

Asian Stocks Fund Limited
Annual Report 1998

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ismail Abdul Shakoor.
Mr. Farooq Ismail.
Mr. Shabbir Ismail.
Mr. Jamil Ahmed Siddiqi.
Ms. Farzana Ismail.
Mrs. Rashida Riaz.
Mr. Shakeel Hussain.

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. Yousuf Adil Saleem & Co.
Chartered Accountants.

LEGAL ADVISERS

Mohsin Tayebaly & Co.

REGISTERED OFFICE

Room No. A-4, 4th Floor,
Westland Trade Centre,
Shaheed-e-Millat Road,
Karachi.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 4th Annual General Meeting of ASIAN STOCKS FUND LIMITED will be held

on SATURDAY, 26th DECEMBER, 1998 at 3:00 P.M. at Raffia Chaudhry Memorial Centre, Sidco Avenue Centre, 264, R.A. Lines, Karachi, to transact the following business:-

1. To confirm the Minutes of the last Annual General Meeting of the Company held on 26th December, 1997.
2. To receive, consider and adopt the audited accounts of the Company together with the Directors' Reports thereon for the period ended 30th June, 1998.
3. To appoint Auditors of the Company and to fix their remuneration. The present Auditors M/s YOUSUF ADIL SALEEM & COMPANY, CHARTERED ACCOUNTANTS, retire and being eligible, offer themselves for re-appointment.
4. To elect seven Directors of the Company, as fixed by the Board of Directors in accordance with provisions of Section 178(1) of the Companies Ordinance, 1984 for a term of three years. The following retiring Directors are also eligible for re-election:-

1. Mr. Ismail Abdul Shakoor
2. Mr. Farooq Ismail
3. Mr. Shabbir Ismail
4. Mr. Jamil Ahmed Siddiqi
5. Mr. Shakeel Hussain
6. Ms. Farzana Ismail
7. Mrs. Rashida Riaz

By Order of the Board

SECRETARY

Karachi: November 16, 1998.

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. Any member who seeks to contest election to the office of Director should file with the Company, not later than 14 days before the date of meeting, a notice of his intention to offer himself for election as Director in term of Section 178(3) of the Companies Ordinance, 1984.
3. The share transfer books of the Company shall remain closed from December 18, 1998 to December 26th, 1998 (both days inclusive).
4. Shareholders are advised to notify Shares Department, Asian Stocks Fund Limited, Room No. A-4, 4th Floor, Westland Trade Centre, Shaheed-e-Millat Road, Karachi of any change in their address to ensure prompt delivery of mail. Any shares for transfers etc, should be lodged with the Shares Department, Asian Stocks Fund Limited.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Asian Stocks Fund Ltd. are pleased to present the Fourth Annual Report of the Fund to the shareholders, for the period ended June 30, 1998.

The year under review has been one of the worst years in the history of Karachi Stock Exchange. On June 30, 1998 the KSE 100- share Index declined to 879.62 from 1565 on June 30, 1997 i.e. 43.79 per cent. This has resulted in negative total return on portfolio of almost all the Mutual Funds, besides heavy fall in values of shares in other sectors.

The factors attributing to these worst crisis are

1. Government pressure on IPPs for reduction in tariff and some of the IPPs being charged of corrupt practices.
2. International sanctions imposed on Pakistan.
3. Freeze on withdrawal of Dollars from Foreign Currency Accounts.

In addition, the Federal Budget announced. On June 12, 1998 was also not very encouraging from the share market

point of view.

The downward trend commencing in mid 1994 became worst during the year under review against all expectations. As a result, the profitability of your Fund suffered seriously as will be seen from the annexed accounts.

FUTURE OUTLOOK

The success of any capital market largely depends on the political stability and pursuing of prudent economic and financial policies by the government. Hence, improvement of the stock market will depend on positive signs on political and economic front as well as aid from external sources such as IMF, ADB, etc. Your directors will continue following their strategy of prudent investment. We are confident that the reforms package being considered by the IMF and other institutions will have a positive impact on the economic front as well as the capital market.

