

First Tri-Star Modaraba

Annual Report 1999

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Board of Directors

DIRECTORS OF MODARABA COMPANY MR. MOHAMMED AHMAD ISMAIL
Chairman & Chief Executive

MR. RASHID AHMAD
MR. TAHIR AHMAD
MR. ASAD AHMAD

AUDITORS GARDEZI & CO.
CHARTERED ACCOUNTANTS

BANKERS BANK AL-HABIB LTD.
CITIBANK N.A.
HABIB BANK LTD.

REGISTERED OFFICE F/498, S.I.T.E.,
P.O. Box 3683,
Karachi-75700.

MANAGEMENT COMPANY' A.R.T. Modaraba Management (Pvt) Ltd.

Report of the Directors

of

A.R.T. Modaraba Management (Pvt) Ltd.

For the year ended June 30, 1999.

The Board of Directors of A.R.T. Modaraba Management (Pvt) Ltd., present the 9th Annual Report of First Tri-Star Modaraba together with Audited Accounts for the year ended June 30, 1999.

1. FINANCIAL RESULTS

Financial results are summarized as follows '

	1999	1998
	<i>(Rupees in 000's)</i>	
Total Operating Profit/(Loss)	1,488	(448)
Less/(Add): Total Operating Expenses	1,168	(1,125)
	-----	-----
Operating Profit/(Loss)	320	(1,573)
Unappropriated profit brought forward	3,871	5,445
	-----	-----
Unappropriated profit carried forward	4,115	3,871

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2. DIVIDEND

The Board in its meeting held on December 7, 1999 has not recommended any Dividend this year.

3. BUSINESS

Your Modaraba has continued business in Trading and Investment. The business as a whole is reducing in all segments and its difficult to predict when it will pick up again.

4. FUTURE PROSPECTS

Future prospects are very much uncertain. The general economic conditions do not permit to forecast anything accurately. We can only hope and pray that the situation will change for the better.

5. BOARD OF DIRECTORS

The Present Board of Directors assumed their office with effect from February 16, 1997 for 3 years.

6. AUDITORS

The present auditors M/s. Gardezi & Co., are due for retirement and being eligible offer themselves for reappointment for the year ending June 30, 2000.

7. ACKNOWLEDGMENTS

The Board would like to place on record its appreciation of hard work of the staff responsible for the Modaraba's affairs.

On behalf of the Board

ASAD AHMAD
Executive Director

Karachi: the December 7, 1999.

Auditors' Report to the Certificate Holders

We have audited the annexed Balance Sheet of FIRST TRI-STAR MODARABA which are representation of Modaraba Company's [A.R.T. MODARABA MANAGEMENT (PVT) LTD.] as at June 30, 1999 and the related Profit and Loss account and Cash Flow Statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and after due verification thereof, we report that:

a) in our opinion proper books of accounts have been kept by the Modaraba Company in respect of First Tri-Star Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981

b) in our opinion:

(i) the Balance Sheet and the Profit and Loss Account together with notes thereon 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

(ii) the expenditure incurred during the year was. for the purpose of the Modaraba's business; 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.

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and .the related Profit and Loss Account and Cash Flow Statement, together with the notes give the information required by the Modaraba Ordinance, 1980 and Modaraba. Rules, 1981 in the manner so

required and respectively give a true and fair view of the state of Modaraba's affairs as at June 30, 1999 and of the Profit and the cash flow statement for the year then ended; and

(d) in our opinion no. Zakat was deductible at source under the Zakat' and Ushr Ordinance, 1980.

Karachi the November 25, 1999.

