

First IBL Modaraba Annual Report 1998

CONTENTS

Corporate Information
 Director's Report
 Auditors' Report to the Certificate Holders
 Balance Sheet
 Profit and Loss Account
 Statement of Changes in Financial Position
 Notes to the Accounts
 Pattern of Certificate Holding

CORPORATE INFORMATION

Modaraba Company IBL Modaraba Management (Private) Limited

Board of Directors

Chief Executive Inayat Ismail
Director Chishty Mujahid
Director Arshad Abdulla

Company Secretary Masood Anwer Khan

Auditors Daudally, Lalani & Co.
 Chartered Accountants

Bankers Muslim Commercial Bank Ltd.
 Citibank N. A.
 United Bank Ltd.
 Crescent Investment Bank Ltd.
 Habib Bank Ltd.

Registrar Khalid, Majid, Hussain, Rehman
 Chartered Accountants
 16-K, Block - 6, P.E.C.H.S.,
 Near Chanesar 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 is pleased to present the Eighth Annual Report of First IBL Modaraba with audited accounts for the year ended 30th June, 1998.

FINANCIALS:

Results for the year under report are summarized as follows:

	(Rs. in '000')	
	Current Year (1998)	Previous Year (1997)
- Gross revenue	20,876	19,609
	=====	=====
- Operating profits	9,069	7,312
	=====	=====
- Net profit for the period	1,075	4,226

- Unappropriated profits brought forward	1,090	9,397
	-----	-----
	2,165	13,623
- Transfer to statutory reserve	215	845
- Profit distribution	-	11,688
	-----	-----
	215	12,533
- Unappropriated profit carried forward	1,950	1,090
	=====	=====

REVIEW OF OPERATIONS:

The critical economic conditions of the country and unfavorable business climate further aggravated during the year, as a result of sanctions and other adverse developments following nuclear tests. External as well as internal pressures, deteriorating law and order situation, constitutional crises and foreign exchange constraints led to weakening of the country's economy, hitting severely at macro and micro levels.

The prevailing uncertainty warranting extra caution precluded the management from diversifying the Modaraba's business activities which were trade and stock market operations. Owing to funding constraints and various fiscal anomalies, the Modaraba could not make the desired breakthrough in trading business. notwithstanding the group's proven strength in this line of business.

Despite adverse conditions, you will be pleased to observe that the Modaraba performed well during the year under review barring the investment portfolio. Stock markets crashed in response to unsustainable economic conditions-of the country. Modaraba's gross revenue during the year amounted to Rs. 20.8 million and the net operating profits amounting to Rs. 9.0 million, which compares favorably to the preceding year's gross revenue of Rs. 19.6 million and the net operating profits of Rs. 7.3 million respectively. However, the provision for diminution in the value of investments amounting to Rs. 4.0 million and higher tax incidence requiring a provision of Rs. 3.3 million are responsible for depressing the Modaraba's profitability.

FUTURE OUTLOOK:

Economic and political measures taken by the government, International Monetary Fund (IMF) and other donor agencies' understanding for adequate economic package, resolution of Independent Power Producers (IPPs) tussle in the offing and various other tangible factors indicate a positive outlook. Restoration of tax exemption to non-trading modarabas and removal of certain tax anomalies pertaining to leasing and modaraba activities further strengthens our optimism and confidence to diversify modaraba activities into leasing, morabahas and musharakas with a view to ensuring stable income streams. We, therefore, strive and pray for Modaraba's improved profitability in the years to come.

YEAR 2000 COMPLIANCE:

The management of your Modaraba has taken adequate steps to counter the year 2000 problem known as the "Millennium Bug", which include developing a new computerised system of Accounting and Management reporting.

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, 1999. Their appointment has been confirmed by the Board of Directors, subject to approval of Registrar of Modaraba Companies and Modarabas.

ACKNOWLEDGMENT:

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

Karachi: December 22, 1998

Chief Executive

AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed Balance Sheet as at June 30, 1998 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 June 30, 1998 of FIRST IBL MODARABA, which are Modaraba Company's [IBL Modaraba Management (Pvt) Ltd.]

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 IBL 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 & 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 Modaraba's affairs as at June 30, 1998 and the Profit and Cash flow for the year then ended;

(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 the Ordinance; and

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

DAUDALLY LALANI & CO.

