

First UDL Modaraba Management Private Limited

Annual Report 1999

CONTENTS

Corporate Information
Directors' Report
Auditors' Report
Balance Sheet
Profit and Loss Account
Statement of Changes In Financial Position
Notes to the Accounts
Pattern of Certificates Holding

CORPORATE INFORMATION

MODARABA COMPANY

UDL Modaraba Management (Private) Limited

BOARD OF DIRECTORS

Abdul Malik	Chairman
Khalid Malik	Chief Executive
Rashid Abdulla	Director
Farooq Ahmad Bhatti	Director
Nominee Crescent Investment Bank Limited	
A.W. Rahi	Managing Director

COMPANY SECRETARY

Zubair Razzak Palwala

AUDITORS

Sidat Hyder Qamar & Co.
Chartered Accountants

BANKERS

Muslim Commercial Bank Ltd.
Habib Bank Limited.
Citibank N. A.
ANZ Grindlays Bank Ltd.
Security Investment Bank Ltd.
Crescent Investment Bank Ltd.
AI-Faysal Investment Bank Ltd.
Prime Commercial Bank Ltd.

REGISTRAR

Gangjees Investment & Finance Consultants
513 Clifton Centre, Khayaban-e-Roomi,
Kehkashan, Block-5 Clifton, Karachi.

REGISTERED OFFICE

N.I.C. Building, 1st Floor, Abbasi Shaheed Road,
Off Shahrah-e-Faisal, Karachi.

DIRECTORS' REPORT

The Directors of UDL Modaraba Management (Private) Limited have pleasure in presenting the Eighth Annual Report of First UDL Modaraba together with Audited Accounts for the year ended June 30, 1999.

1. FINANCIAL RESULTS

(Rupees in '000')

Net Profit for the year after Tax	36,634
Transferred to Statutory reserve after Tax	7,327
Un-appropriated profit b/f	18,572

Dividend @ 10%	26,387
Un-appropriated profit c/f	21,493

2. THE ECONOMIC SCENARIO

The economy has shown a net GDP growth rate of 3.1 percent as against growth rate of 4.3 percent last year and as against projected growth rate of 6 percent. The growth of agricultural sector as well as industrial sector also remained below expectation and showed a decline as compared to budgeted targets. Due to the nuclear tests of May 1998, the economic sanctions and shyness of external capital lead to severe financial constraints. The Government is making efforts to reach agreement with the IMF and World Bank to overcome the major to secure fiscal space .to move forward. The Government has been able to control high rate of inflation which declined to about 6% while it is expected that overall growth rate of GDP may be over 4%. Higher long-term growth can be expected after restructuring the economic policies.

Leasing sector in Pakistan has witnessed growth of 20% on an average. Under present economic conditions it is unlikely that the present growth rate can be maintained. Banks and DFI's have also started offering leases to many projects. As banks and DFI's have resources to offer lower rate of IRR's which leasing modarabas and leasing companies cannot.

3. REVIEW OF OPERATIONS

Alhamdulliah your Modaraba continued to make progress during the year under review. In view of difficult economic and business conditions your Modaraba followed the policy of consolidating its position in lease market and has executed new leases amount to Rs. 157.6 million (1998 Rs. 131.7 million)the net investment in leases is placed at Rs. 418.7 million (1998 Rs. 429.1 million).

Other business activities of the Modaraba like Musharikas were carried out at very small scale. Operations in the stock market have already been curtailed, the major emphasis continues to be on leasing business.

Administrative expenses of the Modaraba have been kept under strict control. Despite high inflation the expenses have not increased.

As a result of prudent policies of the Management, gross profitability of the Modaraba has increased to Rs. 73.4 million as compared to Rs. 62.2 million posted last year. However, due to provisions made for diminution in the value of short term & long term investments of Rs. 25.1 million the net profit after tax has reduced to Rs. 36.6 million as compared to Rs. 42.4 million last year.

4. YEAR 2000 COMPLIANCE

Computer systems, procedures and software packages have been adjusted / re programmed for Y2K Compliance o

5. EARNING PER CERTIFICATE

Earning per Modaraba certificate works out to be Rs. 1.39 this year as against Rs. 1.60 in the preceding year.

6. FUTURE OUTLOOK

The adverse economic conditions are likely to continue well into Fiscal year 2000. The industrial growth is not going to be very promising. We feel that leasing sector is going to be further competitive due to intense rate war initiated by banks and DFI's entry into the leasing activity. Your Management however, is proactively finalizing the plans to overcome the adverse factors by entering into (a) consumer leasing (b) car leasing and small scale machinery leasing where IRR rates are better and defaults are minimum. We will continue to maintain high quality portfolio with prudent diversification of risk. We hope and pray to be able to maintain the sustained growth in our leasing activity with improved profitability.

7. AUDITORS

The present auditors M/s. Sidat Hyder Qamar & Co. Chartered Accountants are due for retirement and being eligible offer themselves for re-appointment for the year 1999-2000.

8. ACKNOWLEDGEMENT

The Directors offer their sincere thanks to our valued client, bankers, certificate holders for their confidence in the Modaraba.

We extend our appreciation to State Bank of Pakistan, Securities & Exchange Commission, Registrar

Modaraba for their continued support and guidance and to all members of management staff for their dedication and hard work.

On behalf of the Board

-sd-

Khalid Malik
Chief Executive

Karachi, December 30, 1999

AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet as at 30 June 1999 and the related profit and loss account and statement of changes in financial position, together with the notes to the accounts, for the year ended 30 June 1999 of FIRST UDL MODARABA which are Modaraba company's [UDL Modaraba 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 account have been kept by the Modaraba company in respect of First UDL 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 statement of changes in financial position, 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 30 June 1999; and the profit and the cash flows for the year ended on that date;
- ii) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was 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.

We wish to emphasize that the Modaraba has pursued the currently prevailing practice and form of documenting Morabaha and Musharika and Ijara/Lease transactions. These documents, are in accord with the approval of the Religious Board. The execution of such transactions need to be brought in greater Conformity with the spirit of such documents.

