

AI Meezan Mutual Fund Limited

Annual Report 2000

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Irfan Siddiqui	Chairman
Mr. Mohammad Shoaib	Chief Executive
Mr. Istaqbal Mehdi	
Mr. Arif-ul-Islam	
Dr. Amjad Waheed	
Mr. Shafiq A. Khan	
Ms. Hina Akhlaq	
Mr. Mazhar Sharif	

COMPANY SECRETARY

Mr. Farhan Talib

INVESTMENT ADVISOR

AI Meezan Investment & Financial Services (Pvt.) Limited

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

CUSTODIAN

Muslim Commercial Bank Limited

BANKERS

Bank AL Habib Limited
Faysal Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan

REGISTERED OFFICE & SHARES DEPARTMENT

4th Floor, Block "C", Finance & Trade Centre,
Shahrah-e-Faisal, Karachi 74400, Pakistan
Phone Number: 566 0735 / 36
Fax Number: 567 6143
E-mail: meezan@cyber.net.pk

NOTICE OF MEETING

Notice is hereby given that the 5th Annual General Meeting of AI Meezan Mutual Fund Limited will be held on Monday November 20, 2000 at 9:00 a.m. at 4th Floor, Block "C", Finance & Trade Centre, Shahrah-e-Faisal, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 4th Annual General Meeting held on December 29, 1999.
2. To receive, consider, and adopt Audited Accounts of the Company together with the Directors' and Auditors' Report thereon for the year ended June 30, 2000.
3. To approve Final Cash Dividend of 21% for the year ended June 30, 2000.
4. To appoint Auditors of the Company and fix their remuneration for the year ending June 30, 2001. The present Auditors M/s. A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
5. Any other business with the permission of the Chair.

By order of the Board,

Karachi
October 23, 2000

FARHAN TALIB
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from November 13, 2000 to November 20, 2000 (both days inclusive).
2. No person shall be appointed a proxy who is not a member of the Company and qualified to vote, save that a Corporation or a Company being a member of the Company may appoint as proxy or as its representative under Section 162 of the Ordinance any person though not a member of the Company, and the person so appointed shall be entitled to exercise the same powers on behalf of the Corporation which he represents, as that Corporation could exercise if it was an individual member of the Company. Any such appointment shall be authorized by a resolution of Directors of that Company or Corporation.
3. Every proxy shall be appointed in writing under the hand of the appointer or by an agent duly authorized under a Power of Attorney or if such appointer is a Company or Corporation under the common seal of the Company or Corporation or the hand of its Attorney who may be appointer.
4. Shareholders whose shares are deposited with Central Depository System (CDS) are requested to bring their National Identity Card (NIC) along with their Account Number in Central Depository System for verification.
5. Shareholders are required to promptly notify the Company of any change in the mailing address.

FINANCIAL HIGHLIGHTS

<i>Year ended</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>July 13, 1995 to June 30, 1996</i>
<i>(Rupees in thousands from 1 to 5)</i>					
1. Investment Income	64,205	(9,389)	28,427	32,322	10,663
2. Operating Expenses	8,360	5,632	4,953	6,851	5,130
3. Reversal/(provision) for diminution in the value of marketable securities	33,228	57,730	(90,518)	4,766	(5,207)
4. Profit / (loss)	89,072	42,709	(67,043)	30,237	326
5. Dividend	52,500	16,000	--	29,500	--
6. Rate of dividend (%)	21.00	6.40	--	11.80	--
7. Net Asset Value (Rs.)	10.55	8.22	7.24	10.00	9.95
8. Appreciation/(depreciation) in NAV (%)	28.35	13.54	(27.60)	0.50	--
9. Total return (%)	54.01	22.38	(27.60)	12.36	--
10. KSE 100 Index	1520.74	1054.67	879.62	1565.73	1703.28

11. Appreciation / (depreciation) in KSE 100 Index (%)	44.19	19.90	(43.82)	(8.08)	--
12. Out performance / (under-performance) in comparison to KSE 100 Index (%)	9.82	2.48	16.22	20.44	--

DIRECTORS' REPORT

On behalf of the Board of Directors, we present the Fifth Annual Report together with the audited accounts for the year ended June 30, 2000.

Operations Review

The financial year ended June 30, 2000 turned out to be a better year for the stock market in general as the market continued its improving trend which started last year. After remaining stable between 1100-1200 points levels from July to October 1999, the KSE-100 index started its rise in November and continued its up trend till March 2000 when it peaked off at the level of 2054. Although the policy steps taken by the government for implementation of its economic and structural reforms program contributed significantly towards improved performance of the market, the increase in speculative activity in the market also played its role in pushing the index to its peak level. Hence the rally could not be sustained beyond March 2000 and the index tumbled by approximately 32% to 1400 level in the last quarter of the financial year before closing the year at 1521.

