

## **BSJS Balanced Fund Limited**

Annual Report 1999

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### **COMPANY INFORMATION**

Board of Directors :	Mr. M. W. Farooqui Mr. Abid Hussain Zuberi Shaikh Mukhtar Ahmed Mr. Ayaz-ul-Haque Mr. Munaf Ibrahim Mian Raza Mansha Mr. M. Habib-ur-Rahman	Chairman      Chief Executive
Company Secretary:	Saiyid Azher Alam	
Investment Adviser:	ABAMCO Limited	
Auditors:	Taseer Hadi Khalid & Co. Chartered Accountants	
Legal Adviser:	Aman Law Associates	
Custodian:	Muslim Commercial Bank Limited	
Bankers:	Askari Commercial Bank Limited Bank Al-Habib Limited Bolan Bank Limited Credit Agricole Indosuez Faysal Bank Limited Metropolitan Bank Limited Muslim Commercial Bank Limited	
Registered Office:	1306-1307, Chapal Plaza Hasrat Mohani Road Karachi-74000, Pakistan Tel: 2441311-3, Fax: 2425652	
Share Department :	Uni Corporate & Financial Services Westland Trade Centre Opp: Flyover, Shaheed-e-Millat Road, Karachi-75350, Pakistan Tel: 4313205-6 Fax: 4313207	

### **NOTICE OF MEETING**

Notice is hereby given that the 5th Annual General Meeting of the Company will be held at 11:30 a.m. on Saturday, October 9, 1999 at its registered office 13th Floor, Chapal Plaza, Has rat Mohani Road, Karachi, to transact the following business:

1. To confirm the Minutes of the Fourth Annual General Meeting held on October 31, 1998.
2. To receive, consider and adopt the Audited Accounts of the Company together with Directors' Report for the year ended June 30, 1999.
3. To approve the payment of cash dividend @ Rs. 1.00 per share of Rs. 10/- each for the year ended June 30, 1999.
4. To appoint Auditors and fix their remuneration for the year 1999-2000. The present Auditors Messrs. Taseer Hadi Khalid & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.
5. To transact any other business with the permission of the Chair.

It is further notified that the Share Transfer Books of the Company will be closed from Wednesday, September 1, 1999 to Wednesday, September 8, 1999 (both days inclusive) to determine the names of members entitled to attend the Annual General Meeting and to determine entitlement to cash dividend as declared by the Board of Directors. Transfers received at Uni Corporate & Financial Services, Westland Trade Centre, Opposite Flyover, Shaheed-e-Millat Road, Karachi at the close of business on Tuesday, August 31, 1999 will be treated in time for these entitlements.

By order of the Board

**Saiyid Azher Alam**  
Company Secretary

Karachi: July 31, 1999

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint another member of the Company as a proxy to attend, speak and vote on his/her behalf. A corporation may appoint a person as proxy who is not a member.
2. Forms of proxy to be valid must be received at the Company's registered office duly stamped not later than 48 hours before the meeting.
3. If a member appoints more than one proxy and/or deposits more than one instruments of proxy with the Company, all such instruments of proxy shall be rendered invalid.
4. The shareholders are advised to notify the share department of any change of address to ensure prompt delivery of mail.

**FINANCIAL HIGHLIGHTS**

Year ended	June 30, 1999	June 30, 1998	June 30, 1997	August 8, 1995 to June 30, 1996
(Rupees in thousands from I to IV)				
I. Operating income	18,897	16,258	25,054	9,340
II. Operating expenses	4,355	4,297	4,547	8,905
III. Profit/(loss)	15,067	11,961	19,694	(33)
IV. Dividend	15,000	12,000	19,500	-

V. Rate of dividend (%)	10	8	13	-
VI. NAV at year end (Rs.)	10.83	10.03	10.60	10.10
VII. Appreciation/ (depreciation) in NAV (%)	7.98	(5.38)	5.00	-
VIII. Total return (%)	17.95	2.62	18.00	-
IX. KSE 100 Index on June 30	1,054.67	879.62	1,565	1,703
X. Appreciation/ (depreciation) in KSE 100 Index (%)	19.90	(43.79)	(8.10)	(6.95)

## DIRECTORS' REPORT

The Board of Directors of the BSJS Balanced Fund Limited (BBF) presents the Fifth Annual Report on the working of the Company, which is the fourth year of its operations, together with the Audited Accounts for the year ended June 30, 1999.