Sd/
GARDEZI .& CO.
Chartered Accountants

Balance Sheet As At June 30, 1999

	<i>Note No.</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
AUTHORISED FUND			
20,000,000 Modaraba Certificates of Rs. 10/- each		200,000,000	200,000,000
ISSUED, SUBSCRIBED AND PAID-UP FUND			
14,080,000 ,Modaraba Certificates of Rs. 10/- each	3	140,800,000	140,800,000
RESERVE AND SURPLUS			
General Reserv -		10,000,000	10,000,000
Statutory Reserve		8,130,000	8,130,000
Unappropriated profit		4,115,146	3,871,949
		-----	-----
		22,245,146	22,001,949
		-----	-----
		163,045,146	162,801,949
CURRENT LIABILITIES			
Short Term Borrowings	4	2,071,278	2,071,278
Creditors, Accrued and Other Liabilities	5	636,843	2,313,892
Unclaimed Profit Distribution		802,058	815,439
Provision for Taxation		80,000	--
		-----	-----
		3,590,179	5,200,609
		-----	-----
		166,635,325	168,002,558
TANGIBLE FIXED ASSETS			
Operating Assets in own use	6	381,479	449,585
INVESTMENTS			
In Shares	7	127,485,417	127,965,869
CURRENT ASSETS			
Trading Stock		--	36,062,345
Trade Debts (Unsecured considered good)		35,553,180	--
Advances, Pre-payments and other Receivables	8	2,850,086	2,829,428
Cash and Bank Balances	9	365,163	695,331
		-----	-----
		38,768,429	39,587,104

166,635,325 168,002,558
=====

Notes: The annexed notes form integral part of these accounts.

MOHAMMED AHMAD ISMAIL
Chief Executive
A.R.T. Modaraba Management (Pvt) Ltd.

ASAD AHMAD
Director
A.R.T. Modaraba Management (Pvt) Ltd.

TAHIR AHMAD
Director
A.R.T. Modaraba Management (Pvt) Ltd.

Karachi: the November 25, 1999.

Profit and Loss Account For the year ended June 30, 1999

	<i>Note No.</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
Operating Profit / (Loss)	10	1,487,827	(447,876)
Less / (Add): Operating Expenses	11	559,188	(443,162)
Financial Charges	12	608,896	(682,054)
		-----	-----
		1,168,084	(1,125,216)
		-----	-----
		319,743	(1,573,092)
Prior Year Adjustment		3,454	--
		-----	-----
Profit before Taxation		323,197	(1,573,092)
Provision for Taxation		80,000	--
		-----	-----
Profit after Taxation		243,197	(1,573,092)
Un-appropriated profit brought forward		3,871,949	5,445,041
		-----	-----
Un-appropriated profit carried forward		4,115,146	3,871,949
		=====	=====

Notes: The annexed notes form integral part of these accounts.

MOHAMMED AHMAD ISMAIL
Chief Executive
A.R.T. Modaraba
Management (Pvt) Ltd.

ASAD AHMAD
Director
A.R.T. Modaraba
Management (Pvt) Ltd.

TAHIR AHMAD
Director
A.R.T. Modaraba
Management (Pvt) Ltd.

Cash Flow Statement For the year ended June 30, 1999

	<i>Note No.</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Taxation		323,197	(1,573,092)
Add : Items not involving movement of cash			
Depreciation		68,106	82,102
		391,303	(1,490,990)
CHANGES IN WORKING CAPITAL	13		
(Increase)/Decrease in Current Assets		488,507	(9,572,490)

Increase/(Decrease) in Current Liabilities	(1,677,049)	2,272,813
	-----	-----
Net changes in Working Capital	(1,188,542)	(7,299,677)
	-----	-----
Net Cash Flow from Operating Activities	(797,239)	(8,790,667)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(3,454)	(35,480)
Sale of investments	483,906	11,675,952
	-----	-----
Net Cash Flow from Investing Activities	480,452	11,640,472
CASH FLOW FROM FINANCING ACTIVITIES		
Profit distributed	(13,382)	(5,863)
	-----	-----
Net Cash Flow from Financing Activities	(13,382)	(5,863)
Net Increase/(Decrease)in cash & cash equivalent	(330,169)	2,843,942
Cash and cash equivalent at the beginning of the year	(1,375,946)	(4,219,888)
	-----	-----
Cash and cash equivalent at the end of June 30.	14	(1,706,115)
	=====	=====

Notes to the Accounts

For the year ended June 30, 1999

LEGAL STATUS AND NATURE OF BUSINESS

First Tri-Star Modaraba was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by A.R.T. Modaraba Management (Pvt) Limited.

