

BSJS BALANCED FUND LIMITED
ANNUAL REPORT 1997

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Company Information

Board of Directors:

Mr. M.W. Farooqui Chairman

Mr. Abid Hussain Zuberi
Mr. Shaikh Mukhtar Ahmed
Mr. Ayaz-ul-Haque
Mr. Munaf Ibrahim
Mr. Khawaja Muhammad Jawed

Mr. M. Habib-ur-Rahman Chief Executive

Company Secretary: Mr. All H. Hamdani
Investment Adviser: ABAMCO Limited
Auditors: Taseer Hadi Khalid & Co.
Chartered Accountants

Legal Adviser: Aman Law Associates
Custodian: Muslim Commercial Bank Limited
Bankers: Muslim Commercial Bank Limited
Faysal Bank Limited

Registered Office: 1306-1307, Chapal Plaza,
Hasrat Mohani Road,
Karachi-74000, Pakistan.
Tel: 2441311-3, Fax: 2425652

Share Department: 4th Floor, Bank House, No.2,
Habib Square, M. A. Jinnah Road,
Karachi-74000, Pakistan.

Notice of Meeting

Notice is hereby given that the 3rd Annual General Meeting of BSJS Balanced Fund Limited will be held on Saturday, December 20, 1997 at 9:30 A.M. at the registered office of the Company, 13th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi, to transact the following business:

1. To confirm the Minutes of the Second Annual General Meeting held on December 22, 1996.

2. To receive, consider, and adopt the Audited Accounts of the Company together with the Directors' Report for the year ended June 30, 1997.

3. To approve the payment of cash dividend @ Rs. 1.30 per share of Rs. 10/- each for the year ended June 30, 1997.

4. To appoint Auditors and fix their remuneration. The present Auditors Messrs. Taseer Had i 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.

Notes:

1. The share transfer books of the Company will remain closed from December 11, 1997 to December 20, 1997 (both days inclusive) to determine the names of members entitled to attend the meeting.

2. 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. A form of proxy is attached.

3. 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.

4. 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.

5. The shareholders are advised to notify the share department of any change in their address to ensure prompt delivery of mail.

Financial Highlights

	Year ended June 30, 1997	Period from August 8, 1995 to June 30, 1996
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(Rupees in thousands except VII)

I Operating income	25,054	9,340
II Operating expense	4,547	8,905
III Profit before tax	20,507	435
IV Profit / (Loss) after tax	19,694	(33)
V Dividend	19,500	-
VI Rate of Dividend	13%	-
VII NAV at year end	10.60	10.10
VIII Appreciation in NAV	5%	-
IX Total Return	18%	-

Directors' Report

The Board of Directors of the BSJS Balanced Fund Limited present the Third Annual Report on the working of the Company, together with the audited accounts for the year ended June 30, 1997.

I. Operating Results

(i) Profit during the year

The year under review was the first full year of operation. The Company earned a pre-tax profit of Rs. 20.507 million. This is after providing for a sum of Rs. 1.068 million for diminution in the market value of securities, on the basis of lower of cost or market value, on an individual portfolio basis. Over ninety percent of the income of the Company has been appropriated for distribution as dividend to the shareholders, therefore, no provision for income tax has been made, as per the provisions of the Income Tax Ordinance, 1979. The Company is, however, making a provision of Rs. 0.814 million for tax in respect of the last completed financial period (August 8, 1995 to June 30, 1996) i.e. assessment year 1996-97. After providing for tax and setting off carried forward loss, the amount available for appropriation works out to Rs. 19.660 million.

The profit-after tax translates into an earning per share of Rs. 1.31. Your directors recommend a cash dividend of 13 percent (Rs. 1.30 per share). Rs. 19.5 million has been appropriated as dividend, that works out to 99.18 percent of available surplus of the Company.

As stated above, the Company is providing for tax of Rs. 0.814 million in respect of previous year. This provision has arisen, because, the Deputy Commissioner of Income Tax has charged to tax certain capital gains and disallowed expenses, such as remuneration of investment adviser and custodian, financial cost, commission on sale of shares, advertisement, registrar services, etc., which are legitimate business expenses. We have appealed against these arbitrary add backs. The Company has a very strong case, however, as a measure of prudence, full provision has been made in the accounts on the basis of the assessment order.

