

IBL

First IBL Modaraba

Annual Report 1996

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CORPORATE INFORMATION

Modaraba Company

IBL Modaraba Management (Private) Limited.

Board of Directors

Chief Executive

Inayat Ismail

Director

Chishty Mujahid

Arshad Abdulla

Company Secretary

Masood Anwer Khan

Auditors

Daudally, Lalani & Co.

Chartered Accountants

Bankers

Muslim Commercial Bank Ltd.

Citi Bank N.A.

United Bank Ltd.

Registrar

Khalid Majid Hussain Rehman

Chartered Accountants

16-K, Block-6, RE.C.H.S.,

Near Chanesiar Halt Station,

Off Shahra-e-Faisal, Karachi.

Registered Office

First floor N.I.C. Building

Abbasi Shaheed Road,

Karachi.

DIRECTORS' REPORT

The Board of Directors of IBL Modaraba Management (Private) Limited has pleasure in presenting Sixth Annual Report of First IBL Modaraba together with audited accounts for the period of 18 months ended 30th June, 1996. Pursuant to an amendment made in Income Tax Ordinance, 1979, through Finance Act 1995, the accounting year of the Modaraba has been changed from December to June. As a consequence, the present report covers a period of 18 months upto 30 June, 1996.

FINANCIALS:

Following are the summarised results for the period under report:

Rs. '000'

-	Profit for the period	11,175
-	Unappropriated profits brought forward	457

	11,632
- Transfer to statutory reserve	2,235

- Unappropriated profits carded forward	9,397
	=====

REVIEW OF OPERATIONS:

The Modaraba's principal activity remained equity market operations throughout the period under report. Acute bearish conditions continued to prevail on the stock markets owing to destabilising economic and political situation in the country. In the circumstances, the profitability of your Modaraba, under this head, has suffered in line with other entities in the similar business. Nevertheless, the Modaraba could earn around Rs. 5.0 million from the share business after providing Rs.7.9 million being the full provision for diminution in the value of investments carded on the closing date.

The Modaraba's other activities constituted "morabahas" and "musharakas" which performed well yielding over Rs. 13.0 million gross. Whereas "micro-leasing" activity, started lately by the management of your Modaraba is, however, moving with slow pace owing to funding constraints.

FUTURE PROSPECTS:

On account of long bearish spell in the past and future unpredictable conditions perceived about the share market, the management has decided to systematically reduce the Modaraba's exposure in the equity market. In this connection, the investment portfolio was brought down from Rs. 128.0 million to Rs. 12.3 million net of provisions around the close of year. The funds realised are being gradually deployed into trading, morabahas, musharakas and micro-leasing activities with a view to ensuring steady and progressive earning streams for the Modaraba. Decision to also pursue trading alongwith other activities of the Modaraba is based on the Group's strength in the field of distribution and trading business.

Strategic decision of the management as to reducing the exposure in volatile business of shares, and building of those activities which afford stable and progressive income streams, as delineated above, is expected to steadily improve the Modaraba's profitability in the years to come. We however, wish to sound caution because the Modaraba sector continues to suffer from adverse sentiments and negative perception which is coming in the way of mobilising resources required for sustained growth.

AUDITORS:

The present auditors, Messrs. Daudally Lalani & Co., Chartered Accountants being due for retirement, have offered themselves for re-appointment for the year ending June 30, 1997. Their appointment has been confirmed by the Board of Directors, subject to the approval of Registrar of Modaraba Companies and' Modarabas.

ACKNOWLEDGEMENT:

The directors wish to place on record their appreciation and thanks to certificate- holders for their continued confidence in the Modaraba, to the authorities for their guidance and to all the members of management and staff for their dedication and hard work.

On behalf of the Board

Sd/-
Inayat Ismail
Chief Executive

Karachi November 24, 1996.

