

# Unit Trust Of Pakistan

Annual Report 1999

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## ORGANIZATION

### Management Company

ABAMCO Limited  
1306-1307, Chapal Plaza, Hasrat Mohani Road  
Karachi-74000  
Tel: 92-21-2441311-13 Fax: 92-21-2425652

### Board of Directors of the Management Company

Chairman	Mr. Jahangir Siddiqui
Directors	The Hon. Michael D'Arcy Benson Mr. William H. Kleh Mr. Iyad Malas Shaikh Mukhtar Ahmed Mr. Munaf Ibrahim
Chief Executive	Mr. M. Habib-ur-Rahman
Company Secretary	Saiyid Azher Alam

### Trustee

Muslim Commercial Financial Services (Pvt.) Limited  
9th Floor, Shaikh Sultan Trust Building  
Beaumont Road, Karachi-75530  
Tel: 92-21-5676172-73, 5675936 Fax: 92-21-5684458

### Transfer Agent

Muslim Commercial Bank Limited  
9th Floor, Shaikh Sultan Trust Building  
Beaumont Road, Karachi-75530  
Tel: 92-21-5671578, 5671587 Fax: 92-21-5684326

### Distribution Companies

Altowfeek Investment Bank Limited  
.Jahangir Siddiqui & Co. Limited  
Muslim Commercial Bank Limited  
National Bank of Pakistan  
Prudential Commercial Bank Limited

### Auditors

Ford, Rhodes, Robson, Morrow, Chartered Accountants  
Finlay House, I.I. Chundrigar Road, Karachi-74000

### Legal Advisors

Bawaney & Partners  
205-208, Imperial Hotel Building, Q.R.5, Queens Road  
Karachi-74200

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY**

The Board of Directors of ABAMCO Limited, the management company of Unit Trust of Pakistan (UTP), presents the second annual report on the working of UTP together with audited accounts for the year ended June 30, 1999.

### **I. INCOME OF UTP**

The income for the year ended June 30, 1999 was Rs. 48.611 million (1998: Rs. 37.964 million), after providing for Rs. 1.069 million (1998: Rs. Nil) as provision for diminution in market value of investment on individual investment basis. This works out to an income of Rs. 685 per unit (1998: Rs. 556 per unit). During the year, the return available in money market and deposits with banks declined. As a result, the combined income from these two sources declined by 22.38% as compared with previous year, firstly due to decline in the rate of return and secondly, because a shift was made of UTP's fund to other avenues of income, yielding higher return. The decline in income from money market/bank deposits was more than offset by increase in UTP's income from marketable securities, that included dividend, capital gains on sale of listed securities and mark-up on term finance certificates.

### **II. SALE AND REDEMPTION OF UNITS**

During the year under review, 6,130 units with a value of Rs. 33.214 million were sold (October 27, 1997 - i.e. the period beginning with the public offering - to June 30, 1998: 3,446 units with a value of Rs. 18.023 million) and 3,486 units with a value of Rs. 17.58 million were redeemed (1998: 147 units with a value of Rs. 0.764 million). Net sales were 2,644 units with a value of Rs. 15.634 million (October 27, 1997 to June 30, 1998: 3,299 units with a value of Rs. 17.259 million). As on June 30, 1999 units outstanding were 70,943 with a value of Rs. 358.281 million (1998: 68,299 units with a value of Rs. 341.896 million),

### **III. UNIT PRICES**

After the announcement of dividend for the year ended June 30, 1998, the ex-dividend offer and redemption prices of units were fixed at Rs. 5,112 and Rs. 5,011 respectively for the period from July 6, 1998 to July 9, 1998, based on the net asset value (NAV) of units on July 3, 1998. Subsequently the unit prices were announced weekly on every Saturday for the following week, based upon the NAV of units on previous Friday. At the end of the year on June 30, 1999, the offer and redemption prices stood at Rs. 5,742 and Rs. 5,641 respectively (June 30, 1998: Rs. 5,614 and Rs. 5,513).

