

B.F. Modaraba

Annual Report 1999

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COMPANY PROFILE

BOARD OF DIRECTORS

DIRECTORS OF MODARABA COMPANY

Mr. Khalid Ebrahim Bawany
Chief Executive

Mr. Dawood Ebrahim Bawany
Chairman

Mr. Esmail Ebrahim Bawany

Mr. Ahmed Ebrahim Bawany

Mr. Omer Amin Bawany

Mr. Syed Mehmood Ali

COMPANY SECRETARY

Mohammad Yousof

MODARABA AUDITORS

Rahim Iqbal Rafiq & Company
Chartered Accountants

BANKERS

Habib Bank Limited
Faysal Bank Ltd.
National Bank of Pakistan
Askari Commercial Bank Limited
Bank Al-Habib Limited
Prime Commercial Bank Ltd.
Metropoliton Bank Ltd.
Al-Baraka Islamic Investment Bank

REGISTERED OFFICE AND SHARES DEPARTMENT

3rd Floor, Insurance House No. 2,
Habib Square, M.A. Jinnah Road,
Karachi.
Phones: 2418137-9, 2422045

11TH ANNUAL REPORT OF THE DIRECTORS OF THE MODARABA COMPANY FOR THE YEAR ENDED 30 JUNE, 1999

IN THE NAME OF ALLAH, THE MOST GRACIOUS, MOST MERCIFUL

Dear Certificate Holders,

Assalamo Alaikum,

The Directors of E.A. Management (Pvt.) Ltd. Present the Annual Report and audited account of B.F. Modaraba for the period ended June 30, 1999:

FINANCIAL RESULTS

Operating Income	3,889,672
Operating expenses	972,414
Financial charges	1,028

	(973,442)

	2,916,230
Reversal of provision for overdue lease rentals	96,634
Provision for diminution in value of marketable securities	(824,514)
Reversal of provision in market	
Value of investment	466,755

	(261,125)

Profit/(Loss) before taxation	2,655,105
Taxation	
Current	150,000
Prior years	25,968

	(175,968)

Profit/(Loss) after taxation	2,479,137
Unappropriated (loss)/profit brought forward	(20,010,707)

Transfer of Statutory Reserve	495,827

	495,827

Accumulated loss carried forward	(18,027,397)
	=====

2) REVIEW OF OPERATION

We are pleased to inform you that the modaraba reported a profit of Rs. 2,479,137/- in the year under review. Out of that profit Rs. 495,827/- has been transferred to statutory reserve. Modaraba's earning per share remained at Rs. 0.48 per certificate as compared to Rs. -0.9.3 in preceding year. The profit has been achieved with tight control over operating expenses and practical business strategies against the difficult and uncertain economic condition by optimizing all available venues.

3) FUTURE PROSPECTS:

The management of modaraba is expecting better operational results for the current year. Besides investment in stock market modaraba has diversified its funds towards other profitable channels.

Further we hope that the Stock market will show upward trend. We believe that during current year port folio of modaraba is expected to appreciate and will ensure capital gains for your modaraba

4) AUDITORS:

Our existing auditors, Messers Rahim Iqbal Rafiq & Co., Chartered Accountants are due for retirement and being eligible offered themselves for re-appointment for the year ending June 30, 2000.

5) YEAR 2000 COMPLIANCE:

The modaraba is fully aware of the issue of "Millennium Bug ". The Computer Soft-

wear, system of modaraba and modaraba company are year 2000 compliant.

6) CONCLUSION

The Directors place on record their appreciation for the utmost co-operation provided by Securities and exchange commission of Pakistan and Registrar Modaraba. The management also appreciate the sincerity and devotion shown by the staff members.