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed Balance Sheet as at June 30, 1996 and the related Profit and Loss Account and Cash Flow Statement together with the Notes to the Accounts for the period from January 1,1995 to June 30, 1996 of FIRST IBL MODARABA which are Modaraba Company's [IBL 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:

- In our opinion, proper books of account have been kept by the Modaraba Company in respect of First IBL Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control)Or dinance, 1980; and Modaraba Companies and Modaraba Rules, 1981; and
- 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 are further in accordance with accounting policies consistently applied; and
- 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 Cash Flow Statement which are in agreement with the books of account, exhibit respectively a true and fair view of the state of the Modaraba's affairs as at June 30, 1996 and the Profit and Cash Flow for the period from January 1, 1995 to June 30, 1996;

(ii) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 has been deducted by the Modaraba and subsequently deposited in the Central Zakat Fund established under section 7 of that Ordinance; and

(iii) the business conducted, investments made and the expenditure incurred by the Modaraba are in accordance with the objects, terms and conditions of the Modaraba.

Sd/-

DAUDALLY, LALANI & CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1996

	June 30, 1996	December 31, 1994
Note	Rupees	Rupees
CAPITAL AND RESERVES		
CAPITAL		
Authorised 20,000,000 Modaraba Certificates of Rs. 10/- each	200,000,000	200,000,000
	=====	
Issued, subscribed and paid-up fund		
11,687,500 Modaraba Certificates of Rs. 10/- each issued as fully paid	3,116,875,000	1,168,750,000
Statutory reserve	4 9,202,752	6,967,785
Unappropriated profit	9,397,273	457,407

	135,475,025	124,300,192
OBLIGATION UNDER FINANCE LEASE	5 92,023	281,125
SECURITY DEPOSITS	1,022,550	--
CURRENT LIABILITIES		
Due to associated companies	6 8,092,282	270,273
Creditors, Accrued and other liabilities	7 8,902,266	488,256
Short term Musharika Finance	8 46,000,000	--
Modaraba Management fee payable	1,289,474	1,687,393
Unclaimed dividend	647,535	524,064
Profit distribution payable	--	13,440,625
Provision for taxation	1,719,904	1,679,328

	66,651,461	18,089,939

	203,241,059	142,671,256
	=====	

The annexed notes form an integral part of these accounts.

	June 30, 1996	December 31, 1994
Note	Rupees	Rupees
FIXED ASSETS - Tangible at book value		
Assets in own use	9 1,166,206	435,828
Assets leased out	10 5,442,516	-
LONG TERM DEPOSITS & DEFERRED COST	11 231,245	189,483
LONG TERM MORABAHA	12 101,731	-
CURRENT ASSETS		
Stock-in-trade	52,760,886	-
Trade debtors	13 69,410,864	4,052,500
Marketable securities of quoted companies and modaraba	14 12,344,253	55,450,454

Morabaha finance	15	46,269,663	70,900,000
Short term Musharika arrangement	16	975,000	-
Accrued Profit	17	3,186,607	3,495,068
Advances, deposits and per-payments	18	992,374	283,241
Other receivables		1,229,534	53,690
Cash and bank balances	19	9,130,180	7,810,992
		-----	-----
		196,299,361	142,045,945
		-----	-----
		203,241,059	142,671,256
		=====	=====

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM JANUARY 1, 1995 TO JUNE 30, 1996**

		Period from	
		Year ended	Year ended
		Jan. 1, 1995	December 31,
		to June 30,	1994
		1996	
	Note	Rupees	Rupees
OPERATING INCOME			
Trading income	20	-	702,345
Morabaha Profit		12,761,742	15,278,814
Gain on sale of investments		11,878,060	4,554,154
Dividend income	21	1,092,123	1,063,951
Musharika profit		298,267	-
Lease Rentals		883,168	-
Other income	22	2,189,987	9,364
		-----	-----
		29,103,347	21,608,628
OPERATING EXPENSES			
Administrative	23	5,324,122	1,359,530
Financial charges	24	1,104,275	8,451
Amortization of leased assets		546,548	-
		-----	-----
		6,974,945	1,367,981
		-----	-----
Operating Profit		22,128,402	20,240,647
Provision for diminution in the Value of investments		7,944,191	-
		-----	-----
		14,184,211	20,240,647
		-----	-----
Modaraba Management fee		1,289,474	1,687,393
		-----	-----
		12,894,737	18,553,254
Taxation		1,719,904	1,679,328
		-----	-----
Profit after tax		11,174,833	16,873,926
		-----	-----
Unappropriated profit brought forward		457,407	398,891
		-----	-----
		11,632,240	17,272,817
APPROPRIATION			
Profit distribution: Nil (1994: @ Rs. 1.15 Per certificate)		-	13,440,625
Transfer to Statutory reserve		2,234,967	3,374,785
		-----	-----
Unappropriated profit carried forward		9,397,273	457,407
		=====	=====

The annexed notes form an integral part of these accounts.

