

Al-Mal Securities & Services Limited

Annual Report 2001

CONTENTS

Corporate Information
 Directors' Report
 Chief Executive's Review
 Auditors' Report
 Balance Sheet
 Profit and Loss Account
 Cash Flow Statement
 Statement of Changes in Equity
 Notes to the Accounts
 Pattern of Shareholding
 Notice of Meeting

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Syed Iradat Husain	Chairman
Mr. Maqbool Hussain	Vice Chairman
Mr. Mohammad Azeem Khan	Chief Executive
Mr. Ahmad H.I. Dada	Director
Mr. Amanullah Suleman	Director
Mr. Tariq Jamil Khan	Director
Mr. Mohammad Shoab	Director (Nominee of PKIC)

MANAGEMENT TEAM

Mr. Mohammad Azeem Khan
 Miss Farhat Yasmin
 Mr. M. Ahsan Hashmi
 Mr. Ghous Baksh Malhan

COMPANY SECRETARY

Mr. D. V. Karia

BANKERS

Muslim Commercial Bank Limited
 Askari Commercial Bank Limited
 Bank Al-Habib Limited
 ABN Amro Bank

AUDITORS

Ford, Rhodes, Robson, Morrow
 Chartered Accountants,
 Finlay House, I.I. Chundrigar Road, Karachi.

REGISTERED OFFICE

10th Floor, Progressive Square, Nursery,
 Sharea Faisal, Karachi.

DIRECTOR'S REPORT

The directors have pleasure in submitting herewith their Report and Audited Accounts together with Auditors Report of the Company for the year ended 30th June, 2001.

1. Operating Results

(Summarized results for the year under report are as follows)

	<i>(Rupees)</i>	
	<i>2001</i>	<i>2000</i>
Total operating income	9,654,101	13,560,477
Profit for the year before tax	676,743	6,934,928
Net Profit for the year after tax	600,728	6,854,979
Proposed Dividend Nil (2000: 7.5%)	--	(3,750,000)
	-----	-----
Accumulated Profit / (Loss) brought forward	600,728 (17,127,975)	3,104,979 (20,232,954)
	-----	-----
	(16,527,247)	(17,127,975)

Earning per share	0.12	1.37
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2. Chief Executive's Review:

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

The directors endorse the contents of the report.

3. 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. Acknowledgement:

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

On behalf of the Board

S IRADAT HUSAIN
Chairman

Karachi: 25th October, 2001

CHIEF EXECUTIVE'S REVIEW

I am pleased to present the ninth Annual Report of Al-Mal Securities & Services Limited, together with Audited Accounts for the year ended 30th June 2001.

Result of the Operations

During the current financial year the market has remained subdued and the index was down from 1520 to 1366 points.

During the year the business in the market dropped and overall KSE volume of shares business in the year 2000-2001 dropped by 39% to 29 billion from 48 billion shares in 1999-2000. T+3 settlement system was introduced during the financial year, which also created its impact in the market. As a new system it did not attract the attention of investors and traders and resulted in a drop in the volume of business. The general economic condition of the country, however, showed good signs for future. The value of shares dropped but it could not attract buyers at their good value at the bottom, because both investors and traders had suffered losses in the past, so they were very cautious to re-enter the market having badly burnt their fingers. Foreign fund managers were also found as net sellers in the market.

However, in these difficult times your company managed to earn a gross operating revenue of Rs. 9.654 million as compared to previous year's Rs. 13.327 million. The brokerage revenue was the main sufferer. It dropped from Rs. 10.353 million to Rs. 6.656 million. There was also a drop of approximately rupees one million in the capital gain. Dividend income more or less remained at previous year's level.

Operating expenses were kept in check and were Rs. 7.903 million as against Rs. 7.693 million in the year 1999-2000. This year, however, a provision of Rs. 743,239/- had to be made for doubtful recoveries from some customers. We were also asked by auditors to provide for compensated absences as per Securities & Exchange Commission circular, therefore, an amount of Rs. 302,000/- was provided.