(ii) Composition of Assets

On June 30, 1997, the composition of assets of your Company, at market value, was as under:

	Rs. in million	(%) Percent
Equity Securities	74,275	39
Term Finance Certificates	5,326	3
Federal Investment Bonds	55,000	29
Cash at bank in PLS. Account	6,281	3
Receivable against sale of shares-subsequently received	48,975	26
	-----	-----
	189.857	100.00

(iii) Year under review

Fiscal year 1996-97 was a challenging year for us, with the market experiencing periods of considerable volatility amidst an overall declining trend. Nonetheless, our investment policies paid off for a second year in a row, with your company's total income increasing by 168 percent over Rs. 9.344 million recorded in the previous financial period. The Company's balanced approach towards investing in debt and equity helped us achieve this result. A major portion of the growth in the Company's income is attributable to secondary money market activity, and dividend income.

(iv) The Company's performance relative to the KSE-100 Index

The Net Asset Value (NAV) of the shares of your Company was Rs. 10.10 on July 1, 1996 and by June 30, 1997 it had risen to Rs. 10.60 after appropriation of dividend. Together with the dividend pay-out, this reflects an appreciation of 18 percent. During the same period, the KSE-100 index declined 8.1 percent, from 1703 to 1565. Therefore, your Company has outperformed the benchmark KSE-100 index by approximately 26 percent. According to the Mutual Fund Association of Pakistan (MUFAP), the BSJS Balanced Fund Limited, had the highest NAV as on June 30, 1997, among the thirteen listed private sector investment companies, whose NAV are announced on a monthly basis.

* Source: Karachi Stock Exchange (Guarantee) Limited.

II. The New Economic Environment

Various economic packages have been announced, slashing personal and corporate income taxes, reducing tariff barriers, freezing power tariffs, curtailing subsidies on agri-products, etc. The 'supply side' policies are aimed at stimulating economic growth. They have thus far been positively received by both foreign investors and donor agencies, although they are still holding to a wait and see attitude until it becomes possible to assess the actual impact of the announced economic reforms.

The Government-IMF negotiations were finalized on a low-cost medium term Extended Structural Adjustment Facility (ESAF). The ESAF is likely to be the key element of the economic policies, as the current economic reforms are unlikely to help significantly improve the balance of payments problems in the short run. However, given the government's strong commitment to economic liberalization and relatively prudent policies, we believe that the reforms will indeed bear fruit in the longer term.

III. Stock Market

In the year under review, the market witnessed two short rallies due to some foreign and local index based buying. While this rally topped off at the 1775 level, it is important to note that the prospect of the economic revival has resulted in an up-rating of the market floor.

After the positive outcome of the ESAF-Agreement with the IMF, and once the newly implemented economic reform packages start to show some positive results, we anticipate new investment coming into the market, which could help in triggering a rally in the market.

Another important development during the fiscal year was the re-composition of the KSE- 100 index that saw PTCL's representation increasing to 33 percent, in line with its share in the market capitalization. While the new index is more representative of the market, the heavy weightage of PTCL has increased its volatility, with just few stocks dominating the index's movements.

* Source: Karachi Stock Exchange (Guarantee) Limited.

IV. Positive Developments in the Mutual Fund Industry

As mentioned in the last years' report, the mutual fund industry was subjected to double taxation and taxation anomalies existed between public and private sector mutual funds. The Government has announced the following measures in Finance Act 1997:

-- The private sector mutual funds (investment companies) and unit trusts have been exempted from tax on the income derived from the term finance certificates, listed on the stock exchanges, including withholding tax.

-- The private sector mutual funds (investment companies) and unit trusts will not be taxed on their income, if they distribute at least 90 percent of their income, in the form of dividends, to the share holders/unit holders.

The dividend to be paid by the mutual funds (investment companies) and unit trusts will however be subjected to tax in the hands of recipients at the applicable rates.

We are hopeful that the Investment Advisers / Asset Management Companies will now be able to pay a good return to their investors and thus pave the way for the growth of mutual fund industry.

