

## **Al-Mal Securities & Services Limited**

### **Annual Report 1999**

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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 Shoab**  
Director (Nominee of PKIC)

**Mr. Rizwanullah Kherati**  
Director (Nominee of PKIC)

**Mr. Mohammad Azeem Khan**  
Chief Executive

##### **Management Team:**

Mr. Mohammad Azeem  
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

##### **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, 1999.

| <i>1999</i>   | <i>1998</i>     |
|---------------|-----------------|
| <i>Rupees</i> | <i>'Rupees,</i> |

##### **1. Operating Results:**

Summarized results, for the year under report are as under

|  |              |              |
|--|--------------|--------------|
| * Total operating income                   | 7,914,464    | 7,061,254    |
| * Profit / (Loss) for the year- before tax | 2,019,326    | (17,136,987) |
| * Profit / (Loss) for the year- after tax  | 1,969,125    | (17,136,874) |
| * Profit / (Loss) brought forward          | (22,202,079) | (5,065,205)  |
| * Net Profit / (Loss) carried forward      | (20,232,954) | (22,202,079) |
| * Unappropriated Profit / (Loss)           | (20,232,954) | (22,202,079) |

## 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 Share holding is attached.

## 4. Auditors:

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

## 5. Acknowledgment:

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

October 11, 1999  
Karachi.

**SYED IRADAT HUSAIN**  
Chairman

## CHIEF EXECUTIVE'S REVIEW

I am pleased to present the Sixth Annual Report of AL-MAL SECURITIES & SERVICES LIMITED, as public listed company, together with the Audited Accounts for the year ended 30th June, 1999. The Company went public in June, 1994 and is listed in all the three Stock Exchanges of the country for the convenience of its shareholders.

### Result of the Operations:

The capital market in the current financial year has remained subdued. It went through a difficult period from June to December, 1998 primarily due to the severe pressures on the domestic economy. The sanctions imposed after the nuclear test, the freezing of foreign currency accounts, the dispute with Hubco and other independent power producers led the K.S.E., index to its all time low of 785.74 points on July 14, 1998. Subsequently, easing of sanctions and settlements with IMF saw the KSE Index improving to 945.32 on 31st December, 1998 and to 1055 on 30th June, 1999. The conditions have shown improvement intermittently in the capital market but uncertainty has prevailed all along during the fiscal year. Investors have been jittery and on a slight note of discomfort they have liquidated their positions. Moreover, the market has worked in a narrow range of few blue-chip scrips but hope of a broad based recovery is still a distant cry.

Under the above circumstances, our efforts were focused to work cautiously and concentrate on fee based brokerage business. During the year under review our brokerage income has improved from Rs.5,239,699 to Rs.6,949,787. This is an improvement of about 32.63% over the previous year's figures. We have developed a stable base of customers and are committed to increase it further to enhance revenues on our core business.

Dividend disclosures in the corporate sector showed a decline and this was due to poor economic conditions of 1997-98. We believe, the corporate performance did improve in current period and, therefore, we expect that in the fiscal year 1999-2000 our dividend income will also improve. As a matter of strategy we are also focusing on short term trading and expect that with cautious and prudent approach our revenue on capital gain will also improve during the year 1999-2000.

Our loss on disposal of fixed assets represent the write-off of our capital expenditure in leasehold improvements in previous office from where we shifted in February, 1999 to new premises with better working environment and larger space to accommodate expansion.

Without impairing efficiency, we have been able to keep a check on our expenses this year as well. As a matter of fact our expenses have reduced from Rs.7.5 million to Rs.7.2 million notwithstanding spiralling inflation. Our improvement in revenues and a check on expenses has resulted in the operating profit of the Company which has now passed through hurdles and Insha-Allah soon you will see marked improvement in profitability in the coming years.

### Y2K Compliance:

As per requirement of the Securities & Exchange Commission of Pakistan we have achieved the

upgradation of all the software systems and equipments installed in our office to cater the requirements of the new millennium. These systems and equipments are replaced and modified to work before, during and after the year 9.000 transition.

**Future Outlook:**

The improvement of the capital market depends on the economic and political stability and the law and order situation of the country. We also hope that the solution of the dispute of Hubco will help in the improvement of the Stock Market. Should the economic and political conditions improve, we will see the local and foreign investor's confidence returning to the capital market of Pakistan,

As regards the establishment of forex trading activities some ground work for the same has been done and we hope that in near future this department will be established, INSHA-ALLAH.

October 11, 1999  
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 on June 30, 1999, the related Profit & 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 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, 1999 and of the Profit 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.

October 11, 1999  
Karachi.

**FORD, RHODES, ROBSON, MORROW**  
Chartered Accountants

**BALANCE SHEET AS AT JUNE 30, 1999**

| <i>Note</i>   | <i>1999</i><br><i>Rupees</i> | <i>1998</i><br><i>Rupees</i> |
|---|------------------------------|------------------------------|
| <b>CAPITAL &amp; RESERVES:</b>  |                              |                              |
| <b>Share capital</b>  |                              |                              |
| Authorised<br>5,000,000 ordinary shares of Rs.10 each   | 50,000,000                   | 50,000,000                   |
| Issued, subscribed and paid up<br>5,000,000 (1998: 5,000,000) ordinary shares<br>of Rs 10 each fully paid in cash | 50,000,000                   | 50,000,000                   |
| Revenue Revenue<br>Balance on profit and loss account   | (20,232,954)                 | (22,202,079)                 |
|   | 29,767,046                   | 27,797,921                   |

**DEFERRED LIABILITIES**

|                        |  |           |         |
|------------------------|--|-----------|---------|
| Provision for gratuity |  | 1,168,200 | 304,200 |
|------------------------|--|-----------|---------|

**CURRENT LIABILITIES**

|                                   |   |           |         |
|-----------------------------------|---|-----------|---------|
| Creditors and accrued liabilities | 3 | 8,549,110 | 334,772 |
|-----------------------------------|---|-----------|---------|

**COMMITMENTS**

|  |   |            |            |
|--|---|------------|------------|
|  | 4 | --         | --         |
|  |   | 39,484,356 | 31,949,842 |