**ON BEHALF OF THE BOARD
KHALID EBRAHIM BAWANY
CHIEF EXECUTIVE**

Dated: December 15, 1999

**AUDITORS' REPORT TO THE
CERTIFICATE HOLDERS**

We have audited the annexed Balance Sheet as at June 30, 1999 and the related Profit and Loss Account and the Statement of Charges in Financial Position (Cash Flow Statement), together with the notes to the accounts for the year ended June 30, 1999 of B.F. Modaraba which are Modaraba Company's (E.A. Management (Private) Limited) representation, and we state that we have obtained all the information and explanations which we required and, after due verification thereof, we report that:

- (a) In our opinion, proper books of accounts have been kept by the Modaraba company in respect of B.F. 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, the Balance sheet and the Profit and loss Account have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules 1981; and
- (c) In our opinion and to the best of our information and according to the explanations given to us;
 - (i) The Balance Sheet and the related Profit and Loss Account and the Statement of Changes in Financial Position (Cash Flow Statement), which are in agreement with the book of accounts, exhibit respectively a true and fair view of the state of the Modaraba's affairs as the June 30, 1999 and the profit and the changes in financial position of the year ended on that date;
 - (ii) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980; 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.

Karachi:
Dated: December 15, 1999

**RAHIM IQBAL RAFIQ & CO.
Chartered Accountants**

BALANCE SHEET AS ON JUNE 30, 1999

	<i>NOTE</i>	<i>1999 RUPEES</i>	<i>1998 RUPEES</i>
CERTIFICATE CAPITAL AND RESERVES			
Authorised capital 10,000,000 Modaraba Certificate of Rs. 10/- each		100,000,000	100,000,000
		=====	=====
Issued, subscribed and paid-up	3	51,408,000	51,408,000
Statutory Reserve	4	520,040	24,213
General Reserve		750,000	750,000
Accumulated Loss		(18,027,397)	(20,010,707)

		34,650,643	32,171,506
DEFERRED LIABILITIES	5	115,276	184,455
CURRENT LIABILITIES			
Current maturity of security deposits from lessees		840,512	868,512
Creditors, accrued and other liabilities	6	103,674	161,955
Taxation		189,042	39,042
Unclaimed Profit distribution		15,075	15,075
		1,148,303	1,084,584
		35,914,222	33,440,545

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

FIXED CAPITAL EXPENDITURE

Operating fixed assets	7	1,551,694	1,793,105
------------------------	---	-----------	-----------

LONG TERM LOAN -to staff

		23,010	127,091
--	--	--------	---------

CURRENT ASSETS

Stock in trade	8	1,250,000	1,250,000
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Investment in marketable securities	9	12,803,827	12,849,171
-------------------------------------	---	------------	------------

Lease rentals receivable	10	972,520	1,105,387
--------------------------	----	---------	-----------

Morabaha Investment	11	8,784,000	--
---------------------	----	-----------	----

Trade debts	12	1,210,391	2,750,683
-------------	----	-----------	-----------

Advances, deposits, prepayments and other receivable	13	1,885,867	1,874,034
--	----	-----------	-----------

Cash and bank balances	14	7,402,913	11,691,074
------------------------	----	-----------	------------

		34,309,518	31,520,349
--	--	------------	------------

		35,914,222	33,440,545
--	--	------------	------------

Sd/-
Chief Executive
E.A. Management (Pvt.) Ltd.

Sd/-
Director
E.A. Management (Pvt.) Ltd.

Sd/-
Director
E.A. Management (Pvt.) Ltd.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 1999

	NOTE	1999 RUPEES	1998 RUPEES
Operating Income	15	3,889,672	2,016,292
Operating expenses	16	972,414	1,379,908
Financial charges	17	1,028	525
		(973,442)	(1,380,433)
		2,916,230	635,859
Reversal of provision for overdue lease rentals		96,634	3,490,341
Provision for diminution in value of marketable securities		(824,514)	(8,877,660)
Reversal of provision in market		466,755	--
Value of investment		(261,125)	(5,387,319)
Profit / (Loss) before taxation		2,655,105	(4,751,460)

Provision for taxation		
Current - minimum tax	150,000	--
Prior years	25,968	6,437
	-----	-----
	(175,968)	(6,437)
	-----	-----
Profit/(Loss) after taxation	2,479,137	(4,757,897)
Unappropriated (loss)/profit brought forward	(20,010,707)	(15,252,810)
	-----	-----
Transfer of Statutory Reserve	495,827	--
	-----	-----
	495,827	--
	-----	-----
Accumulated loss carried forward	(18,027,397)	(20,010,707)
	=====	=====
Earning Per Certificate - Basic	19	0.48
		(0.93)

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

Sd/-	Sd/-	Sd/-
Chief Executive	Director	Director
E.A. Management (Pvt.) Ltd.	E.A. Management (Pvt.) Ltd.	E.A. Management (Pvt.) Ltd.

