

First Crescent Modaraba

Annual Report 2001

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COOPERATE INFORMATION

BOARD OF DIRECTORS OF CRESCENT BUSINESS MANAGEMENT (PVT) LIMITED

Mahmood Ahmed (Chief Executive)
Dr. Waseem Azhar
Muhammad Awais Qureshi
Zaheer A. Shaikh

CORPORATE SECRETARY

Tariq Aleem

AUDITORS

Riaz Ahmad and Company

LEGAL ADVISORS

Hassan and Hassan Advocates

PRINCIPAL OFFICE

14-C, Main Gulberg, Jail Road,
Lahore, Pakistan
Tel: 92-42-5870360-3
Fax: 92-42-5870359

REGISTERED OFFICE

2nd Floor, 131-A, E/1
Main Boulevard, Gulberg III,
Lahore, Pakistan
Tel: 92-42-5712036, 5877087
Fax: 92-42-5877325

INVESTORS' INFORMATION

STOCK EXCHANGE LISTING

First Crescent Modaraba is listed
on the Karachi, Lahore and Islamabad
Stock Exchange

Daily quotes on Crescent Modaraba
Certificates can be obtained from leading
newspapers, listed under "Modaraba Companies"

CERTIFICATE HOLDERS INFORMATION

Inquires concerning lost stock certificates, dividend payments, changes of address, verification of transfer deeds and certificates transfer should be directed to:

FIRST CRESCENT MODARABA

2nd Floor, 131-A, E/1
Main Boulevard, Gulberg III, Lahore. Pakistan
Tel: 92-42-5712036, 5710759
Fax: 92-42-5712446

PUBLIC INFORMATION

Financial analysts, stock brokers, interested investors and financial media desiring information about

FIRST CRESCENT MODARABA

should contact the following individual in corporate Investor Relations:

SHAHID LATIF DAR

14-C, Main Gulberg, Jail Road,
Lahore, Pakistan
Tel: 92-42-5870360-3
Fax: 92-42-5870359

DIRECTORS' REPORT

It is a great pleasure to present to you the tenth Annual Report of First Crescent Modaraba (FCM), which covers the tenth 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

Economic performance during the year 2000-2001 was characterized by government efforts to bring macroeconomic fundamentals back on track with a result that the fiscal deficit was contained within its targeted level, inflation was low, current account was in surplus. The policy changes made to address the underlying structural problems altered the incentive structure for the private sector. Compounded by agricultural growth, private sector investment remained stagnant reducing the pace of privatization. Resultantly, Pakistan's aggregate growth level was restricted to 2.6 against a target of 5.0 percent.

In the real sector, persistent drought conditions did not allow the agriculture sector to show any positive growth. During the year under review, the textile exports fell short of the target. In the external sector, a current account surplus and the depreciation of 19% in Rupee/Dollar parity were noteworthy achievements. However, these improvements in the external gap failed to ease the pressure on the rupee on account of change in exchange rate regime. The monetary policy of central bank remained tight during the year.

The scenario discussed above has affected the performance of financial sector. It would be pertinent to note that September 11 attacks have further intensified the global recession that is clearly shown in the financial markets the world over. Global recession is likely to spread through international trade and expected to have a negative bearing on Pakistan's economy in the short-term future.

STOCK MARKET

The bearish trends in the last year due to the investors' loss of hope for a quick privatization of state-owned utilities and concerns about the un-sustainability of Badla (carry-over transactions) continued in the current year. The negative trends were augmented by rising interest rates and the depreciating exchange rates, to the drawn out impact of tax survey and faltering hopes of an early

end to Hubco-WAPDA dispute. By early-November, the market started sliding, investor expectations concerning certain blue-chip companies and the textile sector, turned sour. During this downward movement, heavy speculation in the form of short selling compounded the fall. In order to minimize the fall, SECP prohibited carryover transaction of sale position on all scrips. In December, the market responded positively to Pakistan's agreement with the IMF. However, the upward trend was short lived due to the introduction of T+3 settlement system and negative reports by international lending agencies suspecting Pakistan's ability to meet revenue targets, lower than expected GDP growth, tight monetary policy and continuous depreciation of rupee leading to a KSE index of 1366 at June 30, 2001.

OPERATING AND INVESTING PERFORMANCE

As on 30 June 2001 total assets of First Crescent Modaraba were Rs.1,980.96 million as against the outstanding of Rs.1,860.70 million on the corresponding date of last year. During the year under review lease disbursement of Rs. 204.25 million were made despite the extremely competitive leasing business. Net leased assets as on June 30, 2001 amounted to Rs. 524.89 million. Depreciation charge for the year under review was Rs. 270.00 million as compared to Rs. 271.91 million charged in the last year.

RESOURCE MOBILIZATION

As at 30th June 2001, the Modaraba had an outstanding amount of Rs. 1,469.91 mobilized under Morabaha / Musharika arrangements etc. as against Rs.1,347.60 million for the last year showing an increase of 9% over the previous year.

BALANCE SHEET & OPERATING RESULTS

Total assets of the Modaraba increased by Rs. 120.26 million (6.46%) during 2000-2001 to Rs. 1,980.96 million. The Modaraba earned an operating profit of Rs. 41.54 million before provisions during the year. The net profit after tax for the year was Rs. 14.27 million. A dividend income amounting to Rs. 14.51 was earned on equity investments during the year.

