

Al-Mal Securities & Services Limited

Annual Report 2000

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COMPANY INFORMATION

Board of Directors:

Mr. S. Iradat Husain

Chairman

Mr. Maqbool Hussain

Vice Chairman

Mr. Ahmad H.I. Dada

Director

Mr. Amanullah Suleman

Director

Mr. Tariq Jamil Khan

Director

Mr. Mohammad Shoaib

Director (Nominee of PKIC)

Mr. Rizwanullah Kherati

Director (Nominee of PKIC)

Mr. Mohammad Azeem Khan

Chief Executive

Management Team:

Mr. Mohammad Azeem Khan

Miss. Farhat Yasmin

Mr. M. Ahsan Hashmi

Mr. Ghous Baksh Malhan

Company Secretary:

Mr. D.V. Karia

Bankers:

Muslim Commercial Bank Limited

Askari Commercial Bank Limited

Bank Al-Habib Limited

Auditors:

Ford, Rhodes, Robson, Morrow

Chartered Accountants

Finlay House, I.I. Chundrigar Road, Karachi.

Registered Office:

10th Floor, Progressive Square, Nursery

Sharea Faisal, Karachi.

DIRECTORS' REPORT

The directors have pleasure in submitting herewith their Report and Audited Accounts together with Auditors' Report of the Company for the year ended 30th June, 2000.

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
1. Operating Results: (Summarized results for the year under report are as under)		
* Total operating income	13,560,477	7,914,464
* Profit for the year before tax	6,934,926	2,019,326
* Net Profit for the year after tax	6,854,979	1,969,125
* Proposed Dividend @ 7.5% (1999: Nil)	(3,750,000)	--
* Accumulated Profit/(Loss) brought forward	3,104,979	1,969,125
* Accumulated Profit/(Loss) carried forward	(20,232,954)	(22,202,079)
* Accumulated Profit / (Loss) carried forward	(17,127,975)	(20,232,954)
* Earning per share	1.37	0.39

2. Chief Executive's Review:

The Chief Executive's review deals with the business activities and operating results of the Company during the year and future outlook.

The directors endorse the contents of the report.

3. Dividend

The directors are pleased to announce distribution of cash dividend @ 7.5% i.e. Rs. 0.75 per share from the net profit for the year notwithstanding accumulated losses of previous years. This step has been taken with a view to offering some return to the shareholders, who have infact waited for a long time ever since public floatation of shares and also to meet the listing requirement of Stock Exchanges, so as to avoid being quoted on "Defaulters" counter. In this manner a sum of Rs. 3.750 million will be paid out as cash dividend while the balance amount of Rs. 3.105 million has been carried forward to reduce the accumulated losses arisen mainly due to diminution in value of long-term investments.

4. Pattern of share holding is attached:

5. Auditors:

The present auditors M/s Ford, Rhodes, Robson, Morrow, Chartered Accountants retire and being eligible offer themselves for re-appointment.

6. Acknowledgement:

The directors wish to place on record their appreciation and thanks to shareholders and customers for their continued confidence in the Company, the Securities & Exchange Commission of Pakistan and the Stock Exchanges for their guidance, and to all the members of the management and staff for their dedication and hard work.

On behalf of the Board

October 4, 2000
Karachi

MAQBOOL HUSSAIN
Vice Chairman

CHIEF EXECUTIVE'S REVIEW

I am pleased to present the Seventh Annual Report of Al-Mal Securities & Services Limited, as public listed company, together with the Audited Accounts for the year ended 30th June 2000. The Company is listed at all the three stock exchanges of the country for the convenience of its shareholders.

Results of the Operations

During the current financial year the market after going through initial turbulent period have shown signs of stability. The index which was 1055 as on 30th June 1999 improved to 1520 as on 30th June 2000.

During the current financial year the sanctions imposed were not lifted (just eased a bit) and there were no new loans from I.M.F. The dispute of Hubco is yet to be resolved. However, there are signs that sincere attempts are being made from both the sides to resolve this complicated dispute. The financial year saw the beginning of the documentation of economy, which although welcomed in principle, is still a cause of concern for the investors.

During the second half of the financial year there was a sudden upsurge in the market and the index

went up to 2054 in the month of March 2000. A large number of investors and also members of all the three stock exchanges in Pakistan fell prey to this situation. Some of the members lost their membership cards and the investors also suffered very heavily. For the first time the stock market in Karachi, Lahore & Islamabad were closed to settle the thorny issues, This was not a good omen for the stock markets. However, the management of stock exchanges and the Securities & Exchange Commission of Pakistan brought the situation under control. The Securities & Exchange Commission had setup an inquiry into this episode and has now brought in new rules to control the stock market operations and safeguard the investors interest.

In the wake of all this turbulence your company has been able to perform well. We have been cautious in our approach and this has yielded some good results.

Our major revenue emanates from brokerage business. Our commission income for the year is Rs. 10,586,092 as against Rs. 6,949,787 during the year 1998-1999. This reflects net rise of Rs. 3,636,305. We are committed to further develop this solid base of our customers.

