

ASIAN STOCKS FUND LIMITED

ANNUAL REPORT 1997

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ismail Abdul Shakoor.

Mr. Zaigham Mehmood Rizvi.

Mr. Farooq Ismail.

Mr. Shabbir Ismail.

Mr. Jamil Ahmed Siddiqi.

Ms. Farzana Ismail.

Mr. Iqbal Sumar.

CHIEF EXECUTIVE

Mr. Ismail Abdul Shakoor.

COMPANY SECRETARY

Mr. Jamil Ahmed Siddiqi.

MANAGEMENT COMPANY

Asian Capital Management (Pvt.) Limited.

BANKERS

Union Bank Limited.

Muslim Commercial Bank Limited.

National Bank of Pakistan.

AUDITORS

M/s. Yousuf Adil & Co.

Chartered Accountants.

LEGAL ADVISERS

M/s. Mohsin Tayebaly & Co.

REGISTERED OFFICE

302, Clifton Centre,

Khayaban-e-Roomi,

Main Clifton Road,

Karachi.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Third Annual General Meeting of Asian Stocks Fund Limited will be held on Friday, 26th December, 1997 at 3:00 p.m. at Raffia Chaudri Memorial Centre, Sidco Avenue Centre, 264 R.A. Lines, Karachi, to transact the following business:

To confirm the Minutes of the Second Annual General Meeting held on 24th December, 1996.

To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Reports for the period ended 30th June, 1997.

To appoint Auditors of the Company and to fix their remuneration. The present Auditors, Messrs Yousuf Adil & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

To transact such other business as may be placed before the meeting with the permission of the Chair.

Notes:

1. 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.

2. The Share Transfer Books of the Company will remain closed from 18th December, 1997 to 25th December, 1997 (Both days inclusive).

3. The shareholders are advised to notify Shares Department, Asian Stocks Fund Limited, 302 Clifton Centre, Main Clifton Road, Karachi, of any change in their addresses to ensure prompt delivery of mail. Any shares for transfer etc. should be lodged with the Shares Department, Asian Stocks Fund Limited.

DIRECTORS' REPORT

The Board of Directors are pleased to present the Third Annual Report of the Fund to the shareholders, for the period ended June 30, 1997.

The year under review was full of many events. Political uncertainty during much of the first half of the year affected the economy followed by Moody's negative report and IMF's strict conditionalities for sanctioning loan to Pakistan. The change of Government through elections in February 1997 provided a major boost to stock market which proved to be short lived. Besides, many incentive packages announced by the Government for the development of stock markets in general and the economy in particular could not result in bringing the stock markets out of bearishness.

The market remained depressed for most of the year - third year in a row. The KSE 100 share index ended lower at 1565.73 on 30th June, 1997 as compared to 1703.06 as on June 30, 1996. The market failed to show a definite direction and several rallies, rekindling hopes of revival, faltered. It has consistently been on the path of decline. It will be interesting to note that the main trading activity remained restricted to few selected companies shares.

The drop in equity values has been wide spread. The long term downward trend, commencing in mid 1994 is still on. Any rebound could only result from increase in corporate activity, profitability, improvement in economy and political stability.

The performance of Mutual Funds industry as a whole remained unsatisfactory owing to the negative factors prevalent during the period under review. Due to this reason, the profitability of Mutual Funds industry suffered a set back. The Mutual Funds were traded at substantial discounts to their Net Asset Values. As a matter of fact, there was very little interest from the investors in this sector as well in other sectors.

The Management has made some changes in the portfolio of the Fund which it is hoped will show good results once the stability in the stock market takes a positive turn.

FUTURE OUTLOOK:

We sincerely hope that Insha-Allah your Fund would be able to show good results during the year 1997-98 provided there is sustained economic growth, political stability and improved corporate earnings.

AUDITORS:

The present auditors, M/s. M. Yousuf Adil & Co., Chartered Accountants, are due for retirement and being eligible, offer themselves for reappointment for the financial year 1997-98.