Karachi: December 22, 1998

Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1998

	Note	1998 Rupees	1997 Rupees
CAPITAL AND RESERVES			
CAPITAL			
Authorised Fund			
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	3	116,875,000	116,875,000
Statutory reserve	4	10,262,855	10,047,929
Unappropriated Profit		1,950,185	1,090,48
		-----	-----
		129,088,040	128,013,409
OBLIGATION UNDER FINANCE LEASE	5	1,083,516	188,043
SECURITY DEPOSITS		656,086	1,029,986
CURRENT LIABILITIES			
Due to Management company	6	5,407,332	4,983,607
Creditors, Accrued and other Liabilities	7	4,881,451	2,446,957
Morabaha Finance		-	18,428,475
Musharika Finance	8	30,680,905	-
Unclaimed Dividend		761,016	605,884
Profit distribution payable		-	11,687,500
Provision for Taxation		6,752,637	3,441,737
		-----	-----
		48,483,341	41,594,160
		-----	-----
		179,310,983	170,825,598
		=====	=====
FIXED ASSETS - Tangible at book value			
Assets in own use	9	2,258,299	1,187,957
Assets leased out	10	1,904,889	4,516,330

LONG TERM DEPOSITS & DEFERRED COST	11	223,759	145,969
CURRENT ASSETS			
Stock - in - trade		-	60,595,224
Trade debtors-Unsecured, Considered good		58,269,066	2,652,251
Sundry debtors-Unsecured, Considered good		428,652	15,154,654
Marketable Securities of quoted companies & Modarabas	12	8,116,486	7,796,319
Morabaha finance	13	18,591,636	18,704,376
Musharika arrangement	14	11,488,789	8,225,000
Accrued profit	15	10,591,003	3,898,906
Advances, deposits and Pre-payments	16	1,203,740	206,087
Other receivables	17	3,899,408	1,896,133
Cash and bank balances	18	62,335,256	45,846,392
		-----	-----
		174,924,036	164,975,342
		-----	-----
		179,310,983	170,825,598
		=====	=====

The annexed notes form an integral part of these accounts.

Inayat Ismail	Chishty Mujahid	Arshad Abdulla
(Chief Executive)	(Director)	(Director)
IBL Modaraba Management (Private) Limited	IBL Modaraba Management (Private) Limited	IBL Modaraba Management (Private) Limited

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1998**

	Note	1998 Rupees	1997 Rupees
OPERATING INCOME/(LOSS)			
Trading income	19	3,421,472	10,552,176
Morabaha Profit		4,276,502	8,269,681
(Loss) on sale of Marketable Securities		(4,102,658)	(5,465,702)
Dividend income		236,302	445,778
Musharika profit		1,797,320	821,571
Lease rentals		2,341,690	2,497,260
Other income	20	12,905,649	2,488,478
		-----	-----
		20,876,277	19,609,242
OPERATING EXPENSES			
Administrative	21	5,296,992	5,005,936
Financial charges	22	4,732,867	5,790,717
Amortization of leased assets		1,777,646	1,500,544
		-----	-----
		11,807,505	12,297,197
		-----	-----
Operating Profit		9,068,772	7,312,045
Provision for diminution in the value of investments		(4,072,457)	922,652
Provision for doubtful debts		(142,845)	(377,363)
		-----	-----
		(4,215,302)	545,289
		-----	-----
		4,853,470	7,857,334
Modaraba Management fee		441,225	714,303
		-----	-----
Profit before taxation		4,412,245	7,143,031
Taxation		3,337,614	2,917,147
		-----	-----
Profit after taxation		1,074,631	4,225,884
Un appropriated profit brought forward		1,090,480	9,397,273
		-----	-----
Profit available for appropriation		2,165,111	13,623,157

APPROPRIATION

Profit distribution Nil (1997: 10%)	-	11,687,500
Transfer to statutory reserve	214,926	845,177
	-----	-----
Unappropriated profit carried forward	1,950,185	1,090,480
	=====	=====
Earning per Certificate	0.09	0.36

The annexed notes form an integral part of these accounts.

