

Kasb Premier Fund Limited

Annual Report 2000

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COMPANY INFORMATION

Board of Directors	Ahmed Kamran, Chairman Qazi Mazharul Haque, Chief Executive Javaid B. Sheikh Akhtar Ali Khan Rizwan Khalid Butt Syed Abid Raza Nadeem Naqvi
Company Secretary	Zulfiqar Hyder Khan
Investment Adviser	Khadim Ali Shah Bukhari & Co. Ltd.
Auditors	Taseer Hadi Khalid & Co.
Legal Adviser	Mohsin Tayebaly & Co.
Custodian	Deutsche Bank A.G.
Bankers	Deutsche Bank A.G. Metropolitan Bank Ltd.
Registered Office	6th Floor, Trade Centre I.I. Chundrigar Road Karachi-74200, Pakistan
Share Department	Ground Floor Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi-75530, Pakistan

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixth Annual General Meeting of KASB Premier Fund Ltd. will be held on Thursday, November 02, 2000 at 12:00 noon at the Pearl Continental Hotel, Dr. Ziauddin Ahmed Road, Karachi to transact the following business:-

1. To confirm the minutes of the Fifth Annual General Meeting of the Company held on December 08, 1999.
2. To receive, consider and adopt the audited accounts of the Company together with the Directors' and Auditors' report thereon for the year ended June 30, 2000.
3. To appoint auditors of the Company for the year ending June 30, 2001 and to fix their remuneration. The present auditors, Messrs Taseer Hadi Khalid & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To transact any other business with the permission of the Chair.

By order of the Board

Karachi:
September 14, 2000

ZULFIQAR HYDER KHAN
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 19,2000 to November 02,2000 (both days inclusive) to determine the names of the members entitled to attend the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a member of the Company.
3. Proxy forms in order to be effective must be received at the Company's registered office, duly stamped and signed not less than 48 hours before the meeting.
4. Accountholders / sub-accountholders holding book entry securities of the Company in Central Depository System (CDS) of Central Depository System of Pakistan Limited (CDC) who wish to attend the Annual General Meeting are requested to please bring their original ID Card / original passport with a photocopy duly attested by their bankers for identification purposes. In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
5. Members are requested to notify any change in their registered addresses immediately.

DIRECTORS' REPORT TO THE SHAREHOLDERS**Economic Scenario**

Pakistan's economy is going through a major transition as the new technocratic team under the present Government endeavors to reduce the historic imbalances and distortions that led to a significant slowdown in average GDP growth in the nineties compared to the eighties.

External account pressure, coupled with dwindling foreign exchange earnings and declining foreign remittances, has also continued to destabilize the country's financial position throughout the year. Although the country has successfully rescheduled its U.S.\$3.3 billion short-term bilateral debt with the Paris Club creditors, the position of its external finance remains susceptible. The conflict with India over Kashmir has also added to this saga by further dampening investor confidence, and continuing to deter foreign investment.

During the year under review, however, the new government took initiatives on several fronts. By sharply lowering interest rates, it has induced business and the industry to borrow more liberally from the banking system. It has also launched micro and export credit initiatives and unveiled progressive textile and information technology development policies geared towards encouraging export-based industries. The re-launch of the privatization process with much more realistic sell off targets has been another positive move. With documentation of the economy finally underway and the accountability and loan recovery drive, "political" loans are no longer possible.

The documented segment is still too small a proportion of the economy to make a large contribution to investment activity. As a result, the major growth impetus is only possible from the public sector, which is likely to remain subdued in the short term as the government has to first put its own financial house in order. As far as foreign investment is concerned, it normally follows domestic investment so that too is likely to be limited in the short term. It is thus expected that foreign investment will wait for the green light from the IMF program re-initiation, which is unlikely before the end of calendar year 2000.