Future Outlook

During the first quarter of 2001-02 the market has dipped further and in the month of September, after the disaster of 11th September the market was closed down for a week. The volume of stock market went as low as approximately 15 million shares on a day in September. The market has now started improving. Agreement on withdrawal of cases between Hub Power & Wapda and power purchase agreement have been signed. Approval of the lenders to distribute interim dividend to Hubco share holders has come through. This will help to boost the market in the long run. We also hope that the in-flow of foreign funds after removal of sanctions will help to boost the economy in general and the stock market in particular. It is too early to predict the future outlook, as to what shape the things are going to take. Meanwhile, we have taken steps to reduce staff related expenses to a minimum level. We are also planning to reduce expenses in occupancy and its related areas. These steps will help

The market in the last few days has risen substantially above its low level. Foreign brokerage houses are coming up as net buyers in the market and this has raised the value of blue chip shares. However the thrust is limited to few blue chip scrips and we hope that this will spill over the other counters as well in future. We also hope that textile sector which is the backbone of the stock market will show improved performance in view of relaxations in quota and tariff restrictions which is being discussed with the European Countries and U.S.A. We hope that the situation will improve and your company will be able to give a better performance during the current financial year, Insha-Allah.

M. Azeem Khan

Karachi: 25th October, 2001

Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Al-Mal Securities and Services Limited as at the June 30, 2001 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of accounts 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, cash flow statement and statement of changes in equity together with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2001 and of the profit, its cash flow and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

FORD, RHODES, ROBSON, MORROW
Chartered Accountants

Karachi: 25th October, 2001

BALANCE SHEET AS AT JUNE 30, 2001

	<i>Note</i>	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets	3	1,682,151	2,017,769
Room and membership card	4	11,658,458	11,658,458
Long term investments	5	4,373,857	4,549,531
Long term deposits	6	555,900	336,500
		-----	-----
		18,270,366	18,562,258
CURRENT ASSETS			
Short term investments	7	1,374,258	1,753,437
Receivable from customers	8	6,577,337	10,972,711
Advances, deposits, prepayments and other receivables	9	1,045,777	1,008,351
Cash and bank balances	10	14,202,631	13,949,808
		-----	-----

		23,200,003	27,684,307
		-----	-----
TOTAL ASSETS		41,470,369	46,246,565
		=====	=====
EQUITY AND LIABILITIES			
CAPITAL & RESERVES			
Share capital			
Authorised			
5,000,000 ordinary shares of Rs. 10/- each		50,000,000	50,000,000
Issued, subscribed and paid-up			
5,000,000 (2000: 5,000,000) ordinary shares		50,000,000	50,000,000
or Rs. 10/- each fully paid in cash			
Accumulated losses		(16,527,247)	(17,127,975)
		-----	-----
		33,472,753	32,872,025
NON-CURRENT LIABILITIES			
Deferred liability - staff gratuity		1,969,950	1,744,850
CURRENT LIABILITIES			
Creditors and accrued liabilities	11	5,808,180	7,879,690
Proposed dividend		--	3,750,000
Unclaimed dividend		219,486	--
		-----	-----
		6,027,666	11,629,690
COMMITMENTS	12	-----	-----
TOTAL EQUITY AND LIABILITIES		41,470,369	46,246,565
		=====	=====

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, 2001**

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
OPERATING INCOME			
Brokerage income		6,655,955	10,353,150
Other operating income	13	1,153,065	1,182,659
Capital gain on investments	14	711,659	1,735,039
Other income	15	1,133,422	56,687
		-----	-----
		9,654,101	13,327,535
OPERATING AND ADMINISTRATIVE EXPENSES	16	(8,205,009)	(7,693,456)
		-----	-----
OPERATING PROFIT		1,449,092	5,634,079
(PROVISION MADE)/WRITTEN BACK	17	(772,619)	1,300,847
		-----	-----
PROFIT BEFORE TAXATION		676,473	6,934,926
Taxation	18	(75,745)	(79,947)
		-----	-----
PROFIT AFTER TAXATION		600,728	6,854,979
APPROPRIATION			
Proposed cash dividend; Nil (2000: 7.5%)		--	3,750,000
		-----	-----
		600,728	3,104,979
Accumulated losses brought forward		(17,127,975)	(20,232,954)
		-----	-----
Accumulated losses carried forward		(16,527,247)	(17,127,975)
		=====	=====
Earnings per share	21	0.12	1.37
		=====	=====

The annexed notes form an integral part of these accounts.

