

**Al Meezan Mutual Fund Limited**  
**Annual Report 1998**

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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mr. Irfan Siddiqui	Chairman
Mr. Mohamad Shoaib	Chief Executive
Mr. Charles Macleod	
Mr. Andrew Douglas Eu	
Mr. Nasir Beg	
Mr. Wasim Khalid	
Mr. Tameem Ul Haq Farooqui	Company Secretary

**INVESTMENT ADVISOR**

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 THIRD ANNUAL GENERAL MEETING**

Notice is hereby given that the Third Annual General Meeting of the members of Al-Meezan Mutual Fund Limited will be held on Saturday, December 26, 1998 at 8:00 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 1998.
2. To appoint Auditors of the Company and fix their remuneration for the year ending 30th June 1999. The present Auditors M/s. A. F. Ferguson & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
3. To transact any other business that may be placed before the meeting with the permission of the Chair.

By order of the Board,

**TAMEEM UL HAQ FAROOQUI** Karachi  
 Company Secretary December 3, 1998

**Notes:**

1. The share transfer books of the Company will remain closed from December 10, 1998 to December 26, 1998 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of his / her at the meeting. Proxies must be deposited at the Company's Registered Office not less than 48 hours before the time of 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 present the Third Annual Report together with the audited accounts for the year ended June 30, 1998.

**Operations Preview**

The deteriorating economic and political conditions in the country resulted in substantial decline in the stock market during the year under review. The KSE-100 index, which was recorded at 1565 as on June 30, 1997, increased to 1753 as on December 31, 1997. However, the second half of the year turned out to be very disappointing from the point view of the economy in general and the stock market in particular. Due to the government tussle with independent power producers (IPPs) and nuclear testing by Pakistan on May 28, 1998 followed by freezing of foreign currency accounts, the confidence of both local and foreign investors was badly shattered and KSE 100 index declined to 879 as on June 30, 1998.

**Financial Highlights**

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

	(Rupees)
Investment income	28,427,554
Operating expenses	4,953,327
Profit before diminution in the value of marketable securities	23,474,227
Provision for diminution in the value of marketable securities	90,517,857
Profit/(Loss) before taxation	(67,043,630)
Provision for taxation	2,053,992
Profit/(Loss) for the year	(69,097,622)
Profit/(Loss) brought forward	20,486
Accumulated Profit/(Loss)	(69,077,136)

During the year, your Company earned Rs. 10.8 million in capital gains, Rs. 10.2 million as dividend income, and Rs. 7.4 million as other income.

**Comparison of portfolio performance vis-a-vis KSE 100 Index.**

The year under review turned out to be another bearish year for the KSE 100 index, which declined from 1565 to 879, i.e. a decline of 43.49%. By the Grace of Allah, the portfolio of your Company once again managed to out perform the KSE 100 Index. The Net Asset Value (NAV) of the Company declined from Rs. 10.00 to Rs. 7.24, i.e. a decline of 27.6%. Hence, our performance during the year under review was 16.2% compared to 20.47% last year.

The top five stock holdings of the Company as on June 30, 1998 based on market value were as follows:

PTCL	Rs. 14.8 million
Fauji Fertilizer Company	Rs. 11.6 million
Mub Power Company Limited	Rs. 11.6 million
Engro Chemicals Limited	Rs. 10.9 million
Pakistan State Oil	Rs. 9.3 million

It may be noted here that these five stocks are among the most liquid and intrinsically valued stocks on the

Karachi Stock Exchange and any improvement in market sentiment would help the Company in improving performance during the next year.

**Future Outlook**

The performance of capital market depends largely on the political and economic stability in the country. The freezing of foreign currency accounts and nuclear testing by Pakistan and its inability to service its foreign currency debt has badly shattered the confidence of investors. The recent announcement by United States to waive its economic sanctions on Pakistan on a one time basis and bail out package by IMF is likely to save Pakistan from default on its foreign currency obligations. However, the long term solution to the problems lies in the structural reforms of the economy. We are hopeful that the government will go ahead with the economic and structural reforms to revive the economy of the country.

**Board of Directors**

Mr. A.K.M. Sayeed and Mr. Shahid Ghaffar representing NIT resigned and were replaced by Mr. Masim Beg and Mr. Masood Elahi as nominees of Mr. M. Jaijan M.I. Reid and Mr. Jonathan Boyer representing Jardine Fleming Investment Management International Limited also resigned and were replaced by Mr. Charles Blackmore and Mr. Andrew Douglas Bu. The Directors wish to place on record valuable services rendered to the Company by the outgoing Directors Mr. A.K.M. Sayeed, Mr. Shahid Ghaffar, Mr. Jaijan M.I. Reid and Mr. Jonathan Boyer and welcome the new Directors.

