zakat 35 707 204 876 Miscellaneous 5 517 587 3 083 985

--- --- --- --- --- --- -- --- --- --- --- --- -

21 459 955 16 353 861

========== ==========

25.1 REMUNERATION OF OFFICERS AND OTHERS

The aggregate amount charged in the accounts for the year for remuneration, allowances and other

benefits to the officers and other employees of the modaraba was as follows:

2000 1999

Officers Other Officers Other
Employees Employees
Rupees Rupees Rupees Rupees

Basic salary 1 355 988 1 741 076 878 400 1 056 932 Allowances and other benefits (N 1 207 445 1 532 103 1 275 577 963 541

------------------ ------------------ ------------------ ------------------

2 563 433 3 273 179 2 153 977 2 020 473

========== ========== ========== ========== Number of persons 8 39 5 16

25.2 In addition, modaraba has also provided facility of vehicles to its three officers.

2000 1999
Rupees Rupees
25.3 AUDITORS' REMUNERATION

Audit fee 50 000 47 500 Out of pocket expenses 7 500 7 500

--- --- --- --- --- --- -- --- --- --- --- --- -

57 500 55 000

========== ==========

26. PROVISION FOR TAXATION - CURRENT YEAR

This represents the provision for income tax on trading income under presumptive tax regime under the

Income Tax Ordinance, 1979 (Refer to note 2.9).

27. EARNINGS PER CERTIFICATE

There is no dilutive effect on the basic earnings per certificate of the modaraba, which is based on:

2000 1999

Profit after taxation Rupees 18 455 750 12 097 896 Number of modaraba certificates 22 618 709 18 767 018
Earnings per certificate- Basic Rupees 0.82 0.64

28. RENTALS RECEIVABLE WITHIN NEXT TWELVE MONTHS
Lease rentals receivable during the next twelve months ending on 30 June 2001, on the basis of lease
agreements executed upto 30 June 2000 aggregate to approximately Rupees 288.853 million (1999:

Rupees 240.865 million).

29. STATEMENT OF CHANGES IN EQUITY

Certificate Capital General Un-appropriated Total
Capital Reserve Reserve Profit
Rupees Rupees Rupees Rupees Rupees

Balance as at 30 June 1998 158 025 000 13 700 000 25 000 000 634 316 197 359 316

2 964 518 certificates issued

to the certificate holders of Al- Ata Leasing Modaraba 29 645 180 -- -- -- 29 645 180
Reserves/(loss) of Al-Ata
Leasing Modaraba as on 01

February 1999 -- 7 702 000 24 682 407 (271 669) 32 112 738 Net profit for the year -- -- -- 12 097 896 12 097 896
Transferred to profit and loss
account -- -- (4 200 000) 4 200 000 --

Transferred to capital reserve -- 2 420 000 -- (2 420 000) --
Profit distribution -- -- -- (14 075 264) (14 075 264)
------------------ ------------------ ------------------ ------------------ ------------------

Balance as at 30 June 1999 187 670 180 23 822 000 45 482 407 165 279 257 139 866

3 851 691 certificates issued
to the certificate holders of
First Confidence Modaraba 38 516 910 -- -- -- 38 516 910

Reserves/(loss) of First
Confidence Modaraba as on

01 July 1999 -- 10 086 427 4 500 595 85 694 14 672 716 Net profit for the year -- -- -- 18 455 750 18 455 750
Transferred to profit and loss
account -- -- (5 800 000) 5 800 000 --
Transferred to capital reserve -- 1 845 575 -- (1 845 575) --

Profit distribution -- -- -- (22 618 709) (22 618 709)
--- --- --- --- --- --- -- --- --- --- --- --- - --- --- --- --- --- --- -- --- --- --- --- --- - --- --- --- --- --- ---

Balance as at 30 June 2000 226 187 090 35 754 002 44 183 002 42 439 306 166 533

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30. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of financial assets and financial liabilities approximates their fair values as reflected in
the financial statements except for investments stated in note No.14 at cost less provision for diminution in
value.