The declining interest rates and improving domestic liquidity improved the inflow of funds in the equities. The KSE 100 index, which was 1054.67 as on 30th June 1999, appreciated to 1520.74 as on June 30, 2000, depicting an increase of 44.19%.

Operating Results

The company posted a growth of 125% in net profit to Rs. 91.19 million for the year from Rs. 40.59 million of the previous year. The operating results for the year are as follows:

	<i>(Rupees)</i>
Investment Income	64,205,032
Operating Expenses	(8,360,997)
Reversal of provision for diminution in the value of marketable securities	33,228,224
Provision for Taxation - Reversal	2,120,590

Net Profit for the Year	91,192,849
	=====
Proposed Dividend Per Share	2.10
	=====
Total Dividend	52,500,000
	=====

During the year, the company realized capital gains of Rs. 45.09 million, dividend income of Rs. 11.99 million and other income of Rs. 7.12 million. The remaining provision for diminution in the value of marketable securities from previous years was also fully reversed, as it was no longer required.

Portfolio Performance Relative to KSE-100 Index

Alhamdulillah, the portfolio of the company once again managed to outperform the KSE-100 Index. It was by all means a very significant achievement as it was the fourth consecutive year that our portfolio outperformed the benchmark index. None of the other investment companies in the country has managed to outperform the benchmark KSE-100 index every year for the last four years.

The KSE-100 Index appreciated by 44.19% during the year ended June 30, 1999. On the other hand, total return on fund portfolio was 54.01%. Thus the portfolio outperformed the benchmark index by 982 basis points resulting in incremental income of Rs. 20.18 million. It may be noted here that the company's exposure to the stocks during the year has ranged between 60% to 90% of the net assets, signifying a low risk strategy. Hence the out performance has purely been an outcome of prudent security selection and excellent market timing. The company has so far completed four full years of operations and a summary of relative portfolio performance is as follows:

	<i>June 30, 1997</i>	<i>June 30, 1998</i>	<i>June 30, 1999</i>	<i>June 30, 2000</i>
Net Asset Value Per Share	10.00	7.24	8.22	10.55
Dividend Paid	1.18	--	0.64	2.10

Total Return on Fund Portfolio (12.36	(27.60)	22.38	54.01
KSE-100 Index	1565.73	879.62	1054.67	1520.74
Return on Index (%)	(8.08)	(43.82)	19.90	44.19
Portfolio outperformance (%)	20.44	16.22	2.48	9.82

Composition of Assets

On June 30, 2000 the composition of net assets of your company at market value was as under:

The top five holdings of the Company as on June 30, 2000 based on market values were as follows:

<i>Company</i>	<i>Market Value (Rs. in million)</i>	<i>Percentage of Net Assets</i>
Pakistan State Oil Limited	39.8	15.11
Pakistan Telecommunication Co. Limited	25.9	9.83
Hub Power Company Limited	23.8	9.06
Lever Brothers Pakistan Limited	21.1	8.02
Shell Pakistan Limited	19.0	7.22

Board of Directors

Mr. Nasim Beg representing NIT resigned and was replaced by Mr. Istaqbal Mehdi. Syed Mazher Iqbal representing Pakistan Kuwait Investment Company (Pvt.) Limited also resigned and was replaced by Mr. Mazhar Sharif. Mr. Shafiq A. Khan joined as a Director representing Muslim Commercial Bank Limited. Subsequent to the year end, Mr. Anthony John Morgan and Mr. Razi-ur-Rehman Khan representing Jardine Fleming Investment Management International Limited resigned and were replaced by Mr. Arif-ul-Islam and Ms. Hina Akhlaq representing Al Meezan Investment Bank Limited and Pakistan Kuwait Investment Company (Pvt.) Limited respectively. The Directors wish to place on record valuable services rendered to the Company by Mr. Nasim Beg, Syed Mazher Iqbal, Mr. Anthony John Morgan and Mr. Razi-ur-Rehman Khan and welcome the new Directors.

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, Securities & Exchange Commission of Pakistan and investment adviser of the Company.

**Mohammad Shoaib
Chief Executive**

**Dr. Amjad Waheed
Director**

Karachi: October 21, 2000

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Al-Meezan Mutual Fund Limited as at June 30, 2000 and the related profit and loss account, statement of changes in equity 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 and rule 16 of the Investment Companies and Investment Advisers Rules, 1971;

(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 in accordance with the provisions of the second schedule to the Investment Companies and Investment Advisers Rules, 1971 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, statement of change in equity and the cash flow statement together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 and the Investment Companies and Investment Advisers Rules, 1971 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, 2000 and of the profit, changes in equity 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 was deposited in tile Central Zakat Fund established under section 7 of the Ordinance.