Karachi: December 30, 1999

Sd/-
SIDAT HYDER QAMAR & CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1999

	<i>Note</i>	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
Capital and Reserves			
Capital			
Authorised			
50,000,000 (1998: 50,000,000) Modaraba			
Certificates of Rs. 10/- each		500,000,000	500,000,000
<hr/>			
Issued., subscribed and paid-up	3	263,865,890	263,865,890
Statutory reserve	4	43,473,251	36,146,414
Accumulated profit		21,493,223	18,572,465
		-----	-----
		64,966,474	54,718,879
		-----	-----
		328,832,364	318,584,769

Redeemable capital - Secured	5	343,300,000	343,300,000
Morabaha payable - Secured	6	18,450,006	9,289,003
Security deposits		53,891,407	73,541,528
Deferred liabilities - Gratuity		300,000	--
Current Liabilities			
Short-term morabaha payable		--	15,303,289
Current portion of long-term Morabaha and Musharika - Secured	7	36,911,588	30,900,607
Creditors, accrued and other liabilities	8	82,707,649	46,595,830
Due to associated undertakings		3,844,565	5,263,888
Unclaimed dividend		2,046,671	157,499
		-----	-----
		125,510,473	98,221,113
Contingencies	9	--	--
		-----	-----
		870,284,250	842,936,413
		=====	=====
Fixed Assets - Tangible			
Assets in own use	10	3,589,192	3,832.95
Assets leased out	11	418,733,494	429,147,716
Long-term deposits and deferred costs	12	1,713,783	2,505,886
Long-term investments	13	24,909,227	50,727,649
Current Assets			
Short-term investments	14	48,083,464	6,023,300
Trade debts	15	99,328.73	91,754,168
Musharika receivables	16	11,544,162	39,914,921
Advances, deposits, prepayments and other receivables	17	32,099,615	21,649,688
Bank balances	18	230,282,588	197,380,136
		-----	-----
		421,338,554	356,722,213
		-----	-----
		870,284,250	842,936,413
		=====	=====

Auditors' Report Annexed

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

KHALID MALIK
Chief Executive
UDL Modaraba Management
(Private) Limited

ABDUL MALIK
Director
UDI. Modaraba Management
(Private) Limited

RASHID ABDULLAH
Director
UDL Modaraba Management
(Private) Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1999

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>Rupees</i>	<i>Rupees</i>
Revenue from:			
Leasing operations	19	223,879,748	206,624,284
Musharika		6,930,517	6,497,796
Investments	20	76,928,964	68,435,262
Other sources	21	1,561,828	6,569,597
		-----	-----
		309,301,057	288,126,939
Expenditure			
Administrative expenses	22	15,060,252	14,645,394
Amortization on assets leased out	11	142,751,179	123,714,797
Financial charges	23	78,048,961	87,545,715
		-----	-----
		235,860,392	225,905,906
		-----	-----
		73,440,665	62,221,033

Provision for:

Diminution in the value of investments	(25,143,063)	(12,011,932)
Doubtful debts	(8,000,000)	--
	-----	-----
	(33,143,063)	(12,011,932)
	-----	-----
Modaraba company's management fee	40,297,602	50,209,101
	(3,663,418)	(4,564,464)
	-----	-----
Profit before taxation	36,634,184	45,644,637
Taxation	--	(3,200,000)
	-----	-----
Profit after taxation	36,634,184	42,444,637
Unappropriated profit / (loss) brought forward	18,572,465	(15,383,245)
	-----	-----
Profit available for appropriations	55,206,649	27,061,392
Appropriations		
Transferred to statutory reserve	(7,326,837)	(8,488,927)
Interim dividend @ 10% (1998: Nil)	(26,386,589)	--
	-----	-----
	(33,713,426)	(8,488,927)
	-----	-----
Unappropriated profit carried forward	21,493,223	18,572,465
	=====	=====
Earnings per certificate	27	1.39
		1.61
	=====	=====

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

KHALID MALIK
Chief Executive
UDL Modaraba Management
(Private) Limited

ABDUL MALIK
Director
UDL Modaraba Management
(Private) Limited

RASHID ABDULLAH
Director
UDL Modaraba Management
(Private) Limited

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

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	36,634,184	45,644,637
Adjustment of non cash items		
Depreciation on own assets	1,328,459	1,507,097
Provision for gratuity	300,000	--
Provision for investments	25,143,063	12,011,932
Provision for bad debts	8,000,000	--
Amortization of assets leased out	142,751,179	123,714,797
Amortization of deferred costs	1,227,202	1,254,719
(Gain) / loss on sale of fixed assets		
- own assets	(221,315)	(210,084)
assets leased out	(2,313,853)	150,057
Dividend income	(1,365,165)	(1,801,160)
	-----	-----
	211,483,754	182,271,995
(Increase) / decrease in operating assets		
Short-term investments	(43,164,610)	(28,182)
Trade debts	(15,574,557)	(7,376,325)
Musharika receivables	28,370,759	(18,243,501)
Advances, deposits, prepayments and other receivables	(10,218,365)	(2,103,329)
	-----	-----
	(40,586,773)	(27,751,337)
Increase/(decrease) in current liabilities		
Short-term morabaha	(15,303,289)	62,877

Current portion of long-term morabaha & musharika-secured	6,010,981	30,900,607
Creditors, accrued and other liabilities	36,111,819	6,807,430
Due to associated undertakings	(1,419,323)	2,677,516
	-----	-----
	25,400,188	40,448,430
	-----	-----
Net cash flow from operating activities	196,297,169	194,969,088

	1999	1998
	Rupees	Rupees

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of fixed assets		
- own assets	(1,636,388)	(1,428,498)
- assets leased out	(157,564,876)	(131,715,767)
Long-term deposits	(435,099)	24,300
Long-term investments	1,779,805	--
Proceeds from sale of fixed assets-own	773,000	818,568
Dividends received	1,133,603	1,935,783
	-----	-----
Net cash used in investing activities	(155,949,955)	(130,365,614)

CASH FLOW FROM FINANCING ACTIVITIES

Redeemable capital	--	(19,606,737)
Proceeds /(repayments) of morabaha	9,161,003	(16,277,674)
Dividend paid	(24,497,415)	--
Long-term security deposits	7,891,650	20,497,366
	-----	-----
Net cash used in financing activities	(7,444,762)	(15,387,045)

Net cash generated during the year

	32,902,452	49,216,429
Bank balance at the beginning of the year	197,380,136	148,163,707
	-----	-----
Bank balance at the end of the year	230,282,588	197,380,136
	=====	=====

KHALID MALIK**Chief Executive**UDL Modaraba Management
(Private) Limited**ABDUL MALIK****Director**UDL Modaraba Management
(Private) Limited**RASHID ABDULLA****Director**UDL Modaraba Management
(Private) Limited**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999****1. LEGAL STATUS AND NATURE OF BUSINESS**

First UDL Modaraba was formed in 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by UDL Modaraba Management (Private) Limited, a company incorporated in Pakistan. It is a perpetual, multipurpose and multidimensional Modaraba and is engaged in providing finance on Morabaha and Musharika arrangements, leasing, commodity trading and trading in listed and on-interest bearing securities.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Overall valuation policy**

These financial statements have been prepared on the basis of historical cost 'convention'.

