

Trust Modaraba Limited

Annual Report 2000

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Corporate Profile

| | | |
|------------------------------------|--|--|
| Board of Directors | Mr. Muhammad Yousaf Shaikh Mr. Muhammad Fazil Mirza | Chairman Managing Director & Chief Executive |
| | Mr. Alamgir B. Kashmiri | Director |
| | Mr. Masaud Ahmed Shaikh (Nominee of The Bank of Punjab) | Director |
| | Mr. C.M. Saleem Cheema | Director |
| Corporate Secretary | Mr. Ijaz Ahmad Khan | |
| Auditors | Ijaz Amin & Company Chartered Accountants | |
| Legal Advisors | Kasuri & Associates Legal Practitioners. | |
| Bankers | The Bank of Punjab National Bank of Pakistan Allied Bank of Pakistan Crescent Investment Bank Limited Muslim Commercial Bank Limited Metropolitan Bank Limited | |
| Principal Place of Business | 1st Floor, Kasuri Tower, 4 Fane Road, Lahore-Pakistan. Tel: (042) 7320153-4, 7352049 Fax: (042) 7357011 | |
| Registrars | Shares Department Trust Management Services (Pvt.) Ltd. 1st Floor, Kasuri Tower, 4 Fane Road, Lahore-Pakistan. Tel: (042) 7320153-4, 7352049 Fax: (042) 7357011 | |

DIRECTORS' REPORT

Asslaam-o-Alaykum Wa Rahmatouh Allah Wa Barakatouh,

The Directors of Trust Management Services (Private) Limited, Managers of Trust Modaraba, are pleased to place before you this annual report and performance overview of Trust Modaraba for the financial year ended 30 June 2000.

Operational Overview

Trust Modaraba has posted a net profit of Rs. 22.876 million for the FY 2000, compared to Rs. 29.847 million during the FY 1999, down by 23.36%. This drop is predominantly attributed to subdued business volumes arising out of enfeeble economic scenario prevailed all the way through FY 2000, which in turn, resulted in reduced gross revenues. On the other side, operating expenses also show a reduction of 16.29% over the FY 1999.

Brief Financials

| | <i>FY 2000</i> | <i>FY 1999</i> |
|------------------------------|-----------------------------|----------------|
| | <i>(Rupees in thousand)</i> | |
| Certificate Holders' Equity | 407,976 | 405,575 |
| Fund Mobilization | 247,035 | 246,795 |
| Lease Finance | 296,328 | 311,377 |
| Morabaha/Musharika Finance | 302,098 | 331,573 |
| Revenues | 106,470 | 130,132 |
| Expenses/Provision | 81,052 | 96,828 |
| Profit before Management Fee | 25,418 | 32,831 |
| Management Fee | 2,541 | 2,984 |
| Net Profit | 22,876 | 29,847 |

Payout

The directors are also pleased to approve cash dividend, at the rate of 7.5% (Re. 0.75 per certificate) to the certificate holders of Trust Modaraba for the year ended 30 June 2000.

Morabaha Financing

Profit on Morabaha Financing recorded during the FY 2000 stands at Rs. 40.518 million in contrast to Rs. 50.453 million in the preceding financial year, a decline of 19.69%. This is owed equally to reduction in total exposure in morabaha segment, that is 8.89%, and maturity of a number of morabaha finance facilities with higher implicit profit rates. Nonetheless your modaraba re-invested over Rs. 150 million in this very segment during the FY 2000 and held back substantial fresh exposures (FY 2000: Rs. 302.098 million, FY 1999: Rs. 331.573 million) in the midst of continuing uncertain conditions our economy is experiencing over the period.

Your managers have launched an assertive and effective recovery drive against non-performing customers and you will be pleased to learn that during FY 2000, Rs.15.299 million have been recovered only on account of morabaha profit receivables, which constitute 68.13% of total outstanding amount in this head of account.

Lease Financing

Income from Lease Operations totaled Rs. 62.934 million for the FY 2000 compared to Rs. 75.544 million in the last financial year, down by 16.69%. This revenue center contributed 59.11% to the total revenue of Rs. 106.470 million. Gross lease portfolio stood at Rs. 269.328 million, marginally reduced by 4.83%. No substantial exposures were assumed in the backdrop of low capital investment demand in terms of expansion and BMR activities by the manufacturing sector except textile industry.

We are pleased to note that our pressing efforts towards recovery of outstanding lease rentals have yielded satisfactory pay-offs as the same has been brought down from Rs. 140.549 million to Rs. 99.674 million in preceding 12-month period, downhill by 29.08%.

Stock Market Operations

Country's stock markets by and large tracked the state of economy during the FY 2000. Though KSE-100 scored a net gain of little over 450 points during the FY 2000, it traded around 1500 points level for the most part of reporting period with solitary exception to a speculators' led volatile bull run touching 2054 mark in late March before falling again to 1522 points at the close of FY 2000. Now a

days, there is an emerging perception that stock market are speculators' playground rather than portraying genuine investment. However, your Modaraba managed Rs. 1.356 million on account of dividend income and capital gain compared to Rs. 2.853 million in FY 1999.

Fund Mobilization

During the period under review, in addition to locking in low profit rate on existing fund mobilization at the time of their renewals, fresh funds to the tune of Rs.20.000 million were mobilized from a development financial institution. However, keeping in view the business milieu, your management decided not to materialize a credit line of Rs.20.000 million duly sanctioned by another financial institution. As of 30 June 2000, Modaraba's total fund mobilization stands at Rs. 247.035 million.

Earning Per Certificate

The earning per certificate of Trust Modaraba for the FY 2000 is Re. 0.83 (FY 1999: Rs. 1.09).

Future Outlook

Our economy is somehow showing signs of recovery. However, the major impact of present regime's economic revival plan principally focusing on radical tax reforms, economy's documentation, revival of sick industrial units and broad-based privatization programme on recovery slop is hitherto looked for. Nevertheless, managers of your Modaraba hope for better socio-economic scenario and pledge their all out professional endeavors to add maximum value to your Modaraba. On the whole, we will continue with our existing multi-faceted corporate policy featuring adequate flexibility, shaping pertinently from consolidation to growth subject to operating business order. Morabaha financing and leasing inhabit our major exposure further diversifiable by prudent stock market operations. Recovery of outstanding receivable amounts is our top priority and efforts in this regard would be even intensified apart from ensuring timely receipts of sums due in case of regular customers. Fund mobilization poses no difficulty subject to surfacing of attractive investment avenues and quality clientele.

Change of Directors

During the FY 2000, Mr. Umar Mahmud Kasuri (Chairman), Mr. Irtiza Hussain (Director), Mrs. Souryia Anwar (Director) and Mr. R.D. Ahmad (Director) resigned from the Board of Directors of Trust Management Services (Private) Limited (TMSL), while Mr. Muhammad Yousaf Shaikh (Chairman), Mr. Alamgir B. Kashmiri (Director), and Mr. C.M. Saleem Cheema (Director) joined the TMSL's Board of Directors. The competent authority has accorded its approval of the above-noted change in directorship.

Auditors

The auditors Messrs Ijaz Amin & Company, being due for retirement, had offered themselves for re-appointment for the year ending 30 June 2001.