**TANGIBLE FIXED ASSETS**

|                          |   |           |           |
|--------------------------|---|-----------|-----------|
| ROOM AND MEMBERSHIP CARD | 5 | 1,703,756 | 2,156,067 |
|--------------------------|---|-----------|-----------|

|                       |   |            |            |
|-----------------------|---|------------|------------|
| LONG-TERM INVESTMENTS | 6 | 11,658,458 | 11,658,458 |
|-----------------------|---|------------|------------|

|  |   |           |           |
|--|---|-----------|-----------|
|  | 7 | 3,955,690 | 3,468,611 |
|--|---|-----------|-----------|

**LONG-TERM DEPOSITS AND**

|                |  |         |         |
|----------------|--|---------|---------|
| DEFERRED COSTS |  | 243,500 | 633,550 |
|----------------|--|---------|---------|

**CURRENT ASSETS**

|                       |   |           |           |
|-----------------------|---|-----------|-----------|
| Marketable securities | 9 | 1,217,660 | 1,152,083 |
|-----------------------|---|-----------|-----------|

|                           |    |           |           |
|---------------------------|----|-----------|-----------|
| Receivable from customers | 10 | 3,570,767 | 4,250,429 |
|---------------------------|----|-----------|-----------|

|   |    |           |         |
|---|----|-----------|---------|
| Advances, prepayments and other receivables | 11 | 7,298,695 | 953,195 |
|---|----|-----------|---------|

|                                 |  |           |           |
|---------------------------------|--|-----------|-----------|
| Cash at bank - current accounts |  | 9,835,830 | 7,677,449 |
|---------------------------------|--|-----------|-----------|

|  |  |            |            |
|--|--|------------|------------|
|  |  | 21,922,952 | 14,033,156 |
|--|--|------------|------------|

|  |  |            |            |
|--|--|------------|------------|
|  |  | 39,484,356 | 31,949,842 |
|--|--|------------|------------|

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, 1999**

|   | <i>Note</i> | <i>1999</i><br><i>Rupees</i> | <i>1998</i><br><i>Rupees</i> |
|---|-------------|------------------------------|------------------------------|
| Brokerage revenue   |             | 6,949,787                    | 5,239,699                    |
| Income from registrar services                                  |             | 720,000                      | 732,000                      |
| Dividend income   | 12          | 236,207                      | 357,365                      |
| Gain on sale of marketable and long-term securities             | 15          | 255,255                      | 309,776                      |
| Consultancy income  |             | --                           | 155,465                      |
| Profit / (loss) on disposal of fixed assets                     | 5.1         | (265,926)                    | 261,272                      |
| Miscellaneous income  |             | 19,141                       | 5,677                        |
|   |             | 7,914,464                    | 7,061,254                    |
| Operating expenses  | 14          | 7,214,565                    | 7,479,652                    |
| Provision / (write-back) for diminution in value of investments |             |                              |                              |
| Long-term investments   | 7.1         | (1,253,850)                  | 16,598,769                   |
| Marketable securities   | 9.1         | (65,577)                     | 119,820                      |
|   |             | (1,319,427)                  | 16,718,589                   |
|   |             | 5,895,138                    | 24,198,241                   |
| Profit/(loss) before taxation                                   |             | 2,019,326                    | (17,136,987)                 |
| Provision for taxation  |             |                              |                              |
| -- current  |             | (50,201)                     | (51,387)                     |
| -- deferred   |             | --                           | 51,500                       |
|   |             | (50,201)                     | 113                          |
| Profit / (loss) after taxation                                  |             | 1,969,125                    | (17,136,874)                 |
| Loss brought forward  |             | (22,202,079)                 | (5,065,205)                  |
| Loss carried forward to the balance sheet                       |             | (20,232,954)                 | (22,202,079)                 |
| Earning / (loss) per share                                      | 17          | 0.39                         | (3.43)                       |

The annexed notes form an integral part of these accounts

**M. Azeem Khan**  
Chief Executive

**Maqbool Hussain**  
Vice Chairman

**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**(CASH FLOW STATEMENT)**  
**For the year ended June 30, 1999**

|  | <i>1999</i>   | <i>1998</i>   |
|--|---------------|---------------|
|  | <i>Rupees</i> | <i>Rupees</i> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                    |               |               |
| Profit/(loss) before taxation                                  | 2,019,326     | (17,136,987)  |
| <b>Adjustments for:</b>  |               |               |
| Depreciation   | 380,695       | 430,461       |
| Loss / (profit) on sale of long-term investments               | 319,421       | (274,651)     |
| Loss / (profit) on sale of fixed assets                        | 265,926       | (261,272)     |
| Amortization of deferred costs                                 | 364,150       | 364,140       |
| Provision/(write-back) for diminution in value of investments  | (1,319,427)   | 16,718,589    |
| Provision for gratuity   | 431,525       | 464,955       |
|  | -----         | -----         |
| Operating profit / (loss) before working capital changes       | 442,290       | 17,442,222    |
|  | -----         | -----         |
|  | 2,461,616     | 305,235       |
| <b>(Increase) / decrease in operating assets:</b>              |               |               |
| Marketable securities  | --            | 1,500,480     |
| Receivable from customers                                      | 679,662       | 821,587       |
| Advances, prepayments and other receivables excluding taxation | (6,827,844)   | (102,604)     |
|  | -----         | -----         |
|  | (5,648,182)   | 1,719,463     |
|  | -----         | -----         |
|  | (3,186,566)   | 2,024,698     |
| <b>Increase / (Decrease) in operating liabilities:</b>         |               |               |
| Creditors and accrued liabilities                              | 5,201,389     | 1,694,896     |
|  | -----         | -----         |
| <b>Cash generated from operations</b>                          | 2,014,823     | 3,719,594     |
|  | -----         | -----         |
| Taxation paid  | (67,857)      | (58,974)      |
| Gratuity paid  | (67,525)      | (383,406)     |
|  | -----         | -----         |
|  | (135,382)     | (442,380)     |
|  | -----         | -----         |
| Net cash inflow from operating activities                      | 1,879,441     | 3,277,214     |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                     |               |               |
| Capital expenditure incurred                                   | (476,904)     | (486,234)     |
| Long-term deposits   | 25,900        | (180,700)     |
| Long-term investments  | --            | (412,242)     |
| Sale process of fixed assets                                   | 282,594       | 524,000       |
| Sale proceeds of long-term-investments                         | 447,350       | 2,360,855     |
|  | -----         | -----         |
| Net cash inflow from investing activities                      | 278,940       | 1,805,709     |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>               |               |               |
|  | 2,158,381     | 5,082,923     |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>      | 7,677,449     | 2,594,526     |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>            | -----         | -----         |
|  | 9,835,830     | 7,677,449     |
|  | =====         | =====         |