### I. OPERATING RESULTS

#### (I) Profit during the year

The Company earned a net profit of Rs. 15.067 million (1998: Rs. 11.961 million), that translates into an earning per share of Rs.1.00. Your directors recommend a cash dividend of 10% i.e. Rs. 1.00 per share (1998: 8% i.e. Rs. 0.80 per share). Rs. 15 million have been appropriated as dividend, that works out to 99.6 percent of the profit for the year. As over ninety percent of the net profit of the Company has been appropriated for distribution as dividend to shareholders, there is no liability for income tax under clause 102D part I of the Second Schedule of the Income Tax Ordinance, 1979.

As reported last year, the income tax assessment of your Company for the year ended June 30, 1996 (Assessment Year 1996-97) was not finalized because of pending appeal with the Income Tax Appellate Tribunal. As a prudent measure, full tax liability, as demanded by the Deputy Commissioner of Income Tax amounting to Rs. 1.282 million was provided in the Accounts. The appeal has now been decided and there will be a tax refund instead of earlier assessed tax liability. To the extent amount was appearing in the accounts as unpaid liability has been added back and the remaining amount will be added back after the refund is received.

#### II. Composition of Assets

On June 30, 1999, the composition of assets of your Company, at their market values was as under:

	June 30, 1999		June 30, 1998	
	Rs. in million	Percent %	Rs. in million	Percent %
Equity securities	90.965	49	71.132	39
Term finance certificates	31.000	17	6.326	4
Investment on mark-up basis	15.000	8	76.000	42
Receivable on sale of shares	40.000	22	6.961	4
Cash at banks in PLS accounts	0.865	1	16.725	9
Receivables against income	6.528	3	4.340	2
	<b>184.36</b>	<b>100</b>	<b>181.48</b>	<b>100</b>

During the year the return available in money market and on Bank

deposits, were not attractive. The combined income of your Company from these sources declined by 26.92%, firstly due to decline in the rate of return and secondly, because funds were shifted to other avenues of income, yielding higher return. This decline was more than offset by substantial increase in income from dividend and mark-up on term finance certificates. The composition of assets of your Company has undergone change and investment in term finance certificates and equity securities have increased by 13% and 10% respectively.

**(iii) The Company's performance relative to KSE Index:**

The KSE 100 Index appreciated by 19.90% during the year ended June 30, 1999. The net asset value (NAV) of the shares of your Company was Rs. 10.03 on June 30, 1998 and it improved to Rs. 10.83 on June 30, 1999. Together with dividend pay-out, this reflects a return of 17.95%. BBF is a balanced fund and a portion of investment is in fixed income securities and in money market instruments which do not move with the KSE Index. All along our strategy has been to achieve our long-term investment perspective of reducing volatility and focusing on regular flow of income. During the period of steep decline in KSE index, in the previous year, BBF had firmly held ground.

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

**2. Y2K COMPLIANCE**

The Investment Adviser 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. Our systems are Y2K compliant.

**3. AUDITORS**

Messrs. Taseer Hadi Khalid & Co., Chartered Accountants retire, and being eligible, offer themselves for re-appointment.

**4. SHARE HOLDERS**

A statement showing pattern of share holding in the Company as at June 30, 1999 is given on page 24 of this Report.

**5. THANKS**

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

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

Karachi: July 31, 1999

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of BSJS Balanced Fund Limited as at June 30, 1999 and the related Profit and Loss Account and Statement of Changes in Financial Position together with the notes to the accounts 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 purpose 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 Advisers Rules, 1971;

(b) In our opinion:

(i) The Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and the Investment Companies and Investment Advisers Rules, 1971 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

(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 Statement of Changes in the Financial Position together with the notes forming part thereof give the information required by the Companies Ordinance, 1984 and Investment Companies and Investment Advisers Rules, 1971 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999 and of the profit and changes in the financial position for the year ended on that date;