Acknowledgments

The Directors of Trust Management Services (Private) Limited, managers of Trust Modaraba, place on record their appreciation of professional commitment and devotion of the staff towards the operations of the Modaraba.

The Directors also wish to express their sense of gratitude to Securities & Exchange Commission of Pakistan, Registrar Modaraba Companies and Modarabas, our Bankers and above all, certificate holders of Trust Modaraba for their continuous support and guidance.

For and on behalf of the Board of Directors

Muhammad Fazil Mirza
Chief Executive

Lahore: 12 December, 2000

Auditors' Report to the Certificate Holders

We have audited the annexed Balance Sheet as at 30th June 2000 and the related Profit and Loss Account and Statement of Sources and Application of Funds together with the notes to the accounts for the year ended 30th June 2000 of TRUST MODARABA, which are Modaraba

company's [Trust Management Services (Private) Limited] representation and we state that we have obtained all the information and explanations which we required and, after due verification therefore, we report that:-

(a) in our opinion, proper books of accounts have been kept by the Modaraba company in respect of Trust Modaraba as required by the Modaraba Companies and Modarabas (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 Modarabas (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 Sources and Application of Funds, 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 30th June 2000 and the Profit and the changes in the Sources and Application of Funds for the year ended on that date;

(ii) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, has been 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.

(iv) the Modaraba has an effective system of internal controls in operation.

LAHORE: 4th December, 2000

IJAZ AMIN & COMPANY
Chartered Accountants

Balance Sheet as at 30 June 2000

| | <i>NOTE</i> | <i>2000</i> <i>Rupees</i> | <i>1999</i> <i>Rupees</i> |
|--|-------------|------------------------------|------------------------------|
| SHARE CAPITAL AND RESERVES | | | |
| SHARE CAPITAL | | | |
| Authorized | | | |
| 50,000,000 Modaraba Certificates of Rs. 10 each | | 500,000,000 | 500,000,000 |
| Issued, subscribed and paid up | 4 | 273,000,000 | 273,000,000 |
| RESERVES AND SURPLUS | | | |
| Capital Reserve | 5 | 44,386,959 | 42,099,367 |
| General Reserve | | 90,400,000 | 90,400,000 |
| Unappropriated Profit | | 189,220 | 75,894 |
| | | 134,976,179 | 132,575,261 |
| | | 407,976,179 | 405,575,261 |
| CUSTOMERS' SECURITY DEPOSITS | 6 | 10,919,570 | 18,596,091 |

| | | | |
|---|----|-------------|-------------|
| LONG TERM MORABAHA FINANCE | 7 | 12,500,000 | -- |
| DEFERRED LIABILITY | 8 | 1,293,112 | 899,747 |
| PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS | 9 | 44,916,750 | 54,977,131 |
| CURRENT LIABILITIES | | | |
| Current portion of customers' security deposits | | 2,964,195 | 6,581,090 |
| Finances under Morabaha and Musharika arrangements | 10 | 234,534,815 | 246,794,923 |
| Creditors, accrued and other liabilities | 11 | 14,373,051 | 17,407,967 |
| Provision for taxation | 12 | 3,942,594 | 5,057,594 |
| Dividend payable | | 20,475,000 | 27,300,000 |
| | | ----- | ----- |
| | | 276,289,655 | 303,141,574 |
| | | ----- | ----- |
| | | 753,895,266 | 783,189,804 |
| | | ===== | ===== |

The annexed notes form an integral part of these accounts

Chief Executive

Director

| | | | |
|---|----|-------------|-------------|
| TANGIBLE FIXED ASSETS | 13 | | |
| Operating assets in own use | | 17,433,136 | 6,193,560 |
| Operating assets given on lease | | 197,062,969 | 177,132,879 |
| | | ----- | ----- |
| | | 214,496,105 | 183,326,439 |
| DEFERRED COST | 14 | 419,604 | 693,406 |
| LONG TERM INVESTMENTS | 15 | 84,354,155 | 90,098,769 |
| LONG TERM FINANCES UNDER MORABAHA AND MUSHARIKA ARRANGEMENTS | 16 | 7,866,876 | 8,352,728 |
| CURRENT ASSETS | | | |
| Finances under Morabaha & Musharika arrangements | 17 | 293,263,809 | 322,738,610 |
| Short term investments | 18 | -- | 2,638,050 |
| Advances, deposits, prepayments & other receivables | 19 | 124,490,616 | 174,836,954 |
| Bank balances | 20 | 29,004,101 | 504,848 |
| | | ----- | ----- |
| | | 446,758,526 | 500,718,462 |
| | | ----- | ----- |
| | | 753,895,266 | 783,189,804 |
| | | ===== | ===== |

Director

Profit & Loss Account for the year ended 30 June 2000

| | <i>NOTE</i> | <i>2000</i> | <i>1999</i> |
|--------------------------------|-------------|---------------|---------------|
| | | <i>Rupees</i> | <i>Rupees</i> |
| REVENUE | | | |
| Income from leasing operations | | 62,933,732 | 75,544,604 |
| Profit on Morabaha finances | | 40,517,689 | 50,452,712 |

| | | | |
|--|------|-------------|-------------|
| Dividend on equity investments | | 897,037 | 2,669,514 |
| Processing, documentation, other fees and charges | | 631,044 | 847,000 |
| Gain/(loss) on sale of short term investments | 21 | 458,861 | 183,890 |
| Miscellaneous income | | 359,620 | 146,219 |
| Gain on sale of fixed assets | 13.3 | 671,793 | 288,202 |
| | | ----- | ----- |
| | | 106,469,776 | 130,132,141 |
| EXPENSES | | | |
| Operating expenses | 22 | 33,924,289 | 49,615,610 |
| Financial charges | 23 | 47,127,800 | 47,212,000 |
| | | ----- | ----- |
| | | 81,052,089 | 96,827,610 |
| Operating profit before provisions | | 25,417,687 | 33,304,531 |
| | | ----- | ----- |
| Provision for diminution in value of investments made/(added back) | | -- | 473,015 |
| | | ----- | ----- |
| | | 25,417,687 | 32,831,516 |
| Modaraba company's management fee | | 2,541,769 | 2,984,683 |
| | | ----- | ----- |
| Profit before taxation | | 22,875,918 | 29,846,833 |
| Provision for taxation | | -- | -- |
| | | ----- | ----- |
| Profit after taxation | | 22,875,918 | 29,846,833 |
| Unappropriated profit brought forward | | 75,894 | 398,428 |
| Transfer from general reserve | | -- | 3,100,000 |
| | | ----- | ----- |
| Profit available for appropriation | | 22,951,812 | 33,345,261 |
| APPROPRIATIONS | | | |
| Transfer to capital reserve | | 2,287,592 | 5,969,367 |
| Proposed dividend | | 20,475,000 | 27,300,000 |
| | | ----- | ----- |
| | | 22,762,592 | 33,269,367 |
| | | ----- | ----- |
| UNAPPROPRIATED PROFIT CARRIED FORWARD | | 189,220 | 75,894 |
| | | ===== | ===== |

The annexed notes form an integral part of these accounts.

