

Modaraba Al - Tijarah

Annual Report 1999

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CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Syed Iradat Husain	Chairman
Mr. Maqbool Hussain	Vice Chairman
Mr. Mohammad Kamil	Director
Mr. Ashraf Kalam	Director
Mr. Ahmad H. I. Dada	Director
Mr. Imdad Ali	Director
Mr. Faisal Hussain	Director
Mr. Zafar H. Naqvi	Chief Executive

MANAGEMENT TEAM :

Mr. Zafar H. Naqvi	Chief Executive
Mr. S. Shakeel-ur-Renman	Chief Manager
Mr. S. Masood Akhter	Financial Controller
Mr. D.V. Karia	Company Secretary

AUDITORS:

Ford, Rhodes, Robson, Morrow,
 Chartered Accountants
 Finlay House
 I.I. Chundrigar Road
 Karachi.

BANKERS & FINANCIERS:

Muslim Commercial Bank Limited
 Metropolitan Bank Limited

REGISTERED OFFICE:

10th Floor, Progressive Square,
 Opposite Nursery, Sharea Faisal, Karachi.
 Phones :4547521-5 Fax: (92-21) 4547526

DIRECTORS' REPORT

The Board of Directors of Al-Mal Corporation Limited have pleasure in presenting Eighth Annual Report of Modaraba Al-Tijarah, together with Audited Accounts for the year ended 30th June, 1999.

1. OPERATING RESULTS:

Operating results, for the year ended June 30, 1999 are presented below in a summarized form:

	(Rs. in "000")	
	1999	1998
Operating profit	928	2,866
Financial charges	(1,175)	(8)
	-----	-----
Other income	(247)	2,858
	-----	-----
	177	539
	-----	-----
	(70)	3,397
Provision for doubtful debts	(946)	(407)
Write back / (provision) for diminution in value of		
Long term investments	1,588	(18,217)
Marketable securities	102	(205)
	-----	-----
Profit / (Loss) before taxation	674	(15,432)
Taxation	(504)	(196)
Profit / (Loss) after taxation	170	(15,628)
Loss brought forward	(49,474)	(33,846)
	-----	-----
	(49,304)	(49,474)
	-----	-----
Transfer to Statutory Reserves	(34)	-
	-----	-----
Loss carried to the balance sheet	(49,338)	(49,474)
	=====	=====

2. STATUTORY RESERVES:

In compliance with SBP Prudential Regulations, Directors have decided to appropriate 20% of the year's profits to statutory Reserves until it equals the Certificate Capital of the Modaraba.

3. BUSINESS OPERATIONS:

The year under review was again marred by serious uncertainties on the economic front. The imposition of economic sanctions had a drastic effect on business environment. We continued to follow a cautious approach in selection of business proposals. Consequently, volume of business remained low.

We managed to earn trading profit of Rs. 2.551 million as compared to Rs. 0.462 million during the previous year. However, operating income was Rs. 3.014 million as compared to 4.976 million during the preceding year. The decline was mainly on account of reduction in gain on sale of export quota. The net profit after tax was Rs. 170 thousand.

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 statement of changes in financial position (Cash Flow statement), together with the notes to the accounts for the year ended June 30, 1999 of MODARABA AL-TIJARAH which are Modaraba Company's (Al-Mal Corporation 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 Modaraba Al-Tijarah 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 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

[3] 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 (cash flow statement), which are in agreement with the books of account, exhibit respectively a true and fair view of the state of the Modaraba's affairs as at June 30, 1999 and the profit and the changes in the financial position (cash flow statement) 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.

Ford, Rhodes Robson, Morrow

Karachi : Dece Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1999

	Note	1999 Rupees	1998 Rupees
TANGIBLE FIXED ASSETS	3	5,850,028	4,199,097
LONG- TERM INVESTMENTS	4	6,306,543	5,440,064
DEFERRED EXPENDITURE	5	1,298,368	-
CURRENT ASSETS			
Stock-in-trade	6	14,517,018	15,233,746
Marketable securities	7	1,534,486	1,520,280
Trade debts	8 -		1,923,245
Short-term Musharaka	9	2,783,741	3,453,522
Short-term Morabaha	10	221,225	400,799
Advances, deposits, prepayments and other receivables	11	3,747,059	4,091,642
Cash and bank balances	12	573,104	2,454,277
		23,376,633	29,077,511
		36,831,572	38,716,772
=====			
CAPITAL AND RESERVES			
Certificate capital			
Authorised			
10,000,000 Modaraba certificates of Rs. 10 each.		100,000,000	100,000,000
		=====	
Reserves	13	75,778,150	75,778,150
Capital reserve '			
Statutory reserve			
Balance at the beginning of the year		3,222,441	322,244
Transfers from profit and loss account		34,108	-