Karachi: October 30, 2000

A. F. FERGUSON & CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
ASSETS			
LONG TERM DEPOSIT		300,000	300,000
CURRENT ASSETS			
Marketable securities	3	212,612,202	167,912,782
Accounts receivable - unsecured and considered good		3,103,303	27,891,813
Other receivables	4	8,325,720	5,008,584
Bank balances	5	85,588,173	55,070,078
		-----	-----
		309,629,398	255,883,257
		-----	-----
TOTAL ASSETS		309,929,398	256,183,257
LIABILITIES			
LONG TERM LIABILITY	6	--	939,301
CURRENT LIABILITIES			
Current maturity of a long term liability	6	939,301	939,301
Due to the Investment Adviser- an associated und	7	6,526,299	4,110,226
Creditors, accrued expenses and other liabilities	8	5,759,673	28,683,153
Proposed dividend		52,500,000	16,000,000
		-----	-----
		65,725,273	49,732,680
		-----	-----
TOTAL LIABILITIES		65,725,273	50,671,981
		-----	-----
NET ASSETS		244,204,125	205,511,276
		=====	=====
SHAREHOLDERS' EQUITY			
Authorized and issued, subscribed and paid-up share capital		250,000,000	250,000,000
25,000,000 ordinary shares of Rs. 10 each fully paid in cash		(5,795,875)	(44,488,724)
Accumulated loss		-----	-----
		244,204,125	205,511,276
		=====	=====

The annexed notes form an integral part of these accounts.

Mohammad Shoaib
Chief Executive

Dr. Amjad Waheed
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2000

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
INVESTMENT INCOME			
Capital gain / (loss)	9	45,085,438	(31,485,557)
Dividend income		11,999,440	11,830,751
Other income	10	7,120,154	10,265,510
		-----	-----
		64,205,032	(9,389,296)
OPERATING EXPENSES			
Administrative expenses	11	1,834,698	1,521,795
Remuneration to the Investment Adviser	7	6,526,299	4,110,226
		-----	-----
		8,360,997	5,632,021
		-----	-----
		55,844,035	(15,021,317)
Reversal of provision for diminution in the value of marketable securities		33,228,224	57,730,319
		-----	-----
PROFIT BEFORE TAXATION		89,072,259	42,709,002
PROVISION FOR TAXATION			
Current - for the year		--	2,120,590
- for the prior year		(2,120,590)	--
		-----	-----
		(2,120,590)	2,120,590
PROFIT AFTER TAXATION FOR THE YEAR		91,192,849	40,588,412
		=====	=====
Basic earning per share	17	3.65	1.62
		=====	=====
Dividend per share		2.10	0.64
		=====	=====

The annexed notes form an integral part of these accounts.

Mohammad Shoaib
Chief Executive

Dr. Amjad Waheed
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>SHARE CAPITAL</i>	<i>(ACCUMULATED LOSS)/ UNAPPROPRIATED PROFIT</i>	<i>TOTAL</i>
		<i>Rupees</i>	
Balance as at June 30, 1998	250,000,000	(69,077,136)	180,922,864
Net profit for the year ended June 30, 1999	--	40,588,412	40,588,412
Proposed dividend (Re. 0.64 per share)	--	(16,000,000)	(16,000,000)
	-----	-----	-----
Balance as at June 30, 1999	250,000,000	(44,488,724)	205,511,276
Net profit for the year ended June 30, 2000	--	91,192,849	91,192,849
Proposed Dividend (Rs. 2.10 per share)	--	(52,500,000)	(52,500,000)
	-----	-----	-----
Balance as at June 30, 2000	250,000,000	(5,795,875)	244,204,125
	=====	=====	=====

The annexed notes form an integral part of these accounts.

Mohammad Shoaib
Chief Executive

Dr. Amjad Waheed
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2000

<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
	89,072,259	42,709,002
Adjustments for:		
Reversal of provision for diminution in the value of marketable securities	(33,228,224)	(57,730,319)
Dividend income	(11,999,440)	(11,830,751)
Financial income	(7,045,154)	(10,210,510)
Dividends received	12,329,948	11,486,896
Financial income received	8,157,808	9,094,745
	-----	-----
Profit / (loss) before changes in working capital	57,287,197	(16,480,937)
(Increase) / decrease in current assets		
Marketable securities	(11,471,196)	(4,519,889)
Accounts receivable	24,788,510	23,154,014
Other receivables	--	100,000
	-----	-----
	13,317,314	18,734,125
Increase / (decrease) in current liabilities		
Due to the Investment Adviser- an associated undertaking	2,416,073	1,081,769
Creditors, accrued expenses and other liabilities	(24,371,652)	12,799,243
	-----	-----
	(21,955,579)	13,881,012
Cash generated from operations		
	48,648,932	16,134,200
Long term deposit made	--	(300,000)
Taxation paid	(2,639,708)	(1,665,941)
	-----	-----
Net cash inflow from operating activities	46,009,224	14,168,259
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term liability	(939,301)	(939,300)
Dividend paid	(14,551,828)	--
	-----	-----
Net cash outflow from financing activities	(15,491,129)	(939,300)
Net increase in cash and cash equivalents		
	30,518,095	13,228,959
Bank balances at the beginning of the year	55,070,078	41,841,119
	-----	-----
Bank balance at the end of the year	5 85,588,173	55,070,078
	=====	=====

The annexed notes form an integral part of these accounts.

