

First Tri-Star Modaraba

Annual Report 2000

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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, 2000.

The Board of Directors of A.R.T. Modaraba Management (Pvt) Ltd, present the 10th Annual Report of First Tri-Star Modaraba together with audited account for the year ended June 30, 2000.

1. FINANCIAL RESULTS

Financial results are summarised as follows:

	<i>1999</i>	<i>2000</i>
	<i>(Rupees in 000's)</i>	
Total Operating Profit	1,624	1,488

Less: Total Operating Expenses	(721)	1,168
	-----	-----
	903	320
Unappropriated Profit brought forward	4,115	3,871
	-----	-----
Unappropriated Profit carried forward	4,732	4,115
	=====	=====

2. DIVIDEND

The Board in its meeting held on December 2, 2000 has not recommended any dividend this year.

3. BUSINESS

Your Modaraba has continued business in trading and investment. The results are reflected in the accounts being presented. The general economic depression and uncertain political situation does not permit to forecast anything accurately. As is common knowledge the stock market has crashed for various reasons. We can only hope for the overall situation to improve in the near future.

4. BOARD OF DIRECTORS

The present Board of Directors assumed their office with effect from February 16, 2000 for 3 years.

5. 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, 2001.

6. ACKNOWLEDGEMENTS

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 2, 2000.

Auditors' Report to the Members

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 30th June, 2000 and the related Profit and Loss Account, Cash Flow Statement and Statement of changes in equity 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.

It is the responsibility of Modaraba's Management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Modaraba Companies and Modaraba Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Modaraba Company 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 profit and loss account together with the 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 are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii the expenditure incurred during the year was for the purpose of the company's business; and

iii the business conducted, investments made and the expenditure incurred during the year were in accordance with the object of Modaraba;

c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and the statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, 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 the Modaraba's affairs as at 30th June, 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

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

sd/-
GARDEZI & CO.
Chartered Accountants

Karachi · December 2, 2000.

Balance Sheet As At June 30, 2000

	<i>Note No.</i>	<i>2000 Rupees</i>	<i>1999 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 Reserve		10,000,000	10,000,000
Statutory Reserve		8,130,000	8,130,000
Unappropriated Profit		4,732,340	4,115,146
		-----	-----
		22,862,340	22,245,146
		-----	-----
		163,662,340	163,045,146
CURRENT LIABILITIES			
Short Term Borrowings	4	2,071,278	2,071,278
Creditors, Accrued and Other Liabilities	5	2,434,016	636,843
Unclaimed Profit Distribution		802,058	802,058
Provision for taxation		285,000	80,000
		-----	-----
		5,592,352	3,590,179
		-----	-----
		169,254,692	166,635,325
		=====	=====
TANGIBLE FIXED ASSETS			
Operating Assets in own use	6	324,812	381,479

INVESTMENTS

In Shares	7	127,014,738	127,485,417
-----------	---	-------------	-------------

CURRENT ASSETS

Trade Debts (Unsecured considered good)		37,509,284	35,553,180
Advances, Pre-Payments and other Receivables	8	2,823,612	2,850,089
Cash and Bank Balances	9	1,582,246	365,163
		-----	-----
		41,915,142	38,768,429
		-----	-----
		169,254,692	166,635,325
		=====	=====

Notes : The annexed notes form an 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 · December 2, 2000

Profit and Loss Account
For The year ended June 30, 2000

	<i>Note No.</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Operating Profit	10	1,624,311	1,487,827
Less : Operating expenses	11	(348,457)	(559,188)
Financial Charges	12	(372,991)	(608,896)
		-----	-----
		(721,448)	(1,168,084)
		-----	-----
		902,863	319,743
Prior Year Adjustment		1,550	3,454
		-----	-----
		904,413	323,197
Modaraba Company's Management Fee		82,291	--
		-----	-----
Profit before Taxation		822,194	323,197
Provision for Taxation		205,000	80,000
		-----	-----
Profit after Taxation		617,194	243,197
Un-appropriated profit brought forward		4,115,146	3,871,949
		-----	-----
Un-appropriated profit carried forward		4,732,340	4,115,146
		=====	=====
Earning Per Share	13	0.04	0.02

Notes: The annexed notes form an 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 30,2000

	<i>Note No.</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Taxation		822,194	323,197
Add: Items not involving movement of cash			
Depreciation		56,667	68,106
		-----	-----
		878,861	391,303
CHANGES OF WORKING CAPITAL			
(Increase)/Decrease in Current Assets	14	(1,929,630)	488,507
Increase/(Decrease) in Current Liabilities		1,797,173	(1,677,049)
		-----	-----
Net Changes in Working Capital		(132,457)	(1,188,542)
		-----	-----
Net Cash Flow from Operating Activities		746,404	(797,239)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of investments		--	(3,454)
Sale of investments		470,679	483,906
		-----	-----
Net cash Flow from Investing Activities		470,679	480,452
CASH FLOW FROM FINANCING ACTIVITIES			
Profit distributed		--	(13,382)
		-----	-----
Net Cash Flow from Financing Activities		--	(13,382)
		-----	-----
Net Increase/(Decrease) in cash & cash equivalent		1,217,083	(330,169)
Cash and cash equivalent at the beginning of the year		(1,706,115)	(1,375,946)
		-----	-----
Cash and cash equivalent at the end of June 30	15	(489,032)	(1,706,115)
		=====	=====

Notes to the Accounts**For the year ended June 30, 2000.****1. 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 assets 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 Modaraba finance is recorded on accrual basis, calculated on number of days funds were utilised.
- (iii) Dividend income is recognised when right to receive the same is established.
- (iv) Sale of goods are recognised on despatch of goods to customers.