**M. Azeem Khan**  
Chief Executive

**Maqbool Hussain**  
Vice Chairman

**NOTES TO THE ACCOUNTS**  
**For the Year Ended June 30, 1999**

**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

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 as 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 the 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 recognized 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 AND ACCRUED LIABILITIES

|  | <i>1999</i><br><i>Rupees</i> | <i>1998</i><br><i>Rupees</i> |
|--|------------------------------|------------------------------|
| Due to customers                               | 8,323,959                    | 1,839,594                    |
| Due to Karachi Stock Exchange (Guarantee) Ltd. | --                           | 1,286,100                    |
| Accrued liabilities                            | 225,151                      | 222,027                      |
|  | -----                        | -----                        |
|  | 8,549,110                    | 3,347,721                    |
|  | =====                        | =====                        |

## 4. COMMITMENTS

|   |         |         |
|---|---------|---------|
| 4.1 Office at the new Karachi Stock Exchange Building | 590,000 | 590,000 |
|   | =====   | =====   |

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

## Payable in years ending June

|      |         |         |
|------|---------|---------|
| 1999 | --      | 347,040 |
| 2000 | 266,080 | 266,080 |
| 2001 | 56,400  | 56,400  |
|      | -----   | -----   |
|      | 322,480 | 669,520 |
|      | =====   | =====   |

## 5. TANGIBLE FIXED ASSETS

|                        | COST             |  |                  | DEPRECIATION     |              |             | Book Value at June 30, 1999 | Rate of depreciation per annum |                  |
|------------------------|------------------|--|------------------|------------------|--------------|-------------|-----------------------------|--------------------------------|------------------|
|                        | At July 01, 1998 | Additions/ (deletions) during the year | At June 30, 1999 | At July 01, 1998 | For the year | On deletion |                             |                                | At June 30, 1999 |
|                        | Rupees           | Rupees                                 | Rupees           | Rupees           | Rupees       | Rupees      |                             |                                | Rupees           |
| Leasehold improvements | 794,152          | --                                     | 78,708           | 344,994          | 55,568       | (349,401)   | 51,161                      | 26,547                         | 10               |
| Furniture and fixture  | 693,838          | --                                     | 354,328          | 277,738          | 58,108       | (194,378)   | 141,468                     | 212,860                        | 10               |
| Office equipment       | 1,276,769        | 183,904                                | 1,404,673        | 311,899          | 135,966      | (18,655)    | 429,210                     | 975,463                        | 10               |
| Motor vehicles         | 630,850          | 293,000                                | 923,850          | 304,911          | 131,053      | --          | 435,964                     | 487,886                        | 20               |
|                        | -----            | -----                                  | -----            | -----            | -----        | -----       | -----                       | -----                          |                  |
|                        | 3,395,609        | 476,904                                | 2,761,559        | 1,239,542        | 380,695      | (562,434)   | 1,057,803                   | 1,703,756                      |                  |
|                        | =====            | =====                                  | =====            | =====            | =====        | =====       | =====                       | =====                          |                  |
| 1998                   | 3,240,508        | 486,234                                | 3,395,609        | 877,486          | 430,461      | (68,405)    | 1,239,542                   | 2,156,067                      |                  |
|                        | =====            | =====                                  | =====            | =====            | =====        | =====       | =====                       | =====                          |                  |

## 5.1 Disposal of Fixed Assets

| PARTICULARS               | Cost    | Accumulated depreciation | Book value | Sale proceeds | Gain/(loss) | Mode of disposal | Particulars of purchasers                                |
|---------------------------|---------|--------------------------|------------|---------------|-------------|------------------|--|
|                           | Rupees  | Rupees                   | Rupees     | Rupees        | Rupees      |                  |  |
| Leasehold improvement     |         |                          |            |               |             |                  |  |
| Office renovations        | 715,444 | 349,401                  | 366,043    | 89,844        | (276,199)   | Negotiation      | Mr. Akber Ali Rehmatullah<br>404, Amber Estate, Karachi. |
| Sub Total                 | -----   | -----                    | -----      | -----         | -----       |                  |  |
|                           | 715,444 | 349,401                  | 366,043    | 89,844        | (276,199)   |                  |  |
|                           | -----   | -----                    | -----      | -----         | -----       |                  |  |
| Furniture and fixture:    |         |                          |            |               |             |                  |  |
| Office furnitures         | 28,095  | 16,639                   | 11,456     | 12,000        | 544         | Negotiation      | Mr. Adil, 123/3, Khayaban-e-Badar, DHA, Karachi.         |
| Office furnitures         | 4,067   | 1,476                    | 2,591      | 4,500         | 1,909       | Negotiation      | Mr. Afzal Ali, A-3, Shamim Apartment, Karachi.           |
| Office furnitures         | 4,016   | 1,457                    | 2,559      | 4,000         | 1,441       | Negotiation      | Mr. Ahmed, 49/7, F.B. Area, Karachi.                     |
| Office furnitures         | 278,413 | 164,188                  | 114,225    | 106,500       | (7,725)     | Negotiation      | Mr. Bakhtiar Ali, Jamal & Sons, Nursery, Karachi.        |
| Office furnitures         | 12,000  | 5,500                    | 6,500      | 9,000         | 2,500       | Negotiation      | Mr. Fida Hussain, 742, Karachi Stock Exchange, Karachi.  |
| Office furnitures         | 338     | 113                      | 225        | 1,800         | 1,575       | Negotiation      | Mr. Ghulam Nabi, 79-E, DHA, Karachi.                     |
| Office furnitures         | 196     | 65                       | 131        | 1,500         | 1,369       | Negotiation      | Mr. Gulraiz Shakir, 42/C-8, Latifabad, Hyderabad.        |
| Sub total carried forward | -----   | -----                    | -----      | -----         | -----       |                  |  |
|                           | 327,125 | 189,438                  | 137,687    | 139,300       | 1,613       |                  |  |
|                           | =====   | =====                    | =====      | =====         | =====       |                  |  |
| Sub total brought forward | -----   | -----                    | -----      | -----         | -----       |                  |  |
|                           | 327,125 | 189,438                  | 137,687    | 139,300       | 1,613       |                  |  |
|                           | -----   | -----                    | -----      | -----         | -----       |                  |  |
| Office furnitures         | 1,767   | 780                      | 987        | 900           | (87)        | Negotiation      | Mr. Kishore Kumar,<br>16, Kumharwara, Lyari, Karachi.    |
| Office furnitures         | 5,463   | 2,129                    | 3,334      | 3,000         | (334)       | Negotiation      | Mr. Mohammed Afzal,<br>502, Sardar Plaza, Karachi.       |
| Office furnitures         | 160     | 54                       | 106        | 500           | 394         | Negotiation      | Mr. M. Ibrahim, 742, Karachi Stock Exchange, Karachi.    |
| Office furnitures         | 75      | 25                       | 50         | 400           | 350         | Negotiation      | Mr. Rehan Yousuf, A-150/17,<br>F.B. Area, Karachi.       |

