

AL - Meezan MUTUAL FUND LIMITED

(Annual Report 1997)

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. A. K. M. Sayeed Chairman
Mr. Mohammad Shoaib Chief Executive
Mr. Irfan Siddiqui
Mr. Julian M. I. Reid
Mr. Shahid Chaffar
Mr. Jonathan Boyer
Mr. Tasnim ul Haq Farooqui Company Secretary

INVESTMENT ADVISER

Al-Meezan Investment & Financial Services (Pvt.) Limited

AUDITORS

A. F. Ferguson & Co.,
Chartered Accountants

CUSTODIAN

Muslim Commercial Bank Limited

BANKERS

Faysal Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan
Prime Commercial Bank Limited

REGISTERED OFFICE & SHARES DEPARTMENT

4th Floor, Block "C",
Finance & Trade Centre,
Shahrah-e-Faisal, Karachi-74400.

NOTICE OF SECOND ANNUAL GENERAL MEETING

Notice is hereby given that the Second Annual General Meeting of the members of Al-Meezan Mutual Fund Limited will be held on Saturday, 13th September 1997, at 9:00 a.m. at 4th Floor, Block "C", Finance & Trade Centre, Shahrah-e-Faisal, Karachi-74400, to transact the following business:

1. To receive, consider, and adopt Audited Accounts of the Company together with the Directors' and Auditors' Report thereon for the year ended 30th June 1997.
2. To approve the payment of cash dividend ~ Rs 1.18 per share of Rs 10 each for the year ended Both June 1997.
3. To appoint Auditors of the Company and fix their remuneration for the year ending 30th June 1998. The present Auditors M/s A.F. Ferguson & Company, Chartered Accountants, retire and being eligible, offer themselves for re- appointment.
4. To transact any other business that may be placed before the meeting with the permission of the Chain

By order of the Board,

TASNIM UL HAQ FAROOQUI
Company Secretary

Karachi:
19th August 1997

Notes:

1. The share transfer books of the Company will remain closed from 30th August 1997 to 13th September 1997 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him / her at the meeting, Proxies must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting. A proxy must be a member.
3. The shareholders are advised to notify Shares Department, Al-Meezan Mutual Fund Limited, 4th Floor, Block "C", Finance & Trade Centre, Shahrah-e-Faisal, Karachi-74400, of any change in their addresses to ensure prompt delivery of mail. Any shares for transfer etc. should be lodged with the Shares Department, Al-Meezan Mutual Fund Limited.

DIRECTORS' REPORT

On behalf of the Board of Directors, we take pleasure in presenting the second annual report together with the audited accounts for the year ended June 30, 1997.

The period under review was the first full year of operations of the Company. By the grace of Allah, the Company recorded a net profit of Rs.30.7 million while a net loss of Rs. 1.2 million had been recorded in the preceding period. This has been made possible due to prudent asset allocation and investment timing, which has allowed the Company to attain the landmark of being the first to declare cash dividend among the private sector mutual funds floated since 1994.

OPERATIONS REVIEW

As highlighted in the Directors' Report for the half year ended December 31, 1996, the Company had, during the first half of accounting year, increased its exposure in equity securities to the extent of 70% of total portfolio due to attractive valuations of shares of fundamentally strong companies. This strategy paid off as per our expectations. Due to improvement in economic and political conditions resulting from timely general elections in the country, a strong public mandate for the elected government and announcement of various economic and political reforms, the stock market recorded substantially better performance in the first quarter of 1997. The KSE-100 index which was quoted at 1339 as on December 31, 1996, increased to 1775 in February 1997 before settling down to 1565 at the end of the accounting year. This improvement in the stock market resulted in substantial improvement in the market value of the Company's equity portfolio. As a result the Company managed to realize capital gains of Rs. 12.6 million. Further, provision in the diminution of value of marketable securities which had been provided for during the last one year was written back to the extent of Rs. 26.7 million.