**CASH FLOW STATEMENT
FOR THE PERIOD FROM JANUARY 1, 1995 TO JUNE 30, 1996**

Period from
Year ended
Jan. 1, 1995
December 31,
to June 30, 1994

	1996	
	Rupees	Rupees
Cash flow from operating activities		
Cash received from customers	-	29,311,666
Cash payment to suppliers and employees	(4,562,315)	(8,401,938)
Morabaha Profit received	14,779,517	11,953,122
Musharika Profit received	220,664	-
Lease Rentals	883,168	-
Proceeds from sales of investments	381,260,985	142,379,028
Purchase of investments	(399,579,279)	(171,358,625)
Dividend income	1,092,123	1,063,951
Other income	558,276	-
Modaraba Management fee paid	(1,687,393)	(1,796,047)
	-----	-----
Cash generated from operations before income tax	(7,034,254)	3,151,157
Income tax paid	(1,679,328)	(1,946,105)
	-----	-----
Cash from operations after income tax but before changes in operating assets	(8,713,582)	1,205,052
(Increase) / Decrease in operating assets		
Stock in trade	(52,760,886)	-
Motabaha finance	24,630,337	13,008,927
Musharika Arrangement	(975,000)	-
Advances, deposits and prepayments	(709,133)	1,301,999
Other receivables	(1,175,844)	466,180
	-----	-----
	(30,990,526)	14,777,106
Increase/(Decrease) in operating liabilities		
Due to associated companies	7,822,009	270,273
Accrued and other Liabilities	7,375,613	369,861
Short term Musharika Finance	46,000,000	-
	-----	-----
	61,197,622	640,134
	-----	-----
Net cash from operating activities	21,493,514	16,622,292
	=====	=====
Cash flow from Investing activities		
Sale proceeds of fixed assets	-	124,000
purchase of fixed assets	(7,265,941)	(544,785)
Security Deposits	1,022,550	-
Long term Morabaha	(101,731)	-
	-----	-----
Net cash from investing activities	(6,345,122)	(420,785)
Cash flow from financing activities		
Deferred cost on printing of new Modaraba Certificates	(266,080)	(224,375)
Dividend paid	(13,317,154)	(13,926,569)
Obligation under finance lease	-	399,000
Repayment of obligation under finance lease	(245,970)	(27,330)
	-----	-----
Net cash from financing activities	(13,829,204)	(13,779,274)
	-----	-----
Net increase in cash and cash equivalents	1,319,188	2,422,233
Cash and cash equivalents at beginning of period	7,810,992	5,388,759
	-----	-----
Cash and cash equivalent at end of period	9,130,180	7,810,992
	=====	=====

NOTES TO THE ACCOUNTS

FOR THE PERIOD FROM JANUARY 1, 1995 TO JUNE 30, 1996

1. LEGAL STATUS AND NATURE OF BUSINESS

First IBL Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control)

Ordinance, 1980 and the Rules framed thereunder and is managed by IBL Modaraba Management (Private) Limited. The Modaraba is perpetual and multi-purpose engaged in the business of Morabaha, Operating Lease, Musharika, Trading, Investment in marketable securities and other related businesses.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Overall valuation policy

The accounts have been prepared under the historical cost convention.

b) Fixed assets and depreciation.

(i) 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.

(ii) 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 depreciable value of assets is amortized over the lease period.

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

c) Leased Assets

Assets held under finance lease are included in operating assets at cost.

Financial charges are calculated at the markup rate implicit in the lease and charged to profit and loss account.

Depreciation is charged at the same rate as Modaraba's owned assets.

d) Deferred cost

Deferred cost is amortized in three years from the date of its incurrence.

e) Rates of exchange

Transactions in foreign currencies are converted into rupees at the rates of exchange ruling on the date of transactions. Assets and liabilities in foreign currencies are translated into rupees:

In case of bills payable against imports covered - at the contracted rates by forward exchange contracts
- at the rate of exchange ruling at the balance sheet date.