We are grateful to the Government for cooperating in this matter. We are also grateful to the Asian Development Bank who has supported these measures. We are particularly thankful to the Corporate Law Authority for their continued support and has all along played a very positive role in the development of capital markets of the country.

V. Board of Directors

Mr. Ariful Islam and Mr. Nasir Ali Shah, both directors of the Company and representing Muslim Commercial Bank Limited resigned and they were co-opted with Mr. Shaikh Mukhtar Ahmed and Mr. Khawaja Muhammad Jawed, both nominees of Muslim Commercial Bank Limited.

The Board wishes to place on record the valuable services rendered to the Company by Mr. Ariful Islam and Mr. Nasir Ali Shah and welcomes Mr. Shaikh Mukhtar Ahmed and Mr. Khawaja Muhammad Jawed.

VI. Auditors

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

VII. Share Holding

A statement showing pattern of share holding in the Company as at June 30, 1997 is given on page 18 of this report.

Auditors' Report to the Members

We have audited the annexed Balance Sheet of BSJS Balanced Fund Limited as at June 30, 1997 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. Our examination was made in accordance with the generally accepted auditing procedures as were considered necessary in the circumstances 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 Rule 16 of 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 in accordance with the provisions of 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;

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

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

(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 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 June 30, 1997 and of the profit and changes in the financial position for the year ended on that date;

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

Balance Sheet

As at June 30, 1997

	Note	1997	1996
SHARE CAPITAL			
Authorised			
25,000,000 ordinary shares of Rs. 10/- each		250,000,000	250,000,000
		=====	=====
Issued, subscribed & paid up			
15,000,000 (1996: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
fully paid in cash		150,000,000	150,000,000
Accumulated Profit/(Loss)		160,797	(32,969)

		-----	-----
		150,160,797	149,967,031
DEFERRED EXPENDITURE PAYABLE	3	3,552,347	4,736,462
CURRENT LIABILITIES			
Current maturity of deferred expenditure payable	3	1,184,115	1,184,115
Due to Investment Adviser	4	4,066,753	2,796,657
Accounts payable and accrued expenses	5	1,272,464	459,924
Proposed dividend		19,500,000	-
Provision for taxation		1,281,878	468,148
		-----	-----
		27,305,210	4,908,844
		-----	-----
Rupees		181,018,354	159,612,337
		=====	=====

CURRENT ASSETS

Marketable securities			
- Equity Securities		65,437,842	26,255,811
- Term Finance Certificates		5,324,000	1,999,000
		-----	-----
	6	70,761,842	28,254,811
Investment in unquoted company		-	5,000,000
Other investments	7	55,000,000	25,000,000
Trade debts-considered good	8	47,143,829	9,486,715
Advances and other receivables	9	1,831,183	298,240
Cash and bank balances	10	6,281,500	91,572,571
		-----	-----
Rupees		181,018,354	159,612,337
		=====	=====

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

Profit and Loss Account

For the year ended June \$0, 1997

	Note	Year ended June 30, 1997	Period from August 8, 1995 to June 30, 1996
Operating Income			
Capital gain	11	7,375,839	7,532,435
Dividend	12	4,540,763	352,802
Mark-up on bank deposits		4,355,300	1,290,096
Profit on money market transactions		9,023,922	2,985,098
Profit on Term Finance Certificates		826,636	162,920
		-----	-----
		26,122,460	12,323,351
Provision for diminution in value of marketable securities		(1,067,982)	(2,983,027)
		-----	-----
		25,054,478	9,340,324
Operating Expenses			
Administrative	13	455,521	6,091,031
Financial	14	911,461	614,114
Remuneration to Investment Adviser	4	3,180,000	2,200,000
		-----	-----
		4,546,982	8,905,145

Profit before taxation	20,507,496	435,179
Provision for taxation		
- Current	-	(468,148)
- Prior year	(813,730)	-
	(813,730)	(468,148)
Profit/(Loss) after taxation	19,693,766	(32,969)
Accumulated loss brought forward	(32,969)	-
	19,660,797	(32,969)
Appropriation:		
Final cash dividend @ 13% (1996: Nil)	(19,500,000)	-
Accumulated Profit/(Loss) carried forward	Rupees 160,797	(32,969)
	=====	=====