Mohammad Shoaib
Chief Executive

Dr. Amjad Waheed
Director

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2000

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 company's registered office is in Karachi. 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 all 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 of marketable securities portfolio is determined on a moving average basis. The cost of acquisition of 'dealing securities' (i.e. securities held for trading) is not considered for calculating the 'moving average cost' for marketable securities. The market value refers to the closing quotations of the Karachi Stock Exchange on the last working day of the accounting 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, 2000 and no asset existed as at that date.

2.4 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.

3. MARKETABLE SECURITIES

3.1 The following is a statement of marketable securities. The securities represent (i) ordinary shares of a nominal value of Rs 10 each unless stated otherwise and (ii) term finance certificates under serial numbers 44 and 45 below.

S. No.	Name of the company	Number of shares			Balance as at June 30, 2000					Percentage in relation to			
		Balance as at July 1, 1999	Purchases	Bonus shares	Sales	Number of shares	At cost (Rupees)	At market value (Rupees)	Own net assets (notes 3.4 and 3.5)	No. of shares of investee company (note 3.6)	Total investment	At cost	At market value
MUTUAL FUND													
1.	ICP SEMF	--	692,000	--	545,000	147,000	2,454,169	2,359,350	0.93	0.89	0.18	1.15	1.02

	-- do-- ('D' see note 3.2 below)	--	32,500	--	32,500	--	--	--	--	--	--	--	
INVESTMENT COMPANIES AND BANKS													
2.	Al-Faysal Investment Bank Limite	--	347,500	--	347,500	--	--	--	--	--	--	--	
	-- do-- ('D' see note 3.2 below)	--	2,432,500	--	2,432,500	--	--	--	--	--	--	--	
3.	Al-Meezan Investment Bank Limit	--	19,000	--	--	19,000	211,402	218,500	0.08	0.08	0.02	0.10	0.09
	-- do -- (see note 3.3 below)												
4.	Bank Al-Habib Limited	75,900	--	15,180	--	91,080	1,585,000	1,352,538	0.60	0.51	0.15	0.75	0.58
5.	Faysal Bank Limited	--	790,000	--	790,000	--	--	--	--	--	--	--	--
	-- do-- ('D' see note 3.2 below)	--	5,530,000	--	5,530,000	--	--	--	--	--	--	--	--
6.	Gulf Commercial Bank Limited	--	400,000	--	400,000	--	--	--	--	--	--	--	--
	-- do-- ('D' see note 3.2 below)	--	2,800,000	--	2,800,000	--	--	--	--	--	--	--	--
7.	Muslim Commercial Bank Limited	367,800	231,500	--	317,800	281,500	8,251,200	8,670,200	3.13	3.29	0.15	3.88	3.73
	-- do-- ('D' see note 3.2 below)	--	75,000	--	75,000	--	--	--	--	--	--	--	--
INSURANCE COMPANIES													
8.	Adamjee Insurance Company Lim	218,639	826,500	13	1,045,000	152	15,284	9,280	--	--	--	0.01	--
	-- do-- ('D' see note 3.2 below)	--	1,925,000	--	1,925,000	--	--	--	--	--	--	--	--
9.	EFU Life Assurance Company Li	--	5,000	--	5,000	--	--	--	--	--	--	--	--
TEXTILE SPINNING													
10.	Gadoon Textile Mills Limited	107,000	26,000	--	107,000	26,000	779,125	728,000	0.30	0.28	0.11	0.37	0.31
11.	Saif Textile Mills Limited	106,530	--	--	106,530	--	--	--	--	--	--	--	--
TEXTILE COMPOSITE													
12.	Nishat Mills Limited	200,000	110,500	--	295,000	15,500	582,123	358,825	0.22	0.14	0.01	0.27	0.15