|                   |           |         |         |         |           |             |  |
|-------------------|-----------|---------|---------|---------|-----------|-------------|--|
| Office furnitures | 1,623     | 548     | 1,075   | 10,200  | 9,125     | Negotiation | Mr. Rizwan Yousuf, B-457/13,<br>F.B. Area, Karachi.  |
| Office furnitures | 1,767     | 781     | 986     | 900     | (86)      | Negotiation | Mr. Shyam Kumar,<br>17, Kumharwara, Lyari, Karachi.  |
| Office furnitures | 196       | 65      | 131     | 2,500   | 2,369     | Negotiation | Mr. Tufail Gulzar, 8/17,<br>Nazimabad-5, Karachi.    |
| Office furnitures | 196       | 65      | 131     | 1,050   | 919       | Negotiation | Mrs. Seema Kamran, 96/2,<br>DHA, Phase-VI, Karachi.  |
| Office furnitures | 1,138     | 493     | 645     | 2,000   | 1,355     | Negotiation | Mrs. Najma Ansari, 96/2,<br>DHA, Phase-VI, Karachi.  |
| Sub Total         | 339,510   | 194,378 | 145,132 | 160,750 | 15,618    |             |  |
| Office equipment  |           |         |         |         |           |             |  |
| Air-conditioner   | 50,500    | 18,517  | 31,983  | 32,000  | 17        | Negotiation | Mr. Bakhtiar Ali, Jamil & Sons,<br>Nursery, Karachi. |
| Mobile telephone  | 5,500     | 138     | 5,362   | --      | (5,362)   | Lost        |  |
| Sub Total         | 56,000    | 18,655  | 37,345  | 32,000  | (5,345)   |             |  |
| TOTAL             | 1,110,954 | 562,434 | 548,520 | 282,594 | (265,926) |             |  |
| 1998              | 331,133   | 68,405  | 262,728 | 524,000 | 261,272   |             |  |

**1999**  
**Rupees**

**1998**  
**Rupees**

## 6. ROOM AND MEMBERSHIP CARD

Room at Karachi Stock Exchange building

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

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

| Name of Modaraba/Company                      | Number of<br>Certificates/shares |         | Cost           |                | Market value   |                |
|---|----------------------------------|---------|----------------|----------------|----------------|----------------|
|   | 1999                             | 1998    | 1999<br>Rupees | 1998<br>Rupees | 1999<br>Rupees | 1998<br>Rupees |
| <b>MUTUAL FUNDS:</b>                          |                                  |         |                |                |                |                |
| ICP Mutual Fund XXI                           | 27,200                           | 27,200  | 486,985        | 486,985        | 40,800         | 38,080         |
| ICP Mutual Fund XXII                          | 38,500                           | 38,500  | 1,068,500      | 1,068,500      | 86,625         | 123,200        |
| ICP Mutual Fund XXIII                         | 34,000                           | 34,000  | 459,475        | 459,475        | 37,400         | 59,500         |
| <b>MODARABAS:</b>                             |                                  |         |                |                |                |                |
| <b>Associated:</b>                            |                                  |         |                |                |                |                |
| Modaraba Al-Mali                              | 108,000                          | 108,000 | 1,673,565      | 1,673,565      | 480,600        | 356,400        |
| Modaraba Al-Tijarah                           | 216,040                          | 216,040 | 2,302,542      | 2,302,542      | 237,644        | 237,644        |
| <b>Others:</b>                                |                                  |         |                |                |                |                |
| First Habib Bank Modaraba                     | 6,275                            | 6,275   | 56,856         | 56,856         | 39,219         | 36,395         |
| First Habib Modaraba (Rs. 5 each)             | 24,900                           | 24,900  | 196,380        | 196,380        | 68,475         | 68,475         |
| Schon Modaraba                                | 12,352                           | 12,352  | 70,357         | 70,357         | 9,882          | 20,381         |
| <b>LEASING COMPANIES</b>                      |                                  |         |                |                |                |                |
| Ibrahim Leasing Limited                       | 5,000                            | 5,000   | 93,650         | 93,650         | 18,500         | 21,250         |
| Natover Motor Leasing Limited                 | 10,700                           | 10,700  | 193,645        | 193,645        | 57,245         | 53,500         |
| Union Leasing Company Limited                 | 16,215                           | 14,100  | 274,275        | 274,275        | 48,645         | 42,300         |
| <b>SYNTHETIC AND RAYON:</b>                   |                                  |         |                |                |                |                |
| Dhan Fibres Limited                           | 43,000                           | 43,000  | 587,965        | 587,965        | 197,800        | 81,700         |
| Gatron (Industries) Limited                   | 22,000                           | 22,000  | 938,375        | 938,375        | 319,000        | 462,000        |
| Liberty Mills Limited                         | 3,000                            | 3,000   | 64,680         | 64,680         | 15,000         | 21,000         |
| Polyron Limited                               | 50,000                           | 50,000  | 932,915        | 932,915        | 127,500        | 135,000        |
| Ravi Rayon Limited                            | 20,000                           | 20,000  | 247,800        | 247,800        | 50,000         | 80,000         |
| Tristar Polyester Limited                     | 26,400                           | 26,400  | 643,250        | 643,250        | 46,200         | 39,600         |
| <b>SUGAR AND ALLIED INDUSTRIES:</b>           |                                  |         |                |                |                |                |
| J.D.W. Sugar Mills Limited                    | 15,500                           | 15,500  | 124,875        | 124,875        | 34,875         | 46,500         |
| <b>CEMENT COMPANIES:</b>                      |                                  |         |                |                |                |                |
| Essa Cement Limited                           | 4,731                            | 4,731   | 178,950        | 178,950        | 33,117         | 30,515         |
| Maple Leaf Cement Factory Ltd.                | 9,612                            | 9,612   | 416,500        | 416,500        | 27,394         | 30,758         |
| Punjab Building Products Limited (Rs. 5 each) | 45,500                           | 45,500  | 433,875        | 433,875        | --             | --             |