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
FOR THE YEAR ENDED JUNE 30, 1999**

	1999	1998
	RUPEES	RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	2,655,105	(4,751,460)
Adjustment for:		
Amortization of lease assets	--	117,400
Depreciation on owned assets	155,579	198,131
Provision for gratuity - net	32,125	38,441
Provision for diminution in value of marketable securities	824,514	8,877,660
Provision for over due lease rental reversal	(96,634)	(3,490,341)
Gain on sale of vehicle	(2,168)	(20,709)
	-----	-----
Operating profit before Working capital changes	913,416	5,720,582
	-----	-----
Changes in working capital (increase)/decrease in current assets:		
Investment in marketable securities	(779,170)	(12,300,635)
Morabaha investment	(8,784,000)	--
Leased rentals receivable	229,501	3,652,238
Trade debts	1,540,292	12,966,722
Advances, deposits, prepayments and other receivables	18,738	3,760,871
Increase/(decrease) in current liabilities		
Decrease in security deposit	(28,000)	(502,282)
Creditors, accrued and other liabilities	(58,281)	(49,926)
Net increase in working capital	(7,860,920)	7,526,988
	-----	-----
Cash generated from operations	(4,292,399)	8,496,110
Taxes paid	(56,539)	(25,968)
Gratuity paid	(101,304)	(13,791)

(4,450,242)	8,456,351
-------------	-----------

1999	1998
RUPEES	RUPEES

CASH FLOW FROM INVESTING ACTIVITIES

Proceeds from disposal of fixed assets	30,000	27,000
Proceeds from disposal of leased assets	28,000	502,282
Net cash generated (used in) / from investing activities	58,000	529,282

CASH FLOW FROM FINANCING ACTIVITIES

Long term loan to staff	104,081	(19,100)
Net cash used in financing activities	104,081	(19,100)
Net (decrease)/increase in cash and bank balances	(4,288,161)	8,966,533
Cash and bank balances at the beginning of the year	11,691,074	2,724,541
Cash and bank balances at the end of the year	7,402,913	11,691,074

Sd/-
Chief Executive
E.A. Management (Pvt.) Ltd.

Sd/-
Director
E.A. Management (Pvt.) Ltd.

Sd/-
Director
E.A. Management (Pvt.) Ltd.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1999****1. LEGAL STATUS AND NATURE OF BUSINESS**

B.F Modaraba was formed under the Modaraba companies and Modaraba (Floatation and Control), ordinance 1980 and the rules framed there under, and is managed by E.A. Management (Pvt) Limited. The Modaraba is listed on Stock Exchanges in Pakistan.

It is a perpetual multi-purpose Modaraba and is primarily engaged in leasing, investments, trading and rendering of services etc.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 (i) Basis for preparation**

These accounts have been prepared in accordance with international accounting standards, as applicable in Pakistan.

(ii) Accounting Convention

These financial statements have been prepared under the historical cost convention.

2.2 Gratuity

The modaraba operates an unfunded gratuity scheme for all its employees eligible for the scheme. Provision is made annually to cover the obligation under the scheme.

2.3 Taxation**Current**

The charge for current taxation is based on taxable income at current rate of tax after recognizing tax credit and rebates available, if any or at the rate of 0.5 percent of turnover, whichever is higher.

Deferred

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

2.4 Operating fixed assets and depreciation**a. Assets leased out**

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

In respect of acquisition and termination of the leased assets during the year, amortization is charged proportionately from the day of acquisition and upto termination respectively.

b. Assets in own use

Operating fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the reducing balance method at the rates specified in operating assets note. Acquisition in the year are depreciated for a full year irrespective of the date of purchase. No depreciation is charged on assets in the year of their disposal.

Maintenance and normal repairs are charged to the income as and when incurred. Major renewals and replacement are capitalized and assets so replaced, if any, are retired.

Gain or loss on disposal of assets is included in the income currently.

2.5 Stock in trade

Stock is valued at lower of cost and net realisable value. Cost is determined on the basis of moving average cost.

2.6 investments

Investment in shares are valued at cost & market value which ever is lower.

Gain or loss on sale of investment is included in the income currently.