Inayat Ismail	Chishty Mujahid	Arshad Abdulla
(Chief Executive)	(Director)	(Director)
IBL Modaraba Management	IBL Modaraba Management	IBL Modaraba Management
(Private) Limited	(Private) Limited	(Private) Limited

STATEMENT OF CHANGES IN FINANCIAL POSITION**(CASH FLOW STATEMENT)****FOR THE YEAR ENDED JUNE 30, 1998**

	1998	1997
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,412,245	7,143,031
Adjustment for non-cash items:		
Depreciation on own assets	832,143	451,643
Amortization on:		
Assets leased out	1,777,646	1,500,544
Deferred cost	65,248	126,096
Provision for diminution in value of investment	4,072,457	(922,652)
Provision for doubtful debts	142,845	377,363
Gain on termination of leased assets	(61,977)	-
	-----	-----
	6,828,362	1,532,994
Adjustment for separate consideration:		
Dividend income	(236,302)	5,790,717
Financial charges	4,732,867	(445,778)
	-----	-----
Cash from operating activities before working capital changes	15,737,172	14,020,964
(INCREASE)/DECREASE IN CURRENT ASSETS		
Stock- in- trade	60,595,224	(7,834,338)
Trade debtors	(55,616,815)	(2,652,251)
Sundry Debtors	14,726,002	54,256,210
Musharika finance	(3,263,789)	(7,250,000)
Morabaha finance	112,740	27,667,018
Accrued profit	(6,692,097)	(712,299)
Advances, Deposits and Pre-payments	59,676	(67,547)
Other receivables	(2,146,119)	(1,043,962)
	-----	-----
	7,774,822	62,362,831
INCREASE/(DECREASE) IN CURRENT LIABILITIES		
Due to management companies	423,725	(4,398,149)
Creditors, accrued & other liabilities	(126,168)	(6,531,239)
Morabaha finance	(18,428,475)	18,428,475
Musharika finance	30,680,905	(46,000,000)
	-----	-----
	12,549,987	(38,500,913)
	=====	=====
	1998	1997

	Rupees	Rupees
Cash flow from operating activities	36,061,981	37,882,882
after working capital changes		
Income tax paid	(1,084,043)	(341,480)
Financial charges paid	(2,630,868)	(5,790,717)
	-----	-----
Net cash generated from operating activities	32,347.07	31,750,685
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of assets in own use:		
Owned	(73,100)	(130,750)
Leased	(1,829,385)	(408,204)
Purchase of assets leased out	-	(574,358)
Proceeds on termination of leased assets	521,872	-
Long term deposit	(143,039)	(40,820)
Net (investment)/disinvestment in marketable securities	(4,392,624)	5,470,586
Insurance claim received	-	65,560
Dividend received	236,302	445,778
	-----	-----
Net cash (used) in/generated from investing activities	(5,679,974)	4,827,792
CASH FLOW FROM FINANCING ACTIVITIES		
Arrangement under finance lease	1,829,385	408,204
Paid back obligation under finance lease	(475,249)	(236,254)
Security deposit	-	7,436
Profit distribution paid	(11,532,368)	(41,651)
	-----	-----
Net cash (used) in/generated from financing activities	(10,178,232)	137,735
	-----	-----
Net increase in cash and cash equivalents	16,488,864	36,716,212
Cash & cash equivalents at tile beginning of the year	45,846,392	9,130,180
	-----	-----
Cash & cash equivalents at the end of the year	62,335,256	45,846,392
	=====	=====

Inayat Ismail

(Chief Executive)

IBL Modaraba Management
(Private) Limited

Chishty Mujahid

(Director)

IBL Modaraba Management
(Private) Limited

Arshad Abdulla

(Director)

IBL Modaraba Management
(Private) Limited**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED JUNE 30, 1998****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, Investments 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) 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.

Gain and loss on disposal of fixed assets arc 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 amortizable value of assets is amortized over the lease period.

Profit and 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 rate of exchange ruling on the date of transactions. Assets and liabilities in foreign currencies are translated into rupees:

In case of bills payable against import covered contracts - at the contracted rates by forward exchange contracts

In case of other assets and liabilities - at the rate of exchange ruling at the balance sheet date.

Other exchange gains and losses are included in income currently.

f) Trade Debts and Other Receivables

Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

g) Trading stock

(i) Trading stock is valued at lower of cost or market value. Effective July 01,1996, cost is determined on FIFO basis which previously was determined on moving - average basis. The change has been made to align the stock valuation with its physical movement. However, there is no significant effect of this change in accounting policy, on these financial statements or on those of the prior year.