The Capital Market Scene

The underlying economic realities are invariably reflected in the medium to longer-term performance of capital markets. After showing dramatic improvement in the last quarter of calendar 1999 on the back of a change in government, the equity market entered a phase of high speculative activity in 1st quarter of year 2000, which took the KSE-100 index to 2050 levels. Dawning of reality that economic change was a slow process spanning several fiscal years, and also tightening of trading regulations to curb excessive speculation, led to a major pull back in the market to just below 1400 levels in 2nd quarter of year 2000, from which it is still recovering.

Operating Results

Against the lackluster backdrop of the economy, the company managed to earn a profit after tax of Rs. 66mn for the year under review, compared to Rs. 34mn in the previous year. Income of Rs. 35mn was generated in Accounting Year ended June 30, 2000, compared to just Rs 1 mn last year, representing a substantial jump of 97%. The income derived from capital gains managed to come out of the red and was recorded at Rs 18mn, mainly due to maximum advantage secured by the company from improved stock market performance and strategic asset allocation.

The Fund's total asset base and shareholders' equity have registered an increase from Rs 254.97mn and Rs 242.60mn in Accounting Year ended June 30, 1999 to Rs 314.67mn and Rs 309.34mn in Accounting Year ended June 30, 2000 respectively. The net asset value (NAV) has risen to Rs 7.73 per share this year as against Rs 6.07 per share last year. Following the out performance of the KSE Index, the Fund witnessed its NAV peaking at 9.23 per share in April 2000. However, the consequent heavy downslide in KSE index in the 2nd half of year 2000 due to crisis in the stock market dried up investor interest. This was aptly reflected by the

Funds NAV, being brought down to 7.73 per share as at June 30, 2000. The NAV as at September 11, 2000 was Rs. 8.23 per share.

While we are hopeful of improving upon these results in the coming year, we realize that falling volumes due to reduced market activity and limited foreign fund interest are likely to weigh heavily on the income generating capacity of mutual funds in Pakistan. The Fund is, nevertheless, striving to align itself to the new realities and has embarked upon several new strategic initiatives. Changes in the internal organization, with experienced professional managers inducted to lead the company towards a dynamic future, along with product and service innovation, are expected to consistently yield high returns to the Fund.

Future Outlook

In view of the above, the Directors expect private sector driven industrial activity to remain relatively weak in Financial Year 2000-2001, until confidence can be sufficiently restored to induce new investment on a significant scale. We believe that private sector investment will pick up in Financial Year 2001-2002 once Pakistan is into the IMF program and progress is achieved on the issue of second external debt restructuring. In the meantime, agricultural growth is expected to lead the way.

Going forward, the performance of equities will hinge on macro level developments, such as the IMF facility and external debt rescheduling - the two determining the broad country risk premium, as well as corporate fundamentals such as earnings growth outlook, return on capital employed and specific sector risks and opportunities. In this regard we are cautiously optimistic, and feel that after a volatile Financial Year 1999-2000, we are likely to see a more stable and at the same time improved market performance in Financial Year 2000-2001. While trading interest and consequently, volumes dried up in the aftermath of the stock market crisis, we feel that confidence will be restored gradually as impending issues relating to IMF financing and external debt rescheduling get resolved and improved corporate earnings begin to get discounted into the equity market in the next fiscal year.

Auditors

The members are requested to appoint auditors for 2000-2001 and fix their remuneration. The present Auditors Taseer Hadi Khalid & Co., Chartered Accountants, retire and offer themselves for re-appointment.

The Board wishes to record its appreciation for the service rendered by the outgoing director, Mr. Liaquat Ali and extends its warm welcome to the new member viz Mr. Nadeem Naqvi. It also places on record its recognition of the valuable contribution made by the Boards' Executive Committee.

Pattern of Shareholding

The pattern of shareholding as required by section 236 of the Companies Ordinance, 1984 is enclosed.