Chief Executive

Director

Director

Statement of Sources and Application of funds for the year ended 30 June 2000

| | <i>2000</i> | <i>1999</i> |
|---|---------------|---------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| NET CASH INFLOW FROM OPERATING ACTIVITIES (NOTE "A") | 86,405,040 | 23,583,323 |
| Cash flows from investing activities | | |
| Fixed assets additions | (14,188,873) | (3,041,776) |
| Adjustment of depreciation on rescheduling of financing arrangement | (40,224,286) | -- |
| Sale proceeds of fixed assets | 3,866,166 | 42,237,571 |
| Short term investments | 2,638,050 | (2,799,515) |
| Long term investments | .5,744,614 | (1,987,921) |
| Finances under long term Morabaha arrangements | 485,852 | (8,352,728) |
| Gain/(loss) on sale of investments | 458,861 | 1 83,890 |
| Dividend income | 897,037 | 2,669,514 |

| | | |
|--|---------------------|---------------------|
| Customers' security deposits | (7,676,521) | (7,105,025) |
| Deferred cost | (86,197) | -- |
| Provision used to adjust the long term investments | (10,060,381) | (5,317,453) |
| NET CASH FLOW | (58,145,678) | (21,527,257) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase/(decrease) long term Morabaha finance activities | 12,500,000 | -- |
| Increase/(decrease) long term Morabaha finance activities | (12,260,108) | (1,639,146) |
| NET CASH FLOW | 239,892 | (1,639,146) |
| NET INCREASE IN CASH AND BANK BALANCES | 28,499,254 | 416,920 |
| CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR | | |
| | 504,848 | 87,928 |
| CASH AND BANK BALANCES AT THE END OF THE YEAR | | |
| | 29,004,101 | 504,848 |

| | | |
|--|---------------|---------------|
| | 2000 | 1999 |
| | Rupees | Rupees |

NOTE "A"**CASH FLOWS FROM OPERATING ACTIVITIES**

| | | |
|---|--------------|--------------|
| Profit for the year - before taxation | 22,875,918 | 29,846,833 |
| Add/(Less) Adjustment for | | |
| Depreciation | 20,049,120 | 35,183,201 |
| Gain on Disposal of fixed assets | (671,793) | (288,202) |
| Amortization of deferred cost | 360,000 | 360,000 |
| Provision for diminution in value of investments | -- | 473,015 |
| (Gain)/loss on sale of investments | (458,861) | (183,890) |
| Dividend income | (897,037) | (2,669,514) |
| Provision for gratuity | 449,978 | 417,672 |
| Gratuity paid | (56,613) | (17,925) |
| Dividend paid | (26,531,737) | (7,098,491) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Before working capital change | 15,118,975 | 56,022,699 |
| CHANGES IN WORKING CAPITAL | | |
| Decrease/(increase) in current assets: | | |
| Finances given under Morabaha arrangements | 29,474,801 | 3,457,157 |
| Advances, deposits, prepayments and other receivables | 50,346,338 | (46,033,574) |
| | 79,821,139 | (42,576,417) |
| Increase/(decrease) in current liabilities: | | |
| Creditors, accrued and other liabilities | (3,803,179) | 12,066,736 |
| Customers' security deposits | (3,616,895) | 4,960,305 |
| | (7,420,074) | 17,027,041 |
| Cash inflow from operating activities | | |
| Before Taxation | 87,520,040 | 30,473,323 |
| Taxes paid | (1,115,000) | (6,890,000) |
| Net cash inflow from operating activities | | |
| After Taxation | 86,405,040 | 23,583,323 |

Chief Executive

Director

Director

Notes to the Accounts for the year ended 30 June 2000

1. LEGAL STATUS AND NATURE OF BUSINESS

Trust Modaraba was formed under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Trust Management Services (Private) Limited. The Modaraba is perpetual, multi-purpose and multi-dimensional, engaged in the business of Morabahas, Musharika, leasing, investment in marketable securities and other related businesses. The Modaraba commenced its business operations from 12 November, 1991. It is listed on the Karachi, Lahore and Islamabad Stock Exchanges.

2. LEGAL COMPLIANCE WITH I.A.S.

These accounts comply with the International Accounting Standards, where applicable, in all material respects.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These accounts have been prepared under the historical costs convention.

3.2 Tangible fixed assets

3.2.1 Operating fixed assets in own use and depreciation

Operating fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged to income applying the straight line method at the rates given in note 13.1.

Full year's depreciation is charged on additions while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to income as and when incurred.

Major renewals and improvements are capitalized. Gain/loss on disposal of assets is charged to current year's income.

3.2.2 Operating assets given on Lease and depreciation

Operating assets given on lease are stated at cost less accumulated depreciation.

Depreciation is charged to income applying straight line method whereby the depreciable value of assets is written off over their estimated useful life to the Modaraba.

3.3 Gratuity

The Modaraba operates a gratuity scheme for its employees. Contribution to the fund is made annually to cover obligations under the scheme.

3.4 Investments

Long term investments are stated at cost. However, abnormal fall in the value of shares or certificates is suitably taken into account. Short term investments are stated at lower of cost and market value determined on an aggregate portfolio basis.

3.5 Revenue recognition

3.5.1 Profit on finances under Morabaha arrangements is recognized on a pro-rata basis taking into account the duration of placement of funds. The profit on Musharika finances is shared by the customer and the Modaraba in an agreed ratio based on projected rate of profit on each investment.

3.5.2 The Modaraba records all lease transactions as operating leases. Lease rentals are

recognized as income when lease installments become due under the agreements.

3.5.3 Dividend income is recognized on receipt basis.

3.5.4 Capital gain or loss on sale of investments is recognized in the year in which it arises.

3.6 Taxation

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

The Modaraba accounts for deferred taxation on all timing differences using the liability method excluding the tax effect of those timing differences which are not likely to reverse in the foreseeable future. As a measure of prudence, deferred tax debits are not accounted for.

| | <i>2000</i> <i>Rupees</i> | <i>1999</i> <i>Rupees</i> |
|--|------------------------------|------------------------------|
| 4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL | | |
| 15,000,000 Modaraba certificates of Rs. 10 each fully paid up in cash | 150,000,000 | 150,000,000 |
| 12,300,000 Modaraba certificates of Rs. 10 each issued as fully paid bonus certificates | 123,000,000 | 123,000,000 |
| ----- | ----- | ----- |
| 27,300,000 | 273,000,000 | 273,000,000 |
| ===== | ===== | ===== |

5. CAPITAL RESERVE

This is on account of statutory reserve created to comply with NBFIs regulations.