PATTERN OF SHAREHOLDING

As At June 30, 1997

Serial Number	No. of Shareholders	Share Holding		Total Shares Held
		From	To	
1	1,996	101	500	998,000
2	70	501	1000	70,000
3	57	1001	5000	181,500
4	11	5001	10000	96,000
5	1	10001	15000	15,000
6	5	15001	20000	95,500
7	2	20001	25000	50,000
8	7	25001	30000	206,500
9	18	35001	40000	718,000
10	4	45001	50000	200,000
11	1	135001	140000	135,500
12	1	195001	200000	200,000
13	3	245001	250000	750,000
14	2	435001	440000	871,000
15	1	585001	590000	585,500
16	1	695001	700000	700,000
17	1	995001	1000000	1,000,000
18	1	1195001	1200000	1,200,000
19	1	1925001	1930000	1,927,500
-----	-----	-----	-----	-----
	2,183			10,000,000
=====	=====	=====	=====	=====

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	2171	2,630,500	26.30
Investment Companies	2	1,135,500	11.36
Joint Stock Companies	4	4,713,000	47.13
Financial Institutions	5	1,385,500	13.86
Modaraba Companies	1	135,500	1.35
-----	-----	-----	-----

2183 10,000,000 100.00
 ===== ===== =====

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Asian Stocks Fund Limited as at June 30, 1997 and the related income and expenditure account and statement of changes in financial position (Cash Flow Statement) together with the notes to the accounts for the year then ended. Our examination was made in accordance with the generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances and we state that we have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of the 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 Adviser's Rules, 1971;

(b) in our opinion:

(i) the balance sheet and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in accordance with the provisions of Investment Companies and Investment Adviser's Rule, 1971 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

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

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the investment policy of the Company and Investment Companies and Investment Adviser's Rule, 1971; and

(iv) the company has not contravened the provisions of Rule 8 of the Investment Companies and Investment Adviser's Rules, 1971; and

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account and the statement of changes in financial position (Cash Flow Statement) together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 and Investment Companies and Investment Adviser's Rule, 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, 1997 and of the loss and the changes in financial position for the year then ended; and

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

BALANCE SHEET

As At June 30, 1997

SHARE CAPITAL	Note	1997 Rupees	1996 Rupees
Authorised			
10,000,000 Ordinary shares of Rs. 10/- each		100,000,000	100,000,000
		=====	=====
Issued, subscribed and paid up			
10,000,000 Ordinary shares of Rs. 10/- each fully paid in cash		100,000,000	100,000,000

Accumulated Loss		(24,088,114	(13,418,889)
		-----	-----
		75,911,886	86,581,111
DEFERRED EXPENDITURE PAYABLE	3	1,957,841	2,767,981
CURRENT LIABILITIES		-----	-----
Current maturity of deferred expenditure payable		810,140	810,140
Due to Investment Adviser - an associated undertaking	4	1,737,672	2,021,588
Accounts payable, accrued expenses and other liabilities	5	25,000	58,463
Taxation		828,498	185,560
		-----	-----
		3,401,310	3,075,751
		-----	-----
Contingencies	6	81,271,037	92,424,843
		=====	=====
DEFERRED EXPENDITURE	7	1,957,841	2,767,981
CURRENT ASSETS		-----	-----
Marketable securities	8	60,680,654	56,862,735
Accounts receivable- Considered good		3,584,900	17,988,528
Advance income tax		805,275	450,594
Profit / dividend receivable - Considered good		250,941	258,882
Bank balances:			
In current account		64,232	5,641
In special deposits account		13,927,194	14,090,482
		-----	-----
		79,313,196	89,656,862
		-----	-----
		81,271,037	92,424,843
		=====	=====

The annexed notes from I to 10 form an integral part of these accounts.

