

B.F. Modaraba

Annual Report 2000

CONTENTS

Company Profile
Directors' Report
Auditors' Report
Balance Sheet
Profit and Loss Account
Cash Flow Statement
Notes to the Accounts
Pattern of certificate Holdings

COMPANY PROFILE

BOARD OF DIRECTORS

DIRECTORS OF MODARABA COMPANY

Mr. Omar Amin Bawany
Chief Executive

Mr. Dawood Ebrahim Bawany
Chairman

Mr. Esmail Ebrahim Bawany
Mr. Ahmed Ebrahim Bawany
Syed Mehmood Ali

COMPANY SECRETARY

Mohammad Yousuf Halai

MODARABA AUDITORS

Rahim Iqbal Rafiq & Company
Chartered Accountants

BANKERS

Habib Bank Limited
Faysal Bank Ltd.
Bank Al-Habib Limited
Metropolitan Bank Ltd.
Al-Baraka Islamic Investment Bank

REGISTERED OFFICE AND SHARES DEPARTMENT

4th Floor, Bank House No. 1,
Habib Square, M. A. Jinnah Road,
Karachi (Pakistan).

Phone : 2418050-54, 2422045

Fax : 2421010

TWELFTH ANNUAL REPORT OF THE DIRECTORS OF THE MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2000

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

Dear Certificate Holders,

Assalamo Alaikum

The Directors of E. A. Management (Pvt) Limited present the 12th Annual Report and Audited Accounts of B. F. Modaraba for the year ended June 30, 2000.

1) FINANCIAL RESULTS

Operating income	9,284,776
Operating expenses	(1,054,666)
Financial charges	(1,470)
	(1,056,136)
	8,228,640
Reversal of provision for overdue lease rentals	58,706
Provision for diminution in value of marketable securities	(1,578,636)
Reversal of provision in market value of Investment	749,005
	(770,925)
Profit before taxation	7,457,715
Taxation:	
Current	(305,000)
Prior years	(96,159)
	(401,159)
Profit after taxation	7,056,556
Transfer to Statutory Reserve @ 10% (1999: 20%)	(705,656)
Appropriation for the year:	
Interim dividend @ 5%	(2,570,400)
	3,780,500
Unappropriated (loss)/profit brought forward	(18,027,397)
	(14,246,897)

2. REVIEW OF OPERATIONS:

We are pleased to inform you that the modaraba has reported after tax profit of Rs.7,056,556/- in the year under review. Out of that profit modaraba has already paid an interim dividend @5%. Further Rs. 705,656/- has been transferred to statutory reserve. Modaraba's earning per share remained at Rs.1.37 per certificate as compared to Rs. 0.48 in preceding year. The profit has been achieved with tight control over expenses and optimizing all profitable avenues.

FUTURE PROSPECTS:

Better operational results are expected during the current year as your modaraba is continuously trying to improve its profitability through diversification of its business.

Further we hope that the Stock market will again show up ward trend which may pave the way for capital gains for your modaraba.

4. CHANGE OF THE CHIEF EXECUTIVE:

Since the last report there has been a change in the Board of Directors. Mr. Khalid Ebrahim Bawany has resigned. The Board hereby appreciates the valuable services of out going Chief Executive.

5. AUDITORS:

Our existing auditors, Messrs Rahim Iqbal Rafiq & Co., Chartered Accountants are due for retirement and being eligible offered themselves for re-appointment for the year ending June 30, 2001.

6. CONCLUSION:

The Directors place on record their appreciation for the utmost co-operation and continuous guidance provided by the Registrar Modaraba. The management also appreciates the sincerity and devotion shown by the staff members.

ON BEHALF OF THE BOARD

OMAR AMIN BAWANY
CHIEF EXECUTIVE

Dated: November 16, 2000

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed Balance Sheet as at June 30, 2000 and the related Profit and Loss Account and Cash Flow Statement, together with the notes to the accounts for the year ended June 30, 2000 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 explanation 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 books of accounts, exhibit respectively a true and fair view of the state of the Modaraba's affairs as at June 30, 2000 and the profit and the changes in financial position for 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: November 16, 2000