6. CUSTOMERS' SECURITY DEPOSITS

These represent the customers' deposit to secure the lease finances given to them and is made up as follows:

| | <i>2000</i> <i>Rupees</i> | <i>1999</i> <i>Rupees</i> |
|--|------------------------------|------------------------------|
| Balance as at 30.6.2000 | 13,883,765 | 25,177,181 |
| Less: Current portion grouped under current liabilities | 2,964,195 | 6,581,090 |
| | ----- | ----- |
| | 10,919,570 | 18,596,091 |
| | ===== | ===== |

7. LONG TERM MORABAHA FINANCE

| | | |
|---|------------|-------|
| Pak Lybia Holding Co. (Pvt) Ltd. | 17,500,000 | -- |
| Less: Transferred to Short Term Finance (Current Maturity) Note-10.1 | 5,000,000 | -- |
| | ----- | ----- |
| | 12,500,000 | -- |
| | ===== | ===== |

Rs. 20.00 Million Morabaha Finance facility was arranged with Pak Lybia Holding Co. (Pvt) Ltd. re-payable in 8 equal bi-annual installments. Finance is secured against 1st Pari Passu charge on all present & future assets of Trust Modaraba and assignment of lease rentals/receivables in favour of Pak Lybia Holding Co. (Pvt) Ltd. Profit payable on Morabaha is accounted for on a pro-rata basis over the term of agreement.

8. DEFERRED LIABILITY

This is in respect of Employees' Gratuity Scheme which has been established and the

provision has been made partially to cover the obligation under the scheme. The provision is subject to adjustment on calculation of liability according to Trust Modaraba Employees' Gratuity Fund up to 30th June, 2000.

9. PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS

This has been made to cover downfall in the value of long term investments. Movements in the account are as follows:

| | <i>2000</i> <i>Rupees</i> | <i>1999</i> <i>Rupees</i> |
|--|------------------------------|------------------------------|
| Balance as at 30-06-1999 | 54,977,131 | 60,294,584 |
| Less adjustment of loss on sale of investments during the year | 10,060,381 | 5,317,453 |
| | ----- | ----- |
| | 44,916,750 | 54,977,131 |
| | ===== | ===== |

10. FINANCES UNDER MORABAHA AND MUSHARIKA ARRANGEMENTS:

| | | |
|--------------------------------|-------------|-------------|
| Morabaha arrangements-secured | 19,000,000 | 7,000,000 |
| Musharika arrangements-secured | 215,534,815 | 239,794,923 |
| | ----- | ----- |
| | 234,534,815 | 246,794,923 |
| | ===== | ===== |

10.1 Finances under Morabaha arrangements were made with following:

| | | |
|--|------------|-----------|
| Crescent Investment Bank Limited | 4,000,000 | 7,000,000 |
| Pak Lybia Holding Co. (Pvt) Ltd-Note (7) | 5,000,000 | -- |
| Atlas Investment Bank Limited | 10,000,000 | -- |
| | ----- | ----- |
| | 19,000,000 | 7,000,000 |
| | ===== | ===== |

Finances have been obtained from financial institutions under Morabaha arrangement at a specified profit margin. These finances are secured by charge on assets and shares of listed companies owned by Modaraba and/or pledged by customers of the Modaraba as collateral for obtaining Morabaha finances referred to in Note 16.

10.2 Finances under Musharika arrangements were made with following:

| | | |
|--------------------------------|-------------|-------------|
| National Bank of Pakistan | 20,099,229 | 26,708,622 |
| The Bank of Punjab | 137,435,302 | 147,435,302 |
| Allied Bank of Pakistan | 30,000,284 | 35,000,000 |
| Muslim Commercial Bank Limited | -- | 3,651,000 |
| First Ibrahim Modaraba No. 1 | 18,000,000 | 20,000,000 |
| First Ibrahim Modaraba No. 2 | 10,000,000 | 7,000,000 |
| | ----- | ----- |
| | 215,534,815 | 239,794,924 |
| | ===== | ===== |

These represent finances obtained from commercial banks and a Modaraba under Musharika arrangements on profit and loss sharing basis. The Musharika finances are secured by charge on assets, shares of listed companies owned by Modaraba and/or pledged by customers of the Modaraba as collateral for obtaining Morabaha finances referred to in Note 1.6.

11. CREDITORS, ACCRUED & OTHER LIABILITIES

| | | |
|--|------------|------------|
| Profit payable on finances under Morabaha and Musharika arrangements | 10,038,317 | 12,458,863 |
| Advance payments from lessees | 4,200 | 30,260 |
| Trust Leasing Corporation Limited | -- | 72,983 |

| | | |
|--|------------|------------|
| Accrued expenses | 145,000 | 45,752 |
| Other payables | 5,752 | 612,200 |
| Unclaimed dividends | 4,179,782 | 3,411,519 |
| Payable to broker (purchase of shares) | -- | 776,390 |
| | ----- | ----- |
| | 14,373,051 | 17,407,967 |
| | ===== | ===== |

12. PROVISION FOR TAXATION

Modaraba Business has been exempted from taxation and as such no provision for taxation on income for the current year has been made.

13. TANGIBLE FIXED ASSETS

13.1 Operating assets in own use

| Particulars | As at 01.07.99 | Cost Additions/ (Disposals) | As at 30.06.00 | Accumulated Depreciation as at 30.06.00 | Book value as at 30.06.00 | Depreciation | |
|----------------------|-------------------|-----------------------------------|-------------------|---|---------------------------------|------------------------|------|
| | | | | | | Charge for the year | Rate |
| Land | -- | 10,853,400 | 10,853,400 | -- | 10,853,400 | -- | 0% |
| Furniture & fixture | 2,614,269 | -- (200,000) | 2,414,269 | 757,734 | 1,656,535 | 241,426 | 10% |
| Office equipment | 2,512,260 | 46,550 | 2,558,810 | 1,211,038 | 1,347,772 | 255,881 | 10% |
| Vehicles | 3,385,994 | 2,488,500 (2,226,681) | 3,647,813 | 2,182,904 (1,584,946) | 3,049,855 | 729,562 | 20% |
| Books | 16,000 | 423 | 16,423 | 16,423 | -- | 424 | 20% |
| Electrical equipment | 802,698 | -- | 802,698 | 277,124 | 525,574 | 80,269 | 10% |
| | ----- | ----- | ----- | ----- | ----- | ----- | |
| 2000 Rupees | 9,331,221 | 10,962,192 | 20,293,413 | 2,860,277 | 17,433,136 | 1,307,562 | |
| | ===== | ===== | ===== | ===== | ===== | ===== | |
| 1999 Rupees | 8,428,455 | 902,766 | 9,331,221 | 3,137,661 | 6,193,560 | 1,271,455 | |
| | ===== | ===== | ===== | ===== | ===== | ===== | |

13.2 Operating assets given on lease

| Particulars | As at 01.07.99 | Cost Additions/ (Disposals) | As at 30.06.00 | Accumulated Depreciation as at 30.06.00 | Book Value as at 30.06.00 | Depreciation | |
|-----------------------------------|-------------------|-----------------------------------|-------------------|---|---------------------------------|------------------------|------|
| | | | | | | Charge for the year | Rate |
| Plant & Equipments | 297,856,850 | -- (7,585,000) | 290,271,850 | 95,909,478 | 194,362,372 | 17,790,270 | 15% |
| Vehicles | 13,519,663 | 800,000 (8,263,365) | 6,056,298 | 3,355,701 | 2,700,597 | 951,288 | 20% |
| | ----- | ----- | ----- | ----- | ----- | ----- | |
| 2000 Rupees | 311,376,513 | (15,048,365) | 296,328,148 | 99,265,179 | 197,062,969 | 18,741,558 | |
| | ===== | ===== | ===== | ===== | ===== | ===== | |
| 1999 Rupees | 316,627,038 | (5,250,525) | 311,376,513 | 134,243,634 | 177,132,879 | 33,911,746 | |
| | ===== | ===== | ===== | ===== | ===== | ===== | |