INCOME AND EXPENDITURE ACCOUNT
For The Year Ended June 30, 1997

	Note	1997 Rupees	1996 Rupees
Income			
Dividend		3,237,622	1,231,121
Return on deposits and certificates		660,139	1,019,354
Loss on dealing in securities	9	(4,502,990)	(66,465)
		-----	-----
		(605,229)	2,184,010
Expenditure			
Remuneration to Investment Adviser	(4.1)	1,549,222	1,766,961

Custodian charges	367,259	503,017
Amortization of deferred expenditure	810,140	810,140
Listing fees	92,500	32,500
Audit fees	25,000	25,000
Financial charges	285,364	376,200
Professional Charges	95,750	-
Others	5,578	3,500
	-----	-----
	3,230,813	3,517,318
	-----	-----
Loss for the year	(3,836,042)	(1,333,308)
(Provision) / Reversal for diminution in value of marketable securities	(6,066,685)	1,067,368
	-----	-----
Loss before taxation	(9,902,727)	(265,940)
Provision for taxation		
Prior year	366,498	-
Current year	400,000	(62,000)
	-----	-----
	(766,498)	(62,000)
	-----	-----
Loss for the year after taxation	(10,669,225)	(327,940)
Accumulated loss brought forward	(13,418,889)	(13,090,949)
	-----	-----
Accumulated loss carried forward	(24,088,114)	(13,418,889)
	=====	=====

The annexed notes from 1 to 10 form an integral part of these accounts.

STATEMENT OF CHANGES IN FINANCIAL POSITION

CASH FLOW STATEMENT

For The Year Ended June 30, 1997

	1997	1996
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(9,902,727)	(265,940)
ADJUSTMENT FOR ITEMS NOT INVOLVING MOVEMENT OF FUNDS:		
Amortization of deferred expenditure	810,410	810,140
Provision for diminution in value of marketable securities	6,066,685	(1,067,368)
	-----	-----
	6,876,825	(257,228)
	-----	-----
Operating loss before working capital changes	(3,025,902)	(523,168)
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Marketable securities	(9,884,604)	5,282,476
Accounts receivable	14,403,628	(14,187,528)
Profit / Dividend receivable	7,941	907,232
	-----	-----

4,526,965 (7,997,820)

Increase / (decrease) in current liabilities

Due to Investment Adviser	(283,916)	24,144
Accounts payable, accrued and other liabilities	(33,463)	(12,771,282)
	-----	-----
	(317,379)	(12,747,138)
	-----	-----
Cash from (used in) operations	1,183,684	(21,268,126)
Taxes paid	(478,241)	(193,321)
	-----	-----
Net cash used in operating activities	705,443	(21,461,447)
	-----	-----
B. CASH FLOW FROM FINANCING ACTIVITIES		
Deferred liability repaid	(810,140)	(472,582)
	-----	-----
Net cash (used in) financing activities	(810,140)	(472,582)
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(104,697)	(21,934,029)
Cash and cash equivalents at the beginning of year	14,096,123	36,030,152
	-----	-----
Cash and cash equivalents at the end of the year	13,991,426	14,096,123
	=====	=====

NOTES TO THE ACCOUNTS**For The Year Ended June 30, 1997****1. STATUS AND NATURE OF BUSINESS**

1.1 The Company was incorporated on June 13, 1994, as a Public Company Limited by shares under the Companies Ordinance, 1984 and has been registered as an Investment Company under the Investment Companies and Investment Adviser's Rules, 1971. The company is listed on Karachi, Lahore and Islamabad Stock Exchanges.

It is a closed end mutual fund with an object to invest its assets in securities.

1.2 The fund has been approved by Corporate Law Authority under the Investment Companies and Investment Adviser's Rules, 1971.

1.3 Asian Capital Management (Pvt.) Limited are the approved Investment Adviser and Union Bank Limited are the approved custodian of the company.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting Convention**

These accounts have been prepared under the historical cost convention.