The register of unit holders was closed from July 1, 1999 to July 15, 1999 to determine the entitlement to dividend. The sale and redemption of units will now recommence from Monday July 19, 1999. The ex-dividend offer and redemption prices have been fixed at Rs. 8,186 and Rs. 5,085 respectively for the period July 19, 1999 to July 22, 1999 based on NAV of July 16, 1999.

### **IV. DISTRIBUTION ON UNITS AND TOTAL RETURN**

The Management Company has declared a dividend of Rs. 675 per unit (1998: Rs. 550 per unit) for the year ended June 30, 1999. This is equivalent to 13.5% (1998: 11%) of the par value of units of Rs. 5,000 each. As 98.5% (1998: 98.9%) of the income for the year is being distributed to unit holders, there will be no liability for income tax. After setting aside the dividend amount, the NAV of units comes to Rs. 5,050

on June 30, 1999 (June 30, 1998: Rs. 5,006), To a unit holder investing in units, when transactions in units commenced in July 1998 after the declaration of dividend and holding the units for one year till the transactions again recommenced after the declaration of dividend for the year ended June 30, 1999, the total return comes to 15%.

The dividend warrants and unit certificates/account statements for units acquired through reinvestment of dividend are under preparation and will be dispatched to unit holders by August 7, 1999.

#### **V. UTP'S PERFORMANCE RELATIVE TO KSE INDEX**

The KSE 100 Index appreciated by 19.9% during the year ended June 30, 1999 whereas the total return on UTP units is 15%. The appreciation in the portfolio was mainly due to the fact that UTP was 90% invested in the secondary fixed income market. All along our strategy has been to achieve longer-term investment perspective of reducing volatility and focusing on regular flow of income. For these reasons during the period of steep decline in KSE Index in the previous year, UTP units had firmly held ground.

The Management Company will continue with its policy of remaining liquid and invest in fixed income securities and in shares of companies with consistent dividend paying record and growth prospects, so as to ensure a constant flow of income without erosion in the value of investment. UTP is well positioned to enter the market when equities of companies with a good track record are offering attractive valuations. This strategy will allow UTP to provide security, liquidity and profitability to its unit holders without foregoing growth.

#### **VI. APPROVED SECURITY STATUS AND LEVEL PLAYING FIELD**

Through amendment in the Trusts Act, 1882 and by listing on the Lahore Stock Exchange, UTP units have become approved security for investment by provident fund schemes without any limitations. In this respect there is now a level playing field between private sector and public sector unit trust schemes. They can now compete on the basis of their performance.

Our request for "approved investment" status under the Insurance Act, 1938 to be eligible for investment by life insurance companies was not approved by the Commerce Division. Further, our request for approved security/status for investment of the Statutory Liquidity Reserves (SLR) of the banking companies and non-banking financial institutions (NBFI) was not approved by the Finance Division and the State Bank of Pakistan. We have requested the Securities and Exchange Commission of Pakistan to kindly take up these matters again with the Government. because, the decision not to allow approved investment/security status to UTP appears not in line with the declared policy of the Government which states that the Government is "committed to ensuring that there is a level playing field between public and private sector mutual funds". It may also be mentioned that UTP, being listed on a stock exchange, having a stable NAV above par value since its inception and paying dividend at higher rate than the minimum prescribed for investment by life insurance companies already meets the basic conditions of eligibility for investment by life insurance companies and SLR of NBFI.

While there may be justification for the Government to prescribe rules for investment by the institutions, where large public fund is involved. these rules should lay down conditions for eligibility and exposure limits rather than defining the approved security within a narrow legal framework or even naming the approved security. If UTP or such investment schemes that meet the conditions of eligibility are approved it will only provide more investment avenues to institutional investors and the investment schemes will be able to compete in the market ;place

on the basis of their performance. It is expected that the Government will look at these issues with a positive approach.