The long awaited formal notification exempting Modarabas from the ambit of Section 80D regarding Minimum Tax on Turnover has been issued during the year under review. The subject year was the third 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)		
	<i>Amount for t</i>	<i>Amount for t</i>	<i>% change over</i>
	<i>Year Ended</i>	<i>Year Ended</i>	<i>previous year</i>
	<i>30 June 2001</i>	<i>30 June 2000</i>	
INCOME			
Rental / Profit on lease and Morabaha financing	488.81	432.61	12.99
Dividend / Capital Gains	14.51	28.65	(49.35)
Fees, Commission and other gains	5.73	8.03	(28.64)
Profit on placements etc.	4.66	3.26	42.94
Revenue from other services	1.57	2.98	(47.31)
Trading income	30.66	6.67	359.67
	-----	-----	-----
Total Income	545.94	482.20	13.22
	-----	-----	-----
EXPENDITURE			
Charges / profit/return paid on lease, Morabaha and Mushari	467.11	424.44	(10.05)
Cost of other services	2.00	4.49	55.46
Provisions	9.21	4.10	(124.63)
Establishment & other operating expenses	35.29	21.46	(64.44)
	-----	-----	-----
Total Expenditure	513.61	454.50	(13.00)
	-----	-----	-----
NET PROFIT (Before Management fee & tax)	32.33	27.70	16.71
Management fee	(2.17)	(2.52)	
Provision for taxation	(15.89)	(6.72)	

NET PROFIT	14.27	18.46
Un-appropriated profit b/f	0.04	0.25
PROFIT AVAILABLE FOR APPROPRIATION	14.31	18.71
APPROPRIATIONS		
Transfer to Statutory Reserve	(1.43)	(1.85)
Transfer from General Reserve	4.10	5.80
Profit distribution @ 7.50 % (2000: 10%)	(16.96)	(22.62)
Un-appropriated profit	0.02	0.04

WEBSITE

During the year First Crescent Modaraba launched its website at www.crescentmodaraba.com that contains information about the Modaraba and its activities being carried out in accordance with Islamic Sharia.

PROFIT DISTRIBUTION

A profit distribution of Re. 0.75 (7.50%) per certificate of Rs. 10 each has been approved by the Board of Directors in its meeting held on December 8, 2001 for the year ended June 30, 2001. The distribution will be subject to zakat and tax at source where applicable.

OBJECTIVES FOR 2001-2002

With a successful experience of the previous two mergers of Al Ata Leasing Modaraba and First Confidence Modaraba into FCM, the Modaraba will be looking forward for any opportunity that may arise in future. 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. Mobilization of long-term funds shall also be done on priority basis. The Modaraba also plans to increase its trading activities in a planned manner. The Modaraba also plans to continue the portfolio management services for its clients during the year 2001-2002.

AUDITORS:

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

BOARD OF DIRECTORS

Following changes took place in the Board of Directors of Modaraba Company during the year under review:

Dr. Wasim Azhar joined in as a Director on the Board. We welcome him and hope that Modaraba will benefit from his presence on the Board.

Mr. Rashid Ahmed resigned from the office of Director of the company. The Board wishes to place on record its appreciation for Mr. Rashid Ahmed for his valuable services rendered to the Modaraba.

ACKNOWLEDGEMENT

We would like to thank the Securities and Exchange Commission of Pakistan, Registrar of Modaraba and the State Bank of Pakistan for their continued guidance and support as the regulators for the growth and betterment of the financial sector.

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

On Behalf of the Board**MAHMOOD AHMED**

Chief Executive

Dated: December 8, 2001

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed Balance Sheet as at 30 June 2001 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 2001 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 2001 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
Chartered Accountants

LAHORE: December 8, 2001

BALANCE SHEET AS AT JUNE 30, 2001

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
EQUITY AND LIABILITIES			
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	226 187 090
Reserves and surplus			
Capital reserve	4	37 181 064	35 754 002
Revenue reserve-General	5	40 083 002	44 183 002
Unappropriated profit		21 966	42 439
		-----	-----
		303 473 122	306 166 533
NON-CURRENT LIABILITIES			
Finances under morabaha and musharaka arrangements	6	476 018 244	469 769 539
Redeemable capital	7	320 750 000	261 500 000

Long term deposits	8	65 151 498	75 366 650
		861 919 742	806 636 189
CURRENT LIABILITIES			
Current portion of long term finances and deposits	9	71 988 885	78 960 301
Finance under morabaha arrangement	10	50 000 000	--
Finances under musharaka arrangements	11	594 871 051	575 976 606
Creditors, accrued and other liabilities	12	81 743 351	70 340 086
Profit distribution		16 964 032	22 618 709
		-----	-----
		815 567 319	747 895 702
CONTINGENCIES AND COMMITMENTS			
	13	--	--
		-----	-----
TOTAL EQUITY AND LIABILITIES			
		1 980 960 1831	860 698 424
		=====	=====
ASSETS			
NON-CURRENT ASSETS			
Tangible operating fixed assets	14	540 774 379	649 617 668
Long term investments	15	369 888 412	303 367 238
Deferred costs	16	--	192 933
		-----	-----
		910 662 791	953 177 839
CURRENT ASSETS			
Finances under morabaha arrangements	17	1 429 262	2 429 262
Finances under musharaka arrangements	18	809 421 762	560 888 303
Advances, deposits, prepaymerits and other receivables	19	238 907 718	181 986 793
Stores and spares		--	72 866
Cash and bank balances	20	20 538 650	162 143 361
		-----	-----
		1 070 297 392	907 520 585
		-----	-----
TOTAL ASSETS			
		1 980 960 1831	860 698 424
		=====	=====

The annexed notes form an integral part of these accounts.

MAHMOOD AHMED
CHIEF EXECUTIVE
Crescent Business Management
(Private) Limited

MUHAMMED AWAIS QURESHI
DIRECTOR
Crescent Business Management
(Private) Limited

ZAHEER A. SHAIKH
DIRECTOR
Crescent Business Management
(Private) Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2001

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
OPERATING INCOME			
Lease rentals		332 648 611	368 196 692
Profit on morabaha and musharaka finances		156 163 719	64 415 730
Revenue from other services	21	1 567 569	2 985 269
Fee, commission and other income	22	24 903 198	39 929 949
Trading income	23	30 660 140	6 670 713
		-----	-----
		545 943 237	482 198 353
OPERATING EXPENSES			
Financial charges	24	197 106 156	152 528 749
Depreciation		270 005 251	271 909 297