13.3 Disposal of operating fixed assets (made by negotiation)

| DESCRIPTION | BOOK | SALE | GAIN/(LOSS) | REMARKS |
|--------------------------------|---------|---------|-------------|-----------------------------------|
| | VALUE | PRICE | | |
| | Rupees | Rupees | Rupees | |
| (i) Vehicles in own use | | | | |
| Toyota Corolla | 421,617 | 429,255 | 7,638 | Sold to Trust Leasing Corp. Ltd. |
| Suzuki Margalla | 59,261 | 60,000 | 739 | Mr. Abid Zafar Warraich -Employee |
| Suzuki Margalla | 101,596 | 145,019 | 43,423 | Mr. Shahid Mehmood |

| | | | |
|-----------------|--------|--------|------------------------------------|
| Suzuki Margalla | 59,261 | 60,000 | 739 Mr. Ijaz Ahmad Khan - Employee |
|-----------------|--------|--------|------------------------------------|

(ii) Assets given on Lease

| | | | |
|----------------------|-----------|-----------|--|
| Suzuki Mehran | 58,716 | 131,510 | 72,794 Mr. Ulfat Saleem |
| Kia Pride | 86,327 | 101,620 | 15,293 Jay-Dee Enterprises |
| Machinery Leased out | 281,945 | 700,000 | 418,055 Flying Board & Paper Products Ltd. |
| Toyota Corona | 1,808,615 | 1,808,616 | 1 Faysal Bank Limited |
| Suzuki Alto | (5) | 26,975 | 26,980 Kohinoor Edible Oils Ltd. |
| Suzuki Khyber | 21,000 | 30,000 | 9,000 Mrs. Mussarat Saleem |
| Suzuki Mehran | 49,501 | 77,000 | 27,499 Mr. Irfan Javed |
| Kia Pride | 120,323 | 140,000 | 19,677 Dr. Rashid A. Khalid |
| Suzuki Mehran | 126,216 | 156,171 | 29,955 Mr. Imran Amin |
| | ----- | ----- | ----- |
| | 3,194,373 | 3,866,166 | 671,793 |
| | ===== | ===== | ===== |

14. DEFERRED COST

This is in respect of renovation charges on the hired premises acquired by Trust Modaraba An annual installment of Rs. 360,000/- is charged to income during the year to amortize the deferred cost.

15. LONG TERM INVESTMENTS

| | 2000 | | 1999 | |
|-----------------------------------|---------------|---------------------|---------------|---------------------|
| | <i>Cost</i> | <i>Market Value</i> | <i>Cost</i> | <i>Market Value</i> |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| Shares of listed companies (15.1) | 78,549,729 | 33,600,225 | 77,521,530 | 22,767,654 |
| Certificates of Modarabas and Fun | 5,804,426 | 1,316,850 | 12,577,239 | 2,665,096 |
| | ----- | ----- | ----- | ----- |
| | 84,354,155 | 34,917,075 | 90,098,769 | 25,432,750 |
| | ===== | ===== | ===== | ===== |

15.1 Shares of listed companies

| | 2000 | | <i>Cost Per Share</i> | 1999 | |
|--|---------------|---------------------|-----------------------|---------------|---------------------|
| | <i>Cost</i> | <i>Market Value</i> | | <i>Cost</i> | <i>Market Value</i> |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| Trust Leasing Corporation Limited | | | | | |
| 2,613,200 (1999: 3,203,880) fully paid ordinary shares of Rupees 10 each | 29,830,198 | 12,151,380 | 11.41 | 36,829,798 | 9,611,640 |
| Dawood Leasing Limited | | | | | |
| 20,000 fully paid ordinary shares of Rupees 10 each | 230,600 | 88,000 | 11.53 | 230,600 | 100,000 |
| Inter Asia Leasing Company Limited | | | | | |
| 10,000 fully paid ordinary shares of Rupees 10 each | 91,500 | 14,500 | 9.15 | 91,500 | 50,000 |
| Union Leasing Corporation Limited | | | | | |
| 103,590 fully paid ordinary shares of Rupees 10 each | 1,942,600 | 269,334 | 18.75 | 1,942,600 | 336,668 |
| Trust Securities & Brokerage Ltd. | | | | | |
| 1,000 fully paid ordinary shares of Rupees 10 each | 4,250 | 3,000 | 4.25 | 6,375 | 3,000 |
| Amin Spinning Mills Limited | | | | | |
| 19,900 fully paid ordinary Shares of Rupees 10 each | 373,930 | 31,840 | 18.79 | 373,930 | 24,875 |

Kohinoor Spinning Mills Limited

52,700 fully paid ordinary shares of Rupees 10 each 2,711,460 137,020 51.45 2,711,460 158,100

Reliance Cotton Spinning Mills Limited

100 fully paid ordinary shares of Rupees 10 each 1,000 1,500 10.00 1,000 750

Legler-Nafees Denim Mills Limited

343,254 fully paid ordinary shares of Rupees 10 each 7,251,456 2,059,524 21.13 7,357,084 6,268,572

Pakistan Synthetics Limited

93,750 fully paid ordinary shares of Rupees 10 each 2,821,875 796,875 30.10 2,821,875 562,500

Sunshine Cloth Limited

45,500 fully paid ordinary shares of Rupees 10 each 656,155 34,125 14.42 656,155 34,125

Haseeb Waqas Sugar Mills Limited

510,100 fully paid ordinary shares of Rupees 10 each 5,037,043 852,675 9.87 5,037,043 918,180

Fauji Cement Company Limited

50,000 fully paid ordinary shares of Rupees 10 each 609,000 185,000 12.18 609,000 150,000

Maple Leaf Cement Company Limited

37,462 fully paid ordinary shares of Rupees 10 each 2,294,295 179,818 141.32 5,294,295 104,894

Kohinoor Energy Limited

200,000 fully paid ordinary shares of Rupees 10 each 3,274,844 2,540,000 16.37 2,652,796 1,743,750

Kohinoor Genertech Limited

12,000 fully paid ordinary shares of Rupees 10 each 181,860 92,400 15.16 181,860 129,600

Maple Leaf Electric Company Limited

162,000 (1999: 390,000) fully paid ordinary shares of Rupees 10 each 3,176,792 1,296,000 19.61 9,252,659 1,423,500

FFC Jordan Fertilizer Company Ltd.