SYNTHETICS AND RAYON													
13.	Dewan Salman Fibres Limited	--	878,000	--	518,000	360,000	8,100,000	9,882,000	3.07	3.75	0.13	3.81	4.26
	-- do-- ('D' see note 3.2 below)	--	510,500	--	510,500	--	--	--	--	--	--	--	--
14.	Dhan Fibres Limited	379,000	720,000	--	949,000	150,000	1,500,787	1,575,000	0.57	0.60	0.05	0.71	0.68
	-- do-- ('D' see note 3.2 below)	--	75,000	--	75,000	--	--	--	--	--	--	--	--
15.	Ibrahim Fibres Limited	483,500	750,000	--	484,000	749,500	9,777,132	10,792,800	3.17	4.09	0.37	4.60	4.65
	-- do-- ('D' see note 3.2 below)	--	100,000	--	100,000	--	--	--	--	--	--	--	--
CEMENT													
16.	D.G. Khan Cement Limited	--	1,170,000	--	1,170,000	--	--	--	--	--	--	--	--
	-- do-- ('D' see note 3.2 below)	--	1,275,000	--	1,275,000	--	--	--	--	--	--	--	--
17.	Lucky Cement Limited	--	100,000	--	100,000	--	--	--	--	--	--	--	--
							Balance carried forward	3,256,230		35,946,493			
							Balance brought forward	3,256,230		35,946,493			
FUELAND ENERGY													
18.	D.G. Khan Electric Company Limit	--	250,000	--	250,000	--	--	--	--	--	--	--	--
19.	Hub Power Company Limited	1,377,000	3,654,000	--	3,389,000	1,642,000	23,227,822	23,891,100	8.00	9.06	0.14	10.92	10.29
	-- do-- ('D' see note 3.2 below)	--	10,550,000	--	10,550,000	--	--	--	--	--	--	--	--
20.	KESC Limited	--	709,000	--	709,000	--	--	--	--	--	--	--	--
	-- do-- ('D' see note 3.2 below)	--	3,270,000	--	3,270,000	--	--	--	--	--	--	--	--
21.	Kohinoor Energy Limited	--	864,500	--	864,500	--	--	--	--	--	--	--	--
	-- do-- ('D' see note 3.2 below)	--	10,248,500	--	10,248,500	--	--	--	--	--	--	--	--
22.	National Refinery Limited	--	73,000	--	--	73,000	4,415,109	3,117,100	1.67	1.18	0.11	2.08	1.34
23.	Pakistan Steel Oil Limited	260,364	81,000	42,672	139,000	245,036	24,939,500	39,855,105	9.45	15.11	0.17	11.73	17.16
	-- do-- ('D' see note 3.2 below)	--	2,940,300	--	2,940,300	--	--	--	--	--	--	--	--
24.	Shell Pakistan Limited	--	132,300	--	63,000	69,300	19,402,248	19,057,500	7.35	7.22	0.20	9.13	8.21
	-- do-- ('D' see note 3.2 below)	--	9,100	--	9,100	--	--	--	--	--	--	--	--
25.	Sui Northern Gas Pipelines Limite	409,816	2,653,500	68,597	2,556,000	575,913	8,827,042	9,329,791	2.97	3.54	0.13	3.68	4.02
	-- do-- ('D' see note 3.2 below)	--	6,019,000	--	6,019,000	--	--	--	--	--	--	--	--
26.	Sui Southern Gas Company Limite	445,105	976,000	66,765	1,244,000	243,870	4,006,791	3,926,307	1.52	1.49	0.04	1.88	1.69
	-- do-- ('D' see note 3.2 below)	--	978,000	--	978,000	--	--	--	--	--	--	--	--
ENGINEERING													
27.	Crescent Steel and Allied Product	58,391	--	--	58,391	--	--	--	--	--	--	--	--
AUTO AND ALLIED													

28.	Dewan Farooque Motors Limited (see note 3.3 below)	--	600,000	--	40,000	560,000	5,551,100	5,964,000	2.10	2.26	0.76	2.61	2.57
29.	The General Tyre and Rubber Co	61,500	105,000	--	70,500	96,000	4,011,969	4,320,000	1.52	1.64	0.56	1.89	1.86
30.	Indus Motors Company Limited -- do-- ('D' see note 3.2 below)	--	141,000	--	110,000	31,000	568,707	387,500	0.22	0.15	0.04	0.27	0.17
		--	10,000	--	10,000	--	--	--	--	--	--	--	--
31.	Millat Tractors Limited -- do-- ('D' see note 3.2 below)	--	16,000	--	16,000	--	--	--	--	--	--	--	--
		--	9,000	--	9,000	--	--	--	--	--	--	--	--
32.	Pak Suzuki Motors Company Limi	242,000	--	--	242,000	--	--	--	--	--	--	--	--