2.2 Basis for preparation of financial statements,

These financial statements have been prepared in accordance with International Accounting Standard as adopted by Institute of Chartered Accountants of Pakistan, as applicable in Pakistan.

2.3 Staff retirement benefits**2.3.1 Staff provident fund**

The Modaraba operates approved Provident Fund Scheme covering all its employees

who are eligible under the scheme. Equal monthly contributions are made by the Modaraba and the employees to the Fund.

2.3.2 Gratuity

An unfunded gratuity scheme is operated for permanent employees completing prescribed period of service. Provision for obligations under the scheme is made by charging the profit and loss account

2.4 Fixed assets

2.4.1 Assets in own use and depreciation

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

Maintenance and normal repairs are charged to income as and when incurred. Gains and losses on disposal of fixed assets are included in income currently.

2.4.2 Assets leased out and amortization

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

Profit or loss on disposal of leased assets is included in income currently.

2.5 Deferred costs

Expenses incurred in connection with incorporation and floatation of Modaraba, issue of certificates and increase in authorised capital are being amortized over a period of five years, commencing from the year in which they incurred.

2.6 Trading stock

These are stated at lower of cost and net realisable value determined on FIFO basis, except for goods in transit which are stated at invoice value in addition to other charges. paid thereon,

2.7 Investments

Short-term investments are carried at lower of average cost and market value determined on aggregate portfolio basis. In case of long-term investments the effect of permanent diminution, if any, in the value of investments are taken to profit and loss account.

2.8 Provision for doubtful debts and written-off

The provision for doubtful debts is maintained at a level which, in the judgement of management, is adequate to provide for potential losses on lease, musharika and morabaha receivables respectively, that can be reasonably anticipated. The provision is increased by charging the same to income and is decreased by charge offs net of recoveries.

2.9 Taxation

2.9.1 Current

Provision for current taxation, if required, is based on taxable income at current tax rates after taking into account tax rebates and tax credit available, if any.

2.9.2 Deferred

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

2.1 Revenue recognition

2.10.1 Rental income is recognised on a systematic basis over the lease period.

2.10.2 Profit on Musharika receivable and deposits are recognised on accrual basis, based on time proportion.

2.10.3 Profit on Morabaha transaction is recognised immediately after the consummation of the

respective transaction.

2.10.4 Gain or loss on sale of investments is accounted for in the year in which it arises.

2.10.5 Profit on sale of goods is recognised on despatch of goods to customers which usually coincides with the physical delivery and acceptance.

2.10.6 Dividend income is recognised when right is established which usually coincide with the date of book closure of the Company declaring the dividend.

2.11 Foreign exchange transactions

Transactions in foreign currencies are converted into rupees at the rate of exchange prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into rupees at the rate of Exchange prevailing at the balance sheet date except for transactions hedged for exchange risk (notes 5.1 and 6.2)

Exchange gain and losses are included in income currently.

2.12 Offsetting of financial assets and financial liabilities.

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Modaraba has the legal enforceable right to setoff the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

		<i>1999</i>	<i>1998</i>
		<i>Rupees</i>	<i>Rupees</i>
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Fully paid Modaraba certificates of Rs. 10/- each			
Number of Certificates			
1999	1998		
17,668,885	17,668,885 issued for cash	176,688,850	176,688,850
8,717,704	8,717,704 issued as bonus certificates	87,177,040	87,177,040
-----	-----	-----	-----
26,386,589	26,386,589	263,865,890	263,865,890
=====	=====	=====	=====

4. STATEMENT OF CHANGES IN EQUITY

	<i>Share</i>	<i>*Statutory</i>	<i>Unappropriated</i>	<i>Total</i>
	<i>Capital</i>	<i>Reserves</i>	<i>Profit</i>	
Balance as at June 30, 1997	263,865,890	27,657,487	(15,383,245)	276,140,132
Profit for the year	--	--	42,444,637	42,444,637
Transferred during the year	--	8,488,927	(8,488,927)	--
	-----	-----	-----	-----
Balance as at June 30, 1998	263,865,890	36,146,414	18,572,465	318,584,769
Profit for the year	--	--	36,634,184	36,634,184
Transferred during the year	--	7,326,837	(7,326,837)	--
Interim dividend	--	--	(26,386,589)	(26,386,589)
	-----	-----	-----	-----
Balance as at June 30, 1999	263,865,890	43,473,251	21,493,223	328,832,364
	=====	=====	=====	=====

* Represents profits set aside to the extent of 20% to comply with the regulatory requirements.

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

5. REDEEMABLE CAPITAL - SECURED

International Finance Corporation	5.1	343,300,000	343,300,000
-----------------------------------	-----	-------------	-------------

5.1 The Modaraba has entered into an Income Notes Agreement (the Agreement) with International Finance Corporation (IFC) dated 25 July 1995 under which IFC has provided US\$ 10 million (against total commitment of US\$ 17.5 million) by way of subscription to Income Notes issued by the Modaraba. The Agreement inter alia stipulates:

5.1.1 The proceeds of Income Notes are exclusively to be used for leasing business of the Modaraba.

5.1.2 The maturity period of the Income Notes is ten years with a grace period of seven years.

5.1.3 The Income Notes holders have the right, linked with the rights of the holders of the Modaraba Certificates, to participate in the profits of the Modaraba for each financial year,

5.1.4 IFC has got the right to convert the Income Notes into Modaraba Certificates at a price equal to the book value per Modaraba Certificate upto twenty percent of the full initial face value of each Income Note subscribed by IFC.

5.1.5 The above arrangement is secured by:

(i) A first ranking security interest by way of hypothecation of the assets covered by each Income Note Lease and the assignment of all Income Notes Lease receivable in favour of the Trustee for the exclusive benefit of the IFC and/or any subsequent Income Notes holders.

(ii) A retention account, secured by a first ranking fixed charge in favour of the Trustee for the exclusive benefit of the IFC and/or the other Income Notes holders into which Income Notes lease receivables are deposited.

