

Al-Mal Securities & Services Limited Annual Report 1998

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COMPANY INFORMATION

Board of Directors:

Mr. S. Iradat Husain
Chairman

Mr. Maqbool Hussain
Vice Chairman

Mr. Mohammad Azeem Khan
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, 1998.

1. Operating Results:

Summarized results, for the year under report, are as under;

* Total operating income

	1998	1997
	Rupees	Rupees
	7,061,254	5,382,942
	=====	=====

* Profit/(Loss) for the year-before tax	(17,136,987)	(1,309,973)
	=====	=====
* Profit/(Loss) for the year-after tax	(17,136,874)	(1,334,222)
	-----	-----
* Profit/(Loss) brought forward	(5,065,205)	(3,730,983)
	-----	-----
* Net Profit/(Loss) carried forward	(22,202,079)	(5,065,205)
	=====	=====

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.

On behalf of the Board,

SYED IRADAT HUSAIN
Chairman

27th November, 1998
Karachi

CHIEF EXECUTIVE'S REVIEW

I present to you the 5th Annual Report of Al-Mal Securities & Services Limited, as public listed company, for the year ended 30th June 1998. It went public in June 1994 and is listed at the Karachi, Lahore and Islamabad Stock Exchanges for convenience of stock holders.

Result of Operations:

By and large the capital market environment continued to remained depressed during the year 1997-98 as in the past three years. The stock market index further fell from 1566 on 30th June, 1997 to 880 on 30th June, 1998. There has been enormous pressure on the national economy during the current year. The freezing of Foreign Currency Accounts, the sanctions imposed and IPP's problem added miseries to the capital market environment. The fiscal deficit remained high, mounting inflation, devaluation of currency, law and order situation and growing liquidity crunch was continuously causing bearish trends in the capital market. Added to all these problems were the effects of the economic turmoil, of Far Eastern countries.

The total revenue of your Company however, has shown a significant rise of Rs. 1.7 million which is about 31% of the previous year. The main beneficiary has been the brokerage services which has 'gone up by Rs. 1.5 million which reflecting growth of over 40% over the previous year. Reflecting the general economic situation in the country the dividend income has dipped, it went down by 26%. Capital gain amounted to Rs. 309,776 as against Rs. 62,925 of the previous year. This was because of short spates in the market where we disposed of our stocks at the available profits. Consultancy income and profit on disposal of fixed assets alongwith miscellaneous income contributed Rs.422,414.

A strict check on operating expenses continued to be our operational policy. The operative expenses of 1998 rose by about 11% only where it could not be avoided due to inflationary pressure.

Your company was not making provision for diminution in value of long term investments since the beginning. But in view of continuing erosion in values, the Board of Directors felt that in view of overall economic conditions prevailing in the country, the diminution in value is permanent requiring necessary provisions this year. It is therefore, decided that in view of continued depression in the capital market the long term investments should also be provided which ensure a healthy base for the future operations. The after tax loss of Rs. 17.1 million-is the reflection of these provisions.

Future Outlook:

The Company has concentrated on development of a stable customer base and this has resulted in the increase in revenue in brokerage income. The market is passing through a difficult phase and we all hope that the stabilization is not faraway. We hope that with the removal of international sanctions against the country, things are going to improve. The problem of IPP's it seems to .be sorted out in near future. All these things should add towards a better future. We hope that the market is now bottomed out and

there should be a steady growth which in turn will bring in the investor's confidence.

The Company has however, set its mind on increase in sound brokerage business, sale of existing portfolio on short spates where the Company can book some profit, and a strict check on expenditure.

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

MOHAMMAD AZEEM KHAN

Chief Executive

27th November, 1998
Karachi.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AL-MAL SECURITIES AND SERVICES LIMITED as on June 30, 1998, the related profit and loss account and statement of changes in financial position (cash flow statement, 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 (cash flow statement, 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, 1998 and of the loss and the changes in financial position (cash flow statement for the year then ended; and

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

27th November, 1998
Karachi

FORD, RHODES, ROBSON, MORROW
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1998

	Note	1998 Rupees	1997 Rupees
CAPITAL AND 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 (1997: 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		(22,202,079)	(5,065,205)
		-----	-----
		27,797,921	44,934,795

DEFERRED LIABILITIES

Deferred taxation		-	51,500
Provision for gratuity		804,200	722,651
		-----	-----
		804,200	774,151

CURRENT LIABILITIES

Creditors and accrued liabilities	3	3,347,721	1,652,825
Provision for taxation		-	2,386
		-----	-----
		3,347,721	1,655,211