		356,352	322,244
Revenue			
Accumulated loss		(49,338,067)	(49,474,501)
		26,796,435	26,625,893
CURRENT LIABILITIES			
Short-term Musharaka	14	5,940,000	5,940,000
Creditors, accrued and other liabilities	15	3,675,578	5,731,220
Unclaimed profit distribution		419,559	419,559
		10,035,137	12,090,779
COMMITMENT AND CONTINGENCY			
	16	36,831,572	38,715,672

The annexed notes form an integral part of these accounts.

**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	674,116	(15,431,983)
Adjustments for:		
Depreciation	481,639	516,528
Amortization of deferred expenditure	649,184	-
Gain on sale of fixed assets	-	(283,271)
Loss on sale of long-term investments	217,449	166,901
Provision (write-back)/made for diminution in value of long-term investments	(1,587,888)	18,217,030
Profit on sale of export quota	(53,920)	(2,913,380)
Financial charges	1,175,203	8,303
Dividend	(234,262)	(778,229)
Cash generated from operations	647,405	14,933,882
Operating profit/(Loss) before changes in operating assets/liabilities	1,321,521	(498,101)
(Increase)/decrease in operating assets		
Stock-in-trade	716,728	4,394,531
Marketable securities	(14,206)	(25,018)
Trade debts	1,923,245	1,556,760
Short-term Musharaka	669,781	(1,359,401)
Short-term Morabaha	179,574	522,841
Advances, deposits, prepayments and other receivables excluding advance tax and dividend	568,587	800,872
Increase/(decrease) in operating liabilities	4,043,709	5,890,585
Short-term Musharaka	-	(9,806,400)
Creditors, accrued and other liabilities	(3,275,361)	3,430,776
Cash inflow/(outflow) from operating activities	2,089,869	(983,140)
Financial charges paid	(35,671)	(8,303)
Income-tax paid	(804,943)	(2,353,849)
Net Cash inflow/(out flow) from operating activities	1,249,255	(3,345,292)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,132,570)	(823,918)
Proceeds from sale of fixed assets	-	660,000
Proceeds from sale of long-term investments	503,960	1,138,320
Proceeds from sale of export quota	81,868	3,180,580
Profit received on bank deposits	80,187	29,404
Dividend received	311,627	718,222
Net cash (outflow)/inflow from investing activities	(1,154,928)	4,902,608

CASH FLOW FROM FINANCING ACTIVITIES

Profit paid	--	(4,832)
Deferred expenditure paid	(1,975,500)	--
	-----	-----
Net cash outflow from financing activities	(1,975,500)	(4,832)
	-----	-----
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,881,173)	1,552,484
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,454,277	901,793
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	573,104	2,454,277

Chief Executive

Director

Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1999

1. LEGAL STATUS AND NATURE OF BUSINESS

Modaraba Al-Tijarah is a multipurpose, perpetual Modaraba formed in July, 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, and Modaraba Companies and Modaraba Rules, 1981 and is managed by Al-Mal Corporation Limited. It is engaged in the business of trading and manufacturing on its own account, providing Musharaka, Morabaha finances, purchase and sale of securities and other related business. It is listed on the Karachi, Lahore and Islamabad Stock Exchanges.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement benefits

(a) Staff gratuity

The Modaraba operates a funded gratuity scheme for all its employees.

(b) Provident fund

The Modaraba operates an approved provident fund for all its employees. Contributions in respect thereof are made in accordance with terms of the scheme.

2.3 Tangible fixed assets

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method and the rates used are stated in note 3 to the accounts. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use. Profit or loss on disposal of fixed assets is included in income currently.

2.4 Long-term investments

These are stated at moving average cost. Provision for diminution in value of investments is made on aggregate basis, if considered permanent.

2.5 Deferred expenditure

Expenses incurred in connection with the expenses on purchase of export quota are amortised over three years effective from the year of its utilization.

2.6 Stock-in-trade

2.6.1 Stock-in-trade is valued at the lower of cost and net realizable value.

2.6.2 Cost signifies in relation to:

- | | |
|--------------------|--|
| - Trading stock | - weighted average cost. |
| - Stock-in-transit | - actual cost comprising invoice value plus other charges thereon. |

2.7 Marketable securities

These are stated at moving average cost less provision for diminution in value of investments which is made on aggregate basis. Gain or loss on sale of investments is accounted for in the year in which it arises.