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
6. MORABAHA PAYABLE - SECURED			
Morabaha payable	6.1	361,750,006	352,589,003
In foreign currency certificates of investments	6.2	(343,300,000)	(343,300,000)
		-----	-----
		18,450,006	9,289,003
		=====	=====

6.1 This financial arrangement is secured against the placement of Foreign Currency Certificate of Investments with an investment bank (note 2.12), charge on lease assets and lease rental receivable of Modaraba and any additional security that may be required from time to time.

6.2 Represents placement of US\$ 10 million received from IFC in an investment scheme on profit sharing basis. Such placement is for a period commensurating with the maturity of income Notes as referred in note 5.1.

7. CURRENT PORTION OF LONG-TERM MORABAHA AND MUSHARIKA PAYABLE - SECURED

Morabaha payable		17,304,851	11,293.87
Musharika payable	7.1	19,606,737	19,606,737
		-----	-----
		36,911,588	30,900,607
		=====	=====

7.1 Represents long-term musharika arrangement between Modaraba and a commercial bank with the capital investment ratio of 5: 95, initially arranged for the period of five years with a grace period of one year and has expired in December' 98. A suit has been filed by the commercial bank and is currently pending in the high court. It carried expected pre-tax profit at the projected rate of 17.52 percent per annum. The above arrangement is secured against hypothecation of moveable assets of Modaraba and personal guarantees of the directors.

8. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors		2,897,532	14,175
Security deposits		11,913,478	2,246,070
Advance lease rentals		3,773,919	3,617,499
Accrued profit			
- Musharika payable	7.10	14,990,314	15,590,314
- IFC Income Notes		48,146,366	23,460,000
Accrued expenses		412,939	1,409,238
Others		57 3,101	258,534

82,707,649 46,595,830
=====

9. CONTINGENCIES

9.1 The Modaraba commenced its business operation in May 1991 and with the permission of Corporate Law Authority (CLA), its first financial period of fourteen months ended on 30 June 1992. The Modaraba was exempt from tax for first three assessment years of its operations and liable to pay tax at the rate of 12.5 percent for next two years and thereafter at the rate of 25 percent. The Deputy Commissioner of Income Tax (DCIT) has re-opened the assessment of the Modaraba for the year 1994-95 claiming that the said assessment was not covered under exemption period as DCIT treated the two months period ended 30 June 1991 as first year of Modaraba's operation. The Modaraba has filed an appeal before the Income Tax Appellate Tribunal against the decision of the DCIT. The management anticipates a favorable outcome of the appeal, hence no additional tax liability is provided in these financial statements. However, in case of unfavourable outcome, the Modaraba will have to pay additional tax of approximately Rs. 10.8 million.

1999 1998
(Rupees in Million)

9.2 Claims not acknowledged by the Modaraba

12.59 --
=====

10. FIXED ASSETS - OWN USE

PARTICULARS	Cost			DEPRECIATION			Book value at 30 June 1999	Dep. Rate %
	At 1 July 1998	Addition/ (deletion)	At 30 June 1999	At 1 July 1998	Charge for the year	At 30 June 1999		
Office equipments	777,997	17,000 (6,500)	788,497	294,026	78,850 (650)	372,226	416,271	10
Furniture & fixtures	2,467,036	11,188	2,478,224	895,237	247,823	1,143,060	1,335,164	10
Computer equipments	3,305,352	470,710 (1,394,392)	2,381,670	2,167,071	387,371 (1,063,877)	1,49,0,565	891,105	20
Motor vehicles	3,518,618	1,137,490 (1,584,027)	3,072,081	2,879,720	614,416 (1,368,707)	2,125,429	946,652	20
Rupees	10,069,003	1,636,388 (2,984,919)	8,720,472	6,236,054	1,328,460 (2,433,234)	5,131,280	3,589,192	
1998 - Rupees	9,430,814	1,428,498 (790,309)	10,069.00	4,910,782	1,507,097 (181,825)	6,236,054	3,832,949	

10.1 Deletion from fixed assets - own use

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(Loss) on disposal	Mode of disposal	Particulars of purchaser
Motor vehicle	1,314,877	1,314,877	--	410,000	410,000	Negotiation	Alibhai Motors
Motor vehicle	269,150	53,830	215,320	266,000	50,680	Insurance	Royal Exchange Assurance
Mobile phone	6,500	650	5,850	2,500	(3,350)	Negotiation	R.S. Electronics
Computer equipments	1,394,392	1,063,877	330,515	94,500	(236,015)	Negotiation	Standard Computers
Rupees	2,984,919	2,433,234	551,685	773,000	221,315		

11. FIXED ASSETS LEASED OUT

At 1 July 1998	COST		At 30 June 1999	AMORTIZATION		Book Value at 30 June 1999
	Addition/ (deletion)			At 1 July 1998	Charge for the year	

Plant and machinery	651,569,800	139,798,317 (111,093,377)	680,274,740	238,569,199	135,475,214 (88,455,397)	285,589,016	394,685,724
Furniture and fixtures	554,540	-- (554,540)	--	487,184	14,632 (501,816)	--	--
Computer equipments	8,563,408	5,177,935 (2,750,763)	10,990,580	3,564,002	2,710,883 (2,559,894)	3,714,993	7,275,587
Motor vehicles	25,877,642	12,588,624 (14,892,240)	23,574,026	14,797,289	4,550,449 (12,545,895)	6,801,843	16,772,183
Rupees	686,565,390	157,564,876 (129,290,920)	714,839,346	257,417,674	142,751,178 (104,063,002)	296,105,852	418,733,494
1998 - Rupees	564,137,238	131,715,767 (9,287,615)	686,565,390	138,595,991	123,714,797	257,417,674 (4,893,114)	429,147,716