COMMITMENTS

	4	-	-
		-----	-----
		31,949,842	47,364,157
		=====	=====

TANGIBLE FIXED ASSETS

	5	2,156,067	2,363,022
--	---	-----------	-----------

ROOM AND MEMBERSHIP CARD

	6	11,658,458	11,658,458
--	---	------------	------------

LONG TERM INVESTMENTS

	7	3,468,611	21,741,372
--	---	-----------	------------

LONG TERM DEPOSITS AND DEFERRED COSTS

	8	633,550	816,990
--	---	---------	---------

CURRENT ASSETS

Marketable securities	9	1,152,083	2,772,383
Receivable from customers	10	4,250,429	4,572,016
Advances, prepayments and other receivables	11	953,195	845,390
Cash at bank - current accounts		7,677,449	2,594,526
		-----	-----
		14,033,156	10,784,315
		-----	-----
		31,949,842	47,364,157
		=====	=====

The annexed notes form an integral part of these accounts.

The auditors' report is annexed hereto.

Chief Executive

Director

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

	Note	1998 Rupees	1997 Rupees
Brokerage revenue		5,239,699	3,735,600
Income from registrar services		732,000	702,000
Dividend income	12	357,365	485,298
Gain on sale of marketable and long term securities	13	309,776	62,925
Consultancy income		155,465	-
Income on PLS deposits		-	323
Profit on disposal of fixed assets	5.1	261,272	348,761
Miscellaneous income		5,677	48,035
		-----	-----
		7,061,254	5,382,942
		-----	-----
Operating expenses	14	7,479,652	6,721,319
Provision for diminution in value of investments:			
Long-tempt investment	7	16,598,769	-
Marketable securities	9.1	119,820	(106,804)
		-----	-----
		16,718,589	(106,804)
		-----	-----
Investment written off		-	78,400
		24,198,241	6,692,915
		-----	-----

Loss before taxation	(17,136,987)	(1,309,973)
Provision for taxation		
- current	(51,387)	(48,753)
- prior	-	1,504
- deferred	51,500	23,000
	-----	-----
	113	(24,249)
	-----	-----
Loss after taxation	(17,136,874)	(1,334,222)
Loss brought forward	(5,065,205)	(3,730,983)
	-----	-----
Loss carried forward to the balance sheet	(22,202,079)	(5,065,205)
	=====	=====

The annexed notes form an integral part of these accounts.

Chief Executive **Director**

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

	1998	1997
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(17,136,987)	(1,309,973)
Adjustments for:		
Depreciation	430,461	368,542
Profit on sale of long term investments	(274,651)	(73,137)
Profit on sale of fixed assets	(261,272)	(348,761)
Amortization of deferred costs	364,140	364,140
Provision for diminution in value of investments	16,718,589	(106,804)
Provision for gratuity	464,955	240,950
Investment written off	-	78,400
Bad debts	25,500	-
	-----	-----
	17,467,722	523,330
	-----	-----
Operating loss before working capital changes	330,735	(786,643)
(Increase)/decrease in operating assets:		
Marketable securities	1,500,480	(125,513)
Receivable from customers	296,087	(775,278)
Advances, prepayments and other receivables	(102,604)	1,323,124
	-----	-----
	1,693,963	422,333
Increase/(decrease) in operating liabilities:		
Creditors and accrued liabilities	1,694,896	(1,254,336)
	-----	-----
	3,719,594	(1,618,646)
	-----	-----
Taxes paid	(58,974)	(61,466)
Gratuity paid	(383,406)	(100,999)
	-----	-----
	(442,380)	(162,465)
	-----	-----
Net cash inflow/(outflow) from operating activities	3,277,214	(1,781,111)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(486,234)	(744,999)
Long term deposits and deferred cost	(180,700)	750
Long term investments	(412,242)	(470,650)
Sale proceeds of fixed assets	524,000	541,500
Sale proceeds of long term investments	2,360,885	939,750
	-----	-----
Net cash inflow from investing activities	1,805,709	266,351

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,082,923	(1,514,760)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,594,526	4,109,286
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7,677,449	2,594,526

Chief Executive

Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1998

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 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 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 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 and when incurred. Major renewals and improvements are capitalised.

Profit or 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 public floatation of the company are being written off over a period of five years.

2.6 Long term investments - quoted

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.

