

FABM

FIRST ALLIED BANK MODARABA

Report for the period January 1, 1995 to June 30, 1996

Managed by:

Allied Management Services (Pvt.) Ltd.

A WHOLLY OWNED SUBSIDIARY OF

ALLIED BANK OF PAKISTAN LTD.

CORPORATE INFORMATION

MODARABA COMPANY

ALLIED MANAGEMENT SERVICES (PRIVATE) LIMITED

A WHOLLY OWNED SUBSIDIARY OF

ALLIED BANK OF PAKISTAN LIMITED

BOARD OF DIRECTORS

MR. SHAUKAT A. KAZMI	Chairman
MR. RASHID M. CHAUDHRY	Director
MR. SYED JAUHAR HUSAIN	Director
MR. M. SALIM SHAIKH	Director
MR. I. A. USMANI	Director
MR. AKHTER ALI KHAN	Director
MR. TAHIR SAEED EFFENDI	Chief Executive

COMPANY SECRETARY

Mr. Salman A. Qazalbash

AUDITORS

(1) RAHIM IQBAL RAFIQ & CO.

Chartered Accountants

(2) SAEED KAMRAN PATEL & CO.

Chartered Accountants

BANKERS OF THE MODARABA

Allied Bank of Pakistan Limited.

PRINCIPAL PLACE OF BUSINESS

17th Floor, N.I.C. Building, Abbasi Shaheed Road,

Off: Sharea Faisal, Karachi.

Tel: 5678212, 5670370-79 (10 Lines) Fax: 5660136 Telex: 21746 ABL CO PK.

SHARES REGISTRAR

M/s Unicorporate & Financial Services

4th Floor, Habib Square, Bank House No.2

M.A. Jinnah Road, Karachi.

Tel: 2426932, 2426927 Fax: 2423593

CHAIRMAN'S REVIEW

On behalf of the Board of Directors of Allied Management Services (Private) Limited, I take pleasure in presenting the 3rd Annual Report of First Allied Bank Modaraba together with the Audited Accounts for the period ended June 30, 1996. In compliance of Finance Act 1995, the accounting year of Modaraba has been changed from Calendar Year to Financial Year i.e. July - June instead of January - December. However, to synchronize with the approval of Registrar Modaraba, this time the accounts have been compiled for 18 months i.e. from January 1, '1995 to June 30, 1996.

THE MODARABA SECTOR

The Financial Sector in general and Modarabas in particular have operated under difficult conditions. Continuous bearish trend in stock market, low business activities in Trade and Industry, heavy taxation and over regulation of Modaraba despite financial deregulation, have adversely effected the performance of the Modaraba Sector.

Consequently, most of Modarabas are struggling to keep afloat and out of 52 quoted Modarabas only two Modarabas are being quoted above par.

FINANCIAL RESULTS

You would be pleased to note that inspite of adverse business environment and less than expected performance of the sector in terms of the profitability, your Modaraba is perhaps the only one, which has achieved unprecedented growth and has maintained excellent performance record by successfully diversifying its business activities and deploying

its resources in various new avenues.

Financial results for the period ended June 30, 1996 are summarised as under:

	(Rupees in 000's)	
	June, 30 1996	December, 31 1994
	(18 months)	(12 months)
profit before Management Fee	99,135	67,123
Modaraba Company's Management Fee	991	671

Profit for the year	98,144	66,452
Unappropriated profit brought forward	748	109

	98,892	66,561
	=====	
APPROPRIATIONS		
Transfer to Statutory Reserve	19.78	13,312
Cash Dividend	78,750	52,500

	98,528	65,812
	=====	
Unappropriated profit carried forward	364	749
Earning per certificate before management fee	Rs. 2.83	Rs. 1.92

The First Allied Bank Modaraba despite following a conservative policy of making full provisions of Rs. 15,119,229 on account of diminution in the values of short term investments, unlike other Modarabas who treat such investments as long term and are not making any provisions for the diminution in the value, has earned a net profit of Rs. 99,135,521 which is more than 32% over the last period. The Board has decided to continue its policy of charging only a token Management Fee of 1% amounting to Rs. 991,355 with the desire to pass on maximum benefits to the certificate holders.