As we mentioned in our last year's report that we were going to focus on short term trading and are now happy to report that during the current financial year our capital gain on shares was Rs. 1,735,039 as against last year's figure of Rs. 255,255.

Dividend disclosures in the corporate sector also showed improvement and our dividend income this year was Rs. 462,659 as against Rs. 236,207 during the financial year 1998-1999.

Overall revenue figure improved from Rs. 7,914,464 in 1998-1999 to Rs. 13,560,477 in 1999-2000. This is an exceptional improvement and we thank Almighty Allah for His help and guidance.

Our expenses, as always, have been in proper check, and during the year minimal increase of 9.86% has been reflected. We feel that in the present conditions and without impairing efficiency we have been able to keep our expenses within control.

Future Outlook

As mentioned above the market suffered a severe blow in April / May this year. It has still not recovered fully from its effects. Economy in general is being documented and this covers the business at the stock market as well. Investors will take time to digest this new approach. However this is going to bring with it much stability in the market in future years. The matter of Hubco is being resolved because of the personal intervention of the Chief Executive of the country. A new I.M.F. standby facility is around the corner and we hope the worst is over now. All the more, the very inherent nature of the business is risky, hence your management will strive to adopt a reasonable risk management strategy.

October 4, 2000
Karachi

M. AZEEM KHAN
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AL-MAL SECURITIES AND SERVICES LIMITED as at June 30, 2000 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion;

(i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2000 and of the profit, its cash flow and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

October 09, 2000
Karachi

FORD, RHODES, ROBSON, MORROW
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
EQUITY AND LIABILITIES			
CAPITAL & RESERVES			
Share Capital			
Authorised			
5,000,000 ordinary shares of Rs. 10/- each		50,000,000	50,000,000
		=====	=====
Issued, subscribed and paid-up			
5,000,000 (1999: 5,000,000) ordinary shares			
of Rs. 10/- each fully paid in cash		50,000,000	50,000,000
Accumulated losses		(17,127,975)	(20,232,954)
		-----	-----
		32,872,025	29,767,046
NON-CURRENT LIABILITIES			
Deferred liability - staff gratuity		1,744,850	1,168,200
CURRENT LIABILITIES			
Creditors and accrued liabilities	11	7,879,690	8,549,110
Proposed dividend		3,750,000	--
COMMITMENT			
	12		
		-----	-----
		46,246,565	39,484,356
		=====	=====
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets	3	2,017,769	1,703,756
Room and membership card	4	11,658,458	11,658,458
Long term investments	5	4,549,531	3,955,690
Long term deposits and deferred costs	6	336,500	213,000
		-----	-----
		18,562,258	17,530,904
CURRENT ASSETS			
Short term investments	7	1,753,437	1,217,660
Receivable from customers	8	10,972,711	3,570,767
Advances, deposits, prepayments and other receivables	9	1,008,351	7,329,195
Cash and bank balances	10	13,949,808	9,835,830
		-----	-----
		27,684,307	21,953,452
		-----	-----
		46,246,565	39,484,356
		=====	=====

The annexed notes form an integral part of these accounts.

M. Azeem Khan
Chief Executive

Maqbool Hussain
Vice Chairman

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
OPERATING INCOME			
Brokerage income		10,586,092	6,949,787
Other operating income	13	1,182,659	956,207
Capital gain on investments	14	1,735,039	255,255
		-----	-----
		13,503,790	8,161,249
OPERATING AND ADMINISTRATIVE EXPENSE	15	(7,926,398)	(7,214,565)
		-----	-----
OPERATING PROFIT		5,577,392	946,684
OTHER INCOME	16	56,687	(246,785)
WRITE-BACK OF PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS	17	1,300,847	1,319,427
		-----	-----
PROFIT BEFORE TAXATION		6,934,926	2,019,326
Taxation	18	(79,947)	(50,201)
		-----	-----
PROFIT AFTER TAXATION		6,854,979	1,969,125
APPROPRIATION			
Proposed cash dividend @ 7.5% (1999: Nil)		(3,750,000)	--
		-----	-----
		3,104,979	1,969,125
Accumulated losses brought forward		(20,232,954)	(22,202,079)
		-----	-----
Accumulated losses carried forward		(17,127,975)	(20,232,954)
		=====	=====
Earning per share	21	1.37	0.39
		=====	=====

The annexed notes form an integral part of these accounts.