Deferred taxation is provided on timing differences using the liability method excluding the tax effects of those timing differences which are unlikely to reverse in foreseeable future. Debit balance on deferred tax account is not set-up as an asset.

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

	1998 Rupees	1997 Rupees
Due to customers	1,839,594	911,404
Due to Karachi Stock Exchange	1,286,100	391,475
Accrued liabilities	222,027	349,946
	-----	-----
	3,347,721	1,652,825
	=====	=====

4. COMMITMENTS

4.1 Office at the new Karachi Stock Exchange building

590,000	590,000
=====	=====

4.2 Rentals payable under operating lease agreement in respect of vehicles :

Payable in years ending June 30,	1998 Rupees	1997 Rupees
1998	-	121,440
1999	347,040	121,440
2000	266,080	40,480
2001	56,400	-
	-----	-----
	669,520	283,360
	=====	=====

5. TANGIBLE FIXED ASSETS

	COST			Balance as at 01-07-97 Rupees	DEPRECIATION		Balance as at 30-06-98 Rupees	Book value as at 30-06-98 Rupees	Rate of depreciation per annum Rupees
	As at 01-07-97 Rupees	Additions/ (Deletions) during the year Rupees	As at 30-06-98 Rupees		For the year Rupees	On deletion Rupees			
Leasehold Improvements	794,152	-	794,152	265,579	79,415	-	344,994	449,158	10
Furniture and Fixtures	714,433	(20,595)	693,838	218,308	71,444	(12,014)	277,738	416,100	10
Office Equipment	790,535	486,234	1,276,769	198,636	113,263	-	311,899	964,870	10
Motor Vehicle	941,388	(310,538) 486,234	630,850	194,963	166,339	(56,391)	304,911	325,939	20
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	3,240,508	(331,133)	3,395,609	877,486	430,461	(68,405)	1,239,542	2,156,067	
	-----	-----	-----	-----	-----	-----	-----	-----	-----
1997	2,776,542	744,999 (281,033)	3,240,508	597,238	368,542	(88,294)	877,486	2,363,022	
	-----	-----	-----	-----	-----	-----	-----	-----	-----

5.1 Disposal of Fixed Assets

PARTICULARS	Cost Rupees	Accumulated Deprec. Rupees	Book value Rupees	Sale Proceeds Rupees	Gain/ (Loss) Rupees	Mode of Disposal	Particulars of Purchasers
Furniture & Fixture: Air conditioner	20,595	12,014	8,581	9,000		419 Negotiation	Mr. Ghous Buksh (employee), 742 Karachi Stock Exchange, Karachi

Motor Vehicles:

Suzuki Margalla*	18,538	7,725	10,813	270,000	259,187	Negotiation Karachi
Suzuki Mehran	292,000	48,666	243,334	245,000	1,666	Insurance Adamjee insurance Co. Ltd. Claim
TOTAL	331,133	68,405	262,728	524,000	261,272	

Mr. Syed Raza Abbas Zaidi
713/4, Fatima Jinnah Colony

* Acquired on completion of lease term.

	1998 Rupees	1997 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	1998 Cost Rupees	Market value Rupees
MUTUAL FUNDS:			
215t ICP	27,200	486,985	38,080
22nd ICP	38,500	1,068,500	123,200
23rd ICP	34,000	459,475	59,500
MODARABAS:			
Associated:			
Modaraba Al-Mali	108,000	1,673,565	356,400
Modaraba Al-Tijarah	216,040	2,302,542	237,644
Others:			
Habib Bank Modaraba	6,275	56,856	36,395
First Habib Modaraba (Rs.5)	24,900	196,380	68,475
Schon Modaraba	12,352	70,357	20,381
LEASING:			
Ibrahim Leasing Limited	5,000	93,650	21,250
Natover Motor Leasing Limited	10,700	193,645	53,500
Union Leasing Limited	14,100	274,275	42,300
SYNTHETIC & RAYON:			
Dhan Fibres Limited	43,000	587,965	81,700
Gatron (Industries) Limited	22,000	938,375	462,000
Liberty Mills Limited	3,000	64,680	21,000
Polyron Limited	50,000	932,915	135,000
Ravi Rayon Limited	20,000	247,800	80,000
Tristar Polyester Limited	26,400	643,250	39,600
SUGAR & ALLIED:			
J.D.W. Sugar Mills Limited	15,500	124,875	46,500
CEMENT:			
Essa Cement Industries Limited	4,731	178,950	30,515
Maple Leaf Cement Factory Limited	9,612	416,500	30,758
Punjab Building Limited (Rs.5)	45,500	433,875	-
FUEL/ENERGY:			
K.E.S.C. Limited	18,300	722,971	150,975
Kohinoor Energy Limited	5,000	115,000	25,000
Kohinoor Power Company Limited	28,940	1,127,875	86,820
AUTO & ALLIED ENGINEERING:			
Agri Autos Industries Limited (Rs.5)	383,858	3,543,335	460,630
Al-Ghazi Tractors Limited (Rs.5)	100	3,885	5,795
Allied Motors Limited	9,500	134,750	7,600
Baluchistan Wheels Limited	1,500	48,825	31,500