11.1 Deletion from fixed assets - leased out

Description	Cost	Accumulated amortization	Book value	Sale proceeds	Gain / (Loss) on disposal	Mode of disposal	Particulars of purchaser
Motor vehicles	441,025	368,233	72,792	73,335	543	Negotiation	Garib Sons
Motor vehicles	709,743	592,613	117,130	118,004	874	Negotiation	Garib Sons
Motor vehicles	1,256,434	132,151	1,124,283	1,180,643	56,360	Insurance	Adamjee Insurance
Motor Cycle	64,000	--	64,000	64,000	--	Insurance	EFU General Insurance Ltd.
Motor vehicles	375,000	318,750	56,250	56,250	--	Negotiation	F. Rabbi & Co.
Motor vehicles	1,590,000	1,574,100	15,900	15,900	--	Negotiation	First Intl. investment Bank
Motor vehicles	1,645,000	1,480,500	164,500	164,500	--	Negotiation	Faran Sugar Mills
Motor vehicles	1,042,000	937,800	104,200	104,200	--	Negotiation	Faran Sugar Mills
Motor vehicles	584,606	555,376	29,230	29,230	--	Negotiation	Premium Textile Mills
Motor vehicles	1,500,000	1,425,000	75,000	75,000	--	Negotiation	Security Mngt. & Services
Motor. vehicles	34,000	32,300	1,700	1,700	--	Negotiation	ANZ Grindlays Bank
Motor vehicles	275,000	275,000	--	--	--	Negotiation	Fauzia Ahmed Sadiq
Motor vehicles	135,000	135,000	--	--	--	Negotiation	Fauzia Ahmed Sadiq
Motor vehicles	1,276,200	1,263,438	12,762	12,762	--	Negotiation	First Intl. Investment Bank
Motor vehicles	525,000	472,500	52,500	52,500	--	Negotiation	Tawakkal Garments Industries
Motor vehicles	391,000	304,002	86,998	86,998	--	Negotiation	ACB Forwarding Systems
Motor vehicles	385,000	365,750	19,250	19,250	--	Negotiation	Trifex Cotton Mills
Motor vehicles	337,000	286.45	50,550	50,550	--	Negotiation	Linex intl. (Pvt) Ltd
Motor vehicles	102,565	102,565	--	--	--	Negotiation	Hanif Daud
Motor vehicles	176,000	158,400	17,600	17,600	--	Negotiation	Efroze Chemicals Industries
Motor vehicles	426,667	337,067	89,600	89,600	--	Negotiation	Crescent Board
Motor vehicles	600,000	510,000	90,000	90,000	--	Negotiation	Linex Intl. {Pvt} Ltd
Motor vehicles	178,900	161,010	17,890	17,890	--	Negotiation	Efroze Chemicals !Industries
Motor vehicles	178,900	161,010	17,890	17,890	--	Negotiation	Efroze Chemicals Industries
Motor vehicles	333,000	299,700	33,300	33,300	--	Negotiation	Akhbar-e-Watan
Motor vehicles	284,000	255,600	28,400	28,400	--	Negotiation	House of Business Machines {Pvt} Ltd.
Motor vehicles	46,200	41,580	4,620	4,620	--	Negotiation	David
Computer equip..	1,059,159	1,006,200	52,959	52,959	--	Negotiation	ANZ Grindlays Bank
Computer equip..	526,290	473,661	52,629	52,629	--	Negotiation	Century Insurance Co. Ltd.
Com0uter equip..	540,314	486,283	54,031	54,031	--	Negotiation	Solution Unlimited
Computer equip..	625,000	593,750	31,250	31,250	--	Negotiation	AI-Mal Securities & Services Ltd.
Furniture & fixtures	54,540	51,816	2,724	2,724	--	Negotiation	ANZ Grindlays Bank
Furniture & fixtures	500,000	450,000	50,000	50,000	--	Negotiation	Wahedna (Pvt) Ltd.
Plant, reach. & equip.	2,026,242	1,922,603	103,639	103,639	--	Negotiation	ANZ Grindlays Bank.
Plant reach. & equip.	224,000	201,600	22,400	22,400	--	Negotiation	Business Information Techni ques
plant reach. & equip.	37,786	34,007	3,779	3,779	--	Negotiation	Solution Unlimited
Plant, mach. & equip	5,500,000	4,950,000	550,000	550,000	--	Negotiation	CBM Plastics (Pvt. Ltd.
Plant, reach. & equip	285,000	256,500	28,500	28,500	--	Negotiation	Saima Packaging (Pvt. Ltd.
Plant, reach. & equip	2,200,000	1,980,000	220,000	220,000	--	Negotiation	Multipaper Products
Plant, reach. & equip	475,000	427,500	47,500	47,500	--	Negotiation	Yazdani Motor Works
Plant, reach. & equip	176,000	85,079	90,921	94,307	3,386	Negotiation	Paragon Constructions
Plant, reach. & equip	15,390,000	12,185,392	3,204,608	5,457,298	2,252,690	Negotiation	Pakland Cement Ltd.
Plant, reach. & equip	867,825	694,260	173,565	173,565	--	Negotiation	CBM Plastics (Pvt) Ltd.
Plant, reach. & equip	1,958,000	1,860,100	97,900	97,900	--	Negotiation	Health Care Hospital
Plant, reach. & equip	7,000,000	5,600,000	1,400,000	1,400,000	--	Negotiation	AI Rahim Trading Corporation

Plant, reach. & equip	10,000,000	9,000,000	1,000,000	1,000,000	--Negotiation	Globe Textile Mills Ltd.
Plant, reach. & equip	575,000	514,900	60,100	60,100	--Negotiation	Health Care Hospital
Plant, reach. & equip	22,656,415	15,859,490	6,796,925	6,796,925	--Negotiation	Macpac Films Limited
Plant, reach. & equip	24,677,140	15,838,997	8,838,143	8,838,143	--Negotiation	Macpac Films Limited
Plant, reach. & equip	12,630,350	12,630,350	--	--	--Negotiation	Shifa International Hospital
Plant, reach. & equip	4,414,619	4,414,619	--	--	--Negotiation	Descon Engineering
	-----	-----	-----	-----		
Rupees	129,290,920	104,063,002	25,227,918	27,541,771		2,313,853
	=====	=====	=====	=====		=====

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

12. LONG-TERM DEPOSITS AND DEFERRED COSTS

Deposits			555,286	190,187
Deferred costs	12.10		1,073,497	2,300,699
Others			85,000	15,000
			-----	-----
			1,713,783	2,505,886
			=====	=====

12.1 Deferred costs

At the beginning of the year		10,011,004	10,011,004
Less: Amortization			
- at the beginning of the year		7,710,305	6,455,586
- for the year		1,227,202	1,254,719
		-----	-----
		8,937,507	7,710,305
		-----	-----
		1,073,497	2,300,699
		=====	=====

13. LONG-TERM INVESTMENTS

Associated undertakings - quoted	13.10	44,350,780	44,350,780
Modarabas and other quoted companies	13.20	14,597,064	16,376,869
		58,947,844	60,727,649
Provision for diminution in the value of investments		(34,038,617)	(10,000,000)
		-----	-----
		24,909,227	50,727,649
		=====	=====

The aggregate market value of the investment portfolio of quoted companies and Modarabas (cost Rs. 58,947,844/-) was Rs. 24,909,227/- (1998: Rs. 23,900,941/-)