(ii) Goods - in - Transit are stated at invoice value plus other charges paid thereon.

h) 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 and the resulting diminution in value, if any, is charged to profit and loss account.

(iii) Profit or loss on sale of investment 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.

i) Revenue recognition

(i) Profit on sale of goods is recognized on despatch 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 Modaraba finances are recorded on the 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:

j) 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.

	1998 Rupees	1997 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	10,047,929	9,202,752
Appropriated from profits	214,926	845,177
	-----	-----
	10,262,855	10,047,929
	=====	=====

In accordance with State Bank of Pakistan Regulations for Non - Banking Financial Institutions, the 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

	First UDL Modaraba	First UDL Modaraba	1998 Rupees	1997 Rupees
FUTURE RENTALS	(Vehicle)	-	(Vehicle)	-
Year to June 30, 1998	-	-	-	259,920
Year to June 30, 1999	751,500	206,180	957,680	206,180
Year to June 30, 2000	751,500	-	751,500	-
Year to June 30, 2001	496,064	-	496,064	-
	-----	-----	-----	-----
	1,999,064	206,180	2,205,244	466,100
Less: Financial charges allocated to future period	434,534	18,137	452,671	67,663
	-----	-----	-----	-----
	1,564,530	188,043	1,752,573	398,437
Less: Current maturity shown under current liabilities (Note 7)	481,014	188,043	669,057	210,394
	-----	-----	-----	-----
	1,083,516	-	1,083,516	188,043
	=====	=====	=====	=====

5.1 Terms and conditions of lease facility

Annual implicit financing rate	23.11%	22.01%
Number of installments	36	36
Frequency of installment	monthly	monthly
Rental per installment	Rs. 62,625	Rs. 13,780
Rental in last installment (including adjustment of security deposit)	Rs. 245,564	Rs. 54,600
Fine per month on overdue rental, if any	3%	3%

The Modaraba enjoys purchase option at the end of lease period against adjustment of security deposit.

6. DUE TO MANAGEMENT COMPANY

	1998 Rupees	1997 Rupees
Management Fee Payable (Current & Prior Years)	5,407,332	4,983,607

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	619,915	989,165
Accrued expenses	511,953	342,691
Current portion of obligation under finance lease (Note: 5)	669,057	210,394
Musharika Profit	2,101,999	-
Others	978,527	904,707
	-----	-----
	4,881,451	2,446,957
	=====	=====

8. MUSHARIKA FINANCE

	30,680,905	-
	=====	=====

These are arranged for the purpose of normal business activities of the modaraba. The provisional rate of profit payable is ranging between 20% to 22% p.a. The arrangement is secured against pledge of marketable securities.

9. ASSETS IN OWN USE

Particulars	Cost as at July 01, 1997	Additions/ (Transfer)	Cost as at June 30, 1998	Rate %	Depreciation for the period	Adjustment on disposal/ transfer	Accumulated depreciation up to June	Written down value as at June
OWNED:								
Computer equipment	620,225	11,000	631,225	20%	126,242	-	420,655	210,570
Furniture & fixtures	644,691	1,600	646,291	20%	129,263	-	452,245	194,046
Office Equipment	11,096	-	11,096	20%	2,220	-	6,643	4,453
Motor Vehicles	175,000	459,500	634,500	20%	126.90	239,400	453,800	180,700
LEASED:								
Motor Vehicles	807,204	1,829,385 (399,000)	2,237,589	20%	447,518	(239,400)	569,059	1,668,530

1998: Rupees	2,258,216	1,902,485	4,160,701		832,143	-	1,902,402	2,258,299
=====								
1997: Rupees	1,821,662	538,954 (102,400)	2,258,216		451,643	(36,840)	1,070,259	1,187,957
=====								

9.1 The addition in owned motor vehicles include transfer from leased motor vehicles on expiry of lease term as reflected under the portion of leased motor vehicles.