2.2 Deferred Expenditure

These are amortized over a maximum period of five years from the year of deferment.

2.3 Taxation

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

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

2.4 Marketable Securities

These are valued at lower of moving average cost and market value on an aggregate portfolio basis.

2.5 Revenue Recognition

Sales and purchases of securities are recorded on the date of the execution of contract. Gains and losses on the sale of securities are accounted for in the year in which they arise.

Dividend income is recognised at the time of closure of share transfer books of the company declaring dividend and is recorded after netting off Zakat.

Return on bank deposits and certificates of investment is recognised on accrual basis.

3. DEFERRED EXPENDITURE PAYABLE

	1997 Rupees	1996 Rupees
Opening Balance	3,578,121	4,050,703
Paid during the year	(810,140)	(472,582)
	-----	-----
	2,767,981	3,578,121
Less: Payable within one year shown under current liabilities	(810,140)	(810,140)
	-----	-----
	1,957,841	2,767,981
	=====	=====

The expenditure incurred on the incorporation and floatation of Asian Stocks Fund Limited has been paid by the Asian Capital Management (Pvt.) Limited, the Investment Adviser.

These expenses are repayable to Asian Capital Management (Pvt.) Limited over a period of five years in equal annual installments. It is subject to interest at the rate of 10% per annum.

4. DUE TO INVESTMENT ADVISER - an associated undertaking

Two percent of net assets (4.1)	1,549,222	1,766,961
Interest payable on deferred expenditure	276,798	365,689
	-----	-----
	1,826,020	2,132,650
Less: Due from Investment Adviser	(88,348)	(111,062)
	-----	-----
	1,737,672	2,021,588
	=====	=====

4.1 The remuneration of the Investment Adviser is payable at the rate of 2% of the net assets of the company for the first five years of the investment company's existence and thereafter at the rate of 1% of the net assets of the company in terms of clause 11 (a) of the Investment Companies and Investment Adviser's Rules, 1971. The remuneration for the year has been determined as under.

	1997 Rupees	1996 Rupees
ASSETS		
Deferred expenditure	1,957,841	2,767,981

Marketable securities	60,680,654	56,862,735
Accounts receivable	3,584,900	17,988,528
Advance income tax	805,275	450,594
Profit / dividend receivable	250,941	258,882
Receivable from Investment Adviser	88,348	111,062
Bank Balance	13,991,426	14,096,123
	-----	-----
	81,359,385	92,535,905

LIABILITIES

Deferred expenditure payable	1,957,841	2,767,981
Current portion of deferred liability	810,140	810,140
Interest on deferred expenditure	276,798	365,689
Accounts payable, accrued and other liabilities	25,000	58,463
Taxation	828,498	185,560
	-----	-----
	(3,898,277)	(4,187,833)
	-----	-----
Assets before calculation of investment advisory fee	77,461,108	88,348,072
Investment advisory fee	1,549,222	1,766,961
	-----	-----
Net Assets	75,911,886	86,581,111
	=====	=====

5. ACCOUNTS PAYABLE, ACCRUED AND OTHER LIABILITIES

Accounts payable	-	1,943
Accrued expenses	25,000	25,000
Others	-	31,520
	-----	-----
	25,000	58,463
	=====	=====

6. CONTINGENCIES

The Company has filed an appeal against the order for the assessment year 1995-96 disputing the basis of allocation of expenses and calculation of income. No provision has been made in these accounts as the management is confident of a favourable decision in appeal.