FINANCIAL HIGHLIGHTS:

The financial results depicted by the Company are as given below:

	(Rupees)
Investment income	32,322,337
Operating expenses	2,085,280

Profit before taxation	30,237,057
Provision for taxation	(526,732)

Net Profit for the year	30,763,789
Profit / (Loss) brought forward	(1,243,303)

Profit available for appropriation	29,520,486
	=====
APPROPRIATIONS:	
Proposed dividend @ Rs. 1.18 per share	29,500,000

Unappropriated profit carried forward	20,486
	=====

During the year, your Company earned Rs. 12.6 million as capital gains, Rs.6.6 million as dividend income, Rs. 11.4 million as profit on bank deposits, Rs. 1.0 million as underwriting income and Rs.0.7 million as profit on Term Finance Certificates. After accounting for administrative expenses of Rs. 1.3 million and remuneration of investment adviser amounting to Rs.5.6 million accrued as per Investment Companies & Investment Advisors' Rules, 1971, the net profit for the year was Rs.30.8 million.

It is worth mentioning here that despite the sluggish market at year end as reflected by KSE - 100 index being quoted at 1565, the Company managed, due to better quality of its investment portfolio, to write back provision for diminution in the market value of its investments to the extent of Rs. 26.7 million out of a cumulative provision of Rs. 27.2 million provided for during last one year. Hence a nominal provision of Rs.0.44 million remains at year end.

In order to reward the investors for supporting the Company in a bearish market, the Board of Directors has recommended 100% payout of earnings for the year by declaring a cash dividend of 11.8%. Hence an

amount of Rs. 29.5 million will be distributed among the shareholders subject to their approval in the annual general meeting of the shareholders.

COMPARISON OF PORTFOLIO PERFORMANCE VIS-A-VIS KSE-100 INDEX

The year under review turned out to be another year of volatile movement for the benchmark KSE-100 index which declined from 1703 as on June 30, 1996 to 1339 as on December 31, 1997. Subsequently, the index increased to 1775 in February 1997 before declining to 1565 as on June 30, 1997. Hence the index declined by approximately 8.10% on the basis of year end values. By the grace of Allah, the portfolio of your Company once again managed to outperform the KSE-100 index. The out performance during the year under review was 20.47% compared to 11.7% during the period ended June 30, 1996.

FUTURE PROSPECTS

The general elections in February 1997 and a strong public mandate for the present elected government has improved the perception of the foreign and domestic investors towards the country in general and the stock market in particular. The announcement of various policy measures and packages by the present government in order to streamline the economic and political conditions in the country reflects its sincere efforts to improve the economic health of the country. The supply side economic policy being pursued by the government with the focus on providing adequate incentives to industrial, agricultural and service sectors of the economy in order to boost the Gross Domestic Product (GDP) of the country and to increase the exportable surplus is likely to improve the corporate profitability.

We are hopeful that if the announced economic and political reforms are implemented in true sense, the perceptions about economic improvement will turn into reality and we will witness a substantial improvement in the country on the economic and political fronts. The stock market, being the barometer of the economic health of the country, will certainly experience a resurgence in such a situation. As your Company invests mainly in equity securities, any improvement in the stock market will contribute positively to the future performance of the Company.

ACKNOWLEDGMENT

We offer our sincere gratitude to the Board of Directors for their continued guidance and support. We also wish to place on record our appreciation for the auditors, shareholders and investment adviser of the Company.

Mohammad Shoaib
Chief Executive

A.K.M. Sayeed
Chairman

Karachi: July 21, 1997

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Al-Meezan Mutual Fund Limited as at June 30, 1997 and the related profit and loss account and 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 the accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the 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, 1997 and of the profit and the cash flows for the year then ended; and

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

AF. FERGUSON & CO.
Chartered Accountants

Karachi: August 06, 1997

BALANCE SHEET AS AT JUNE 30, 1997

	Note	1997 (Rupees)	1996 (Rupees)
SHARE CAPITAL AND RESERVES			
Authorised share capital 25,000,000 ordinary shares of Rs. 10 each		250,000,000 =====	250,000,000 =====
Issued, subscribed and paid up share capital 25,000,000 (1996:12,500,000) ordinary shares of Rs. 10 each fully paid in cash		250,000,000	125,000,000
Share deposit money	3	-	125,000,000
Unappropriated profit / (loss for the period July 13, 1995 to June 30, 1996)		20,486 (1,243,303) -----	250,000,000 -----
		250,020,486	248,756,697
LONG TERM LIABILITY	4	2,817,902	3,757,202
CURRENT LIABILITIES			
Current maturity of a long term liability	4	939,300	939,300
Due to the Investment Adviser- an associated undertaking	5	5,590,410	-
Creditors, accrued expenses and other liabilities	6	39,672,050	14,685,364
Taxation		-	1,506,981
Proposed dividend		29,500,000 75,701,760 -----	- 17,131,645 -----
		328,540,148 =====	269,645,544 =====
CURRENT ASSETS			
Accounts receivable - unsecured and considered good		86,922,823	9,789,950
Marketable securities	7	177,218,846	98,877,142
Other receivables	8	4,113,832	5,818,049
Bank balances	9	60,284,647	155,160,403
		328,540,148 =====	269,645,544 =====

The annexed notes form an integral part of these accounts.