Cost of other services	25	2 003 793	4 495 546
Other expenses and charges	26	35 286 174	21 459 955
		-----	-----
		504 401 374	450 393 547
		-----	-----
Operating profit before provisions		41 541 863	31 804 806
Provision for diminution in value of investments		--	2 509 210
Provision for doubtful receivables		9 206 652	1 593 251
		-----	-----
		9 206 652	4 102 461
		-----	-----
		32 335 211	27 702 345
MODARABA COMPANY'S MANAGEMENT FEE		2 175 085	2 518 395
		-----	-----
PROFIT BEFORE TAXATION		30 160 126	25 183 950
PROVISION FOR TAXATION			
Current year	27	(15 889 505)	(6 225 673)
Prior year		--	(502 527)
		-----	-----
		(15 889 505)	(6 728 200)
		-----	-----
PROFIT AFTER TAXATION		14 270 621	18 455 750
UNAPPROPRIATED PROFIT BROUGHT FORWARD		42 439	165 279
PROFIT BROUGHT FORWARD AS ON 01 JULY			
1999 OF FIRST CONFIDENCE MODARABA		--	85 694
		-----	-----
		42 439	250 973
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATIONS		14 313 060	18 706 723
APPROPRIATIONS			
Transfer to statutory reserve @10%		(1 427 062)	(1 845 575)
Transfer from general reserve		4 100 000	5 800 000
Profit distribution Rupee 0.75 (2000: Rupee			
1.00) per certificate		(16 964 032)	(22 618 709)
		-----	-----
		(14 291 094)	(18 664 284)
		=====	=====
UNAPPROPRIATED PROFIT		21 966	42 439
		=====	=====
EARNINGS PER CERTIFICATE-BASIC	28	0.63	0.82
		=====	=====

The annexed notes form an integral part of these accounts.

MAHMOOD AHMED
CHIEF EXECUTIVE
Crescent Business Management
(Private) Limited

MUHAMMED AWAIS QURESHI
DIRECTOR
Crescent Business Management
(Private) Limited

ZAHEER A. SHAIKH
DIRECTOR
Crescent Business Management
(Private) Limited

STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
FOR THE YEAR ENDED JUNE 30, 2001

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30 160 126	25 183 950
Adjustments for non-cash charges and other items		
Depreciation	270 005 251	272 687 328

Deferred cost amortized	192 933	556 944
(Gain)/loss on sale of investments-Net	14 452 237	(12 509 848)
Dividend income	(14 514 104)	(16 139 365)
Gain on sale of fixed assets	(3 014 652)	(4 551 895)
Provision for diminution in value of investments	--	2 509 210
Provision for doubtful receivable	9 206 652	1 593 251
	-----	-----
	276 328 317	244 145 625
	-----	-----
Operating profit before working capital changes	306 488 443	269 329 575
Decrease in finances under morabaha arrangements	1 000 000	18 837 035
(Increase) in finances under musharaka arrangements	(248 533 459)	(186 499 909)
Decrease in stocks, stores and spares	72 866	9 760 883
(Increase)/decrease in advances, deposits, prepayments and other receivables	(72 419 274)	(41 453 195)
(Decrease)/increase in creditors, accrued and other liabilities	12 651 257	(16 808 048)
	-----	-----
	(307 228 610)	(216 163 234)
	-----	-----
Cash (used in) / generated from operating activities	(740 167)	53 166 341
Income tax paid	(10 120 641)	(2 405 017)
Profit distributed	(23 866 701)	(14 737 758)
	-----	-----
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(34 727 509)	36 023 566
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(210 955 945)	(288 865 801)
Work in progress	(8 686 597)	--
Proceeds from sale of fixed assets	61 495 231	38 607 977
Increase in investments - Net	(80 973 411)	(75 013 509)
Dividend received	15 036 938	14 361 788
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(224 083 784)	(310 909 545)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in redeemable capital	59 250 000	4 500 000
(Decrease)/increase in long term finances under morabaha and musharaka arrangements	(5 832 878)	115 160 903
increase in short term finances under morabaha and musharaka arrangements	68 894 445	234 040 537
(Decrease)/increase in long term deposits	(5 104 985)	18 319 490
	-----	-----
NET CASH GENERATED FROM FINANCING ACTIVITIES	117 206 582	372 020 930
	-----	-----
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(141 604 711)	97 134 951
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	162 143 361	65 008 410
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20 538 650	162 143 361
	=====	=====

MAHMOOD AHMED
CHIEF EXECUTIVE
Crescent Business Management
(Private) Limited

MUHAMMED AWAIS QURESHI
DIRECTOR
Crescent Business Management
(Private) Limited

ZAHEER A. SHAIKH
DIRECTOR
Crescent Business Management
(Private) Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2001

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.

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 Investments

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 and the management intends to continue to avail the tax exemption. Provision for income tax on income from trading activity is made under presumptive tax regime of the Income Tax Ordinance, 1979. Therefore, no provision for deferred tax is required.

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.

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.

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
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 AI-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	38 516 910
5 802 500 modaraba certificates of Rupees 10 each issued as fully paid bonus certificates	58 025 000	58 025 000
	-----	-----
	226 187 090	226 187 090
	=====	=====

3.1 Crescent Business Management (Private) Limited - Management Company holds 3,433,903 (2000: 3,395,547) modaraba certificates of Rupees 10 each.

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
4. CAPITAL RESERVE		
Opening balance	35 754 002	23 822 000
Capital reserve as on 01 July 1999 of First Confidence Modaraba	--	10 066 427
Transferred from profit and loss account	1 427 062	1 845 575
	-----	-----
	37 181 064	35 754 002
	=====	=====

4.1 Capital reserve represents the statutory reserve created to comply with NBFIs Regulations as applicable to the Modaraba.

5. REVENUE RESERVE-GENERAL

Opening balance	44 183 002	45 482 407
Surplus on account of merger	--	4 500 595
	-----	-----
	44 183 002	49 983 002
Less: Transferred to profit and loss account	4 100 000	5 800 000
	-----	-----
	40 083 002	44 183 002
	=====	=====

6. FINANCES UNDER MORABAHA AND MUSHARAKA ARRANGEMENTS

Morabaha finances (Note 6.1)	29 611 469	69 968 478
Musharaka finances (Note 6.2)	474 682 201	440 158 070
	-----	-----
	504 293 670	510 126 548
Less: Current portion (Note 9)	28 275 426	40 357 009
	-----	-----
	476 018 244	469 769 539
	=====	=====

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. These are payable in thirty two unequal monthly instalments commencing from 31 May 1999 and 31 December 1999 respectively and are secured by way of first hypothecation charge over leased assets, lease rentals and other receivables of the modaraba, 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 instalments 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. AI-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.