(d) In our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

**Taseer Hadi Khalid & Co.**  
Chartered Accountants

Karachi: July 31, 1999

## Balance Sheet As at June 30, 1999

	Note	1999	1998
<b>ASSETS</b>			
<b>Marketable securities</b>			
Equity securities		78,884,608	70,841,207
Term finance certificates		31,000,000	5,324,000
	6	109,884,608	76,165,207
<b>Other Assets</b>			
Advance against investment		--	1,000,000
Other investments	7	15,000,000	76,000,000
Trade debts - considered good	8	40,000,000	6,960,519
Advances and other receivables	9	6,528,542	4,340,290
Cash and bank balances	10	864,690	16,725,124
		62,393,232	105,025,933
<b>Total Assets</b>		172,277,840	181,191,140
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current maturity of deferred expenditure payable	3	1,184,115	1,184,115
Due to Investment Adviser	4	3,592,860	3,694,540

Dividend payable		3,263	1,386
Accounts payable and accrued expenses	5	367,530	10,538,917
Proposed dividend		15,000,000	12,000,000
Provision for taxation		756,391	1,281,878
		-----	-----
		20,904,159	28,700,836
<b>Other Liabilities</b>			
Deferred expenditure payable	3	1,184,117	2,368,232
		-----	-----
Total Liabilities		22,088,276	31,069,068
		-----	-----
NET ASSETS		150,189,564	150,122,072
		=====	=====
SHAREHOLDERS EQUITY	Rupees	150,189,564	150,122,072
		=====	=====

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

**M. Habib-ur-Rahman**                      **Munaf Ibrahim**  
Chief Executive                              Director

### Profit and Loss Account For the year ended June 30, 1999

	Note	1999	1998
Capital gain/(loss)	11	(10,449,760)	8,095,089
Dividend income	12	7,581,626	5,090,758
Mark-up on bank deposits		3,972,500	1,695,374
Profit on money market transactions		3,675,904	8,770,858
Profit on term finance certificates		2,941,008	982,880
Other income		10,000	--
		-----	-----
		7,731,278	24,634,959
Reversal/(Provision) for diminution in value of marketable securities on individual investment basis		11,165,619	(8,376,850)
		-----	-----
		18,896,897	16,258,109
<b>Operating Expenses</b>			
Administrative	13	705,227	590,429
Financial	14	499,665	698,122
Remuneration to Investment Adviser	4.1	3,150,000	3,008,283
		-----	-----
		4,354,892	4,296,834
		-----	-----
<b>Profit before taxation</b>		14,542,005	11,961,275
Provision for taxation added back-prior year	16	525,487	--
		-----	-----
Net profit for the year	Rupees	15,067,492	11,961,275
		=====	=====

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

**M. Habib-ur-Rahman**                      **Munaf Ibrahim**  
Chief Executive                              Director

## DISTRIBUTION STATEMENT

For the year ended June 30, 1999

		1999	1998
Undistributed profit brought forward		122,072	160,797
Net profit for the year		15,067,492	11,961,275
<b>Appropriation:</b>			
Final cash dividend @ 10%			
(1998: 8%)		(15,000,000)	(12,000,000)
Undistributed profit carried forward	Rupees	189,564	122,072

**M. Habib-ur-Rahman**

Chief Executive

**Munaf Ibrahim**

Director

## STATEMENT OF MOVEMENT IN EQUITY AND RESERVES

For the year ended June 30, 1999

		1999	1998
<b>Net assets as at July 1,</b>			
<b>1998 (1997)</b>			
Share capital		150,000,000	150,000,000
Accumulated profit		122,072	160,797
	Rupees	150,122,072	150,160,797
Undistributed income/ (distribution exceeding income) for the year		67,492	(38,725)
<b>Net assets as at June 30,</b>			
<b>1999 (1998)</b>			
Share capital		150,000,000	150,000,000
Accumulated profit		189,564	122,072
	Rupees	150,189,564	150,122,072

**M. Habib-ur-Rahman**

Chief Executive

**Munaf Ibrahim**

Director

## STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended June 30, 1999

		1999	1998
<b>CASH FLOWS FROM OPERATING</b>			
<b>ACTIVITIES</b>			
Profit before taxation		14,542,005	11,961,275
Adjustments for:			
(Reversal)/Provision for diminution in value of marketable securities		(11,165,619)	8,376,850
Mark-up on deferred expenditure		442,860	686,257
Operating profit before working capital changes		3,819,246	21,024,382

