

FIRST IBL MODARABA

Annual Report 1997

CONTENTS

Corporate Information
 Director's Report
 Auditors' Report to the Certificate Holders
 Balance Sheet
 Profit and Loss Account
 Statement of Changes in Financial Position
 Notes to the Accounts
 Pattern of Certificate Holding

CORPORATE INFORMATION

Modaraba IBL Modaraba Management (Private) Limited

Board of Directors

Chief Executive Inayat Ismail
Director Chishty Mujahid
Director Arshad Abdulla

Company Secretary Masood Anwer Khan

Auditors Daudally, Lalani & Co.
 Chartered Accountants

Bankers Muslim Commercial Bank Ltd.
 Citi Bank N. A.
 United Bank Ltd.
 Security Investment Bank Ltd.
 Orix Investment Bank Pakistan Ltd.

Registrar Khalid, Majid, Hussain, Rehman
 Chartered Accountants
 16-K, Block - 6, P.E.C.H.S,
 Near Chanesar Halt Station,
 Off. Shahra -e- Faisal, Karachi.

Registered Office First Floor, N.I.C. Building
 Abbasi Shaheed Road,
 Karachi.

DIRECTORS' REPORT

The Board of Directors of IBL Modaraba Management (Private) Limited have pleasure in presenting the Seventh Annual Report of First IBL Modaraba together with audited accounts for the year ended 30th June, 1997.

FINANCIALS:

Financial results for the year under report are summarized as under:

	Rs. '000'
Profit for the period	4,226
Unappropriated profits brought forward	9,397

	13,623
Transfer to statut I	845
Profit distribution @ 10%	11,687

	12,532

Unappropriated profits carried forward	1,091
	=====

REVIEW OF OPERATIONS:

The Modaraba during the year concentrated on trading as its main business activity besides musharikas, morabahas and leasing albeit on small scale as per strategic decision reported last year. The trading activity afforded a moderate profit of Rs. 10.55 million to the Modaraba, which although short of expectations, is considered satisfactory in wake of unfavorable economic conditions and uncertain business climate in the country.

In other activities i.e. musharikas, morabahas and leasing, the Modaraba performed according to expectations resulting in satisfactory profits.

In pursuance of its diversification plan, the Modaraba further reduced its investment portfolio during the year to Rs. 7.8 million from Rs. 12.3 million last year with a view to diverting the funds to trading activities. Owing to continued bearish spell in stock exchanges, the disposal of shares entailed a loss of Rs. 5.5 million, which is responsible for depressing the Modaraba's overall profitability.

DISTRIBUTION:

The Board has approved a Final Dividend for the year ended June 30, 1997 at the rate of 10% i.e. Re. 1/- per certificate of Rs. 10/- each.

FUTURE PROSPECTS:

1996/97 was probably the worst year in the country's economic history as reported by the Ministry of Finance and State Bank of Pakistan. The new government made some structural changes and brought in certain economic reforms but the conditions continued to aggravate because of subsequent political turmoil and constitutional crisis. Modaraba activities are very sensitive to the economic and business conditions both at macro & micro levels and are affected accordingly.

Consequent upon the recent positive developments, political stability appears to be returning which hopefully will lead to economic recovery. Your Modaraba is fully geared up and has taken proactive measures to take full advantage of any improvement in the economic conditions and business environment.

AUDITORS:

The present auditors, Messrs. Daudally Lalani & Co., being due for retirement, have offered themselves for re-appointment for the year ending June 30, 1998. Their appointment has been confirmed by the Board of Directors, subject to the approval of Registrar of Modaraba Companies and Modarabas.

ACKNOWLEDGMENT:

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

AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed Balance Sheet as at June 30, 1997 and the related Profit and Loss Account and Cash Flow Statement together with the Notes to the Accounts for the year ended June 30, 1997 of

FIRST IBL MODARABA which are Modaraba Company's (IBL Modaraba Management (Pvt) Ltd.) 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 IBL 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 & 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 are further in accordance with accounting policies consistently applied except for the change in accounting policy for valuation of trading stock as fully described at note 2(g) to these accounts with which we concur and which bears no significant effect on these accounts: 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 Cash Flow Statement which are in agreement with the books of account, exhibit respectively a true and fair view of the state of Modaraba's affairs as at June 30, 1997 and the Profit and Cash flow for the year then ended;