## **VII. ANOMALIES IN TAX LAWS**

The mutual funds make a pool of financial assets and act as a conduit to pass on the return to the individual investors. The basic principle of taxation of mutual funds is that the taxation impact on the investor should be neutral, whether he invests directly or through the mutual fund. The Government has recognized this principle and the mutual funds have been exempted from the payment of income tax, provided 90% of the income is distributed as dividend to the share/unit holders. There is an anomaly in the tax law which arises because mutual funds are required to withhold tax at the rate of 10% from the dividend amount paid to individual tax payers and the tax so withheld becomes the final liability of the tax payers. As the distribution by mutual funds is also from such sources of income that are otherwise exempt from tax in the hands of individuals, Such as capital gains from sale of listed securities and income from listed term finance certificates. the individual investors who invest through the mutual funds are at a disadvantage compared to the individual investors who invest directly in the listed securities. The withholding tax should not be applicable on that portion of dividend that is paid out of income that are exempted from income tax in the hands of investors. This matter has been taken with the Government through the Mutual Fund Association of Pakistan and it is hoped that the Government will remove this anomaly.

## **VIII. Y2K COMPLIANCE**

The Management Company has conducted a review of the existing computer resources and related equipment to determine the current state of readiness and to identify and prioritize the areas that need to be addressed for millennium compliance. UTP's systems are Y2K compliant.

## **IX. AUDITORS**

The Management Company has re-appointed Messrs. Ford, Rhodes, Robson, Morrow, Chartered Accountants, as auditors of UTP for the financial year 1999 - 2000.

## **X. THANKS**

The Board of Directors of the Management Company thanks the Securities and Exchange Commission of Pakistan for their valuable support, understanding and guidance.

For and on behalf of the Board

**Karachi**  
July 16, 1999

**M. Habib-ur-Rahman**  
Chief Executive

## **REPORT OF THE TRUSTEE**

(Pursuant to Rule 18(f) of the Asset Management Companies Rules, 1995)

ABAMCO Limited, the management company of Unit Trust of Pakistan, has in all material respects managed Unit Trust of Pakistan in accordance with the provisions of the Trust Deed dated April 26, 1997 of the Unit Trust of Pakistan, and the Asset Management Companies Rules, 1995 during the period July 1, 1998 to June 30, 1999.



Number of units in issue	70,943	68,299
Net asset value per unit	5,050	5,006

The annexed notes form an integral part of these accounts.

	For ABAMCO Limited (Management Company)	
<b>M. Habib-ur-Rahman</b>	<b>Munaf Ibrahim</b>	<b>Shaikh Mukhtar Ahmed</b>
Chief Executive	Director	Director

For Muslim Commercial Financial Services (Pvt.) Limited  
(Trustee)  
**A. Razak H. Adam**  
Managing Director

## UNIT TRUST OF PAKISTAN INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 1999

	<i>Note</i>	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
<b>Income</b>			
Profit on money market transactions		24,438,608	38,937,482
Mark-up on term finance certificates		639,424	--
Mark-up/interest on bank deposits		14,372,490	11,064,323
Gain on sale of marketable securities		13,579,748	496,845
Dividend income		5,551,252	--
Other income		590,500	--
Element of income and capital gains in prices of units sold less those in units redeemed		2,067,644	861,381
		-----	-----
		61,239,666	51,360,031
Provision for diminution in market value of marketable securities on individual investment basis		1,068,625	--
		-----	-----
		60,171,041	51,360,031
<b>Expenses</b>			
Remuneration of Management Company		9,103,061	7,059,287
Remuneration of Trustee		1,463,832	1,251,253
Preliminary and floatation costs		--	4,611,510
Brokerage expenses		58,162	234,807
Bank and settlement charges		812,019	33,068
Exchange loss		--	86,500
Auditors' remuneration	10	122,500	120,000
		-----	-----
		11,559,574	13,396,425
		-----	-----
<b>Net income</b>		48,611,467	37,963,606

The annexed notes form an integral part of these accounts.