**(Increase)/decrease in current assets**

Marketable securities	(22,553,782)	'(13,780,215)
Advance against investment	1,000,000	'(1,000,000)
Other investments	61,000,000	'(21,000,000)
Trade debts	(33,039,481)	40,183,310
Advances and other receivables	(2,078,251)	(2,509,107)
<b>Increase/(decrease) in current liabilities</b>		
Due to Investment Adviser	3,150,000	3,008,283
Accounts payable and accrued expenses	(10,171,387)	9,266,453
Cash generated from/(used in) operations	1,126,345	35,193,106
Paid to Investment Adviser	(4,878,655)	(5,250,868)
Taxes paid	(110,001)	--
Dividend paid	(11,998,123)	(19,498,614)
Net cash from/(used) in operating activities	(15,860,434)	10,443,624
Net increase/(decrease) in cash and bank balances	(15,860,434)	10,443,624
Cash and bank balances at the beginning of the year	16,725,124	6,281,500
Cash and bank balances at the end of the year	Rupees 864,690	16,725,124

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

**Munaf Ibrahim**  
Director

## NOTES TO THE ACCOUNTS For the year ended June 30, 1999

### 1. STATUS AND NATURE OF BUSINESS

The Company was incorporated on March 26, 1994 as a public limited company under the Companies Ordinance, 1984 and was registered as an investment company under the Investment Companies and Investment Advisers Rules, 1971. The Company obtained certificate of commencement of business on August 8, 1995 and is listed on the Karachi Stock Exchange. The Company is a closed-end mutual fund. The Company entered into an agreement with an associated company, ABAMCO Limited to act as its 'Investment Adviser' and Muslim Commercial Bank Limited as its 'Custodian'. The principal activity of the Company is to make investment in securities.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Accounting convention

The accounts of the Company are prepared under the historical cost convention.

#### 2.2 Basis for preparation

These accounts have been prepared in accordance with International Accounting Standards as applicable in Pakistan.

#### 2.3 Marketable securities

These are valued at lower of average cost and middle market price ruling on the balance sheet date determined on an individual investment basis. The provision, if any, required to bring



marketable securities to market value is charged to the profit and loss account.

Middle market price means the average of the highest and the lowest quotation for the day.

#### 2.4 Revenue recognition

Dividend income is recorded at the time of the closure of share transfer books of the company declaring the dividend and is shown net of zakat deducted.

Sale and purchase of securities are recognized on the date of contract. Capital gain/loss on sale of investments is taken to income of the year in which it arises.

Income on term finance certificates and Federal Investment Bonds is recorded on time proportion basis taking into account the principal outstanding and the yield applicable.

Profit on bank deposits is recorded on accrual basis.

#### 2.5 Taxation

The Company is exempt from tax under clause 102D of the Second Schedule of the Income Tax Ordinance, 1979 subject to the condition that not less than 90% of its income of that year is distributed amongst its shareholders.

### 3. DEFERRED EXPENDITURE PAYABLE

	1999	1998
Opening balance	2,368,232	3,552,347
Less: Current maturity	1,184,115	1,184,115
	-----	-----
Rupees	1,184,117	2,368,232
	=====	=====

The expenditure incurred on the incorporation and floatation of BSJS Balanced Fund Limited has been paid by ABAMCO Limited - Investment Adviser.

These expenses are being reimbursed to ABAMCO Limited over a period of not less than five years in equal annual installments with mark-up at 17% per annum.

### 4. DUE TO INVESTMENT ADVISER - ABAMCO LIMITED

Remuneration @ 2 percent of net assets	4.1	3,150,000	3,008,283
Mark-up on deferred expenditure payable		442,860	686,257
		-----	-----
Rupees		3,592,860	3,694,540
		=====	=====

4.1 The remuneration of Investment Adviser @ 2 percent of the net assets of the Company, as at the end of its year of accounts in term of Clause 11 (a) of the Investment Companies and Investment Advisers Rules, 1971 has been determined as follows:

	1999	1998
<b>ASSETS</b>		
Marketable securities	121,964,779	76,457,297

Advance against investment	--	1,000,000
Other investments	15,000,000	76,000,000
Trade debts-unsecured-considered good	40,000,000	6,960,519
Advances and other receivables	6,528,542	4,340,290
Cash and bank balances	864,690	16,725,124
	-----	-----
	181,483,230	184,358,011

**LIABILITIES**

Deferred expenditure payable	1,184,117	2,368,232
Dividend payable	3,263	1,386
Accounts payable and accrued expenses	367,530	10,538,917
Current maturity of deferred expenditure payable	1,184,115	1,184,115
Proposed dividend	15,000,000	15,000,000
Due to Investment Adviser	3,592,860	3,694,540
Provision for taxation	756,391	1,281,878
	-----	-----
	22,088,276	31,069,088