On behalf of the Board of Directors

Karachi:
September 14, 2000

QAZI MAZHARUL HAQUE
Chief Executive

Auditors' Report to the Members

We have audited the annexed Balance Sheet of KASB Premier Fund Limited as at 30 June 2000 and the related Profit and Loss Account and Cash Flow Statement, together with the notes to the accounts 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 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 the Investment Companies and Investment Adviser's 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 the Investment Companies and Investment Adviser's 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 purpose of the Company's business; and

iii) the business conducted, investments made and 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 and the 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 and Investment Companies and Investment Adviser's 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 30 June 2000 and of the profit and cash flows for the year ended on that date; and

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

Karachi:
14 September 2000

Taseer Hadi Khalid & Co.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousand)</i>	
ASSETS			
Marketable Securities - net	3	261,798	162,904
Deferred Expenditure		--	1,487
Other Assets			
Deposit and other receivables	4	2,484	3,914
Taxation		1,473	1,360
Bank balances - on deposit account		48,912	85,109
		-----	-----
		52,869	90,583
		-----	-----
Total Assets		314,667	254,974
LIABILITIES			
Current Liabilities			
Current maturity of deferred expenditure payable		--	3,060
Due to the Investment Adviser	5	4,529	2,623
Creditors and accrued expenses	6	802	6,696
		-----	-----
Total Liabilities		5,331	12,379
		-----	-----
NET ASSETS		309,336	242,595
		=====	=====
SHAREHOLDERS' EQUITY			
Authorised capital			
80,000,000 ordinary shares of Rs. 10 each		800,000	800,000
		=====	=====
Issued, subscribed and paid-up capital			
40,000,000 ordinary shares of Rs. 10 each issued as fully paid in cash		400,000	400,000
Accumulated loss	12	(90,664)	(157,405)
		-----	-----
		309,336	242,595
		=====	=====

These accounts should be read in conjunction with the attached notes.

QAZI MAZHARUL HAQUE
Chief Executive

JAVOID & SHEIKH
Director

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

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousand)</i>	
Income			
Capital gain / (loss) on marketable securities		17,794	(13,924)
Dividend income		11,789	11,892
Profit on term finance certificates		3,096	1,741
Profit on bank deposits		2,368	1,322
		-----	-----

		35,047	1,031
Operating Expenses			
Administrative	7	(2,654)	(3,282)
Financial	8	(42)	(271)
Remuneration to the Investment Adviser	5.1	(4,500)	(2,356)
		-----	-----
		(7,196)	(5,909)
		-----	-----
		27,851	(4,878)
Reversal of diminution in value of marketable securities	3	39,479	38,934
		-----	-----
Profit before taxation		67,330	34,056
Taxation-Current		(589)	(595)
		-----	-----
Profit for the year		66,741	33,461
		=====	=====

These accounts should be read in conjunction with the attached notes.

QAZI MAZHARUL HAQUE
Chief Executive

JAVAI D & SHEIKH
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

2000 1999
(Rupees in thousand)

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	67,330	34,056
Adjustments for non-cash charges:		
Amortisation of deferred expenditure	1,488	1,488
Reversal of diminution in value of marketable securities	(39,479)	(38,934)
	-----	-----
	(37,991)	(37,446)
	-----	-----
Operating profit / (loss) before working capital changes	29,339	(3,390)
(Increase) /decrease in current assets:		
Marketable securities	(59,416)	75,259
Trade debts	--	5,850
Deposit and other receivables	1,430	1,142
	-----	-----
	(57,986)	82,251
Increase / (decrease) in current liabilities:		
Due to the Investment adviser	1,906	1,266
Creditors and accrued expenses	(5,894)	5,980
	-----	-----
	(3,988)	7,246
	-----	-----
Cash (used in) / generated from operations	(32,635)	86,107
Income tax paid	(502)	(998)
	-----	-----
Net cash flows from operating activities	(33,137)	85,109
CASH FLOW FROM FINANCING ACTIVITIES		
Deferred expenditure paid	(3,060)	(3,060)
	-----	-----
Net cash flows from financing activities	(3,060)	(3,060)
(Decrease) ! increase in bank balances	(36,197)	82,049
Bank balances at beginning of the year	85,109	3,060
	-----	-----
Bank balances at end of the year	48,912	85,109
	=====	=====