**Year 2000 Problem and Compliance**

The arrival of year 2000 will pose a serious challenge to many companies around the world. Your Company has already started the exercise to address this particular issue. The aim is to ensure that not only the Company's systems are millennium compliant but also those of its counterparts. For this purpose your Company has set a deadline of June 30, 1999 and hopes to become fully Year 2000 compliant by that date.

**Acknowledgement**

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 advisor of the Company.

Mohammad Shoaib Masim Beg  
Chief Executive Director

Karachi: December 3, 1998

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Al-Meezan Mutual Fund Limited as at June 30, 1998 and the related profit and loss account and the 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 purposes 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, 1998 and of the loss and the cash flows for the year then ended; and

d) In our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the General Zakat Fund established under section 7 of the Ordinance.

**A. F. PETERSON & COMPANY**

Chartered Accountants

Karachi: November 26, 1998

**BALANCE SHEET AS AT JUNE 30, 1998**

	Note	1998 (Rupees)	1997 (Rupees)
<b>SHARE CAPITAL AND RESERVES</b>			
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			
ordinary shares of Rs. 10 each fully paid in cash		250,000,000	250,000,000
Accumulated (loss)/unappropriated profit		(69,077,136)	20,486
		-----	-----
		180,922,864	250,020,486
		-----	-----
<b>LONG TERM LIABILITY</b>	3	1,878,602	2,817,902
<b>CURRENT LIABILITIES</b>			
Current maturity of a long term liability	3	939,300	939,300
Due to the Investment Adviser - an associated			
undertaking	4	3,028,457	5,590,410
Creditors, accrued expenses and other liabilities	5	15,883,910	39,672,050
Proposed dividend			29,500,000
			-----
		19,851,667	75,701,760
		-----	-----
		202,653,133	328,540,148
		-----	-----
The annexed notes form an integral part of these accounts.			
<b>CURRENT ASSETS</b>			
Accounts receivable - unsecured and considered good		51,045,827	86,922,823
Marketable securities	6	105,652,574	177,218,846
Prepayments and other receivables	7	4,103,613	4,113,832
Bank balances	8	41,841,119	60,284,647
			-----
		202,653,133	328,540,148
		-----	-----
Chief Executive	Director		

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED JUNE 30, 1998**

	Note	1998 (Rupees)	1997 (Rupees)
<b>INVESTMENT INCOME</b>			
Capital gain	9	10,804,135	12,646,868
Dividend income		10,186,674	6,554,048
Other income	10	7,436,748	13,121,422
		-----	-----
		28,427,554	32,322,337
<b>OPERATING EXPENSES</b>			
Administrative expenses	11	1,924,870	1,261,364
Remuneration to the Investment Adviser	4	3,028,457	5,590,410

Provision/(reversal) for diminution in the value of marketable securities	90,517,857	(4,766,494)	
	95,471,184	2,085,280	
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	<b>(67,043,630)</b>	<b>30,237,057</b>	
<b>PROVISION FOR TAXATION</b>			
Current - for the year	1,890,652	-	
- for prior year	152,340	(526,732)	
	2,053,992	(526,732)	
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b>(69,097,622)</b>	<b>30,763,789</b>	
UNAPPROPRIATED PROFIT/ACCUMULATED (LOSS) BROUGHT FORWARD	20,486	(1,243,303)	
ACCUMULATED (LOSS)/PROFIT AVAILABLE FOR APPROPRIATION	(69,077,136)	29,520,486	
APPROPRIATION:			
Proposed dividend Nil (1997-11.804)		29,520,000	
ACCUMULATED (LOSS)/UNAPPROPRIATED PROFIT CARRIED FORWARD	(69,077,136)	30,486	

The annexed notes form an integral part of these accounts.