CASH DIVIDEND

From the very inception, we have been committed to pass on maximum benefits to the certificate holders. During the first two years the Modaraba distributed almost entire profit to the certificate holders, in the shape of Bonus Certificates and cash dividend. Once again, the Board of Directors of the Management Company feels great pleasure in declaring Cash Dividend of 22.50% i.e. Rs. 2.25 per certificate by distributing over 95% of available income for the six months period ending June 30, 1995 and 12 months period ending June 30, 1996, which is a very high return comparing the performance of the whole Modaraba Sector.

FUTURE STRATEGY

The Modaraba had started its operation with a Paid up Fund of Rs. 300.00 Million. By the end of June 30, 1996 the equity including Statutory Reserves has increased to Rs. 383.00 Million through the issuance of Bonus Certificates and transfer to Statutory Reserve @ 20% of the annual profit, which has further strengthened the equity base of the Modaraba.

The management has now decided to mobilize additional funds from other sources like borrowing from financial institutions / tapping of funds by issuance of Certificate of Musharika. We have already fulfilled all the pre-requisites to launch Certificate of Musharika (COM) of Rs. 100.00 Million. As soon as approval of Corporate Law Authority is received, First Allied Bank Modaraba intends to start sale of Certificate of Musharika through network of Allied Bank of Pakistan Limited. The additional funds would be utilized for diversifying the First Allied Bank Modaraba's activities into new avenues resulting optimization of return. It would ultimately increase return to certificate holders who will get higher profit on their Investment.

ACKNOWLEDGEMENTS

The Board wishes to place on record its appreciation and gratefulness to the certificate holders for their continued confidence in the Modaraba, the State Bank of Pakistan especially NBFI Department, Corporate Law Authority, Registrar Modaraba Companies and Modarabas for the guidance provided by them from time to time and to the staff for their dedication and hard work, without which these results would not have been possible.

For and on behalf of the Board

SHAUKAT A. KAZMI
CHAIRMAN

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

RAHIM IQBAL RAFIQ & COMPANY

CHARTERED ACCOUNTANTS

15- Banglore Town,
Sharea Faisal,
Karachi.

SAEED KAMRAN PATEL & COMPANY

CHARTERED ACCOUNTANTS

515 Clifton Centre,
Khayaban-e-Roomi, Clifton,
Karachi.

We have audited the annexed Balance Sheet as at June 30, 1996 and the related Profit and Loss Account and Cash Flow Statement, together with the notes to the accounts for the period ended June 30, 1996 of First Allied Bank Modaraba which are Modaraba Company's (Allied Management Services (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 Allied Bank Modaraba as required by the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980; and Modaraba Companies and Modaraba Rules, 1981.
- (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 (Flotation 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 the 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 June 30, 1996; and the profit and the changes in financial position for the period 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.

RAHIM IQBAL RAFIQ & COMPANY

Chartered Accountants

SAEED KAMRAN PATEL & COMPANY

Chartered Accountants

Karachi: August 7, 1996.

FIRST ALLIED BAHK MODARABA

BALANCE SHEET

AS AT JUNE 30, 1996

	June 30, 1996	December 31, 1994
Note	Rupees	Rupees
CAPITAL AND RESERVES		
Authorised		
50,000,000 Modaraba		
Certificates of Rs. 10/- each	500,000,000	500,000,000
Issued, subscribed and paid up	3 350,000,000	350,000,000
Statutory reserve	4 33,090,673	13,312,134
Unappropriated profit	364,161	748,534
	-----	-----
	383,454,834	364,060,668

FIRST ALLIED BANK MODARABA**PROFIT AND LOSS ACCOUNT**

FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 1996.