10. ASSETS LEASED OUT

	Cost as at July 01, 1997	Additions/ (termination)	Cost as at June 30, 1998	Amortization for the period	Adjustment on termination	Accumulated amortization upto June 30, 1998	Written down value as at June 30, 1998
Office Equipment	1,345,495	-	1,345,495	430,987	-	907,053	438,442
Plant & machinery	1,674,800	-	1,674,800	509,636	-	1,080,961	593,839
Motor Vehicles	3,543,127	(1,692,000)	1,851,127	837,023	(858,205)	978,519	872,608

1998: Rupees	6,563,422	(1,692,000)	4,871,422	1,777,646	(858,205)	2,966,533	1,904,889
=====							
1997: Rupees	5,989,064	574,358	6,563,422	1,500,544	-	2,047,092	4,516,330
=====							

1998 Rupees	1997 Rupees
----------------	----------------

11. LONG TERM DEPOSITS & DEFERRED COST

Long term deposits	223,759	80,720
Deferred cost (Note 11.1)	-	65,249
	-----	-----
	223,759	145,969
	=====	=====

11.1 DEFERRED COST

Opening balance	490,455	490,455
Amortization		
Opening balance	425,206	299,110
Amortization for the period	65,249	126,096
	-----	-----
	490,455	425,206
	-----	-----
	-	65,249
	=====	=====

12. MARKETABLE SECURITIES OF QUOTED COMPANIES AND MODARABAS**NUMBER OF SHARES/QUOTED COMPANIES
CERTIFICATES**

1998	1997	1998 Rupees	1997 Rupees
363	330Husein Sugar Mills Limited	4,454	4,454
-	75,300Crescent Leasing Corporation Limited	-	1,050,990
2,625	6,981Askari Commercial Bank Limited	80,063	216,743
10,000	10,000Lucky Cement Limited	79,450	79,450
2,500	2,500Faysal Bank Limited	67,550	67,550
9,000	9,000Maple Leaf Cement Factory Limited	78,120	78,120
9,774	11,625Saif Textile Mills Limited	210,625	286,675
	American Life Insurance Co.		
-	10,000Pak Limited	-	279,600
2,904	3,244Century Paper & Board Mills Ltd.	101,799	113,716
645,225	645,225K.A.S.B. Premier Fund Limited.	6,295,129	6,295,129
3,000	3,000Citicorp Investment Bank Limited	74,485	74,485
	National Development Leasing		
6,825	6,500Corporation Limited	84,265	84,265
4,500	4,500Crescent Investment Bank Limited	68,180	68,180
2,875	3,325Sui Northern Gas Pipelines Co. Limited	84,261	108,440
2,000	2,000United Distributors (Pakistan) Limited	35,000	35,000
-	10,000Hub Power Co. Limited	-	343,450
-	5,000Dewan Salman Fibre Limited	-	391,600
6,500	6,500D.G. Khan Cement Co. Limited	81,120	81,120
-	4,000Orix Leasing Pakistan Limited	-	201,450
6,500	11,500Bank of Punjab Limited	109,550	193,800
12,100	13,500Askari Leasing Limited	147,540	199,196
4,000	4,000I.C.I. Pakistan Limited	82,720	65,720
5,000	5,000Ibrahim Fibres Limited	49,400	49,400
-	5,000F.F.C. Jordan Fertilizer Co. Limited	-	70,900
58,074	4,600Searle Pakistan Limited	1,890,299	146,800
-	2,500I.C.P. (S.E.M.F.)	-	71,550
5,077	2,500Muslim Commercial Bank Limited	214,839	82,825
200	400Shell Pakistan Limited	26,000	95,500
690	600Engro Chemical (Pakistan) Limited	85,650	85,650
-	1,000Fauji Fertilizer Co. Limited	-	79,100
1,000	-Paramount Leasing Ltd.	7,250	-
2,198	-Khadim All Shah Bukhari & Co. Ltd.	46,158	-
2,740	-Nishat Mills Ltd.	42,744	-
2,358	-Crescent Textile Mills Ltd.	34,781	-
800	-Nestle Milkpak. Ltd	92,000	-
2,700	-Crescent Spinning Mills ltd.	15,930	-
1,500	-14th ICP Mutual Fund	17,250	-
1,600	-Souvenir Tobacco Ltd.	14,400	-