Net assets as per Rules	Rupees	162,269,735	150,414,162
		=====	=====
Remuneration @ 2 percent of net assets		3,245,395	3,008,283
Less: Remuneration waived by Investment Adviser		(95,395)	--
	Rupees	-----	-----
		3,150,000	3,008,283
		=====	=====

**5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Account payable	84,936	10,379,774	
Accrued expenses	281,965	123,143	
Tax deducted at source	629	36,000	
	-----	-----	
	Rupees	367,530	10,538,917
		=====	=====

**6. MARKETABLE SECURITIES - Quoted**

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

Name of Companies	NO. OF SHARES				BALANCE AT JUNE 30,1999				PERCENTAGE IN RELATION TO		
	Opening Balance	Purchases	Bonus	Sales	No. of Shares	Cost	Market value	Lower of Cost & Market value	Own Net Assets	Paid-up Capital	Investment
<b>MUTUAL FUNDS</b>											
3rd. ICP Mutual Fund	7,000	--	--	--	7,000	81,620	70,000	70,000	0.05	0.14	0.07
4th. ICP Mutual Fund	148,500	271,000	--	273,500	146,000	2,847,000	2,847,000	2,847,000	1.75	2.92	2.56
6th. ICP Mutual Fund	7,000	--	--	--	6,000	100,444	71,700	71,700	0.06	0.12	0.09
9th. ICP Mutual Fund	44,000	46,000	--	40,000	50,000	1,044,110	1,125,000	1,044,110	0.64	1.00	0.94
13th. ICP Mutual Fund	32,500	57,500	--	57,500	32,500	487,500	349,375	349,375	0.30	0.65	0.44
20th. ICP Mutual Fund	2,500	--	--	2,500	--	--	--	--	--	--	--
21st. ICP Mutual Fund	1,000	--	--	1,000	--	--	--	--	--	--	--
<b>MODARABAS</b>											
First Grindlays Modaraba	44,820	108,055	--	--	152,875	1,629,051	1,872,719	1,629,051	1.00	0.41	1.47
<b>LEASING</b>											
Orix Leasing Pakistan Limited	56,500	110,069	14,125	116,000	64,694	1,540,028	1,682,044	1,540,028	0.95	0.32	
Pakistan Industrial Leasing Corporation Limited	110,000	--	--	110,000	--	--	--	--	--	--	--