Note	Six Months		Year	
	Ended June 30, 1995	Ended June 30, 1996	Total	Year Ended December 31, 1994
Figures in Rupees				
PROFIT ON				
Lease	--	10,142,231	10,142,231	--
Morabaha	4,432,276	16,082,167	20,514,443	3,516,419
Musharika	22,431,625	39,138,241	61,569,866	36,807,383
Trading	18 1,431,386	3,162,106	4,593,492	2,894,893
Sale of investments	(1,616)	489,100	487,484	14,745,436
	28,293,671	69,013,845	97,307,516	57,964,131
RETURN ON BANK DEPOSIT ACCOUNT	6,285,234	11,624,166	17,909,400	20,550,474
OTHER INCOME	19 1,471,204	3,461,832	4,933,036	4,805,419
	36,050,109	84,099,843	120,149,952	83,320,024
EXPENDITURE				
Operating expenses	20 1,588,182	4,247,301	5,835,483	3,421,957
Bank charges	10,855	48,864	59,719	--
Provision for diminution in the value of investments	15,772,821	(653,592)	15,119,229	12,775,116
	17,371,858	3,642,573	21,014,431	16,197,073
OPERATING PROFIT FOR THE PERIOD/YEAR	18,678,251	80,457,270	99,135,521	67,122,951
MODARABA COMPANY'S MANAGEMENT FEE	21 186,782	804,573	991,355	671,230
PROFIT FOR THE PERIOD/YEAR	18,491,469	79,652,697	98,144,166	66,451,721
Unappropriated profit brought forward	-	-	748,534	108,947
			98,892,700	66,560,668
APPROPRIATION				
Transferred to Statutory Reserve	-	-	19,778,539	13,312,134
Proposed profit distribution	-	-	-	-
- Six months ended June 30, 1995			15,225,000	-
- year ended June 30, 1996			63,525,000	52,500,000
			78,750,000	52,500,000
Unappropriated profit carried forward	-	-	364,161	748,534

The annexed notes form an integral part of these financial statements.

FIRST ALLIED BANK MODARABA**STATEMENT OF CHANGES IN FINANCIAL POSITION**

FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 1996.

	Eighteen months ended June 30, 1996	Year ended December 31, 1994
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period/year	98,144,166	66,451,721

Adjustment for:		
Amortization of deferred costs	1,909,927	1,273,285
Depreciation	42,744	27,083
Diminution in value of investments-Net	13,806,876	12,775,116
	-----	-----
	15,759,547	14,075,484
Operating profit before working capital changes	113,903,713	80,527,205
Changes in working capital (Increase) / decrease in current assets		
Stock-in- trade	17,580,228	(32,027,038)
Trade debts	(2,040,556)	--
Short term investments	(14,738,647)	(60,873,595)
Short term morabaha finance	(51,474,196)	(14,284,804)
Short term musharika finance	56,900,000	(69,200,000)
Accrued profit	(17,720,845)	(693,919)
Advances, prepayments and other receivables	(3,403,018)	4,806,555
	-----	-----
(Increase) in current assets	(14,897,034)	(172,272,801)
Increase / (decrease) in current liabilities		
Security deposits refunded	(5,457,800)	5,457,800
Creditors, accrued and other liabilities	591,611	921,001
	-----	-----
(Decreased)/Increase in current liabilities	(4,866,189)	6,378,801
Cash generated/outflow from operations	94,140,490	(85,366,795)
Dividend paid	(49,922,900)	--
Long term security deposits received	7,148,580	--
	-----	-----
	(42,774,320)	--
Net cash from / used in operating activities	-----	-----
	51,366,170	(85,366,795)
	Eighteen	
	months	year
	ended	ended
	June 30,	December 31,
	1996	1994
	Rupees	Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(21,205)	(132,615)
Long term musharika finance	16,724,997	(46,666,666)
Deferred expenditure	(665,000)	--
Long term investments	(2,000,000)	--
Assets leased out	(70,061,247)	--
	-----	-----
Net cash used in investing activities	(56,022,455)	(46,799,281)
Net decrease in cash and bank balances	(4,656,285)	(132,166,076)
Cash and bank balances at the beginning of the period/year	56,511,699	188,677,775
	-----	-----
Cash and bank balances at the end of the period/year	51,855,414	56,511,699
	=====	=====

**FIRST ALLIED BANK MODARABA
NOTES TO THE ACCOUNTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 1996.**

1. MODARABA AND ITS OPERATION

First Allied Bank 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 the Allied Management Services (Private) Limited. The Modaraba is listed on the Karachi, Lahore and Islamabad Stock Exchanges.

The Modaraba is currently engaged in various Islamic mode of financing and business, including leasing, morabaha, musharika arrangements, trading in listed securities and other commodities.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

2.2 Taxation

Modaraba's income is not subject to tax for first three assessment years after commencement of its business i.e. from March 15, 1993, if not less than 90% of its profits in a year are distributed to the modaraba certificate holders.

2.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method based on the useful life of the asset. Normal repairs in assets are charged to income currently.

Full year's depreciation is charged on additions while no depreciation is charged on assets disposed off during the year.