Other exchange gains and losses are included in income currently.

f) Trading stock

These are stated at cost determined on the moving average basis except for goods-in-transit which are stated at invoice value plus other charges paid thereon.

g) Investment

i. Long term investments are valued at cost.

ii. Marketable securities are valued at lower of average cost or market value on an aggregate portfolio basis.

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

iv. Full provision is made against permanent diminution in the value of long term investments.

h) Revenue recognition

- i. Profit on sale of goods is recognized on dispatch of goods to customers.
- ii. Dividend income is recognized when right is established which usually coincide with the date of book closure of the company declaring the dividends.
- iii. Profit on Morabaha finances are recorded on accrual basis, calculated on number of days funds were utilized.
- iv. Profit on Musharika receivable is recognized on accrual basis, based on time proportion.
- v. Rental income is recognized as and when rentals become due on a systematic basis over the lease period.

i) Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account tax credit if any.

Deferred

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

	June 30, 1996	December 31, 1994
	Rupees	Rupees
3. ISSUED, SUBSCRIBED AND PAID-UP FUND		
10,000,000 Modaraba Certificates of Rs. 10/- each fully paid in cash	100,000,000	100,000,000
1,687,500 Modaraba Certificates of Rs. 10/- each issued as fully paid bonus certificates	16,875,000	16,875,000
	-----	-----
	116,875,000	116,875,000
	=====	=====
4. STATUTORY RESERVE		
Opening balance	6,967,785	3,593,000
Appropriated from profits	2,234,967	3,374,785
	-----	-----
	9,202,752	6,967,785
	=====	=====

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

5. OBLIGATION UNDER FINANCE LEASE

Askari Leasing Ltd.

Year to June 30, 1996	-	245,970
Year to June 30, 1997	163,980	163,980
Year to June 30, 1998	94,560	94,560
	-----	-----
	258,540	504,510
Less: Financial charges allocated to future period	32,053	129,990
	-----	-----
	226,487	374,520
Less: Current maturity shown under current liabilities (Note 7)	134,464	93,395
	-----	-----
	92,023	281,125
	=====	=====

5.1 Terms and conditions of lease facility

Annual financing rate	23.15%
Number of installments	36

Frequency of installment	monthly
Rental per installment	Rs. 13,665
Rental in last installment (including adjustment of security deposit)	Rs.53,565
Fine per month on overdue rental, if any	3 %
The modaraba enjoys purchase option at the end of lease period against adjustment of security deposit.	

	June 30,	December 31,
	1996	1994
	Rupees	Rupees

6. DUE TO ASSOCIATED COMPANIES

	8,092,282	270,273
	=====	=====

The maximum aggregate amount due from associated undertakings at the end of any month during the period was Rs. 2,020,408 (1994:Nil)

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	5,232,370	-
Accrued expenses	1,236,205	393,590
Current portion of obligation under finance lease (Note:5)	134,464	93,395
Others	2,299,227	1,271
	-----	-----
	8,902,266	488,256
	=====	=====

8. SHORT TERM MUSHARIKA FINANCE - secured

The Short term Musharika Finance facilities have been arranged from non - banking financial institutions up to the extent of Rs. 46 million (1994: Nil) secured by hypothecation over book debts and pledge of marketable securities. The estimated share of profits on these finances ranges between 19% to 20.25%.

9. ASSETS IN OWN USE

PARTICULARS	COST		COST AS AT JUNE 30, 1996	RATE %	DEPRE- CIATION FOR THE PERIOD	ADJUST- MENT ON DIS- POSAL	ACCUMU-	WRIT-
	AS AT	ADDITIONS/ (DELETIONS)					LATED	TEN
	JANUARY, 1 1995						DEPRE- CIATION UP TO JUNE 30, 1996	DOWN AS AT JUNE 30, 1996
OWNED:								
Computer equipments	127,600	475,225	602,825	20	180,848	--	206,368	396,457
Furniture and fixtures	18,185	616,506	634,691	20	190,407	--	194,044	440,647
Office equipments	--	10,146	10,146	20	3,044	--	3,044	7,102
Motor vehicle	--	175,000	175,000	20	52,500	--	52,500	122,500
LEASED:								
Motor vehicle	399,000	--	399,000	20	119,700	--	199,500	199,500
1996 : Rupees	544,785	1,276,877	1,821,662	--	546,499	--	655,456	1,166,206
1994 : Rupees	298,122	544,785 (298,122)	544,785	--	108,957	(183,486)	108,957	435,828