The Modaraba is a perpetual, multipurpose, multidimensional Modaraba and is primarily engaged in leasing of Plant and Machinery, Motor Vehicles (both commercial and Private), Computer etc., providing finance on Morabaha and Musharika arrangements, purchases and sales of marketable securities and trading of various items.

2. SIGNIFICANT ACCOUNTING POLICES

(a) Overall Valuation Policies

These accounts have been prepared under the historical cost convention.

(b) Fixed Assets:

(i) Assets Leased out and Amortization:

Leased Assets are stated at cost less accumulated amortization. Amortization is charged to income applying the straight-line method whereby the depreciable values of assets are amortized over its lease period.

(ii) Assets in Own Use and Depreciation

Operating assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Full year's depreciation is charged on addition while no depreciation is charged on assets disposed off during the year.

(c) Trading Stock:

These are stated at cost determined on the moving average basis except for goods-in-transit which are stated at invoice value plus other charges paid thereon.

(d) Investments:

- (i) Investments are valued at cost.
- (ii) Profit or Loss on sale is accounted for in the year in which it arise.
- (iii) Full provision is made against permanent diminution in the value of investments.

(e) Revenue Recognition:

- (i) Rental income is recognised as and when lease rentals become due on a systematic basis over the lease period.
- (ii) Profit on Morabaha finance is recorded on accrual basis, calculated on number of days funds were utilised.
- (iii) Dividend income is recognised on receipt basis.
- (iv) Sales of goods are recognised on despatch of goods to customers.

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>

3 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

11,900,000 Modaraba Certificates of Rs. 10/- each fully paid in cash.	119,000,000	119,000,000
2,180,000 Modaraba Certificates of Rs. 10/- each issued as fully paid bonus Certificates.	21,800,000	21,800,000
	-----	-----
	140,800,000	140,800,000
	=====	=====
4 SHORT TERM BORROWINGS		
From Commercial Bank (Secured)	2,071,278	2,071,278
	=====	=====

- 4.1 (i) Secured by pledge over shares of Public Limited Companies.
- (ii) Carries mark-up @50 paisas per thousand per day.

5 CREDITORS, ACCRUED AND OTHER LIABILITIES

Accrued Expenses	28,873	107,383
Accrued mark-up on short term borrowings	607,970	--
Other Liabilities	--	2,206,509
	-----	-----
	636,843	2,313,892
	=====	=====

6 DEPRECIATION SCHEDULE OF ASSETS IN OWN USE

PARTICULARS	<i>Cost as on 01.07.98</i>	<i>Addition/ (Disposal) during the year</i>	<i>Caost as on 01.07.99</i>	<i>Rate %</i>	<i>Depreciation Charged for year</i>	<i>Accumulated Depreciation as on 30.06.99</i>	<i>Written Down value as on 30.06.99</i>
Motor Car	896,150	--	896,150	20%	45,185	715,411	180,739
Furniture & Fixture	107,900	--	107,900	10%	5,696	56,634	51,266
Motorcycle	29,400	--	29,400	20%	1,110	24,961	4,439
Office Equipment	25&,432	--	256,432	10%	14,000	130,436	125,996

Computer	43,700	--	43,700	10%	2,115	24,661	19,039
1999 Rupees	1,333,582	--	1,333,582		68,106	952,103	381,470
1998 Rupees	1,333,582	--	1,333,582		82,102	883,997	449,585

7. INVESTMENT IN SHARES

The holdings are in ordinary shares/certificates of the face value of Rs. 10/- each.