THE STATUS OF "THE YEAR 2000 COMPLIANCE OF COMPUTER SYSTEM"

We hope that the financial accounting system installed in our organization will be ready for the year 2000 compliance in the third quarter 1999. The software will duly comply with the year 2000 requirements and it will be integrated to process all sorts of accounting and financial transactions in the year 2000.

AUDITORS

The present Auditors, M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants, are due for retirement and being eligible, offer themselves for reappointment for the financial year 1998-99.

For and behalf of the Board.

Ismail A. Shakoor

Chairman

Karachi, 14th November 1998.

PATTERN OF SHAREHOLDING

As At June 30, 1998

Serial Number	No. of Shareholders	Shareholding		Total Shares Held
		From	To	
1	1,989	101	500	994,500
2	70	501	1000	70,000
3	59	1001	5000	184,500
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	6	25001	30000	176,500
9	1	30001	35000	30,500
10	18	35001	40000	718,000
11	4	45001	50000	200,000
12	1	135001	140000	135,500
13	1	195001	200000	200,000
14	3	245001	250000	750,000
15	2	435001	440000	871,000
16	1	585001	590000	585,500
17	1	695001	700000	700,000
18	1	995001	1000000	1,000,000
19	1	1195001	1200000	1,200,000
20	1	1925001	1930000	1,927,500
-----				-----
2,178				10,000,000
=====				=====

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	2166	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
	-----	-----	-----
	2178	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, 1998 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 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 Adviser's Rules, 1971;

(b) in our opinion:

(i) the balance sheet and income 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 account and are further in accordance with accounting policies consistently applied;

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

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the 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 Rule, 1971;

(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, 1998 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.

Karachi- 14th November, 1998

M. YOUSUF ADIL SALEEM & CO.,
CHARTERED ACCOUNTANTS

BALANCE SHEET**As At June 30, 1998**

SHARE CAPITAL	Note	1998	1997
		Rupees	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		(62,649,414)	(24,088,114)

		-----	-----
		37,350,586	75,911,886
DEFERRED EXPENDITURE PAYABLE	3	1,147,701	1,957,841
CURRENT LIABILITIES			
Current maturity of deferred expenditure payable		810,140	810,140
Due to Investment Adviser - an associated unde	4	942,796	1,737,672
Accounts payable, accrued expenses and other liabilities		30,000	25,000
Taxation		1,114,089	828,498
		-----	-----
CONTINGENCIES	5	2,897,025	3,401,310
		-----	-----
		41,395,312	81,271,037
		=====	=====
DEFERRED EXPENDITURE	6	1,147,701	1,957,841
CURRENT ASSETS			
Marketable securities	7	23,945,877	60,680,654
Accounts receivable - Considered good		-	3,584,900
Advance income tax		817,846	805,275
Profit/dividend receivable - Considered good		48,019	250,941
Bank balances			
In current account		46,862	64,232
In special deposits account		15,389,007	13,927,194
		-----	-----
		40,247,611	79,313,196
		-----	-----
		41,395,312	81,271,037
		=====	=====

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

INCOME AND EXPENDITURE ACCOUNT
For The Year Ended June 30, 1998

Income	Note	1998 Rupees	1997 Rupees
Dividend		4,728,578	3,237,622
Return on deposits and certificates		125,704	660,139
Loss on dealing in securities	9	(34,105,929)	(4,502,990)
		-----	-----
		(29,251,647)	(605,229)
Operating Expenses			
Remuneration to Investment Adviser	(4.1)	747,012	1,549,222
Custodian charges		270,161	367,259
Amortization of deferred expenditure		810,140	810,140
Listing fees		92,500	92,500
Audit fees		30,000	25,000
Financial charges		197,820	285,364
Professional charges		-	95,750
Others		7,328	5,578
		-----	-----
		(2,154,961)	3,230,813