Paramount Leasing Limited	--	25,500	--	25,500	--	--	--	--	--	--	--	1.39
<b>BANKS/INVESTMENT</b>												
Askari Commercial Bank Limited	--	550,000	--	550,000	--	--	--	--	--	--	--	--
Soneri Bank Limited	112,200	--	11,220	123,420	--	--	--	--	--	--	--	--
<b>INSURANCE</b>												
Adamjee Insurance Company Li	--	3,123,000	5,000	3,078,000	50,000	2,272,725	1,907,500	1,907,500	1.40	0.12	2.04	
<b>TEXTILE SPINNING</b>												
Dewan Khalid Textile Mills Limit	--	73,395	--	--	73,395	3,669,750	4,003,696	3,669,750	2.26	2.29	3.30	
<b>SYNTHETIC &amp; RAYON</b>												
Dewan Salman Fibre Limited	--	3,234,000	--	3,234,000	--	--	--	--	--	--	--	--
Ibrahim Fibres Limited	--	1,700,800	--	1,700,800	--	--	--	--	--	--	--	--
<b>SUGAR &amp; ALLIED</b>												
Al-Abbas Sugar Mills Limited	1,630,875	1,150,000	--	1,630,875	1,150,000	8,625,000	12,937,500	8,625,000	5.31	6.62	7.76	
<b>FUEL &amp; ENERGY</b>												
Pakistan State Oil Company Limi	1,400	2,473,500	--	2,434,900	40,000	3,768,000	3,710,000	3,710,000	2.32	0.03	3.39	
Shell Pakistan Limited	26,400	188,300	--	214,700	--	--	--	--	--	--	--	--
The Hub Power Company Limite	--	7,825,000	--	7,825,000	--	--	--	--	--	--	--	--
<b>ENGINEERING</b>												
Crescent Steel and Allied Products Limited	20,125	93,075	--	113,200	--	--	--	--	--	--	--	--
<b>AUTO AND ALLIED ENGINEERING</b>												
Atlas Honda Limited	--	5,686	--	--	5,686	118,682	109,459	109,459	0.07	0.04	0.11	
<b>CABLES AND ELECTRICAL GOODS</b>												
Philips Electrical industries of Pakistan Limited	127,204	124,804	--	127,204	124,804	4,493,543	5,235,528	4,493,543	2.77	1.24	4.04	
Refrigerators Manufacturing Company Pakistan Limited	49,560	110,000	12,885	110,000	62,445	601,027	624,450	601,027	0.37	1.26	0.54	
<b>TRANSPORT &amp; COMMUNICATIONS</b>												
Pakistan Telecommunications Company Limited	--	12,086,000	--	11,986,000	100,000	2,165,000	2,003,000	2,003,000	1.33	--	1.95	
<b>CHEMICAL &amp; PHARMACEUTICALS</b>												
BOC Pakistan Limited	56,900	241,616	10,764	226,758	82,522	5,701,346	6,684,282	5,701,346	3.51	0.40	5.13	
Engro Chemical Pakistan Limited	--	2,333,500	--	2,333,500	--	--	--	--	--	--	--	--
Fauji Fertilizer Company Limited	95,000	1,493,500	--	1,288,500	300,000	12,570,000	12,354,000	12,354,000	7.74	0.12	11.31	
FFC.Jordan Fertilizer Company	--	505,000	--	505,000	--	--	--	--	--	--	--	--
Glaxo Wellcome Pakistan Limite	30,000	61,502	--	60,751	30,751	1,030,159	1,076,285	1,030,159	0.63	0.09	0.93	
ICI Pakistan Limited	--	4,085,000	--	4,085,000	--	--	--	--	--	--	--	--
Knoll Pharmaceuticals Limited	200,400	392,000	--	401,600	190,800	12,021,106	13,346,460	12,021,106	7.41	2.48	10.82	
Reckitt & Colman ol Pakistan Li	234,555	246,864	--	352,400	129,019	3,885,836	3,612,532	3,612,532	2.39	0.40	3.50	
<b>PAPER &amp; BOARD</b>												
Packages Limited	29,060	54,086	7,363	34,060	56,449	1,492,337	2,314,409	1,492,337	0.92	0.14	1.34	
<b>FOOD &amp; ALLIED</b>												
CPC Ralhan Limited	76,080	150,400	--	150,000	76,480	6,327,068	8,030,400	6,327,068	3.90	0.83	5.69	
Lever Brothers Pakistan Limited	--	34,000	--	34,000	--	--	--	--	--	--	--	--
Shares of Rs. 50/- each)												
Raffhan Best Foods Products Li	50,720	90,800	--	90,000	51,520	3,675,517	4,997,440	3,675,517	2.26	0.84	3.31	
<b>TERM FINANCE CERTIFICATES</b>												
Certificates of Rs. 5,000/- each)												
Nishat Mills Limited	400	2,600	--	3,000	--	--	--	--	--	--	--	--
ICI Pakistan Limited	665	--	--	665	--	--	--	--	--	--	--	--
Gatron Industries Limited	--	200	--	--	200	1,000,000	1,000,000	1,000,000	0.62	--	0.90	

Saudi Pak Leasing Company Li	--	3,000	--	--	3,000	15,000,000	15,000,000	15,000,000	9.24	--	13.50
Dewan Salman Fibre Limited	--	3,000	--	--	3,000	15,000,000	15,000,000	15,000,000	9.24	--	13.50
					--	111,146,849	121,964,779	109,864,608	68.44	--	100.00
Less: Provision for diminution in value of marketable securities as on June 30, 1999						(1,262,241)					
					Rupees	109,884,608	121,964,779	109,884,608			

**7. OTHER INVESTMENTS**

This represents clean placement with Atlas Lease Limited for specified period of time at a return of 15.50% (1998: NIL).

**8. TRADE DEBTS - Considered good**

These have been fully recieved subsequently.