RAHIM IQBAL RAFIQ & CO.
Chartered Accountants

BALANCE SHEET AS ON JUNE 30, 2000

	<i>NOTE</i>	<i>2000 RUPEES</i>	<i>1999 RUPEES</i>
CERTIFICATE CAPITAL AND RESERVES			
Authorised capital 10,000,000 Modaraba Certificates of Rs.10/- each		100,000,000 =====	100,000,000 =====
Issued, subscribed and paid-up 5,140,800 (1999: 5,140,800) Certificate of Rs. 10/- each	3	51,408,000	51,408,000
Statutory Reserve	4	1,225,696	520,040
General Reserve		750,000	750,000
Accumulated loss		(14,246,897)	(18,027,397)
		----- 39,136,799	----- 34,650,643

DEFERRED LIABILITIES		114,249	115,276
CURRENT LIABILITIES			
Current maturity of security deposits from lessees		794,912	840,512
Creditors, accrued and other liabilities	5	177,372	103,674
Taxation		305,000	189,042
Dividend Payable		2,570,400	--
Unclaimed profit distribution		15,075	15,075
		-----	-----
		3,862,759	1,148,303
		-----	-----
		43,113,807	35,914,222
		=====	=====

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

FIXED CAPITAL EXPENDITURE			
Operating fixed assets	6	1,424,880	1,581,694
LONG TERM LOAN - To Staff		7,937	23,010
CURRENT ASSETS			
Stock in trade	7	--	1,250,000
Investment in marketable securities	8	11,748,287	12,803,827
Lease rental receivable	9	972,520	972,520
Morabaha investment	10	--	8,784,000
Musharika investment	11	10,000,000	--
Trade debts	12	1,020,391	1,210,391
Advances, deposits, prepayments and other receivables	13	3,501,491	1,885,867
Cash and bank balances	14	14,438,301	7,402,913
		-----	-----
		41,680,990	34,309,518
		-----	-----
		43,113,807	35,914,222
		=====	=====

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, 2000

	NOTE	2000 RUPEES	1999 RUPEES
Operating Income	15	9,284,776	3,889,672
Operating expenses	16		
Financial charges	17	1,470	1,028
		-----	-----
		(1,056,136)	(973,442)
		-----	-----
		8,228,640	2,916,230
Reversal of provision for overdue lease rentals		58,706	96,634
Provision for diminution in value of marketable securities		(1,578,636)	(824,514)
Reversal of provision in market value of investment		749,005	466,755
		-----	-----
		(770,925)	(261,125)

Profit before taxation		7,457,715	2,655,105
Taxation			
-- Current	18	305,000	150,000
-- Prior years		96,159	25,968
		401,159	175,968
Profit after taxation		7,056,556	2,479,137
Transfer to Statutory Reserve @ 10% (1999: 20%)		(705,656)	(495,827)
Appropriation for the year:			
Interim dividend @ 5% (1999: Nil)		(2,570,400)	--
		3,780,500	1,983,310
Unappropriated loss brought forward		(18,027,397)	(20,010,707)
Accumulated loss carried forward		(14,246,897)	(18,027,397)
Earning per certificate - Basic	19	1.37	0.48

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

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

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>2000</i> <i>RUPEES</i>	<i>1999</i> <i>RUPEES</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,457,715	2,655,105
Adjustment for:		
Depreciation on owned assets	125,748	155,579
Provision for gratuity - net	35,484	32,125
Provision for diminution in value of marketable securities	1,578,636	824,514
Reversal of provision in market value of Investment	(749,005)	(466,755)
Provision for over due lease rental- reversal	(58,706)	(96,634)
Gain on sale of vehicle	(74,534)	(2,168)
	857,623	446,661
Operating profit before working capital changes	8,315,338	3,101,766
Changes in working capital (Increase)/decrease in current assets:		
Stock-in-trade	1,250,000	--
Investment in marketable securities	225,910	(312,415)
Musharika investment	(10,000,000)	--
Morabaha investment	8,784,000	(8,784,000)
Lease rentals receivable	58,706	229,501
Trade debts	190,000	1,540,292
Advances, deposits, prepayments and other receivables	(1,659,046)	18,738
Increase/(decrease) in current liabilities		
Decrease in security deposit	(45,600)	(28,000)
Creditors, accrued and other liabilities	73,698	(58,281)