QAZI MAZHARUL HAQUE
Chief Executive

JAVAI D & SHEIKH
Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

KASB Premier Fund Ltd. is a public limited company incorporated on December 11, 1994 under the Companies Ordinance, 1984 and has been registered with the Corporate Law Authority as an Investment Company under the Investment Companies and Investment Adviser's Rules, 1971 to carry on the business of a closed end investment company. The company has entered into an agreement with Khadim Ali Shah Bukhari & Co. Ltd. to act as its "Investment Adviser". The company commenced its business on July 11, 1995 and is listed on all Stock Exchanges in Pakistan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Statement of compliance

These accounts have been prepared in accordance with Accounting Standards, issued by the International Accounting Standards Committee (IASC), interpretations issued by the Standing Interpretations Committee (SIC) of the IASC and the requirements of the Investment Companies and Investment Adviser's Rules, 1971.

2.3 Deferred expenditure

Expenditure incurred on the incorporation and on the issue of shares of the company to the public, borne by Investment Adviser, Khadim Ali Shah Bukhari & Co. Ltd., has been deferred and is being amortised over a period of five years from the date of commencement of business.

2.4 Marketable securities

Investments in quoted securities are valued at lower of cost and market value. Cost is determined on moving average basis and market value is determined on an aggregate portfolio basis. Middle market price has been used for calculating market value and it means the average of the highest and the lowest quotation prevailing on the balance sheet date.

2.5 Revenue recognition

(i) Sales and purchases of securities are recognised on the date of contract. Capital gains and losses on sale of securities are taken to income in the year in which it arises.

(ii) Dividend income is recorded at the time of the closure of share transfer book of the company declaring the dividend.

(iii) Income on term finance certificates is recorded on time proportion basis taking into account the principal outstanding and the yield applicable.

2.6 Taxation

The charge for current taxation is based on taxable income at the current rate of taxation. The company provides for deferred tax liability under the liability method.

3. MARKETABLE SECURITIES

These securities are ordinary fully paid shares/certificates of Rs. 10 each unless stated other, vise.

NAME OF COMPANIES	NUMBER OF SHARES/CERTIFICATES				BALANCE AS AT JUNE 30, 2000			PERCENTAGE IN RELATION TO		
	Opening	Purchases	Bonus	Sales	No. of shares/ certificates	At cost	At market	Own net assets (with cost of investment)	Paid-up capital of investee company (with face value of investment)	Total cost of investment
MUTUAL FUNDS										
ICP-SEMF	--	50,000	--	50,000	--	--	--	--	--	--
INVESTMENT COMPANIES AND BANKS										
Al-Faysal Investment Bank Ltd.	798,250	--	--	197,000	601,250	15,119	6,463	4.89	0.61	3.82
Askari Commercial Bank Ltd.	--	1,232,500	--	162,500	--	1,070,000	15,716	14,852	5.08	1.08
Bankers Equity Ltd.	40,000	--	--	40,000	--	--	--	--	--	--

Bank of Punjab Ltd.	--	11,700,000	--	11,700,000	--	--	--	--	--	--
Crescent Investment Bank Ltd.	245,700	135,700	--	280,700	100,700	2,350	1,483	0.76	0.20	0.59
Faysal Bank Ltd.	250	--	--	250	--	--	--	--	--	--
Muslim Commercial Bank Ltd.	--	1,898,000	--	1,868,000	30,000	1,046	934	0.34	0.02	0.26
Trust Investment Bank Ltd.	1,000,000	--	--	--	1,000,000	10,397	10,230	3.36	10.00	2.63
Union Bank Ltd.	3,500	--	--	3,500	--	--	--	--	--	--

INSURANCE

Adamjee Insurance Go Ltd.	--	5,095,500	--	5,095,500	--	--	--	--	--	--
Commercial Union Life Assurance Ltd:	1,614,500	--	--	--	1,614,500	25,808	11,302	8.34	5.38	6.52