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
8. LONG TERM DEPOSITS		
Lessees' security deposits (Note 8.1)	108 864 957	113 969 942
Less: Current portion (Note 9)	43 713 459	38 603 292
	-----	-----
	65 151 498	75 366 650
	=====	=====

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)	28 275 426	40 357 009
Long term deposits (Note 8)	43 713 459	38 603 292
	-----	-----
	71 988 885	78 960 301
	=====	=====

10. FINANCE UNDER MORABAHA ARRANGEMENT

This represents the finance obtained from a financial institution under morabaha (sale and purchase) arrangement at a specified profit margin to finance the leased out assets. The morabaha purchase and sale price of facility is Rupees 50.00 million and Rupees 59.34 million respectively. Purchase price is payable on maturity. The morabaha purchase price is secured by way of first hypothecation charge over leased assets and lease rentals and other receivables of the modaraba and a demand promissory note.

11. 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.

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
12. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	7 794 466	5 696 479
Profit accrued on musharaka finances	44 775 139	37 271 488
Profit on IFC income notes	7 199 278	5 899 071
Lease rentals received in advance	11 884 926	10 416 972
Payable to management company	3 426 669	3 640 314
Accrued liabilities	443 237	1 066 628
Sundry payable	3 184 997	1 432 652
Withholding income tax	51 576	227 106

Due to employees' provident fund trust	77 290	--
Zakat payable (Note 12.1)	66 709	602 320
Unclaimed profit distribution	2 839 064	4 087 056
	-----	-----
	81 743 351	70 340 086
	=====	=====

12.1 This represents the zakat deducted on profit distributed to certificate-holders in March 2001 and deposited in the Central Zakat Fund in November 2001 (Month of Ramazan).

13. 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 minimum tax is not payable under section 80D of the Income Tax Ordinance, 1979 on the modaraba income. Therefore, no provision for minimum tax amounting to Rupees 4.6 million has been made in these accounts.

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
Assets in own use (Note 14.3)	7 196 819	6 252 167
	532 087 782	649 617 668
Capital work in progress (office building on freehold land)	-----	-----
	8 686 597	--
	-----	-----
	540 774 379	649 617 668
	=====	=====

14.1 Assest Leased out

	COST			ACCUMULATED DEPRECIATION			Book Value	
	<i>As at 01 2000</i>	<i>Additions/ (Deletions)</i>	<i>As at 30 June 2001</i>	<i>As at 01 July 2000</i>	<i>Adjustment</i>	<i>Charge for the year</i>	<i>As at 30 June 2001</i>	<i>As AT 30 JUNE 2001</i>
Plant arid machinery	939 366 601	74 036 968 (255 064 899)	788 358 870	492 521 775	(229 443 898)	181 541 078	444 618 958	318 719 715
Office equipments	132 830 920	43 950 495 (56 160 582)	120 820 8;33	57 216 595	(38 328 668)	35 679 482	54 86? 409	86 083 424
Vehicles	195 401 377	86 259 250 (51 211 609)	230 449 019	74 495 028	(40 638 717)	51 474 883	88 331 194	146 117 824
2001 Rupees	1 267 598 898	204 246 713 1 (362 437 090)	1 109 408 621	624 233 398	(308 411 283)	268 695 443	584 \$17 \$88	824 890 983
2000 Rupees	1 098 440 540	286 611 151 1 (117 652 793)	1 267 598 898	438 855 943	(83 639 211)	269 016 665	624 233 397	643 365 501
	-----	-----	-----	-----	-----	-----	-----	-----

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

14.3 ASSETS IN OWN USE

	COST			ACCUMULATED DEPRECIATION			Book Value	
	<i>As at 01 2000</i>	<i>Additions/ (Deletions)</i>	<i>As at 30 June 2001</i>	<i>As at 01 July 2000</i>	<i>Adjustment</i>	<i>Charge for the year</i>	<i>As at 30 June 2001</i>	<i>As AT 30 JUNE 2001</i>
Freehold land (Office building in progress)	--	5 500 000	5 500 000	--	--	--	--	5 500 000
Furniture and fixtures	4 092 931	-- (970 820)	3 122 111	2 909 585	(393 776)	246 419	2 762 228	359 883
	--	-----	--	--	--	--	--	--

Plant and machinery	5 839 247	--	--	2 287 670	(2 287 670)	--	--	--
		(5 839 247)						
Vehicles	2 802 523	419 000	2 471 969	1 639 288	(505 116)	606 154	1 740 326	731 643
		(749 554)						
Equipments	5 606 177	780 510	6 242 562	5 367 631	(62 412)	377 082	5 682 301	560 261
		(144 125)						
Books	391 045	9 722	400 767	275 582		80 153	355 735	45 032
2001 Rupees	18 731 923	6 709 232	17 737 409	12 479 756	(3 248 974)	1 309 808	10 540 590	7 196 819
		(7 703 746)						
2000 Rupees	17 496 073	2 054 650	18 731 923	9 585 394	(776 300)	3 670 662	12 479 756	6 252 167
		(818 800)						

14.4 DETAIL OF ASSETS SOLD DURING THE YEAR

	<i>COST</i>	<i>ACCUMULATE</i>	<i>BOOK</i>	<i>SALE</i>	<i>MODE OF DISPOSAL</i>	<i>PARTICULARS OF BUYER / LESSEE</i>
	<i>DEPRECIATION</i>	<i>VALUE</i>	<i>PROCEEDS</i>			
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>		
Furniture and fixtures	970 820	393 776	577 044	577 044	Asset given on lease	Mr. Bilal Hamayoun, Lahore
Plant and machinery (Dry cleaning)	5 839 247	2 287 670	3 551 577	3 551 577	Asset given on lease	Mr. Bilal Hamayoun, Lahore
Suzuki Pick-up	309 204	261 266	47 938	47 938	Asset given on lease	Mr. Bilal Hamayoun, Lahore
Equipments	47 750	30 287	17 463	17 463	Asset given on lease	Mr. Bilal Hamayoun, Lahore
Suzuki Mehran	333 000	166 500	166 500	215 000	Negotiation	Mr. Ehtisham Shahid, Lahore
Motor cycle	47 350	47 350		13 000	Negotiation	Mr. Sarwer Zohaib, Lahore
Motor cycle	60 000	30 000	30 000	40 000	insurance claim	The Premier insurance Company of Pakistan Limited
Computer	96 375	32 125	64 250	96 000	Insurance claim	The Premier Insurance Company of Pakistan Limited