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

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**Statement of Changes in Financial Position
For the year ended June 30, 1997**

	Year ended June 30, 1997	Period from 8-Aug-95 to June 30, 1996
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,507,496	435,179
Adjustments for:		
Deferred cost	-	1,353,173
Provision for diminution in value of marketable securities	1,067,982	2,983,027
Mark up on deferred expenditure	905,848	596,657
Operating profit before working capital changes	22,481,326	5,368,036
(Increase)/decrease in current assets		
Marketable securities	(43,575,013)	(31,237,838)
Investment	5,000,000	(5,000,000)
Other investments	(30,000,000)	(25,000,000)
Trade debts	(37,657,114)	(9,486,715)
Advances and other receivables	(1,063,975)	(167,420)
Increase in current liabilities		
Due to Investment Adviser	3,160,905	2,200,000
Accounts payable and accrued expenses	812,540	432,494
Cash used in operations	(80,841,331)	(62,891,443)
Paid to Investment Adviser	(3,980,772)	-
Taxes paid	(468,968)	(130,820)
Net cash used in operating activities	{85,291,171}	(63,022,263)
CASH FLOWS FROM FINANCE ACTIVITIES		

Share capital	-	149,999,930
Deferred expenditure payable	-	4,589,404
	-----	-----
Net cash generated from financing activities	-	154,589,334
	-----	-----
Net (decrease)/increase in cash and bank balances	(85,291,071)	91,567,071
Cash and bank balances at the beginning of the year	91,572,571	5,500
	-----	-----
Cash and bank balances at the end of the year	Rupees	6,281,500 91,572,571
		=====

Notes to the Accounts

For the year ended June 30, 1997

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated on March 26, 1994 as a public limited company under Companies Ordinance, 1984 and was registered as an investment company under the Investment Companies and Investment Adviser's 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 has 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 Marketable securities

The Company has valued its investment at lower of average cost and market value on an individual investment basis. Market value has been taken from Karachi Stock Exchange quotation sheets on last working day of the income year.

2.3 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 recognised 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.

2.4 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 the unit or certificate holders.

3. DEFERRED EXPENDITURE PAYABLE

	1997	1996
Opening balance	4,736,462	1,331,173

Add: Expenditure incurred on public issue of shares	-	4,589,404
	-----	-----
	4,736,462	5,920,577
Less: Current maturity	1,184,115	1,184,115
	-----	-----
Rupees	3,552,347	4,736,462
	=====	=====

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.

		1997	1996
4. DUE TO INVESTMENT ADVISER			
ABAMCO LIMITED			
Remuneration @ 2 percent of net assets	4.1	3,180,000	2,200,000
Mark-up on deferred expenditure payable		905,848	596,657
Other		(19,095)	-
		-----	-----
Rupees		4,066,753	2,796,657
		=====	=====

4.1 The remuneration of the 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 Adviser's Rules, 1971 has been determined as follows:

		1997	1996
ASSETS			
Marketable securities		79,600,656	29,580,975
Investment in unquoted Company		-	5,000,000
Other investments		55,000,01}0	25,000,000
Trade debts-unsecured-considered good		47,143,829	9,486,715
Advance and other receivables		1,831,183	298,240
Cash and bank balance		6,281,51}0	91,572,571
		-----	-----
		189,857,168	160,938,501
LIABILITIES			
Deferred expenditure payable		3,552,347	4,736,462
Accounts payable and accrued expenses		20,772,464	459,924
Current maturity of deferred expenditure payable		1,184,115	1,184,115
Due to Investment Adviser		4,066,753	2,796,657
Provision for taxation		1,281,878	468,146
		-----	-----
		30,857,557	9,645,304
		-----	-----
Net assets as pe	Rupees	Rupees	158,999,611
			151,293,197
		=====	=====
Remuneration @ 2 percent of net assets		3,180,000	3,009,671
Less: Remuneration waived by Investment Adviser		-	809,671
		-----	-----
Rupees		3,180,000	2,200,000
		=====	=====