TEXTILE SPINNING

Gadon Textile Mills Ltd.	552,500	--	--	526,000	26,500	905	750	0.29	0.11	0.23
Ibrahim Textile Mills Ltd.	120,000	23,500	--	1,000	142,500	1,980	1,639	0.64	1.05	0.50
Mukhtar Textile Mills Ltd.	300,000	--	--	--	300,000	2,124	525	0.69	3.00	0.54
Nagina Cotton Mills Ltd.	200,000	--	51,500	148,500	103,000	666	1,596	0.22	1.10	0.17
Sail Textile Mills Ltd.	219,550	15,000	--	200,000	34,550	496	498	0.16	0.18	0.13
Sapphire Textile Mills Ltd.	110,720	--	--	--	110,720	17,524	9,688	5.67	1.49	4.43

TEXTILE COMPOSITE

Artistic Denim Mills Ltd.	800,000	--	--	--	800,000	19,430	12,800	6.28	5.71	4.91
Kohinoor Textile Mills Ltd.	190,500	--	--	--	190,500	3,436	1,476	1.11	0.70	0.87
Nishat Mills Ltd.	926,100	1,920,500	--	1,846,600	1,000,000	25,050	23,430	8.10	0.90	6.33
Zahur Textile Mills Ltd.	--	100,000	--	--	100,000	355	290	0.11	0.13	0.09

SYNTHETIC AND RAYON

Dewan Salman Fibre Ltd.	--	567,000	--	567,000	--	--	--	--	--	--
Dhan Fibres Ltd.	--	798,500	--	798,500	--	--	--	--	--	--
Gatron industries Ltd.	45,100	--	--	--	45,100	1515	764	0.49	O. 12	0.38
Ibrahim Fibres Ltd.	--	280,000	--	30,000	250,000	3,964	3,613	1.28	0.13	1.00
Liberty Mills Ltd.	100.00	--	--	--	100,000	1,813	1,350	0.59	0.67	0.46

CEMENT

Mustehkam Cement Ltd.	60,500	--	--	--	60,500	12556	726	4.06	0.49	3.17
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FUEL AND ENERGY

Karachi Electric Supply Corporation Ltd.	--	150,000	--	150,000	--	--	--	--	--	--
Hub Power Go. Ltd.	557,000	41,406,000	--	40,873,000	1,090,000	25,154	16,023	8.13	0.09	6.36
Kohinoor Energy Ltd.	1,605,000	261,000	--	--	1,866,000	31,467	23,325	10.17	1.43	7.95
National Refinery Ltd.	--	45,500	--	--	45,500	3,424	1,931	1.11	0.07	0.87
Pakistan State Oil. Go. Ltd.	45,041	1,893,608	4,008	1,820,108	122,549	22,900	19,988	7.40	0.09	5.79
Shell Pakistan Ltd.	10,200	22,200	--	19,100	13,300	3,939	3,559	1.27	0.04	1.00
Sitara Energy Ltd.	74,500	--	--	74,500	--	--	--	--	--	--
Southern Electric Go. Ltd.	--	277,500	--	--	277,500	3,203	2,248	1.04	0.30	0.81
Sui Northern Gas Pipelines Go. Ltd.	315,601	988,755	9,090	970,255	343,191	6,294	5,525	2.03	0.08	1.59
Sui Southern Gas Co. Ltd.	--	1,109,000	--	786,500	322,500	6,236	5,283	2.02	0.06	1.58

AUTO AND ALLIED ENGINEERING

Pak Suzuki Motor Co. Ltd.	290,000	--	--	--	290,000	13,610	3,625	4.40	0.59	3.44
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CABLES AND ELECTRICAL GOODS

PEL Appliances Ltd.	325,000	--	--	--	325,000	19,416	2,860	6.28	556	4.91
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TRANSPORT AND COMMUNICATION

Pakistan Telecommunication Co. Ltd.	60,000	91,702,000	--	91,202,000	560,000	15,467	15,165	5.00	0.01	3.91
Worldcall Payphones Ltd.	--	40,000	--	--	40,000	608	656	0.20	0.10	0.15