M. Azeem Khan
Chief Executive

Maqbool Hussain
Vice Chairman

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2001**

	2001	2000
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	676,473	6,934,926
Adjustments for:		
Depreciation	399,797	411,009
(Gain)/loss on sale of long term investments	--	(23,089)
(Gain)/loss on sale of fixed assets	(871,779)	3,183
Provision/(Writeback) for diminution in value of investments	29,380	(1,300,847)
Provision for gratuity	294,214	618,039
Provision for doubtful debts	743,239	--
	-----	-----
	594,851	(291,705)
	-----	-----
Operating profit before working capital changes	1,271,324	6,643,221
(Increase)/decrease in operating assets:		
Short term investments	525,473	(423,808)
Receivable from customers	3,652,135	(7,401,944)
Advances, prepayments and other receivables excluding taxation	23,285	6,398,064
	-----	-----
	4,200,893	(1,427,688)
	-----	-----
	5,472,217	5,215,533
Increase/(decrease) in operating liabilities:		
Creditors and accrued liabilities	(2,071,510)	(669,420)
Unclaimed dividend	219,486	--
	-----	-----
	(1,852,024)	(669,420)
	-----	-----
Cash generated from operations	3,620,193	4,546,113
	-----	-----
Taxes paid	(136,456)	(157,167)
Gratuity paid	(69,114)	(41,389)
	-----	-----
	(205,570)	(198,556)
	-----	-----
Net cash generated from operating activities	3,414,623	4,347,557
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(119,900)	(740,555)
Long term deposits	(219,400)	(123,500)
Sale proceeds from disposal of fixed assets	927,500	12,350
Sale proceeds from disposal of long term investments	--	618,126
	-----	-----
Net cash generated from/(used in) investing activities	588,200	(233,579)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(3,750,000)	--
	-----	-----
Net cash (used in) financing activities	(3,750,000)	--
NET INCREASE IN CASH AND CASH EQUIVALENTS	252,823	4,113,978
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		
	13,949,808	9,835,830
CASH AND CASH EQUIVALENTS AT END OF THE YEAR - note10		
	-----	-----
	14,202,631	13,949,808
	=====	=====

The annexed notes from an integral part of these accounts.

M. Azeem Khan
Chief Executive

Maqbool Hussain
Vice Chairman

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2001**

	<i>Issued subscribed & paid-up capital</i>	<i>Revenue reserve upappropriated profit / (loss)</i>	<i>Total</i>
	<i>Rupees</i>		
Balance as at July 1, 1999	50,000,000	(20,232,954)	29,767,046
Net profit for the year	--	6,854,979	6,854,979
Dividend declared	--	(3,750,000)	(3,750,000)
	-----	-----	-----
	--	3,104,979	3,104,979
	-----	-----	-----
Balance as at June 30, 2000	50,000,000	(17,127,975)	32,872,025
Net profit for the year	--	600,728	600,728
	-----	-----	-----
Balance as at June 30, 2001	50,000,000	(16,527,247)	33,472,753
	=====	=====	=====

M. Azeem Khan
Chief Executive

Maqbool Hussain
Vice Chairman

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2001

1. STATUS AND NATURE OF BUSINESS

Al-Mal Securities and Services Limited is a public limited company, incorporated in Pakistan 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

Staff gratuity

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

2.3 Tangible fixed assets

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

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

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

2.4 Room and membership card

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

2.5 Long term investments - quoted

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

2.6 Short term investments - quoted

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

2.7 Receivable from customers

Debts considered irrecoverable are written off and provision is made for debts considered doubtful.

2.8 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking

into account tax credits and tax rebates available, if any or 0.5% of the turnover, whichever is higher.

Deferred

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

2.9 - Revenue recognition

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

(b) 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.

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

3. TANGIBLE FIXED ASSETS

PARTICULARS	COST			DEPRECIATION			Book Value as at June 30, 2001	Rate of depreciation per annum
	As at July 01, 2000	Additions/ (deletions) during the year	As at June 30, 2001	As at July 01, 2000	Charge/ (adjustment) for the year	As at June 30, 2001		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	%
Leasehold Improvements	152,228	--	152,228	59,645	15,223	74,868	77,360	10
Furniture and fixture	461,808	--	461,808	167,547	46,182	213,729	248,079	10
Office equipment	1,903,568	47,300	1,950,868	605,589	193,878	799,467	1,151,401	10
		72,600	340,560	625,564	144,514	135,249	205,311	20
Motor vehicles	958,510	(690,550)	2,905,464	1,458,345	(634,829)	1,223,313	1,682,151	
		119,900			399,797			
2001	3,476,114	(690,550)			(634,829)			
		740,555			411,009			
2000	2,761,559	(26,000)	3,476,114	1,057,803	(10,467)	1,458,345	2,017,769	