PROFIT AND LOSS ACCOUNT

For the Year Ended June 30, 1997

	Note	For the year ended June 30, 1997 (Rupees)	For the period July 13, 1995 to June 30, 1996 (Rupees)
INVESTMENT INCOME			
Capital gain	10	12,646,868	3,222,085
Dividend income		6,554,048	1,025,450
Profit on bank deposits		11,382,815	6,415,077
Underwriting income		1,009,986	-
Profit on term finance certificates		709,420	-
Other income		19,200	-
		32,322,337	10,662,612
OPERATING EXPENSES			
Administrative expenses	11	1,261,364	5,129,563
Remuneration to the Investment Adviser	5	5,590,410	-
Provision for diminution in the value of marketable securities (investments)		(4,766,494)	5,207,180

	2,085,280	10,336,743
PROFIT BEFORE TAXATION	-----	-----
PROVISION FOR TAXATION	30,237,057	325,869
Current - for the year/period	-	1,569,172
for prior period	(526,732)	-
i	(526,732)	1,569,172
	-----	-----
PROFIT/(LOSS) FOR THE YEAR/PERIOD	30,763,789	(1,243,303)
(LOSS) BROUGHT FORWARD	(1,243,303)	-
	-----	-----
PROFIT AVAILABLE FOR APPROPRIATION/(LOSS)	29,520,486	(1,243,303)
APPROPRIATION:		
Proposed Dividend ~ 11.80% (1996: NIL)	29,500,000	-
	-----	-----
UNAPPROPRIATED PROFIT/(LOSS) CARRIED FORWARD	20,486	(1,243,303)
	=====	=====

The annexed notes form an integral part of these accounts.

CASH FLOW STATEMENT

For the Year Ended June 30, 1997

Note	For the period	
	For the year ended June 30, 1997	July 13, 1995 to June 30, 1996
	(Rupees)	(Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30,237,057	325,869
Adjustments for:		
Provision for diminution in the value of marketable securities (investments)	(4,766,494)	5,207,180
Dividend income	(6,554,048)	(1,025,450)
Financial income	(11,382,815)	(6,415,077)
Profit on term finance certificates	(709,420)	-
Dividends received	5,379,498	798,250
Financial income received	15,854,450	824,228
Profit on term finance certificates received	463,502	-
	-----	-----
Profit before changes in working capital	28,521,730	(285,000)
(Increase) in current assets		
Accounts receivable	(77,132,873)	(9,789,950)
Marketable securities	(73,575,210)	(104,084,322)
	(150,708,083)	(113,874,272)
Increase in current liabilities		
Creditors, accrued expenses and other liabilities	24,986,686	14,685,364
Due to the Investment Adviser - an associated undertaking	5,590,410	-
	30,577,096	14,685,364
	-----	-----
Cash used for operations	(91,609,257)	(99,473,908)
Income tax paid	(2,327,199)	(62,191)
	-----	-----
Net cash used for operations	(93,936,456)	(99,536,099)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares	-	125,000,000
Share deposit money	-	125,000,000
Long term liability	(939,300)	4,696,502
Net cash (outflow) / inflow from financing activities	(939,300)	254,696,502
	-----	-----
Total cash (outflow) / inflow for the year/period	(94,875,756)	155,160,403
Bank balances at the beginning of the year/period	155,160,403	-
	-----	-----
Bank balances at the end of the year/period	9 60,284,647	155,160,403
	=====	=====

The annexed notes form an integral part of these accounts.

NOTES TO AND FORMING PART OF THE ACCOUNTS

For the Year Ended June 30, 1997

1. STATUS AND NATURE OF BUSINESS

1.1 The company was incorporated on July 13, 1995 as a public limited company under the Companies Ordinance, 1984 and has been registered as an 'Investment Company' under the Investment Companies and Investment Advisers Rules, 1971. The 'certificate of commencement of business' was obtained by the company on January 1, 1996. The object of the company is to carry on the business of a closed-end mutual fund and to invest its assets in securities which are listed or proposed to be listed on the stock exchanges.