Loss for the year	(31,406,608)	(3,836,042)
(Provision)/Reversal for diminution in value of marketable securities	(6,869,100)	(6,066,685)
Loss before taxation	(38,275,708)	(9,902,727)
Provision for taxation		
Prior year	-	366,498
Current year	285,592	400,000
	(285,592)	(766,498)
Loss for the year after taxation	(38,561,300)	(10,669,225)
Accumulated loss brought forward	(24,088,114)	(13,418,889)
Accumulated loss carried forward	(62,649,414)	(24,088,114)
	=====	=====

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, 1998

	1998	1997
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(38,275,708)	(9,902,727)
ADJUSTMENT FOR ITEMS NOT INVOLVING MOVEMENT OF FUNDS:		
Amortization of deferred expenditure	810,140	810,140
Provision for diminution in value of marketable securities	6,869,100	6,066,685
	7,679,240	6,876,825
Operating loss before working capital changes	(30,596,468)	(3,025,902)
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase)/decrease in current assets		
Marketable securities	29,865,677	(9,884,604)
Accounts receivable	3,584,900	14,403,628
Profit/Dividend receivable	202,922	7,941
Increase/(decrease) in current liabilities	33,653,499	4,526,965
Due to Investment Adviser	(794,876)	(283,916)
Accounts payable, accrued and other liabilities	5,000	(33,463)
	(789,876)	(317,379)
Cash from (used in) operations	2,267,155	1,183,684
Taxes paid	(12,572)	(478,241)
Net cash used in operating activities	2,254,583	705,443
B. CASH FLOW FROM FINANCING ACTIVITIES		
Deferred liability repaid	(810,140)	(810,140)

Net cash used in financing activities	(810,140)	(810,140)
	-----	-----
Net (decrease)/increase in cash and cash equivalents	1,444,443	(104,697)
Cash and cash equivalents at the beginning of year	13,991,426	14,096,123
	-----	-----
Cash and cash equivalents at the end of the year	15,435,869	13,991,426
	=====	=====

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE ACCOUNTS**For The Year Ended June 30, 1998****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 Rule, 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 Rule, 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

	1998	1997
	Rupees	Rupees
Opening Balance	2,767,981	3,578,121
Paid during the year	(810,140)	(810,140)
	-----	-----

1,957,841 2,767,981

Less: Payable within one year shown under current liabilities	(810,140)	(810,140)
	-----	-----
	1,147,701	1,957,841
	=====	=====

The expenditure incurred on the incorporation and floatation of the Company has been paid by Asian Capital Management (Pvt.) Limited, the Investment Adviser. These expenses are repayable 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)	747,012	1,549,222
Interest payable on deferred expenditure	195,784	276,798
	-----	-----
	942,796	1,826,020
Less: Due from Investment Adviser	-	(88,348)
	-----	-----
	942,796	1,737,672
	=====	=====

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 Rule, 1971. The remuneration for the year has been determined as under.

	1998	1997
	Rupees	Rupees
ASSETS		
Deferred expenditure	1,147,701	1,957,841
Marketable securities	23,945,877	60,680,654
Accounts receivable	-	3,584,900
Advance income tax	817,846	805,275
Profit/dividend receivable	48,019	250,941
Receivable from Investment Adviser	-	88,348
Bank balance	15,435,869	13,991,426
	-----	-----
	41,395,312	81,359,385
LIABILITIES		
Deferred expenditure payable	1,147,701	1,957,841
Current portion of deferred liability	810,140	810,140
Interest on deferred expenditure	195,784	276,798
Accounts payable, accrued and other liabilities	30,000	25,000
Taxation	1,114,089	82,849.80
Investment Advisory fee	747,012	1,549,222
	-----	-----
	(4,044,726)	(5,447,499)
	-----	-----
Net Assets	37,350,586	75,911,886
	=====	=====

5. 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 favorable decision in appeal.