635,719
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7. DEFERRED EXPENDITURE

Preliminary expenses	621,642	621,642
Share issue expenses	3,429,061	3,429,061
	-----	-----
	4,050,703	4,050,703
	-----	-----
Amortization		
Upto last year	1,282,722	472,582
During the year	810,140	810,140
	-----	-----
	(2,092,862)	(1,282,722)
	-----	-----
	1,957,841	2,767,981
	=====	=====

8. MARKETABLE SECURITIES

All the holdings are in fully paid ordinary shares / certificates of Rs. 10/- each, except where stated otherwise:

	No of Shares				Balance As At June 30, 1997			% In Relation To		
	Opening Balance	Purchase	Bonus	Sales	No. of Shares	At Cost	Market value	Own net assets	Investee Company's Paid up capital	No. of shares
						Rupees	Rupees			
MUTUAL FUNDS										
ICP S.E.M.F	26,000	-	-	26000	-	-	-	-	-	-
MODARABAS										
1st Equity Modaraba	62,500	-	-	-	62,500	568,750	250,000	0.75	0.22	0.24
B.R.R. 2nd Modaraba	18,300	-	-	-	18,300	173,225	100,650	0.23	0.12	0.12
Equity International Modaraba	125,000	-	-	-	125,000	932,500	487,500	1.23	0.62	0.83
First Interfund Modaraba	40,000	-	-	-	40,000	557,885	1,400,000	0.72	0.27	0.19
First International Modaraba	160,000	-	-	-	160,000	1,692,400	416,000	2.23	2.11	2.00
Trust Modaraba	200,000	-	-	200,000	-	-	-	-	-	-
LEASING COMPANIES										
Network Leasing Ltd.	10,000	-	-	-	10,000	85,000	54,000	0.11	0.09	0.10
Paramount Leasing Ltd.	163,000	-	-	-	163,000	2,031,585	1,418,100	2.68	0.81	0.65
Standard Chartered Leasing Ltd.	37,560	-	4,131	-	41,691	1,295,140	746,269	1.71	0.65	0.21
Union Leasing Ltd.	61,900	-	-	6,000	55,900	1,132,737	352,170	1.49	0.76	0.37
INVESTMENT COMPANIES & BANKS										
Askari Commercial Bank Ltd.	-	25,000	-	25,000	-	-	-	-	-	-
Bank Commerce Al-Habib Ltd.	-	50,000	-	-	50,000	1,610,000	1,425,000	2.12	0.49	0.15
Faysal Commercial Bank Limited	-	50,000	-	50,000	-	-	-	-	-	-
Muslim Commercial Bank Limited	-	31,000	-	31,000	-	-	-	-	-	-
P.I.C.I.C.	-	69,302	-	69,302	-	-	-	-	-	-
INSURANCE										
Adamjee Insurance Company Ltd.	-	59,900	14,975	-	74,875	6,589,000	6,851,063	8.68	2.64	0.30
Askari General Insurance	-	25,000	-	-	25,000	467,000	433,750	0.60	0.93	0.50
Commercial Life Insurance	-	63,000	-	-	63,000	870,400	708,750	1.15	0.29	0.21
Pakistan Insurance Corporation Ltd.	10,240	-	-	-	10,240	4,621,270	3,952,640	6.07	9.24	2.05
TEXTILE SPINNING										
Ellcot Spinning Mills Ltd.	83,900	-	-	83,900	-	-	-	-	-	-
Glamour Textile Mills Ltd.	24,800	-	-	-	24,800	424,080	241,800	0.56	0.36	0.21
Saif Textile Mills Ltd.	-	138,500	-	20,500	118,000	2,265,525	1,858,500	2.98	1.27	0.66
Sana Industries Ltd	11,300	-	-	-	11,300	1,043,525	847,500	1.37	2.61	0.28
TEXTILE COMPOSITE										
Crescent Textile Mills Ltd.	6,350	3,500	-	9,850	-	-	-	-	-	-
M. Farooq Textile Mills Ltd.	25,000	-	-	-	25,000	452,500	262,500	0.60	0.24	0.13
SYNTHETIC & RAYON										
Dewan Salman Fibres Ltd.	-	150,000	-	50,000	100,000	3,486,000	3,530,000	4.59	0.29	0.08
SUGAR AND ALLIED										
Ansari Sugar Mills Ltd.	26,700	-	4,005	-	30,705	298,320	0.12	0.39	0.12	0.13