No. of Share/Certificates		Q U O T E D : Associated Undertakings	Cost	
1999	1998		1999	1998
4,001,455	4,001,455	Second Tri-Star Modaraba	28,057,681	28,057,681
1,799,081	1,799,081	Tri-Star Polyester Ltd.	25,224,133	25,224,133
1,214,900	1,214,900	Tri-Star Power Ltd.	23,557,122	23,557,122
3,740,000	3,740,000	Tri-Star Energy Ltd. (Un-quoted)	37,400,000	37,400,000
			114,238,936	114,238,936

OTHERS

5,000	5,000	12th ICP Mutual Fund Ltd.	160,640	160,640
302	302	First Crescent Modaraba.	4,545	4,545
1,599	1,599	First Grindlays Modaraba.	32,381	32,381
70	70	First IBL Modaraba.	1,860	1,860
1,725	1,280	Orix Leasing Pakistan Ltd.	72,893	72,893
9,136	9,136	Saudi Pak Leasing Ltd.	215,904	215,904
444	244	Askari Commercial Bank Ltd.	7,669	4,215
1,805	1,368	Bank Al-Habib Ltd.	49,777	49,777
400	400	Islamic Investment Bank Ltd.	2,757	2,757
--	49	Muslim Commercial Bank Ltd.	--	1,986
313	285	Soneri Bank Ltd.	9,470	9,470
500	500	Business & Ind. Insurance Co. Ltd.	5,000	5,000
40,75	40,750	Azam Textile Mills Ltd.	741,875	741,875
2 600	2,600	Faisal Spinning Mills Ltd.	81,013	81,013
17,671	17,671	Mohib Textile Mills Ltd,	897,530	897,530
10,000	10,000	Sana Industries Ltd.	953,375	953,375
25,000	25,000	Umer Fabrics Ltd.	538,075	538,075
102.35	102,350	Mohib Exports Ltd,	2,436,070	2,436,070
26.41	25,151	Crescent Textile Mills Ltd.	1,265,165	1,265,165
21,758	21,758	Gul Ahmed Textile Mills Ltd.	670,019	670,019
9,127	9,127	Jubilee Spinning & Weaving Mills Ltd.	141,414	141,414
15,525	15,525	Kohinoor Industries Ltd.	610,100	610,100
49,230	49,230	Mohd. Farooq Textile Mills Ltd.	1,667,083	1,667,083
10,000	10,000	Sunshine Cloth Ltd.	160,900	160,900
7,260	6,600	Dewan Sugar Mills Ltd.	431,036	431,036
600	600	Mian Mohd. Sugar Mills Ltd.	6,000	6,000
5,520	5,520	Hino Pak Motors Ltd.	455,850	455,850
7,459	7,216	Engro Chemicals (Pakistan) Ltd.	305,854	305,854
7,000	10,000	Hoechst Marion Roussel.	1,124,480	1,606,400
128	112	Packages Ltd.	7,816	7,816
2,000	2,000	Cherat Cement Ltd.	83,600	83,600
5,000	5,000	Tri-Pack Films Ltd.	101,000	101,000
123	123	Shell Pakistan Ltd.	5,330	5,330
43	--	Dewan Salman Fibre Ltd.	--	--

Market Vaule Rs. 50,387,414 (1998: Rs. 49,789,663)

127,485,417 127,965,869

1999

1998

Rupees *Rupees***8. ADVANCES, PRE-PAYMENTS AND OTHER RECEIVABLES**

Dividend Income Receivable	2,831,019	2,814,769
Advance Income Tax	19,067	14,659
	-----	-----
	2,850,086	2,829,428
	=====	=====

9. CASH AND BANK BALANCES

Cash-in-hand	347,108	676,149
Bank Balances:		
In Current Accounts	16,028	17,255
In PLS Accounts	2,027	1,927
	-----	-----
	18,055	19,182
	-----	-----
	365,163	695,331
	=====	=====

10. OPERATING INCOME / (LOSS)

(Loss) on Sale of Investments	(395,310)	(3,637,647)
Dividend Income	282,195	418,741
Trading Income (10.1)	1,600,835	2,770,738
Other Income	107	292
	-----	-----
	1,487,827	(447,876)
	=====	=====

10.1 TRADING INCOME

Sales	37,663,180	31,892,405
Cost of Goods Sold		
Opening Stock	36,062,345	2,092,228
Add: Purchases	--	63,091,784
	-----	-----
	36,062,345	65,184,012
Less: Closing Stock	--	(36,062,345)
	-----	-----
	36,062,345	29,121,667
	-----	-----
	1,600,835	2,770,738
	=====	=====