2.4 Deferred Costs

Expenditure incurred in connection with floatation of Modaraba is being written off over a period of five years.

However, expenses incurred in connection with the obtaining permission for the floatation of Musharika Certificates will be amortized over a period of five years commencing from the date of floatation of Musharika Certificates.

2.5 Stock in trade

These are stated at lower of cost and net realisable value determined on weighted average cost basis.

2.6 Investments

Long term

Long term investments are stated at cost. The effect of permanent diminution, if any, in the value of investment is taken to profit and loss account.

Short term

Short term investments in listed securities are stated at lower of cost or market value determined on an aggregate portfolio basis. The effect of permanent diminution, if any; in the value of investment is taken to profit and loss account.

2.7 Revenue recognition

For lease transactions, the unearned lease income is deferred and amortized to income over the term of lease, so as to produce a constant rate of return on the net investment.

Profit on morabaha and musharika finance is recognised on accrual basis, based on time proportion.

Dividend income is recognised at the time of declaration.

Profit on sale of goods is recognised on dispatch of goods.

June 30	December 31,
1996	1994
Rupees	Rupees

3. ISSUED, SUBSCRIBED & PAID-UP

30,000,000 Modaraba Certificates
of Rs. 10/= each fully paid in Cash

300,000,000 300,000,000

5,000,000 Modaraba Certificates of Rs. 10/- each issued as fully paid bonus certificates	50,000,000	50,000,000

	350,000,000	350,000,000
	=====	

4. STATUTORY RESERVE

Opening balance	13,312,134	--
Transferred from appropriation	19,778,539	13,312,134

	33,090,673	13,312,134
	=====	

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

	June 30 1996	December 31, 1994
	Rupees	Rupees
5. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	310,175	--
Accrued charges	355,664	601,860
Management fee	991,355	671,230
Penalty account (5.1)	58,300	60,500
Others	378,207	168,500

	2,093,701	1,502,090
	=====	

5.1 This represents recovery from the custom's which as per the directive of the Religious Board could not be taken to income but used for charitable purposes only.

	June 30 1996	December 31, 1994
	Rupees	Rupees
6. PROFIT DISTRIBUTION		
Proposed	78,750,000	52,500,000
Unclaimed	2,577,100	--

	81,327,100	52,500,000
	=====	

7. CONTINGENCY

The Income Tax Department has assessed the income of the Modaraba for the 18 months ending June 30,1995 (Assessment Year 1995-96) and determined tax liability at Rs. 14,451,909.

The assessing authority has refused in granting tax exemption on the ground that the Modaraba had not distributed 90% of its profit for the extended income year of six months (January 1995 - June 1995) as purported under section 9(IA) of the Income Tax Ordinance, 1979.

The Modaraba has preferred appeal before the Appellate Authority and simultaneously, the Modaraba will distribute 90% of its profit of the extended six months (January 1995 - June 1995), The management is confident that subject to distribution of profit the Income Tax Authority will grant tax exemption, Pending the outcome the Modaraba has not made any provision for the said income tax liability.

8. FIXED ASSETS - TANGIBLE

PARTICULARS	COST		
	AS AT 01-01-94	ADDITION	AS AT 30-06-96
Furniture & Fixtures	5,600	21,205	26,805
Computer equipment	132,615	--	132,615
	-----	-----	-----
Rupees	138,215	21.21	159,420
	-----	-----	-----

Rupees - 1994				
		5,600	132,615	138,215
		=====	=====	=====
PARTICULARS	RATE %	DEPRECIATION		WRITTEN
		AS AT 30-06-96	FOR THE PERIOD	DOWN VALUE AS AT 30-06-96
Furniture & Fixtures	10	4,080	2,960	22,725
Computer equipment	20	66,307	39,784	66,308
		-----	-----	-----
Rupees		70,387	42,744	89,033
		-----	-----	-----
Rupees - 1994		27,643	27,083	110,572
		=====	=====	=====

June 30, December 31,
1996 1994
Rupees Rupees

9. DEFERRED COSTS

Modaraba floatation expenses	5,281,942	5,281,942
Musharika floatation expenses (9.1)	665,000	--
Commission and brokerage on issue of Modaraba Certificates	1,025,557	1,025,557
Preliminary expenses	58,926	58,926
	-----	-----
	7,031,425	6,366,425