M. Azeem Khan
Chief Executive

Maqbool Hussain
Vice Chairman

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		6,934,926	2,019,326
Adjustments for:			
Depreciation		411,009	380,695
Profit/(loss) on sale of long-term investments		(23,089)	319,421
Loss on sale of fixed assets		3,183	265,926
Amortization of deferred costs			364,150
Write-back for diminution in value of investments		--	(1,319,427)
Provision for gratuity		618,039	431,525
		-----	-----
		(291,705)	442,290
		-----	-----
Operating profit before working capital changes		6,643,221	2,461,616
(Increase) / decrease in operating assets:			
Short term investments		(423,808)	--
Receivable from customers		(7,401,944)	679,662

Advances, prepayments and other receivables excluding taxation	6,398,064	(6,358,344)
	(1,427,688)	(5,678,682)
	5,215,533	(3,217,066)
Increase / (Decrease) in operating liabilities:		
Creditors and accrued liabilities	(669,420)	5,201,389
Cash generated from operations	4,546,113	1,984,323
Taxes paid	(157,167)	(67,857)
Gratuity paid	(41,389)	(67,525)
	(198,556)	(135,382)
Net cash from operating activities	4,347,557	1,848,941
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(740,555)	(476,904)
Long-term deposits and deferred cost	(123,500)	56,400
Sale proceeds of fixed assets	12,350	282,594
Sale proceeds of long-term-investments	618,126	447,350
Net cash (outflow) / inflow from investing activities	(233,579)	309,440
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,113,978	2,158,381
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	9,835,830	7,677,449
CASH AND CASH EQUIVALENTS AT END OF THE YEAR - note 10	13,949,808	9,835,830

The annexed notes form an integral part of these accounts.

M. Azeem Khan
Chief Executive

Maqbool Hussain
Vice Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2000

	<i>Issued subscribed & paid-up capital</i>	<i>Revenue reserve upappropriated profit / (loss)</i>	<i>Total</i>
	<i>Rupees</i>		
Balance as at July 1, 1998	50,000,000	(22,202,079)	27,797,921
Net profit for the year	--	1,969,125	1,969,125
Balance as at June 30, 1999	50,000,000	(20,232,954)	29,767,046
Net profit for the year	--	6,854,979	6,854,979
Proposed dividend	--	(3,750,000)	(3,750,000)
	--	3,104,979	3,104,979
Balance as at June 30, 2000	50,000,000	(17,127,975)	32,872,025

M. Azeem Khan
Chief Executive

Maqbool Hussain
Vice Chairman

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2000

1. STATUS AND NATURE OF BUSINESS

Al-Mal Securities and Services Limited is a public limited company, incorporated on 19th May,

1992 under the Companies Ordinance, 1984. It is engaged in the business of stock brokerage, investment counselling and registrar services. It is Corporate Member of The Karachi Stock Exchange (Guarantee) Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Retirement benefits

Staff gratuity

The company operates an unfunded gratuity scheme covering employees who have completed one year of service with the Company. Provision is made to cover obligations under the scheme.

2.3 Tangible fixed assets

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of asset is written off over its estimated useful life in respect of additions and disposals during the year, depreciation is charged proportionately for the period of use. The rates used are stated in note 3 to the accounts.

Normal repairs and maintenance costs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Profit or loss on disposal of assets if any, is included in income currently.

2.4 Room and membership card

These are stated at cost. Provision is made for any diminution in value which is considered other than temporary.

2.5 Long term investments - quoted

These are stated at cost. Provision is made for decline other than temporary, if any, in the value of these investments.

2.6 Short term investments - quoted

These are stated at moving average cost and market value determined on an aggregate basis, whichever is lower.

2.7 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any or 0.5% of the turnover, whichever is higher.

Deferred

Deferred taxation is computed and recorded, on all material temporary timing differences. Deferred tax debits are not accounted for as a matter of prudence.

2.8 Revenue recognition

(a) Return on short-term investments is recognised on accrual basis.

(b) Dividend income is recorded at the time of closure of share transfer books of the modaraba/company declaring dividend.

(c) Sales and purchases of securities are recognised on the date of contract. Capital gain or loss on sale of marketable securities is taken to income in the period in which it arises.

(d) Brokerage and other income is accrued as and when due.

3. TANGIBLE FIXED ASSETS

PARTICULARS	COST				DEPRECIATION			Book Value as at June 30, 2000 Rupees	Rate of depreciation per annum %
	As at July 01, 1999 Rupees	Additions/ (deletions) during the year Rupees	As at June 30, 2000 Rupees	As at July 01, 1999 Rupees	For the Year Rupees	Adjustment on deletion Rupees	As at June 30, 2000 Rupees		
	Leasehold improvements	78,708	73,520	152,228	51,161	8,484	--		
Furniture and fixture	354,328	133,480	461,808	141,468	36,546	(10,467)	167,547	294,261	10

		(26,000)							
Office equipment	1,404,673	498,895	1,903,568	429,210	176,379	--	605,589	1,297,979	10
Motor vehicles	923,850	34,660	958,510	435,964	189,600	--	625,564	332,946	20
2000	2,761,559	740,555 (26,000)	3,476,114	1,057,803	411,009	(10,467)	1,458,345	2,017,769	
1999	3,395,609	476,904 (1,110,954)	2,761,559	1,239,542	380,695	(562,434)	1,057,803	1,703,756	