	1999	1998
<b>9. ADVANCES AND OTHER RECEIVABLES</b>		
Advance tax	756,391	646,390
Accrued profit on term finance certificates	1,435,451	318,662
Other receivables	4,336,700	3,375,238
Rupees	6,528,542	4,340,290

**10. CASH AND BANK BALANCES**

Cash in hand	130	130
Cash at bank:		
- In PLS account	774,863	16,700,362
- In PLS Rozana		
Munafa Plus account	1,548	12,254
- In Current account	88,149	12,378
	864,560	16,724,994
Rupees	864,690	16,725,124

**11. CAPITAL GAIN**

Sales - net		1,375,007,728	1,157,034,320
Cost of sales	11.1	(1,385,457,488)	(1,148,939,231)
		(10,449,760)	8,095,089
11.1 Cost of sales			
Opening stock		88,593,067	74,812,851
Purchases		1,407,948,458	1,162,674,872
Stamps and duties		62,812	44,575
		1,496,604,337	1,237,532,298
Less: Closing stock		(111,146,849)	88,593,067
Rupees		(1,385,457,488)	1,148,939,231

**12. DIVIDEND INCOME**

Dividend		7,583,817	5,103,203
Less: Zakat deducted at source		(2,191)	(12,445)

Rupees	7,581,626	5,090,758
	=====	=====

### 13. ADMINISTRATIVE EXPENSES

Custodian fee		514,337	417,139
Listing expenses		75,890	50,000
Auditors' remuneration	13.1	40,000	47,285
Professional tax		75,000	76,005

Rupees	705,227	590,429
	=====	=====

#### 13.1 Auditors' Remuneration

Audit fee		30,000	30,000
Other services		5,000	5,000
Out of pocket expenses		5,000	12,285

Rupees	40,000	47,285
	=====	=====

### 14. FINANCIAL EXPENSES

Mark-up on deferred expenditure payable to ABAMCO Limited		442,860	686,257
Bank charges		2,358	6,045
Brokerage commission		54,447	5,820

Rupees	499,665	698,122
	=====	=====

### 15. TRANSACTIONS WITH ASSOCIATED COMPANIES

Mark-up on deferred expenditure payable	Rupees	442,860	686,257
		=====	=====

Remuneration to Investment Adviser	Rupees	3,150,000	3,008,283
		=====	=====

Sale of securities	Rupees	1,331,078,622	1,115,287,424
		=====	=====

Purchase of securities	Rupees	1,354,543,767	1,110,074,714
		=====	=====

Commission expenses	Rupees	1,465,786	1,412,522
		=====	=====

### 16. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 16.1 Mark-up/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:

1999	Less than one month	Mark-up/ Interest bearing			Non mark-up/ Interest bearing	Total
		One month to three months	Three months to one year	More than one year		
<b>Financial Assets</b>						
Cash & bank balances	776,411	-	-	-	88,279	864,690
Advances & other receivables	-	-	-	-	6,528,542	6,528,542

Trade debtors	-	-	-	-	40,000,000	40,000,000
Other investments	-	15,000,000	-	-	-	15,000,000
Marketable securities	-	-	-	31,000,000	78,884,608	109,884,608
	Rupees	776,411	15,000,000	-	31,000,000	125,501,429
						172,277,840

Average mark-up rates of financial assets		13.99%	15.50%	-	18.61%	-
---	--	--------	--------	---	--------	---

**Financial Liabilities**

Accounts payable and accrued expenses	-	-	-	-	367,530	367,530
Dividend payable	-	-	-	-	15,003,263	15,003,263
Due to Investment Advisor	-	-	-	-	3,592,860	3,592,860
Deferred expenditure payable	-	-	-	1,184,117	1,184,115	2,368,232
	Rupees	-	-	-	1,184,117	20,147,768
						21,331,885

Average mark-up rates of financial liabilities		-	-	-	17%	-
--	--	---	---	---	-----	---

<b>1998</b>						
<b>Financial Assets</b>	Rupees	51,012,254	25,000,000	16,700,362	6,324,000	82,154,524
						181,191,140

Average mark-up-rates of financial assets		17.32%	16.50%	9.87%	18.55%	-
---	--	--------	--------	-------	--------	---

<b>Financial Liabilities</b>	Rupees	-	-	-	2,368,232	27,418,958
						29,787,190

Average mark-up rates of financial liabilities		-	-	-	17%	-
--	--	---	---	---	-----	---

## 16.2 Fair value of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximates their fair value.

**17. TAXATION**

The Income Tax Assessments of the Company have been finalized upto and including assessment year 1997-98.