635,719 635,719
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The tax authority is also claiming minimum tax based on turn over u/s 80D of the Income Tax Ordinance, 1979 for the assessment year 1996-97. The matter is taken up with the authorities as the Management considers that it is not applicable to the Company.

6. DEFERRED EXPENDITURE	1,502,989	-
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	2,092,862	1,282,722
During the year	810,140	810,140
	-----	-----
	(2,903,002)	(2,092,862)
	-----	-----
	1,147,701	1,957,841
	=====	=====

MARKETABLE SECURITIES

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

	Opening Balance July 01, 97	No. of Shares		Sales	BALANCE AT JUNE 30, 1998			Own net assets	Inv. Cos. Paid up Capital	% in Relation to No. of Shares
		Purchase	Bonus		No. of Shares	At cost Rupees	At market value Rupees			
MODARABAS										
1st Equity Modaraba	62,500	-	-	-	62,500	568,750	265,625	1.52	0.22	0.24
First Fidelity Leasing Modaraba	40,000	-	-	-	40,000	557,885	68,000	1.49	0.27	0.19
First Grindlays Modaraba	-	11,500	-	11,500	-	-	-	-	-	-
First Interfund Modaraba	160,000	-	-	-	160,000	1,692,400	320,000	4.53	2.11	1.99
B.R.R. Second Modaraba	18,300	-	-	-	18,300	173,225	91,500	0.46	0.03	0.04
Equity International Modaraba	125,000	-	-	-	125,000	932,500	625,000	2.50	1.85	0.25
LEASING COMPANIES										
Network Leasing Ltd.	10,000	-	-	-	10,000	85,000	42,500	0.23	0.09	0.10
Paramount Leasing Ltd.	163,000	-	-	50,000	113,000	1,408,400	678,000	3.77	0.56	0.45
Standard Chartered Leasing Ltd.	41,691	-	4,215	-	45,906	1,295,140	458,640	3.47	0.59	0.21
Union Leasing Ltd.	55,900	-	11.28	-	67,180	1,132,737	201,540	3.03	0.63	0.37
INVESTMENT COMPANIES/BANKS										
Askari Commercial Bank Ltd.	-	28,500	771	28,500	771	-	10,717	-	-	-
Bank Commerce AI Habab Ltd.	50,000	1,500	-	51,500	-	-	-	-	-	-
Faysal Commercial Bank Ltd.	-	127,000	-	127,000	-	-	-	-	-	-
Muslim Commercial Bank Ltd.	-	80,000	-	80,000	-	-	-	-	-	-
Orix Investment Bank Ltd.	-	25,000	-	25,000	-	-	-	-	-	-
INSURANCE										
Adamjee Insurance Company Ltd.	74,875	50,000	-	124,875	-	-	-	-	-	-
Askari General Insurance	25,000	-	-	-	25,000	467,000	275,000	1.25	0.93	0.50
Commercial Life Insurance	63,000	-	-	13,000	50,000	690,740	425,000	1.85	0.23	0.16
Pakistan Insurance Corporation Ltd.	10,240	-	-	10,240	-	-	-	-	-	-
TEXTILE SPINNING										
Glamour Textile Mills Ltd.	24,800	-	-	-	24,800	424,080	49,600	1.14	0.36	0.21
Saif Textiles Mills Ltd.	118,000	-	-	-	118,000	2,265,525	1,168,200	6.07	1.19	0.66