3.1 Disposal of Fixed Assets

<i>PARTICULARS</i>	<i>Cost Rupees</i>	<i>Accumulated depreciation Rupees</i>	<i>Book value Rupees</i>	<i>Sale proceeds Rupees</i>	<i>Gain/(loss) Rupees</i>	<i>Mode of disposal</i>	<i>Particulars of purchasers</i>
Furniture and fixture	15,400	5,647	9,753	4,900	(4,853)	Negotiation	Mr. Rana Jamal H. No. B-62, Block No. 3, Metrovil No. 1, Karachi.
Furniture and fixture (costing below Rs.5,000)	10,600	4,820	5,780	7,450	1,670	Negotiation	Various
2000	26,000	10,467	15,533	12,350	(3,183)		
1999	1,110,954	562,434	548,520	282,594	(265,926)		
			<i>2000 Rupees</i>	<i>1999 Rupees</i>			

4. ROOM AND MEMBERSHIP CARD

Room at Karachi Stock Exchange building	1,158,458	1,158,458
Membership card	10,500,000	10,500,000
	11,658,458	11,658,458

5. LONG-TERM INVESTMENTS

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

<i>Name of mutual fund/modaraba/company</i>	<i>Number of certificates/shares</i>		<i>Cost</i>		<i>Market value</i>	
	<i>2000</i>	<i>1999</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
MUTUAL FUNDS:						
ICP Mutual Fund XXI	27,200	27,200	486.99	486,985	48,960	40,800
ICP Mutual Fund XXII	38,500	38,500	1,068,500	1,068,500	119,350	86,625
ICP Mutual Fund XXIII	34,000	34,000	459,475	459,475	62,900	37,400
MODARABAS:						
Associated:						
Modaraba Al-Mali	108,000	108,000	1,673,565	1,673,565	518,400	480,600
Modaraba Al-Tijarah	216,040	216,040	2,302,542	2,302,542	216,040	237,644
Others:						
First Habib Bank Modaraba	6,275	6,275	56,856	56,856	44,866	39,218
First Habib Modaraba (Rs.5 each)	24,900	24,900	196,380	196,380	97,110	68,475
Schon Modaraba	12,352	12,352	70,357	70,357	6,176	9,882
LEASING COMPANIES:						
Ibrahim Leasing Limited	5,000	5,000	93,650	93,650	24,000	18,500
Natover Motor Leasing Limited	10,700	10,700	193,645	193,645	32,100	57,245
Union Leasing Company Limited	16,215	16,215	274,275	274,275	45,402	48,645
SYNTHETIC AND RAYON:						
Dhan Fibres Limited	--	43,000	--	587,965	--	197,800
Gatron (Industries) Limited	22,000	22,000	938,375	938,375	372,900	319,000
Liberty Mills Limited	3,000	3,000	64,680	64,680	40,500	15,000
Polyron Limited	50,000	50,000	932,915	932,915	137,500	127,500
Ravi Rayon Limited	20,000	20,000	247,800	247,800	20,000	50,000
Tristar Polyester Limited	26,400	26,400	643,250	643,250	26,400	46,200

SUGAR AND ALLIED INDUSTRIES:

J.D.W. Sugar Mills Limited	15,500	124,875	124,875	46,500	34,875	
CEMENT COMPANIES:						
Essa Cement Limited	5,204	4,731	178,950	178,950	52,040	33,117
Maple Leaf Cement Factory Ltd.	9,612	9,612	416,500	416,500	48,060	27,394
Punjab Building Products Limited (45,500	45,500	433,875	433,875	--	--
FUEL AND ENERGY:						
The Karachi Electric Supply Corp.	18,300	18,300	722,971	722,971	176,595	157,380
Kohinoor Energy Limited	5,000	5,000	115,000	115,000	63,500	53,000
Kohinoor Power Company Limited	28,940	28,940	1,127,875	1,127,875	144,700	94,055
AUTO AND ALLIED ENGINEERING:						
Agri Autos Industries Limited (Rs.	383,858	383,858	3,543,335	3,543,335	1,497,046	1,132,381
Al-Ghazi Tractors Limited (Rs. 5 ea	--	125	--	3,885	--	6,250
Allied Motors Limited	9,500	9,500	134,750	134,750	14,250	11,400
Baluchistan Wheels Limited	1,500	1,500	48,825	48,825	33,150	31,950
Ghandhara Nissan Limited	1,300	1,300	38,339	38,339	4,615	10,595
Hinopak Motors Limited	480	480	18,500	18,500	20,112	23,040
TRANSPORT AND COMMUNICATION:						
Pakistan International Airline Corp	--	231	--	3,187	--	2,980
CHEMICAL AND PHARMACEUTICALS:						
I.C.I. Pakistan Limited	10,485	10,485	263,242	263,242	158,848	92,792
Otsuka Pakistan Limited	7,700	7,700	274,725	274,725	68,530	54,670
Searle Pakistan Limited	10,465	9,514	466,700	468,700	179,998	115,119
VANASPATI AND ALLIED						
Kashmir Edible Oil Mills Limited	34,300	34,300	429,575	429,575	96,040	68,600
GLASS AND CERAMICS:						
Medi Glass Limited	9,492	9,492	92,095	92,095	8,543	9,967
MISCELLANEOUS:						
Mandviwala Mauser and Plastic In	48,400	48,400	482,190	482,190	108,900	101,640
Turbo Tec. Limited	15,500	15,500	88,000	88,000	15,500	13,950
			18,705,572	19,300,609	4,549,531	3,955,690
Less: Provision for diminution in value of investments- note 5.1			(14,156,041)	(15,344,919)		
			4,549,531	3,955,690		
			2000	1999		
			Rupees	Rupees		
5.1 Provision for diminution in value of investments						
Balance as at July 1m			15,344,919	16,598,769		
Write -back made during the year			(1,188,878)	(1,253,850)		
Balance as at June 30,			14,156,041	15,344,919		
6. LONG-TERM DEPOSITS AND DEFERRED COSTS						
Deposits						
Lease key money			55,700	86,200		
Membership with Karachi Stock Exchange (Guarantee) Limited			225,000	50,000		
Central Depository Company of Pakistan Limited			100,000	100,000		
Utilities			5,500	1,300		
Vault			6,000	6,000		
			392,200	243,500		
Current maturity of lease key money			(55,700)	(30,500)		
			336,500	213,000		
Floatation expenses						
Brokerage			--	162,550		
Commission			--	578,002		
Other expenses			--	1,080,160		