2.8 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Exchange gains or losses are taken to income currently.

2.9 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits available.

The Modaraba accounts for deferred taxation on all significant timing differences using the liability method, excluding the tax effects of those timing differences which are not likely to reverse in the

foreseeable future. Debit balance on deferred tax account is not set-up as an asset.

2.1 Revenue recognition

2.10.1 Profit generated from Morabaha transactions is recognized as income at the time of sale.

2.10.2 Return on short-term investments is recognized as income on an accrual basis.

2.10.3 Dividend income is recognized at the time of closure of share transfer books of the company declaring dividend.

2.10.4 Sales are recorded on dispatch of goods.

3. TANGIBLE FIXED ASSETS

Description	COST				DEPRECIATION			written down value at June 30, 1999 Rupees
	At June 30, 1998 Rupees	Additions/ (deletion) during the year Rupees	At June 30, 1999 Rupees	Rate %	At June 30, 1998 Rupees	Charged/ (on disposals) for the year Rupees	At June 30, 1999 Rupees	
Leasehold shops	1,809,494	-	1,809,494	5	-	-	-	1,809,494
Office premises	3,184,406	-	3,184,406	5	265,367	159,220	424,587	2,759,819
Plant and machinery - note 3.1	796,518	-	796,518	20	136,110	159,304	295,414	501,104
Furniture and fixture	526,154	3,000	529,154	20	231,094	92,329	323,423	205,731
Equipments	503,586	320,076	823,662	10	200,196	65,986	266,182	557,480
Vehicle	24,000	-	24,000	20	2,800	4,800	7,600	16,400
	5,034,664	2,132,570	7,167,234		835,567	481,639'	1,317,206	5,850,028
1998	5,044,560	823,918 (833,814)	5,034,664		776,124	516,528 (457.085)	835,567	4,199,097

3.1 These have been affixed in the premises of the Modaraba's garment manufacturers.

4. LONG-TERM INVESTMENTS

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

Name Of Modaraba / Company	No. of shares/ Certificates		Average cost per share/certificate		Cost		Market value																											
	1999	1998	1999 Rupees	1998 Rupees	1999 Rupees	1998 Rupees	1999 Rupees	1998 Rupees																										
MUTUAL FUNDS																																		
ICP Mutual Funds XXIII	23,000	23,000	11.76	1,176	270,489	270,489	25,300	40,250																										
ICP Mutual Funds XXIV	49,900	49,900	10.00	10.00	499,000	499,000	72,355	249,500																										
GOVERNMENT SECURITIES																																		
National Investment Trust - Units	95,000	95,000	15.60	15.60	1,482,000	1,482,000	722,000	641,250																										
ASSOCIATED MODARABA																																		
Modaraba Al-Mali (Managed by Al-Mal Corp. Ltd.)	437,631	437,631	15.34	15.34	6,711,871	6,711,871	1,947,458	1,444,182																										
ASSOCIATED UNDERTAKING																																		
Al-Mal Securities and Services Ltd.	103,000	103,000	9.88	9.88	1,018,060	1,018,060	360,500	206,000																										
LEASING COMPANIES																																		
Union Leasing Company Limited	59,823	52,020	20.70	23.81	1,238,405	1,238,405	179,469	156,060																										
TEXTILE SPINNING																																		
Sana Industries Limited	1,500	1,500	78.00	78.00	117,000	117,000	94,500	104,850																										
Idrees Textile Mills Limited	22,000	22,000	15.52	15.52	341,336	341,336	30,800	44,000																										
Sadoon Textile Mills Limited	5,000	5,000	59.55	59.55	297,750	297,750	78,750	65,000																										
TEXTILE COMPOSITE																																		
Ghazi Fabrics International Limited	35,100	35,100	9.22	9.22	323,653	323,653	38,610	38,610																										
SYNTHETIC AND RAYON																																		
Ibrahim Fibres Limited	30,000	35,000	17.87	17.87	535,950	625,275	210,000	169,750																										
Total carried forward	861,954	859,151			12,835,514	12,924,839	3,759,742	3,159,452																										
Total brought forward																																		
<table border="1"> <thead> <tr> <th rowspan="2">Name Of Modaraba / Company</th> <th colspan="2">No. of shares/ Certificates</th> <th colspan="2">Average cost per share/certificate</th> <th colspan="2">Cost</th> <th colspan="2">Market value</th> </tr> <tr> <th>1999</th> <th>1998</th> <th>1999 Rupees</th> <th>1998 Rupees</th> <th>1999 Rupees</th> <th>1998 Rupees</th> <th>1999 Rupees</th> <th>1998 Rupees</th> </tr> </thead> <tbody> <tr> <td>Total brought forward</td> <td>861,954</td> <td>859,151</td> <td></td> <td></td> <td>12,835,514</td> <td>12,924,839</td> <td>3,759,742</td> <td>3,159,452</td> </tr> </tbody> </table>									Name Of Modaraba / Company	No. of shares/ Certificates		Average cost per share/certificate		Cost		Market value		1999	1998	1999 Rupees	1998 Rupees	1999 Rupees	1998 Rupees	1999 Rupees	1998 Rupees	Total brought forward	861,954	859,151			12,835,514	12,924,839	3,759,742	3,159,452
Name Of Modaraba / Company	No. of shares/ Certificates		Average cost per share/certificate		Cost		Market value																											
	1999	1998	1999 Rupees	1998 Rupees	1999 Rupees	1998 Rupees	1999 Rupees	1998 Rupees																										
Total brought forward	861,954	859,151			12,835,514	12,924,839	3,759,742	3,159,452																										