CHEMICAL AND PHARMACEUTICAL

Engro Chemicals (Pakistan) Ltd.	46,296	4,617,300	--	4,518,500	145,096	10,782	8,609	3.49	0.12	2.73
Fauji Fertilizer Go. Ltd.	221,500	3,580,000	--	3,603,500	198,000	12,099	7,837	3.91	0.08	3.06
FFC Jordan Ltd.	--	885,000	--	645,000	240,000	3,227	2,172	1.04	0.07	0.82
Glaxo Welcome Pakistan Ltd.	76,600	--	--	70,600	6,000	292	426	0.09	0.02	0.07
ICI Pakistan Ltd.	--	17,019,000	--	16,919,000	100,000	1,326	1,513	0.43	0.01	0.34
R.R.P. Ltd.	41,000	--	--	--	41,000	785	164	0.25	1.53	0.20

PAPER AND BOARD

Century Paper and Board Mills Ltd.	241,450	--	--	--	241,450	5,173	2,958	1.67	0.77	1.31
Packages Ltd.	539,022	19,500	--	157,500	401,022	24,209	24,162	7.83	0.97	6.12

VANASPATI AND ALLIED INDUSTRIES

Sarhad Ghee Mills Ltd.	125,000	--	--	--	125,000	1,860	250	0.60	4.73	0.47
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FOODS AND ALLIED

Quice Food Industries Ltd.	1,024,000	--	--	--	1,024,000	10,282	2,048	3.32	9.58	2.60
Sunflo Cit-Russ Ltd.	1,162.00	--	--	847,000	315,000	3,183	403	1.03	1.19	0.80

MISCELLANEOUS

AI-Khair Gadoon Ltd.	45,000	--	--	--	45,000	430	198	0.14	0.45	0.11
Tri - Pack Films Ltd.	99,000	117,000	--	126,000	90,000	3,451	2,698	1.12	0.30	187
						-----	-----			
						391,067	258,035			
TERM FINANCE CERTIFICATES (TFC)										
(Rs. 5000 each)										
Dewan Salman Fibre Ltd.	300	--	--	--	300	1,499	1,560	0.48	0.09	0.38
Packages Ltd.	440	--	--	440	--	--	--	--	--	--
Sui Southern Gas Co. Ltd.	1,632	--	--	--	1,632	3,035	2,203	0.98	0.16	0.77
						-----	-----			
						4,534	3,763			
						-----	-----			
Grand Total						395,601	261,798			
Less: Provision for diminution in value of marketable securities (1999: Rs. 173,282)										
						(133,803)	--			
						-----	-----			
						261,798	261,798			
						=====	=====			

2000 1999
(Rupees in thousand)

4. DEPOSIT AND OTHER RECEIVABLES

Deposit	400	400
Dividend receivable	1,329	2,367
Profit receivable on term finance certificates	62	174
Profit receivable on bank deposits	693	973
	-----	-----
	2,484	3,914
	=====	=====

5. DUE TO THE INVESTMENT ADVISER

Remuneration payable - note 5.1	4,500	2,356
Mark-up on deferred expenditure payable	29	267
	-----	-----
	4,529	2,623
	=====	=====

5.1 The remuneration of the Investment Adviser, @ 2 percent of the net assets of the company at the end of its year of accounts in terms of rule 11 (a) of the Investment Companies and Investment Adviser's Rules, 1971, has been determined as follows:

Assets

Marketable securities - net	261,798	162,904
Deferred expenditure	--	1,487
Deposit and other receivables	2,484	3,914
Taxation	1,473	1,560
Bank balances-on deposit account	48,912	85,109
	-----	-----
	314,667	254,974

Liabilities

Current maturity of deferred expenditure payable	--	3,060
Due to the Investment Adviser	4,529	2,623
Creditors and accrued expenses	802	6,696
	-----	-----
	5,331	12,379
	-----	-----
Net assets as per rules	309,336	242,595
	=====	=====
Remuneration @ two percent of net assets	6,187	4,852
Less: Remuneration waived by the Investment Adviser	1,687	(2,496)
	-----	-----
Remuneration payable	4,500	2,356
	=====	=====