	-----	-----
	--	1,820,712
Amortized to date	--	(1,820,712)
	-----	-----
	--	--
	-----	-----
	336,500	213,000
	=====	=====

7. SHORT TERM INVESTMENT

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

<i>Name of mutual fund/modaraba/company</i>	<i>Number of certificates/shares</i>		<i>Cost</i>		<i>Market value</i>	
	<i>2000</i>	<i>1999</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
MUTUAL FUNDS:						
ICP Mutual Fund XXIV	2,500	2,500	24,000	24,000	4,750	3,625
MODARABAS:						
B.F. Modaraba	1,500	1,500	12,669	12,669	4,050	3,000
First Grindlays Modaraba	3,000	27,000	53,053	477,475	43,650	330,750
First Punjab Modaraba	3,614	3,614	40,585	40,585	8,312	7,589
LEASING COMPANIES:						
Capital Asset Leasing Corporation	1,500	1,500	20,786	20,786	3,150	5,250
Paramount Leasing Limited	4,000	4,000	48,950	48,950	20,600	20,000
BANKS / INVESTMENT COMPANIES:						
Al-Faysal Investment Bank Limite	6,812	6,812	226,675	226,675	76,294	61,308
First Capita Securities Corporation	--	9,281	--	143,000	--	74,248
INSURANCE:						
EFU General Insurance Company	3,497	3,148	187,415	187,415	118,888	81,848
New Jubilee Insurance Co Ltd. (Rs)	3	9,703	56	181,100	99	174,654
TEXTILE SPINNING:						
Ishtiaq Textile Mills Limited	1,500	1,500	14,475	14,475	11,625	11,850
Saritaw Spinning Mills Limited	1,500	1,500	10,050	10,050	4,125	4,125
Service [Textile] Industries Limited	2,500	2,500	30,625	30,625	2,500	10,875
TEXTILE COMPOSITE:						
(Colony) Sarhad Textile Mills Limit	1,000	1,000	8,750	8,750	2,000	2,000
Marr Fabrics Limited	1,000	1,000	6,500	6,500	1,000	1,950
Tawakkal Garments Limited	4,200	4,200	131,715	131,715	1,880	1,050
WOOLEN:						
Bannu Woollen Mills Limited	1,500	1,500	107,000	107,000	43,500	45,000
SYNTHETIC AND RAYON:						
Pakistan Synthetic Limited	5,000	5,000	102,593	102,593	42,500	30,000
Sunshine Cloth Limited	1,500	1,500	15,000	15,000	--	--
SUGAR AND ALLIED INDUSTRIES:						
Chashma Sugar Mills Limited	4,000	4,000	47,687	47,687	34,400	18,000
Sindh Abadgars Sugar Mills Limit	2,000	2,000	32,095	32,095	14,000	14,000
Tandianwala Sugar Mills Limited	500	500	4,250	4,250	1,000	1,500
CEMENT COMPANIES:						
Chakwal Cement Limited	7,000	--	30,450	--	12,250	--
Lucky Cement Limited	17,500	17,500	358,774	358,774	155,750	72,625
Pioneer Cement Limited	20,000	20,000	551,112	551,112	68,000	51,000
Pakistan Slag Cement Industries Li	4,000	4,000	113,000	113,000	12,000	8,000
FUEL AND ENERGY:						
Mari Gas Company Limited	--	500	--	12,250	--	8,950
Hub Power Limited	25,000	--	486,546	--	367,500	--
Japan Power Limited	8,000	--	64,500	--	42,000	--
Sui Northern Gas Limited	5,000	--	97,750	--	79,500	--
ENGINEERING:						
Abbas Engineering Ind. Ltd. (Has	3,500	3,500	58,540	58,540	10,500	15,400