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

13.1 Investment in associated undertakings - quoted.

1999	1998				
Number of Shares	Name of company				
278,000	278,000 Gillette Pakistan Limited	11,317,480	11,317,480		
714,670	635,263 Searle Pakistan Limited	33,033,300	33,033,300		
		-----	-----		
		44,350,780	44,350,780		
		=====	=====		

13.2 Investment in Modarabas and other quoted companies

Shares / Certificates of listed companies / modarabas

1999	1998		1999	1998
Number of Shares/ Certificates	Name of company / modaraba		Rupees	Rupees
492,900	492,900 First IBL Modaraba Managed by IBL Modaraba Management (Pvt.) Limited		5,893,067	5,893,067

24,250	98,750 Treet Corporation Limited	579,217	2,359,022
328,600	328,600 United Distributors Pakistan Limited	8,124,780	8,124,780
		-----	-----
		14,597,064	16,376,869
		=====	=====

14. SHORT-TERM INVESTMENTS

Associated undertakings	14.1	2,615,100	--
Modarabas and other quoted companies	14.2	17,325,136	15,708,915
		19,940,236	15,708,915
Provision for diminution in the value of investments		(11,526,741)	(11,685,615)
		-----	-----
		8,413,495	4,023,300
In unquoted companies	14.3	2,000,000	2,000,000
In foreign currency certificate of investments		37,669,969	--
		-----	-----
		48,083,464	6,023,300
		=====	=====

The aggregate market value of the investment portfolio of quoted companies and Modarabas (cost Rs. 19,940,236/-) was Rs. 8,413,495/- (1998: Rs. 4,023,300/-)

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

14.1 Investment in associated undertakings

1999	1998		
Number of Shares	Name of company		
155,250	-- Searle Pakistan Limited	2,615,100	--
		=====	

14.2 Investment in quoted companies & modarabas

Shares / Certificates of listed companies / modarabas

1999	1998	1999	1998
Number of Shares / Certificates	Name of company / modaraba	Rupees	Rupees
34,000	-- American life Insurance Company	416,050	--
866	866 Askari Bank Limited	24,695	24,695
100	100 B.S. Jehangir Siddiqui. Limited	5,732	5,732
37,500	56,000 Jehangir Siddiqui Investment Bank Limited* (formerly Citi Corp. Investment Bank Limited)	2,470,636	3,689,416
93,500	93,500 Crescent Leasing Company Limited	2,762,370	2,762,370
22,588	21,513 Crescent Textile Mills Limited	546,957	546,957
95,500	95,500 Financial Link Modaraba	955,000	955,000
	Managed by Financial Link limited		
13,983	13,983 First Interfund Modaraba	241,983	241,983
	Managed by Universal Management Services (Pvt.) Ltd.		
30,000	30,000 Growth Mutual Fund* (Ordinary shares of Rs. 5/- each)	279,425	279,425
30,000	30,000 Hajra Textile Mills Limited*	245,007	245,007
39,500	56,000 Ibrahim Fibres limited	677,163	960,123
50,000	-- ICP SEMF	518,500	--
10,000	10,000 Indus Motors Company Limited	148,500	148,500
5,000	5,000 J.O.V. & Company Limited	321,700	321,700
50,000	-- Karachi Electric Supply Corporation	428,500	--
225	225 KASB Premier Fund	2,250	2,250
98,000	98,000 Kohinoor Raiwind Mills Limited*	723,000	723,000
28,750	28,750 Kohinoor Textile Mills Limited	1,326,800	1,326,800
2,538	2,538 LTV Capital Modaraba (Modaraba certificates of Rs. 5/- each) Managed by National Technology Development (Pvt.) Ltd.	19,123	19,123
300,000	-- Lucky Cement Limited	1,290,000	--

1,000	1,000 M.F.M.Y. Industries Limited	44,100	44,100
1,735	1,735 Mohammad Farooq Textile Mills Limited	49,564	49,564
348	348 Mohib Export Limited	5,649	5,649
14,700	14,700 National Development Leasing Corp. Limited (Ordinary shares of Rs.5/- each)	557,592	557,592
16,182	16,182 Nishat Mills Limited	692,660	692,660
19,000	19,000 Pakistan Synthetic Limited	807,360	807,360
4,000	4,000 Pakistan Telecommunications Corp.	126,238	126,238
24,720	24,720 Sail Textile Mills Limited	899,792	899,792
7,844	7,844 Sui Northern Gas Pipelines Limited	257,685	257,685
50,000	-- Sui Southern Gas Company Limited	428,500	--
2,200	-- Treet Corporation Limited	36,410	--
1,516	1,516 Umer Fabrics Limited	15,160	15,160
100	100 Unicap Modaraba	1,035	1,035
	Managed by Chartered Management Services (Pvt.) Ltd.	-----	-----
		17,325,136	15,708,915
		=====	=====

*These include investments held but not transferred in the name of the Modaraba

14.3 Investment in unquoted companies

1999	1998	1999	1998
Number of Shares	Name of company	Rupees	Rupees
200,000	200,000 LTV Housing Finance Limited	2,000,000	2,000,000
		=====	=====

14.3.1 Net asset value per share of LTV Housing Finance Limited is Rs. 8.83 as per financial statements as at June 30, 1998. The financial statements were audited by Khalid Majid Husain Rahman & Co., Chartered Accountants

	Note	1999 Rupees	1998 Rupees
15. TRADE DEBTS			
Secured			
Considered good			
Lease rent receivables		82,162,720	72,299,546
Considered doubtful			
Lease rent receivables		24,635,584	16,635,584
Less: Provision for doubtful debts		24,635,584	16,635,584
		-----	-----
Unsecured, considered good			
Against sale of investments		3,025,000	3,025,000
Associated undertakings	15.1	14,141,005	16,429,622
		-----	-----
		99,328,725	91,754,168
		=====	=====

15.1 Maximum aggregate balances outstanding at the end of any month during the year was Rs. 18,503,762/- (1998: Rs. 16,429,622/-)

16. MUSHARIKA RECEIVABLES

Secured			
Considered good			
Musharika receivables	16.1	11,544,162	31,435,935
Considered doubtful			
Less: Provision for doubtful debts		3,647,515	3,647,515
Associated undertakings		3,647,515	3,647,515
		--	--
		--	8,478,986
		-----	-----
		11,544,162	39,914,921
		=====	=====

16.1 Maximum aggregate balances outstanding at the end of any month during the year was Rs. 43,462,436 (1998: Rs. 43,278,286)

17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances:			
- employees - unsecured, considered good	17.1	169,108	136,26
- against expenses		30,135	27,816
- income tax		1,402,299	1,295,576
- leases		--	2,193,673
		-----	-----
		1,601,542	3,653,328
Prepayments		469,682	488,823
Profit on deposits		28,351,254	16,058,527
Dividend receivables		296,939	65,377
Expenditure refundable		838,782	433,756
Other receivables		541,416	949,877
		-----	-----
		32,099,615	21,649,688
		=====	=====

17.1 Maximum aggregate balance at the end of any month during the year was Rs. 228,849/- (1998: Rs. 323,319/-). It is payable within twelve months from the balance sheet date.