Gandhara Nissan Limited	27,300	805,110	129,675
Hinopak Motors Limited	480	18,500	23,760
TRANSPORT & COMMUNICATIONS:			
Pakistan International Airline Limited	231	3,187	809
CHEMICAL & PHARMACEUTICALS:			
I.C.I. Pakistan Limited - note 7.1	10,485	263,242	125,296
Otsuka Pakistan Limited	7,700	274,725	78,925
Searle Pakistan Limited	8,458	468,700	116,298
VANASPATI AND ALLIED:			
Kashmir Edible Oils Limited	34,300	429,575	70,315
GLASS AND CERAMICS:			
Medi Glass Limited	9,492	92,095	11,865
MISCELLANEOUS:			
Mandviwala Mouser Plastic Industries Ltd.	48,400	482,190	145,200
Turbo Tec. Limited	15,500	88,000	13,950
TOTAL		20,067,380	3,468,611
Less Provision for diminution in value of Investments		16,598,769	-
		3,468,611	34,686,611
TOTAL 1997		21,741,372	6,667,288

7.1 Included herein are 485 shares of I.C.I. Pakistan Limited which have been transferred from marketable securities at cost less provision for diminution in value of investment.

	1998 Rupees	1997 Rupees
8. LONG TERM DEPOSITS & DEFERRED COSTS		
Deposits	269,400	88,700
Deferred Costs - note 8.1:		
Floatation expenses:		
Brokerage	162,550	162,550
Commission	578,002	578,002
Other expenses	1,080,160	1,080,160
	1,820,712	1,820,712
	2,090,112	1,909,412
Less: Amortized to date	1,456,562	1,092,422
	633,550	816,990

8.1 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 Certificates/ Shares	1998 Cost Rupees	Market value Rupees
MUTUAL FUNDS:			
24th ICP	2,500	24,000	12,500
MODARABAS:			
B.F. Modaraba	1,500	12,669	3,375
First Grindlays Modaraba	27,000	477,475	297,000
First Punjab Modaraba	3,614	40,585	12,649
LEASING COMPANIES:			
Capital Asset Leasing Corporation Limited	1,500	20,786	3,375

Paramount Leasing Limited	4,000	48,950	24,000
INVESTMENT Cos./BANKS:			
AI-Faysal Investment bank Limited	6,812	226,675	79,019
First Capital Securities Corporation Limited	8,250	143,000	49,500
INSURANCE:			
EFU General Insurance Limited	2,799	187,415	89,568
New Jubilee Insurance Co. Limited (Rs.5)	8,086	181,100	126,384
TEXTILE SPINNING:			
Ishtiaq Textile Mills Limited	1,500	14,475	12,450
Saritow Spinning Mills Limited	1,500	10,050	4,125
Service Industries Textiles Limited	2,500	30,625	10,875
TEXTILE COMPOSITE:			
(Colony) Sarhad Textile Mills Limited	1,000	8,750	2,400
Mart Fabrics Limited	1,000	6,500	1,950
Tawakkal Garments Industries Limited	4,200	131,715	2,100
WOOLEN:			
Bannu Woollen Mills Limited	1,500	107,000	26,250
SYNTHETIC & RAYON:			
Pakistan Synthetic Limited	5,000	102,593	25,000
Sunshine Cloth Limited	1,500	15,000	15,000
SUGAR & ALLIED INDUSTRIES:			
Chashma Sugar Mills Limited	4,000	47,687	40,000
Sindh Abadgars Sugar Mills Limited	2,000	32,095	12,000
Tandliawala Sugar Mills Limited	500	4,250	2,175
CEMENT COMPANIES:			
Lucky Cement Limited	17,500	358,774	68,250
Pioneer Cement Limited	20,000	551,112	60,000
Pakistan Slag Cement Industries Limited	4,000	113,000	13,400
FUEL AND ENERGY:			
Mari Gas Company Limited	500	12,250	9,000
ENGINEERING:			
Abbas Engg. Industries Limited (Hashoo Steel)	3,500	58,540	15,400
Huffaz Seamless Pipes Industries Limited	3,300	34,600	13,200
CHEMICAL & PHARMACEUTICALS:			
Kausar Paints Limited	1,000	13,625	3,200
Reckitt & Colman of Pakistan Limited	1,496	131,600	41,888
Wah Noble Chemical Limited	300	25,500	4,800
PAPER & BOARD:			
Pak Papersack Corpn. Limited (Rs.5)	8,800	111,800	70,400
VANASPATI AND ALLIED:			
Muslim Ghee Mills Limited	3,500	28,375	14,350
		-----	-----
		3,312,571	1,152,083
Less: Provision for diminution in value of investments - note 9.1		2,160,488	-
		=====	=====
Total Rupees 1998		1,152,083	1,152,083
		=====	=====
Total Rupees 1997		4,813,051	1,152,083
Less: Provision for diminution in value of investments - note 9.1		2,040,668	-
		-----	-----
		2,772,383	2,772,383
		=====	=====
		1998	1997
		Rupees	Rupees

