

AL-MAL SECURITIES & SERVICES LIMITED

(ANNUAL REPORT 1997)

C O N T E N T S

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COMPANY INFORMATION

Board of Directors :

Mr. S. Iradat Husain

Chairman

Mr. Maqbool Hussain

Vice Chairman & Chief Executive

Mr. Ahmad H.I. Dada

Director

Mr. Tariq Jamil Khan

Director

Mr. Amanullah Suleman

Director

Mr. Shahid Usman

Director (Nominee of PKIC)

Mr. Mohammad Shoaib

Director (Nominee of PKIC)

Secretary:

Mr. D. V. Karia

Bankers :

Muslim Commercial Bank 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

Your Directors take pleasure in submitting herewith their report and Audited Accounts together with Auditors' Report of the Company for the year ended 30th June, 1997.

1. Operating Results:	1997	1996
Summarized results, for the year under report, are as under:	Rupees	Rupees
· Total operating income	5,382,942	6,544,172
	=====	=====
· Profit/(Loss) for the year-before tax	(1,309,973)	(2,092,015)
	-----	-----
· Profit/(Loss) for the year-after tax	(1,334,222)	(2,358,813)
	-----	-----
· Profit/(Loss) brought forward	(3,730,983)	(1,372,170)
	-----	-----
· Net Profit/(Loss) carried forward	(5,065,205)	(3,730,983)
	=====	=====

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 of the Company endorse the contents of the report.

3. Pattern of Shareholding:

The Pattern of Shareholding is attached.

4. Auditors:

The present Auditors Messrs Ford, Rhodes, Robson, Morrow, Chartered Accountants retire and being eligible offer themselves for re-appointment.

5. Acknowledgments:

The Directors wish to place on record their appreciation and thanks to shareholders and customers for their continued confidence in the Company, the Corporate Law Authority and Stock Exchanges for their guidance and to all the members of the management and staff for their dedication and hard work.

CHIEF EXECUTIVE'S REVIEW

I present to you the 4th Annual Report as public listed company for the year ended 30th June 1997. It went public in June 1994 and is listed at all the three Stock Exchanges of the contrary for convenience of share holders.

Results of Operations

The company's operations in 1996-97 were generally at the same level in 1995-96 owing to weak economic and business tempo. Over a period of the last three years your company has developed stable customer base and has acquired necessary experience, recourses and connections to tap brokerage, underwriting and consultancy business but for political and economic constraints in the country, which prevailed unfortunately throughout the year, sufficient business was not available in the market place. New' issues were not floated, consultancy and underwriting business was not available and investors - both local and foreign remained on the side lines awaiting upturn in the capital market.

The new government of Muslim League enjoying heavy mandate was sworn into power in February, 1997 and by the time it could bring forth fresh steam of activity in the bourses the accounting year ended June, 1997. By and large the entire economic activity in the capital market remained unfavorable throughout the year, hence your company had to take some concrete steps to cut down expenses at the appropriate corners without impairing operation efficiency as a result of which it was made possible to reduce

operating expenses from Rs. 7.5 million to Rs. 6.7 million notwithstanding spiraling inflation. Thereby, the after-tax loss for the year was reduced to Rs. 1.334 million as compared with Rs. 2.359 million for the previous year.

Your company right from inception has been careful in selecting its customers in so far as brokerage revenue is concerned so that defaults do not take place for settlement of transactions. With this prudent approach there is nothing significant or material to report for doubtful or write offs. the management intends to pursue this policy for future as well.

Future Outlook

The first quarter of the current accounting year as planned, has been fruitful for the company owing the improvement in stock market tempo, new strategies and macro-economic policies of the government. However, the present disturbances will not be helpful for economic activities. Being counter productive for capital markets it is becoming increasingly hard once again to paint a rosy picture to the shareholders.