Chief Executive Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1998**

	Note	1998 (Rupees)	1997 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before taxation	(67,043,630)	30,237,057	
Adjustments for:			
Provision/(reversal) for diminution in the value of marketable securities		90,517,857	(4,766,494)
Dividend income		(10,186,674)	(6,554,048)
Financial income		(7,436,745)	(12,092,235)
Dividends received		8,959,051	8,379,498
Financial income received		8,335,816	16,317,952
Profit before changes in working capital		23,039,675	28,521,730
<b>(Increase)/decrease in current assets</b>			
Accounts receivable		35,076,996	(77,132,873)
Marketable securities		(18,961,585)	(73,575,210)
Prepayments and other receivables		(100,000)	-
		16,815,411	(150,708,083)
<b>Increase/(decrease) in current liabilities</b>			
Creditors, accrued expenses and other liabilities	(26,738,140)	24,986,686	
Due to the Investment Adviser - an associated undertaking	(2,561,953)	6,590,410	
	(29,300,093)	30,577,096	
Cash generated from/(used) for operations		10,554,999	(91,609,257)
Income tax paid	(1,559,221)	(2,327,199)	
	9,045,772	(93,936,456)	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term liability	(939,300)	(939,300)	
Dividend paid	(26,850,000)	-	
Net cash outflow from financing activities	(27,489,300)	(939,300)	
Net decrease in cash and cash equivalents	(18,443,528)	(94,875,756)	
Bank balances at the beginning of the year		60,284,647	155,160,403
Bank balances at the end of the year	8	41,841,119	60,284,647

The annexed notes form an integral part of these accounts.

Chief Executive Director

**NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1998**

**1. STATUS AND NATURE OF BUSINESS**

The company was incorporated on July 23, 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 AI - Mezan 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 of marketable securities portfolio 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 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. However, no provision was required as at June 30, 1998.

**2.4 Revenue recognition**

(i) Dividend income is stated net of sakt deduction thereon at source and is recognised 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 recognised on accrual basis.

**3. LONG TERM LIABILITY**

	1998 (Rupees)	1997 (Rupees)
Expenses incurred on incorporation and floatation - note 3.1	2,817,902	3,787,202
Less: Current maturity	939,300	939,300
	1,878,602	2,817,902

3.1 The expenditure incurred on the incorporation and floatation of Al-Meezan Mutual Fund Limited, amounting to Rs. 4,596,952 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 instalments.

**4. DUE TO THE INVESTMENT ADVISER - AN ASSOCIATED UNDERTAKING**

	1998 (Rupees)	1997 (Rupees)
Remuneration at 2% of net assets for the year - note 4.1	3,618,457	5,590,410
Less: Adjustment of remuneration on account of the year ended June 30, 1997	500,000	-
	3,028,457	5,590,410

4.1 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 1 (a) of the Investment Companies and Investment Advisers Rules, 1971 which has been determined as follows:

	1998 (Rupees)	1997 (Rupees)
<b>Assets:</b>		
Accounts receivable	51,045,827	86,922,823
Marketable securities	105,862,574	177,218,846
Prepayments and other receivables	4,103,613	4,113,832
Bank balances	41,841,119	60,284,647
	202,853,133	328,540,148
<b>Liabilities:</b>		
Long term liability	1,878,602	2,817,902
Current maturity of a long term liability	939,300	939,300
Due to the Investment Adviser - an associated undertaking	3,028,457	5,590,410
Creditors, accrued expenses and other liabilities	15,883,910	39,672,050
	21,730,269	49,019,662
Net assets	180,922,864	279,520,486
Remuneration at 2% of net assets for the year	3,618,457	5,590,410

**5. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES**

Creditors	12,488,652	39,471,673
Custodian charges	219,381	25,000
Settlement charges	80,000	70,000
Dividend payable	2,950,000	-
Others	135,877	105,377