Huffaz Seamless Pipes Industries	3,300	3,300	34,600	34,600	9,900	7,425
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TRANSPORT & COMMUNICATION

PTC Limited	6,000	--	173,859	--	162,000	--
-------------	-------	----	---------	----	---------	----

CHEMICAL AND PHARMA CEUTICAL:

Fauji Fertilizers Limited	3,000	--	168,749	--	119,100	--
Fauji Jordan Fertilizers Limited	6,000	--	80,257	--	54,600	--
ICI Pakistan Limited	11,000	--	190,402	--	166,650	--
Kausar Paints Limited	1,000	1,000	13,625	13,625	2,250	3,200
Reckitt & Colman of Pakistan Limit	1,496	1,496	131,600	131,500	35,904	41,888
Wah Noble Chemicals Limited	300	300	25,500	25,500	9,000	4,200

PAPER AND BOARD:

Pak Paper Sack Corporation Ltd (R	300	8,800	3,811	111,800	3,150	88,000
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VANASPATI AND ALLIED INDUSTRIES:

Muslim Ghee Industries Limited	3,500	3,500	28,375	28,375	5,250	14,350
--------------------------------	-------	-------	--------	--------	-------	--------

-----	-----	-----	-----
3,736,379	3,312,571	1,753,437	1,217,660
=====	=====	=====	=====

Provision for diminution in value
of investments- note 7.1

(1,982,942)	(2,094,911)
-------------	-------------

-----	-----
1,753,437	1,217,660
=====	=====

2000	1999
Rupees	Rupees

7.2 Provision for diminution in value of investments

Balance as at July 1.	2,094,911	2,160,488
Write -back made during the year	(111,969)	(65,577)

Balance as at June 30,	-----	-----
	1,962,942	2,094,911
	=====	=====

8. RECEIVABLE FROM CUSTOMERS - considered good

Associated undertakings - note 8.2	1,560	--
Others	10,971,151	3,570,767

-----	-----
10,972,711	3,570,767
=====	=====

8.1 These are secured against the delivery of shares from the Karachi Stock Exchange (Guarantee) Limited.

8.2 Maximum amount due from associated undertakings at the end of any month during the year was Rs. 2,802,739 (1999: Nil).

9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good:

To executives- note 9.1	65,500	--
Staff against salary	87,500	53,531
For capital expenditure - note 12.1	10,000	13,500

-----	-----
163,000	67,031

Deposits

Current maturity of lease key money - note 6	55,700	30,500
--	--------	--------

Advance taxation - note 9.2	161,543	84,323
-----------------------------	---------	--------

Karachi Stock Exchange (Guarantee) Limited	--	6,297,410
Prepayments	134,081	148,211

Other receivables:

Dividend	29,601	15,705
Brokerage	214,285	141,895
Associated undertakings - note 9.3	145,241	429,620
Others	104,900	114,500

-----	-----
494,027	701,720

-----	-----
1,008,351	7,329,195

9.1 Maximum balance due from an executive at the end of any month during the year was Rs. 61,000 (1999: Nil).

9.2 The assessments of the company have been completed upto the assessment year 1999-2000, corresponding to income year ended June 30, 1999.

9.3 Maximum balance due from associated undertakings at the end of any month during the year was Rs. 440,039 (1999: Rs. 641,838).

10. CASH AND BANK BALANCES

Cash in hand	349	--
Cash at banks - current accounts	13,949,459	9,835,830
	-----	-----
	13,949,808	9,835,830
	=====	=====

11. CREDITORS AND ACCRUED LIABILITIES

Due to customers	3,435,119	8,323,959
Due to Karachi Stock Exchange (Guarantee) Limited	4,217,608	--
Accrued liabilities	226,963	225,151
	-----	-----
	7,879,690	8,549,110
	=====	=====

12. COMMITMENTS

12.1 For office at the new Karachi Stock Exchange Building	590,000	590,000
	=====	=====

12.2 For rentals payable under operating lease agreement in respect of vehicle:

Payable in years ending June 30,		
2000	--	266,080
2001	56,400	56,400
	-----	-----
	56,400	322,480
	=====	=====

13. OTHER OPERATING INCOME

Income from registrar services	720,000	720,000
Dividend income - note 13.1	462,659	236,207
	-----	-----
	1,182,659	956,207
	=====	=====

13.1 Dividend income

From modarabas		
Associated undertakings	135,125	--
Others	98,520	80,400
From companies	229,014	155,807
	-----	-----
	462,659	236,207
	=====	=====