3.1 DISPOSAL OF TANGIBLE FIXED ASSETS

PARTICULARS	Cost Rupees	Accumulated Depreciation Rupees	Written Down Value Rupees	Sale Proceeds Rupees	Gain/ (Loss) Rupees	Mode of disposal	Particulars of Purchaser
Suzuki Margalla*	55,700	3,713	51,987	406,500	354,513	Negotiation	Mr. Abdul Wahid Hashim, 3/33 Teachers Cooperative Housing Society, Muallamabad, opposite Medicare, Karachi.
Toyota Corolla	630,850	630,849	1	521,000	520,999	Negotiation	Mr. Abdul Wahid Hashmi, 3/33 Teachers Cooperative Housing Society, Muallamabad, opposite Medicare, Karachi.
Theft switch	4,000	267	3,733	--	(3,733)	Stolen	
2001	690,550	634,829	55,721	927,500	871,779		
2000	26,000	10,467	15,533	12,350	(3,183)		

* Acquired on completion of lease term.

4. ROOM AND MEMBERSHIP CARD

	2001 Rupees	2000 Rupees
Room at Karachi Stock Exchange building	1,158,458	1,158,458
Membership Card	10,500,000	10,500,000
	11,658,458	11,658,458

5. LONG-TERM INVESTMENTS

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

Number of

<i>certificates/shares</i>		<i>Name of mutual fund/ modaraba/company</i>	<i>June 30, 2001</i>		<i>June 30, 2000</i>
<i>June 30, 2000</i>	<i>June 30, 2001</i>		<i>Cost</i>	<i>Market Value</i>	<i>Cost</i>
			<i>Rupees</i>		<i>Rupees</i>
MUTUAL FUNDS					
27,200	27,200	ICP Mutual Fund XXI	486,985	36,720	486,985
38,500	38,500	ICP Mutual Fund XXII	1,068,500	82,775	1,068,500
34,000	34,000	ICP Mutual Fund XXIII	459,475	45,900	459,475
MODARABAS					
Associated:					
108,000	108,000	Modaraba Al-Mali	1,673,565	567,000	1,673,565
216,040	216,040	Modaraba Al-Tijarah	2,302,542	194,436	2,302,542
Others:					
6,275	6,275	First Habib Bank Modaraba	56,856	64,319	56,856
24,900	24,900	First Habib Modaraba (Rs. 5 each)	196,380	128,235	196,380
12,352	12,352	Schon Modaraba	70,357	3,088	70,357
LEASING COMPANIES					
5,000	5,000	Ibrahim Leasing Limited	93,650	33,750	93,650
10,700	10,700	Natover Lease and Refinance Limit	193,645	53,500	193,645
16,215	16,215	Union Leasing Company Limited	274,275	72,157	274,275
SYNTHETIC AND RAYON					
22,000	22,000	Gatron (Industries) Limited	938,375	561,000	938,375
3,000	3,000	Liberty Mills Limited	64,680	57,000	64,680
50,000	50,000	Polyron Limited	932,915	77,500	932,915
20,000	20,000	Ravi Rayon Limited	247,800	12,000	247,800
26,400	26,400	Tri-star Polyester Limited	643,250	42,240	643,250
SUGAR AND ALLIED INDUSTRIES					
15,500	15,500	J.D.W. Sugar Mills Limited	124,875	65,100	124,875
CEMENT COMPANIES					
5,204	5,204	Essa Cement Limited	178,950	49,438	178,950
9,612	9,612	Maple Leaf Cement Factory Limite	416,500	43,734	416,500
45,500	45,500	Punjab Building Products Limited (433,875	--	433,875
FUEL AND ENERGY					
18,300	18,300	The Karachi Electric Supply Corp.	722,971	95,160	722,971
5,000	5,000	Kohinoor Energy Limited	115,000	68,250	115,000
28,940	28,940	Kohinoor Power Company Limited	1,127,875	109,972	1,127,875
		Total carried forward	12,823,296	2,463,274	12,823,296
		Total brought forward	12,823,296	2,463,274	12,823,296
AUTO AND ALLIED ENGINEERING					
383,858	383,858	Agri Autos Industries Ltd. (Rs. 5 e	3,543,335	1,324,310	3,543,335
9,500	9,500	Allied Motors Limited	134,750	18,050	134,750
1,500	1,500	Baluchistan Wheels Limited	48,825	34,125	48,825
1,300	1,300	Ghandhara Nissan Limited	38,339	2,275	38,339
480	480	Hinopak Motors Limited	18,500	15,240	18,500
CHEMICAL AND PHARMACEUTICALS					
10,485	10,485	I.C.I Pakistan Limited	263,242	95,938	263,242
7,700	7,700	Otsuka Pakistan Limited	274,725	97,020	274,725
10,465	10,465	Searle Pakistan Limited	468,700	172,089	468,700
VANASPATI AND ALLIED					
34,300	34,300	Kashmir Edible Oils Mills Limited	429,575	70,315	429,575
GLASS AND CERAMICS					
9,492	9,492	Medi Glass Limited	92,095	5,221	92,095
MISCELLANEOUS					
Mandviwala Mauser and Plastic					
48,400	48,400	Industries Limited	482,190	60,500	482,190
15,500	15,500	Turbo Tec. Limited	88,000	15,500	88,000
			18,705,572	4,373,857	18,705,572
		Provision for diminution in value of investments - note 5.1	(14,331,715)		(14,156,041)