TRANSPORT AND COMMUNICATION

33.	Pakistan International Airlines Co -- do-- ('D' see note 3.2 below)	300,000	642,500	--	942,500	--	--	--	--	--	--	--	--
		--	7,027,500	--	7,027,500	--	--	--	--	--	--	--	--
34.	Pakistan Telecommunication Com -- do-- ('D' see note 3.2 below)	826,000	1,362,000	--	1,227,500	960,500	24,924,173	25,933,500	9.45	9.83	0.03	11.72	11.17
		--	8,854,500	--	8,854,500	--	--	--	--	--	--	--	--
35.	World Call Payphone Limited	--	50,000	--	50,000	--	--	--	--	--	--	--	--

CHEMICAL AND PHARMACEUTICAL

36.	Engro Chemicals Limited -- do-- ('D' see note 3.2 below)	310,978	802,400	--	1,023,500	89,878	5,520,169	5,284,826	2.09	2.00	0.07	2.60	2.28
		--	2,892,100	--	2,892,100	--	--	--	--	--	--	--	--
37.	Fauji Fertilizer Company Limited -- do-- ('D' see note 3.2 below)	409,300	1,060,200	--	1,065,300	404,200	17,735,432	15,905,270	6.72	6.03	0.16	8.34	6.85
		--	2,384,700	--	2,384,700	--	--	--	--	--	--	--	--
38.	FFC Jordan Fertilizer Company Li -- do-- ('D' see note 3.2 below)	209,500	820,000	--	1,029,500	--	--	--	--	--	--	--	--
		--	6,930,000	--	6,930,000	--	--	--	--	--	--	--	--
39.	ICI Pakistan Limited -- do-- ('D' see note 3.2 below)	--	1,600,000	--	1,250,000	350,000	5,592,415	5,250,000	2.12	1.99	0.03	2.63	2.26
		--	1,000,000	--	1,000,000	--	--	--	--	--	--	--	--

PAPER AND BOARD

40.	Century Paper and Board Mills Li	154,275	--	--	154,275	--	--	--	--	--	--	--	--
41.	Packages Limited	33,000	78,500	--	63,000	48,500	2,935,549	2,885,750	1.11	1.09	0.12	1.38	1.24

FOOD AND ALLIED

42.	Lever Brothers Pakistan Limited (see note 3.7 below) -- do-- ('D' see note 3.2 below)	12,340	32,740	--	22,560	22,520	18,699,946	21,168,800	7.09	8.02	0.17	8.80	9.12
		--	4,540	--	4,540	--	--	--	--	--	--	--	--

MISCELLANEOUS

43.	Tripack Films Limited -- do-- ('D' see note 3.2 below)	103,500	128,000	--	231,500	--	--	--	--	--	--	--	--
		--	35,500	--	35,500	--	--	--	--	--	--	--	--

TERM FINANCE CERTIFICATES

44.	ICI Pakistan Limited (Rs. 5,000 eac	1,000	--	--	1,000	--	--	--	--	--	--	--	--
45.	National Development Leasing Corporation (Rs. 5,000 each)	--	2,000	--	--	2,000	9,998,000	10,000,000	3.79	3.79	--	4.70	4.30

							212,612,202	232,223,042				100.00	100.00
							=====	=====				=====	=====

June 30, 1999
Provision for diminution in market value

	201,141,006	167,912,782
	(33,228,224)	--
	167,912,782	167,912,782
	=====	=====

3.2 'D' represents 'dealing securities' as referred to in note 2.2 above.

3.3 These securities are provisionally listed on the Karachi Stock Exchange as at June 30, 2000.

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

3.5 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.

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

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

	2000	1999
	Rupees	Rupees
4. OTHER RECEIVABLES		
Dividends receivable	2,648,720	2,979,228
Profit on bank deposits	438,427	1,428,016
Profit on term finance certificates (TFCs)	130,745	253,810
Advance tax recoverable	5,107,828	347,530
	-----	-----
	8,325,720	5,008,584
	=====	=====

5. BANK BALANCES		
PLS accounts	84,140,012	55,070,078
Current Account	1,448,161	--
	-----	-----
	85,588,173	55,070,078
	=====	=====

6. LONG TERM LIABILITY		
Expenses incurred on incorporation and floatation - note 6.1	939,301	1,878,602
Less: Current maturity	939,301	939,301
	-----	-----
	--	939,301
	=====	=====

6.1 The expenditure incurred on the incorporation and floatation of Al-Meezan Mutual Fund Limited, amounting to Rs. 4,696,502 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.