Net increase in working capital	(1,122,332)	(7,394,165)
Cash generated from operations	7,193,006	(4,292,399)
Taxes paid	(239,446)	(56,539)
Gratuity paid	(18,535)	(101,304)
	6,935,025	(4,450,242)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	100,000	30,000
Proceeds from disposal of leased assets	45,600	28,000
Addition in fixed assets	(40,000)	--
Net cash generated (used in) / from investing activities	105,600	58,000
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan to staff	(5,237)	104,081
Net cash used in financing activities	(5,237)	104,081
Net (decrease) / increase in cash and bank balances	7,035,388	(4,288,161)
Cash and bank balances at the beginning of the year	7,402,913	11,691,074
Cash and bank balances at the end of the year	14,438,301	7,402,913

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, 2000

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 % 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 lease 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 lease 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 capitalised 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

Investments in shares are valued at cost & market value whichever 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) Dividend income from quoted entities is recorded at time of closure of share transfer books of the company declaring the dividend.

iii) Income on investments is recognized on accrual basis.

2.8 STATEMENT OF CHANGES IN EQUITY

	<i>Certificate Capital</i>	<i>Statutory/ General Reserve</i>	<i>Accumulated Profit / (loss)</i>	<i>Total</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance at 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
Profit for the year 2000	--	--	7,056,556	7,056,556
Appropriation	--	705,656	(705,656)	--
Dividend for the year	--	--	(2,570,400)	(2,570,400)

Balance as at June, 2000	51,408,000	1,975,696	(14,246,897)	39,136,799
--------------------------	------------	-----------	--------------	------------

2000
RUPEES

1999
RUPEES

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

ISSUED FOR CASH

3,000,000 (1999: 3,000,000) Modaraba certificates of Rs.10/- each

30,000,000 30,000,000

ISSUED AS BONUS

2,140,800 (1999: 2,140,800) Modaraba certificates of Rs. 10/- each

21,408,000 21,408,000

51,408,000 51,408,000

4. STATUTORY RESERVE

Opening balance

520,040 24,213

Transferred during the year

705,656 495,827

1,225,696 520,040

In accordance with Securities & Exchange Commission of Pakistan regulations for Modarabas is required to transfer 10% of its profit after tax to statutory reserve until the reserve is equals its paid up capital and there after 5% of its profits are required to be transferred to reserve. The reserve is not available for distribution.

5. CREDITORS, ACCRUED AND OTHER LIABILITIES

Accrued expenses

176,322 103,325

Others

1,050 349

177,372 103,674

7. OPERATING FIXED ASSETS

Assets leased out (6.1)

794,912 840,512

Assets in own use (6.2)

629,968 741,182

1,424,880 1,581,694

6.1 ASSETS LEASED OUT

PARTICULARS	COST		AMORTIZATION			WRITTEN DOWN VALUE AS ON JUNE 30, 2000	
	AS on July 01, 1999	ADDITIONS/ (DELETION)	As on June 30, 2000	AS ON JULY 01, 1999	FOR THE YEAR		AS ON JUNE 30, 2000
Plant and Machinery	7,669,876	--	7,669,876	6,902,888	--	6,902,888	768,988
Vehicles	696,000	(456,000)	240,000	626,400	(410,400)	216,000	24,000
Equipment	39,238	--	39,238	35,314	--	35,314	3,924
Rupees - 2000	8,405,114	(456,000)	7,949,114	7,564,602	(410,400)	7,154,202	794,912
Rupees - 1999	8,685,114	(280,000)	8,405,114	7,816,602	(252,000)	7,564,602	840,512

6.1.1 The Modaraba records all leasing transactions 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 customers which are in line with the agreement

approved by the Religious Board which prohibits the Modaraba to enter into finance lease.