2.7 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 F.D.R. is recognised as income on receipt basis.

iii) Dividend income from quoted entities is recorded at the time of closure of share transfer books of the company declaring the dividend.

iv) Profit on morabaha and musharika finance is accrued on time basis

2.8 Statement Of Changes In Equity

	<i>Shares Capital</i>	<i>Statutory/ General Reserve</i>	<i>Accumulated (Loss)</i>	<i>Total</i>
Balance as at June, 1997	51,408,000	774,213	(15,252,810)	36,929,403
Loss for the year 1998			(4,757,897)	(4,757,897)
Balance as the June, 1998	51,408,000	774,213	(20,010,707)	32,171,506
Profit for the year 1999			2,479,137	2,479,137
Appropriation		495,827	(495,827)	
Balance as at June, 1999	51,408,000	1,270,040	(18,027,397)	34,650,643
			1999	1998

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

ISSUED FOR CASH

3,000,000 Modaraba certificate of Rs. 10 each fully paid

	<i>RUPEES</i>	<i>RUPEES</i>
	30,000,000	30,000,000

ISSUED AS BONUS

2,140,800 Modaraba certificates of Rs. 10/- each

	21,408,000	21,408,000
	-----	-----
	51,408,000	51,408,000
	=====	=====

4. STATUTORY RESERVE

This reserve was created to comply with the State Bank of Pakistan's Rules of Business for non-Banking Financial Institution by setting aside 20% of profit after tax.

	<i>1999 RUPEES</i>	<i>1998 RUPEES</i>
Statutory reserve (Opening)	24,213	24,213
Transfer during the year	495,827	--
	-----	-----
	520,040	24,213
	=====	=====

5. DEFERRED LIABILITIES

Security deposits from lessees

840,512 868,512

Less: Current Portion shown under current liabilities

(840,512) (868,512)

-- --

Provision for staff gratuity

115,276 184,455

115,276 184,455

=====

6. CREDITORS, ACCRUED AND OTHER LIABILITIES

Accrued expenses

103,325 160,791

Others

349 1,164

103,674 161,955

=====

7. OPERATING FIXED ASSETS

Assets leased out (7.1)

840,512 868,512

Assets in own use (7.2)

741,182 924,593

1,581,694 1,793,105

=====

7.1 ASSETS LEASED OUT

<i>PARTICULARS</i>	<i>COST</i>			<i>AMORTIZATION</i>			<i>WRITTEN DOWN VALUE AS ON 3UNE 30, 1999</i>
	<i>As on July 1, 1998</i>	<i>ADDITIONS\ (DELETIONS)</i>	<i>As on June 30, 1999</i>	<i>AS ON July 1, 1998</i>	<i>FOR THE Year</i>	<i>As on June 30, 1999</i>	
Plant and Machinery	7,949,876	(280,000)	7,669,876	7,154,888	(252,000)	6,902,888	766,988
Vehicles	696,000	--	696,000	626,400	--	626,400	69,600
Equipment	39,238	--	39,238	35,314	--	35.31	3,924
	-----	-----	-----	-----	-----	-----	-----
Rupees - 1999	8,685,114	(280,000)	8,405,114	7,816,602	(252,000)	7,564,602	840,512
	=====	=====	=====	=====	=====	=====	=====
Rupees - 1998	13,707,935	(5,022,821)	8,685,114	12,219,741	117,400	7,816,602	868,512

(4,520,539)

7.1.1 The Modaraba records all leasing transaction, as operating lease, whereby the assets leased out are recorded as fixed assets. This treatment has been adopted by the Modaraba in view of lease agreements entered with the customer which are in line with the agreement approved by the Religious Board which prohibits the Modaraba to enter into finance lease

7.1.2 DISPOSAL OF FIXED ASSETS LEASED OUT - BY NEGOTIATION

<i>PARTICULARS</i>	<i>COST</i>	<i>ACCUMULATED AMORTISATION</i>	<i>WRITTEN DOWN VALUE</i>	<i>ADJUSTMENT OF DEPOSIT</i>	<i>SALE PROCEED</i>	<i>PARTICULARS OF DISPOSAL</i>
Machinery	280,000	252,000	28,000	28,000	28,000	A.J. garment
Rupees - 1999	280,000	252,000	28,000	28,000	28,000	
Rupees - 1998	5,022,821	4,520,539	502,282	502,282	502,282	