18. BANK BALANCES

With banks on:			
deposit account		230,252,528	197,350,541
current account		30,060	29,595
		-----	-----
		230,282,588	197,380,136
		=====	=====

19. INCOME FROM LEASING OPERATIONS

Lease rentals		217,612,483	200,787,278
Front-end fee		729,493	1,334,688
Arrangement fee		3,223,919	4,652,375
Gain / (Loss) on disposal of leased assets		2,313,853	(150,057)
		-----	-----
		223,879,748	206,624,284
		=====	=====

20. INVESTMENT INCOME

Dividend income		1,365,165	1,801,160
(Loss) / Gain on sale of securities		(812,585)	784,641
Profit on deposits with banks		76,376,384	65,849,461
		-----	-----
		76,928,964	68,435,262
		=====	=====

21. OTHER SOURCES

Documentation charges		39,453	89,172
Gain on disposal of fixed assets - own		221,315	210,084
Exchange gain		1,172,843	6,209,422
Miscellaneous		128,217	60,919
		-----	-----
		1,561,828	6,569,597
		=====	=====

22. ADMINISTRATIVE EXPENSES

Salaries, allowances and benefits	22.1	3,951,271	3,350,113
Travelling and conveyance		200,369	109,186
Vehicle upkeep		268,316	351.42
Communication		228,295	257,337
Printing and stationary		176,704	201,627
Rent, rates and taxes		356,889	69,079
Repairs and maintenance		253,710	173,161
Legal, professional and registrar charges		852,100	1,466.30
Share custody charges		7,454	89,334
Insurance		219,359	271,115
Fees and subscriptions		758,473	720,358

Lease rentals		352,485	472,345
Auditors' remuneration	22.2	126,450	116,632
Advertisement		73,118	22,908
Office refreshment and entertainment		49,092	83,267
Depreciation on own assets	10.0	1,328,459	1,507,097
Amortization of deferred costs	12.1	1,227,202	1,254,719
Corporate expenses	22.3	3,600,000	3,600,000
Bad debts written off		884,275	--
Documentation and arrangement fee		96,500	285,000
Seminar and Conference		19,000	241,309
Zakat		12,654	--
Miscellaneous		18,077	3,087
		-----	-----
		15,060,252	14,645,394
		=====	=====

22.1 Remuneration of Officers and Employees

The aggregate change in the financial statements for salaries, allowances and benefits of 17 employees include:

	Officers		Other Employees	
	1999 Rupees	1998 Rupees	1999 Rupees	1998 Rupees
Salaries and allowances	1,799,400	1,206,927	1,142,414	1,507,497
Bonus	48,521	72,325	57,614	93,471
Provident fund contribution	91,653	80,054	54,338	59,767
Medical expenses reimbursed	65,426	42,663	46,869	77,607
	-----	-----	-----	-----
	2,005,000	1,401,969	1,301,235	1,738,342
	=====	=====	=====	=====
	7	5	10	13

	1999	1998
	Rupees	Rupees

22.2 Auditors' Remuneration

Audit fee	50,000	50,000
Consultancy and tax services	66,950	55,342
Out of pocket expenses	9,500	11,290
	-----	-----
	126,450	116,632
	=====	=====

22.3 Corporate expenses represent changes on account of utilities, common services and other facilities availed by the Modaraba.

23. FINANCIAL CHARGES

Morabaha profits	56,066,447	61,446,833
Profit on redeemable capital	--	23,088.90
Profit on IFC Income Notes	21,950,216	23,460,000
Bank charges	32,298	329,992
	-----	-----
	78,048,961	87,545,715
	=====	=====

24. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Corporate expenses	3,600,000	3,600,000
Musharika financing to associated undertakings	--	8,000,000
Sale of fixed assets to associated undertakings	--	542,000
Asset leased out - at cost	4,444,500	--
Lease rental received during the year	20,350,000	--
Management fee for the year	3,663,418	4,564,464

25. LEASE RENTALS RECEIVABLE WITHIN ONE YEAR

Current maturity of lease rentals receivable in subsequent financial year i.e., 30 June 2000 amounts to approximately Rs. 225 million (1998. Rs. 203 million)

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

26.1 Fair value of financial instruments

The carrying value of all the financial assets and financial liabilities reflects in the financial statements approximates their fair value.

26.2 Credit Risk

Financial assets such as leased assets, receivables and balances with banks are exposed to credit risk. The Modaraba mitigates credit risk by monitoring exposure limits and adequate collateral.

26.3 Concentration of credit risk

A sector wise breakdown of business activities are as follows.