Nil (1999: (102,000) fully paid ordinary shares of Rupees 10 each -- -- -- 1,471,500 1,147,500

Kohinoor Gujar Khan Mills Limited

10,500 fully paid ordinary shares of Rupees 10 each 46,451 36,750 4.42 -- --

Sargodha Spinning Mills Limited

133,500 fully paid ordinary shares of Rupees 10 each 385,300 320,400 2.88 -- --

Dewan Salman Fiber Limited

30,000 fully paid ordinary shares of Rupees 10 each 1,327,400 823,500 44.25 -- --

Dhan Fibers Limited

| | | | | | |
|--|------------|------------|-------|----|----|
| 961,000 fully paid ordinary shares of Rupees 10 each | 11,003,058 | 10,090,500 | 11.45 | -- | -- |
|--|------------|------------|-------|----|----|

Hub Power Company Limited

| | | | | | |
|---|-----------|-----------|-------|----|----|
| 90,000 fully paid ordinary shares of Rupees 10 each | 1,943,000 | 1,309,500 | 21.58 | -- | -- |
|---|-----------|-----------|-------|----|----|

Japan Power Generation Co. Limited

| | | | | | |
|---|---------|---------|------|----|----|
| 45,000 fully paid ordinary shares of Rupees 10 each | 348,250 | 234,000 | 7.74 | -- | -- |
|---|---------|---------|------|----|----|

Sui Southern Gas Company Limited

| | | | | | |
|--|-----|-------|------|----|----|
| 517 fully paid ordinary shares of Rupees 10 each | 500 | 8,324 | 0.97 | -- | -- |
|--|-----|-------|------|----|----|

Pakistan International Air Lines Corp. Ltd.

| | | | | | |
|---|-------|-------|-------|----|----|
| 600 fully paid ordinary shares of Rupees 5 each | 6,912 | 4,260 | 11.52 | -- | -- |
|---|-------|-------|-------|----|----|

| | | | | | |
|------------|------------|-------|------------|------------|-------|
| ----- | ----- | ----- | ----- | ----- | ----- |
| 78,549,729 | 33,600,225 | -- | 77,521,530 | 22,767,654 | |
| ===== | ===== | ===== | ===== | ===== | ===== |

| <i>2000</i> | | | <i>1999</i> | | |
|---------------|---------------------|-----------------------------|---------------|---------------------|--|
| <i>Cost</i> | <i>Market Value</i> | <i>Cost Per Certificate</i> | <i>Cost</i> | <i>Market Value</i> | |
| <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | |

15.2 CERTIFICATES OF MODARABA & FUNDS**First Fidelity Leasing Modaraba**

| | | | | | |
|---|---------|---------|------|---------|---------|
| 61,740 fully paid Modaraba certificates of Rupees 10 each (Managed by Fidelity Capital Management Limited) | 370,440 | 246,960 | 6.00 | 370,440 | 160,524 |
|---|---------|---------|------|---------|---------|

Golden Arrow Selected Stocks Fund

| | | | | | |
|--|---------|--------|------|-----------|-----------|
| 13,000 fully paid ordinary certificates of Rupees 5 each | 102,053 | 33,800 | 7.85 | 6,081,580 | 1,008,450 |
|--|---------|--------|------|-----------|-----------|

Growth Mutual Fund

| | | | | | |
|---|-----------|---------|-------|-----------|--------|
| 93,500 fully paid ordinary certificates of Rupees 10 each | 1,734,513 | 154,275 | 18.55 | 1,734,513 | 93,500 |
|---|-----------|---------|-------|-----------|--------|

24th ICP Mutual Fund

| | | | | | |
|--|-----------|---------|-------|-----------|---------|
| 249,400 fully paid ordinary certificates of Rupees 10 each | 2,494,000 | 436,450 | 10.00 | 2,494,000 | 361,630 |
|--|-----------|---------|-------|-----------|---------|

ICP S.E.M.R

| | | | | | |
|--|----|----|----|---------|---------|
| Nil (1999: 50,000) fully paid Ordinary certificates of Rupees 10 | -- | -- | -- | 591,800 | 527,500 |
|--|----|----|----|---------|---------|

First Al-Noor Modaraba

| | | | | | |
|---|---------|---------|------|---------|---------|
| 50,000 fully paid Modaraba certificates of Rupees 10 each (Managed by Al-Noor Modaraba (Pvt.) Limited) | 327,125 | 200,000 | 6.54 | 327,125 | 187,500 |
|---|---------|---------|------|---------|---------|

First Punjab Modaraba

| | | | | | |
|-----------------------------|--|--|--|--|--|
| 106,458 fully paid Modaraba | | | | | |
|-----------------------------|--|--|--|--|--|

| | | | | | |
|---|---------|---------|------|---------|---------|
| certificates of Rupees 10 each (Managed by Punjab Modaraba Services (Pvt.) Limited) | 775,575 | 244,945 | 7.28 | 701,061 | 176,102 |
|---|---------|---------|------|---------|---------|

First UDL Modaraba

20 (1999: 46,620) fully paid Modaraba
certificates of Rupees 10 each
(Managed by UDL Modaraba
Management (Pvt.) Limited)

| | | | | | |
|--------------------|-------------------|-------------------|------|-------------------|-------------------|
| | 720 | 420 | 6.00 | 276,720 | 149,890 |
| | 5,804,426 | 1,316,850 | | 12,577,239 | 2,665,096 |
| Grand Total | 84,354,155 | 34,917,075 | | 90,098,769 | 25,432,750 |

15.3 There is a downfall of Rs. 49,743,840/- in value of investments. Against this deficit there exists a provision for Rs. 44,916,750/-. The management, however, anticipates rise in market value of shares.

16. LONG TERM FINANCES UNDER MORABAHA AND MUSHARIKA ARRANGEMENTS

| | <i>2000</i> | <i>1999</i> |
|--|---------------|---------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| | 7,866,876 | 8,352,728 |

The contents of Notes 17.1 & 17.2 form part of this note also.

17. FINANCES UNDER MORABAHA AND MUSHARIKA ARRANGEMENTS

| | | |
|--|-------------|-------------|
| Morabaha finances | 292,097,871 | 324,572,672 |
| Musharika finance | 10,000,000 | 7,000,000 |
| | 302,097,871 | 331,572,672 |
| Provision for classified receivables under NBFI's Regulations | 8,834,062 | 8,834,062 |
| | 293,263,809 | 322,738,610 |

17.1 The Modaraba has sold goods under Morabaha arrangements whereby payment is deferred along with specified profit margin. These finances are secured by hypothecation and pledge of goods sold, demand promissory notes, personal guarantees and shares of listed companies as collateral and are considered good except the balances for which provision under NBFI's Regulations has been made.

17.2 Some of the security represented by shares of listed companies obtained from customers as collateral has been repledged as security against the finances under Musharika and Morabaha arrangements obtained by the Modaraba as referred to in Note 10.