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable	1,220,475	416,745
Accrued expenses	51,989	41,774
Tax deducted at source	-	1,405
	-----	-----
Rupees	1,272,464	459,924
	=====	=====

6. MARKETABLE SECURITIES

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

	NO. OF SHARES				BALANCE AT JUNE 30, 1997				PERCENTAGE IN RELATION TO	
	Opening Balance	Purchase	Bonus	Sales	Not of Shares	Cost	Market value	Lower of Cost & Market value	Own Net Assets	Paid-up Capital
MUTUAL FUNDS										
4th ICP Mutual Fund	-	25,000	-	-	735,000	735,000	712,500	712,500	0.46	0.50
9th ICP Mutual Fund	-	27,000	-	-	772,280	772,280	810,000	772,280	0.48	0.54
ICP State Enterprises Mutual Fund (SEMF)	-	95,000	-	95,000	-	-	-	-	-	-
MODABARAS										
AI-Zamin Leasing Modaraba	13,000	-	-	13,000	-	-	-	-	-	-
First Grindlays Modaraba	20,000	114,000	-	134,000	-	-	-	-	-	-
LEASING COMPANIES										
Orix Leasing Pakistan Limited	25,000	32,500	-	1,000	56,500	3,149,310	2,231,750	2,231,750	196	0.37
Pakistan Industrial Leasing Corp. Limited	-	50,000	-	2,000	48,000	633,360	636,000	633,360	0.39	0.26
Standard Chartered Mercantile Leasing Co. Limited	-	140,000	-	140,000	-	-	-	-	-	-
BANKS/INVESTMENT COMPANIES										
Faysal Bank Limited	-	1,235,500	-	1,235,500	-	-	-	-	-	-
Soneri Bank Limited	11,000	60,000	-	40,000	31,000	809,280	751,750	751,750	0.50	0.08
Bank of Punjab Limited	-	380,000	-	380,000	-	-	-	-	-	-
Union Bank Limited	-	440,000	-	440,000	-	-	-	-	-	-
Crescent Investment Bank Limited	-	10,000	-	10,000	-	-	-	-	-	-
Askari Commercial Bank Limited	-	664,200	-	664,200	-	-	-	-	-	-
Bank AI-Habib Limited	-	260,000	6,000	200,000	66.00	1,978,238	1,881,000	1,881,000	1.23	0.20
INSURANCE										
Adamjee Insurance Co Limited	-	291,000	-	291,000	-	-	-	-	-	-
Commercial Union Life Assurance Co. (Pakistan) Limited	-	175,000	-	175,000	-	-	-	-	-	-
EFU Life Assurance Limited	7,000	-	-	7,000	-	-	-	-	-	-
I.G.I.. insurance Limited	-	2,700	540	3,240	-	-	-	-	-	-
SYNTHETIC & RAYON										
Dewan Salman Fibres Limited	-	445,500	-	445,500	-	-	-	-	-	-
Rupali Polyester Limited	-	140,000	-	140,000	-	-	-	-	-	-
SUGAR & ALLIED										
AI-Abbas Sugar Mills Limited	-	1,600,000	-	-	1,600,000	8,000,000	9,200,000	8,000,000	4.98	922
FUEL & ENERGY										
Genertech (Pakistan) Limited	35,000	-	-	35,000	-	-	-	-	-	-
Hub Power Company Limited	-	1,596,800	-	1,596,800	-	-	-	-	-	-
Japan Power Generation Limited	500,000	-	-	500,000	-	-	-	-	-	-
Kohinoor Energy Limited	15,000	-	-	15,000	-	-	-	-	-	-

Pakistan State Oil Co. Limited	-	143,900	3,000	146,900	-	-	-	-	-	-
Shell Pakistan Limited	41,000	53,300	-	49,700	44,600	6,589,445	10481000	6589445	4.11	0.19
Sui Northern Gas Pipelines Limited	-	80,000	-	80,000	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	350,000	-	350,000	-	-	-	-	-	-