1.2 The company has an agreement with Al - Meezan Investment and Financial Services (Private) Limited, an associated undertaking, to provide investment advisory services.

1.3 The company was formally listed on the Karachi Stock Exchange on September 16, 1996 as a closed-end mutual fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Marketable securities

Marketable securities are stated at the lower of cost and market value determined on an aggregate portfolio basis. Cost is determined on a moving average basis. The market value refers to the Karachi Stock Exchange closing quotations, on the last working day of the financial year.

2.3 Revenue recognition

(i) Dividend income is stated net of zakat deduction thereon at source and is recognized at the time of closure of the share transfer books of the investee company.

(ii) Sale and purchase of marketable securities are recorded on the date of contract. Gains or losses on sale of marketable securities are also recorded on the date of contract.

(iii) Profit on bank deposits is recognized on accrual basis.

2.4 Taxation

Current:

The charge for current taxation, if any, in the accounts is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

No charge for current taxation is made in the accounts if the company intends to distribute 90 percent or more of its current profit amongst its shareholders in accordance with the exemption available under clause 102D of the Second Schedule to the Income Tax Ordinance, 1979.

Deferred:

The company accounts for deferred taxation arising on major timing differences, if any, by using the liability method.

3. SHARE DEPOSIT MONEY

This account represented amounts received towards initial public offering of shares. During the year 12,500,000 shares of Rs. 10 each were allotted against the share deposit money.

4. LONG TERM LIABILITY

	1997	1996
	(Rupees)	(Rupees)
Expenses incurred on incorporation and floatation - note 4.1	3,757,202	4,696,502
Less: Current maturity	939,300	939,300
	-----	-----
	2,817,902	3,757,202
	=====	=====

4.1 The expenditure incurred on the incorporation and floatation of Al-Meezan Mutual Fund Limited has been paid by Al-Meezan Investment and Financial Services (Private) Limited (the Investment Adviser). According to rule 7(3) of the Investment Companies and Investment Advisers Rules, 1971 these expenses are to be repaid by Al- Meezan Mutual Fund Limited over a period of five years in equal annual installments.

5. DUE TO THE INVESTMENT ADVISER - AN ASSOCIATED UNDERTAKING

	1997 (Rupees)	1996 (Rupees)
Remuneration at 2% of net assets for the		
year (199 5,590A10	5,590,410	2,487,567
Less: Remuneration waived by the		
Investment Adviser	-	(2,487,567)
	-----	-----
	5,590,410	-
	=====	=====

5.1 The Investment Adviser is entitled to a remuneration at the rate of 2% of net assets of the company as at the end of the investment company's year of accounts in terms of rule 11 (a) of the Investment Companies and Investment Advisers Rules, 1971 which has been determined as follows:

	1997 (Rupees)	1996 (Rupees)
Assets:		
Accounts receivable	86,922,823	9,789,950
Marketable securities	177,218,846	98,877,142
Other receivables	4,113,832	5,818,049
Bank balances	60,284,647	155,160,403
	328,540,148	269,645,544
Liabilities:		
Long term liability	2,817,902	3,757,202
Current maturity of a long term liability	939,300	939,300
Due to the Investment Adviser		
- an associated undertaking	5,590,410	-
Creditors, accrued expenses and		
other liabilities	39,672,050	14,685,364
Taxation	-	1,506,981
	49,019,662	20,888,847
	-----	-----
Net assets	279,520,486	248,756,697
	=====	=====
Remuneration at 2% of net assets for		
the year (1996: six months)	5,590,410	2,487,567
	=====	=====

6. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

Creditors	39,471,673	14,300,540
Settlement charges	70,000	226,285
Custodian charges	25,000	46,787
Others	105,377	111,752
	-----	-----
	39,672,050	14,685,364
	=====	=====

7. MARKETABLE SECURITIES

7.1 The following is a statement of marketable securities. These securities represent shares of a nominal value of Rs 10 each unless stated otherwise.