SUGAR								
Chashma Sugar Mills Limited	40,700	41,700	10.88	10.88	442,846	453,727	183,150	417,000
CEMENT								
Pioneer Cement Limited	17,500	17,500	43.32	43.32	758,051	758,051	44,625	52,500
Dadabhoy Cement Industries Limited	24,000	24,000	35.13	35.13	843,200	843,200	102,000	84,000
Fecto Cement Industries Limited	15,000	15,000	60.20	60.20	903,046	903,046	60,000	75,000
D.C. Khan Cement Company Limited	8,279	8,279	59.13	59.13	489,578	489,578	35,186	38,497
AUTOS AND ALLIED ENGINEERING								
Indus Motor Company Limited	33,800	33,800	50.18	50.18	1,696,149	1,696,149	422,500	270,400
Agriautos Industries Limited (Rs. 5 each)	304,558	324,058	7.50	7.50	2,284,185	2,430,435	898,446	388,870
FOOD AND ALLIED								
Indus Fruits Products Limited	28,000	34,000	7.72	7.72	216,162	262,483	51,800	73,100
ENGINEERING								
Crescent Steel & Allied Products Limited	7,603	7,603	63.53	63.53	483,000	483,000	114,045	155,862
FUEL AND ENERGY								
Karachi Electric Supply Corporation Limited	327	327	38.41	38.41	12,559	12,559	2,812	2,698
Mari Gas Company Limited	22,925	22,925	33.61	33.61	770,464	770,464	410,358	412,650
TRANSPORT AND COMMUNICATION								
Pakistan International Airline Corporation	350	25,850	16.81	16.81	5,882	434,514	4,515	90,475
CHEMICALS AND PHARMACEUTICALS								
Searle Pakistan Limited	17,964	15,968	66.52	74.84	1,195,049	1,195,049	217,364	219,560

	1,382,960	1,430,161			22,935,685	23,657,094	6,306,543	5,440,064
Less : Provision for diminution in value of investments-note 4.1					(16,629,142)	(18,217,030)	=====	=====
					6,306,543	5,440,064	=====	=====

4.1 Provision for diminution in value of investments

	1999 Rupees	1998 Rupees
Balance as at July 1,	18,217,030	-
Provision (write-back)/made during the year	(1,587,888)	18,217,030
	16,629,142	18,217,030

5. DEFERRED EXPENDITURE

Export quota		
Opening balance	-	267,200
Add: Purchased during the year	1,975,500	-
	1,975,500	267,200
Less: Sold during the year	27,948	267,200
	1,947,552	-
Less: Amortised during the year	649,184	-
	1,298,368	-

6. STOCK-IN-TRADE

Trading stock - in - hand	2,345,150	-	2,333,878
- finished with third parties	12,171,868	-	12,899,868
	14,517,018	-	15,233,746

10. SHORT- TERM MORABAHA

	1999 Rupees	1998 Rupees
Secured - considered good - note 10.1	221,225	371,090
Unsecured - considered good	-	29,709
Unsecured - considered doubtful	3,715,725	3,565,860
	3,936,950	3,966,659
Less : Provision for classified debts - note 10.2	3,715,725	3,565,860
	221,225	400,799

10.1 The above represents sums receivable against Morabaha transactions i.e. sale of goods on a deferred payment basis at a specified profit margin and is secured by personal guarantees, and shares of listed companies.