6.1.2 DISPOSAL OF FIXED ASSETS LEASED OUT - By Negotiation

<i>PARTICULARS</i>	<i>COST</i>	<i>ACCUMULATED AMORTIZATION</i>	<i>WRITTEN DOWN VALUE</i>	<i>ADJUSTMENT OF DEPOSIT</i>	<i>SALE PROCEED</i>	<i>PARTICULARS OF DISPOSAL</i>
Vehicle	456,000	410,400	45,600	45,600	45,600	Abrar s/o. Khalid
Rupees - 2000	456,000	410,400	45,600	45,600	45,600	
Rupees-1999	280,000	252,000	28,000	28,000	28,000	

6.2 Assets in own use

<i>PARTICULARS</i>	<i>COST</i>			<i>RATE %</i>	<i>DEPRECIATION</i>		<i>WRITTEN DOWN</i>	
	<i>AS ON JULY 01, 1999</i>	<i>ADDITIONS / (DELETIONS)</i>	<i>AS ON JUNE 30, 2000</i>		<i>AS ON JULY 01, 1999</i>	<i>FOR THE YEAR</i>	<i>AS ON JUNE 30, 2000</i>	<i>VALUE AS ON JUNE 30, 2000</i>
Furniture and fixture	133,829	--	133,829	10	68,872	6,496	75,368	58,461
Office equipments	28,300	--	28,300	10	14,167	1,413	15,580	12,720
Electric equipment	117,275	--	117,275	10	52,540	6,474	59,014	58,262
Computers	128,305	40,000	168,305	10	58,174	11,013	69,187	99,118
Vehicles	1,155,000	(175,000)	980,000	20	627,774	100,352 (149,534)	578,592	401,408
Rupees - 2000	1,562,709	40,000 (175,000)	1,427,709		821,527	125,748 (149,634)	797,741	629,968
Rupees - 1999	1,638,209	-- (75,500)	1,562,709		713,616	155,579 (47,668)	821,527	741,182

6.2.1 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							
Toyota Corolla P-1628	175,000	149,534	25,466	100,000	74,534	Negotiation	Mr. Aftab Ahmed
Rupees - 2000	175,000	149,534	25,466	100,000	74,534		
Rupees - 1999	75,500	47,668	27,832	30,000	2,168		
				2000 RUPEES	1999 RUPEES		

7. STOCK-IN-TRADE

Machinery	--	1,250,000
-----------	----	-----------

8. INVESTMENT IN MARKETABLE SECURITIES

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

<i>NUMBER OF SHARES / CERTIFICATES</i>	<i>NAME OF COMPANY / INSTITUTION</i>	<i>AVERAGE COST PER SHARE / CERTIFICATE</i>	<i>AVERAGE COST</i>	<i>MARKET VALUE</i>	<i>LOWER OF COST / MARKET VALUE</i>
<i>1999</i>	<i>2000</i>	<i>RUPEES</i>	<i>RUPEES</i>	<i>RUPEES</i>	<i>RUPEES</i>