NAME OF THE COMPANY	NUMBER OF SHARES				BALANCE AS AT JUNE 30, 1997			PERCENTAGE IN RELATION TO		
	Balance as at July 1, 1996	Purchases	Bonus shares	Sales	Number of shares	At cost (Rupees)	At market value (Rupees)	Own net ass At cost	Nos of At market value	Nos of the investee company
LEASING COMPANIES										
First Leasing Corporation Limited	112,400	26,500	--	138,900	--	--	--	--	--	--
INVESTMENT COMPANIES AND BANKS										
Askari Commercial Bank Limited	--	52,500	4,125	25,000	31,625	840,125	877,594	0.3	0.31	0.03
Bank AI- Habib Limited	--	76,000	--	1,000	75,000	2,377,500	2,137,500	0.85	0.76	0.23

Crescent Investment Bank Limited	23,000	--	--	23,000															
Faysal Bank Limited	216,250	242,500	--	287,000	171,750	4,927,513	4,611,486	1.76	1.65	0.14									
Metropolitan Bank Limited	75,000	11,000	--	11,000	75,000	2,542,130	2,175,000	0.91	0.78	0.25									
Muslim Commercial Bank Limited	41,800	42,000	--	41,500	42,300	1,488,190	1,385,325	0.53	0.50	0.02									
Schon Bank Limited	--	20,000	--	20,000	--	--	--	--	--	--									
INSURANCE COMPANIES																			
Adamjee Insurance Company Limited	54,500	99,300	7,500	123,800	37,500	3,134,089	3,412,500	1.12	1.22	0.12									
TEXTILE SPINNING																			
Gadoon Textile Mills Limited	161,000	--	--	17,500	143,500	7,210,875	4,807,250	2.58	1.72	0.61									
Saif Textile Mills Limited	61,800	60,500	--	122,300	--	--	--	--	--	--									
TEXTILE COMPOSITE																			
Crescent Textile Mills Limited	17,325	95,000	8,732	26,000							95,057	1,484,742	1,492,395	0.53	0.53	0.26			
Nishat Mills Limited	90,000	156,000	--	--	246,000	6,480,045	4,920,000	2.32	1.76	0.25									
Sapphire Fibres Limited	24,000	--	--	24,000	--	--	--	--	--	--									
SYNTHETICS AND RAYON																			
Dewan Salman Fibres Limited	--	387,000	--	387,000	--	--	--	--	--	--									
Ibrahim Fibres Limited	--	172,500	--	172,500	--	--	--	--	--	--									
CEMENT																			
Cherat Cement Limited	--	40,500	--	40,500	--	--	--	--	--	--									
D.G Khan Cement Limited	--	387,000	--	387,000	--	--	--	--	--	--									
Fauji Cement Limited	--	5,000	--	5,000	--	--	--	--	--	--									
FUEL AND ENERGY																			
Hub Power Company Limited	140,000	2,613,000	--	2,732,000	21,000	775,155	858,900	0.28	0.31	--									
Japan Power Generation Limited	--	292,500	--	292,500	--	--	--	--	--	--									
KESC	10,000	--	--	10,000	--	--	--	--	--	--									
Kohinoor Energy Limited	--	213,000	--	213,000	--	--	--	--	--	--									
Kohinoor Genertech Limited	--	50,000	--	50,000	--	--	--	--	--	--									
National Refinery Limited	5,000	5,000	--	10,000	--	--	--	--	--	--									
Pakistan State Oil Limited	11,000	47,400	7,020	57,500	7,920	2,145,950	2,577,960	0.77	0.92	0.01									
Shell Pakistan Limited	--	102,609	--	22,600	80,009	14,255,683	18,802,115	5.10	6.73	0.34									
Southern Electric Limited	--	604,000	--	604,000	--	--	--	--	--	--									
Sui Northern Gas Pipelines Limited	191,500	238,500	41,250	160,000	311,250	9,935,765	9,882,188	3.56	3.54	0.11									
Sui Southern Gas Company Limited	83,000	408,500	24,750	485,500	30,750	893,574	876,375	0.32	0.31	0.01									
ENGINEERING AND ALLIED PRODUCTS																			
Crescent Steel & Allied Products Ltd	63,500	66,500	8,775	131,500	7,275	376,395	207,338	0.13	0.07	0.04									
AUTO AND ALLIED																			
Al-Ghazi Tractors Limited (see note 7.2 below)	--	18,000	--	--	18,000	588,350	585,000	0.21	0.21	0.11									
Pak. Suzuki Motor Company Limited	27,500	127,500	--	100,000	55,000	2,542,650	2,750,000	0.91	0.98	0.11									
TRANSPORT AND COMMUNICATION																			
Pakistan International Airlines Corp.-A Pakistan Telecommunications Corporation Limited- A	--	75,000	--	50,000	25,000	286,750	191,250	0.10	0.07	0.01									
195,000	3,750,500	--	3,943,000	2,500	77,465	76,625	0.03	0.03	--										
CHEMICAL AND PHARMACEUTICAL																			
Engro Chemicals Limited	42,500	167,300	38,000	133,700	114,100	14,966,394	16,316,300	5.36	5.84	0.13									
Fauji Fertilizer Company Limited	114,500	1,026,500	--	945,500	195,500	14,312,970	15,542,250	5.12	5.56	0.07									
FFC Jordan Fertilizer Company Limited	135,000	994,000	--	989,500	139,500	2,082,880	2,148,300	0.75	0.77	0.04									
ICI Pakistan Limited	--	300,000	--	300,000	--	--	--	--	--	--									
Knoll Pharmaceutical Limited	48,000	--	9,600	--	57,600	9,744,000	6,163,200	3.49	2.21	0.75									
Searle Pakistan Limited	--	149,000	--	149,000	--	--	--	--	--	--									
PAPER AND BOARD																			
Century Paper & Board Mills Limited	101,000	27,500	11,750	--	140,250	4,850,980	2,454,375	1.74	0.88	0.49									
Packages Limited	--	331,000	6,240	272,200	65,040	3,706,362	4,032,480	1.33	1.44	0.21									
FOOD AND ALLIED																			
Lever Brothers Pakistan Limited (see note 7.3 below)	10,000	400	13,094	10,000	13,494	8,633,000	10,930,140	3.09	3.91	0.10									
Sunflo Citrus Limited	--	125,000	--	125,000	--	--	--	--	--	--									