10. ASSETS LEASED OUT

PARTICULARS	COST		COST AS AT JUNE 30, 1996	AMORTIZA- TION FOR THE PERIOD	ACCUMU-	WRITTEN
	AS AT	ADDITIONS			LATED	DOWN
	JANUARY,01 1995				AMORTIZA- TION UP TO JUNE 30, 1996	VALUE AS AT JUNE 30, 1996

		1996				
Office equipments	--	1,345,495	1,345,495	141,067	141,067	1,204,428
Plant & Machinery	--	1,674,800	1,674,800	168,714	168,714	1,506,086
Motor vehicles	--	2,968,769	2,968,769	236,767	236,767	2,732,002
-----		-----				
1996 - Rupees	--	5,989,064	5,989,064	546,548	546,548	5,442,516
-----		-----				
1994 - Rupees	--	--	--	--	--	--
-----		-----				

June 30, December 31,
1996 1994
Rupees Rupees

11. LONG TERM DEPOSITS & DEFERRED COST

Long term deposits		39,900	39,900
Deferred Cost		191,345	149,583
		-----	-----
		231,245	189,483
		=====	=====

11.1 DEFERRED COST

Opening Balance		224,375	-
Printing of new modaraba certificates in the name of First IBL Modaraba		266,080	224,375
		-----	-----
		490,455	224,375
Amortization			
Opening Balance		74,792	-
Less: Amortization for the period / year		224,318	74,792
		-----	-----
		299,110	74,792
		-----	-----
		191,345	149,583
		=====	=====

12. LONG TERM MORABAHA - Secured

Considered good		214,299	-
Less: Current maturity of long term morabaha		(112,568)	-
		-----	-----
		101,731	-
		=====	=====

13. TRADE DEBTORS - Unsecured, considered good

Trade debtors		69,410,864	4,052,500
		=====	=====

The maximum aggregate amount due from associated undertaking at the end of any month during the period was Rs.69,410,864 (1994: Rs.4,052,500)

14. MARKETABLE SECURITIES OF QUOTED COMPANIES AND MODARABA

NUMBER OF SHARES / QUOTED COMPANIES CERTIFICATES

June 30, 1996	December 31, 1994	June 30, 1996	December 31, 1994	
		Rupees	Rupees	
288	256	Husein Sugar Mills Limited	4,454	4,454
75,300	-	Crescent Leasing Corporation Limited	1,050,990	-
	370,000	Gillete Pakistan Limited	-	9,990,000
5,500	250,000	Pakistan Telecommunication Corporation Limited	215,875	10,250,000
29,875	75,000	Askari Commercial Bank Limited	1,111,500	5,025,000
14,000	500,000	Lucky Cement Limited	210,000	10,625,000
58,000	200,000	Paysal Bank Limited	1,695,600	7,400,000
12,500	100,000	Maple Leaf Cement Limited	544,500	5,300,000
-	200,000	Dawood Leasing Co. Limited	-	2,500,000

25,125	-	Saif Textile Mills Limited	639,130	-
10,000	-	American Life Insurance Co. Limited	321,600	-
6,040	-	Century Papers & Boards Mills Limited	232,920	-
677,225	-	KASB Premier Fund	6,607,450	-
7,500	-	Citi Corp Investment Bank Limited	202,500	-
14,000	-	National Development Leasing Corporation Limited	206,500	-
12,000	-	Crescent Investment Bank Limited	204,000	-
5,500	-	Sui Northern Gas Pipeline Limited	218,625	-
8,000	-	Treet Corporation Limited	208,000	-
10,000	-	United Distributors Pakistan Limited	210,000	-
6,000	-	Hub Power Co. Limited	205,800	-
20,000	-	Dewan Salman Fibres Limited	1,783,000	-
1,200	-	D.G. Khan Cement Co. Limited	60,000	-

15,932,444 51,094,454

QUOTED MODARABA

396,000	396,000	First UDL Modaraba {(Managed by UDL Modaraba Management (Private) Limited)}	4,356,000	4,356,000
---------	---------	-----------------------------------------------------------------------------------	-----------	-----------

20,288,444 55,450,454

Less: Provision for diminution in the value of Marketable securities on aggregate portfolio basis.