**FUEL AND ENERGY:**

|  |        |        |           |           |         |         |
|--|--------|--------|-----------|-----------|---------|---------|
| The Karachi Electric Supply Corp. Ltd. | 18,300 | 18,300 | 722,971   | 722,971   | 157,380 | 150,975 |
| Kohinoor Energy Limited                | 5,000  | 5,000  | 115,000   | 115,000   | 53,000  | 25,000  |
| Kohinoor Power Company Limited         | 28,940 | 28,940 | 1,127,875 | 1,127,875 | 94,055  | 86,820  |

**AUTO AND ALLIED ENGINEERING:**

|  |         |         |           |           |           |         |
|--|---------|---------|-----------|-----------|-----------|---------|
| Agri Autos Industries Limited (Rs. 5 each) | 383,858 | 383,858 | 3,543,335 | 3,543,335 | 1,132,381 | 460,630 |
| Al-Ghazi Tractors Limited (Rs. 5 each)     | 125     | 100     | 3,885     | 3,885     | 6,250     | 5,795   |
| Allied Motors Limited                      | 9,500   | 9,500   | 134,750   | 134,750   | 11,400    | 7,600   |
| Baluchistan Wheels Limited                 | 1,500   | 1,500   | 48,825    | 48,825    | 31,950    | 31,500  |
| Ghandhara Nissan Limited                   | 1,300   | 27,300  | 38,339    | 805,110   | 10,595    | 129,675 |
| Hinopak Motors Limited                     | 480     | 480     | 18,500    | 18,500    | 23,040    | 23,760  |

**TRANSPORT AND COMMUNICATION:**

|  |     |     |       |       |       |     |
|--|-----|-----|-------|-------|-------|-----|
| Pakistan International Airline Corporation | 231 | 231 | 3,187 | 3,187 | 2,980 | 809 |
|--|-----|-----|-------|-------|-------|-----|

**CHEMICAL AND PHARMACEUTICALS:**

|                         |        |        |         |         |         |         |
|-------------------------|--------|--------|---------|---------|---------|---------|
| I.C.I. Pakistan Limited | 10,485 | 10,485 | 263,242 | 263,242 | 92,792  | 125,296 |
| Otsuka Pakistan Limited | 7,700  | 7,700  | 274,725 | 274,725 | 54,670  | 78,925  |
| Searle Pakistan Limited | 9,514  | 8,458  | 468,700 | 468,700 | 115,119 | 116,298 |

**VANASPATI AND ALLIED**

|                                  |        |        |         |         |        |        |
|----------------------------------|--------|--------|---------|---------|--------|--------|
| Kashmir Edible Oil Mills Limited | 34,300 | 34,300 | 429,575 | 429,575 | 68,600 | 70,315 |
|----------------------------------|--------|--------|---------|---------|--------|--------|

**GLASS AND CERAMICS:**

|                    |       |       |        |        |       |        |
|--------------------|-------|-------|--------|--------|-------|--------|
| Medi Glass Limited | 9,492 | 9,492 | 92,095 | 92,095 | 9,967 | 11,865 |
|--------------------|-------|-------|--------|--------|-------|--------|

**MISCELLANEOUS:**

|   |        |        |         |         |         |         |
|---|--------|--------|---------|---------|---------|---------|
| Mandviwala Mauser and Plastic Ind. Ltd. | 48,400 | 48,400 | 482,190 | 482,190 | 101,640 | 145,200 |
| Turbo Tec. Limited                      | 15,500 | 15,500 | 88,000  | 88,000  | 13,950  | 13,950  |

|  |            |            |           |           |
|--|------------|------------|-----------|-----------|
|  | 19,300,609 | 20,067,380 | 3,955,690 | 3,468,611 |
|--|------------|------------|-----------|-----------|

Less: Provision for diminution in value  
of investments - note 7.1

|  |            |            |
|--|------------|------------|
|  | 15,344,919 | 16,598,769 |
|--|------------|------------|

|  |           |           |
|--|-----------|-----------|
|  | 3,955,690 | 3,468,611 |
|--|-----------|-----------|

|  |               |               |
|--|---------------|---------------|
|  | <b>1999</b>   | <b>1,998</b>  |
|  | <b>Rupees</b> | <b>Rupees</b> |

**7.1 Provision for diminution in value of investments**

|  |             |            |
|--|-------------|------------|
| Balance as at July 1,                          | 16,598,769  | --         |
| Provision/(write-back) made<br>during the year | (1,253,850) | 16,598,769 |
| Balance as at June 30,                         | 15,344,919  | 16,598,769 |

|  |               |               |
|--|---------------|---------------|
|  | <b>1999</b>   | <b>1998</b>   |
|  | <b>Rupees</b> | <b>Rupees</b> |

**8. LONG-TERM DEPOSITS AND DEFERRED COSTS**

|  |         |         |
|--|---------|---------|
| Deposits   |         |         |
| Operating leases   | 86,200  | 86,200  |
| Membership with Karachi Stock<br>Exchange (Guarantee) Limited                  | 50,000  | 50,000  |
| Company shares inducted into Central<br>Depository Company of Pakistan Limited | 100,000 | 100,000 |
| Utilities  | 1,300   | 27,200  |
| Vault  | 6,000   | 6,000   |
|  | 248,500 | 269,400 |

Floating expenses - note 8.1:

|                |           |           |
|----------------|-----------|-----------|
| Brokerage      | 162,550   | 162,550   |
| Commission     | 578,002   | 578,002   |
| Other expenses | 1,080,160 | 1,080,160 |

|                         |           |           |
|-------------------------|-----------|-----------|
| Less: Amortized to date | 1,820,712 | 1,820,712 |
|                         | 1,820,712 | 1,456,562 |

|  |    |         |
|--|----|---------|
|  | -- | 364,150 |
|--|----|---------|

|  |         |         |
|--|---------|---------|
|  | 243,500 | 633,550 |
|--|---------|---------|