**6. MARKETABLE SECURITIES**

6.1 The following is a statement of marketable securities. The 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, 1998			Percentage in relation to		
	Balance as at July 1, 1997	Purchases	Bonus/right shares	Sales	Numbers of shares	At cost (Rupees)	At market Value (Rupees)	Own net assets At cost	At market value	No. of shares of the investee company
<b>MUTUAL FUNDS</b>										
Investment Corporation of Pakistan - SEMF	-	352,000	-	352,000	-	-	-	-	-	-
<b>MODARABA COMPANIES</b>										
Ist Allied Bank Modaraba	-	13,000	-	13,000	-	-	-	-	-	-
<b>LEASING COMPANIES</b>										
First Leasing Corporation Limited	-	5,000	-	5,000	-	-	-	-	-	-
<b>INVESTMENT COMPANIES &amp; BANKS</b>										
Al-Fayaz Investment Bank Limited	-	100,000	21,250	15,000	106,250	2,071,450	1,062,500	1.14	0.59	0.11
Askari Commercial Bank Limited	31,625	50,000	-	81,625	-	-	-	-	-	-
-- do -- ('D'- see note 6.2 below)	-	75,000	-	75,000	-	-	-	-	-	-
Bank Al-Habib Limited	75,000	-	7,500	25,000	57,500	1,585,000	1,322,500	0.88	0.73	0.15
Fayaz Bank Limited	171,750	303,500	-	122,000	353,250	9,580,937	3,179,250	5.30	1.76	0.29
Metropolitan Bank Limited	75,000	-	12,500	87,500	-	-	-	-	-	-
Muslim Commercial Bank Limited	42,300	270,000	-	175,000	137,300	5,126,034	2,553,780	2.83	1.41	0.08
Schon Bank Limited	-	20,000	-	20,000	-	-	-	-	-	-
<b>INSURANCE COMPANIES</b>										
Adanjee Insurance Company Limited	37,500	171,700	28,675	122,000	115,875	8,144,289	5,504,063	0.45	3.04	0.37
-- do -- ('D'- see note 6.2 below)	-	2,046,400	-	2,046,400	-	-	-	-	-	-
<b>TEXTILE SPINNING</b>										
Gadson Textile Mills Limited	143,500	-	-	16,500	127,000	6,381,750	1,887,500	3.53	0.88	0.54
Sail Textile Mills Limited	-	92,300	9,230	-	101,530	1,486,030	1,059,147	0.82	0.56	0.54
Umar Fabrics Limited	-	75,000	-	75,000	1,209,750	450,000	0.67	0.25	0.31	
<b>TEXTILE COMPOSITE</b>										
Crescent Textile Mills Limited	95,057	-	-	95,057	-	-	-	-	-	-
Nisabat Mills Limited	246,000	55,000	-	301,000	-	-	-	-	-	-
Sapphire Fibres Limited	-	20,000	-	20,000	-	-	-	-	-	-
<b>SYNTHETICS AND RAYON</b>										
Ibrahim Fibres Limited	-	660,000	-	15,000	645,000	5,043,907	3,128,250	2.79	1.73	0.32
<b>CEMENT</b>										
Cherak Cement Limited	-	150,000	-	150,000	-	-	-	-	-	-
D.O. Khan Cement Limited	-	183,000	-	183,000	-	-	-	-	-	-
-- do -- ('D'- see note 6.2 below)	-	681,000	-	681,000	-	-	-	-	-	-
<b>FUEL AND ENERGY</b>										
Hub Power Company Limited (see note 6.8 below)	21,000	5,672,000	-	4,789,000	904,000	26,657,784	11,616,400	14.73	6.42	0.08
-- do -- ('D'- see note 6.2 below)	-	5,027,000	-	5,027,000	-	-	-	-	-	-
Japan Power Generation Limited	-	122,000	-	122,000	-	-	-	-	-	-
Kohinoor Energy Limited	-	213,000	-	213,000	-	-	-	-	-	-
Pakistan State Oil Limited (see note 6.8 below)	7,920	188,100	4,884	122,104	28,919,950	9,310,430	15.98	5.15	0.12	
Shal Pakistan Limited	80,009	18,300	*86,304	36,913	7,025,493	4,350,385	3.88	2.96	0.11	
Southern Electric Power Company Limited	-	2,194,500	-	2,194,500	-	-	-	-	-	-