7.2 Assets in own use

<i>PARTICULARS</i>	<i>COST</i>		<i>As on June 30, 1999</i>	<i>Rate %</i>	<i>DEPRECIATION</i>		<i>As on June 30, 1999</i>	<i>WRITTEN DOWN VALUE AS ON JUNE 30, 1999</i>
	<i>As on July 1, 1998</i>	<i>ADDITIONS / (DELETIONS)</i>			<i>AS ON July 1, 1998</i>	<i>FOR THE YEAR</i>		
Furniture and fixture	133,829	--	133,829	10	61,654	7,218	68,872	64,958
Office equipment	28,300	--	28,300	10	12,597	1,570	14,167	14,133
Electric Equipment	117,275	--	117,275	10	45,347	7,193	52,540	64,735
Computers	128,305	--	128,305	10	50,382	7,792	58,174	70,131
Vehicles	1,230,500	(75,500)	1,155,000	20	543,636 (47,668)	131,806	627,774	527,226
Rupees - 1999	1,638,209	(75,500)	1,562,709		665,948	155,579	821,527	741,182
Rupees - 1998	1,663,604	(25,395)	1,638,209		515,485	198,131	713,616	924,593

7.2.1 Detail of Disposal of operating fixed assets

<i>Particulars</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Written Down Value</i>	<i>Sale Proceeds</i>	<i>Gain on sale</i>	<i>Particulars of Disposal</i>	<i>Sold to</i>
Motor Vehicle Suzuki FX	75,500	47,668	27,832	30,000	2,168	Negotiation	Mr. Iqbal A. Karim
Rupees 1999	75,500	47,668	27,832	30,000	2,168		
Rupees 1997	25,395	19,104	6,291	27,000	20,709		

1999
RUPEES

1998
RUPEES

8. STOCK-IN-TRADE

Machinery	1,250,000	1,250,000
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9. INVESTMENT IN MARKETABLE SECURITIES

Unless stated otherwise, the holdings are in ordinary shares/certificates of Rs. 10/- each

<i>NUMBER OF</i>	<i>AVERAGE COST</i>	<i>AVERAGE COST</i>	<i>MARKET COST</i>	<i>LOWER OF COST/MARKET</i>
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<i>SHARES/ CERTIFICATES</i>		<i>NAME OF COMPANY/ INSTITUTION</i>	<i>PER SHARE/ CERTIFICATE</i>		<i>VALUE</i>	
<i>1998</i>	<i>1998</i>		<i>RUPEES</i>	<i>RUPEES</i>	<i>RUPEES</i>	<i>RUPEES</i>
MUTUAL FUND						
150,000	150,000	ICP-SEMF	27,460	4,119,100	1,582,500	1,582,500
MODARABAS						
19,360	19,360	1st Tri Star Modaraba	20,484	396,575	24,200	24,200
73,000	73,000	First Punjab Modaraba	5,879	429,137	156,950	156,950
147,000	147,000	Grindlays Modaraba	11,478	1,687,275	1,800,750	1,687,275
5,000	5,000	Trust Modaraba	5,555	27,775	16,250	16,250
50,000	50,000	1st ABL Modaraba	7,543	377,150	312,500	312,500
75,000	100,000	1st HBL Modaraba	6,571	657,097	610,000	610,000
				3,575,009	2,920,650	2,807,175
LEASING						
21,000	21,000	Trust Leasing	6,929	145,510	68,250	68,250
INVESTMENT COMPANIES/BANKS						
8,538	8,538	Bankers Equity Limited	36,613	312,600	35,006	35,006
18,700	18,670	Security Investment Bank Limited	27,989	522,545	140,025	140,025
50		687 Al-Faisal Investment Bank	1,076	739	6,046	739
				835,884	181,077	175,770
TEXTILE WEAVING						
21,200	21,200	Service Fabrics Limited	16,035	340,513	16,960	16,960
6,000	6,000	Yousuf Weaving	21,724	130,344	18,000	18,000
				470,857	34,960	34,960
TEXTILE COMPOSITE						
10,000	10,000	Mian Textile Mills Limited	18,071	180,705	15,000	15,000
FUEL AND ENERGY						
4,378	5,853	Pakistan State Oil Limited	67,701	396,253	541,403	396,253
315	315	Karachi Electric Supply Corporation	26,292	8,282	2,693	2,693
125	125	Pak Oil Fields Limited	85,600	10,700	6,750	6,750
23,000	26,450	Sui Northern Gas Ltd.	24,957	660,100	220,858	220,858
65,000	55,000	Hub Power Co.	47,538	2,614,581	775,500	775,500
				3,689,916	1,574,204	1,402,054
CABLES AND ELECTRICAL GOODS						
199	199	Pak Electron Limited	52,744	10,496	945	945
CEMENT						
41	41	Pioneer Cement Limited	19,634	805	105	105
5,000	5,000	Lucky Cement Limited	13,954	69,768	17,500	17,500
18,000	18,000	Maple Leaf	5,781	104,130	51,300	51,300
6,000	6,000	D.G. Khan	7,634	45,801	24,900	24,900
5,000	5,000	Fauji Cement	6,714	33,568	14,750	14,750
				254,072	108,555	108,555
CHEMICALS AND PHARMACEUTICALS						
120	120	Knoll Pharmaceuticals	116,800	805	105	105
120		--Novartis Pak (Ciba Giege)	--	--	--	--
15,904	15,904	I.C.I. Pak Limited	20,328	323,292	140,750	140,750
21,600	23,760	Bawany Air Products	20,760	493,290	273,240	273,240
25,000	25,000	FFC Jordan	20,120	503,000	278,750	278,750
--	5,000	Fauji Fertilizer	52,400	262,000	203,750	203,750
				1,595,598	904,884	904,884