	For ABAMCO Limited (Management Company)	
<b>M. Habib-ur-Rahman</b>	<b>Munaf Ibrahim</b>	<b>Shaikh Mukhtar Ahmed</b>
Chief Executive	Director	Director

For Muslim Commercial Financial Services (Pvt.) Limited

(Trustee)  
**A. Razak H. Adam**  
 Managing Director

**UNIT TRUST OF PAKISTAN  
 DISTRIBUTION STATEMENT  
 FOR THE YEAR ENDED JUNE 30, 1999**

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
Undistributed income brought forward	399,156	--
Net income for the year	48,611,467	37,963,606
	-----	-----
	49,010,623	37,963,606
Final distribution @ Rs. 675/- per unit - distribution on August 7, 1999 (1998: Rs. 550 per unit distributed on July 15, 1998)	47,886,525	37,564,450
	-----	-----
Undistributed income carried forward	1,124,098	399,156
	=====	=====

	For ABAMCO Limited (Management Company)	
<b>M. Habib-ur-Rahman</b> Chief Executive	<b>Munaf Ibrahim</b> Director	<b>Shaikh Mukhtar Ahmed</b> Director

For Muslim Commercial Financial Services (Pvt.) Limited  
 (Trustee)  
**A. Razak H. Adam**  
 Managing Director

**UNIT TRUST OF PAKISTAN  
 STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1999**

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
Net assets as at the beginning of the year	341,896,048	100,000
Amount received on issue of 6,130 units (1998:68,446 units)	33,214,262	343,022,634
Amount paid on redemption of 3,486 units (1998:147 units)	(17,580,435)	(764,361)
	-----	-----
	15,633,827	342,258,273
Element of income and capital gains in prices of units sold less those in units redeemed	(2,067,644)	(861,381)
Net unrealised appreciation in market value of shares	2,093,957	--
Net income for the year less distribution	-----	-----
	724,942	399,156
	=====	=====

**Net assets as at the end of the year**

358,281,130 341,896,048

	For ABAMCO Limited (Management Company)	
<b>M. Habib-ur-Rahman</b> Chief Executive	<b>Munaf Ibrahim</b> Director	<b>Shaikh Mukhtar Ahmed</b> Director

For Muslim Commercial Financial Services (Pvt.) Limited  
(Trustee)  
**A. Razak H. Adam**  
Managing Director

## **UNIT TRUST OF PAKISTAN NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999**

### **1- LEGAL STATUS AND NATURE OF BUSINESS**

Unit Trust of Pakistan (UTP) has been established under the Asset Management Companies Rules, 1995 and has been approved as an investment scheme by the Securities and Exchange Commission of Pakistan (formerly Corporate Law Authority) on June 9, 1997. It has been constituted under a Trust Deed, dated April 26, 1997 between ABAMCO Limited as the management company, a company incorporated under the Companies Ordinance, 1984 and Muslim Commercial Financial Services (Pvt.) Limited as the trustee, also incorporated under the Companies Ordinance, 1984 and a wholly owned subsidiary of Muslim Commercial Bank Limited.

UTP is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to UTP. The units are listed on the Lahore Stock Exchange.

The principal activity of UTP is to make investments in securities listed on the stock exchanges registered in Pakistan under the Securities and Exchange Ordinance 1969, as well as other debt securities including Government of Pakistan paper, commercial paper and various other money market instruments.

### **2- ACCOUNTING POLICIES**

#### **2.1 Accounting convention:**

The statement of assets and liabilities has been prepared under the historical cost convention, as modified by the revaluation of marketable securities to market value at the year end.