TOBACCO										
Pakistan Tobacco Ltd.	50,000	24,500	-	50,000	24,500	988,775	673,750	1.30	0.31	0.08
CEMENT										
Cherat Cement Ltd.	-	150,000	-	50,000	100,000	2,084,375	2,075,000	2.75	0.43	0.21
D.G. Khan Cement Ltd.	-	130,500	-	130,500	-	-	-	-	-	-
D.G.Khan Cement Ltd. (R)	-	250,000	-	250,000	-	-	-	-	-	-
Essa Cement	-	1,000	100	1,100	-	-	-	-	-	-
Maple Leaf Cement Ltd.	-	50,500	-	50,500	-	-	-	-	-	-
FUEL AND ENERGY										
Elahi Electric Ltd.	451,200	-	-	-	451,200	5,496,620	2,594,400	7.24	1.53	1.25
Hub Power Company Ltd.	-	477,000	-	477,000	-	-	-	-	-	-
Ibrahim Energy Ltd.	2,500	-	-	2,500	-	-	-	-	-	-
K.E.S.C. Ltd.	-	60,000	-	-	60,000	813,000	735,000	1.07	0.05	0.03
Maple Leaf Electric Ltd.	50,000	11,500	-	-	61,500	1,628,050	599,625	2.14	0.41	0.15
Mari Gas	-	10,500	-	-	10,500	258,625	228,375	0.34	0.07	0.03
National Refinery Ltd.	-	8,500	-	-	8,500	249,125	242,250	0.33	0.04	0.01
Pak Refinery Ltd.	20,000	-	-	20,000	-	-	-	-	-	-
Pakistan State Oil Ltd.	23,600	11,000	-	34,600	-	-	-	-	-	-
Sitara Energy Ltd.	-	30,000	-	30,000	-	-	-	-	-	-
Sui Northern Gas Pipeline Ltd.	-	374,000	-	325,000	49,000	1,619,940	1,555,750	2.13	0.06	0.02
ENGINEERING										
Crescent Steel & Allied Products	22,500	125,000	18,750	22,500	143,750	4,887,500	4,096,875	6.44	2.80	0.82
TRANSPORT & COMMUNICATIONS										
P.T.C. Vouchers (Rs. 100/-)	-	575,000	-	575,000	-	-	-	-	-	-
Telecard Limited	-	49,000	-	-	49,000	2,009,000	1,862,000	2.65	0.01	-
AUTO AND ALLIED										
Baluchistan Wheels	-	205,500	-	107,500	98,000	2,749,880	2,670,500	3.62	2.37	0.85
Hino Pak Motors Ltd.	16,500	-	-	16,500	-	-	-	-	-	-
Honda Atlas Cars Limited.	-	9,000	-	9,000	-	-	-	-	-	-
Indus Motors Ltd.	-	119,000	-	-	119,000	1,821,525	1,606,500	2.40	0.23	0.15
CHEMICAL AND PHARMACEUTICAL										
Engro Chemical	-	66,800	6,200	73,000	-	-	-	-	-	-
Fauji Fertilizer Ltd.	-	35,100	-	35,100	-	-	-	-	-	-
F.F.C. Jordan	-	530,000	-	500,000	30,000	475,500	462,000	0.63	0.01	0.01
Highnoon Laboratories Ltd.	37,500	-	3,650	41,150	-	-	-	-	-	0.03
I.C.I. Pakistan Ltd.	50,000	2,025,000	162,500	1,987,500	250,000	6,182,500	6,050,000	8.14	0.08	0.03
I.C.I. Pakistan (RAL)	-	550,000	-	550,000	-	-	-	-	-	-
Reckitt & Colman Ltd.	23,200	1,200	-	23,200	1,200	84,072	81,000	0.11	0.03	0.00
Snarl Pak	-	20,000	3,000	23,000	-	-	-	-	-	-
Sitara Chemicals Ltd.	7,200	100,000	-	-	107,200	4,231,080	3,912,800	5.51	2.87	0.73
Smith Kline & French Ltd.	10,000	-	-	10,000	-	-	-	-	-	-
Wyeth Laboratories Ltd.	14,000	-	-	14,000	-	-	-	-	-	-
CABLES & ELECTRICAL GOODS										
P.E.L. Appliances Ltd.	10,990	40,000	-	31,000	19,990	325,405	204,898	0.43	0.18	0.11
Pak Elektron Ltd.	3,600	-	-	3,600	-	-	-	-	-	-
Siemens Engg. Ltd.	6,500	-	-	6,500	-	-	-	-	-	-
PAPER AND BOARD										