6. CREDITORS AND ACCRUED EXPENSES

Creditors for purchase of marketable securities	226	6,409
Custodian fee	511	222
Audit fee	65	65
	-----	-----
	802	6,696
	=====	=====

7. ADMINISTRATIVE EXPENSES

Auditors' remuneration - note 7.1	72	71
Amortisation of deferred expenditure	1,488	1,488
Custodian fee	803	950
Fees	257	166
Share transfer stamp charges	34	407
Professional tax	--	200
	-----	-----
	2,654	3,282
	=====	=====

7.1 Auditors' remuneration includes the following:

Audit fee	65	65
Out of pocket expenses	7	6
	-----	-----
	72	71
	=====	=====

8. FINANCIAL EXPENSES

Mark-up on deferred expenditure payable	29	267
Bank charges	13	4
	-----	-----
	42	271
	=====	=====

9. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

9.1 Interest rate/Mark-up risk exposure

The company's exposure to interest rate/mark-up risk based on contractual repricing or maturity dates whichever is earlier is as follows:

	(Rupees in thousand)				
	<i>Less than one month</i>	<i>Interest/Mark-up bearing Three months to one year</i>	<i>One year to five years</i>	<i>Non Interest/ Mark-up bearing</i>	<i>Total</i>
2000					
Financial assets					
Marketable securities-net	--	2,203	1,560	258,035	261,798
Deposit and other receivables	--	--	--	2,484	2,484
Taxation	--	--	--	1,473	1,473
Bank balances-on deposit account	48,912	--	--	--	48,912
	-----	-----	-----	-----	-----
	48,912	2,203	1,560	261,992	314,667
	=====	=====	=====	=====	=====
Average interest/mark-up rate	10.82	18.25	19.00		
Financial liabilities					
Due to the Investment Adviser	--	--	--	4,529	4,529
Creditors and accrued expenses	--	--	--	802	802
	-----	-----	-----	-----	-----
	--	--	--	5,331	5,331
	=====	=====	=====	=====	=====
Average interest/mark-up rate	--	--	--		

9.2 Concentration of credit risk and credit exposure of the financial instruments

The company believes that it is not exposed to major concentration of credit risk as its debt securities are traded on the stock exchange and other receivables are not material.

9.3 Fair value

The fair value of all the financial assets and liabilities is estimated to approximate their carrying values.

10. TAXATION

The income tax assessments of the company have been finalized upto and including accounting year ended

June 30, 1998. However, the company has filed appeals to the Commissioner of Income Tax (Appeals) against the orders in respect of accounting years 1995-96, 1996-97 and 1997-98.

11. STATEMENT OF MOVEMENT IN EQUITY AND RESERVES

	<i>2000</i>	<i>1999</i>
	<i>(Rupees)</i>	
Net assets per share as at July 01	6.07	5.23
Gain / (loss) on sale of marketable securities	0.44	(0.35)
Reversal of diminution in value of marketable securities	0.98	0.97
Net income for the year excluding capital gain / (loss)	0.24	0.22
	-----	-----
Profit for the year - per share	1.66	0.84
	-----	-----
Net assets per share as at June 30	7.73	6.07
	=====	=====

12. DISTRIBUTION STATEMENT

	<i>2000</i>	<i>1999</i>
	<i>(Rupees in thousand)</i>	
Accumulated loss brought forward	(157,405)	(190,866)
Profit for the year	66,741	33,461
	-----	-----
Accumulated loss carried forward	(90,664)	(157,405)
	=====	=====

13. PERFORMANCE TABLE

	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>
Net assets (Rupees in thousand)	309,336	242,595	209,134	314,262	361,031
Net assets value per share (Rupees)	7.73	6.07	5.23	7.85	9.02
Earnings per share (Rupees)	1.66	0.84	(2.63)	(1.16)	(0.97)
Dividend distribution	--	--	--	--	--