14. CAPITAL GAIN ON INVESTMENTS

Sales	453,483,825	186,941,151
Less: Cost of sales:		
Opening balance of marketable securities	3,312,571	3,312,571
Cost of long-term investments sold	595,037	766,771
Purchases	451,577,557	185,919,125
Closing balance of marketable securities	(3,736,379)	(3,312,571)
	-----	-----
	451,748,786	186,685,896
	-----	-----
	1,735,039	255,255
	=====	=====

15. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and allowances	4,533,809	3,706,036
Rent	435,517	370,662
Commission and brokerage	232,942	201,519
Printing and stationery	322,277	283,145
Lease rentals	266,080	347,040

Fuel and car running	317,794	240,124
Repairs and maintenance	39,988	63,705
Telephone, fax and telex	262,268	235,845
Postage/courier	18,825	12,840
Entertainment	56,242	40,522
Electricity and utilities	334,740	313,099
Insurance	130,509	118,094
Fee and subscription	298,018	184,571
Auditors' remuneration - note 15.1	81,325	54,890
Bank charges and commission	7,482	8,925
Conveyance	16,971	18,237
Legal and professional	39,400	74,400
Share transfer	6,373	12,139
Advertising and publications	62,763	51,185
Depreciation	411,009	380,695
Amortization of deferred costs	--	364,150
Professional tax	21,100	21,400
Training	600	400
Bad debts	--	35,970
Miscellaneous	30,366	74,972
	-----	-----
	7,926,398	7,214,565
	=====	=====

15.1 Auditors' remuneration

Audit fee	75,000	50,000
Out-of-pocket expenses	6,325	4,890
	-----	-----
	81,325	54,890
	=====	=====

16. OTHER INCOME

Loss on disposal of fixed assets - note 3.1	(3,183)	(265,926)
Miscellaneous income	59,870	19,141
	-----	-----
	(246,785)	56,687
	=====	=====

17. WRITE-BACK OF PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS

Long term investments - note 5.1	1,188,878	1,253,850
Short term investments - note 7.1	111,969	65,577
	-----	-----
	1,300,847	1,319,427
	=====	=====

18. TAXATION

Current

As the company has assessed losses brought forward, the provision for taxation is made as per the provisions of Section 80D of the Income Tax Ordinance, 1979.

Deferred

Deferred tax computed under liability method gives rise to a deferred tax asset of Rs. 0.499 million (1999: 0.303 million) of which Rs. 0.196 million debit (1999: Rs. 0.595 million credit) relates to the current year. Deferred tax debits arising due to tax losses amount to Rs. 1.550 million (1999: Rs. 2.880 million). These have not been accounted for in accordance with the company's policy of not accounting for any deferred tax debits, as a matter of prudence.

19. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS.

Aggregate transactions made by the company during the year with the associated undertakings were:

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
Brokerage earned	768,333	20,705
Registrar services fee	720,000	720,000
Expenses recovered	30,128	6,642
Rent paid to Modaraba Al-Tijarah	420,000	175,000

The transactions with the associated undertakings are in the normal course of business at contracted rates and terms determined in accordance with-market rates.

20. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	<i>CHIEF EXECUTIVE</i>		<i>EXECUTIVES</i>	
	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Managerial remuneration	564,100	430,500	1,023,100	884,900
House rent	222,600	177,000	431,317	370,200
Utilities	49,800	27,000	82,800	26,400
Conveyance	--	--	18,000	17,900
Retirement benefits	70,000	58,000	113,200	110,900
	-----	-----	-----	-----
	906,500	692,500	1,668,417	1,410,300
	=====	=====	=====	=====
Number of persons	1	1	6	4

Vice chairman, chief executive and two executives of the company were provided with free use of company maintained cars.

21. EARNING PER SHARE

Earning per share is calculated by dividing the net profit for the year by the number of shares outstanding during the year as follows:

Profit after taxation	6,854,979	1,969,125
	=====	=====
Weighted average number of ordinary shares	5,000,000	5,000,000
	=====	=====
Earning per share	1.37	0.39
	=====	=====

No figure for diluted earning per share has been presented as the company has not issued any instruments which would have an impact on earning per share when exercised.

22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Interest rate risk exposure:

There are no financial assets or financial liabilities which are materially exposed to interest rate risk.

Concentration of credit risk:

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts fail completely to perform as contracted. The company does not have significant exposure to any individual customer. To reduce exposure to credit risk the company applies credit limit to its customers.

Fair values of financial instruments:

The carrying value of all financial instruments reported in the financial statements approximate their fair value.