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

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

Karachi: Dec. 15, 1997

Sd/-
DAUDALLY LALANI & CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1997

	Note	1997 Rupees	1996 Rupees
CAPITAL AND RESERVES			
CAPITAL			
Authorised			
20,000,000 Modaraba Certificates of Rs. 10/- each		200,000,000	200,000,000
Issued, Subscribed and paid-up fund			
11,687,500 Modaraba Certificates of Rs. 10/- each issued as fully paid	3	116,875,000	116,875,000
Statutory reserve	4	10,047,929	9,202,752
Unappropriated Profit		1,090,480	9,397,273
		-----	-----
		128,013,409	135,475,025
OBLIGATION UNDER FINANCE LEASE			
	5	188,043	92,023
SECURITY DEPOSITS			
		1,029,986	1,022,550
CURRENT LIABILITIES			
Due to associated companies	6	4,269,304	8,092,282
Creditors, Accrued and other Liabilities	7	2,446,957	8,902,266
Morabaha payable	8	18,428,475	--
Short term Musharika Finance		--	46,000,000
Modaraba Management Fee Payable		714,303	1,289,474
Unclaimed Dividend		605,884	647,535
Profit distribution payable		11,687,500	--
Provision for Taxation		3,441,737	1,719,904
		-----	-----
		41,594,160	66,651,461
		-----	-----
		170,825,598	203,241,059
		=====	=====
The annexed notes form an integral part of these accounts.			
FIXED ASSETS - Tangible at book value			
Assets in own use	9	1,187,957	1,166,206
Assets leased out	10	4,516,330	5,442,516
LONG TERM DEPOSITS & DEFERRED COST			
	11	145,969	231,245
LONG TERM MORABAHA			
	12	--	10,731
CURRENT ASSETS			
Stock - in - trade		60,595,224	52,760,886
Trade debtors		2,652,251	--
Sundry debtors	13	15,154,654	69,410,864
Marketable Securities of quoted companies & Modarabas	14	7,796,319	12,344,253
Morabaha finance	15	18,704,376	46,269,663
Short term Musharika arrangement	16	8,225,000	975,000
Accrued profit	17	3,898,906	3,186,607
Advances, deposits and Pre-payments	18	206,087	992,374
Other receivables		1,896,133	1,229,534
Cash and bank balances	19	45,846,392	9,130,180

-----	-----
164,975,342	196,299,361
-----	-----
170,825,598	203,241,059
=====	=====

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1997

		Year ended June 30, 1997	Period from Jan. 01, 1995 to June 30, 1996
	Note	Rupees	Rupees
OPERATING INCOME / (LOSS)			
Trading income	20	10,552,176	--
Morabaha Profit		8,269,681	12,761,742
(Loss) / gain on sale of investments		(5,465,702)	11,878,060
Dividend income	21	445,778	1,092,123
Musharika profit		821,571	298,267
Lease rentals		2,497,260	883,168
Other income	22	2,488,478	2,189,987
		-----	-----
		19,609,242	29,103,347
OPERATING EXPENSES			
Administrative	23	5,005,936	5,324,122
Financial charges	24	5,790,717	1,104,275
Amortization of leased assets		1,500,544	546,548
		-----	-----
		12,297,197	6,974,945
		-----	-----
Operating Profit		7,312,045	22,128,402
Provision for diminution in the value of investments written back		9,226,521	(7,944,191)
Provision for doubtful debts		(377,363)	--
		-----	-----
		545,289	(7,944,191)
		-----	-----
		7,857,334	14,184,211
Modaraba Management fee		714,303	1,289,474
		-----	-----
		7,143,031	12,894,737
Taxation		2,917,147	1,719,904
		-----	-----
Profit after taxation		4,225,884	11,174,833
Un appropriated profit brought forward		9,397,273	457,407
		-----	-----
		13,623,157	11,632,240
APPROPRIATION			
Profit distribution: @ Re. 1.00 per Certificate (1996: Nil) transfer to statutory reserve		11,687,500	--
		845,177	2,234,967
		-----	-----
Unappropriated profit carried forward		1,090,480	9,397,273
		=====	=====

The annexed notes form an integral part of these accounts.

STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
FOR THE YEAR ENDED JUNE 30, 1997

	Year ended June 30, 1997	Period from Jan. 01, 1995 to June 30, 1996
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		

Profit before taxation	7,143,031	12,894,737
Adjustment for non cash items:		
Depreciation on own assets	451,643	546,499
Amortization on:		
Assets leased out	1,500,544	546,548
Deferred cost	126,096	224,318
Dividend Income	(445,778)	(1,092,123)
Financial charges	5,790,717	1,104,275
	-----	-----
Operating profit before working capital changes	14,566,253	14,224,254
(INCREASE) / DECREASE IN OPERATING ASSETS		
Stock - in trade	(7,834,338)	(52,760,886)
Other receivables	(666,599)	(1,175,844)
Trade debtors	(2,652,251)	--
Sundry Debtors	54,256,210	(65,358,364)
Musharika receivables	(7,250,000)	(975,000)
Short term investments	4,547,934	43,106,201
Advances, Deposits, Pre-payments	745,467	(709,133)
Morabaha finance	27,667,018	24,528,606
Accrued profit	(712,299)	308,461
	-----	-----
	68,101,142	(53,035,959)
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Musharika finance	(46,000,000)	46,000,000
Morabaha finance	18,428,475	--
Creditors, accrued & other liabilities	(6,455,309)	7,416,682
Modaraba management fee payable	(575,171)	(397,919)
Due to associated companies	(3,822,978)	7,822,009
Profit distribution payable		(13,440,625)
Un - claimed dividend	(41,651)	123,471
	-----	-----
	(38,466,634)	47,523,618
	-----	-----
Net cash flow from operating activities	44,200,761	8,711,913
Income tax paid	(1,195,314)	(1,679,328)
Financial charges paid	(5,790,717)	(106,947)
	-----	-----
Net cash from operating activities	37,214,730	6,925,638
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		
Own assets	(538,954)	(1,276,877)
Leased assets	(574,358)	(5,989,064)
Deferred cost	--	(266,080)
Insurance claim	65,560	--
Dividend received	445,778	1,092,123
	-----	-----
Net cash (used) in investing activities	(601,974)	(6,439,898)
CASH FLOW FROM FINANCING ACTIVITIES		
Obligation under finance lease	96,020	(189,102)
Security deposit	7,436	1,022,550
	-----	-----
	103,456	833,448
	-----	-----
Net increase in cash and cash equivalents	36,716,212	1,319,188
Cash & cash equivalents at the beginning of the year / period	9,130,180	7,810,992
	-----	-----
Cash & cash equivalents at the end of the year / period	45,846,392	9,130,180
	=====	=====

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 1997

1. LEGAL STATUS AND NATURE OF BUSINESS

First IBL Modaraba is registered under the Modaraba Companies and Modaraba (floatation and Control)

Ordinance, 1980 and the rules framed thereunder and is managed by IBL Modaraba Management (Private) Limited. The Modaraba is perpetual and multi - purpose engaged in the business of Morabaha, Operating Lease, Musharika, Trading, Investments in marketable securities and other related business.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Overall valuation policy

The accounts have been prepared under the historical cost convention.

b) Fixed assets and depreciation

(i) Assets in own use and depreciation

Fixed assets 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 off during the year.

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

(ii) Assets leased out and amortization

Leased assets are stated at cost less accumulated amortization. Amortization is charged to income applying the annuity method whereby the depreciable value of assets is amortized over the lease period.

Profit and loss on disposal of leased assets is included in income currently.

c) Leased Assets

Assets held under finance lease are included in operating assets at cost.

Financial charges are calculated at the markup rate implicit in the lease and charged to profit and loss account.

Depreciation is charged at the same rate as Modaraba's owned assets.

d) Deferred cost

Deferred cost is amortized in three years from the date of its incurrence.

e) Rates of exchange

Transactions in foreign currencies are converted into rupees at the rates of exchange ruling on the date of transactions. Assets and liabilities in foreign currencies are translated into rupees:

In case of bills payable against import covered at the contracted rates by forward exchange contracts

In case of other a at the rate of exchange ruling at the balance sheet date.

Other exchange gains and losses are included in income currently.

f) Trade Debts and Other Receivables

Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

g) Trading stock

(i) Trading stock is valued at lower of cost or market value. Effective July 01,1996 cost is determined on FIFO basis which previously was determined on moving - average basis. The change has been made to align the stock valuation with its physical movement. However, there is no significant effect of this change in accounting policy on these financial statements or on those of the prior year.

(ii) Goods - in - transit are stated at invoice value plus other charges paid thereon.

h) Investment

(i) Long term investments are valued at cost.