#### **2.2 Investments:**

Investment in marketable securities are valued at market value. Market values of quoted marketable securities are taken from the Karachi Stock Exchange rates ruling at the year end. Sales and purchases of marketable securities are recognised on the date of contract. Net unrealised appreciation in value of marketable securities on an individual investment basis is taken to unit holders' funds whereas net unrealised diminution in value of marketable securities is taken to income statement.

Clean placements are stated at contracted amounts. Transactions of purchase under resale (reverse-repo) of Government securities and term finance certificates are entered into at contracted rates for specified periods of time with other financial institutions. The securities purchased under resale 13



obligations are recognised as investment at the contracted purchase prices and deleted upon resale. The differential between the initial and maturity values of the contracts is amortized over the period of the respective contract and recorded as income under profit from money market transactions.

### 2,3 Revenue recognition:

Profit on money market transactions, mark-up on term finance certificates and return on bank deposits are recognised on accrual basis. Gain or loss on sale of marketable securities is accounted for in the year in which it arises.

Dividend income is recorded at the time of the closure of share transfer book of the company declaring the dividend. Dividend received on marketable securities acquired after the announcement of dividend till the book closure date are not taken to income but reflected as reduction in the cost of investment.

### 2,4 Foreign currency:

Foreign currency transactions are translated into Pak Rupees at the rate of exchange prevailing on the date of each transaction. Assets and liabilities denominated in foreign currency are translated into Pak Rupees at the rate of exchange ruling at the year end. Exchange differences are recognised as income or expense in the year in which they arise.

### 2.5 Taxation:

UTP is exempt from tax under clause 102D of the IInd Schedule of the Income Tax Ordinance, 1979 subject to the condition that not less than 90% of its income of the year is distributed amongst the unit holders.

### 2.6 Element of income and capital gains in prices of units sold less those in units redeemed:

To prevent the dilution of per unit income and distribution of income already paid out on redemption, as dividend, an equalisation account called "element of income and capital gains in prices of units sold less those in units redeemed" is created.

The element of income and capital gains account is credited with the amount representing income accrued and realised capital gains prior to the date of issue and included in the sale proceeds of units. Upon redemption of units, the element of income and capital gains account is debited with the amount paid out of income accrued and realised capital gains prior to the date of redemption and included in the payment on account of redemption.

The net element of income and capital gains during an accounting period is transferred to the income account.

### 3- Marketable Securities

COMPANIES	<i>No. of holdin at beginning the year</i>	<i>Acquired during the year</i>	<i>Disposed during the year</i>	<i>No. of holdings at end of the year</i>	<i>Market value (Rupees)</i>	<i>% of Net Assets</i>
<b>BANKS</b>						
Askari Commercial Bank Limited	--	455,000	455,000	--	--	--
The Bank of Punjab	--	4,911,000	4,911,000	--	--	--
<b>INSURANCE</b>						
Adamjee Insurance Company Limited	--	2,382,000	2,382,000	--	--	--
EFU General Insurance Limited	--	1,111,588	1,111,588	--	--	--
International General Insurance Company						