8.1 The above expenditure has been totally written off during the year.

## 9. MARKETABLE SECURITIES

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

| Name of Modaraba/Company                     | Number of<br>Certificates/shares |        | Cost           |                | Market value   |                |
|--|----------------------------------|--------|----------------|----------------|----------------|----------------|
|  | 1999                             | 1998   | 1999<br>Rupees | 1998<br>Rupees | 1999<br>Rupees | 1998<br>Rupees |
| <b>MUTUAL FUNDS:</b>                         |                                  |        |                |                |                |                |
| ICP Mutual Fund XXIV                         | 2,500                            | 2,500  | 24,000         | 24,000         | 3,625          | 12,500         |
| <b>MODARABAS:</b>                            |                                  |        |                |                |                |                |
| B.F. Modaraba                                | 1,500                            | 1,500  | 12,669         | 12,669         | 3,000          | 3,375          |
| First Grindlays Modaraba                     | 27,000                           | 27,000 | 477,475        | 477,475        | 330,750        | 297,000        |
| First Punjab Modaraba                        | 3,614                            | 3,614  | 40,585         | 40,585         | 7,589          | 12,649         |
| <b>LEASING COMPANIES:</b>                    |                                  |        |                |                |                |                |
| Capital Asset Leasing Corporation Limited    | 1,500                            | 1,500  | 20,786         | 20,786         | 5,250          | 3,375          |
| Paramount Leasing Limited                    | 4,000                            | 4,000  | 48,950         | 48,950         | 20,000         | 24,000         |
| <b>BANKS/INVESTMENT COMPANIES:</b>           |                                  |        |                |                |                |                |
| Al-Faysal Investment Bank Limited            | 6,812                            | 6,812  | 226,675        | 226,675        | 61,308         | 79,019         |
| First Capital Securities Corporation Limited | 9,281                            | 8,250  | 143,000        | 143,000        | 74,248         | 49,500         |
| <b>INSURANCE:</b>                            |                                  |        |                |                |                |                |
| EFU General Insurance Company Limited        | 3,148                            | 2,799  | 187,415        | 187,415        | 81,848         | 89,568         |
| New Jubilee Insurance Co. Ltd. (Rs. 5 each)  | 9,703                            | 8,086  | 181,100        | 181,100        | 174,654        | 126,384        |
| <b>TEXTILE SPINNING:</b>                     |                                  |        |                |                |                |                |
| Ishiaq Textile Mills Limited                 | 1,500                            | 1,500  | 14,475         | 14,475         | 11,850         | 12,450         |
| Saritow 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         | 10,875         | 10,875         |
| <b>TEXTILE COMPOSITE:</b>                    |                                  |        |                |                |                |                |
| (Colony) Sarhad Textile Mills Limited        | 1,000                            | 1,000  | 8,750          | 8,750          | 2,000          | 2,400          |
| Marr Fabrics Limited                         | 1,000                            | 1,000  | 6,500          | 6,500          | 1,950          | 1,950          |
| Tawakkal Garments Limited                    | 4,200                            | 4,200  | 131,715        | 131,715        | 1,050          | 2,100          |
| <b>WOOLLEN:</b>                              |                                  |        |                |                |                |                |
| Bannu Woollen Mills Limited                  | 1,500                            | 1,500  | 107,000        | 107,000        | 45,000         | 26,250         |
| <b>SYNTHETIC AND RAYON:</b>                  |                                  |        |                |                |                |                |
| Pakistan Synthetic Limited                   | 5,000                            | 5,000  | 102,593        | 102,593        | 30,000         | 25,000         |
| Sunshine Cloth Limited                       | 1,500                            | 1,500  | 15,000         | 15,000         | --             | 1,500          |
| <b>SUGAR AND ALLIED INDUSTRIES:</b>          |                                  |        |                |                |                |                |
| Chashma Sugar Mills Limited                  | 4,000                            | 4,000  | 47,687         | 47,687         | 18,000         | 40,000         |
| Sindh Abadgars Sugar Mills Limited           | 2,000                            | 2,000  | 32,095         | 32,095         | 14,000         | 12,000         |
| Tandianwala Sugar Mills Limited              | 500                              | 500    | 4,250          | 4,250          | 1,500          | 2,175          |
| <b>CEMENT COMPANIES:</b>                     |                                  |        |                |                |                |                |
| Lucky Cement Limited                         | 17,500                           | 17,500 | 358,774        | 358,774        | 72,625         | 68,250         |
| Pioneer Cement Limited                       | 20,000                           | 20,000 | 551,112        | 551,112        | 51,000         | 60,000         |
| Pakistan Slag Cement Industries Limited      | 4,000                            | 4,000  | 113,000        | 113,000        | 8,000          | 13,400         |
| <b>FUEL AND ENERGY:</b>                      |                                  |        |                |                |                |                |
| Mari Gas Company Limited                     | 500                              | 500    | 12,250         | 12,250         | 8,950          | 9,000          |
| <b>ENGINEERING:</b>                          |                                  |        |                |                |                |                |
| Abbas Engineering Ind. Ltd. (Hashoo Steel)   | 3,500                            | 3,500  | 58,540         | 58,540         | 15,400         | 15,400         |
| Huffaz Seamless Pipes Industries Limited     | 3,300                            | 3,300  | 34,600         | 34,600         | 7,425          | 13,200         |
| <b>CHEMICAL AND PHARMACEUTICAL:</b>          |                                  |        |                |                |                |                |
| Kausar Paints Limited                        | 1,000                            | 1,000  | 13,625         | 13,625         | 3,200          | 3,200          |
| Reckitt & Colman of Pakistan Limited         | 1,496                            | 1,496  | 131,600        | 131,600        | 41,888         | 41,888         |
| Wah Noble Chemicals Limited                  | 300                              | 300    | 25,500         | 25,500         | 4,200          | 4,800          |
| <b>PAPER AND BOARD:</b>                      |                                  |        |                |                |                |                |
| Pak Paper Sack Corporation Ltd. (Rs. 5 each) | 8,800                            | 8,800  | 111,800        | 111,800        | 88,000         | 70,400         |
| <b>VANASPATI AND ALLIED INDUSTRIES:</b>      |                                  |        |                |                |                |                |
| Muslim Ghee Industries Limited               | 3,500                            | 3,500  | 28,375         | 28,375         | 14,350         | 14,350         |
|  |                                  |        | 3,312,571      | 3,312,571      | 1,217,660      | 1,152,083      |