(ii) Marketable securities are valued at lower of average cost or market value on an aggregate portfolio basis.

(iii) Profit or loss on sale of investment is accounted for in the year in which it arises.

(iv) Full provision is made against permanent diminution in the value of long term investments.

i) Revenue recognition

(i) Profit on sale of goods is recognized on despatch of goods to customers.

(ii) Divident income is recognized when right is established which usually coincide with the date of book closure of the company declaring the dividends.

(iii) Profit on Modaraba finances are recorded on the accrual basis, calculated on number of days funds were utilized.

Profit on Musharika receivable is recognized on accrual basis, based on time proportion.

Rental income is recognized as and when rentals become due on a systematic basis over the lease period.

j) Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account tax credit if any.

Deferred

The Modaraba accounts for deferred taxation using the liability method on all major timing differences. However, it does not account for deferred tax debits.

	1997 Rupees	1996 Rupees
3. ISSUED, SUBSCRIBED AND PAID-UP FUND		
10,000,000 Modaraba Certificates of Rs. 10 each fully paid in cash	100,000,000	100,000,000
1,687,500 Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates	16,875,000	16,875,000
	-----	-----
	116,875,000	116,875,000
	=====	=====
4. STATUTORY RESERVE		
Opening balance	9,202,752	6,967,785
Appropriated from profits	845,177	2,234,967
	-----	-----
	10,047,929	9,202,752
	=====	=====

In accordance with State Bank of Pakistan Regulations for Non - Banking Financial Institutions, the Modaraba is required to transfer 20% of its profit after tax to statutory reserve untill the reserve equals its paid up capital and thereafter 5% of its profit are required to be transferred to reserve. The reserve is not available for profit distribution.

5. OBLIGATION UNDER FINANCE LEASE

	Askari Leasing Ltd.	First UDL Modaraba		
Year to June 30, 1997	--	--	--	163,980
Year to June 30, 1998	94,560	165,360	259,920	94,560
Year to June 30. 1999	--	206,180	206,180	--
	-----	-----	-----	-----
	94,560	371,540	466,100	258,540

Less: Financial charges

allocated to future period	2,537	65,126	67,663	32,053
	-----	-----	-----	-----
	92,023	306,414	398,437	226,487
Less: Current maturity shown under current liabilities (Note 7)	92,023	118,371	210,394	134,464
	-----	-----	-----	-----
	--	188,043	188,043	92,023
	=====	=====	=====	=====

5.1 Terms and conditions of lease facility

Annual financing rate	23.15%	22.01%
Number of installments	36	36
Frequency of installment	monthly	monthly
Rental per installment	Rs. 13,665	Rs. 13,780
Rental in last installment (including adjustment of security deposit)	Rs.53,665	Rs. 54,600

Fine per month on overdue rental, if any 3% --

The Modaraba enjoys purchase option at the end of lease period against adjustment of security deposit.

	1997	1996
	Rupees	Rupees
6. DUE TO ASSOCIATED COMPANIES	4,269,304	8,092,282
	=====	=====

The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 4,269,304 (1996: Rs. 8,092,282).

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	989,165	5,232,370
Accrued expenses	342,691	1,236,205
Current portion of obligation under finance lease (Note: 5)	210,394	134,464
Others	904,707	2,299,227
	-----	-----
	2,446,957	8,902,266
	=====	=====

8. MORABAHA PAYABLE

This short term Morabaha facility has been arranged from non - banking financial institution to the extent of Rs. 20.175 Million (1996: nil) secured by hypothecation of book debts and assets.

9. ASSETS IN OWN USE

PARTICULARS	COST		COST AS AT JUNE 30, 1997	RATE %	DEPRE- CIATION FOR THE YEAR / PERIOD	ADJUST- MENT ON DIS- POSAL	ACCUMU-	WRIT-
	AS AT JULY 11,1996	ADDITIONS/ (DELETIONS)					LATED DEPRE- CIATION UP TO JUNE 30, 1997	TEN DOWN VALUE AS AT JUNE 30, 1997
OWNED:								
Computer equipments	602,825	117,000 (99,600)	620,225	20%	124,045	(36,000)	294,413	325,812
Furniture & fixtures	634,691	10,000	644,691	20%	128,938	--	322,982	321,709
Office Equipments	10,146	3,750 (2,800)	11,096	20%	2,219	(840)	4,423	6,673
Motor Vehicle	175,000		175,000	20%	35,000	--	87,500	87,500
LEASED:								
Motor Vehicle	399,000	408,204	807,204	20%	161,441	--	360,941	446,263
1997: Rupees	1,821,662	538,954 (102,400)	2,258,216		451,643	(36,840)	1,070,259	1,187,957
1996: Rupees	544,785	1,276,877	1,821,662		546,499	--	655,456	1,166,206