* First year of operations from July 11, 1995 to June 30, 1996

14. GENERAL

14.1 Previous year's figures have been re-arranged, wherever necessary, to facilitate comparison.

14.2 Figures have been rounded off to the nearest thousand rupee.

QAZI MAZHARUL HAQUE
Chief Executive

JAVOID & SHEIKH
Director

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

	<i>2000</i>	<i>1999</i>
	<i>(Rupees in thousand)</i>	
Investment Adviser's remuneration from KASB Premier Fund Ltd.	4,500	2,356
Mark-up on deferred expenditure receivable	29	267
	-----	-----
	4,529	2,623
Operating expenses		
Salaries, wages and other benefits	4,214	4,182
Staff training	44	22
Travelling and conveyance	128	54
Legal and professional charges	726	475
Printing, stationery and office supplies	139	127
Advertisement	57	77
Communication	241	192
Repairs and maintenance	165	94
Insurance	45	43
Power and utilities	145	109
Fees and subscription	74	33

Depreciation	524	242
	-----	-----
Financial expenses	6,502	5,650
Mark-up on short term financing	36	628
	-----	-----
	6,538	6,278
	-----	-----
Loss for the year	(2,009)	(3,655)
	=====	=====

Note: Other revenue not relating to the investment company has not been included in the above statement.

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2000

<i>Number of shareholders</i>	<i>Shareholding</i>		<i>Total number of shares held</i>	<i>Percentage</i>
	<i>From</i>	<i>To</i>		
34	1	100	3,400	0.0085
1,069	101	500	527,738	1.3193
92	501	1,000	90,900	0.2273
138	1,001	5,000	400,020	1.0001
48	5,001	10,000	377,500	0.9438
23	10,001	15,000	299,780	0.7495
10	15,001	20,000	183,300	0.4583
2	20,001	25,000	45,500	0.1138
1	25,001	30,000	29,500	0.0738
4	30,001	35,000	134,100	0.3353
4	35,001	40,000	148,500	0.3713
1	40,001	45,000	42,400	0.1060
5	45.00	50,000	245,200	0.6130
2	60.00	65,000	122,600	0.3065
2	65.00	70,000	139,000	0.3475
1	80.00	85,000	84,500	0.2113
1	85.00	90,000	90,000	0.2250
1	90.00	95,000	91,000	0.2275
1	110.00	115,000	110,400	0.2760
1	115.00	120,000	118,300	0.2958
1	135.00	140,000	139,500	0.3488
1	190.00	195,000	191,900	0.4798
2	195.00	200,000	399,800	0.9995
1	245.00	250,000	250,000	0.6250
1	345.00	350,000	345,900	0.8648
1	385.00	390,000	387,500	0.9688
1	575,001	580,000	580,000	1.4500
1	590,001	595,000	593,900	1.4848
1	675,001	680,000	679,825	1.6996
1	690,001	695,000	693,000	1.7325
1	765,001	770,000	767,100	1.9178
1	815,001	820,000	815,225	2.0381
1	905,001	910,000	906,787	2.2670
1	995,001	1,000,000	1,000,000	2.5000
1	10,095,001	1,100,000	1,096,900	2.7423
1	1,470,001	1,475,000	1,474,500	3.6863
1	2,630,001	2,635,000	2,630,450	6.5761
1	3,440,001	3,445,000	3,441,725	8.6043
2	3,995,001	4,000,000	8,000,000	20.0000
1	12,320,001	12,325,000	12,322,350	30.8059
	-----	-----	-----	-----
1,462	40,000,000			100.0000
	=====	=====	=====	=====

CATEGORIES OF SHAREHOLDERS

Particulars	Shareholders	Shareholding	Percentage
Individuals	1,396	14,902,650	37.26
Insurance Companies	1	9,100	0.02
Joint Stock Companies	28	4,619,300	11.55
Financial Institutions	23	16,459,300	41.15
Modaraba Companies	7	1,438,350	3.60
Leasing Companies	7	2,571,300	6.42
	-----	-----	-----
	1,462	40,000,000	100.00

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