150,000	50,000 ICP - SEMF	27,462	1,373,034	802,500	802,500
			=====	=====	=====
	MODARABAS				
50,000	50,000 1st ABL Modaraba	7,543	377,150	280,000	280,000
147,000	147,000 1st Grindlays Modaraba	11,478	1,687,275	2,146,200	1,687,275
100,000	100,000 1st HBL Modaraba	6,571	657,097	700,000	657,097
73,000	73,000 1st Punjab Modaraba	5,879	429,137	167,900	167,900
19,360	19,360 1st Tri Star Modaraba	20,484	396,575	27,104	27,104
5,000	5,000 Trust Modaraba	5,555	27,775	20,500	20,500
--	25,000 UDL Modaraba	7,498	187,450	87,500	87,500
			-----	-----	-----
			3,762,459	3,429,204	2,927,376
			=====	=====	=====
	LEASING				
21,000	21,000 Trust Leasing	6,929	145,510	97,650	97,650
			=====	=====	=====
	INVESTMENT COMPANIES/BANKS				
687	687 Al-Faysal Investment Bank	1,076	739	7,145	739
8,538	8,538 Bankers Equity Ltd.	36,613	312,600	17,930	17,930
18,670	18,670 Security Investment Bank Ltd.	27,989	522,545	140,025	140,025
			-----	-----	-----
			835,884	165,100	158,694
			=====	=====	=====
	INSURANCE				
39,882	-- Adamjee Insurance Company Ltd.	--	--	--	--
			=====	=====	=====
	TEXTILE WEAVING				
21,200	21,200 Service Fabrics Ltd.	16,062	340,513	15,900	15,900
6,000	6,000 Yousuf Weaving	21,724	130,344	47,400	47,400
--	5,000 Reliance Weaving	14,600	73,750	76,250	73,750
			-----	-----	-----
			544,607	139,550	137,050
			=====	=====	=====
	TEXTILE COMPOSITE				
10,000	10,000 Mian Textile Mills Ltd.	18,071	180,705	30,000	30,000
			=====	=====	=====
	SUGAR AND ALLIEDS				
300	300 Ansari Sugar Mills Ltd.	8,157	2,447	900	900
179,055	188,007 Bawany Sugar Mills Ltd. (Associated undertaking)	32,817	6,169,931	1,504,056	1,504,056
307,600	307,600 Faran Sugar Mills Ltd. (Associated undertaking)	14,107	4,339,290	2,122,440	2,122,440
3,750	3,750 Habib Arkady (share of Rs. 5/=)	6,273	23,525	27,563	23,525
			-----	-----	-----
			10,535,193	3,654,959	3,650,921
			=====	=====	=====
	CEMENT				
6,000	-- D.G. Khan	--	--	--	--
5,000	5,000 Fauji Cement	6,714	33,568	18,500	18,500
5,000	5,000 Lucky Cement Ltd.	13,954	69,768	46,000	46,000
18,000	8,000 Maple Leaf	5,781	46,280	38,400	38,400
41	41 Pioneer Cement Ltd.	19,634	805	139	139
			-----	-----	-----
			150,421	103,039	103,039
			=====	=====	=====
	FUEL AND ENERGY				
55,000	100,000 Hub Power Co.	38,666	3,866,656	1,455,000	1,455,000
315	315 Karachi Electric Supply Corporatio	26,292	8,282	2,930	2,930
125	150 Pak Oil Fields Ltd.	71,330	10,700	17,850	10,700
5,853	7,023 Pakistan State Oil Ltd.	56,440	396,378	1,142,291	396,378
26,450	30,417 Sui Northern Gas Ltd.	21,702	660,100	492,755	492,755
			-----	-----	-----
			4,942,116	3,110,826	2,357,763
			=====	=====	=====
	AUTO AND ALLIED				
250	250 Agri Autos Ltd.	7,624	1,906	936	936
2,700	2,700 Pak Suzuki Motor Company Ltd.	42,314	114,249	33,750	33,750

			116,155	34,686	34,686
CABLES AND ELECTRIC GOODS					
199	199 Pak Electron Ltd.	52,744	10,496	1,025	1,025
CHEMICALS AND PHARMACEUTICALS					
23,760	23,760 Bawany Air Products	20,760	493,290	261,360	261,360
25,000	10,000 FFC Jordan	20,120	201,200	89,500	89,500
5,000	25,000 Fauji Fertilizer	57,066	1,426,645	983,750	983,750
15,904	904 I.C.I. Pak. Ltd.	20,351	18,397	13,560	13,560
120	120 Knoll Pharmaceutical Ltd. (Boots)	116,800	14,016	8,400	8,400
			2,153,548	1,356,570	1,356,570
FOOD AND ALLIED					
66	66 Lever Brothers Pakistan Ltd. (Shares of Rs. 50/-)	469,894	31,013	62,040	31,013
50,000	50,000 Sunflow Citrus	9,340	466,975	60,000	60,000
			497,988	122,040	91,013
			25,248,116	13,047,149	11,748,287
	Provision for diminution in value of marketable securities				
	Opening balance		15,593,881		
	Add: For the year		1,578,636		
	Less: Provision reversed		(3,672,688)		
			13,499,829		
	Rupees - 2000		11,748,287	13,047,149	11,748,287
	Rupees - 1999		12,803,827	13,086,906	12,803,827

Rs. 1,578,636/-(1999: 824,514/-) being diminution in value of marketable securities has been charged to profit and loss account.

	2000	1999
	RUPEES	RUPEES
9. LEASE RENTALS RECEIVABLE		
Overdue lease rentals - considered good	972,520	972,520
Overdue lease rentals - considered bad	2,232,466	2,291,172
	3,204,986	3,263,692
Provision against overdue lease rentals		
Opening balance	(2,291,172)	(2,387,806)
Reverse during the year	58,706	96,634
	(2,232,466)	(2,291,172)
	972,520	972,520

Provision amounting to Rs. 195,630/- (1999: Rs. 195,630/-) on overdue lease rentals as required under Prudential Regulations of the Securities & Exchange Commission of Pakistan for modarabas has not been made in these financial statements. Had the provision been made, the profit before taxation would have been lower by Rs. 195,630/-

10. SHORT TERM MORABAHA FINANCE -CONSIDERED GOOD

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

11. SHORT TERM MUSHARIKA FINANCE - CONSIDERED GOOD

11.1 This represents funds provided on musharika basis to parties and is secured against the

- Registered charge on stock, stores & spares and receivable amounting to Rs. 12,000,000/-.