9.1 Provision for diminution in value of investments

Balance as at July 1	2,040,668	2,147,472
Provision made/written back during the year	119,820	(106,804)
	-----	-----
Balance as at June 30	2,160,488	2,040,668
	=====	=====

10. RECEIVABLE FROM CUSTOMERS-considered good

	4,250,429	4,572,016
	=====	=====

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

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

Staff against salary	38,407	4,400
For capital expenditure (note 4.1)	10,000	10,000
For purchase of equipment	-	56,270
	-----	-----
	48,407	70,670

Taxation - note 11.1	66,667	61,466
Prepayments	244,925	224,521

Other receivables:

Dividend	15,256	21,192
Brokerage	112,115	49,936
Associated undertakings - note 11.2	412,576	411,620
Others	53,249	5,985
	-----	-----
	593,196	488,733
	-----	-----
	953,195	845,390
	=====	=====

11.1 The assessments of the company have been completed upto the assessment year 1997-98 (corresponding accounting year ended June 30, 1997).

11.2 Maximum balance due from associated undertakings at the end of any month during the year was Rs.592,500 (1997: Rs.718,410).

	1998 Rupees	1997 Rupees
12. DIVIDEND INCOME		
From modarabas		
- Associated	64,860	118,910
- Others	79,113	91,303
	-----	-----
	143,973	210,213
From companies	213,642	276,860
	-----	-----
	357,615	487,073
Less: Zakat deducted	250	1,775
	-----	-----
	357,365	485,298
	=====	=====

13. GAIN ON SALE OF MARKETABLE AND LONG TERM SECURITIES

Sales	169,934,652	59,220,810
Less : cost of sales		
Opening balance of marketable securities	4,813,051	4,687,538
Transferred from long term investments	2,086,234	866,613
Purchases	166,038,162	58,416,785
	-----	-----
	172,937,447	63,970,936
closing balance of marketable securities	(3,312,571)	(4,813,051)
	-----	-----
	169,624,876	59,157,885

-----	-----
309,776	62,925
=====	=====

14. OPERATING EXPENSES

Salaries and allowances	4,060,621	3,718,302
Rent	404,568	442,090
Commission and brokerage	230,504	336,282
Printing and stationery	238,299	218,058
Lease rentals	441,040	173,677
Fuel and car running	309,507	182,723
Repairs and maintenance	49,293	63,709
Telephone, fax and telex	156,994	142,251
Postage/courier	9,534	9,937
Entertainment	59,537	59,661
Electricity and utilities	164,305	161,945
Insurance	149,817	105,079
Fee and subscription	158,710	113,567
Auditors' remuneration (note 14.1)	54,758	53,692
Bank charges and commission	6,473	6,049
Conveyance charges	18,980	17,933
Legal and professional	15,000	6,000
Share transfer expenses	4,601	6,524
Advertising and publications	23,400	64,607
Travelling and hotel expenses	11,471	-
Depreciation	430,461	368,542
Amortization of deferred costs	364,140	364,140
Professional tax	22,000	82,250
Training expenses	26,500	-
Bad debts	25,500	-
Miscellaneous	43,639	24,301
-----	-----	-----
7,479,652	6,721,319	-----
=====	=====	=====

14.1 Auditors' remuneration

Audit fee	50,000	50,000
Out of pocket expenses	4,758	3,692
-----	-----	-----
54,758	53,692	-----
=====	=====	=====

15. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

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

	1998	1997
	Rupees	Rupees
Brokerage earned	73,222	55,329
Registrar services fee	732,000	702,000
Expenses recovered	79,473	45,792

16. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	1998	1997	1998	1997
Managerial remuneration	421,500	444,000	697,334	589,500
House rent	165,000	180,000	275,733	259,950
Utilities	30,000	36,000	40,267	39,450
Conveyance	-	-	3,600	-
Retirement benefits	49,000	38,249	55,800	89,600
-----	-----	-----	-----	-----
665,500	698,249	1,072,734	978,500	-----
=====	=====	=====	=====	=====
Number of persons	1	1	4	3

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

17. GENERAL

- Figures have been rounded off to the nearest rupee.
- Previous year's figures have been rearranged wherever necessary for the purposes of comparison.

Chief Executive

Director

PATTERN OF SHAREHOLDING AS AT JUNE 30, 1998

No. of Shareholders	Having Shares		Shares Held	Percentage %
	From	To		
45	1	100	4,500	0.09
3,553	101	500	1,761,200	35.23
26	501	1,000	25,900	0.52
41	1,001	5,000	135,200	2.70
48	5,001	10,000	472,500	9.45
7	10,001	15,000	93,700	1.87
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
2	50,001	60,000	113,500	2.27
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
-----			-----	-----
3,746			5,000,000	100.00
=====			=====	=====

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 1998

Categories of Shareholders	Number	Shares held	Percentage %
Individual	3,738	3,269,000	65.38
Investment Companies	3	770,000	15.40
Modaraba Companies	3	882,500	17.65
Joint Stock Companies	1	53,500	1.07
Others	1	25,000	0.50
-----	-----	-----	-----
TOTAL	3,746	5,000,000	100.00
=====	=====	=====	=====

NOTICE OF 6TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Shareholders of AL-MAL SECURITIES & SERVICES LIMITED will be held at Ahmad House, 21-B, S.M.C.H. Society, near Masjid-e-Roomi, behind Finance & Trade Centre, off Sharea Faisal, Karachi on Monday the 21st December, 1998 at 10:00 am to transact the following business.

AGENDA

1. To confirm the minutes of the Fifth Annual General Meeting held on 26th December, 1997.
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 1998.
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.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without amendment the following resolution as Special resolution for the addition in the object clause in Memorandum of Association of the company, subject to approval by the Corporate Law Authority.

"RESOLVED AS A SPECIAL RESOLUTION, THAT in deference to the request from the Central Depository Company of Pakistan Limited and to enable the Company to become and remain an account holder/participant eligible pledgee of a central depository company, the Company's Memorandum of Association be and is hereby amended as follows:

In Object Clause III, after Sub-Clause 9 a new Sub Clause be and is hereby incorporated as Sub Clause (9A) as follows:

"To undertake the business of custodial services in respect of securities and to become an account holder/participant, eligible pledgee, DVP account holder with a central depository company."

RESOLVED FURTHER THAT Mr. Mohammad Azeem Khan Chief Executive Officer and Mr. M. Ahsan Hashmi, Chief Accountant of the company be and are hereby jointly and severally authorized to fulfill all requisite legal and corporate formalities for effectuating and formalising the amendment to the Memorandum of Association."

5. To transact any other business of the Company with the permission of the Chair.

By order of the Board

D.V. Karia
Company Secretary

Karachi: November 27th, 1998

NOTES:

1. The Share Transfer Books of the Company will remain closed from 14th December, to 21st December, 1998 (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 5th Annual General Meeting will be available to the members on request, free of charge.
5. Statement under section 160 of the Companies Ordinance, 1984 is being sent to all the members.

**STATEMENT UNDER SECTION 160 OF
THE COMPANIES ORDINANCE, 1984**

This statement sets out the material facts concerning the special business to be transacted at Sixth Annual General Meeting to be held on 21st December, 1998 (Monday) at Ahmad House, 21-B, S.M.C.H. Society, near Masjid-e-Roomi, behind Finance & Trade Centre, off Sharea Faisal, Karachi.

It has become necessary to incorporate a specific Clause in the Company's Memorandum of Association for empowering the Company to become an account holder/participant, eligible pledgee, DVP Account Holder, etc. of a central depository company. The amendment is purely formal and no creditor or shareholder will be affected by the amendment.

By order of the Board

D.V. Karia
Company Secretary

Karachi: November 27th, 1998