of Pakistan Limited	--	80,125	500	79,625	4,936,750	1.38
<b>SYNTHETIC AND RAYON</b>						
Dewan Salman Fibre Limited	--	1,608,500	1,608,500	--	--	--
<b>SUGAR AND ALLIED</b>						
AI-Abbas Sugar Mills Limited	--	1,150,000	1,150,000	--	--	--
<b>FUEL AND ENERGY</b>						
Pakistan State Oil Company Limited	--	4,457,000	4,457,000	--	--	--
Shell Pakistan Limited	--	171,300	171,300	--	--	--
Sui Northern Gas Pipelines Limited	--	1,700,000	1,700,000	--	--	--
The Hub Power Company Limited	--	9,080,000	9,080,000	--	--	--
The Karachi Electric Supply Corporation Limited	--	6,300,000	6,300,000	--	--	--
<b>AUTO AND ALLIED</b>						
Indus Motor Corn party Limited	--	200,000	200,000	--	--	--
The General Tyre and Rubber Company Limited	--	79,500	79,500	--	--	--
<b>TRANSPORT AND COMMUNICATION</b>						
Pakistan Telecommunication s Company Limited	--	7,199,500	7,199,500	--	--	--
Telecard Limited	--	1,100,000	1,100,000	--	--	--
<b>CABLE AND ELECTRICAL GOODS</b>						
Philips Electrical Industries of Pakistan Limited	--	78,901	--	78,901	3,309,897	0.92
Refrigerators Manufacturing Company Pakistan Limited	--	26,027	--	26,027	260,270	0.07
<b>CHEMICAL AND PHARMACEUTICALS</b>						
Engro Chemical Pakistan Limited	--	1,749,500	1,749,500			
Fauji Fertilizer Company Limited	--	3,220,000	2,552,500	667,500	27,200,625	7.59
FFC-Jordan Fertilizer Company Limited	--	4,725,000	4,725,000	--	--	--
ICI Pakistan Limited	--	8,141,000	8,141,000	--	--	--
Knoll Pharmaceuticals Limited	--	54,500	54,500	--	--	--
Reckitt & Colman of Pakistan Limited	--	100,000	--	100,000	2,800,000	0.78
<b>MISCELLANEOUS</b>						
Tri-Pack Films Limited	--	583,000	583,000	--	--	--
					-----	-----
					38,507,542	10.74
					=====	
3.1 Investment at cost as at June 30, 1999					37,482,210	
					=====	
3.2 Investment at lower of cost and market value on individual investment basis as at June 30, 1999					36,413,585	
3.3 Shares/certificates have a face value of Rs. 10 each					=====	

**4- INVESTMENTS IN TERM****FINANCE CERTIFICATES**

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
Dewan Salman Fibre Limited (7,000 certificates of Rs. 5,000 each)	35,000,000	--
	=====	=====

4.1 The above were unquoted as at June 30, 1999 and are proposed to be listed on the Karachi Stock Exchange subsequent to the year end. These are therefore stated at cost.

4.2 Maximum credit risk in respect of term finance certificates is to the extent of the amount mentioned thereagainst plus accrued mark-up thereon.

**5- OTHER INVESTMENTS**

Placements - clean	60,000,000	120,000,000
Placements - secured against		

Short-term finance certificates	--	30,000,000
Placements - under reverse-repo arrangements	--	175,000,000
	-----	-----
	60,000,000	325,000,000
	=====	=====

5.1 Placements have been made with financial institutions upto a term of three months with profit rates ranging from 15.45% to 16.75% per annum.

5.2 Maximum credit risk in respect of clean placements is to the extent of the amount mentioned thereagainst plus accrued profit thereon.

## 6- BANK BALANCES

Local currency		
On current accounts	3,110	4,444
On deposit accounts	266,728,730	56,696,219
	-----	-----
	266,731,840	56,700,663
Foreign currency		
On deposit accounts	540	208,940
	-----	-----
	266,732,380	56,909,603
	=====	=====

7- Receivable against sale of marketable securities has been fully received subsequently.

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>8 - OTHER RECEIVABLES</b>		
Profit receivable on money		
Market transactions		
on placements - clean	136,575	81,266
on placements - under reverse-repo arrangements	--	2,298,987
	136,575	2,380,253
Mark-up receivable on term finance certificates	639,424	--
Interest/mark-up receivable on bank deposits	3,489,272	3,121,717
Dividend receivable	2,674,600	--
Others	243,503	--
	-----	-----
	7,183,574	5,501,970
	=====	=====

8.1 The above profit, mark-up/interest and dividend are likely to be fully received on due dates.

## 9- CREDITORS AND ACCRUALS

Payable against purchase of marketable securities	416,462	--
Accrued expenses	215,386	651,905
Others	9,250	--
	-----	-----
	641,118	651,905
	=====	=====