31. CREDIT RISK EXPOSURE

The Modarabas credit risk exposure is not much different from that shown in annual accounts. The management has developed such procedures to efficiently monitor the credit risk exposure through initial
credit approvals, monitoring of clients credit exposures and limits, adopting a prudent approach for
collateral policy and conservative estimates of provisions for doubtful receivables.

32. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local
currency. Payables exposed to foreign currency risks are covered through placement of foreign currency

deposits/certificates.

32. GENERAL

33.1 Current year's accounts reflects the combined results of the merged modaraba with effect from 01 July
1999 (First Crescent Modaraba and First Confidence Modaraba) whereas corresponding figures are of

then merged modaraba with effect from 01 February 1999 (First Crescent Modaraba and AI-Ata Leasing Modaraba).

33.2 Corresponding figures relating to last year have been re-arranged and re-grouped wherever necessary for
the purpose of comparison.

33.3 Office space has been provided by the management company.

MAHMOOD AHMED RASHID AHMED ZAHEER A. SHAIKH
CHIEF EXECUTIVE DIRECTOR DIRECTOR

Pattern of Holding of Certificates as at June 30, 2000

- Certificate Holding - Total
No. of Certificates

Certificates From To Held

983

1 100 50,308
946 101 500 226,880

1573 501 1000 1,083,673
1037 1001 5000 2,202,610
185 5001 10000 1,395,959

60 10001 15000 735,792
40 15001 20000 669,987

34 20001 25000 776,211 7 25001 30000 192,297
21 30001 35000 666,953

10 35001 40000 365,993 7 40001 45000 290,523

12 45001 50000 566,009 7 50001 65000 369,489 3 65001 75000 199,761

13 75001 85000 1,011,132 2 85001 95000 170,375 1 95001 100000 91,824 3 100001 105000 297,936 3 110001 115000 338,159 1 120001 125000 123,653 1 125001 130000 126,420 1 130001 135000 133,075 1 135001 140000 139,378 1 145001 150000 147,345 1 180001 185000 182,000 1 205001 210000 205,312 1 220001 225000 223,192 1 270001 275000 253,246 1 275001 360000 332,940 1 360001 545000 506,850 1 610001 615000 611,966 1 805001 810000 805,411 1 520001 825000 824,199 1 1275001 1280000 1,275,009 1 1630001 1635000 1,631,295 1 3300001 3400000 3,395,547

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4964 22,618,709

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Categories of Certificates Holders Numbers Certificates Held Percentage

Individuals 4885 11,319,130 50.043

Financial Institutions 20 4,081,039 18.043
Insurance Companies

9 1,223,746 5.410
Investment Companies 11 1,266,903 5.601

Joint Stock Companies 23 692,566 3.062 Modaraba Company 1 3,395,547 15.012 Others 15 639,778 2.829

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Total 4964 22,618,709 100.000

========== ========== ========== Others Modarabas 10 549,406 2.429 Non Resident 3 59,387 0.263

Trust

2 30,985 0.137
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Total 15 639,778 2.829

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NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the 1st Annual Review Meeting of Modaraba's Certificate holders will be held on

Saturday, February 24, 2001 at 10:30 a.m. at Avari Hotel, Lahore to review the performance of Modaraba
for the year ended June 30, 2000 in terms of Clause 20 of Prudential Regulations for Modarabas issued
vide Circular No. 5/2000.

By Order of the Board

Lahore Tariq Aleem
February 03, 2001 Company Secretary

Notes:

1. The Modaraba Certificates transfer books shall remain closed from 23-02-2001 to 01-03-2001

(both days inclusive) to determine the names of certificate holders entitled to receive dividend and

to attend the Annual Review Meeting. Transfers received in order at the registered office of the Modaraba at 2nd Floor, 131-A, E/l, Main Boulevard, Gulberg-III, Lahore at the close of business on
22-02-2001 will be treated in time.

2. The Registered Office of Crescent Business Management (Private) Limited has been changed

from its previous location at 83-Babar Block, New Garden Town, Lahore to 2nd Floor, 131-A, E/l, Main Boulevard, Gulberg-III, Lahore. Therefore, all the future correspondence relating to
share/certificate transfers relating to Crescent Business Management (Private) Limited and First
Crescent Modaraba shall be directed to the new address.