10. ASSETS LEASED OUT

PARTICULARS	COST		COST AS AT JUNE 30, 1997	AMORTIZA- TION FOR THE YEAR / PERIOD	ACCUMU- LATED AMORTIZA- TION UP TO JUNE 30, 1997		WRITTEN DOWN VALUE AS AT JUNE 30, 1997
	AS AT JANUARY, 01 1996	ADDITIONS/ (DELETIONS)			AMORTIZA- TION FOR THE YEAR / PERIOD	AMORTIZA- TION UP TO JUNE 30, 1997	
Office Equipments	1,345,495	--	1,345,495	334,999	476,066	869,429	
Plant & machinery	1,674,800	--	1,674,800	402,612	571,326	1,103,474	
Motor Vehicle	2,968,769	574,358	3,543,127	762,933	999,700	2,543,427	
	-----	-----	-----	-----	-----	-----	
1997: Rupees	5,989,064	574,358	6,563,422	1,500,544	2,047,092	4,516,330	
	-----	-----	-----	-----	-----	-----	
1996: Rupees	--	5,989,064	5,989,064	546,548	546,548	5,442,516	
	-----	-----	-----	-----	-----	-----	

11. LONG TERM DEPOSITS & DEFERRED COST

	1997 Rupees	1996 Rupees
Long term deposits	80,720	39,900
Deferred cost (Note 1 1.1)	65,249	191,345
	-----	-----
	145,969	231,245
	=====	=====

11.1 DEFERRED COST

Opening balance	490,455	224,375
Printing of new modaraba certificates in the name of First IBL Modaraba	--	266,080
	-----	-----
	490,455	490,455
Amortization		
Opening balance	29,910	74,792
Amortization for the period	126,096	224,318
	-----	-----
	425,206	299,110
	-----	-----
	65,249	191,345
	=====	=====

12. LONG TERM MORABAHA

Considered good	--	214,299
Less: Current maturity of long term Morabaha	--	(112,568)
	-----	-----
	--	101,731
	=====	=====

13. SUNDRY DEBTORS-Unsecured considered good

Sundry Debtors	15,154,654	69,410,864
	=====	=====

14. MARKETABLE SECURITIES OF QUOTED COMPANIES AND MODARABS

**NUMBER OF SHARES / QUOTED COMPANIES
CERTIFICATES**

1997	1996	1997 Rupees	1996 Rupees
330	288Husein Sugar Mills Limited	4,454	4,454
75,300	75,300Crescent Leasing Corporation Limited Pakistan Telecommunication Corporation Limited	1,050,990	1,050,990
6,981	29,875Askari Commercial Bank Limited	216,743	1,111,500
1 0,000	14,000Lucky Cement Limited	79,450	210,000
2,500	58,000Faysal Bank Limited	67,550	1,695,600
9,000	12,500Maple Leaf Cement Factory Limited	78,120	544,500
11,625	25,125Sail Textile Mills Limited American Life Insurance Co.	286,675	639,130
10,000	10,000Pak Limited	279,600	321,600
3,244	6,040Century Paper & Board Mills Ltd.	113,716	232,920

645,225	677,225	K.A.S.B. Premier Fund Limited.	6,295,129	6,607,450
3,000	7,500	Citicorp Investment Bank Limited	74,485	202,500
		National Development Leasing		
6,500	14,000	Corporation Limited	84,265	206,500
4,500	12,000	Crescent Investment Bank Limited	68,180	204,000
3,325	5,500	Sui Northern Gas Pipelines Co. Limited	108,440	218,625
	8,000	Treet Corporation Limited	--	208,000
2,000	10,000	United Distributors (Pakistan) Limited	35,000	210,000
10,000	6,000	Hub Power Co. Limited	343,450	205,800
5,000	20,000	Dewan Salman Fibre Limited	391,600	1,783,000
6,500	1,200	D.G. Khan Cement Co. Limited	81,120	60,000
4,000	--	Orix Leasing Pakistan Limited	201,450	--
11,500	--	Bank of Punjab Limited	193,800	--
13,500	--	Askari Leasing Limited	199,196	--
4,000	--	I.C.I. Pakistan Limited	65,720	--
5,000	--	Ibrahim Fibres Limited	49,400	--
5,000	--	F.F.C. Jordan Fertilizer Co. Limited	70,900	--
4,600	--	Searle Pakistan Limited	146,800	--
2,500	--	I.C.P. (S.E.M.F.)	71,550	--
2,500	--	Muslim Commercial Bank Limited	82,825	--
400	--	Shell Pakistan Limited	95,500	--
600	--	Engro Chemical (Pakistan) Limited	85,650	--
1,000	--	Fauji Fertilizer Co. Limited	79,100	--
			-----	-----
			11,000,858	15,932,444