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

Remuneration for the year at 2% of net assets - note 7.1	6,526,299	4,110,226
	=====	=====

7.1 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 and an amount not exceeding one half of the amount by which the dividend distributed by the Company exceeds 20% in terms of rules 11(a) and 11(b) of the Investment Companies and Investment Advisers Rules, 1971 which has been determined as follows:

Assets:		
Long term deposit	300,000	300,000
Marketable securities - at market value	232,223,042	167,912,782
Accounts receivable	3,103,303	27,891,813
Other receivables	8,325,720	5,008,584
Bank balances	85,588,173	55,070,078
	-----	-----
	329,540,238	256,183,257

Liabilities:		
Long term liability	--	939,301
Current maturity of a long term liability	939,301	939,301
Due to the Investment Adviser		
- an associated undertaking	6,526,299	4,110,226
Creditors, accrued expenses and other liabilities	5,759,673	28,683,153
Proposed dividend	52,500,000	16,000,000
	-----	-----
	65,725,273	50,671,981
	-----	-----

Net assets	263,814,965	205,511,276
	=====	=====
Remuneration for the year at 2% of net assets	5,276,299	4,110,226

Additional remuneration on dividend declared in excess of 20%	1,250,000	--
	=====	=====
	6,526,299	4,110,226
	=====	=====

8. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

Creditors	1,132,085	25,525,495
Custodian charges	34,823	25,235
Settlement charges	79,593	82,423
Dividend payable	4,398,172	2,950,000
Accrued expenses	115,000	100,000
	-----	-----
	5,759,673	28,683,153
	=====	=====

9. CAPITAL GAIN / (LOSS)

Sales	624,550,531	643,066,476
Cost of sales - note 9.1	606,480,299	679,874,242
	-----	-----
	18,070,232	(36,807,766)

On dealing securities

Sales	2,330,350,710	459,792,088
Cost of sales	2,303,335,504	454,469,879
	-----	-----
	27,015,206	5,322,209

Capital gain / (loss)	45,085,438	(31,485,557)
	=====	=====

9.1 Cost of sales

Cost of marketable securities held as at July 1, 1999/1998	201,141,006	196,621,117
Purchases	617,951,495	684,339,802
Stamp duties	--	54,329
	-----	-----
	819,092,501	881,015,248

Less: Cost of marketable securities held as at June 30	212,612,202	201,141,006
	-----	-----

Cost of sales	606,480,299	679,874,242
	=====	=====

10. OTHER INCOME

Profit on bank deposits - note 10.1	5,983,524	9,417,615
Profit on TFCs - note 10.1	1,061,630	792,895
Underwriting commission - note 10.1	75,000	55,000
	-----	-----
	7,120,154	10,265,510
	=====	=====

10.1 Profit on bank deposits, TFCs and underwriting commissions are stated inclusive of withholding tax deducted aggregating Rs. 253,606; Rs. Nil and Rs. 7500 respectively. (1999: Rs. 798,959; Rs. 53,909 and Rs. 5,500 respectively).

11. ADMINISTRATIVE EXPENSES

Custodian charges	517,231	293,958
Settlement charges	900,901	904,997
CDC eligibility fee	16,667	100,000
Annual listing fee	100,000	100,000
Auditors' remuneration - note 11.1	291,433	113,832
Bank charges	3,234	2,392
Miscellaneous expenses	5,232	6,616
	-----	-----
	1,834,698	1,521,795
	=====	=====

11.1 Auditors' remuneration

Audit fee	115,000	100,000
Tax consultancy services	134,842	--
Other services	20,000	--
Out of pocket expenses	21,591	13,832
	-----	-----
	291,433	113,832
	=====	=====

12. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Purchase of securities (inclusive of commission Rs. 583,789; 1999: Rs. 343,516)	261,537,729	93,892,443
Sale of securities (net of commission Rs. 293,033; 1999: Rs. 248,410)	228,163,721	80,852,990
Remuneration to the Investment Adviser	6,526,299	4,110,226

13. FINANCIAL ASSETS AND LIABILITIES

	<i>Interest/mark-up bearing</i>			<i>Non-interest bearing</i>			<i>Total</i> <i>2000</i>	<i>Total</i> <i>1999</i>
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub-total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub-total</i>		
Financial assets								
Long term deposit	--	--	--	--	300,000	300,000	300,000	300,000
Marketable securities	9,998,000	--	9,998,000	202,614,202	--	202,614,202	212,612,202	167,912,782
Accounts receivable	--	--	--	3,103,303	--	3,103,303	3,103,303	27,891,813
Other receivables	438,427	--	438,427	2,779,465	--	2,779,465	3,217,892	4,661,054
Bank balances	84,140,012	--	84,140,012	1,448,161	--	1,448,161	85,588,173	55,070,078
	-----	-----	-----	-----	-----	-----	-----	-----
2000	94,576,439	--	94,576,439	209,945,131	300,000	210,245,131	304,821,570	255,835,727
	=====	=====	=====	=====	=====	=====	=====	=====
1999	59,163,077	--	59,163,077	196,372,650	300,000	196,672,650	255,835,727	--
	=====	=====	=====	=====	=====	=====	=====	=====
Financial liabilities								
Long term liability	--	--	--	939,301	--	939,301	939,301	1,878,602
Due to the Investment Adviser	--	--	--	6,526,299	--	6,526,299	6,526,299	4,110,226
Creditors, accrued expenses and other liabilities	--	--	--	1,361,501	--	1,361,501	1,361,501	25,733,153
Dividend payable	--	--	--	4,398,172	--	4,398,172	4,398,172	2,950,000
Proposed dividend	--	--	--	52,500,000	--	52,500,000	52,500,000	16,000,000
	-----	-----	-----	-----	-----	-----	-----	-----
2000	--	--	--	65,725,273	--	65,725,273	65,725,273	50,671,981
	=====	=====	=====	=====	=====	=====	=====	=====
1999	--	--	--	49,732,680	939,301	50,671,981	50,671,981	--
	=====	=====	=====	=====	=====	=====	=====	=====