TERM FINANCE CERTIFICATES

{ Rs 5.000 each}

ICI Pakistan Limited	--	10,000	--	5,000	5,000	25,000,000	25,005,000	8.95	8.95	2.50
Sui Southern Gas Company Limited	--	4,400	--	2,000	2,400	12,000,000	12,000,000	4.29	4.29	2.40
Packages Limited	--	4,000	--	4,000	--	--	--	--	--	--
Nishat Tek Limited	--	10,000	--	6,000	4,000	20,000,000	20,000,000	7.16	7.16	8.00

Provision for diminution in market value (1996:Rs. 5,207,180)

177,659,532
440,686

177,218,846

June 30, 1996

104,084,322

98,877,142

7.2 The nominal value of these shares is Rs 5 each.

7.3 The nominal value of these shares is Rs 50 each.

7.4 Net assets are as defined in rule 2(e) of the Investment Companies and Investment Advisers Rules, 1971.

7.5 The percentage in relation to own net assets has been calculated in relation to the cost and market value of the respective investments.

7.6 The percentage in relation to the investee company's paid up capital has been calculated in relation to the number of shares held in that investee company.

8. OTHER RECEIVABLES

	1997 (Rupees)	1996 (Rupees)
Dividends receivable	1,401,750	227,200
Profit on bank deposits	1,119,214	5,590,849
Advance tax recoverable	1,346,950	-
Profit on term finance certificates	245,918	-
	-----	-----
	4,113,832	5,818,049
	=====	=====

9. BANK BALANCES

PLS accounts	60,255,267	155,147,593
Current account	29,380	12,810
	-----	-----
	60,284,647	155,160,403
	=====	=====

10. CAPITAL GAIN

	For the year ended June 30, 1997 (Rupees)	For the period July 13, 1995 to June 30,1996 (Rupees)
Sales	709,054,455	134,657.29
Cost of sales - note 10.1	696,407,587	131,435.21
	-----	-----
Capital gain	12,646,868	3,222,085
	=====	=====

10.1 Cost of sales

Cost of marketable securities held as at July 1, 1996	104,084,322	-
Purchases	769,650,654	235,427,952
Stamp duties	308,695	91,575
Brokerage on term finance certificates	23,448	-
	-----	-----
	874,067,119	235,519,527
Less: Cost of marketable securities held as at June 30, 1997	177,659,532	104,084,322
	-----	-----
Cost of sales	696,407,587	131,435,205
	=====	=====