	2000	1999
	Rupees	Rupees
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 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 Secured by pledge over shares of public limited companies.

4.2 Carries mark-up @50 paisas per thousand per day.

5. CREDITORS, ACCRUED AND OTHER LIABILITIES

Accrued Expenses	107,273	28,873
Accrued mark-up on Short Term Borrowings	980,800	607,970
Modaraba Management Fee	82,219	---
Other Liabilities	1,263,724	---
	-----	-----
	2,434,016	636,843
	=====	=====

6. TANGIBLE FIXED ASSETS

PARTICULARS	<i>Cost</i>	<i>Addition/</i>	<i>Cost</i>	<i>Rate</i>	<i>Depreciation Accumulated Written Down</i>		
	<i>as on</i>	<i>(Disposal)</i>	<i>as on</i>		<i>Charged for</i>	<i>Depreciation</i>	<i>Value as on</i>
	<i>01.07.99</i>	<i>during the year</i>	<i>30.06.2000</i>	<i>%</i>	<i>year</i>	<i>as on 30.06.2000</i>	<i>30.06.2000</i>
Motor Car	896,150	--	896,150	20%	36,148	751,559	144,591

Furniture & Fixture	107,900	--	107,900	10%	5,127	61,761	46,139
Motorcycle	29,400	--	29,400	20%	888	25,849	3,551
Office Equipment	256,432	--	256,432	10%	12,600	143,036	113,396
Computer	43,700	--	43,700	10%	1,904	26,565	17,135
	-----	-----	-----	-----	-----	-----	-----
2000 Rupees	1,333,582	--	1,333,582		56,667	1,008,770	324,812
	-----	-----	-----	-----	-----	-----	-----
1999 Rupees	1,333,582	--	1,333,582		68,106	952,103	381,479
	=====	=====	=====	=====	=====	=====	=====

7. INVESTMENT IN SHARES

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

No. of Shares/Certificates		QUOTED:	Cost	
2000	1999	Associated Undertakings	2000	1999
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	1,725	Orix Leasing Pakistan Ltd.	72,893	72,893
9,136	9,136	Saudi Pak Leasing Ltd.	215,904	215,904
444	444	Askari Commercial Bank Ltd.	7,669	7,669
966	1,805	Bank AI-Habib Ltd.	22,200	49,777
400	400	Islamic Investment Bank Ltd.	2,757	2,757
390	313	Soneri Bank Ltd.	9,470	9,470
500	500	Business & Ind. Insurance Co. Ltd.	5,000	5,000
40,750	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
102,350	102,350	Mohib Exports Ltd.	2,436,070	2,436,070
18,408	26,408	Crescent Textile Mills Ltd.	881,885	1,265,165
21,758	21,758	Gul Ahmad 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
7,986	7,260	Dewan Sugar Mills Ltd.	431,036	431,036
600	600	Main Mohd. Sugar Mills Ltd.	6,000	6,000
5,520	5,520	Hinopak Motors Ltd.	455,850	455,850
6,000	7,459	Engro Chemicals (Pakistan) Ltd.	246,032	305,854
7,000	7,000	Hoechst Marion Roussel	1,124,480	1,124,480
128	128	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	43	Dewan Salman Fibre Ltd.	--	--

Market Value Rs. 48,226,369 (1999:Rs.50,387,414)

127,014,738 127,485,417

8. ADVANCES, PRE-PAYMENTS AND OTHER RECEIVABLES

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Dividend Income Receivable	2,801,019	2,831,019
Advance Income Tax	22,593	19,067
	-----	-----
	2,823,612	2,850,086
	=====	=====

9. CASH AND BANK BALANCES

Cash-in-hand	1,563,652	347,108
Bank Balances :		
In Current Account	16,558	16,028
in PLS Account	2,036	2,027
	-----	-----
	18,594	18,055
	-----	-----
	1,582,246	365,163
	=====	=====

10. OPERATING INCOME / (LOSS)

(Loss) on sale of Investments	(81,334)	(395,310)
Dividend Income	302,759	282,195
Trading Income (10.1)	1,402,876	1,600,835
Other Income	10	107
	-----	-----
	1,624,311	1,487,827
	=====	=====

10.1 TRADING INCOME

Sales	37,509,284	37,663,180
Cost of Goods Sold		
Opening Stock	--	36,062,345
Add: Purchases	36,106,408	--
	-----	-----
	36,106,408	36,062,345
Less: Closing Stock	--	--
	-----	-----
	36,106,408	36,062,345
	-----	-----
	1,402,876	1,600,835
	=====	=====