540	-First Punjab Modaraba	2,835	-
7,975	-Fazal Textile Mills Ltd.	201,188	-
29,000	-Suzuki Motorcycles Co. Pakistan Ltd.	79,750	-
5,000	-Taj Medical Complex Ltd.	62,500	-
75,000	-Gillete Pakistan Ltd.	3,131,250	-
1,000	-Inter Asia Leasing Co. Ltd.	4,500	-
1,618	-Globe Textile Mills Ltd.	59,798	-
4,000	-International Knitwear Ltd.	13,400	-
		-----	-----
	C/O	13,776,233	11,000,858
	B/F	13,776,233	11,000,858

QUOTED MODARABA

913,500	396,000	First UDL Modaraba {Managed by UDL Modaraba Management (Private) Limited}	5,434,249	3,817,000
			-----	-----
			19,210,482	14,817,858
		Less: Provision for diminution in the value of Marketable securities on aggregate portfolio basis	11,093,996	7,021,539
			-----	-----
			8,116,486	7,796,319
			=====	=====

	1998	1997
	Rupees	Rupees

13. MORABAHA FINANCE (Considered good - secured)

18,591,636	18,704,376
=====	=====

The original maturity date of repayment was April 26, 1996, however, the arrangement has been re-scheduled according to which the payment will be matured on January 31, 1999. The approximate profit rate is 22% p.a. and is secured by way of hypothecation of goods acquired under this arrangement, promissory note and personal guarantee of the Directors of the company. Provision for non-performing financing facilities has not been made, as required by NBFIs Rules, since the management is fully confident of receiving the principal amount along with the accrued profit on rescheduled date.

14. MUSHARIKA ARRANGEMENT (Considered good-Secured)

111,488,789	8,225,000
=====	=====

The Modaraba has entered into Musharika arrangements with certain companies. The maximum period of these arrangements is twelve months. The profit on these arrangements are estimated at 22% per annum and are secured by way of hypothecation of goods and pledge of marketable securities.

15. ACCRUED PROFIT

Morabaha	5,248,764	972,652
Musharika	2,044,358	838,749
Bank deposits	3,297,881	2,087,505
	-----	-----
	10,591,003	3,898,906
	=====	=====

16. ADVANCES, DEPOSITS**AND PRE-PAYMENTS**

Advances		
Income tax	1,112,875	55,546
Salary	32,331	53,970
	-----	-----
	1,145,206	109,516
Deposits	1,000	1,000
Pre - Payments	57,534	95,571
	-----	-----
	1,203,740	206,087
	=====	=====

	1998 Rupees	1997 Rupees
17. OTHER RECEIVABLES		
Dividend Receivable	298,458	267,450
Lease Rental Receivable		
Gross Amount	715,388	343,199
Less: Provision for Doubtful rentals	259,783	66,938
	-----	-----
	455,605	276,261
Insurance Claim Receivable	65,560	65,560
Others	3,079,785	1,286,862
	-----	-----
	3,899,408	1,896,133
	=====	=====

18. CASH AND BANK BALANCES

With Banks		
State Bank of Pakistan (non - checking account)	500,000	500,000
In current accounts	855,185	1,030,971
In PLS accounts	594,273	5,097
Short Term Deposits	60,385,798	44,300,000
	-----	-----
	62,335,256	45,836,068
Cash in hand	-	10,324
	-----	-----
	62,335,256	45,846,392
	=====	=====

19. TRADING INCOME

Gross sales	47,075,288	124,239,757
Less: Sales discounts and commission	-	9,682,924
	-----	-----
Net Sales	47,075,288	114,556,833
Cost of goods sold		
Opening stock	60,595,224	52,760,886
Add: Purchases	4,543,531	111,838,995
Purchases returned	(21,484,939)	-
Less: Closing stock	-	60,595,224
	-----	-----
	43,653,816	104,004,657
	-----	-----
	3,421,472	10,552,176
	=====	=====

20. OTHER INCOME

Documentation fee	-	1,500
Gain own termination of Leased Assets Underwriting commission	61,977	-
Profit on bank deposits	11,343,672	2,486,978
Software Consultancy Fee	1,500,000	-
	-----	-----
	12,905,649	2,488,478
	=====	=====

21. ADMINISTRATIVE EXPENSES

	1998 Rupees	1997 Rupees
Salaries and benefits (21.1)	2,905,664	2,653,982
Travelling and conveyance	50,210	35,642
Entertainment	30,886	43,916
Repair and maintenance	47,615	110,319
Advertisement	12,600	2,500
Registrar services	363,696	383,908
Printing and stationery	254,966	213,003
Fee and subscription	185,854	149,195
Legal & Professional	102,250	341,712
Auditor's remuneration (21.2)	44,000	89,225
Shares transfer fee	9,610	20,087