	1998	1997	1996	1995	1994	1993	1992	1991	1990	
Sui Northern Gas Pipelines Limited	311,250	371,000	36,787	532,000	187,037	2,960,277	1,636,574	1.64	0.90	0.06
-- do -- ('D'-see note 6.2 below)	-	125,000	-	125,000	-	-	-	-	-	-
Sui Southern Gas Company Limited	10,750	359,000	42,937	73,500	359,187	9,042,004	3,232,682	5.00	1.79	0.08
-- do -- ('D'-see note 6.2 below)	-	546,000	-	546,000	-	-	-	-	-	-
<b>ENGINEERING AND ALLIED PRODUCTS</b>										
Crescent Steel and Allied Products Limited	7,275	50,000	7,616	6,500	58,391	1,530,485	1,401,384	0.85	0.77	0.29
<b>AUTO AND ALLIED</b>										
Al-Ghazi Tractors Limited (see note 6.3 below)	18,000	-	-	18,000	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	55,000	137,000	-	50,000	142,000	6,218,450	4,828,800	0.44	2.67	0.29
<b>TRANSPORT AND COMMUNICATION</b>										
Pakistan International Airlines Corporation-A	25,000	150,000	-	25,000	150,000	718,000	600,000	0.40	0.33	0.04
Pakistan Telecommunication Corporation Limited 'A'	2,500	5,972,500	-	5,098,000	887,000	21,596,428	14,769,550	11.89	8.16	0.02
-- do -- ('D'-see note 6.2 below)	-	2,740,000	-	2,740,000	-	-	-	-	-	-
<b>CHEMICAL AND PHARMACEUTICAL</b>										
Engro Chemicals Limited	114,100	570,700	32,265	878,000	219,065	18,445,159	10,899,484	10.10	6.02	0.22
Fauji Fertiliser Company Limited	195,500	752,000	-	543,900	225,600	18,593,276	11,619,400	10.23	6.42	0.08
FFC Jordan Fertiliser Company Limited	139,500	475,000	-	450,000	164,500	3,191,332	2,163,175	1.76	1.20	0.05
-- do -- ('D'-see note 6.2 below)	-	488,000	-	488,000	-	-	-	-	-	-
ICI Pakistan Limited	-	300,000	-	300,000	-	-	-	-	-	-
-- do -- ('D'-see note 6.2 below)	-	520,500	-	520,500	-	-	-	-	-	-
Knell Pharmaceutical Limited	57,600	-	-	57,600	-	-	-	-	-	-
Searle Pakistan Limited ('D'-see note 6.2 below)	-	447,000	-	447,000	-	-	-	-	-	-
<b>PAPER AND BOARD</b>										
Century Paper and Board Mills Limited	140,250	-	-	140,250	4,850,980	1,626,900	2.68	0.90	0.49	
Packages Limited	65,040	-	6,255	23,900	47,395	2,400,789	1,706,220	1.33	0.94	0.13
-- do -- ('D'-see note 6.2 below)	-	614,000	-	614,000	-	-	-	-	-	-
<b>FOOD AND ALLIED</b>										
Lever Brothers Pakistan Limited (see note 6.4 below)	13,494	4,720	-	18,214	-	-	-	-	-	-
Sumflo Citrus Limited	-	100,000	-	100,000	-	-	-	-	-	-
<b>TERM FINANCE CERTIFICATES (Rs. 5,000 each)</b>										
ICI Pakistan Limited	1,000	-	-	1,000	3,823,963	5,310,000	2.11	2.82	0.50	
-- do -- ('D'-see note 6.2 below)	4,000	6,400	-	10,400	-	-	-	-	-	-
Sui Southern Gas Company Limited ('D'-see note 6.2 below)	2,400	4,000	-	6,400	-	-	-	-	-	-
Packages Limited ('D'-see note 6.2 below)	-	1,000	-	1,000	-	-	-	-	-	-
Mishat Tak Limited ('D'-see note 6.2 below)	4,000	9,600	-	13,600	-	-	-	-	-	-
						196,621,117	105,662,574			
Provision for diminution in market value (1997: Rs. 440, 686)						90,958,543	-			
						105,662,574	105,662,574			
June 30, 1997						177,659,532	177,218,846			

6.2 'D' represents 'dealing securities'. The cost of acquisition of 'dealing securities' is not considered for calculating the 'moving average' cost of marketable securities.

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

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

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

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

6.7 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.

6.8 The percentage of holding in any of the investee companies did not exceed 10% of its (the company's) paid-up capital except that investments of the company in Hub Power Company Limited and Pakistan State Oil Limited represented 10.66% (1997:0.003%) and 11.57% (1997: 0.86%) of the company's equity respectively.

**7. PREPAYMENTS AND OTHER RECEIVABLES**

	1998 (Rupees)	1997 (Rupees)
Prepayments		
- Annual listing fee	100,000	-
Other receivables		
- Dividend receivable	2,635,373	1,401,750
- Profit on bank deposits	495,796	1,119,214
- Profit on term finance certificates (TFCs)	70,265	245,918
- Advance tax recoverable	802,179	1,346,950
	4,003,613	4,113,832

**8. BANK BALANCES**

PLS accounts	38,979,047	60,255,267
Current account	2,862,072	29,380
	41,841,119	60,284,647

**9. CAPITAL GAIN**

	1998	1997
<b>On marketable securities</b>		
Sales	797,919,017	709,054,455
Cost of sales - note 9.1	797,763,436	696,407,587
	155,581	12,646,868

<b>On dealing securities</b>		
Sales	830,127,447	-
Cost of sales	819,478,893	-
	10,648,554	-