Our success and performance will largely depend on the performance of economy and socio-political environment, which when improved will improve industrial and financial sector performance responding positively to the incentives offered by the government for capital formation. The magnitude of Pakistani capital market has reached a size where the presence of large institutional and foreign investors is constantly required to inspire confidence and quantitative growth with broad recovery. This inturn will depend on the political and economic scenario in the coming months. Meanwhile, as a matter of caution your management continues to keep strict control on expenses and at the same time is increasing its efficiency to cope with automated trading and dealings with Central Depository Company.

I sincerely express my thanks to the shareholders for their understanding of the past and current difficult situation, clients and members of staff and their confidence and support.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AL-MAL SECURITIES AND SERVICES LIMITED as on June 30, 1997, the related profit and loss account and statement of changes in financial position, 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 and after due verification thereof, 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 the 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 and the statement of changes in financial position, together with the notes forming part thereof, 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, 1997 and of the loss and the changes in financial position for the year then ended; and

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

1st December, 1997
Karachi

FORD, RHODES, ROBSON, MORROW
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1997

CAPITAL AND RESERVES	Note	1997 Rupees	1996 Rupees
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 (1996: 5,000,000) ordinary			
shares of Rs.10 each fully paid in cash		50,000,000	50,000,000
Revenue reserve			
Balance on profit and loss account		(5,065,205)	(3,730,983)
		-----	-----
		(44,934,795)	46,269,017
 DEFERRED LIABILITIES			
Deferred taxa I		51,500	74,500
Provision for gratuity		722,651	582,700
		-----	-----
		774,151	657,200
 CURRENT LIABILITIES			
Creditors and accrued liabilities	3	1,652,925	2,907,161
Provision for taxation		2,386	49,223
		-----	-----
		1,655,211	2,956,384
 COMMITMENTS	4		
		-----	-----
		47,364,157	49,882,601
		=====	=====
 TANGIBLE FIXED ASSETS			
	Note	1997	1996
		Rupees	Rupees
Operating fixed assets (at cost			
less accumulated depreciation)	5	2,363,022	2,179,304
 ROOM AND MEMBERSHIP CARD	6	11,658,458	11,658,458

LONG TERM INVESTMENTS (market value Rs. 6,667,288 - note 2.6)	7	21,741,372	22,215,735
LONG TERM DEPOSITS AND DEFERRED COSTS	8	816,990	1,181,880
CURRENT ASSETS			
Marketable securities	9	2,772,383	2,540,066
Receivable from customers	10	4,572,016	3,796,738
Advances, prepayments and other receivables	11	845,390	2,201,134
Cash and bank balances	12	2,594,526	4,109,286
		-----	-----
		10,784,315	12,647,224
		-----	-----
		47,364,157	49,882,601
		=====	=====

The annexed notes form an integral part of these accounts.
The auditors' report is annexed hereto.

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1997**

	Note	1997 Rupees	1996 Rupees
Brokerage revenue		3,735,600	4,149,873
Income from registrar services		702,000	672,000
Dividend income	13	485,298	333,307
Gain on sale of marketable and long term securities	14	62,925	547,061
Underwriting commission			110,760
Consultancy income		-	371,200
Income on PLS deposits		323	32,577
Profit on disposal of fixed assets		348,761	260,150
Miscellaneous income		48,035	67,244
		-----	-----
		5,382,942	6,544,172
		-----	-----
Operating expenses	15	6,721,319	7,474,745
Provision for diminution in value of marketable securities/(written back)		(106,804)	1,161,442
Investment written off	16	78,400	-
		-----	-----
		6,692,915	8,636,187
		-----	-----
Loss before taxation		(1,309,973)	(2,092,015)
		-----	-----
Provision for taxation			
current		(48,753)	(49,223)
prior		1,504	(207,075)
deferred		23,000	(10,500)
		-----	-----

	(24,249)	(266,798)
	-----	-----
	(1,334,222)	(2,358,813)
Loss brought forward	(3,730,983)	(1,372,170)
	-----	-----
	(5,065,205)	(3,730,983)
	=====	=====

The annexed notes form an integral part of these accounts.

**STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 1997**

	1997 Rupees	1996 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,309,973)	(2,092,015)
Adjustment for :	-----	-----
Depreciation	368,542	293,910
Profit on sale of long term investments	(73,137)	(486,305)
Profit on sale of fixed assets	(348,761)	(260,150)
Amortization of deferred costs	364,140	399,023
Provision for diminution in value of investments	(106,804)	1,161,442
Provision for gratuity	240,950	275,663
Investment written off	78,400	-
	-----	-----
	523,330	1,383,583
Operating loss before working	-----	-----
Capital changes	(786,643)	(708,432)
(Increase)/decrease in operating assets		
Marketable securities	(125,513)	(1,324,213)
Receivable from customers	(775,278)	(275,311)
Advances, prepayments and other receivables	1,323,124	1 (411,884)J
	-----	-----
	422,333	(2,011,408)
Increase/(decrease) in operating liabilities		
Creditors and accrued liabilities	(1,254,336)	228,157
	-----	-----
	(1,618,646)	(2,491,683)
	-----	-----
Taxes paid	(61,466)	(218,220)
Gratuity paid	(100,999)	(79,159)
	-----	-----
	(162,435)	(297,379)
	-----	-----
Net cash used in operating activities	(1,781,111)	(2,789,062)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(744,999)	(938,056)
Long term deposits and deferred cost	750	87,661
Long term investments	(470,650)	(4,148,985)
Sale proceeds of fixed assets	541,500	293,000
Sale proceeds of long term investments	939,750	4,457,750
	-----	-----
Net cash used in investing activities	266,351	(248,630)

NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,514,760)	(3,037,692)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,109,286	7,146,978
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2,594,526	4,109,286
	=====	=====

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1997**

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 counseling and registrar services. It is a 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

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 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 from the date the assets are put into use. The rates used are stated in note 5 to the accounts.

Normal repairs and maintenance costs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised. Profit/loss on disposal of assets is included in income currently.

2.4 Room and membership card

These are stated at cost. Provisions are made for permanent diminution in value of these assets, if any.

2.5 Deferred costs

Deferred costs in connection with the incorporation, pre-operation and public floatation of the company are being written off over a period of five years.

2.6 Long term investments

These are stated at cost. Provision for diminution in value of investments is made if considered permanent.

2.7 Marketable Securities

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

2.8 Taxation

Provision for taxation is based on taxable income after taking into account available

tax credits and rebates or the turnover u/s 80D of the Income Tax Ordinance, 1979, whichever is higher. The provision for deferred taxation is based on the liability method taking into account all significant timing differences.

2.9 Revenue recognition

(a) Return on short term investments and deposits with banks are 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. CREDITORS, ACCRUED AND OTHER LIABILITIES

	1997 Rupees	1996 Rupees
Due to customers - Associated undertaking	-	1,885
others	911,404	2,668,468
Due to Karachi Stock Exchange	391,475	-
Accrued liabilities	349,946	236,808
	-----	-----
	1,652,825	2,907,161
	=====	=====

4. COMMITMENTS

4.1 Commitment for acquiring office at the new Stock Exchange building	590,000	590,000
	=====	=====

4.2 Commitments for rentals under operating lease agreements in respect of vehicles and computers are as follows:

Year	1997 Rupees	1996 Rupees
1996-97	-	90,960
1997-98	121,440	-
1998-99	121,440	-
1999-00	40,480	-
	283,360	90,960

5. TANGIBLE FIXED ASSETS

PARTICULARS	COST			DEPRECIATION			Balance as at Jun-30 1997	Book value as at Jun-30 1997	Rate of depreciation per annum
	As at 7/1/1996	Additions/ (Deletions) during the year	As at 6/30/1997	Balance as at 7/1/1996	For the year	On deletion			
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	%
Leasehold Improvements	612,928	194,724 (13,500)	794,152	210,361	61,293	(6,075)	265,579	528,573	10