11. OPERATING EXPENSES

General Expenses	--	5,805
Fees & Subscription	96,000	59,800
Stationery & Printing	22,182	29,266
Postage & Telegram	10,394	20,453
Legal & Professional Charges	150,800	25,789
Insurance	41,691	25,139
Travelling & Conveyance	800	100
Vehicle Upkeep	53,814	30,461
Telephone Expenses	66,531	73,072
Auditors Remuneration 11.1	15,000	13,000
Zakat	2,493	14,067
Registrar Services	31,377	59,108

Income Tax Appeal Fee	--	5,000
Depreciation	68,106	82,102
	-----	-----
	559,188	443,162
	=====	=====

11.1 Auditors' Remuneration

Audit Fee	11,000	11,000
Out of Pocket Expenses	2,000	2,000
Prior Year Out of Pocket Expenses	2,000	--
	-----	-----
	15,000	13,000
	=====	=====

12. FINANCIAL CHARGES

Mark-up on Short Term Running Finance	607,970	680,952
Bank Charges	926	1,102
	-----	-----
	608,896	682,05
	=====	=====

1998 **1999**
Rupees **Rupees**

13. WORKING CAPITAL CHANGES

(Increase)/Decrease in current assets

Trading Stock	36,062,345	(33,970,117)
Trade Debts	(35,553,180)	24,372,858
Advances, pre-payments and other receivables	(20,658)	241,769
	-----	-----
	488,507	(9,572,490)
	=====	=====

increase/(Decrease) in .current liabilities

Creditors, accrued and other liabilities	(1,677,049)	2,272,813
	-----	-----
Net working capital changes	(1,188,542)	(7,299,677)
	=====	=====

14. CASH AND CASH EQUIVALENT

Cash and cash equivalent comprises of the following items as included in the Balance Sheet

Cash and Bank Balance	365,163	695,332
short Term Borrowings	(2,071,278)	(2,071,278)
	-----	-----
	(1,706,115)	(1,375,278)
	=====	=====

15. GENERAL

15.1 Figures have been rounded off to the nearest rupee.

15.2 Previous year's figures have been re-arranged and re-grouped, wherever necessary for the purpose of comparison

PATTERN OF SHARE HOLDINGS

AS AT 30TH JUNE t999

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDERS		TOTAL CERTIFICATE HELD
288	1	--	100 16,213
440	101	--	500 127,570
399	501	--	1000 305,121
687	1001	--	5000 1,429,791
110	5001	--	10000 779,228
31	10001	--	15000 372,184
16	15001	--	20000 278,729
19	20001	--	25000 436,955
5	25001	--	30000 132,099
6	30001	--	35000 196,801
13	35001	--	40000 479,415
5	40001	--	45000 218,408
10	45001	--	50000 462,020
1	55001	--	60000 57,200
2	65001	--	70000 140,000
5	75001	--	80000 400,000
1	80001	--	85000 81,600
1	85001	--	90000 86,832
1	90001	--	95000 95,000
3	95001	--	100000 292,195
1	110001	--	115000 111,910
1	115001	--	120000 117,863
1	200001	--	205000 204,532
1	410001	--	415000 412,500
1	610001	--	615000 614,700
1	700001	--	705000 701,000
1	1105001	--	1110000 1,109,500
1	1395001	--	1400000 1,400,000
1	3020001	--	3025000 3,021,634
-----	-----	-----	-----
2,052			14,080,000
=====			=====

CATEGORIES OF CERTIFICATE HOLDERS	<i>NUMBER OF CERTIFICATES</i>		
	<i>CERTIFICATE HOLDERS</i>	<i>HELD</i>	<i>PERCENTAGE</i>
INDIVIDUALS	2,022	6,381,580	45.32
INVESTMENT COMPANIES	6	272,475	1.94
INSURANCE COMPANIES	2	8,300	0.06
JOINT STOCK COMPANIES	14	2,608,411	18.53
FINANCIAL INSTITUTIONS	2	640,740	4.55
MODARABA	6	4,168,494	29.61
	-----	-----	-----
TOTAL	2,052	14,080,000	100.00
	=====	=====	=====