396,000 396,000 **QUOTED MODARABA**

		First UDL Modaraba	3,817,000	4,356,000
		{ Managed by UDL Modaraba		
		Management (Private) Limited }	-----	-----
			14,817,858	20,288,444
		Less: Provision for diminution in the		
		value of Marktable securities		
		on aggregate portfolio basis	7,021,539	7,944,191
			-----	-----
			7,796,319	12,344,253
			=====	=====

1996 1997
Rupees Rupees

15. MORABAHA FINANCE

Considered good - secured

To others	18,704,376	46,157,095
Current Maturity of long term Morabaha	--	112,568
	-----	-----
	18,704,376	46,269,663
	=====	=====

16. SHORT TERM MUSHARIKA

ARRANGEMENT -Secured

Considered good	8,225,000	975,000
	=====	=====

The Modaraba has entered into Musharika arrangements with a partnership firm and certain companies. The period of these arrangements is twelve months. The profit on these arrangements are estimated at 22% per annum and are secured by way of hypothecation of Machinery and pledge of Marketable securities.

17. ACCRUED PROFIT

Morabaha

Others	972,652	1,477,293
Musharika	838,749	77,603
Bank deposit	2,087,505	1,631,711
	-----	-----
	3,898,906	3,186,607
	=====	=====

18. ADVANCES, DEPOSITS

AND PRE-PAYMENTS

Advances

Income tax	55,546	909,380
Salary	53,970	5,500
For expenses	--	26,490
	-----	-----
	109,516	941,370
Deposits	1,000	1,000
Pre - Payments	95,571	50,004
	-----	-----
	206,087	992,374
	=====	=====

1997
Rupees

1996
Rupees

19. CASH AND BANK BALANCES**With**

State Bank of Pakistan (non - checking account)	500,000	500,000
Banks in current accounts	1,030,971	814,726
Banks in PLS accounts	5,097	7,813,515
Bank Deposits	44,300,000	--
	-----	-----
	45,836,068	9,128,241
Cash in hand	10,324	1,939
	-----	-----
	45,846,392	9,130,180
	=====	=====

Year ended
June 30, 1997

Period from
Jan. 01, 1995
to June 30, 1996

Rupees

Rupees

20. TRADING INCOME

Gross sales	124,239,757	--
Less: Sales discounts and commission	9,682,924	--
	-----	-----
Net Sales	114,556,833	--
Cost of goods sold		
Opening stock I- I	52,760,886	--
Add: Purchases	111,838,995	52,760,886
Less: Closing stock	60,595,224	52,760,886
	-----	-----
	104,004,657	--
	-----	-----
	10,552,176	--
	=====	=====

21. DIVIDENT INCOME

Others	445,778	1,092,123
	-----	-----
	445,778	1,092,123
	=====	=====

22. OTHER INCOME

Documentation fee	1,500	18,285
Miscellaneous	--	2,000
Underwriting commission	--	201,306
Profit on deposit	2,486,978	1,911,561
Front end fee	--	56,835
	-----	-----
	2,488,478	2,189,987
	=====	=====

Year ended
June 30, 1997

Period from
Jan. 01, 1995
to June 30, 1996

Rupees

Rupees

23. ADMINISTRATIVE EXPENSES

Salaries and benefits (23. 1)	2,653,982	2,649,029
Travelling and conveyance	35,642	76,022
Entertainment	43,916	83,971
Repair and maintenance	110,319	120,441
Advertisement	2,500	55,305
Registrar services	383,908	412,207
Printing and stationery	213,003	169,757