Furniture and Fixtures	549,927	166,500 (1,994)	714,433	151,683	66,919	(294)	218,308	496,125	10
Office Equipment	698,760	91,775 292,000	790,535	123,544 111,650	75,092 165,238	- (81,925)	198,636 194,963	591,899 7,464,251	10 20
Motor Vehicle	914,927	(265,539)	941,388						
1997	2,776,542	(281,033)	3,240,508	597,238	368,542	(88,294)	877,486	2,363,022	
1996	1,884,438	938,056 (45,952)	2,776,542	316,430	293,910	(13,102)	597,238	2,179,304	

5.1 Disposal of Fixed Assets

PARTICULARS	Cost	Accumulated Deprec.	Book value	Sale Proceeds	Gain/(Loss)	Mode of Disposal	Particulars of Purchasers
	Rupees	Rupees	Rupees	Rupees	Rupees		
Leasehold Improvement Counter	13,500	6,075	7,425	700	(6,725)	Negotiation	Mr. Fida Hussain Kaka, 742 Karachi Stock Exchange, Karachi
Furniture & Fixture- various	1,994	294	1,700	8,800	7,100	Negotiation	Various
Motor Vehicles							Mrs. Nighat Sajid 23~/2 South Avenue, DHA, Ph-II, Karachi
Suzuki Margala	18,539	3,708	14,831	310,000	295,169	Negotiation	
Suzuki Mehran	247,000	78,217	168,783	222,000	53,217	Insurance Claim	Adamjee Insurance Co. Ltd, Clifton Branch, Karachi
TOTAL	281,033	88,294	192,739	541,500	348,761		

*Acquired on completion of lease term.

	1997 Rupees	1996 Rupees
6. 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
7. LONG TERM INVESTMENTS - quoted	=====	=====

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

Name of Modaraba / Company	Number of Certificates/ Shares	1997 Cost Rupees	Market Value Rupees
MUTUAL FUNDS :			
21st ICP	27,200	486,985	81,600
22nd ICP	38,500	1,068,500	269,500

23rd ICP	34,000	459,475	119,000

MODARABAS :			
Associated			
Modaraba AI-Mali	108,000	1,673,565	372,600
Modaraba AI-Tijarah	216,040	2,302,542	432,080
Others			
Habib Bank Modarba	6,275	56,856	35,454
Habib Modaraba	24,900	196,380	92,130
Schon Modaraba	12,352	70,357	37,056

LEASING :			
Ebrahim Leasing	5,000	93,650	28,750
Natover Motor Leasing	10,700	193,645	42,800
Union Leasing	11,750	274,275	74,025

SYNTHETIC & RAYON :			
Dhan Fibres	43,000	587,966	206,400
Gatron Industries	20,000	898,375	605,000
Liberty Mills	3,000	64,680	19,500
Polyron Limited	50,000	932,915	150,000
Ravi Rayon	20,000	247,800	76,000
Tristar Polyester	26,400	643,250	88,440

SUGAR & ALLIED:			
J.W.D. Sugar	15,500	124,875	33,325

CEMENT :			
Essa Cement	4,301	178,950	42,150
Maple Leaf	9,612	416,500	81,702
Punjab Building (Rs.5)	45,500	433,875	54,600

FUEL/ENERGY :			
K.E.S.C.	36,300	1,434,090	444,675
Kohinoor Energy	5,000	115,000	60,000
Kohinoor Power	28,940	1,127,875	224,285

AUTO & ALLIED ENGINEERING :			
Agri Autos Industries Ltd (Rs.5)	383,858	3,543,335	1,113,188
AI-Ghazi Tractors (Rs. 5)	23,165	990,000	741,280
Allied Motors/Tractors	9,500	134,750	19,000
Baluchistan Wheels	1,500	48,825	40,875
Gandhara Nissan Limited	27,300	805,110	278,460
Hinopak Motors	480	18,500	27,840