11. OPERATING EXPENSES

General Expenses	1,700	--
Fees and Subscription	90,442	96,000
Stationery and Printing	16,414	22,182
Postage and Telegram	12,150	10,394
Legal and Professional Charges	1,920	150,800
Insurance	31,422	41,691
Travelling and Conveyance	53,524	800
Vehicle Up-keep	3,295	53,814
Telephone Expenses	62,823	66,531
Auditors' Remuneration-Note 11.1	15,000	15,000

Zakat	3,100	2,493
Registrar Services	--	31,377
Depreciation	56,667	68,106
	-----	-----
	348,457	559,188
	=====	=====

11.1 AUDITORS' REMUNERATION

Audit Fee	12,500	11,000
Out of Pocket Expenses	2,500	2,000
Prior Year Out of Pocket Expenses	---	2,000
	-----	-----
	15,000	15,000
	=====	=====

12. FINANCIAL CHARGES

Mark-up on Short Term Running Finance	372,830	607,970
Bank Charges	161	926
	-----	-----
	372,991	608,896
	=====	=====

13. EARNING PER SHARE

Profit After Taxation	617,194	243,197
Weighted Average Number of Ordinary Shares	14,080,000	14,080,000
	-----	-----
Earning Per Share	0.04	0.17

14. WORKING CAPITAL CHANGES

(Increase)/Decrease in Current Assets		
Trading Stock	---	36,062,345
Trade Debts	(1,956,104)	(35,553,180)
Advances, Pre-Payments and other receivables	26,474	(20,658)
	-----	-----
	(1,929,630)	488,507
	=====	=====
Less: Increase/(Decrease) in Current Liabilities		
Creditors, Accured and other Liabilities	1,797,173	(1,677,049)
	-----	-----
Net Working Capital Changes	(132,457)	(1,188,542)
	=====	=====

15. CASH AND CASH EQUIVALENT

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

Cash and Bank Balance	1,582,246	365,163
Short Term Borrowings	(2,071,278)	(2,071,278)
	-----	-----
	(489,032)	(1,706,115)
	=====	=====

16. FINANCIAL ASSETS AND LIABILITIES

	INTEREST/MARK-UP BEARING			NON INTEREST/MARK-UP BEARING			TOTAL
	<i>Maturity</i>	<i>Maturity</i>	<i>Sub</i>	<i>Maturity</i>	<i>Maturity</i>	<i>Sub</i>	
	<i>upto</i>	<i>after</i>		<i>upto</i>	<i>after</i>		
<i>1 year</i>	<i>1 year</i>	<i>Total</i>	<i>1 year</i>	<i>year</i>	<i>Total</i>		
FINANCIAL ASSETS							
Trade Debts	--	--	--	37,509,284	--	37,509,284	37,509,284
Advances, Pre-payments & Other Receivables	--	--	--	2,801,019	--	2,801,019	2,801,019

Cash & Bank Balance	2,036	--	2,036	1,580,210	--	1,580,210	1,582,246
Sub Total	2,036	--	2,036	41,890,513		41,890,513	41,892,549
FINANCIAL LIABILITIES							
Short Term Borrowings	2,071,278	--	2,071,278	--	--	--	2,071,278
Creditors, Accrued & Other Liabilities	--	--	--	2,434,016	--	2,434,016	2,434,016
Unclaimed Profit Distribution	--	--	--	802,058	--	802,058	802,058
Sub Total	2,071,278	--	2,071,278	3,236,074	--	3,236,074	5,307,352
GAP	(2,069,242)	--	(2,069,242)	38,654,439	--	38,654,439	36,585,197

17. STATEMENT OF CHANGES IN EQUITY

PARTICULARS	Share Capital	General/ Statutory Reserve	Accumulated Profit/(Loss)	Total
Balance as at 30-06-1998	140,800,000	18,130,000	3,871,949	162,801,949
Profit/(Loss) for the year	--	--	243,197	243,197
Balance as at 30-06-1999	140,800,000	18,130,000	4,115,146	163,045,146
Profit/(Loss) for the year	--	--	617,194	617,194
Balance as at 30-06-2000	140,800,000	18,130,000	4,732,340	163,662,340

18. GENERAL

18.1 Figures have been rounded off to the nearest rupee.

18.2 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, 2000

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATES		TOTAL CERTIFICATES 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	--	1110000	701,000
1	1105001	--	705000	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 Certificate Holders</i>	<i>Certificates Held</i>	<i>Percentage</i>
1. INDIVIDUALS	2,022	6,381,580	45.324
2. INVESTMENT COMPANIES	6	272,475	1.935
3. INSURANCE COMPANIES	2	8,300	0.059
4. JOINT STOCK COMPANIES	14	2,608,411	18.526
5. FINANCIAL INSTITUTION	2	640,740	4.551
6. MODARABA	6	4,168,494	29.606

TOTAL	2,052	14,080,000	100.000