4,373,857	4,549,531
-----------	-----------

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
5.1 Provision for diminution in value of investments:		
Balance at the beginning of the year	14,156,041	15,344,919
Provision/(write-back) during the year	175,674	(1,188,878)
Balance at the end of the year	14,331,715	14,156,041

6. LONG TERM DEPOSITS

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
Lease key money	147,500	55,700
Membership with Karachi Stock Exchange (Guarantee) Limited	300,000	225,000
Central Depository Company of Pakistan Limited	100,000	100,000
Utilities	6,400	5,500
Vault	2,000	6,000
Current maturity of lease key money	555,900	392,200
	--	(55,700)
	555,900	336,500

7. SHORT TERM INVESTMENTS

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

<i>Number of certificates/shares</i>		<i>Name of mutual fund/modaraba/company</i>	<i>June 30, 2001</i>		<i>June 30, 2000</i>
<i>June 30, 2000</i>	<i>June 30, 2001</i>		<i>Cost</i>	<i>Market value</i>	<i>Cost</i>
				<i>Rupees</i>	<i>Rupees</i>
MUTUAL FUNDS					
2,500	2,500	ICP Mutual Fund XXIV	24,000	3,375	24,000
MODARARAS					
1,500	1,500	B.F. Modaraba	12,669	5,250	12,669
3,000	3,000	First Grindlays Modaraba	53,053	57,150	53,053
3,614	3,614	First Punjab Modaraba	40,585	14,998	40,585
LEASING COMPANIES					
1,500	1,500	Capital Asset Leasing Corp. Ltd.	20,786	3,750	20,786
4,000	4,000	Paramount Leasing Limited	48,950	20,000	48,950
BANK/INVESTMENT COMPANIES					
6,812	6,812	Al-Faysal Investment Bank Limited	226,675	71,866	226,675
--	1,300	Javed Omar Vohra and Co. Ltd.	78,015	48,100	--
INSURANCE					
3,497	3,963	EFU General Insurance Co. Ltd.	187,415	118,890	187,415
3	--	New Jubilee Insurance Co. Ltd. (Rs	--	--	56
TEXTILE SPINNING					
1,500	1,500	Ishtiaq Textile Mills Limited	14,475	9,000	14,475
1,500	1,500	Saritow Spinning Mills Limited	10,050	3,000	10,050
2,500	2,500	Service Textile Industries Limited	30,625	8,750	30,625
TEXTILE COMPOSITE					
1,000	1,000	(Colony) Sarhad Textile Mills Ltd.	8,750	1,150	8,750
1,000	1,000	Marr Fabrics Limited	6,500	400	6,500
4,200	4,200	Tawakkal Garments Limited	131,715	1,260	131,715
WOOLEN					
1,500	1,500	Bannu Woollen Mills Limited	107,000	42,000	107,000
Total Carried forward			1,001,263	408,939	923,304
Total brought forward			1,001,263	408,939	923,304