TRANSPORT & COMMUNICATIONS :			
P.I.A	231	3,187	1,790
PTC	1 0,000	349,000	305,000

CHEMICAL & PHARMACEUTICALS :			
Otsuka Pak.	7,700	274,725	97,790
Searle Pakistan	5,355	399,700	176,715

VANASPATI AND ALLIED:			
Kashmir Edible Oil	34,300	429,575	54,880

GLASS AND CERAMICS :

Medi Glass	9,492	92,095	19,933
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MISCELLANEOUS :

Mandviwala Mouser	48,400	482,190	101,640
Turbo Tec.	15,500	88,000	17,825

TOTAL 1997		21,741,372	6,667,288
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TOTAL 1996		22,215,735	9,348,640
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	1997	1996
8. LONG TERM DEPOSITS & DEFERRED COSTS	Rupees	Rupees
Deposits	88,700	89,450
Deferred Costs	-----	-----
Incorporation Expenses	166,796	166,796
Flootation expenses	-----	-----
Brokerage	162,550	162,550
Commission	578,002	578,002
Others expenses	1,080,160	1,080,160
	-----	-----
	1,820,712	1,820,712
	-----	-----
	1,987,508	1,987,508
Less : Amortized todate	1,259,218	895,078
	-----	-----
	728,290	1,092,430
	-----	-----
	816,990	1,181,880
	=====	=====

The above expenditure is carried forward as it confers the benefit of the same to future years.

9. MARKETABLE SECURITIES - QUOTED

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

Name of Modaraba/ Company	Number of Shares/ Certificates	1997	
		Cost Rupees	Market Value Rupees
MUTUAL FUNDS:			
24th ICP	2,500	24,000	11,250
MODARABAS:			
B.F. Modaraba	2,812	23,750	4,780
Grindlays Modaraba	15,500	370,325	178,250
Punjab Modaraba	3,614	40,858	25,298
LEASING COMPANIES :			
Capital Asset Leasing	1,700	23,557	6,460
Dadabhoy Leasing	3,000	22,810	7,800
Paramount Leasing	4,000	48,950	34,800

Trust Leasing	504	10,477	3,528

INVESTMENT Cos./BANKS :			
AI-Faysal Investment Bank	5,450	226,675	97,010
First Capital Securities	7,500	143,000	70,500
Soneri Bank	575	28.00	14,088

INSURANCE :			
EFU General Insurance	2,333	187,415	91,570
New Jubilee Insurance (Rs.5)	6,739	181,100	111,194

TEXTILE SPINNING:			
Chenab Fibre	200	1,930	1,400
Ishtiaq Textile	1,700	16,405	14,705
Saritow Spinning	1,500	10,050	7,500
Service Textile	2,500	30,625	11.25

TEXTILE COMPOSITE :			
Colony Sathad	1,000	8,750	2,750
Mart Fabrics	1,000	6,500	1,950
Tawakkal Garments	4,200	131,175	4,620

WOOLEN :			
Bannu Woollen	1,500	107,000	32.25

SYNTHETIC & RAYON :			
Pak Synthetic	5,000	102,593	52,500
Sunshine Cloth Limited	1,500	15,000	2,100

SUGAR & ALLIED INDUSTRIES :			
Chashma Sugar Mills Limited	8,000	95,375	40,000
Habib Arkady	100	1,277	850
Sindh Abadgar's Sugar	2,100	33,700	16,485
Tandlianwala Sugar	500	4,250	2,450

CEMENT :			
Dandot Cement	1,500	61,350	7,725
Lucky Cement	17,500	358,774	137,375
Pioneer Cement	20,000	551,112	140,000
Pakistan Slag Cement	4,000	113,000	14,800

ENGINEERING :			
Hashoo Steel Industries Ltd.	3,500	58,540	15,400
Huffaz Pipe	3,300	34,600	14,850
AUTO & ALLIED ENGINEERING:			
Allwin Engineering Ind. Ltd.	302	6,000	2,718