Sana Industries Ltd.	11,300	-	-	-	11,300	1,043,525	789,870	2.79	2.61	0.28
TEXTILE COMPOSITE										
Crescent Textile Mills Ltd.	-	130,000	6,500	-	136,500	1,632,800	989,625	4.37	0.42	35
M. Farooq Textile Mills Ltd.	25,000	-	-	-	25,000	452,500	225,000	1.21	0.24	0.13
Nishat Mills	-	83,000	-	83,000	-	-	-	-	-	-
SYNTHETIC & RAYON										
Dewan Salman Fibres Ltd.	100,000	67,000	-	150,000	17,000	307,020	238,000	0.82	0.02	-
Ibrahim Fibre Ltd.	-	100,000	-	-	100,000	556,000	485,000	1.49	0.02	0.05
SUGAR AND ALLIED										
Ansari Sugar Mills Ltd.	30,705	-	1,186	-	31,891	298,320	71,755	0.80	0.12	0.13
Haseeb Waqas Sugar	-	175,000	-	-	175,000	535,500	420,000	1.43	0.16	0.54
TOBACCO										
Pakistan Tobacco Ltd.	24,500	-	-	-	24,500	988,775	514,500	2.65	0.31	0.07
CEMENT										
Cherat Cement Ltd.	100,000	-	-	100,000	-	-	-	-	-	-
D.G. Khan Cement Ltd.	-	125,000	-	-	125,000	974,825	581,250	2.61	0.07	0.09
Fauji Cement Ltd.	-	175,000	-	175,000	-	-	-	-	-	-
Lucky Cement Ltd.	-	100,000	-	-	100,000	509,525	390,000	1.36	0.02	0.04
FUEL AND ENERGY										
Ellahi Electric Ltd.	451,200	10,500	-	-	461,700	5,567,520	2,077,650	14.91	1.55	1.28
Hub Power Company Ltd.	-	1,245,000	-	1,245,000	-	-	-	-	-	-
Karachi Electric Supply Corporation Ltd.	60,000	175,000	-	235,000	-	-	-	-	-	-
Maple Leaf Electric Ltd.	61,500	-	18,450	-	79,950	1,628,050	279,825	4.36	0.31	0.15
Mari Gas	10,500	-	-	-	10,500	258,625	189,000	0.69	0.07	0.03
National Refinery Ltd.	8,500	-	-	8,500	-	-	-	-	-	-
Pakistan State Oil Ltd.	-	18,800	-	18,800	-	-	-	-	-	-
Sui Northern Gas Pipeline Ltd.	49,000	204,000	-	253,000	-	-	-	-	-	-
Sui Southern Gas Pipeline Ltd.	-	310,000	-	310,000	-	-	-	-	-	-
Southern Electric Power Company Ltd.	-	400,000	-	235,000	165,000	1,984,745	412,500	5.31	0.21	0.17
ENGINEERING										
Crescent Steel & Allied Products Ltd.	143,750	-	21,562	165,000	312	12,174	6,396	0.03	-	-
TRANSPORT AND COMMUNICATION										
P.T.C. Vouchers (Rs. 100/=)	-	1,875,000	-	1,875,000	-	-	-	-	-	-
Telecard Ltd.	49,000	-	-	-	49,000	2,009,000	490,000	5.38	0.80	0.19
AUTO AND ALLIED										
Indus Motors Company Ltd.	119,000	146,000	-	50,000	215,000	2,232,939	1,720,000	5.98	0.28	0.27
Baluchistan Wheels	98,000	-	-	98,000	-	-	-	-	-	-
CHEMICAL AND PHARMACEUTICAL										
Fauji Fertilizers Ltd.	-	21,000	-	21,000	-	-	-	-	-	-
F.F.C. Jordan Ltd.	30,000	1,350,000	-	1,380,000	-	-	-	-	-	-
ICI Pakistan Ltd.	250,000	984,000	-	1,234,000	-	-	-	-	-	-
Reckit & Colman Ltd.	1,200	-	-	900	300	25,869	8,400	0.07	-	-
Sitara Chemical Industries Ltd.	107,200	-	13,400	120,000	600	22,446	10,500	0.06	-	-

CABLES AND ELECTRICAL GOODS

Pak Elektron Ltd.	19,990	-	-	-	19,990	325,405	79,960	0.87	0.17	0.11
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PAPER AND BOARD

Century Paper Ltd.	63,140	100,000	-	-	163,140	3,564,370	1,892,424	9.54	1.25	0.57
Cherat Paper sack Ltd.	20,500	330,500	-	114,000	237,000	8,079,370	6,636,000	21.63	19.80	5.81