Less: Amortization

Opening balance	2,546,570	1,273,285
Amortized during the period/year	1,909,927	1,273,285
	-----	-----
	4,456,497	2,546,570
	-----	-----
	2,574,928	3,819,855
	=====	=====

9.1 These have not been amortized due to non floatation of Musharika Certificates.

June 30, December 31,
1996 1994
Rupees Rupees

10. NET INVESTMENT IN LEASES

Lease rentals receivable	90,266,758	-
Less: Unearned lease income	20,205,511	--
Current portion shown under current assets	17,456,708	--
	-----	-----
	37,662,219	--
	-----	-----
	52,604,539	--
	=====	=====

11. LONG TERM MUSHARIKA FINANCE - SECURED

Musharika finance	54,941,669	71,666,666
Less: Current portion shown under current assets	32,133,331	28,350,000
	-----	-----
	22,808,338	43,316,666
	=====	=====

12. LONG TERM INVESTMENTS

The par value of these certificates are of Rs. 10/= each.

1 9 9 6

1 9 9 4

Name of Company	No. of certificates	Rupees	No. of certificates	Rupees
Al- Meezan Mutual Fund Limited - (Unlisted)	200,000 =====	2,000,000 =====	- =====	- =====

The fund is under process of formal listing on Karachi stock Exchange (Guarantee) Limited

June 30, 1996 Rupees	December 31, 1994 Rupees
----------------------------	--------------------------------

13. CURRENT PORTION OF LONG TERM ASSETS

Current portion of lease rentals receivable	17,456,708	-
Current portion of long term musharika finance	32,133,331	28,350,000
	-----	-----
	49,590,039	28,350,000
	=====	=====

14. SHORT TERM INVESTMENTS

INVESTMENT IN QUOTED COMPANIES

The par value of these shares / certificates are of Rs. 10/- each unless stated otherwise.

Name of Company	June 30, 1 9 9 6		December 31, 1 9 9 4	
	No. of shares / certificates	Rupees	No. of shares / certificates	Rupees
MUTUAL FUNDS				
National Investment Trust Units	130,000	1,950,000	130,000	1,950,000
Confidence Mutual Fund	393,420	3,934,200	--	--
21st ICP Mutual Fund	11,500	198,450	11,500	198,450
23rd ICP Mutual Fund	36,500	455,995	36,500	455,995
I.C.P.S.E.M.F.	70,000	5,930,170	55,000	4,872,670
Growth Mutual Fund Limited	20,000	200,000	20,000	200,000
MODARABAS				
First Confidence Modaraba	101,200	1,564,000	92,000	1,564,000
Modaraba Al-Mali	18,000	255,565	18,000	255,565
Unicap Modaraba	72	44	272	165
INVESTMENT COS / BANKS				
Trust Securities & Brokerage	--	--	200	12,728
LEASING COMPANIES				
Ibrahim Leasing Limited	23,900	467,487	23,900	467,487
Union Leasing Limited	30,000	801,350	20,000	701,350
Universal Leasing Limited	1,662,800	16,628,000	--	--
TEXTILE WEAVING				
Samim Textiles Mills Ltd. (14.1)	1,500,000	13,500,000	1,500,000	13,500,000
SYNTHETIC & RAYON				
Dhan Fibres Limited	50,000	795,000	50,000	795,000
Indus Polyester Company Ltd.	120,000	3,764,465	120,000	3,764,465

CEMENT COMPANIES				
D.G. Khan Cement Limited	228,800	14,183,400	115,000	10,764,000
D.G. Khan Cement Limited - Right	--	--	40,000	2,200,000
FUEL & ENERGY				
Mart Gas Company Limited	10,000	484,111	10,000	484,111
Sui Northern Gas Pipe Line Company Limited	16,000	596,675	-	-
Sui Southern Gas Company Limited	10,000	288,650	300	20,304
TRANSPORT & COMMUNICATION				
Pakistan International Airline Corporation	192,500	3,490,300	192,500	3,490,300
CHEMICALS & PHARMACEUTICALS				
Engro Chemicals	12,000	1,710,000	-	-
Fauji Fertilizer Company Limited	10,000	883,800	50,000	4,941,000
Searle Pakistan Limited	7,544	713,514	6,560	713,514
Biafo Industries Limited	68,000	1,621,275	68,000	1,621,275
FFC Jordan Fertilizer	50,000	794,575	-	-
FOOD & ALLIED				
Lever Brothers (Pakistan) Limited (Rs. 50/- each)	5,000	5,265,000	5,000	5,265,000
GLASS & CERAMICS				
Medi Glass Limited	1,350	--	--	--
		-----		-----
		80,476,026		58,237,379
		-----		-----
Less :-				
Provision for diminution in the value of investments				
- Opening balance		12,775,116		--
Add: Provided during the period/year		15,119,229		12,775,116
		-----		-----
		27,894,345		12,775,116
Less: Provision reversed on sale of investment		1,312,353		--
		-----		-----
		26,581,992		12,775,116
		-----		-----
		53,894,034		45,462,263
INVESTMENT IN UNQUOTED COMPANY				
Universal Leasing Limited (14.2)	--		750,000	7,500,000
		-----		-----
		53,894,034		52,962,263
		=====		=====