11. ADMINISTRATIVE EXPENSES

Preliminary expenses	-	4,696,502
Auditors' remuneration - note 11.1	119,240	141,863
Custodian charges	298,567	47,121
Settlement charges	826,060	243,285

Miscellaneous expenses	7,500	-
Bank charges	9,997	792
	-----	-----
	1,261,364	5,129,563
	=====	=====

11.1 Auditors' remuneration

	For the year ended June 30, 1997			For the period July 13, 1995 to June 30, 1996		
	A.F. Ferguson & Co. (Rupees)	Taseer Hadi Khalid & Co (Rupees)	Total (Rupees)	A.F. Ferguson & Co. (Rupees)	Taseer Hadi Khalid & Co (Rupees)	Total (Rupees)
	-----	-----	-----	-----	-----	-----
Audit fee	100,000	-	100,000	32,500	32,500	65,000
Other services	-	-	-	40,000	30,000	70,000
Out of pocket exp.	4,135	4,695	8,830	2,557	-	2,557
Government levies	3,847	6,563	10,410	4,306	-	4,306
	-----	-----	-----	-----	-----	-----
	107,982	11258	119,240	79,363	62,500	141,863
	=====	=====	=====	=====	=====	=====

12. CORRESPONDING FIGURES

The prior period's figures have been reclassified, wherever necessary, for the purposes of comparison.

**STATEMENT OF INCOME & EXPENDITURE IN RELATION TO
THE INVESTMENT COMPANY**

For the Year Ended June 30, 1997

	For the year ended June 30, 1997	For the period ended June 30, 1996
	(Rupees)	(Rupees)
	-----	-----
Remuneration receivable from Al-Meezan Mutual Fund Ltd	5,590,410	-
Mark-up on Deferred Expenditure	-	-
OPERATING EXPENSES		
Salaries and other benefits	1,250,385	442,043
Motor vehicle running expenses	89,448	48,999
Fees and subscription	87,500	400
Audit fee	20,000	20,000
Printing and stationery	68-263	14,757
Telephone, fax, postage and stamp	15,047	28,780
Amortization of preliminary expenses	33,790	33,790
Depreciation	22-245	8,523
Travelling and conveyance	15,690	38,040
Entertainment	66,246	71,402
Legal and professional charges	114,668	-
Repair and Maintenance	4,500	-
Rent	750,000	-
Advertisement	16,388	-
Professional development	48,064	-
Other expenses	33,396	23,866
	-----	-----
	2,635,630	730,600
	-----	-----
Profit / (loss) for the year / period	2,954,780	(730,600)
	=====	=====

PATTERN OF SHAREHOLDING (FORM 34) AS AT JUNE 30, 1997

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
7	1	100	7	0.00
513	101	500	256,500	1.03
2	1,001	5,000	10,000	0.04

3	25,001	30,000	90,000	0.36
2	45,001	50,000	100,000	0.40
1	50,001	55,000	52,500	0.21
1	95,001	100,000	100,000	0.40
1	170,001	175,000	175,000	0.70
1	195,001	200,000	200,000	0.80
2	245,001	250,000	500,000	2.00
1	400,001	405,000	404,000	1.61
1	445,001	450,000	450,000	1.80
1	685,001	690,000	686,500	2.75
1	995,001	1,000,000	1,000,000	4.00
1	1,485,001	1,490,000	1,486,500	5.94
1	2,015,001	2,020,000	2,019,500	8.08
1	2,465,001	2,470,000	2,469,500	9.88
4	2,495,001	2,500,000	9,999,993	40.00
1	4,995,001	5,000,000	5,000,000	20.00
-----	-----	-----	-----	-----
545			25,000,000	100.00
=====	=====	=====	=====	=====

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 1997

Particulars of Shareholders	No. of Shareholders	Shares Held	Percentage
Individuals	527	504,007	2.02
Insurance Companies	1	250,000	1.00
Joint Stock Companies	6	7,041,497	28.16
Financial Institutions	6	9,079,498	36.32
Modaraba Companies	1	200,000	0.80
Foreign Companies	3	7,674,998	30.70
Leasing Companies	1	250,000	1.00
-----	-----	-----	-----
	545	25,000,000	100.00
=====	=====	=====	=====