Less: Provision for diminution in value

|                           |           |           |
|---------------------------|-----------|-----------|
| of investments - note 9.1 | 2,094,911 | 2,160,488 |
|                           | -----     | -----     |
|                           | 1,217,660 | 1,152,083 |
|                           | =====     | =====     |

|  | <b>1999</b>   | <b>1998</b>   |
|--|---------------|---------------|
|  | <b>Rupees</b> | <b>Rupees</b> |
| 9.1 Provision for diminution in value of investments |               |               |
| Balance as at July 1,                                | 2,160,488     | 2,040,668     |
| Provision/(write-back) made during the year          | (65,577)      | 119,820       |
|  | -----         | -----         |
| Balance as at June 30,                               | 2,094,911     | 2,160,488     |
|  | =====         | =====         |

|                                      | <b>1999</b>   | <b>1998</b>   |
|--------------------------------------|---------------|---------------|
|                                      | <b>Rupees</b> | <b>Rupees</b> |
| <b>10. RECEIVABLE FROM CUSTOMERS</b> | 3,570,767     | 4,250,429     |
|                                      | =====         | =====         |

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

#### **11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**

|  |           |         |
|--|-----------|---------|
| Advances - considered good                 |           |         |
| Staff against salary                       | 53,531    | 38,407  |
| For capital expenditure - note 4.1         | 13,500    | 10,000  |
|  | -----     | -----   |
|  | 67,031    | 48,407  |
| Taxation - note 11.1                       | 84,323    | 66,667  |
| Prepayments                                | 148,211   | 244,925 |
|  | -----     | -----   |
| Other receivables                          |           |         |
| Dividend                                   | 15,705    | 15,256  |
| Brokerage                                  | 141,895   | 112,115 |
| Associated undertakings - note 11.2        | 429,620   | 412,576 |
| Karachi Stock Exchange (Guarantee) Limited | 6,297,410 | --      |
| Others                                     | 114,500   | 53,249  |
|  | -----     | -----   |
|  | 6,999,130 | 593,196 |
|  | -----     | -----   |
|  | 7,298,695 | 953,195 |
|  | =====     | =====   |

11.1 The assessments of the company have been complete upto the assessment year 1995-99 (corresponding accounting year ended June 30, 1998).

11.2 Maximum balance due from associated undertakings at the end of any month during the year was Rs. 641,838 (1998: Rs. 592,500).

#### **12. DIVIDEND INCOME**

|                      |         |         |
|----------------------|---------|---------|
| From Modarabas       |         |         |
| - Associated         | --      | 64,860  |
| - Others             | 80,400  | 79,113  |
|                      | -----   | -----   |
|                      | 80,400  | 143,973 |
| From companies       | 155,807 | 213,642 |
|                      | -----   | -----   |
|                      | 236,207 | 357,615 |
| Less: Zakat deducted | --      | 250     |
|                      | -----   | -----   |
|                      | 236,207 | 357,365 |
|                      | =====   | =====   |

#### **13. GAIN/LOSS ON SALE OF MARKETABLE AND LONG-TERM SECURITIES**

|  |             |             |
|--|-------------|-------------|
| Sales                                    | 186,941,151 | 169,934,652 |
| Less: Cost of sales:                     |             |             |
| Opening balance of marketable securities | 3,312,571   | 4,813,051   |
| Cost of long-term investments sold       | 766,771     | 2,056,234   |
| Purchases                                | 185,919,125 | 166,038,162 |
|  | -----       | -----       |
|  | 189,998,467 | 172,937,447 |
| Closing balance of marketable securities | (3,312,571) | (3,312,571) |
|  | -----       | -----       |
|  | 186,685,896 | 169,624,876 |

|         |         |
|---------|---------|
| 255,255 | 309,776 |
|---------|---------|

**14. OPERATING EXPENSES**

|   |           |           |
|---|-----------|-----------|
| Salaries and allowances                                       | 8,706,036 | 4,060,621 |
| Rent  | 370,662   | 404,568   |
| Commission and brokerage                                      | 201,519   | 230,504   |
| Printing and stationery                                       | 283,145   | 238,299   |
| Lease rentals   | 347,040   | 441,040   |
| Fuel and car running  | 240,124   | 309,507   |
| Repairs and maintenance                                       | 63,705    | 49,293    |
| Telephone, fax and telex                                      | 235,845   | 156,994   |
| Postage/courier   | 12,840    | 9,534     |
| Entertainment   | 40,522    | 59,537    |
| Electricity and utilities                                     | 313,099   | 164,305   |
| Insurance   | 118,094   | 149,817   |
| Fee and subscription  | 184,571   | 158,710   |
| Auditors' remuneration - note 14.1                            | 54,890    | 54,758    |
| Bank charges  | 8,925     | 6,473     |
| Conveyance  | 18,237    | 18,980    |
| Legal and professional  | 74,400    | 15,000    |
| Share transfer  | 12,139    | 4,601     |
| Advertising and publications                                  | 51,185    | 23,400    |
| Travelling and hotel  | --        | 11,471    |
| Depreciation  | 380,695   | 430,461   |
| Amortization of deferred costs                                | 364,150   | 364,140   |
| Professional tax  | 21,400    | 22,000    |
| Training  | 400       | 26,500    |
| Bad debts   | 35,970    | 25,500    |
| Miscellaneous including office shifting Rs.34,500 (1998: Nil) | 74,972    | 43,639    |
|   | 7,214,565 | 7,479,652 |

**1999**                      **1998**

**14.1 Auditors' remuneration**

|                        |        |        |
|------------------------|--------|--------|
| Audit fee              | 50,000 | 50,000 |
| Out-of-pocket expenses | 4,890  | 4,758  |
|                        | 54,890 | 54,758 |

**15. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS**

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

|                        |         |         |
|------------------------|---------|---------|
| Brokerage earned       | 20,705  | 73,222  |
| Registrar services fee | 720,000 | 732,000 |
| Expenses recovered     | 6,642   | 79,473  |

**16. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES**

|                         | <i>CHIEF EXECUTIVE</i> |               | <i>EXECUTIVES</i> |               |
|-------------------------|------------------------|---------------|-------------------|---------------|
|                         | <i>1999</i>            | <i>1998</i>   | <i>1999</i>       | <i>1998</i>   |
|                         | <i>Rupees</i>          | <i>Rupees</i> | <i>Rupees</i>     | <i>Rupees</i> |
| Managerial remuneration | 430,500                | 421,500       | 884,900           | 697,334       |
| House rent              | 177,000                | 165,000       | 370,200           | 275,733       |
| Utilities               | 27,000                 | 30,000        | 26,400            | 40,267        |
| Conveyance              | --                     | --            | 17,900            | 8,600         |
| Retirement benefits     | 58,000                 | 49,000        | 110,900           | 55,800        |
|                         | 692,500                | 665,500       | 1,410,300         | 1,072,784     |
| Number of persons       | 1                      | 1             | 4                 | 3             |

Chief Executive and three Executives of the company were provided with free use of company maintained cars and Vice Chairman of the company was also provided utilities and a car fully maintained by the company.