TRANSPORT & COMM. :			
Pakistan National Shipping Corporation	2,500	22,000	8,500

CHEMICAL & PHAR. :			
I.C.I. Pakistan	60,485	1,465,961	1,463,737
Kausar Paints	1,000	13,625	4,250

Reckitt & Colman	496	66,600	33,480
Wah Noble	300	25,500	7,350

PAPER & BOARD :			
Pak. Papersack (Rs.5)	8,800	111,800	69,960

VANASPATI AND ALLIED:			
Muslim Ghee Industry	3,500	28,375	4,900

		4,813,051	-
Less : Provision for diminution in value of investments		2,040,668	-

Total Rupees 1997		2,772,383	2,772,383

Total Rupees 1996			
Cost		4,687,538	-
Less : Provision for diminution in value of investments		2,147,472	-

		2,540,066	2,540,066
=====			

	1997	1996
	Rupees	Rupees

10. RECEIVABLE FROM CUSTOMERS- considered good

Secured - (note 10.1)	4,572,016	3,796,738
	=====	=====

10.1 These are secured against the delivery of shares from Karachi Stock Exchange.

10.2 Maximum amount due from associated undertakings at the end of any month during the year was Rs. 1,158,618 (1996: Rs.253,787)

11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**Advances - considered good**

To Staff	4,400	20,935
For Capital expenditure (note 4.1)	10,000	10,000
For purchase of equipment	56,270	-
Tax deducted at source	61,466	94,086

	132,136	125,021

Prepayments	224,521	240,794
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Other receivables

Dividend	21,192	6,328
Brokerage	49,936	89,479
Consultancy charges - Associated undertaking	325,000	325,000
Due from associated undertakings	86,620	102,835
Receivable from Karachi Stock Exchange	-	1,294,850
Others	5,985	16,827

	488,733	1,835,319

845,390	2,201,134
=====	=====

11.1 Maximum balance due from an executive at the end of any month during the year was Rs. Nil (1996 : Rs. 132,000)

11.2 Maximum balance due from associated undertakings at the end of any month during the year was Rs. 718,410 (1996 : Rs. 473,420).

	1997 Rupees	1996 Rupees
12. CASH AND BANK BALANCES		
Cash at banks	-----	-----
On current accounts	2,594,526	4,094,430
On PLS deposit accounts	-	14,856
	-----	-----
	2,594,526	4,109,286
	-----	-----
	2,594,526	4,109,286
	=====	=====

13. DIVIDEND INCOME

From modarabas		
- Associated	118,910	--
- Others	91,303	40,194
	-----	-----
	210,213	40,194
From companies	276,860	319,047
	-----	-----
	487,073	359,241
Less : Zakat deducted	1,775	25,934
	-----	-----
	485,298	333,307
	=====	=====

14. GAIN ON SALE OF MARKETABLE AND LONG TERM SECURITIES

Sales	59,220,810	50,013,048
Less : cost of sales	-----	-----
Opening balance of marketable securities	4,687,538	3,363,325
Transferred from long term investments	866,613	4,041,445
Purchases	58,416,785	46,748,755
	-----	-----
	63,970,936	54,153,525
closing balance of marketable securities	(4,813,051)	(4,687,538)
	-----	-----
	59,157,885	49,465,987
	-----	-----
	62,925	547,061
	=====	=====

15. OPERATING EXPENSES

Salaries and allowances	3,718,302	4,006,977
Rent	442,090	490,525
Commission and brokerage	336,282	321,577
Printing and stationery	218,058	233,197