10.2. Provision has been made in accordance with the SBP's Prudential Regulations and has been adjusted to the extent of the value of liquid assets held by the Modaraba. Strenuous efforts including legal steps have been taken for early recovery.

11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good	35,000	13,412
Advance income tax - note 11.1	837,668	536,299
Deposits	90,000	96,313
Prepayments -	31,851	24,300
Dividend receivable	9,216	86,581
Export rebate receivable - note 11.2	1,389,844	1,171,851
Less: Provision for doubtful debts	600,000	293,000
	789,844	878,851
Sales-tax receivable	323,456	158,325
Sundry receivables - note 11.2		
Considered good	1,630,024	2,297,561
Considered doubtful	978,000	489,000
	2,608,024	2,786,561
Less: Provision for doubtful debts	978,000	489,000
	1,630,024	2,297,561
	3,747,059	4,091,642

11.1 This include Rs.589,774 paid under protest against the liability assessed by the Deputy Commissioner of Income-tax for the assessment year 1994-95 (corresponding accounting year ended June 30, 1994), the recovery of which depends on the outcome of appeal filed before Income-tax Appellate Tribunal. No provision there against has been made in these accounts, as the management believes that the assessment made by the Deputy Commissioner of Income-tax will not be sustained in the appeal. However 50% tax liability has been recovered from Musharaka Partner.

The Modaraba's assessments has been completed upto the assessment year 1998-99 (corresponding accounting year ended June 30, 1998).

	1999 Rupees	1998 Rupees
12. CASH AND BANK BALANCES		
Security papers in hand		
Cash with banks:	21,455	19,000
State Bank of Pakistan - Note 12.1		
Cash reserve account	19,000	19,000
current account	131,000	131,000
	150,000	150,000
On Current account	18,343	16,495
On PLS saving accounts	375,231	1,753,183
on foreign currency account	8,075	512,104
	573,104	2,454,277

12.1 This is deposited with State Bank of Pakistan as required under the provision of the SBP's rules for Non-Bank Financial Institutions to maintain liquidity against certain liabilities.

13. ISSUED, SUBSCRIBED AND PAID - UP CAPITAL

6,449,815 (1998 : 6,449,815) Modaraba Certificates of Rs. 10 each fully paid in cash	64,498,150	64,498,150
1,128,000 (1998: 1,128,000) Modaraba Certificates of Rs. 10 each allotted as bonus certificates	11,280,000	11,280,000
	75,778,150	75,778,150

14. SHORT- TERM MUSHARAKA

Secured:		
with Modaraba - Secured - note 14.1	5,940,000	5,940,000

14.1 The Modaraba has entered into a Musharaka agreement with an associated Modaraba. The facility is secured against hypothecation of stock-in-trade. The profit is shared between the two parties in an agreed ratio.

15. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	361,461	113,459
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Advances from customers/others	1,297,445	4,812,028
Accrued Liabilities	62,366	71,146
Profit Payable on Musharaka finance	1,139,532	--
Other net of Zakat - note 15.1	814,774	734,587
	<u>3,675,578</u>	<u>5,731,220</u>

15.1 This represents the profit realised on PLS saving Bank Accounts. Pursuant to the Board's decision profit on PLS account is being suspended with effect from January 1, 1994, pending religious Board's opinion.

16. COMMITMENTS AND CONTINGENCY

16.1 Commitment

Letters of credit	5,253,400	1,877,963
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16.2 Contingency

Refer to note 11.1 regarding taxation	294,887	389,774
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17. INCOME FROM TRADING

	1999	1998
	Rupees	Rupees
Sales:		
Exports	16,351,938	4,370,789
Local	11,414,625	6,064,041
	<u>27,766,563</u>	<u>10,434,830</u>
Cost of sales:		
Opening stock	15,233,746	19,628,277
Purchases	17,149,810	2,752,706
Other direct costs	6,150,556	2,825,476
	<u>38,534,112</u>	<u>25,206,459</u>
Closing stock	(14,517,018)	(15,233,746)
	<u>24,017,094</u>	<u>9,972,713</u>
Income	<u>3,749,469</u>	<u>462,117</u>
Profit to Musharaka partner	<u>1,198,270</u>	<u>-</u>
	<u>2,551,199</u>	<u>462,117</u>