## 10- AUDITORS' REMUNERATION

Audit fee	100,000	100,000
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Other services	2,500	--
Out of pocket expenses	20,000	20,000
	-----	-----
	122,500	120,000
	=====	=====

## 11- INTEREST/MARK-UP SENSITIVITY POSITION

The fund's interest/mark-up rate sensitivity related to financial assets and financial liabilities can be determined from the following:

DESCRIPTION	Interest mark-up bearing				Total Rupees
	Within three month Rupees	More than three months and less than one year Rupees	More than one year Rupees	Non interest/mark-up bearing Rupees	
<b>Assets</b>					
Marketable securities	--	--	--	38,507,542	38,507,542
Investment in term finance certificates	--	--	35,000,000	--	35,000,000
Other investments	600,000,000	--	--	--	600,000,000
Bank balances	138,522,633	128,206,637	--	3,110	266,732,380
Receivable against sale of marketable securities	--	--	--	8,625,000	8,625,000
Other receivables	--	--	--	7,183,574	7,183,574
	-----	-----	-----	-----	-----
	198,522,633	128,206,637	35,000,000	54,319,226	416,048,496
	=====	=====	=====	=====	=====
Average interest/mark-up rates of financial assets	13.92%	13.44%	19.00%		
	=====	=====	=====		
<b>Liabilities and unit holders' funds</b>					
Remuneration payable to Management Company	--	--	--	9,103,061	9,103,061
Remuneration payable to Trustee	--	--	--	135,552	135,552
Creditors and accruals	--	--	--	641,118	641,118
Distribution payable	--	--	--	47,887,635	47,887,635
Unit holders' funds	--	--	--	358,281,130	358,281,130
	-----	-----	-----	-----	-----
	--	--	--	416,048,496	416,048,496
	=====	=====	=====	=====	=====
Total interest/mark-up rate sensitivity gap	198,522,633	128,206,637	35,000,000	(361,729,270)	--
	=====	=====	=====	=====	=====
Cumulative interest/mark-up rate sensitivity gap	198,522,633	326,729,270	361,729,270	--	--
	=====	=====	=====	=====	=====

## 12- FAIR VALUE OF FINANCIAL INSTRUMENTS

12.1 The estimated fair value of short-term financial assets and liabilities is considered not significantly different from book value as the items are short-term in nature.

12.2 The fair value of term finance certificates is considered to be equal to book value.

## 13- TRANSACTIONS WITH CONNECTED PERSONS

	1999 Rupees	1998 Rupees
ABAMCO Limited		
Remuneration of Management Company	9,103,061	7,059,287
Sales load	334,325	186,775

## Jahangir Siddiqui &amp; Co. Limited

Brokerage fees	1,131,129	174,963
Custody charges	--	20,500

## Prudential Commercial Bank Limited

Mark-up on bank deposits	2,838,478	6,372,731
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The transactions with the connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

**14- GENERAL**

14.1 Corresponding figures have been rearranged, wherever necessary, for the purposes of comparison

14.2 Figures have been rounded off to the nearest rupee.

	For ABAMCO Limited (Management Company)	
<b>M. Habib-ur-Rahman</b> Chief Executive	<b>Munaf Ibrahim</b> Director	<b>Shaikh Mukhtar Ahmed</b> Director

For Muslim Commercial Financial Services (Pvt.) Limited  
(Trustee)  
**A. Razak H. Adam**  
Managing Director

**UNIT TRUST OF PAKISTAN  
PERFORMANCE TABLE**

	<i>June 30, 1999</i>	<i>June 30, 1998</i>	<i>June 30, 1997</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Net Assets	358,281,130	341,896,048	100,000
Net Asset Value	5,050	5,006	*
Highest Issue Price during the year	5,807	5,614	*
Lowest Redemption Price during the year	5,011	5,068	*

\* These figures have not been presented as units were not offered for public subscription.