Lease rentals	173,677	525,355
Fuel and car running	182,723	211,987
Repairs and maintenance	63,709	52,529
Telephone, fax and telex	142,251	127,715
Postage/courier	9,937	12,010
Entertainment	59,661	62,165
Electricity and utilities	161,945	232,415
Insurance	105,079	80,199
Fees and subscription	113,567	112,074
Auditors' remuneration (note 15.1)	53,692	38,198
Bank charges and commission	6,049	7,926
Conveyance charges	17,933	20,526
Legal and professional	6,000	6,200
Share transfer expenses	6,524	18,583
Advertising and publications	64,607	47,683
Travelling and hotel expenses	-	144,625
Depreciation	368,542	293,910
Amortization of deferred costs	364,140	399,023
Professional tax	82,250	-
Miscellaneous	24,301	29,346
	-----	-----
	6,721,319	7,474,745
	=====	=====

15.1 Auditors' remuneration

Audit fee	50,000	35,000
Out of pocket expenses	3,692	3,198
	-----	-----
	53,692	38,198
	=====	=====

16. This represents investment of 9,500 shares of Rs. 10/-each in Baker Food Industries Limited, which is under liquidation.

17. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Aggregate transaction made by the company during the year with the Associated Undertakings were :

Brokerage earned	55,329	104,983
Registrar services fee	702,000	672,000
Expenses recovered	45,792	29,126
Expenses paid on behalf of associated undertakings	--	99,160

18. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive	Executives		
	-----	-----	-----	-----
	1997	1996	1997	1996
	-----	-----	-----	-----
Managerial remuneration	444,000	420,000	589,500	693,600
House rent	180,000	180,000	259,950	312,000
Utilities	36,000	36,000	39,450	36,000

Retirement benefits	38,249	33,222	89,600	86,968
	-----	-----	-----	-----
	698,249	669,222	978,500	1,128,568
	=====	=====	=====	=====
Number of persons	1	1	3	3

Chief Executive and Executives of the company were provided with free use of company cars.

19. GENERAL

-- Figures have been rounded off to the nearest rupee.

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

PATTERN OF SHAREHOLDING AS AT JUNE 30, 1997

No. of Shareholders	Having Shares From	To	Shares Held	Percentage O/o
36	1	100	3,600	0.07
3,680	101	500	1,825,500	36.51
27	501	1,000	26,900	0.54
41	1,001	5,000	135,200	2.70
48	5,001	10,000	472,500	9.45
6	10,001	15,000	82,800	1.66
8	15,001	20,000	157,900	3.16
1	20,001	25,000	25,000	0.50
7	25,001	30,000	205,700	4.11
1	35,001	40,000	37,400	0.75
1	50,001	60,000	60,000	1.20
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	450,00	500,000	500,000	10.00
1	500,001	600,000	550,000	11.00
3,863			5,000,000	100.00

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 1997

Categories of Shareholders	Number	Shares held	Percentage %
Individual	3,856	3,322,500	66.45
Investment Companies	3	770,000	15.40
Modaraba Companies	3	882,500	17.65
Others	1	25,000	0.50
TOTAL	3,863	5,000,000	100.00

NOTICE OF 5TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of the Shareholders of

AL-MAL SECURITIES & SERVICES LIMITED will be held at Room No. 102 First Floor, Progressive Square, Near Nursery, Sharea Faisal, Karachi on Friday the 26th December, 1997 at 10:00 am to transact the following business.

AGENDA

1. To confirm the minutes of the Fourth Annual General Meeting held on 12th December, 1996.
2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and Auditors' Reports thereon for the year ended 30th June 1997.
3. To appoint Auditors for the ensuing year and fix their remuneration. Retiring Auditors, Ford, Rhodes, .Robson, Morrow, Chartered Accountants have offered themselves for re-appointment.
4. To transact any other business of the Company with the permission of the Chair.

NOTES:

1. The Share Transfer Books of the Company will remain closed from 18th December, to 24th December, 1997 (both days inclusive).
2. A member entitled to attend and vote at this meeting is entitled to appoint any other member as 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 appointed for the meeting. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered in-valid.
3. Members are requested to notify any change in their address immediately.
4. Copy of the minutes of the 4th Annual General Meeting will be available to the members on request, free of charge.