Century Paper Ltd.	43,400	14,000	5,740	-	63,140	2,108,370	1,104,950	2.78	0.74	0.22
Cherat Papersack Ltd. Packages	50,000	20,500	-	50,000	20,500	928,150	643,700	1.20	2.27	0.50
	-	50,000	6,000	56,000	-	-	-	-	-	-
VANASPATI & ALLIED										
Sarhad Ghee Ltd.	30,000	-	-	-	30,000	483,900	142,500	0.64	1.83	1.14
GLASS & CERAMICS										
Emco Industries	-	25,000	16,666	-	41,666	783,740	624,990	1.03	0.78	0.42
Shabbir Tiles Ltd.	139,800	-	34,950	-	174,750	2,414,974	2,394,075	3.18	3.54	1.28
MISCELLANEOUS										
Tripack Films Ltd.	-	212,000	-	2,000	210,000	2,752,700	1,890,000	3.63	0.92	0.70
						-----	-----			
					At Cost	75,973,648	60,680,655			
Less: Provision for diminution in value of marketable securities										
Opening balance						(9,226,309)	-			
Reversed during the year						(6,066,685)	-			
						(15,292,994)	-			
						-----	-----			
1997						60,680,654	60,680,655			
						=====	=====			
1996						66,089,044	56,862,735			
						=====	=====			

9. LOSS ON DEALING IN SECURITIES

	1997	1996
	Rupees	Rupees
Sales	165,533,490	386,297,395
	-----	-----
Opening Stock	66,089,044	71,371,520
Purchases	179,694,578	380,912,859
Stamp and duties	226,506	168,525
	-----	-----
	246,010,128	452,452,904
Less: Closing Stock	(75,973,648)	(66,089,044)
	-----	-----
Cost of sales	170,036,480	386,363,860
	-----	-----
	(4,502,990)	(66,465)
	=====	=====

10. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Investment Adviser's Remuneration	1,549,222	1,766,961
Deferred expenditure paid / reimbursed	810,140	472,582
Interest on deferred expenditure	276,798	365,689

11. GENERAL

Figures have been rounded off to the nearest Rupee.

Previous year's figures have been re-arranged wherever necessary for the purpose of comparison.

STATEMENT OF INCOME AND EXPENDITURE IN RELATION

TO THE INVESTMENT COMPANY
For the Year Ended June 30, 1997

	1997	1996
	Rupees	Rupees
INCOME		
Remuneration from Asian Stocks Fund Limited	1,549,222	1,766,961
Interest on Deferred Expenditure	276,798	365,689
	-----	-----
	1,826,020	2,132,650
 OPERATING EXPENSES		
Salaries, Wages & Other Benefits	1,082,600	1,321,483
Travelling & Conveyance	121	121,100
Rent & Electricity	278,571	205,535
Legal & Professional Charges	312,294	296,550
Postage & Telephone	102,842	239,836
Printing & Advertisement	196,931	198,062
Others	57,765	54,095
	-----	-----
	2,031,124	2,436,661
	-----	-----
	(205,104)	(304,011)
	=====	=====