18. DIVIDEND

From Associated Modaraba

- Modaraba Al-Mali	-	310,074
Others	234,262	468,155
	<u>234,262</u>	<u>778,229</u>

19. ADMINISTRATIVE COST

Salaries and allowances	363,240	716,436
Subscription	108,350	113,100
Legal and professional	26,206	33,691
Rent, rates and taxes	64,464	67,513
Printing and stationery	27,792	41,939
Telephone	17,097	39,793
Postage	11,645	19,923
Fuel and conveyance	22,121	34,926
Share registrar services	120,000	192,000
Repairs,-maintenance and office renovation	36,362	42,079
Electricity charges	35,460	103,463
Insurance expenses	8,891	58,643
Auditors' remuneration - note 19.1	64,990	64,687
Depreciation	481,639	516,528
Amortisation of deferred expenditure	649,184	-
Bank charges	5,500	8,290
Miscellaneous expenses	42,888	56,933
	<u>2,085,829</u>	<u>2,109,944</u>

19.1 Auditors' remuneration

Audit fee	60,000	60,000
Out-of-pocket expenses	4,990	4,687
	<u>64,990</u>	<u>64,687</u>

1999 1998

	Rupees	Rupees
20. OTHER INCOME		
Gain on sale of fixed assets	-	283,271
Exchange gain	1,971	165,439
Rent income	175,000	-
Miscellaneous income	-	90,017
	-----	-----
	176,971	538,727
	=====	=====
21. TAXATION		
- current	494,589	177,630
- prior years	8,985	18,817
	-----	-----
	503,574	196,447
	=====	=====

22. REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

The aggregate amount charged in the accounts for remuneration to officers and other employees of the Modaraba were as follows:

	1999		1998	
	Officers Rupees	Other Employees Rupees	Officers Rupees	Other Employees Rupees
Salaries	143,258	69,569	183,931	253,467
House rent	64,463	31,293	82,756	104,293
Conveyance and other allowances	19,515	7,605	18,390	30,096
Retirement benefits	17,155	10,382	-	37,857
	-----	-----	-----	-----
	244,391	118,849	285,077	425,713
	=====	=====	=====	=====
Number of persons	2	3	2	5

23. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Brokerage expense - note 23.1	5,935	5,150
Rent income	175,000	-
Musharaka profit charged to profit and loss account	1,139,532	-
Reimbursement of salaries and perquisites	135,534	206,638
Musharaka finance	2,100,000	2,470,000

23.1 On sale and purchase of investments through AI-Mal Securities and Services Limited which is a corporate member of The Karachi Stock Exchange (Guarantee) Limited.

24. GENERAL

24.1 Previous years' corresponding figures have been reclassified wherever necessary for the purpose of comparison.

24.2 Figures have been rounded off to the nearest rupee.

Chief Executive

Director

Director

PATTERN OF SHARE HOLDING

AS AT JUNE 30, 1999

Number of Certificate Hold	From		Certificate Holdings		Total Certificates Held
			To	Certificates	
490	1	to	100	"	22616
238	101	to	500	"	53683
777	501	to	1000	"	497816
459	1001	to	5000	"	876158
60	5001	to	10000	"	387486
32	10001	to	15000	"	375422
16	15001	to	20000	"	268735
4	20001	to	25000	"	92628
5	25001	to	30000	"	137830
9	30001	to	35000	"	292444
1	35001	to	40000	"	35466
4	40001	to	45000	"	170259
1	45001	to	50000	"	47520
3	50001	to	60000	"	165854
1	90001	to	100000	"	99198
2	100001	to	125000	"	225546
1	125001	to	150000	"	149806
2	200001	to	250000	"	454140
1	300001	to	350000	"	309478
1	350001	to	400000	"	399492
1	700001	to	800000	"	721442
1	800001	to	900000	"	851920

1 900001 to 1000000 " 942876

2110
=====

7577815
=====

CATEGORIES OF CERTIFICATE HOLDERS
AS AT JUNE 30, 1999

Categories of Certificate Holders	Number	Certificates held	Percentage
Individuals	2077	3282520	43.32
Insurance companies	4	439290	5.80
Joint Stock Companies	3	16344	0.22
Financial Institutions	8	1667753	22.01
Investment Companies	7	820954	10.83
Modaraba Companies	9	1350563	17.82
Others	2	391	0.01
	----- 2110	----- 7577815	----- 100.00
	=====	=====	=====