	LEASING				S.T. INVESTMENTS		L.T. INVESTMENTS		MUSHARIKA	
	<i>Receivable</i>	<i>Book value</i>	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>		<i>Amount</i>		<i>Amount</i>		<i>Amount</i>	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Mutual Funds	--	--	--	--	800,175	1.34	--	--	--	--
Leasing Companies	346,800	345,365	692,165	0.13	3,319,962	5.57	--	--	--	--
Investment companies & banks	--	--	--	--	40,492,732	67.93	--	--	--	--
Modarabas	--	16,822,055	16,822,055	3.12	1,217,141	2.04	5,893,067	10.00	227,323	1.50
Insurance companies	--	--	--	--	416,050	0.70	--	--	--	--
Textile spinning & weaving	--	60,844	60,844	0.01	1,932,708	3.24	--	--	--	--
Textile Composite	9,674,602	33,915,217	43,589,819	8.08	2,608,286	4.38	--	--	--	--
Synthetics & Rayon	29,068,796	2,645,06	31,713,854	5.88	1,484,523	2.49	--	--	--	--
Textile & Woolen	859,710	13,902,118	14,761,828	2.74	--	--	--	--	--	--
Cement	22,460,703	42,205,979	64,666,682	11.98	1,290,000	2.16	--	--	--	--
Fuel & Energy	6,389,015	80,542,666	86,931,681	16.11	1,122,380	1.88	--	--	--	--
Auto & Allied Industries	12,465,384	26,223,197	38,688,581	7.17	148,500	0.25	--	--	--	--
Cable & Electrical Goods	--	540,084	540,084	0.10	--	--	--	--	--	--
Sugar & Allied Industries	54,950	31,651,582	31,706,532	5.88	--	--	--	--	--	--
Food & Allied Industries	15,983,685	39,618,016	55,601,701	10.30	--	--	--	--	--	--
Construction	--	542,130	542,130	0.10	--	--	--	--	--	--
Transport & communication	1,689,510	18,376,767	20,066,277	3.72	126,238	0.21	--	--	--	--
Chemical & Pharmaceuticals	19,391,686	67,051,861	86,443,547	16.02	2,615,100	4.39	33,033,300	56.04	--	--
Paper & Board	1,918,392	14,457,291	16,375,683	3.03	--	--	--	--	--	--
Services	--	23,426,636	23,426,636	4.34	--	--	--	--	--	--
Miscellaneous	--	--	--	--	2,036,410	3.42	20,021,477	33.96	--	--
Others	636,075	6,406,629	7,042,704	1.30	--	--	--	--	14,964,353	98.50
	120,939,308	418,733,495	539,672,803	100.00	59,610,205	100.00	58,947,844	100.00	15,191,676	100.00

1999
Rupees

1998
Rupees

26.4 Currency risk

Foreign currency financial liabilities	343,300,000	343,300,000
Hedged through foreign currency financial assets	343,300,000	343,300,000

-- --
=====

26.5. Maturities of Assets and Liabilities

	<i>Total</i>	<i>Upto one</i>	<i>Over one</i>	<i>Over one</i>	<i>Over five</i>
		<i>month</i>	<i>month to</i>	<i>year to</i>	<i>years</i>
			<i>one year</i>	<i>five years</i>	
	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets					
Fixed assets - own use	3,589,192	--	1,201,037	2,388,155	--
Fixed assets -leased out	418,733,494	--	22,112,829	396,620,665	--
Long-term deposits	1,713,783	--	85,000	1,628,783	--
Long-term investments	24,909,227	--	--	24,909,227	--

Short-term investments	48,083,464	--	48,083,464	--	--
Trade debts	99,328,725	7,682,536	91,646,189	--	--
Musharika receivables	11,544,162	--	11,544,162	--	--
Advances, deposits and other receivables	32,099,615	363,026	31,736,589	--	--
Bank balances	230,282,588	230,282,588	--	--	--
	-----	-----	-----	-----	-----
	870,284,250	238,328,150	206,409,270	425,546,830	--
	=====	=====	=====	=====	=====

Financial liabilities

Redeemable capital	343,300,000	--	--	228,866,668	114,433,332
Morabaha payable	18,450,006	--	--	18,450,006	--
Security deposits	53,891,407	--	--	53,891,407	--
Deferred liabilities	300,000	--	--	--	300,000
Current portion of long-term morabaha & musharika payable	36,911,588	--	36,911,588	--	--
Creditors, accrued and other liabilities	82,707,649	--	82,707,649	--	--
Due to associated undertakings	3,844,565	--	3,844,565	--	--
Unclaimed dividends	2,046,671	2,046,671	--	--	--
	-----	-----	-----	-----	-----
	541,451,886	2,046,671	123,463,802	301,208,081	114,733,332
	=====	=====	=====	=====	=====

The above analysis is based on the contractual / expected maturities of assets and liabilities which may not accurately correspond with actual maturities.

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
27 EARNING PER CERTIFICATES		
Profit after taxation	36,634,184	42,444,637
	=====	=====
		No. of certificates
Weighted average number of certificates outstanding during the year	26,386,589	26,386,589
	=====	=====
	1.39	1.61
	=====	=====

28. CORRESPONDING FIGURES

Certain prior year's figures have been re-arranged wherever necessary for the purpose of comparison.

KHALID MALIK Chief Executive UDL Modaraba Management (Private) Limited	ABDUL MALIK Director UDL Modaraba Management (Private) Limited	RASHID ABDULLA Director UDL Modaraba Management (Private) Limited
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**PATTERN OF HOLDING OF CERTIFICATES
HELD BY THE CERTIFICATE HOLDERS
AS AT JUNE 30, 1999.**

No. of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
612	1	100	29,979
920	101	500	231,388
941	501	1000	734,391
1464	1001	5000	2,992,764
226	5001	10000	1,599,134
81	10001	15000	1,017,085
48	15001	20000	810,295
20	20001	25000	454,979

11	25001	30000	293,289
13	30001	35000	420,194
7	35001	40000	265,080
1	40001	45000	43,920
5	45001	50000	231,468
2	50001	55000	109,252
4	55001	60000	231,172
1	60001	65000	62,000
1	65001	70000	65,107
4	70001	75000	292,537
1	75001	80000	77,586
1	85001	90000	89,264
2	90001	95000	185,137
1	95001	100000	99,325
1	100001	105000	102,152
1	120001	125000	121,904
1	150001	155000	153,200
1	155001	160000	160,000
5	160001	165000	812,335
2	165001	170000	333,990
1	180001	185000	184,699
1	200001	205000	200,616
1	205001	210000	207,699
1	230001	235000	230,799
1	305001	310000	308,985
1	330001	335000	331,386
1	3445001	350000	349,764
1	820001	825000	823,500
1	865001	870000	866,584
1	1015001	1020000	1,017,648
1	2110001	2115000	2,114,534
1	3525001	3530000	3,529,432
1	4200001	4205000	4,202,016
-----	-----	-----	-----
4,390			26,386,589
=====	=====	=====	=====

**CATEGORIES OF CERTIFICATE HOLDERS
AS AT JUNE 30, 1999**

Categories of Certificate Holders	Number	Certificates Held	Percentage
Joint Stock Companies	27	6,853,779	25.97
Financial Institutions	8	2,444,104	9.26
Modaraba Companies	10	896,912	3.40
Insurance Companies	3	342,186	1.30
Investment Companies	7	3,991,603	15.13
Individuals	4334	11,836,788	44.86
Foreign Investors	1	21,217	0.08
-----	-----	-----	-----
	4390	26,386,589	100.00
=====	=====	=====	=====