FOOD AND ALLIED					
184	-- Brooke Bond Pakistan Limited	--	--	--	--
24	66Lever Brothers Pakistan Limited (Shares of Rs. 50/-)	469,894	31,013	50,160	31,013
50,000	50,000 Sun FIO CIT-Russ	9,340	466,975	60,000	60,000
			497,988	110,160	91,013
SUGAR AND ALLIED					
307,600	307,600Faran Sugar Mills Limited (Associated undertaking)	14,107	4,339,290	2,153,200	2,153,200
300	300 Ansari Sugar Mills Limited	8,157	2,447	600	600
179,055	179,055 Bawany Sugar Mills Limited (Associated undertakings)	34,458	6,169,931	1,876,496	1,876,496
3,750	3,750Habib Arkay	6,273	23,525	18,750	18,750
			10,535,193	4,049,046	4,049,046
AUTO AND ALLIED					
250	250 Agri Autos Limited	7,624	1,906	600	600
2,700	2,700Pak Suzuki Motor Company Limite	42,314	114,249	67,500	67,500
			116,155	68,100	68,100
INSURANCE					
39,257	39,882 Adamjee Insurance Company Limi	59,456	2,371,225	1,495,575	1,495,575
1,377,770	1,405,825		28,397,708	13,086,906	12,803,827
Provision for diminution in value of marketable securities					
	Opening balance	15,785,288			
	Add: For the year	824,514			
	Less: Provision reversed	(1,015,921)			
		15,593,881			
	Rupees- 1999	12,803,827	13,086,906	12,803,827	
	Rupees- 1998	12,849,171	12,873,254	12,849,171	

Rs. 824,514/- (1998: 8,877,660/-) being diminution in value of marketable securities has been charged to profit and loss account.

	1999	1998
	RUPEES	RUPEES
10. Lease rentals receivable		
Overdue lease rentals	3,263,692	3,493,193
Provision against overdue lease rentals		
Principal		
Opening balance	(1,450,250)	(3,753,986)
Reverse during the year	45,732	2,303,736
	(1,404,518)	(1,450,250)
Mark-up		
Opening balance	(937,556)	(2,124,161)
Reversal during the year	50,902	1,186,605
	(886,654)	(937,556)

	972,520	1,105,387
	-----	-----

10.1 Provision amounting to Rs. 972,520/- (1998: Rs. 916,179/-) on overdue lease rentals as required under Prudential Regulations of the State Bank of Pakistan for Non-Bank financial institution has not been made in these financial statement due to effective arrangement made for recovery / settlement of these rental subsequent to the balance sheet date. (also refer note 23). Had the provision been made, the profit before taxation would have been lower by Rs. 972,520

11. SHORT TERM MORABAHA FINANCE

This represents funds provided on Morabaha basis to parties and is secured against the pledge of stock.