Capital gain	10,894,135	12,646,868
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**9.1 Cost of Sales**

Cost of marketable securities held as at July 1, 1997	177,659,532	104,084,322
Purchases	816,353,843	769,650,654
Stamp duties	371,078	308,70
Brokerage on TFCs	-	23,448
	994,384,553	874,067,119
Less: Cost of marketable securities held as at June 30, 1998	196,621,117	177,659,532
Cost of sales	797,763,436	696,407,587

**10. OTHER INCOME**

Profit on bank deposits	7,849,438	11,392,815
Underwriting commission	-	1,009,986
Profit on term finance certificates	318,490	709,420
- For the year	(631,183)	-
- For prior year	-	19,200
Miscellaneous income	-	-
	7,436,745	13,151,421

<b>11. ADMINISTRATIVE EXPENSES</b>			
Custodian charges	617,603	298,567	
Settlement charges	1,026,563	826,060	
Annual listing fee	100,000	-	
Auditors' remuneration - note 11.1	164,087	119,240	
Bank charges	9,473	9,997	
Miscellaneous expenses	8,144	7,600	
	-----	-----	
	1,924,870	1,261,364	
	-----	-----	
<b>11.1 Auditors' remuneration</b>			
Audit fee	100,000	100,000	
Other services	55,000	-	
Out of pocket expenses			
- A. F. Ferguson & Co.	9,087	4,135	
- Taseer Hadi Khalid & Co.	-	4,695	
	-----	-----	
	9,087	8,830	
Government levies			
- A. F. Ferguson & Co.	-	3,847	
- Taseer Hadi Khalid & Co.	-	6,563	
	-----	-----	
	-	10,410	
	-----	-----	
	164,087	119,240	
	-----	-----	

**12. CORRESPONDING FIGURES**  
 Prior year's figures have been reclassified, wherever necessary, for the purposes of comparison.

Chief Executive Director

**STATEMENT OF INCOME & EXPENDITURE IN RELATION TO THE INVESTMENT COMPANY**  
**For the Year Ended June 30, 1998**

	1998	1997
	(Rupees)	(Rupees)
<b>INCOME</b>		
Remuneration receivable from Al-Meezan Mutual Fund Limited	1,028,457	5,590,410
Dividend income	2,950,000	-
	-----	-----
	5,978,457	5,590,410
<b>OPERATING EXPENSES</b>		
Salaries and other benefits	1,385,771	1,575,385
Motor vehicle running expenses	95,424	89,448
Fees and subscription	545,925	87,500
Audit fee	20,000	20,000
Printing and stationery	38,798	68,263
Telephone, fax, postage and stamp	98,542	15,047
Amortisation of preliminary expenses	33,790	33,790
Depreciation	64,091	22,245
Travelling and conveyance	75,487	15,690
Entertainment	73,578	66,244
Legal and professional charges	184,290	114,668
Repair and Maintenance	11,000	4,500
Rent	750,000	750,000
Advertisement	25,600	16,388
Professional development	24,810	48,064
Other expenses	38,111	34,159
	-----	-----
	3,465,118	2,961,393
Profit/(Loss) for the year/period	-----	-----
	2,513,339	2,629,017
	-----	-----

**PATTERN OF SHAREHOLDING (FORM 34) AS AT JUNE 30, 1998**

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
9	1	100	7	
25	101	800	12,500	0.05
6	1,001	5,000	17,500	0.07
1	5,001	10,000	10,000	0.04
4	20,001	25,000	99,000	0.40
3	25,001	30,000	90,000	0.36
1	30,001	35,000	35,000	0.14
2	45,001	50,000	100,000	0.40
1	50,001	55,000	52,500	0.21
1	90,001	95,000	92,500	0.37
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	2,013,500	8.08
1	2,465,001	2,470,000	2,465,500	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
	-----	-----	-----	
68		25,000,000	100.00	
	-----	-----	-----	

**CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 1998**

Particulars	No. of Shareholders		Shareholding Percentage
	No. of Shareholders	Shareholding Percentage	
Individuals	50	569,007	2.28
Insurance Companies	1	250,000	1.00
Joint Stock Companies	7	7,976,497	31.90
Financial Institution	5	8,079,498	32.32
Multinational Companies	1	300,000	1.20
Foreign Companies	1	7,474,998	30.70
Leasing Companies	1	250,000	1.00
	-----	-----	
<b>COMPANY TOTAL</b>	68	25,000,000	100.00
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