7,944,191 -

Market value Rs. 12,344,253

(1994: Rs. 59,201,634)

12,344,253 55,450,454
=====

June 30, December 31,
1996 1994
Rupees Rupees

15. MORABAHA FINANCE

Considered good - secured

To associated companies

- 23,000,000

To others

46,157,095 47,900,000

Current maturity of long term Morabaha

112,568 -

46,269,663 47,900,000

46,269,663 70,900,000
=====

16. SHORT TERM MUSHARIKA

ARRANGEMENT - Secured

Considered good

975,000 -

=====

The Modaraba has entered into Musharika arrangements with a partnership firm and certain companies. The period of these arrangements is twelve months. The profits on these arrangements are estimated at 22% per annum and are secured by way of hypothecation of machinery.

17. ACCRUED PROFIT

Mombaha

Associated Company

- 1,159,452

Others

1,477,293 2,335,616

1,477,293 3,495,068

Musharika

77,603 -

Bank deposit

1,631,711 -

3,186,607 3,495,068
=====

18. ADVANCES, DEPOSITS

AND PRE-PAYMENTS

Advances		
Income tax	909,380	245,321
Salary	5,500	-
For expenses	26,490	-
	-----	-----
	941,370	245,321
Deposits	1,000	1,000
Pre-payments	50,004	36,920
	-----	-----
	992,374	283,241
	=====	=====

	June 30,	December 31,
	1996	1994
	Rupees	Rupees
19. CASH AND BANK BALANCES		
With		
State Bank of Pakistan	500,000	-
Banks in current accounts	814,726	7,808,769
Banks in PLS accounts	7,813,515	-
	-----	-----
	9,128,241	7,808,769
Cash in hand	1,939	2,223
	-----	-----
	9,130,180	7,810,992
	=====	=====

	Period from	Year ended
	Jan 1, 1995	December 31,
	to June 30,	1994
	1996	
	Rupees	Rupees

20. TRADING INCOME		
Gross sales	-	7,920,030
Less: Sales discounts and commission	-	-
	-----	-----
Net Sales	-	7,920,030
Cost of goods sold		
Purchases		7,217,685
	-----	-----
	-	702,345
	=====	=====

21. DIVIDEND INCOME		
Associated Company	-	565,800
Others	1,092,123	498,151
	-----	-----
	1,092,123	1,063,951
	=====	=====

22. OTHER INCOME		
Gain on disposal of fixed assets	-	9,364
Documentation fee.	18,285	-
Miscellaneous	2,000	-
Under Writing Commission	201,306	-
Profit on deposit	1,911,561	-
Front end fee.	56,835	-
	-----	-----
	2,189,987	9,364
	=====	=====

	Period from	Year ended
	Jan 1, 1995	December 31,
	to June 30,	1994
	1996	
	Rupees	Rupees

23. ADMINISTRATIVE EXPENSES		
Salaries and benefits (23.1)	2,649,029	266,166

Traveling and conveyance	76,022	1,366
Entertainment	83,971	3,804
Repair and maintenance	120,441	22,067
Advertisement	55,305	293,646
Registrar services	412,207	185,443
Printing and stationery	169,757	114,094
Fees and subscription	184,817	68,570
Legal	26,750	17,100
Auditors' remuneration (23.2)	77,500	53,920
Zakat	-	50,765
Share transfer fee	11,625	46,500
Insurance	95,046	4,759
Postage and telex	38,686	16,339
Telephone expenses	100,647	14,216
Locker rent	25,789	4,375
Document charges	-	2,000
Depreciation	546,499	108,957
Amortization of deferred cost	224,318	74,792
Others	140,993	10,651
Insurance - Leased Assets	7,223	-
Repair and maintenance - Motor Vehicle	160,229	-
Stamp paper & Revenue Stamps	8,594	-
News Paper & Periodicals	15,843	-
Office Utilities	21,970	-
Penalties (23.3)	70,861	-
	-----	-----
	5,324,122	1,359,530
	=====	=====