14. CREDIT RISK AND CONCENTRATION OF CREDIT RISK.

Credit risk represents the accounting loss relating to financial assets that would be recognized at the reporting date if counter parties failed completely to perform as contracted. However, the company does not believe that it is exposed to major concentration of credit risk. The company manages its exposure to credit risk through diversifying its investments in marketable securities (note 3.1).

15. FOREIGN EXCHANGE RISK MANAGEMENT

The company did not enter into any transaction involving foreign exchange during the year ended June 30, 2000 (June 30, 1999: None).

16. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values, other than marketable securities which are stated at the lower of cost and market value determined on an aggregate portfolio basis.

2000 **1999**
Rupees **Rupees**

17. BASIC EARNINGS PER SHARE

Net profit after taxation for the year	91,192,849	40,588,412
	=====	=====

Number of shares

Average number of ordinary shares outstanding during the year	25,000,000	25,000,000
	=====	=====

Rupees

Basic earnings per share	3.65	1.62
	=====	=====

18. NET ASSETS VALUE PER SHARE

Net assets as at June 30, 2000	263,814,965	205,511,276
	=====	=====

Net assets value per share	10.55	8.22
	=====	=====

19. CORRESPONDING FIGURES

Prior year's figures have been reclassified, wherever necessary, for the purpose of comparison.

Mohammad Shoaib
Chief Executive

Dr. Amjad Waheed
Director

PATTERN OF SHAREHOLDING (FORM 34)

AS AT JUNE 30, 2000

<i>No. of Shareholders</i>	<i>Shareholding</i>		<i>Total Shares Held</i>	<i>Percentage</i>
	<i>From</i>	<i>To</i>		
7	1	100	7	--
22	101	500	11,000	0.04
4	501	1,000	4,000	0.02
8	1,001	5,000	22,500	0.09
2	5,001	10,000	17,500	0.07
1	10,001	15,000	15,000	0.06
1	15,001	20,000	20,000	0.08
1	20,001	25,000	25,000	0.10
3	25,001	30,000	90,000	0.36
1	30,001	35,000	35,000	0.14
3	45,001	50,000	149,000	0.60
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	1.62
1	445,001	450,000	450,000	1.80
1	660,001	665,000	661,500	2.64
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

72			25,000,000	100.00
=====				

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2000**

<i>Particulars</i>	<i>No. of Shareholders</i>	<i>Shareholding</i>	<i>Percentage</i>
Individuals	50	480,507	1.92
Insurance Companies	1	250,000	1.00
Joint Stock Companies	7	2,853,000	11.41
Financial Institutions	10	13,491,495	53.97
Foreign Companies	3	7,674,998	30.70
Leasing Companies	1	250,000	1.00
TOTAL	72	25,000,000	100.00

**STATEMENT OF INCOME & EXPENDITURE IN RELATION TO
THE INVESTMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>2000 Rupees</i>	<i>1999 Rupees</i>
INCOME		
Remuneration receivable from Al Meezan Mutual Fund Limited	6,526,299	4,110,226
Dividend income	1,600,000	--
	8,126,299	4,110,226
OPERATING EXPENSES		
Salaries and other benefits	5,966,532	2,559,700
Motor vehicle running expenses	187,430	135,970
Fees and subscription	55,330	48,560
Audit fee	20,000	20,000
Financial charges	223,568	25,752
Insurance expense	114,504	26,092
Printing and stationery	82,914	74,861
Telephone, fax, postage and stamps	255,931	160,569
Amortization of preliminary expenses	33,791	33,791
Depreciation	678,066	274,042
Travelling and conveyance	27,943	88,275
Entertainment	87,184	90,281
Legal and professional charges	151,600	178,375
Repairs and Maintenance	22,450	--
Service Charges	1,000,000	--
Rent	--	750,000
Advertisement	33,600	16,200
Professional development	36,510	230,965
Other	190,780	186,522
	9,168,133	4,899,955
Profit/(Loss) for the year	(1,041,834)	(789,729)