**17. EARNING / (LOSS) PER SHARE**

There is no dilutive effect on the basic earning / (loss) per share of the company, which is based on:

|  |           |              |
|--|-----------|--------------|
| Profit / (loss) after taxation             | 1,969,125 | (17,136,874) |
| Weighted average number of ordinary shares | 5,000,000 | 5,000,000    |
| Earning / (loss) per share (Rupees)        | 0.39      | (3.43)       |

## 18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Concentration of credit risk:

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparts failed 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.

## 19. GENERAL

19.1 Figures have been rounded off to the nearest rupee.

19.2 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, 1999

| No. of<br>shareholders | Having shares |         | Shares<br>Held     | Percentage<br>% |
|------------------------|---------------|---------|--------------------|-----------------|
|                        | From          | To      |                    |                 |
| 64                     | 1             | 100     | 6,400              | 0.13            |
| 3,127                  | 101           | 500     | 1,532,400          | 3.065           |
| 30                     | 501           | 1,000   | 29,500             | 0.59            |
| 37                     | 1,001         | 5,000   | 123,500            | 2.47            |
| 49                     | 5,001         | 10,000  | 481,000            | 9.62            |
| 7                      | 10,001        | 15,000  | 94,600             | 1.89            |
| 7                      | 15,001        | 20,000  | 140,000            | 2.80            |
| 2                      | 20,001        | 25,000  | 46,700             | 0.93            |
| 6                      | 25,001        | 30,000  | 178,500            | 3.57            |
| 1                      | 30,001        | 35,000  | 31,300             | 0.63            |
| 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                      | 300,001       | 350,000 | 308,600            | 6.17            |
| 1                      | 450,001       | 500,000 | 500,000            | 10.00           |
| 1                      | 500,001       | 600,000 | 550,000            | 11.00           |
| -----<br>3,339         |               |         | -----<br>5,000,000 | -----<br>100.00 |

## CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 1999

| Categories of shareholders | Number         | Shares Held        | Percentage %    |
|----------------------------|----------------|--------------------|-----------------|
| Individual                 | 3,331          | 3,013,900          | 60.28           |
| Investment Companies       | 3              | 770,000            | 15.40           |
| Modaraba Companies         | 3              | 882,500            | 17.65           |
| Joint Stock Companies      | 1              | 808,600            | 6.17            |
| Others                     | 1              | 95,000             | 0.50            |
| TOTAL                      | -----<br>3,339 | -----<br>5,000,000 | -----<br>100.00 |

## NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting of shareholders of A1-Mal Securities & Services Limited will be held at Mateen Hall, Institute of Cost & Management Accountants, City Campus, Behind Masjid Gulzar-e-Habib, Soldier Bazar, Karachi on 6th December, 1999 (Monday), at 10.00 a.m., to transact the following business.

## AGENDA

### A) ORDINARY BUSINESS

1. To confirm the minutes of the Sixth Annual General Meeting held on 21st December, 1998.
  2. To elect 7 (seven) Directors for three years to be on the Board of the Company, commencing from 13th December, 1999. The retiring Directors are Mr. Syed Iradat Husain, Mr. Maqbool Hussain, Mr. Ahmed H.I. Dads, Mr. Amanullah Suleman, Mr. Mohammad Shoaib, Mr. Rizwanullah Kherati and Mr. Tariq Jamil Khan.
- In pursuance of Section 178(1) of the Companies Ordinance, 1984 the Board of Directors has fixed the number of Directors to be elected at seven.
3. 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, 1999.
  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: 10th November 1999

**D.V. KARIA**  
**Company Secretary**

### NOTE:

1. In terms of Section 178(3) of Companies Ordinance, 1984, any candidate who seek to contest the election shall file with the Company at the Registered Office, not later than 14 days before the date of meeting, a notice of his/her intention to offer himself/herself for election as a Director.
2. As per article 63 of the Articles of Association of the Company, the qualification era Director shall be the holding of 500 shares of the Company of the nominal value of Rs. 5,000/- in his name or in the name of interest represented by him.
3. 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.
4. Members are requested to notify any change in their addresses immediately.
5. Statement under Section 160 of the Companies Ordinance, 1984 pertaining to the Special Business is being sent to the share holders alongwith this notice.
6. Copy of the minutes of the Sixth 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 Seventh Annual General Meeting to be held on 6th December 1999 (Monday) at 10.00 a.m. at Mateen Hall, Institute of Cost & Management Accountants, City Campus, Behind Masjid Gulzar-e-Habib, Soldier Bazar, 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, 1999 to December 31, 1999 for holding of office of profit and payment as remuneration not exceeding in the aggregate of Rs. 696,000/- 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: 10th November 1999

**D.V. KARIA**  
**Company Secretary**

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

1. This is to inform you that remuneration payable and other entitlement to the Chief Executive for the year commencing from 1st January 1999 will be on the following terms:

### A) Salary & Allowance:

|                      | <i>Rupees<br/>per month</i> |
|----------------------|-----------------------------|
| Basic salary         | 38,500                      |
| House rent allowance | 17,000                      |
| Utilities            | 2,500                       |
|                      | -----                       |
| Total                | 58,000                      |
|                      | =====                       |

### B) Other Entitlements:

1. Company maintained car with driver.
  2. Earned leave 30 days per annum, casual leave 10 days (lapsable) per annum.
  8. Gratuity as per Company Rules & Regulations.
2. Mr. Maqbool Hussain on relinquishing the charge of Chief Executive, continues to enjoy the facility of company maintained car with driver, utilities and telephone bill as Vice Chairman & nominee member of the Karachi Stock Exchange, as per Board of Directors' approval.

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: 10th November 1999

**D.V. KARIA**  
**Company Secretary**