14. I The holding in Samin Textile is 11.22%.

14.2 The break-up value of the shares is Rs. 7,500,000/-.

14.3 The aggregate market value of quoted companies/Modarabas was Rs. 53,894,034/-
(1994 : Rs. 45,462,263/-)

	June 30, 1996	December 31, 1994
	Rupees	Rupees
15. ACCRUED PROFIT		
on lease finance	912,029	--
on morabaha finance	12,627,671	1,616,029
on musharika finance	8,178,436	4,777,312
on bank deposits	2,396,050	--
	-----	-----
	24,114,186	6,393,341
	=====	=====
16. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Advance income tax	1,087,480	--

Insurance against Letter of Credit		87,305
Prepayments	189,108	--
Dividend receivable	15,000	438,400
Other	2,655,750	18,615
	-----	-----
	3,947,338	544,320
	=====	=====

17. CASH AND BANK BALANCES

Cash		
In hand	300	3,207
In transit	4,700	--
	-----	-----
	5,000	3,207
Stamps in hand	25,000	--
With banks		
Current account	49,198,314	56,508,492
Dividend account	2,577,100	--
State Bank of Pakistan account	50,000	--
	-----	-----
	51,825,414	56,508,492
	-----	-----
	51,855,414	56,511,699
	=====	=====

			Figures in Rupees	
Six Months	Year		Year	
Ended	Ended		Ended	
June 30,	June 30,		December 31,	
1995	1996	Total	1994	

PROFIT ON TRADING

Sales	35,788,062	25,742,385	61,530,447	34,151,812
Cost of Sales				
Opening stock	31,727,549	5,678,079	47,405,628	--
Purchases	18,307,206	21,349,010	39,656,216	63,283,957
Less: Closing Stock	(15,678,079)	(14,446,810)	(30,124,889)	(32,027,038)
	-----	-----	-----	-----
	34,356,676	22,580,279	56,936,955	31,256,919
	-----	-----	-----	-----
	1,431,386	3,162,106	4,593,492	2,894,893
	=====	=====	=====	=====

19. OTHER INCOME

Underwriting commission	100,000	--	100,000	2,162,500
Front-end fee	100,000	340,320	440,320	887,500
Documentation and processing fee	200,000	501,820	701,820	877,500
Dividend income	177,350	1,364,344	1,541,694	746,020
Roll-over fee	465,068	500,000	965,068	--
Take-up commission	228,200	--	228,200	--
Equity administration	110,320	--	110,320	--
Project examination fee	--	4,157	4,157	--
Preliminary appraisal fee	--	87,278	87,278	--
Mukadma	--	175,500	175,500	--
Others	90,266	488,413	578,679	131,899
	-----	-----	-----	-----
	1,471,204	3,461,832	4,933,036	4,805,419
	-----	-----	-----	-----

			Figures in Rupees	
Six Months	Year		Year	
Ended	Ended		Ended	
June 30,	June 30,		December 31,	