5,000	5,000 SYNTHETIC AND RAYON			
1,500	1,500 Pakistan Synthetics Limited	102,593	48,500	102,593
	Sunshine Cloth Limited	15,000	--	15,000
	SUGAR AND ALLIED INDUSTRIES			
4,000	--Chashma Sugar Mills Limited	--	--	47,687
2,000	2,000 Sindh Abadgars Sugar Mills Limite	32,095	15,800	32,095
500	500 Tandianwala Sugar Mills Limited	4,250	1,300	4,250
	CEMENT COMPANIES			
7,000	20,000 Chakwal Cement Limited	47,600	17,000	30,450
17,500	17,500 Lucky Cement Limited	358,774	122,500	358,774
4,000	4,000 Pakistan Slag Cement Industries Lt	113,000	7,400	113,000
20,000	20,000 Pioneer Cement Limited	551,112	50,000	551,112
	FUEL AND ENERGY			
25,000	11,000 Hub Power Limited	224,734	211,750	486,546
8,000	14,000 Japan Power Generation Limited	79,287	53,200	64,500
5,000	--Sui Northern Gas Company Limited	--	--	97,750
	ENGINEERING			
3,500	3,500 Abbas Engineering Industries Limi	58,540	10,500	58,540
3,300	3,300 Huffaz Seamless Pipes Industries L	34,600	6,600	34,600
	TRANSPORT AND COMPANY			
6,000	17,000 Pakistan Telecommunication Co. Lt	318,501	307,700	173,859
	CHEMICAL AND PHARMACEUTICAL			
3,000	--Fauji Fertilizer Limited	--	--	168,749
6,000	--FFC Jordan Fertilizers Limited	--	--	80,257
11,000	7,000 ICI Pakistan Limited	66,646	64,050	190,402
1,000	1,000 Kausar Paints Limited	13,625	1,150	13,625
1,496	1,496 Reckit and Colman of Pakistan Ltd.	131,600	32,164	131,600
300	300 Wah Noble Chemicals Limited	25,500	10,230	25,500
	PAPER AND BOARD			
300	300 Pak Paper-sack Corporation Limite	3,811	3,375	3,811
	VANASPATI AND ALLIED INDUSTRIES			
3,500	3,500 Muslim Ghee Industries Limited	28,375	2,100	28,375
		-----	-----	-----
		3,210,906	1,374,258	3,736,379
	Provision for diminution in value of investments - note 7.1	(1,836,648)		(1,982,942)
		-----	-----	-----
		1,374,258		1,753,437
		=====	=====	=====

2001 **2000**
Rupees **Rupees**

7.1 Provision for diminution in value of investments:

Balance at the beginning of the year	1,982,942	2,094,911
Write-back during the year	(146,294)	(111,969)
	-----	-----
Balance at the end of the year	1,836,648	1,982,942
	=====	=====

8. RECEIVABLE FROM CUSTOMERS - note 8.1

Considered good		
Associated undertaking - note 8.2	188,445	1,560
Others	6,388,892	10,971,151
Considered doubtful	743,239	--
	-----	-----
	7,320,576	10,972,711
Provision for doubtful debts	(743,239)	--
	-----	-----
	6,577,337	10,972,711
	=====	=====

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

8.2 Maximum amount due from associated undertakings at the end of any month during the year was Rs. 1,349,231 (2000: Rs. 2,802,739).

9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances-considered good:		
To executives - note 9.1	60,000	65,500
Staff against salary	76,537	87,500
For capital expenditure - note 12.1 & 12.2	110,000	10,000
	-----	-----
	246,537	163,000
Deposits		
Current maturity of lease key money - note 6	--	55,700
Advance taxation - net - note 9.2	222,254	161,543
Prepayments	131,109	134,081
Other receivables:		
Dividend	7,868	29,601
Brokerage	134,168	214,285
Associated undertakings - note 9.3	238,241	145,241
Others	65,600	104,900
	-----	-----
	445,877	494,027
	-----	-----
	1,045,777	1,008,351
	=====	=====

9.1 Maximum balance due from executives at the end of any month during the year was Rs. 70,000 (2000: Rs. 61,000).

9.2 The assessments of the company have been completed upto the assessment year 2000-2001, corresponding to income year ended June 30, 2000.

9.3 Maximum balance due from associated undertakings at the end of any month during the year was Rs. 238,241 (2000: Rs. 440,039).