18. SHORT TERM INVESTMENTS

| | <i>2000</i> | | <i>1999</i> | |
|---|---------------|---------------|---------------|---------------|
| | <i>Cost</i> | <i>Market</i> | <i>Cost</i> | <i>Market</i> |
| | <i>Rupees</i> | <i>Value</i> | <i>Rupees</i> | <i>Value</i> |
| | | <i>Rupees</i> | | <i>Rupees</i> |
| Shares of Listed companies (18.1) | -- | -- | 3,111,065 | 2,638,050 |
| Provision for Diminution in value of Investments made/(added back) | -- | -- | (473,015) | -- |
| | -- | -- | 2,638,050 | 2,638,050 |

18.1 Shares of listed companies

| | 2000 | | Cost Per Share Rupees | 1999 | |
|---|------------------------|--------------------------------|----------------------------------|------------------------|--------------------------------|
| | Cost Rupees | Market Value Rupees | | Cost Rupees | Market Value Rupees |
| PTCL "A" 45,000 (1999: 20,000) fully paid ordinary Shares of Rs.10 each | -- | -- | 19.96 | 898,290 | 904,500 |
| Bankers Equity Ltd. 5,500 fully paid ordinary shares of Rs.10 each | -- | -- | 4.73 | 26,000 | 22,550 |
| D.G. Cement Company Ltd. 120,000 fully paid ordinary shares of Rs.10 each | -- | -- | 5.50 | 660,250 | 504,000 |
| Hub Power Company Ltd. 10,000 fully paid ordinary shares of Rs.10 each | -- | -- | 13.61 | 136,100 | 145,000 |
| Karachi Electric Supply Corp. Ltd. 60,000 fully paid ordinary shares of Rs.10 each | -- | -- | 11.91 | 714,425 | 522,000 |
| ICI Pakistan Ltd. 60,000 fully paid ordinary shares of Rs.10 each | -- | -- | 11.27 | 676,000 | 540,000 |
| | -- | -- | | 3,111,065 | 2,638,050 |

| | 2000 Rupees | 1999 Rupees |
|--|------------------------|------------------------|
| 19. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | |
| Advances to employees (Note 19.1) | 1,815,215 | 2,078,061 |
| Advances to Trust Management Services (Pvt.) Ltd. | 3,604,955 | 925,918 |
| Profit on Morabaha financing | 7,157,842 | 22,456,411 |
| Lease rentals receivable | 99,674,026 | 140,549,201 |
| Security deposit | 625,000 | 625,000 |
| Short term prepayments | 1,974,010 | 65,859 |
| Sundry receivable | 106,167 | 24,179 |
| Due from associated company (Trust Leasing Corp. Ltd.) | -- | 3,500 |
| Advance for purchase of land | -- | 6,700,000 |
| Tax deducted at source | 216,287 | 169,888 |
| Legal suit charges | 995,845 | 1,238,937 |
| Due from Brokers (Sale of shares) | 8,178,500 | -- |
| Prepaid Insurance | 142,769 | -- |
| | 124,490,616 | 174,836,954 |

19.1 Advances given to employees are profit bearing. Maximum balance due from them at any time during the year was Rs. 2,268,439/-.

20. BANK BALANCES

| | | |
|-------------------|------------|---------|
| Current Accounts | 73,291 | 497,402 |
| Deposits Accounts | 28,930,810 | 7,446 |
| | ----- | ----- |
| | 29,004,101 | 504,848 |
| | ===== | ===== |

21. GAIN (LOSS) ON SALE OF SHORT TERM INVESTMENT

| | | |
|----------------------------------|---------|---------|
| Gain on disposal of fixed assets | 458,861 | 575,747 |
| Less: Loss on PTCL | -- | 391,857 |
| | ----- | ----- |
| Net gain | 458,861 | 183,890 |
| | ===== | ===== |

22. OPERATING EXPENSES

| | | |
|---|------------|------------|
| Salaries, allowances and other benefits (note 22.1) | 5,911,433 | 6,418,556 |
| Gratuity | 449,978 | 417,672 |
| Depreciation (note 22.2) | 20,049,121 | 35,183,201 |
| Legal and professional charges | 1,213,905 | 1,834,595 |
| Fees and subscription | 614,371 | 433,388 |
| Electricity, gas & water | 325,193 | 509,173 |
| Telephone, postage & telegram | 782,118 | 713,314 |
| Advertisement | 113,445 | 142,675 |
| Printing and stationery | 165,215 | 326,493 |
| Traveling conveyance and entertainment | 874,711 | 445,749 |
| Insurance | 258,992 | 247,881 |
| Vehicle running | 738,141 | 733,228 |
| Auditor's remuneration | 45,000 | 40,000 |
| Repairs and maintenance | 800,528 | 794,154 |
| Registrars' services | 840,000 | 840,000 |
| Deferred cost written-off | 360,000 | 360,000 |
| Donation | 20,000 | 42,000 |
| Miscellaneous | 362,139 | 133,531 |
| | ----- | ----- |
| | 33,924,290 | 49,615,610 |
| | ===== | ===== |

22.1 Salaries, allowances and other benefits

The aggregate amount charged in the account for the year on account of salaries, allowances and all other benefits to the Chief Executive, officers and employees of the Modaraba was as follows:

| | <i>30 June 2000</i> | | | <i>30 June 1999</i> | | |
|-----------------|------------------------|-----------------------------|------------------------|------------------------|-----------------------------|------------------------|
| | <i>Chief Executive</i> | <i>Executives/ Officers</i> | <i>Other Employees</i> | <i>Chief Executive</i> | <i>Executives/ Officers</i> | <i>Other Employees</i> |
| Basic salary | 718,740 | 1,393,056 | 529,913 | 653,400 | 1,643,955 | 589,447 |
| Allowances & ot | 1,350,281 | 1,476,143 | 443,300 | 1,245,875 | 1,902,041 | 383,838 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 2,069,021 | 2,869,199 | 973,213 | 1,899,275 | 3,545,996 | 973,285 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| No. of persons | 1 | 12 | 11 | 1 | 15 | 12 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

The chief executive and two other executives are provided with free use of company maintained cars.

| | |
|---------------|---------------|
| 2000 | 1999 |
| Rupees | Rupees |

22.2 DEPRECIATION

| | | |
|--------------------------|------------|------------|
| On own operating assets | 1,307,563 | 1,271,455 |
| On assets given on lease | 18,741,558 | 33,911,746 |
| | ----- | ----- |
| | 20,049,121 | 35,183,201 |
| | ===== | ===== |

23. FINANCIAL CHARGES

| | | |
|--|------------|------------|
| Profit on Morabahas and Musharika finances | 47,084,090 | 47,168,727 |
| Bank charges and commission | 43,710 | 43,273 |
| | ----- | ----- |
| | 47,127,800 | 47,212,000 |
| | ===== | ===== |

24. RENTALS RECEIVABLE WITHIN NEXT TWELVE MONTHS

Lease rentals receivable during the next twelve months ending on 30 June 2001, on the basis of lease agreements executed upto 30 June 2000 aggregate to approximately Rs. 63.628 million (1999: Rs. 91.085 million).