15. LONG TERM INVESTMENTS

Shares of quoted companies and other certificates (Note 15.2)

195 788 412 208 517 238

Shares of unquoted companies (Note 15.3)

25 000 000 5 000 000

220 788 412 213 517 238

Certificates of investment (Note 15.4)

149 100 000 89 850 000

369 888 412 303 367 236

15.1 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 305.76 million (2000: Rupees 264.017 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.

15.2 SHARES OF QUOTED COMPANIES

NUMBER OF SHARES / CERTIFICATES	COMPANY	2001		2000	
		<i>Cost</i>	<i>Market Value</i>	<i>Cost</i>	<i>Market Value</i>
2001	2000	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
MUTUAL FUNDS					
895 200	895 200 BSJS Balance Fund	8 952 000	9 175 800	8 952 000	5 818 800

74 200	74 200 25th ICP Mutual Fund Limited	742 000	152 110	742 000	263 410
25 000	10 000 ICP SEMF	541 900	335 000	340 900	162 000

MODARABAS

8 000	15 505 First Equity Modaraba Managed by Premier Financial Services (Private) Limited	48 586	50 800	94 165	90 704
12 100	12 100 Second Prudential Modaraba Managed by Prudential Capital Management (Private) Limited	14 026	10 285	14 026	30 280
44 642	44 642 First Pak Modaraba Managed by Royal Management Services (Private) Limited	58 034	44 642	58 034	111 605

LEASING COMPANIES

3 501 584	2 970 772	Crescent Leasing Corporation Limited	29 177 326	22 760 296	28 873 552	29 707 720
326 040	328 040	Pakistan Industrial Leasing Corporation Limited	11 837 637	1 597 596	11 910 252	2 296 280
16 200	16 200	Askari Leasing Limited	388 250	155 520	388 250	157 140
22 394	19 306	Atlas Lease Limited	254 570	263 130	254 570	462 379
17 500	17 500	National Development Leasing Corporation Limited	189 173	83 125	189 173	86 625

INVESTMENT COMPANIES AND BANKS

1 162 956	593 875	Pakistan Industrial Credit and Investment Corporation Limited	19 465 462	14 769 541	11 998 607	7 601 600
395 512	395 512	Crescent Investment Bank Limited	8 705 027	2 570 828	7 977 556	5 734 924
14 445	11 112	Prime Commercial Bank Limited	277 500	60 669	277 500	53 338
34 492	32 850	Askari Commercial Bank Limited	1 013 564	453 570	1 013 564	453 330
192 192	171 600	Platinum Commercial Bank Limited	1 616 056	960 960	1 616 056	815 100
15 000	15 000	Trust Investment Bank Limited	150 000	135 000	150 000	165 000
300	300	Prudential Discount and Guarantee House Limited	1 368	150	1 368	480
100	100	AI-Towfeek Investment Bank Limited	799	155	799	235
417 656	417 656	Escorts Investment Bank Limited	3 967 734	2 088 280	3 967 734	2 297
57 769		The Bank of Punjab	731 562	583 467		
10 000	10 000	AI Faysal Investment Bank Limited	212 525	76 000	212 525	109 500

INSURANCE

3 500	3 500	Commercial Union Life Assurance Company Limited	51 825	29 050	51 825	33 250
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TEXTILES

98 190	98 190	The Crescent Textile Mills Limited	3 054 448	1 497 398	3 054 448	1 531 764
9 300	9 300	Sajjad Textile Mills Limited	42 315	27 900	42 315	11 625
50 000	50 000	Service Industries (Textile) Limited	180 000	175 000	180 000	50 000
3 360	2 800	Nafees Cotton Mills Limited	33 619	20 160	33 619	21 000
646 222	637 722	Nazir Cotton Mills Limited	6 416 426	11 761 240	6 369 749	2 550 888
1 045 000	1 045 000	Shaheen Cotton Mills Limited	13 843 879	12 856 375	13 820 629	5 225 000
39 500	39 500	Mohib Textile Mills Limited	79 000	--	79 000	39 800
23 000	23 000	Samin Textile Mills Limited	300 610	133 400	300 610	181 700
148 000		Suraj Cotton Mills Limited	1 776 000	1 776 000	--	--
22 886		Kohinoor Textile Mills Limited	466 533	148 759	--	--

SYNTHETIC AND RAYON

--	124 000	Dhan Fibres Limited	--	--	1 476 830	1 302 000
9 500	65 000	Dewan Salman Fibre Limited	345 388	171 950	1 883 599	1 784 250

SUGAR AND ALLIED INDUSTRIES

329 540	329 540 Shakarganj Mills Limited	8 363 330	3 789 710	8 363 330	1 647 700
600	-- Sind Abadgars Sugar Mills Limited	4 800	4 740	--	--
800	800 Kohinoor Sugar Mills Limited	14 760	3 600	14 760	6 800
--	18 500 Noon Sugar Mills Limited	--	--	304 027	351 500
198 000	198 000 Sakrand Sugar Mills Limited	1 243 525	376 200	1 243 525	1 079 100

CEMENT

100	Fecto Cement Limited	700	550	--	--
350	350 Dadabhoy Cement Industries Limited	4 374	3 413	4 375	8 293
166 500	166 500 Fauji Cement Limited	1 993 759	399 600	1 993 759	649 350
22 613	-- Maple Leaf Cement Factory Limited	460 967	100 628	--	--
--	550 000 D.G.Khan Cement Company Limited	--	--	4 675 000	4 455 000
198 000	198 000 Chakwal Cement Company Limited	941 914	168 300	941 914	326 700