	1995	1996	Total	1994
20. OPERATING EXPENSES				
Salaries	--	29,372	29,372	--
Stationery and printing	306,020	222,676	528,696	326,978
Annual listing/subscription fee	65,000	105,000	170,000	25,001
Auditor's remuneration (20.1)	25,000	90,000	115,000	148,860
Legal and professional fee	334,746	1,248,318	1,583,064	587,379
Professional tax	33,330	266,670	300,000	100,000
Advertisement	38,250	196,055	234,305	56,600
Penalties from State Bank of Pakistan	--	--	--	168,000
Shares transfer stamps expenses	--	--	--	60,000
Postage	55,000	128,503	183,503	4,000
Expenses against cash dividend/bonus issue	--	271,500	271,502	481,428
Excise duty	--	46,000	46,000	--
Depreciation	13,541	29,203	42,744	27,083
Amortization of deferred cost	636,643	1,273,284	1,909,927	1,273,285
Establishment and miscellaneous	80,652	340,718	421,370	163,343
	1,588,182	4,247,301	5,835,483	3,421,957

20.1 AUDITORS' REMUNERATION

	1996		
	Rupees		
	Rahim Iqbal Rafiq & Company	Saeed Kamran Patel & Company	Total
Audit fees	45,000	30,000	75,000
Special Audit fee	40,000	--	40,000
Other advisory services	--	--	--
Out of Pocket expenses	--	--	--
	85,000	30,000	115,000

	1994		
	Rupees		
	Rahim Iqbal Rafiq & Company	Saeed Kamran Patel & Company	Total
Audit fees	40,000	--	40,000
Special Audit fee	40,000	--	40,000
Other advisory services	61,000	--	61,000
Out of Pocket expenses	7,860	--	7,860
	148,860	--	148,860

20.2 Office space, utilities and related expenditures, and services of staff members responsible for managing the affairs of Modaraba have been provided by Allied Management Services (Private) Limited.

21. MODARABA COMPANY'S MANAGEMENT FEE

Allied Management Services (Private) Limited has charged management fee on the basis of one percent of net profit of the Modaraba for the year.

22. TRANSACTIONS WITH ASSOCIATED UNDERTAKING

Profit earned on bank deposits placed with Allied Bank of Pakistan Limited amounting to Rs. 17,909,400 (1994: Rs. 20,550,454)

Lease facility extended jointly with Allied Bank of Pakistan Limited (Total exposure Rs. 60,000,000) amounting to Rs. 30,000,000 each (1994: nil)

Rentals received against the terminated lease arrangement amounting to Rs. nil (1994: Rs. 131,899)

23. FIGURES

- Of prior year have been re-arranged, wherever necessary for the purpose of comparison.

- Have been rounded off nearest to rupee.

**FIRST ALLIED BANK MODARABA
PATTERN OF CERTIFICATE HOLDING
AS AT JUNE 30, 1996**

NO. OF CERTIFICATE HOLDERS	CERTIFICATE HOLDING		TOTAL CERTIFICATES HELD	
	FROM	TO		
2788	1	-	100	205,900
4871	101	-	500	1,668,567
9716	501	-	1000	5,914,176
2560	1001	-	5000	5,459,614
472	5001	-	10000	3,159,045
158	10001	-	15000	1,896,036
34	15001	-	20000	606,428
30	20001	-	25000	678,960
27	25001	-	30000	775,258
4	30001	-	35000	131,199
4	35001	-	40000	148,999
6	40001	-	45000	255,682
4	45001	-	50000	190,599
1	50001	-	55000	51,000
4	55001	-	60000	234,399
2	60001	-	65000	123,283
3	70001	-	75000	213,899
1	75001	-	80000	77,716
1	85001	-	90000	87,483
1	110001	-	115000	113,566
4	115001	-	120000	468,778
1	125001	-	130000	129,150
1	425001	-	430000	427,313
1	455001	-	460000	456,300
1	1900001	-	1905000	1,901,650
1	2620001	-	2625000	2,625,000
1	6995001	-	7000000	7,000,000
-----			-----	
20697				35,000,000
=====			=====	

**CATEGORIES OF CERTIFICATE HOLDERS
AS AT JUNE 30, 1996**

CATEGORIES OF CERTIFICATE HOLDERS	NO. OF CERTIFICATE HOLDERS	TOTAL CERTIFICATES HELD	PERCENTAGE
INDIVIDUALS	20645	24,348,151	69.57
INVESTMENT COMPANIES	6	575,545	1.64
INSURANCE COMPANIES	2	26,516	0.08
JOINT STOCK COMPANIES	27	7,094,592	20.27
FINANCIAL INSTITUTIONS	3	2,658,850	7.60
MODARABA COMPANIES	7	143,698	0.40
OTHERS	7	152,648	0.44
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	20697	35,000,000	100.00
=====		=====	=====