25. EARNING PER SHARE-BASIC

| | 2000 | | 1999 | |
|---|---|---|---|---|
| | <i>Numerator</i> <i>Rupees</i> <i>A</i> | <i>Denominator</i> <i>Rupees</i> <i>B</i> | <i>Numerator</i> <i>Rupees</i> <i>A</i> | <i>Denominator</i> <i>Rupees</i> <i>B</i> |
| Profit attributable to Ordinary certificate holders | 22,875,918 | -- | 29,846,833 | -- |
| Ordinary certificates | -- | 27,300,000 | -- | 2,730,000 |
| | ----- | ----- | ----- | ----- |
| | 22,875,918 | 27,300,000 | 29,846,833 | 27,300,000 |
| | ----- | ----- | ----- | ----- |
| Earning per share (A/B) Rs: | 0.838 | | 1.093 | |
| | ===== | | ===== | |

26. STATEMENT OF CHANGES IN EQUITY

| | <i>Share</i> <i>Capital</i> <i>Rupees</i> | <i>Capital</i> <i>Reserve</i> <i>Rupees</i> | <i>General</i> <i>Reserve</i> <i>Rupees</i> | <i>Profit for the</i> <i>Year and</i> <i>Appropriation</i> <i>Rupees</i> | <i>Total</i> <i>Rupees</i> |
|----------------------------|---|---|---|---|-------------------------------|
| Balance as at 01 July 1998 | 273,000,000 | 36,130,000 | 93,500,000 | 398,428 | 403,028,428 |
| Net profit for the year | | | | 29,846,833 | 29,846,833 |
| Appropriations: | | | | | |
| Capital Reserve | -- | 5,969,367 | -- | (5,969,367) | -- |
| General Reserve | -- | -- | (3,100,000) | 3,100,000 | -- |
| Proposed Dividend | -- | -- | -- | (27,300,000) | (27,300,000) |
| | ----- | ----- | ----- | ----- | ----- |
| Balance as at 01 July 1999 | 273,000,000 | 42,099,367 | 90,400,000 | 75,894 | 405,575,261 |
| | ===== | ===== | ===== | ===== | ===== |
| Net Profit for the year | | | | 22,875,918 | 22,875,918 |
| Appropriations: | | | | | |
| Capital Reserve | -- | 2,287,592 | -- | 2,287,592 | -- |
| General Reserve | -- | -- | -- | -- | -- |
| Proposed dividend | -- | -- | -- | (20,475,000) | (20,475,000) |
| | ----- | ----- | ----- | ----- | ----- |
| | 273,000,000 | 44,386,959 | 90,400,000 | 189,220 | 407,976,179 |

=====

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**27.1 Credit Risk**

The company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits company's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provision for doubtful receivables, if any and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments

27.2 Fair value of financial assets

The estimated fair value of long term investments as at June 30, 2000 is given in Note-15. The fair value of all other financial liabilities is estimated to approximate their carrying value.

28. GENERAL

- Office space, utilities and related expenditure have been borne by the management company.
- Previous year's figures have been re-arranged wherever necessary for the purpose of comparison.
- Figures have been rounded off to nearest rupees.

Chief Executive**Director****Director****Pattern of holding of the Certificates held by the Certificate Holders of Trust Modaraba as on 30 June 2000**

| <i>No. of Certificate Holders</i> | <i>Certificate Holdings</i> | | | <i>Total Certificate Held</i> | <i>Percentage of Total</i> |
|---|-----------------------------|-----------|--------|---------------------------------------|--------------------------------|
| | <i>from</i> | <i>to</i> | | | |
| 441 | 1 | -- | 100 | 27,324 | 0.100 |
| 1,151 | 101 | -- | 500 | 336,627 | 1.233 |
| 1,475 | 501 | -- | 1000 | 1,269,411 | 4.650 |
| 800 | 1001 | -- | 5000 | 1,890,046 | 6.923 |
| 152 | 5001 | -- | 10000 | 1,095,076 | 4.011 |
| 45 | 10001 | -- | 15000 | 580,530 | 2.126 |
| 20 | 15001 | -- | 20000 | 353,020 | 1.293 |
| 18 | 20001 | -- | 25000 | 389,612 | 1.427 |
| 13 | 25001 | -- | 30000 | 365,948 | 1.340 |
| 11 | 30001 | -- | 35000 | 359,152 | 1.316 |
| 14 | 35001 | -- | 40000 | 526,440 | 1.928 |
| 1 | 40001 | -- | 45000 | 42,000 | 0.154 |
| 1 | 45001 | -- | 50000 | 45,500 | 0.167 |
| 1 | 50001 | -- | 55000 | 51,000 | 0.187 |
| 3 | 60001 | -- | 65000 | 192,400 | 0.705 |
| 3 | 65001 | -- | 70000 | 206,940 | 0.758 |
| 1 | 70001 | -- | 75000 | 71,400 | 0.262 |
| 2 | 80001 | -- | 85000 | 162,082 | 0.594 |
| 1 | 85001 | -- | 90000 | 89,460 | 0.328 |
| 1 | 90001 | -- | 95000 | 92,000 | 0.337 |
| 1 | 95001 | -- | 100000 | 96,420 | 0.353 |
| 1 | 115001 | -- | 120000 | 118,200 | 0.433 |
| 1 | 125001 | -- | 130000 | 128,000 | 0.469 |
| 1 | 140001 | -- | 145000 | 144,480 | 0.529 |
| 1 | 180001 | -- | 185000 | 182,000 | 0.667 |
| 1 | 185001 | -- | 190000 | 189,154 | 0.693 |
| 1 | 210001 | -- | 215000 | 214,000 | 0.784 |
| 1 | 245001 | -- | 250000 | 250,000 | 0.916 |
| 1 | 255001 | -- | 260000 | 260,000 | 0.952 |
| 1 | 265001 | -- | 270000 | 268,620 | 0.984 |

| | | | | | |
|-------|---------|----|---------|------------|---------|
| 1 | 290001 | -- | 295000 | 291,200 | 1.067 |
| 1 | 345001 | -- | 350000 | 349,900 | 1.282 |
| 1 | 375001 | -- | 380000 | 376,668 | 1.380 |
| 2 | 450001 | -- | 455000 | 910,000 | 3.333 |
| 1 | 460001 | -- | 465000 | 462,600 | 1.695 |
| 1 | 520001 | -- | 525000 | 521,930 | 1.912 |
| 1 | 550001 | -- | 555000 | 551,550 | 2.020 |
| 1 | 1255001 | -- | 1260000 | 1,258,896 | 4.611 |
| 1 | 1705001 | -- | 1710000 | 1,705,220 | 6.246 |
| 1 | 1875001 | -- | 1880000 | 1,877,100 | 6.876 |
| 1 | 2890001 | -- | 2895000 | 2,890,160 | 10.587 |
| 1 | 6105001 | -- | 6110000 | 6,107,934 | 22.373 |
| ----- | | | | ----- | ----- |
| | 4,177 | | | 27,300,000 | 100.000 |
| ===== | | | | ===== | ===== |

Categories of Certificate Holders as on 30 June 2000

| <i>Categories</i> | <i>Number of Folios</i> | <i>Certificates Held</i> | <i>Percentage</i> |
|-------------------------------------|-----------------------------|------------------------------|-------------------|
| 1. Individuals | 3,640 | 8,075,570 | 29.5808 |
| 2. Joint | 14 | 823,590 | 3.0168 |
| 4. Investment companies | 11 | 262,370 | 0.9611 |
| 5. Modaraba companies | 10 | 1,020,542 | 3.7382 |
| 6. Joint stock companies | 1 | 13,271,082 | 48.6120 |
| 10. Financial foreign institutions: | 6 | 33,740 | 0.1236 |
| 11. Financial Local institutions: | 18 | 3,813,106 | 13.9674 |
| ----- | | | ----- |
| Grand Total: | 3,700 | 27,300,000 | 100.000 |
| ===== | | | ===== |