FUEL AND ENERGY

--	45 500 Maple Leaf Electric Company Limited	--	--	927 500	364 000
97 500	75 000 Kohinoor Energy Limited	1 203 764	1 023 750	1 203 764	952 500
118 000	118 000 Japan Power Generation Company Limited	950 342	448 400	950 342	613 600
75 000	75 000 Southern Electric Power Company Limited	1 280 503	532 500	1 280 503	600 000
17 919	35 582 Sui Northern Gas Pipelines Company Limited	332 874	182 774	760 128	576 428
85 000	85 000 Hub Power Company Limited	1 700 948	1 636 250	2 286 862	1 236 750
--	394 400 Pakistan State Oil Limited	--	--	66 627 939	64 149 160
172 500	150 000 Sui Southern Gas Company Limited	3 100 058	1 802 625	3 100 058	2 415 000

ENGINEERING

27 441	27 441 Crescent Steel and Allied Products Limited	1 183 351	393 778	1 183 351	452 777
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TRANSPORT AND COMMUNICATION

13 000	13 000 Pakistan International Airlines Corporation Limited	118 546	56 550	118 546	92 300
975 000	510 000 Pakistan Telecommunications Company Limited	25 007 311	17 647 500	13 252 919	13 770 000

CHEMICAL AND PHARMACEUTICALS

1 904 930	500 000 Nimir Industrial Chemicals Limited	10 619 720	3 524 121	5 000 000	775 000
170 000	20 000 ICI (Pakistan) Limited	2 333 093	1 555 500	261 750	303 000
35 000	35 000 FFC Jordan Fertilizer Company Limited	638 600	201 250	638 600	313 250

GLASS AND CERAMICS

571	453 Shabbir Tiles and Ceramics Limited	--	7 366	--	4 711
-----	--	----	-------	----	-------

PAPER AND BOARD

37 500	-- Packages Limited	2 109 000	2 109 000	--	--
--------	---------------------	-----------	-----------	----	----

OTHERS

258 865	258 865 National Investment Trust Limited	3 662 906	2 640 423	3 662 906	2 851 719
10	10 WAPDA Bearer Bonds (6-h Issue) (15.2.1)	4 940 000	4 940 000	4 940 000	4 940 000
50	50 National Development Leasing				

	Corporation Limited (15.2.2)	4 997 000	4 997 000	4 999 000	4 999 000
1 000	-- Orix Leasing Pakistan Limited (15.2.3)	5 000 000	5 000 000	--	--
5 022	-- Shakarganj Mills Limited (15.2.4)	25 110 000	25 110 000	--	--
		-----	-----	-----	-----
		222 331 287	163 579 684	235 060 113	177 082 473
	Less: Provision for diminution in value of investments	26 542 875	--	26 542 875	--
		-----	-----	-----	-----
		195 788 412	163 579 684	208 517 238	177 082 473
		=====	=====	=====	=====

15.2.1 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.

15.2.2 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 from 22 November 1999 to 22 November 2004 at a profit of 17 percent per annum receivable bi-annually.

15.2.3 This represents the term finance certificates (TFC) issued by Orix Leasing Pakistan Limited with a face value of Rupees 5,000 each. These Certificates are issued for a period of four years from 7 April 2001 to 7 April 2005 at profit of 14 percent per annum receivable bi-annually.

15.2.4 This represents the term finance certificates (TFC) issued by Shakarganj Mills Limited with a face value of Rupees 5,000 each. These Certificates are issued for a period of four years from 10 April 2001 to 10 April 2005 at profit of 15 percent per annum receivable bi-annually.

15.3 SHARES OF UNQUOTED COMPANIES

NUMBER OF SHARES / CERTIFICATES		COMPANY	2001		2002	
2001	2002		Cost Rupees	Market Value Rupees	Cost Rupees	Market Value Rupees
TEXTILE						
300 000	300 000	Crescent Greenwood Limited Break-up value of Rupees NIL as per accounts for the year ended 30 September 1998 audited by Messrs A.F. Ferguson and Company	3 000 000	--	3 000 000	--
INVESTMENT COMPANIES AND BANKS						
2 000 000	--	Crescent Brokerage Services Limited Break-up value of Rupees 10.08 as per account for the year ended 30 June 2001 audited by Riaz Ahmed, Saqib Gohar & Company	20 000 000	--	--	--
FUEL AND ENERGY						
500 000	500 000	Crescent Powertech Limited Break-up value of Rupees 33.98 as per accounts for the year ended 30 June 2000 audited by Messrs Ebrahim and Company	5 000 000	--	5 000 000	--
			-----	-----	-----	-----
			28 000 000	--	8 000 000	--
		Less: Provision for diminution in value of investments	3 000 000	--	3 000 000	--

----- 25 000 000 =====	----- 5 000 000 =====
------------------------------	-----------------------------

15.3.1 Investment in un-quoted companies has been made as one of the sponsors of the companies. Public issue of the companies is expected in future.

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
15.4 Certificates of investment (Note 15.4.1)	320 750 000	261 500 000
Less: Morabaha facilities availed (Note 15.4.2.)	171 650 000	171 650 000
	----- 149 100 000	----- 89 850 000
	=====	=====

15.4.1 The proceeds of disbursement of IFC income notes (referred to in note No.7) have been invested in foreign currency certificates of investment with AI-Faysal Investment Bank Limited. These will be utilized to redeem the IFC income notes. The maturity dates coincide with the redemption dates along with the amount of income notes. Profit on foreign currency certificates of investment amounting to US\$ 362,315 (2000: US\$ 446,868) was earned during the year under reference.

15.4.2 These are repayable in six equal semi annual instalments 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 AI-Faysal Investment Bank Limited are secured by way of lien on certificates of investment of US\$ 5.000 million, hypothecation on leased assets and demand promissory notes.

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
16. DEFERRED COSTS		
IFC income notes issue and other expenses	2 384 583	2 384 583
Less: Amortized to date	2 384 583	2 191 650
	----- --	----- 192 933
	=====	=====

17. FINANCES UNDER MORABAHA ARRANGEMENTS

Balance as at 30th June	6 829 262	7 829 262
Less: Provision for doubtful receivables	5 400 000	5 400 000
	----- 1 429 262	----- 2 429 262
Considered good	1 429 262	2 429 262
	=====	=====

17.1 The modaraba has sold goods under morabaha arrangements whereby payment is deferred along with 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.