23.1 Remuneration of officers and other employees

The aggregate amount charged in the accounts for remuneration, including all benefits to officers and other employees of the Modaraba are as follows:

	Officers		Other employees		
	Period from Year ended Jan 1, 1995 to December 31, to June 30, 1994 1996		Period from Year ended Jan 1, 1995 to December 31, to June 30, 1994 1996		
Remuneration	1,440,000	178,500	702,508	73,722	
Bonus	101,290	4,040	22,241	6,364	
Employer's contribution to provident fund	156,756	-	25,475	-	
Others	126,056	570	74,703	2,970	
	-----	-----	-----	-----	
	1,824,102	183,110	824,927	83,056	
	=====	=====	=====	=====	
Number of Persons	2	2	5	2	2
	=====	=====	=====	=====	

23.2 AUDITORS' REMUNERATION

Audit fee	45,000	25,000
Out of pocket expenses	5,000	3,920
Special audit of State Bank of Pakistan	27,500	25,000
	-----	-----
	77,500	53,920
	=====	=====

23.3 These penalties have been imposed by the State Bank of Pakistan for non-compliance with certain NBFIs Regulations, out of which Rs. 67, 875 pertain to the period of First Sanaula Modaraba (i.e. from January 1, 1993 to August 29, 1994).

24. FINANCIAL CHARGES

Financial charges on Musharika	997,328	-
Financial charges on finance lease	97,937	2,850
Front end fee	-	3,990
Bank charges	9,010	1,611
	-----	-----

1,104,275 8,451
 =====
 Jan. 1,1995 Year ended
 to June 30,December 31,
 1996 1994
 Rupees Rupees

25. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Purchases of goods	52,760,886	-
Commission on sale & purchase of marketable securities	102,594	-
Management fees payable / paid	1,289,474	1,687,393
Sales of NIT units	-	3,768,994
Sales of assets	-	124,000
	-----	-----
	54,152,954	5,580,387
	=====	=====

26. GENERAL

Prior year's figures have been re-arranged wherever necessary, if any, for the purpose of comparison.

PATTERN OF HOLDING OF THE CERTIFICATES HELD BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 1996

NUMBER OF CERTIFICATE HOLDERS	FROM	CERTIFICATE HOLDING TO	TOTAL CERTIFICATE HELD
259	1	100	11,477
324	101	500	86,335
363	501	1000	246,382
439	1001	5000	876,731
40	5001	10000	250,837
15	10001	15000	173,331
2	15001	20000	31,715
1	20001	25000	24,300
1	25001	30000	25,570
1	3000	35000	30,300
1	45001	50000	45,500
1	50001	55000	15,087
1	70001	75000	72,148
1	90001	95000	93,698
2	140001	145000	289,800
1	230001	235000	233,700
1	245001	250000	248,937
1	250001	255,000	252,487
1	285001	290000	289,800
10	375001	380000	3,768,000
1	505001	510000	509,890
1	1180001	1185000	1,180,905
1	2890001	2895000	2,894,570
-----			-----
1,468			11,687,500
=====			=====

CATEGORIES OF CERTIFICATE HOLDERS AS AT JUNE 30, 1996

CATEGORIES OF CERTIFICATE HOLDERS	NUMBER	CERTIFIATES HELD	PERCENTAGE
JOINT STOCK COMPANIES	3	11,890	0.10
FINANCIAL INSTITUTIONS	4	2,905,218	24.86
LEASING / MODARABA COMPANIES	1	25,570	0.22
MODA RABA COMPANIES	1	1,180,905	10.10
INSURANCE COMPANIES	4	771,045	6.60
INVESTMENT COMPANIES	2	253,287	2.17

INDIVIDUALS	1453 6,539,585	55.95
	-----	-----
	1468 11,687,500	100.00
	=====	=====