Insurance	38,943	66,156
Postage and telex	34,174	37,148
Telephone	61,125	70,289
Locker rent	22,163	30,981
Depreciation	832,143	451,643
Amortization of deferred cost	65,248	126,096
Others	3,099	24,694
Insurance - Leased Assets	4,841	7,988
Repair and maintenance- Motor Vehicle	200,336	122,583
Stamp paper & Revenue Stamps	1,050	3,310
Newspaper & periodical	5,745	6,862
Office Utilities	20,774	14,697
	-----	-----
	5,296,992	5,005,936
	=====	=====

21.1 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	
	1998 Rupees	1997 Rupees	1998 Rupees	1997 Rupees
Remuneration	2,068,274	1,790,000	449,120	468,295
Bonus	18,387	18,387	21,389	21,606
Employer's contribution to provident fund	99,422	98,814	16,857	26,622
Others	159,094	159,217	73,121	71,041
	-----	-----	-----	-----
	2,345,177	2,066,418	560,487	587,564
	=====	=====	=====	=====
Number of Persons	2	2	4	4
	=====	=====	=====	=====

The Officers and an employee are provided with free use of company's car.

21.2 AUDITORS' REMUNERATION

Audit fee	40,000	40,000
Out of Pocket expenses	4,000	4,000
Special audit of State Bank of Pakistan	-	45,225
	-----	-----
	44,000	89,225
	=====	=====

22. FINANCIAL CHARGES

Musharika Profit	4,401,999	4,124,255
Morabaha Profit	-	1,553,475
Financial charges on finance lease	223,046	97,868
Bank charges	34,528	15,119
Front End Fee	73,294	-
	-----	-----
	4,732,867	5,790,717
	=====	=====

23. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Purchase of goods	-	111,838,995
Commission on sales & purchase of marketable securities	-	3,865
	-----	-----
	-	111,842,860
	=====	=====

24. CORRESPONDING FIGURES

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

Inayat Ismail
(Chief Executive)
IBL Modaraba Management
(Private) Limited

Chishty Mujahid
(Director)
IBL Modaraba Management
(Private) Limited

Arshad Abdulla
(Director)
IBL Modaraba Management
(Private) Limited

**PATTERN OF HOLDING OF SHARES HELD
BY THE SHAREHOLDERS
AS AT JUNE 30, 1998**

NUMBER OF SHARE HOLDERS	SHARE HOLDING		TOTAL SHARE HELD
	FROM	TO	
279	1	100	12,932
331	101	500	90,894
351	501	1000	238,888
418	1001	5000	841,470
39	5001	10000	248,300
16	10001	15000	186,857
2	15001	20000	31,637
1	20001	25000	24,300
3	30001	35000	92,800
1	45001	50000	45,500
1	50001	55000	51,087
1	70001	75000	71,748
1	90001	95000	93,698
1	100001	105000	100,437
1	110001	115000	115,000
1	125001	130000	129,100
1	130001	135000	135,000
2	140001	145000	289,800
1	175001	180000	177,000
1	230001	235000	233,700
1	235001	240000	236,087
1	285001	290000	289,800
1	340001	345000	343,500
7	375001	380000	2,637,600
1	380001	385000	384,400
1	505001	510000	509,990
1	1180001	1185000	1,180,905
1	2895001	2900000	2,895,070
-----			-----
1,466			11,687,500
=====			=====

**CATEGORIES OF SHARE HOLDERS
AS AT JUNE 30, 1997**

CATEGORIES OF SHARE HOLDERS	NUMBER	SHARES	
		HELD	PERCENTAGE
JOINT STOCK COMPANIES	5	48,526	0.43
FINANCIAL INSTITUTIONS	4	2,905,718	24.86
LEASING/MODARABA COMPANIES	3	458,570	3.92
MODARABA COMPANY	1	1,180,905	10.10
INSURANCE COMPANIES	4	622,645	5.33
INVESTMENT COMPANIES	3	261,187	2.23
INDIVIDUALS	1,446	6,209,949	53.13
-----		-----	-----
	1,466	11,687,500	100.00
=====		=====	=====