18. FINANCES UNDER MUSHARAKA ARRANGEMENTS

These represent the amounts invested in NBFIs and other institutions under musharaka arrangements on profit and loss sharing basis. These are partly secured against musharaka deposits, charge on assets, demand promissory notes and personal guarantees. Expected rate of profit is ranging between paisas 49 to 82 per Rupees thousand per day.

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
19. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Profit accrued on Morabaha! Musharaka Finances	64 834 752	35 315 018
Due from lessees (Note 19.1)	127 286 809	119 362 460

Less: Provision for doubtful receivables	20 224 126	11 017 474
	-----	-----
	107 062 683	108 344 986
Due from stock brokers	39 278 897	2 063 774
Profit receivable on certificates of investment	6 813 590	6 817 913
Profit payable on Morabaha facilities - off setted (Note 15.4)	1 229 048	1 492 402
	-----	-----
	5 584 542	5 325 511
Accrued dividend income	1 254 743	1 777 577
Short term prepayments	2 362 237	7 751 582
Advance income tax	7 194 649	5 002 845
Income tax refundable	70 598	8 031 265
Security deposits	1 450 630	914 770
Advances to staff-considered good (Note 19.2)	180 479	127 542
Sundry receivables-Considered good (Note 19.3)	9 633 508	7 331 923
	-----	-----
	238 907 718	181 986 793
	=====	=====

19.1 It includes lease to Pakland Cement Limited (PCL) amounting to Rupees 32.903 million outstanding as on 30 June 2001. According to the scheme of arrangement prepared by PCL, the lessee will issue term finance certificates valuing Rupees 47.651 million carrying profit at the rate of 16 percent with effect from 01 January 2001 and will be fully redeemed in the year 2010 in settlement of aforesaid lease receivables. The scheme was approved by the majority of PCL creditors under section 284 of the Companies Ordinance, 1984 in their meeting held on 04 September 2001 and submitted in the Honourable High Court of Sindh for sanction which is still pending. However, as a matter of prudence, finance income due amounting to Rupees 9.225 million due has not been recognized as income in the accounts as advised by the Securities and Exchange Commission of Pakistan vide letter No. SC/LES/ED(SC) 533/2001 dated 12 October 2001.

19.2 The maximum aggregate amount due from staff at the end of any month during the year was Rupees 406,306 (2000: Rupees 663,729).

19.3 This includes amount of Rupees 4,736,000 representing bankers acceptances issued and held for the negotiation of auctionable goods with Customs Authority.

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
20. CASH AND BANK BALANCES		
Cash in hand	45 330	21 505
Cash with banks		
	5 520 167	6 744 587
Current accounts	14 525 003	150 761 119
Cash reserve with State Bank of Pakistan	448 150	4 616 150
	-----	-----
	20 493 320	162 121 856
	-----	-----
	20 538 650	162 143 361
	=====	=====

21. REVENUE FROM OTHER SERVICES

Dry cleaning services	1 860 706	3 432 349
Less:Discount allowed to customers	293 137	447 080
	-----	-----
	1 567 569	2 985 269
	=====	=====

22. FEE, COMMISSION AND OTHER INCOME

Fee and commission	2 345 829	3 473 447
Dividend income	14 514 104	16 139 365
Gain on sale of investments	--	12 509 848
Profit on short term placement of funds with NBFIs	4 662 207	2 883 586
Gain on sale of fixed assets	3 014 652	4 551 895
Miscellaneous income	366 406	371 808
	-----	-----
	24 903 198	39 929 949
	=====	=====

23. TRADING INCOME

Sales	264 825 088	121 450 168
Less:Cost of goods sold (Note 23.1)	234 164 948	114 779 455
	-----	-----
	30 660 140	6 670 713
	=====	=====

23.1 COST OF GOODS SOLD

Stock-in-transit as on 01 July	--	9 675 361
Cost of goods imported	211 682 032	78 908 106
Custom duty	5 569 693	22 872 426
Insurance	888 495	470 579
Other import expenses	16 024 728	2 852 983
	-----	-----
	234 164 948	114 779 455
	=====	=====

24. FINANCIAL CHARGES

Profit on Morabaha/Musharaka finances	183 751 267	134 039 846
Profit on Morabaha facilities off-setted	24 031 000	36 366 627
Profit on certificates of investment off-setted (Note 15.4)	18 080 865	23 888 550
	-----	-----
	5 950 135	12 478 077
Bank charges and commission	205 476	111 755
Profit on IFC income notes	7 199 278	5 899 071
	-----	-----
	197 106 156	152 528 749
	=====	=====

25. COST OF OTHER SERVICES

Salaries, allowances and other benefits	693 907	1 406 644
Rent, rates and taxes	444 620	697 708
Packing material, detergents and store consumed	335 385	576 840
Electricity, gas and water	309 004	558 707
Insurance and security	8 744	35 069
Repair and maintenance	34 004	57 149
Printing and stationery	26 779	61 987
Travelling and vehicle running	87 008	116 931
Telephone and telegrams	26 080	54 239
Advertisement	11 660	44 584
Entertainment	6 766	38 049
Depreciation	--	776 030
Miscellaneous	19 836	69 609
	-----	-----
	2 003 793	4 495 546
	=====	=====

26. OTHER EXPENSES AND CHARGES

Salaries, allowances and other benefits (Including contribution to provident fund of Rupees 207,774 (2000: Rupees 326,358) (Note 26.1)	6 012 647	5 836 612
--	-----------	-----------

Staff training and development	192 010	325 319
Postage, telephone and telex	1 684 918	1 716 489
Documentation and stationery	1 061 584	1 793 905
Fee and subscription	2 096 354	1 076 125
Legal and professional	1 737 518	2 175 005
Lease rentals	876 333	364 764
Travelling and vehicles' running	1 238 490	1 267 701
Electricity	656 707	461 076
Insurance	691 041	275 221
Auditors' remuneration (Note 26.2)	57 500	57 500
Deferred cost amortized	192 933	556 944
Loss on sale of investments	14 452 237	--
Zakat	66 996	35 707
Miscellaneous	4 268 906	5 517 587
	-----	-----
	35 286 174	21 459 955
	=====	=====