	<i>1999</i>	<i>1998</i>
	<i>RUPEES</i>	<i>RUPEES</i>

12. TRADE DEBTS

Considered good

	1,210,391	2,750,683
	-----	-----

	1,210,391	2,750,683
	=====	=====

	<i>1999</i>	<i>1998</i>
	<i>RUPEES</i>	<i>RUPEES</i>

13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE

Advance - considered good

-- Income tax

	151,188	120,617
--	---------	---------

-- To employees

	1,400	1,400
--	-------	-------

-- Suppliers / others

(13.1)

	1,676,883	1,676,883
	-----	-----

	1,829,471	1,798,900
--	-----------	-----------

Current portion of long term loan to staff

	14,311	31,074
--	--------	--------

Security deposit

	5,000	5,000
--	-------	-------

Prepayments

	27,500	27,500
--	--------	--------

Other receivables

	9,585	11,560
	-----	-----

	1,885,867	1,874,034
	=====	=====

13.1 This represents amount advanced to a party with whom dealings were stopped in 1997. Gradual recoveries were effected both in 1997 and 1998. The Modaraba expects to fully recover the said amount in the year 2000 and hence made on provision thereagainst.

14. CASH AND BANK BALANCES

In hand:

	10,910	57,112
--	--------	--------

With banks:

On current account

	1,303,841	2,514,087
--	-----------	-----------

On deposit account

	6,084,162	9,115,875
	-----	-----

	7,388,003	11,629,962
--	-----------	------------

With state bank of Pakistan

	4,000	4,000
	-----	-----

	7,402,913	11,691,074
	=====	=====

	<i>1999</i>	<i>1998</i>
	<i>RUPEES</i>	<i>RUPEES</i>

15. OPERATING INCOME

Lease rentals

	--	142,062
--	----	---------

Other income	36,000	25,259
profit/(Loss) on sale of marketable securities	216,131	969,060
Dividend income	1,107,191	599,475
Profit on bank deposits	944,182	259,727
Gain on sale of vehicle	2,168	20,709
Profit on Morabaha financing	1,584,000	--
	-----	-----
	3,889,672	2,016,292
	=====	=====

16. OPERATING EXPENSES

Salaries and other benefits	450,105	574,084
Subscriptions and newspapers	122,634	129,275
Legal and Professional	7,676	56,102
Printing and Stationery	40,719	48,474
Repairs and maintenance	11,721	19,128
Travelling and conveyance	6,106	17,505
Postage, telegram and telephone	16,485	29,243
Auditor's remuneration (15.1)	42,570	41,960
Vehicles running	40,471	26,170
Insurance	7,226	21,486
Sales Promotion	--	24,591
Amortization on assets leased out	--	117,400
Depreciation on assets in own use	155,579	198,131
Professional tax	38,000	38,000
Miscellaneous	3,796	14,242
Entertainment	1,386	5,167
Washing and cleaning	14,100	18,950
Advertising expenses	13,840	--
	-----	-----
	972,414	1,379,908
	=====	=====

16.1 Auditors remuneration

Audit fee	40,000	40,000
Out of pocket expenses	2,570	1,960
	-----	-----
	42,570	41,960
	=====	=====

17. FINANCIAL CHARGES

Bank charges	1,028	525
	=====	=====

18. TAXATION

The assessment of the income of the Modaraba is finalised upto and including the income year ended on June 30, 1998 (Assessment year 1998-99). Provision has been made for the current year in view of gain on other then leasing business assessed by the tax department after adjusting the carried forward losses.

19. EARNING PER CERTIFICATE

Profit for the year after taxation	2,479,137	(4,757,897)
	=====	=====
Weighted average number of certificate	5,140,800	5,140,800
	=====	=====
Earning per certificate	0.48	(0.93)
	=====	=====

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of all other financial assets and financial liabilities is estimated to approximate their earning value.