- Demand Promissory note amounting to Rs. 12,000,000/-

11.2 The Musharika finance extended to single group, exceeds 20 percent of the equity of the Modaraba.

12. TRADE DEBTS

Unsecured - Considered good	1,020,391	1,210,391
	=====	=====

13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances -- considered Good

-- Income Tax	105,434	151,188
-- To employees	1,400	1,400
-- Suppliers / others	13.1	1,376,883
	-----	-----
	1,483,717	1,829,471
Current portion of long term loan to staff	11,874	14,311
Security deposit	55,000	5,000
Prepayments	27,808	27,500
Other receivables	1,923,092	9,585
	-----	-----
	3,501,491	1,885,867
	=====	=====

13.1 This represents amount advanced to an associated undertaking with whom dealings were stopped in 1997. Gradual recoveries were effected both in 1998 and 1999. The Modaraba expects to fully recover the said amount in the year 2000-2001 and hence made no provision there against.

14. CASH AND BANK BALANCES

In hand	8,334	10,910
With banks:		
On Current Account	9,425,967	1,319,716
On deposit account	5,000,000	6,068,287
	-----	-----
	14,425,967	7,388,003
With State Bank of Pakistan	4,000	4,000
	-----	-----
	14,438,301	7,402,913
	=====	=====

15. OPERATING INCOME

Other income	--	36,000
Profit on sale of marketable securities	5,315,337	216,131
Dividend income	1,330,957	1,107,191
Profit on bank deposits	897,281	944,182
Gain on sale of vehicle	74,534	2,168
Profit on Musharika Financing	1,666,667	1,584,000
	-----	-----
	9,284,776	3,889,672
	=====	=====

16. OPERATING EXPENSES

Salaries and other benefits	432,258	450,105
Subscriptions charges	120,980	122,634
Legal and professional	41,110	7,676
Printing and stationery	47,861	40,719
Repairs and maintenance	25,496	11,721
Travelling and conveyance	48,366	6,106

Postage, telegram and telephone	18,117	16,485
Auditor's' remuneration (16.1)	42,500	42,570
Vehicle running	46,482	40,471
Insurance	1,942	7,226
Depreciation on assets in own use (6.2)	125,748	155,579
Professional tax	38,000	38,000
Miscellaneous	23,671	3,796
Entertainment	4,348	1,386
Washing and cleaning	--	14,100
Advertising expenses	26,460	13,840
C.D.C. Charges	11,327	--
	-----	-----
	1,054,666	972,414
	=====	=====

16.1 Auditors remuneration

Audit fee	40,000	40,000
Out of pocket expenses	2,500	2,570
	-----	-----
	42,500	42,570
	=====	=====

17. FINANCIAL CHARGES

Bank charges	1,470	1,028
	=====	=====

18. TAXATION

The assessment of the Modaraba has been finalized upto and including the income year ended on June 30, 1999 (Assessment year 1999-2000). However an appeal has been filed for the assessment year 1999-2000 before CIT appeals and the same is pending for disposal.

There is no deferred tax liability on account of any major timing difference relating to tax and accounting depreciation.

19. EARNING PER CERTIFICATE

Profit for the year after taxation	7,056,556
Weighted average number of certificate	5,140,800
Earning per certificate	1.37

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	<i>MARKUP BEARING</i>			
	<i>One month to one year Rupees</i>	<i>One year and onward Rupees</i>	<i>Non-mark-up / Profit bearing Rupees</i>	<i>Total and onward Rupees</i>
Financial Assets				
Long Term Loan to staff	--	--	7,937	7,937
Investment in				
Marketable Securities	--	--	11,748,287	11,748,287
Lease Rental Receivable	972,520	--	--	972,520
Musharika Investment	10,000,000	--	--	10,000,000
Trade debts	--	--	1,020,391	1,020,391
Advances, prepayments, other receivables	--	--	3,368,249	3,368,249
Cash and bank balances	5,000,000	--	9,438,301	14,438,301
	-----	-----	-----	-----
	15,972,520	--	25,583,165	41,555,685
	=====	=====	=====	=====