VANASPATI AND ALLIED

Sarhad Ghee Industries	30,000	-	-	-	30,000	483,900	180,000	1.30	1.83	1.13
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GLASS AND CERAMICS

Emco Industries	41,666	-	6,249	-	47,915	783,740	479,150	2.10	0.68	0.55
Shabbir Tiles Ltd.	174,750	-	-	174,750	-	-	-	-	-	-

MISCELLANEOUS

Tri Pak Films Ltd.	210,000	-	-	199,500	10,500	137,646	99,750	0.37	0.04	0.03
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At Cost						46,107,971	23,945,877			
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Less: Provision for diminution in value of marketable securities

Opening balance	15,292,994	
During the year	6,869,100	
	(22,162,094)	
1998 Rupees	23,945,877	
	60,680,654	60,680,655
1997 Rupees		60,680,655
	1998	1997
	Rupees	Rupees

8. CAPITAL LOSS ON MARKETABLE SECURITIES

Sales	237,726,423	165,533,490
Opening Stock	75,973,648	66,089,044
Purchases	241,802,575	179,694,578
Stamp and duties	164,100	226,506
	317,940,323	246,010,128
Less: Closing Stock	(46,107,971)	(75,973,648)
	271,832,352	170,036,480
Cost of Sales	(34,105,929)	(4,502,990)
	237,726,423	165,533,490

9. TRANSACTION WITH ASSOCIATED UNDERTAKINGS

Investment Adviser Remuneration	747,012	1,549,222
Deferred expenditure reimbursed	810,140	810,140
Interest on deferred expenditure	195,784	276,798

10. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

10.1 Markup/Interest Rate Risk Exposure

The Company's exposure to interest rate risk and the effective rates on its financial assets and liabilities are summarized as follows:-

Markup/Interest Bearing	Non Markup/
--------------------------------	--------------------

	Less than one month	One month to three months	Three months to one year	Interest bearing	Total Rupees
FINANCIAL ASSETS					
Deferred expenditure	-	-	-	1,147,701	1,147,701
Marketable Securities	-	-	-	23,945,877	23,945,877
Deposit and other receivables	-	-	-	48,019	48,019
Taxation	-	-	-	817,846	817,846
Bank balance on deposit A/c	15,389,007	-	-	46,862	15,435,869

Rupees	15,389,007	-	-	26,006,305	41,395,312
	=====				
Average markup rates of financial assets	12%	-	-	-	-
FINANCIAL LIABILITIES					
Deferred expenditure payable	-	-	1,147,701	-	1,147,701
Current maturity of deferred expenditure	-	810,140	-	-	810,140
Due to investment advisor	-	-	-	942,796	942,796
Accrued expenses	-	-	-	30,000	30,000
Taxation	-	-	-	1,114,089	1,114,089

Rupees	-	810,140	1,147,701	2,086,885	4,044,726
	=====				
Average markup rates of financial assets	-	-	10%	-	-

10.2 Fair Value of the Financial Instruments

The carrying value of all the financial Instruments reflected in the financial statement approximates their fair values.

11. GENERAL

Figures have been rounded off to the nearest Rupee.

Corresponding figures have been re-arranged and regrouped wherever necessary for the purpose of comparison

CHIEF EXECUTIVE

DIRECTOR

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

	1998 Rupees	1997 Rupees
INCOME		
Remuneration from Asian Stocks Fund Limited	760,999	1,549,222
Interest on Deferred Expenditure	195,784	276,798
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	956,783	1,826,020
OPERATING EXPENSES		
Salaries, Wages & Other Benefits	855,257	1,082,600
Travelling & Conveyance	-	121
Rent & Electricity	41,844	278,571
Legal & Professional Charges	124,925	312,294
Postage & Telephone	51,256	102,842

Printing & Advertisement	88,675	196,931
Other	61,771	57,765
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	1,223,728	2,031,124
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	(266,945)	(205,104)
	=====	=====