26.1 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:

	2001		2000	
	<i>Officers</i>	<i>Other Employees</i>	<i>Officers</i>	<i>Other Employees</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Basic salary	1 198 344	1 763 201	1 355 988	1 741 076
Allowances and other benefits	1 149 950	1 901 152	1 207 445	1 532 103
	-----	-----	-----	-----
	2 348 294	3 664 353	2 563 433	3 273 179
	=====	=====	=====	=====
Number of persons	7	30	8	39

26.2 AUDITORS' REMUNERATION

	2001	2000
	<i>Rupees</i>	<i>Rupees</i>
Audit fee	50 000	50 000
Out of pocket expenses	7 500	7 500
	-----	-----
	57 500	57 500
	=====	=====

27. 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).

28. EARNINGS PER CERTIFICATE

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

		2001	2000
Profit after taxation	Rupees	14 270 621	18 455 750
Number of modaraba certificates		22 618 709	22 618 709
Earnings per certificate - Basic	Rupees	0.63	0.82

29. RENTALS RECEIVABLE WITHIN NEXT TWELVE MONTHS

Lease rentals receivable during the next twelve months ending on 30 June 2002, on the basis of lease agreements executed upto 30 June 2001 aggregate to approximately Rupees 245.004 million (2000: Rupees 288.853 million).

30. STATEMENT OF CHANGES IN EQUITY

	<i>Certificate Capital Rupees</i>	<i>Capital Reserve Rupees</i>	<i>General Reserve Rupees</i>	<i>Un-appropriated Profit Rupees</i>	<i>Total Rupees</i>
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 Reserves of First Confidence Modaraba as on 01 July 1999	38 516 910	--	--	--	38 516 910
Net profit for the year	--	10 086 427	4 500 595	85 694	14 672 716
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
Net profit for the year	--	--	--	14 270 621	14 270 621
Transferred to profit and loss account	--	--	4 100 000	4 100 000	--
Transferred to capital reserve	--	1 427 062	--	(1 427 062)	--
Profit distribution	--	--	--	(16 964 032)	(16 964 032)
Balance as at 30 June 2001	226 187 090	37 181 064	40 083 002	21 966	303 473 122

31. 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.15 at cost less provision for diminution in value.

32. 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.

33. 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.

34. GENERAL

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

34.2 Office space has been provided by the management company.

MAHMOOD AHMED
CHIEF EXECUTIVE

Crescent Business Management
(Private) Limited

MUHAMMED AWAIS QURESHI
DIRECTOR

Crescent Business Management
(Private) Limited

ZAHEER A. SHAIKH
DIRECTOR

Crescent Business Management
(Private) Limited

PATTERN OF HOLDINGS OF CERTIFICATES AS AT JUNE 30, 2001

<i>Number of Certificates Holders</i>	<i>From</i>	<i>To</i>	<i>Total Certificates Held</i>
---	-------------	-----------	--

1,022	1	100	52,438
990	101	500	245,457
1,489	501	1,000	1,035,031
1,076	1,001	5,000	2,361,104
200	5,001	10,000	1,410,410
68	10,001	15,000	822,536
43	15,001	20,000	726,539
27	20,001	25,000	631,392
8	25,001	30,000	214,286
17	30,001	35,000	545,117
10	35,001	40,000	370,885
8	40,001	45,000	334,348
12	45,001	50,000	571,457
5	50,001	55,000	266,520
2	55,001	60,000	112,064
1	60,001	65,000	61,380
2	65,001	70,000	132,086
3	70,001	75,000	218,034
2	75,001	80,000	158,012
1	80,001	85,000	83,374
1	85,001	90,000	88,500
3	90,001	95,000	276,834
4	95,001	100,000	397,036
3	100,001	105,000	306,241
2	110,001	115,000	224,472
4	120,001	125,000	498,653
1	125,001	130,000	126,420
2	130,001	135,000	265,809
1	135,001	140,000	139,378
1	145,001	150,000	147,345
1	180,001	185,000	182,000
1	205,001	210,000	205,312
1	220,001	225,000	223,192
1	235,001	240,000	240,000
1	570,001	575,000	571,485
1	630,001	635,000	631,846
1	820,001	825,000	824,199
1	1,230,001	1,235,000	1,231,109
1	2,250,001	2,255,000	2,252,505
1	2,260,001	3,450,000	3,433,903
-----	-----	-----	-----
5,018			22,618,709
=====	=====	=====	=====

CATEGORIES OF SHARE HOLDERS

Category Description	Number of Certificate holder	Certificate Held	Percentage of T. Capital
FINANCIAL INSTITUTION	22	4,365,728	19.30
INDIVIDUALS	4,923	12,038,722	53.22
INSURANCE COMPANIES	9	1,223,745	5.41
INVESTMENT COMPANIES	12	623,652	2.76
JOINT STOCK COMPANIES	37	849,676	3.76
CHARITABLE TRUSTS	1	10,657	0.05
MADARABAS	10	34,017	0.15
MADARABA MANAGEMENT COMPANY	1	3,433,903	15.18
NON-RESIDENT	1	33,209	0.15
OTHERS	2	5,400	0.02
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	5,018	22,618,709	100.00
=====	=====	=====	=====

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the 2nd Annual Review Meeting of Modaraba's Certificate holders will be held on Monday, December 31, 2001 at 10.00 a.m. at Holiday Inn, Lahore to review the performance of Modaraba for the year ended June 30, 2001 in terms of Clause 20 of Prudential Regulations for Modarabas issued vide Circular No. 5/2000.

By Order of the Board

Lahore
Dated: December 10, 2001

TARIQ ALEEM
Company Secretary

NOTE:

The Modaraba Certificates transfer books shall remain closed from 22.12.2001 to 31.12.2001 (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 2rid Floor, 131-A, E/I, Main Boulevard, Gulberg III, Lahore at the close of business on 21.12.2001 will be treated in time.