Financial Liabilities

Deferred Liabilities	--	--	114,249	114,249
Accrued & other liabilities	--	--	177,372	177,372
Taxation	--	--	305,000	305,000
Dividend payable	--	--	2,570,400	2,570,400
Unclaimed profit	--	--	15,075	15,075
			-----	-----
	--	--	3,182,096	3,182,096
	=====	=====	=====	=====

- Effective rates of mark-up for Financial Assets are as follows:

Rate of Profit

Lease Rental Receivable	--
Musharika Investment	20%
Cash and Bank Balance	10% - 15%

22. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

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

Credit risk in respect of marketable securities, lease rentals receivable, musharika investment and trade debts is to the extent of the amount mentioned in the notes 8,9,11 and 12 respectively to the financial statement. Furthermore advances to suppliers amounting to Rs. 1.376 million are subject to credit risk.

Details of significant concentration of credit risk is given below:

INDUSTRY SECTOR	Rupees	%
Sugar and Allied	11,610,736	86.8
Other	1,759,058	13.2

	13,369,794	
	=====	

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

**PATTERN OF CERTIFICATE HOLDINGS
AS AT JUNE 30, 2000**

NO. OF CERTIFICATE HOLDERS	CERTIFICATE HOLDING	TOTAL CERTIFICATES HELD
127	From 1 To 100 Certificates	5,636
198	From 101 To 500 Certificates	50,685
146	From 501 To 1,000 Certificates	103,451
322	From 1,001 To 5,000 Certificates	632,302
43	From 5,001 To 10,000 Certificates	284,125
10	From 10,001 To 15,000 Certificates	118,460
4	From 15,001 To 20,000 Certificates	65,234
4	From 20,001 To 25,000 Certificates	84,370
5	From 25,001 To 30,000 Certificates	131,249
1	From 30,001 To 35,000 Certificates	34,560
2	From 35,001 To 40,000 Certificates	78,094
1	From 40,001 To 45,000 Certificates	42,000
1	From 65,001 To 70,000 Certificates	69,552
1	From 70,001 To 75,000 Certificates	70,579

1	From	75,001	To	80,000	Certificates	79,164
2	From	80,001	To	85,000	Certificates	168,925
1	From	120,001	To	125,000	Certificates	122,744
1	From	125,001	To	130,000	Certificates	128,520
1	From	170,001	To	175,000	Certificates	170,692
1	From	635,001	To	640,000	Certificates	636,953
2	From	640,001	To	645,000	Certificates	1,285,200
1	From	775,001	To	780,000	Certificates	778,305

875
=====

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	850	1,872,916	36.43%
02.	JOINT STOCK COMPANIES	10	1,432,168	27.86%
03.	FINANCIAL INSTITUTIONS	5	881,427	17.15%
04.	CHARITABLE INSTITUTIONS	3	99,571	1.94%
05.	INVESTMENT COMPANIES	1	169	0.00%
06.	MODARABA / MODARABA COMPANIES *	3	644,615	12.54%
07.	INSURANCE COMPANIES	3	209,934	4.08%
	GRAND TOTAL:-	875	5,140,800	100%

* Includes E. A. Management (Private) Limited (642,600 Certificates).

Notice of Annual Review Meeting

First Annual Review Meeting of the Certificate Holders of B. F. Modaraba will be held at the Registered Office of the Modaraba at 4th Floor, Bank House No. 1, Habib Square, M. A. Jinnah Road, Karachi-74000 on Tuesday, December 26th, 2000 at 2.30 PM.

The Certificate Transfer Book of the Company will remain close from December 23rd, 2000 to January 6th, 2001 (both days inclusive).

Transfers received in order on or before 22nd day of December, 2000 at our registered office during 9:30 AM to 12:30 PM from Monday to Friday will be considered on time for the purpose of transfer and attending Annual Review Meeting.

**B. F. MODARABA
MANAGED BY
E. A. MANAGEMENT (PVT) LTD.
(MUHAMMAD YOUSUF HALAI)
COMPANY SECRETARY**

Dated November 16, 2000