As reported last year, the Income Tax Assessment of the Company for the year ended June 30, 1996 (Assessment Year 1996-97) was pending because the Income Tax Department had appealed to the Income Tax Appellate Tribunal against the relief allowed by the Commissioner of Income Tax (Appeals) against the add back of expenses by the Deputy Commissioner of Income Tax. As a prudent measure, full tax liability, as demanded by the Deputy Commissioner of Income Tax amounting to Rs. 1,281,878 was provided in the Accounts. The appeal has been decided and there will be a tax refund instead of the earlier assessed tax liability. The Company has now added back, in these accounts, Rs. 525,487 and the remaining amount will be added back after the appeal effect is received.

For assessment year 1999-2000, no provision has been made in the financial statements due to exemption under clause 102D of the Second Schedule of the Income Tax Ordinance, 1979, subject to the condition that not less than 90% of income of that year is distributed amongst the shareholders.

**18. PERFORMANCE****TABLE**

<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996*</b>
-------------	-------------	-------------	--------------

Net assets (based on audited accounts)	150,189,564	150,122,072	150,160,797	149,967,031
Net assets (based on market value of investments)	162,269,735	150,414,162	158,999,611	151,293,197
Net assets value per share (based on audited accounts)	10.01	10.00	10.01	9.99
Net assets value per share (based on market value of investments)	10.83	10.03	10.60	10.10
Earning per share	1.01	0.80	1.31	-
Dividend distribution	10%	8%	13%	-

\*First year of operations from August 8, 1995 to June 30, 1996

#### 19. GENERAL

19.1 Figures have been rounded off to the nearest rupee.

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

#### ABAMCO Limited Investment Adviser

#### Statements of Income & Expenditure in relation to Investment Company

For the year ended June 30, 1999

	1999	1998
<b>Operating Income</b>		
Remuneration from BSJS Balanced Fund Limited	3,150,000	3,008,283
Mark-up income on deferred expenditure	442,860	686,257
	-----	-----
	3,592,860	3,694,540
<b>Operating Expenses</b>		
Administrative:		
Salaries, wages and other benefits	5,293,551	3,864,819
Office rent	517,920	496,385
Audit fee	33,980	33,485
Depreciation	1,202,679	892,162
Insurance	408,337	240,819
Printing & stationery	1,251,798	241,601
Brokerage commission	--	500
Directors' meeting fee	3,500	500
Legal & professional	945,418	282,908
Entertainment	75,626	111,094
Travelling & conveyance	1,097,280	908,414
Computer system	285,943	537,592
Postage	134,759	60,609
Telephone	477,874	316,551
Utilities	185,012	145,246

Newspaper	32,510	64,675
Professional tax	39,000	24,000
Fees & subscription	--	20,000
Donation	6,000	--
Amortization of deferred cost	294,100	294,100
	-----	-----
	12,285,287	8,535,460
	(8,692,427)	(4,840,920)
Financial charges	(3,737)	(26,246)
Provision for diminution in value of long-term investment	(1,576,250)	(4,725,000)
	-----	-----
Loss for the year	Rupees '(10,272,414)	(9,592,166)
	=====	=====

Note: Other revenue not relating to investment company has not been included in the above statement. However, expenses have not been allocated to other revenue, except those directly relating to other investment scheme.

**PATTERN OF SHAREHOLDING FORM "34"**

NO. OF SHAREHOLDERS	RANGE FROM	TO	NO. OF SHARES-HELD
5	1	--	100
43	101	--	500
1	501	--	1,000
1	1001	--	5,000
1	30001	--	35,000
1	95001	--	100,000
1	170001	--	170,500
1	515001	--	517,297
1	560001	--	560,406
1	860001	--	862,000
2	995001	--	1,000,000
1	1495001	--	1,500,000
1	1695001	--	1,700,000
1	2655001	--	2,655,400
1	4875001	--	4,879,730
	-----	-----	-----
62			15,000,000
	=====	=====	=====

CATEGORIES OF SHAREHOLDERS	NO. OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
INDIVIDUALS	48	23,605	0.16
INVESTMENT COMPANIES	7	6,735,697	44.91
JOINT STOCK COMPANIES	2	562	0.00
FINANCIAL INSTITUTIONS	4	6,540,136	43.60
FOREIGN INVESTOR	1	1,700,000	11.33
	-----	-----	-----
	62	15,000,000	100
	=====	=====	=====





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