23. GENERAL

23.1 Figures have been rounded off to the nearest rupee.

23.2 Previous year's figures have been rearranged wherever necessary for the purposes of comparison.

M. Azeem Khan
Chief Executive

Maqbool Hussain
Vice Chairman

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2000

<i>No. of</i> <i>shareholders</i>	<i>Having shares</i>		<i>Shares</i> <i>held</i>	<i>Percentage</i> <i>%</i>
	<i>From</i>	<i>To</i>		
98	1	100	9,800	0.20%
2,348	101	500	1,130,200	22.60%
78	501	1,000	77,300	1.54%
91	1,001	5,000	262,800	5.26%
64	5,001	10,000	570,200	11.40%
9	10,001	15,000	119,200	2.38%
12	15,001	20,000	224,300	4.49%
2	20,001	25,000	49,000	0.98%
8	25,001	30,000	236,300	4.73%
1	30,001	35,000	32,000	0.64%
2	35,001	40,000	75,500	1.51%
1	40,001	45,000	43,900	0.88%
1	50,001	60,000	60,000	1.20%

1	65,001	70,000	67,500	1.35%
1	70,001	75,000	74,500	1.49%
1	80,001	90,000	85,000	1.70%
1	100,001	125,000	103,000	2.06%
3	200,001	250,000	729,500	14.59%
1	450,001	500,000	500,000	10.00%
1	500,001	600,000	550,000	11.00%
-----		-----		-----
2,724		5,000,000		100.00%
=====		=====		=====

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2000

<i>Categories of shareholders</i>	<i>Number</i>	<i>Shares held</i>	<i>Percentage %</i>
Individual	2,693	3,146,400	62.93%
Investment Companies	5	782,500	15.65%
Modaraba Companies	5	926,000	18.52%
Financial Institutions	2	45,800	0.92%
Joint Stock Companies	14	83,200	1.66%
Others	5	16,100	0.32%
-----		-----	
TOTAL	2,724	5,000,000	100.00%
=====		=====	

NOTICE IS HEREBY GIVEN that the 8th Annual General Meeting of shareholders of Al-Mal Securities & Services Limited will be held at Dr. Abdul Qadeer Khan Auditorium, Haji Abdullah Haroon Muslim Gymkhana, Aiwan-e-Sadar Road, Behind Shaheen Complex, Karachi on 30th November, 2000 (Thursday), at 10:30 a.m., to transact the following business.

AGENDA

A) ORDINARY BUSINESS

1. To confirm the minutes of the 7th Annual General Meeting held on 6th December, 1999.
2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and Auditors' Report thereon for the year ended 30th June, 2000.
3. To approve cash dividend @ 7.5% for the year ended June 30, 2000 as recommended by the directors.
4. To appoint Auditors for the ensuing year and fix their remuneration. Retiring Auditors Ford, Rhodes, Robson, Morrow, Chartered Accountants have offered for re-appointment.
5. To transact any other business of the Company with the permission of the Chair.

B) SPECIAL BUSINESS:

To approve the remuneration payable to Chief Executive duly recommended by the Board of Directors.

By Order of the Board

Karachi.
Dated: 8th November, 2000

D.V. KARIA
Company Secretary

NOTE:

1. A member entitled to attend and vote at this meeting is entitled to appoint any other member as a proxy. Proxies duly stamped with Rs. 5/- revenue stamp in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
2. CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Cards, Account and Participant's ID numbers, for identification purpose and in case of proxy, to enclose an attested copy of his/her National Identity Card.
3. Members are requested to notify any change in their addresses immediately.
3. Statement under Section 160 of the Companies Ordinance, 1984 pertaining to the Special Business is being sent to the share holders alongwith this notice.

4. Copy of the minutes of the 7th Annual General Meeting will be available to the members on request, free of charge.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the special business to be transacted at the Eight Annual General Meeting to be held on 30th November 2000 (Thursday) at 10.30 a.m. at Dr. Abdul Qadeer Khan Auditorium, Haji Abdullah Haroon Muslim Gymkhana, Aiwan-e-Sadar Road, Behind Shaheen Complex, Karachi.

Approval of the shareholders will be sought for the remuneration payable to the Chief Executive in accordance with his terms and conditions of service. For this purpose it is intended to propose that the following resolution be passed as an Ordinary Resolution namely:

"RESOLVED THAT the Company hereby approve Chief Executive's remuneration for the year commencing from January 01, 2000 to December 31, 2000 for holding of office of profit and payment as remuneration not exceeding in the aggregate of Rs. 840,000/- per annum exclusive of perquisites and other benefits for which he is entitled under his terms of appointment".

By Order of the Board

Karachi.
Dated: 8th November, 2000

D.V. KARIA
Company Secretary

To: All members of the Company

ABSTRACT UNDER SECTION 218(2) OF THE COMPANIES ORDINANCE, 1984

This is to inform you that remuneration payable and other entitlement to the Chief Executive for the year commencing from 1st January 2000 will be on the following terms:

A) Salary & Allowance:

	<i>Rupees</i> <i>per month</i>
Basic salary	45,200
House rent allowance	20,300
Utilities	4,500

Total	70,000
	=====

B) Other Entitlements:

1. Company maintained car with driver.
2. Earned leave 30 days per annum, casual leave 10 days (lapsable) per annum.
3. Gratuity and life insurance as per Company Rules & Regulations.

This letter is being sent to you in terms of Section 218(2) of the Companies Ordinance, 1984.

By Order of the Board

Karachi.
Dated: 8th November, 2000

D.V. KARIA
Company Secretary



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