21. RISK EXPOSURE MARK-UP RATE/RATE OF PROFIT & LOSS

	<i>MARKUP BEARING</i>		<i>Non-Mark-up / Profit bearing</i>	<i>Total</i>
	<i>One month to one year</i>	<i>One year and onward</i>		
Financial Assets				
Long term Loan to staff	--	--	23,010	23,010

Investment in Marketable Securities			12,803,827	12,803,827
Lease Rental Receivable	972,500	--	--	972,520
Morabaha Investment	8,784,000	--	--	8,784,000
Trade Debts	--	--	1,210,391	1,210,391
Advances, Prepayment, Other receivable	--	--	1,885,867	1,885,867
Cash and Bank Balance	6,084,162	--	1,318,751	7,402,913
	15,840,682	--	17,241,846	33,082,528
Financial Liabilities				
Accrued & Other Liabilities	--	--	103,674	103,674
Taxation	--	--	189,042	189,042
Unclaimed profit	--	--	15,075	15,075
	--	--	307,791	307,791
On balance sheet gap (a)	15,840,682	--	16,934,055	32,774,737
Cumulative mark-up / profit rate sensitivity gap	15,840,682	15,840,682	32,774,737	--

(a) The on Balance Sheet Gap represents the net amount of on balance sheet items

(b) Effective rates of mark-up for financial assets are as follows:

	<i>Rate of Profit</i>
Lease Rental receivable	--
Morabaha Investment	22%
Cash and Bank Balance	10% to 15%

22. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge on obligation and cause the other party to incur a financial loss.

Maximum credit risk in respect of net investment in Lease finance and Morabaha Finance as to the extent of the amount mentioned in the note 10 and 11 respectively to the financial statement

Detail of the sector analysis of lease & morabaha finance portfolio is given below .

<i>INDUSTRY SECTOR</i>	<i>Lease Rental</i>		<i>Morabaha</i>	
	<i>1999</i>		<i>1999</i>	
	<i>Rupees</i>	<i>%</i>	<i>Rupees</i>	<i>%</i>
SUGAR AND ALLIED	877,811	90%	8,784,000	100%
OTHERS	94,709	10%	--	--
	972,520	100%	8,784,000	100%

23. PRUDENTIAL REGULATIONS

The Modaraba has recorded all lease transactions as operating lease and hence all rental installments are recorded as income. However, for provision purposes under SBP's prudential regulation for NBFIs these have been treated as finance lease.

24. Figures

- Have been rounded off to the nearest rupee.

- Have been re-arranged wherever necessary for the purpose of comparison.

Sd/-

Sd/-

Sd/-

Chief Executive
E.A. Management (Pvt.) Ltd.

Director
E.A. Management (Pvt.) Ltd.

Director
E.A. Management (Pvt.) Ltd.

**PATTERN OF CERTIFICATE HOLDING
AS AT JUNE 30, 1999**

SR. NO.	NO. OF CERTIFICATE HOLDERS	CERTIFICATE HOLDINGS		TOTAL CERTIFICATE HELD
		FROM	TO	
1	95	1	100	5,176
2	190	101	500	49,092
3	146	501	1,000	101,651
4	353	1,001	5,000	678,876
5	57	5,001	10,000	367,466
6	11	10,001	15,000	129,937
7	10	15,001	20,000	160,978
8	6	20,001	25,000	129,618
9	2	25,001	30,000	51,149
10	1	35,001	40,000	38,268
11	1	65,001	70,000	69,552
12	1	70,001	75,000	70,579
13	1	75,001	80,000	79,164
14	1	125,001	130,000	128,520
15	2	135,001	140,000	274,246
16	1	240,001	245,000	241,775
17	1	635,001	640,000	636,953
18	3	640,001	645,000	1,927,800
	882			5,140,800

NOTE: THE SLABS NOT APPLICABLE HAVE NOT BEEN SHOWN

SR. NO.	CATEGORIES OF CERTIFICATE HOLDERS	NO. OF CERT. HOLDERS	CERTIFICATE HOLDING	PERCENTAGE OF HOLDING
01.	INDIVIDUAL	857	1,745,564	33.96%
02.	JOINT STOCK COMPANIES	11	2,208,950	42.97%
03.	FINANCIAL INSTITUTIONS	6	968,954	18.85%
04.	CHARITABLE INSTITUTIONS	3	7,214	0.14%
05.	INVESTMENT COMPANIES	1	169	0.00%
06.	MODARABA COMPANIES	1	15	0.00%
07.	INSURANCE	3	209,934	4.08%
	GRAND TOTAL	882	5,140,800	100.00%