Fees and subscription	149,195	184,817
Legal	341,712	26,750
Auditor's remuneration (23.2)	89,225	77,500
Share transfer fee	20,087	11,625
Insurance	66,156	95,046
Postage and telex	37,148	38,686
Telephone	70,289	100,647
Locker rent	30,981	25,789
Depreciation	451,643	546,499
Amortization of deferred cost	126,096	224,318
Others	24,694	140,993
Insurance - Leased Assets	7,988	7,223
Repair and maintenance- Motor Vehicle	122,583	160,229
Stamp paper & Revenue Stamps	3,310	8,594
Newspaper & periodical	6,862	15,843
Office Utilities	14,697	21,970
Penalties	--	70,861
	-----	-----
	5,005,936	5,324,122
	=====	=====

23.1 Remuneration of officers and other employees

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

Officers Other employees

	Year ended June 30, 1997 Rupees	Period from Jan. 01, 1995 to June 30, 1996 Rupees	Year ended June 30, 1997 Rupees	Period from Jan. 01, 1995 to June 30, 1996 Rupees
Remuneration	1,790,000	1,440,000	468,295	702,508
Bonus	18,387	101,290	21,606	22,241
Employer's contribution to provident fund	98,814	156,756	26,622	25,475
Others	159,217	126,056	71,041	74,703
	-----	-----	-----	-----
	2,066,418	1,824,102	587,564	824,927
	=====	=====	=====	=====
Number of Persons	2	2	4	5
	=====	=====	=====	=====

23.2 AUDITORS' REMUNERATION

Audit fee	40,000	45,000
Out of Pocket exp.	4,000	5,000
Special audit of State Bank of Pakistan	45,225	27,500
	-----	-----
	89,225	77,500
	=====	=====

24. FINANCIAL CHARGES

Financial charges on Musharika	4,124,255	997,328
Financial charges on Morabaha	1,553,475	--
Financial charges on finance lease	97,868	97,937
Bank charges	15,119	9,010
	-----	-----
	5,790,717	1,104,275
	=====	=====

Year	Period from
ended	Jan. 01, 1995
June 30, 1997	to June 30, 1996
Rupees	Rupees

25. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Purchase of goods	111,838,995	52,760,886
Commission on sale & purchase of Marketable securities	--	--
	3,865	102,594
Management fees payable / paid	714,303	1,289,474
	-----	-----

112,557,163 54,152,954
 =====

26. CORRESPONDING FIGURES

Prior period's figures are for the period from January 01, 1995 to June 30, 1996.
 Prior period's figures have been re-arranged where ever necessary, if any, for the purpose of comparison

**PATTERN OF HOLDING OF THE CERTIFICATES HELD
 BY THE CERTIFICATE HOLDERS
 AS AT JUNE 30, 1997**

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE FROM	HOLDING TO	TOTAL CERTIFICATE HELD
260	1	100	11,691
327	101	500	88,157
360	501	1000	244,555
440	1001	5000	881,987
41	5001	10000	258,037
14	10001	15000	162,844
2	15001	20000	31,637
1	20001	25000	24,300
1	25001	30000	25,570
1	30001	35000	30,300
1	45001	50000	45,500
1	50001	55000	51,087
1	70001	75000	72,148
1	90001	95000	93,698
1	110001	115000	115,000
2	140001	145000	289,800
1	170001	175000	171,600
1	185001	190000	187,900
1	230001	235000	233,700
1	245001	250000	248,937
1	250001	255000	250,387
1	275001	280000	279,100
1	285001	290000	289,800
8	375001	380000	3,014,400
1	505001	510000	509,890
1	1180001	1185000	1,180,905
1	2890001	2895000	2,894,570
-----			-----
1,472			11,687,500
=====			=====

**CATEGORIES OF CERTIFICATE HOLDERS
 AS AT JUNE 30, 1997
 CATEGORIE CERTIFICATE**

CERTIFICATE HOLDERS	NUMBER	HELD	PERCENTAGE
JOINT STOCK COMPANIES	3	11,890	0.10
FINANCIAL INSTITUTIONS	4	2,905,218	24.86
MODARABA / LEASING COMPANIES	1	25,570	0.22
MODARABA COMPANY	2	1,295,905	11.08
INSURANCE COMPANIES	4	771,045	6.60
INVESTMENT COMPANIES	3	275,487	2.36
INDIVIDUALS	1,455	6,402,385	54.78
-----			-----
	1,472	11,687,500	100.00
=====			=====