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
10. CASH AND BANK BALANCES		
Cash in hand	--	349
Cash at banks - current accounts	14,194,084	13,949,459
Stamps on hand	8,547	--
	-----	-----
	14,202,631	13,949,808
	=====	=====

11. CREDITORS AND ACCRUED LIABILITIES

Associated undertaking- note 11.1	98,890	--
Due to customers	5,115,536	3,435,119
Due to Karachi Stock Exchange (Guarantee) Limited	48,806	4,217,608
Accrued liabilities - note 11.2	544,948	226,963
	-----	-----
	5,808,180	7,879,690
	=====	=====

11.1 Due to associated undertaking is in respect of expenses paid on behalf of the company.

11.2 Included in this is the liability in respect of compensated absences which amounts to Rs. 302,000. As allowed by Securities and Exchange Commission of Pakistan Circular 17, dated November 21, 2000, the company has made 50% accrual of the total liability, the remaining liability of Rs. 302,000 will be provided by June 30, 2002.

12. COMMITMENTS

12.1 For office at the new Karachi Stock Exchange Building	590,000	590,000
	-----	-----
12.2 For capital expenditure	1,075,000	--
	-----	-----
12.3 For rentals payable under operating lease agreements in respect of vehicles:		
Payable		
Not later than one year	390,420	56,400
Later than one year and not later than five years	1,268,865	--
	-----	-----
	1,659,285	56,400
	=====	=====

13. OTHER OPERATING INCOME

Income from registrar services	720,000	720,000
--------------------------------	---------	---------

Dividend income - note 13.1	433,065	462,659
	-----	-----
	1,153,065	1,182,659
	=====	=====

13.1 Dividend income

From modarabas		
Associated	162,000	135,125
Others	53,729	98,520
From companies	219,109	229,014
	-----	-----
	434,838	462,659
Zakat deducted	(1,773)	--
	-----	-----
	433,065	462,659
	=====	=====

14. CAPITAL GAIN ON INVESTMENTS

Sales	377,235,073	453,483,825
Less: Cost of sales:		
Opening balance of marketable securities	3,736,379	3,312,571
Cost of long term investments sold	--	595,037
Purchases	375,997,941	451,577,557
Closing balance of marketable securities	(3,210,906)	(3,736,379)
	-----	-----
	376,523,414	451,748,786
	-----	-----
	711,659	1,735,039
	=====	=====

15. OTHER INCOME

Profit/(loss) on disposal of fixed assets- note 3.1	871,779	(3,183)
Miscellaneous income	261,643	59,870
	-----	-----
	1,133,422	56,687
	=====	=====

16. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and allowances	4,664,139	4,533,809
Rent	429,357	435,517
Printing and stationery	305,715	322,277
Lease rentals	349,215	266,080
Fuel and car running	369,158	317,794
Repairs and maintenance	44,870	39,988
Telephone, fax and telex	270,072	262,268
Postage/courier	85,579	18,825
Entertainment	67,379	56,242
Electricity and utilities	447,564	334,740
Insurance	125,453	130,509
Fees and subscription	395,239	298,018
Auditors' remuneration - note 16.1	81,931	81,325
Bank charges and commission	10,094	7,482
Conveyance	12,502	16,971
Legal and professional	39,400	39,400
Share transfer	2,092	6,373
Advertising and publications	45,437	62,763
Depreciation	399,797	411,009
Professional tax	21,800	21,100
Training	--	600
Miscellaneous	38,216	30,366
	-----	-----
	8,205,009	7,693,456
	=====	=====

16.1 Auditors' remuneration

Audit fee	75,000	75,000
Out-of-pocket expenses	6,931	6,325
	-----	-----
	81,931	81,325
	=====	=====

17. PROVISION MADE/(WRITTEN BACK)

(Provision)/written back in provision for diminution in value of long term investments - note 5.1	(175,674)	1,188,878
---	-----------	-----------

(Provision)/written back for short term investments - note 7.1	146,294	111,969
(Provision) for doubtful debts	(743,239)	--
	-----	-----
	(772,619)	1,300,847
	=====	=====

Current

The income tax assessments upto assessment year 2000-2001 corresponding to accounting year ended June 30, 2000 have been finalised.

Deferred

Deferred tax computed under liability method gives rise to a deferred tax asset of Rs. 0.576 million (2000: 0.499 million) of which Rs. 0.076 million debit (2000: Rs. 0.196 million debit) relates to the current year. Deferred tax debits arising due to tax losses amount to Rs. Nil (2000: Rs. 1.550 million). These have not been accounted for in accordance with the company's policy of not accounting for any deferred tax debits, as a matter of prudence.

19. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

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

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
Brokerage earned	745,924	768,333
Registrar services fee	720,000	720,000
Expenses recovered	11,665	30,128
Rent paid to Modaraba Al-Tijarah	420,000	420,000

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

20. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	<i>CHIEF EXECUTIVE</i>		<i>EXECUTIVES</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Managerial remuneration	587,600	564,100	960,900	1,023,100
House rent	243,600	222,600	392,400	431,317
Utilities	54,000	49,800	73,200	82,800
Conveyance	--	--	5,400	18,000
Retirement benefits	70,000	70,000	113,200	113,200
	-----	-----	-----	-----
	955,200	906,500	1,545,100	1,668,417
	=====	=====	=====	=====
Number of persons	1	1	5	6
	=====	=====	=====	=====

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

21. EARNINGS PER SHARE

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

Profit after taxation	600,728	6,854,979
	=====	=====
Weighted average number of ordinary shares	5,000,000	5,000,000
	=====	=====
Earnings pershare	0.12	1.37
	=====	=====

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

22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Interest rate risk exposure:

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

Concentration of credit risk:

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

Fair values of financial instruments:

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

23. NUMBER OF EMPLOYEES

The number of employees at the balance sheet date was 24 (2000: 27)

24. GENERAL

24.1 Figures have been rounded off to the nearest rupee.

24.2 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, 2001**

<i>No. of shareholders</i>	<i>Having Shares</i>		<i>Shares held</i>	<i>Percentage %</i>
	<i>From</i>	<i>To</i>		
75	1	100	7,500	0.15%
1,221	101	500	585,900	11.72%
86	501	1,000	84,600	1.69%
104	1,001	5,000	299,000	5.98%
59	5,001	10,000	539,400	10.79%
11	10,001	15,000	139,400	2.79%
11	15,001	20,000	216,000	4.32%
3	20,001	25,000	68,500	1.37%
3	25,001	30,000	90,000	1.80%
6	30,001	35,000	195,500	3.91%
1	35,001	40,000	40,000	0.80%
2	40,001	45,000	86,000	1.72%
1	45,001	50,000	50,000	1.00%
1	55,001	60,000	60,000	1.20%
1	80,001	90,000	85,000	1.70%
2	90,001	100,000	200,000	4.00%
2	100,001	125,000	235,500	4.71%
1	170,001	175,000	173,500	3.47%
2	245,001	250,000	500,000	10.00%
1	340,001	345,000	344,200	6.88%
2	495,001	500,000	1,000,000	20.00%
-----			-----	-----
1,595			5,000,000	100.00%
=====			=====	=====

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2001

<i>Categories of Shareholders</i>	<i>Number</i>	<i>Shares Held</i>	<i>Percentage %</i>
Individuals	1,555	3,013,200	60.26%
Investment Companies	2	30,500	0.61%
Modarabas	7	474,600	9.49%
Financial Institutions	3	539,800	10.80%
Joint Stock Companies	23	931,800	18.64%
Others	5	10,100	0.20%
-----			-----
TOTAL	1,595	5,000,000	100.00%
=====			=====

NOTICE OF 9TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 9th Annual General Meeting of shareholders of Al-Mal Securities & Services Limited will be held at Dr. Abdul Qadeer Khan Auditorium, Haji Abdullah Haroon Muslim Gymkhana, Aiwana-e-Sadar Road, Behind Shaheen Complex, Karachi on 12th December 2001 (Wednesday) at 09.00 a.m., to transact the following business.

AGENDA

ORDINARY BUSINESS

1. To confirm the minutes of the 8th Annual General Meeting held on 30th November, 2000.
2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and Auditors' Report thereon for the year ended 30th June, 2001.
3. To appoint Auditors for the ensuing year and fix their remuneration. Retiring Auditors Ford, Rhodes, Robson, Morrow, Chartered Accountants have offered for re-appointment.
4. 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: 25th October, 2001

NOTE:

1. A member entitled to attend and vote at this meeting is entitled to appoint any other member as a proxy. Proxies duly stamped with Rs. 5/- revenue stamp in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
2. CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Cards, Account and Participant's ID numbers, for identification purpose and in case of proxy, to enclose an attested copy of his/her National Identity Card.
3. Members are requested to notify any change in their addresses immediately.
4. Copy of the minutes of the 8th Annual General Meeting will be available to the members on request, free of charge.