AUTO AND ALLIED ENGINEERING

AI-Ghazi Tractors Limited	-	54,500	-	-	54,500	1,775,823	1,771,250	1,771,250	1.11	0.34
Honda Atlas Cars Limited	25,000	88,000	-	49,500	63,500	1,363,586	1,206,500	1,206,500	0.85	0.16
Pak Suzuki Motors Co. Limited	-	63,500	-	13,500	50,000	2,162,680	2,500,000	2,162,680	1.35	1.02

COMMUNICATIONS

PTC Limited	-	1,539,400	-	1,539,400	-	-	-	-	-	-
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CHEMICAL & PHARMACEUTICALS

Abbott Laboratories {Pakistan} Limited	9,120	18,134	2,502	-	29,756	3,395,909	2,707,796	2,707,796	2.12	0.19
BOC Pakistan Limited	50,000	76,000	-	15,000	111,000	14,953,409	15,429,000	14,953,409	9.32	0.61
Engro Chemicals (Pakistan) Limited	1,000	125,000	7,125	133,125	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	366,700	-	286,700	80,000	6,032,312	6,360,000	6,032,312	3.76	0.03
Reckitt & Colman of Pakistan Limited	20,955	-	-	-	20,955	2,317,307	1,414,463	1414463	1.44	0.07
Glaxo Wellcome Pakistan Limited	6,500	3,500	-	-	10,000	943,558	640,000	640,000	0.59	0.03

PAPER & BOARD

Century Papers & Board Mills Limited	14,900	-	1,490	16,390	-	-	-	-	-	-
Cherat Papers Limited	-	300,000	-	300,000	-	-	-	-	-	-
Packages Limited	56,900	94,900	14,976	68,000	98,776	7,024,112	6,124,112	6,124,112	4.38	0.32

FOOD & ALLIED

Lever Brothers {Pakistan} Limited	-	30,827	-	19,200	11,627	6,853,235	9,417,870	6,853,235	4.38	0.32
Brook Bond (Pakistan) limited	-	14,000	-	14,000	-	-	-	-	-	-

TERM FINANCE CERTIFICATES OF RUPEES 100 EACH.

Nishat Tek Limited	20,000	-	-	-	20,000	1,999,000	2,000,000	1,999,000	1.25	0.00
ICI Pakistan Limited	-	33,250	-	-	33,250	3,325,000	3,325,665	3,325,000	2.07	0.00

74,812,851 79,600,656 70,761,842

Less: Provision for diminution in value of marketable securities as on June 30, 1997

4,051,009 - -

Rupees 70,761,842 79,600,656 70,761,842
=====

7. INVESTMENT IN FEDERAL INVESTMENT BONDS

These represent Federal Investment Bond of three years maturity purchased under resale obligation for specified period of time at a rate of return ranging between 17.25 to 15.00 percent per annum.

8. TRADE DEBTS-CONSIDERED GOOD

These have been fully received subsequently.

9. ADVANCE AND OTHER RECEIVABLES

	1997	1996
Advance tax	599,788	130,820
Accrued profit on Term Finance Certificates	317,906	162,920
Other receivables	913,489	4,500
	-----	-----
Rupees	1,831,183	298,240
	=====	=====

10. CASH AND BANK BALANCES

Cash in hand		130	1,015
Cash at bank:			
- In PLS account		2,054,882	13,787,713
- In PLS Rozana Munafa Plus account		4,212,943	77,783,843
- In current account		13,545	-
		-----	-----
		6,281,370	91,571,556
		-----	-----
Rupees		6,281,500	91,572,571
		=====	=====

11 CAPITAL GAIN

Period from
Year ended August 8, 1995
June 30, 1997 to June 30, 1996

Sales-net		445,318,297	488,058,497
Cost of sales	(11.1)	(437,942,458)	(480,526,062)
		-----	-----
Rupees		7,375,839	7,532,435
		=====	=====

11.1 Cost of sales

Opening stock		36,237,838	--
Purchases		476,396,255	516,723,118
Stamps and duties		121,216	40,782
		-----	-----
		512,755,309	516,763,900
Less: Closing stock		74,812,851	36,237,838
		-----	-----
Rupees		437,942,458	480,526,062
		=====	=====

12. DIVIDEND INCOME

Dividend		4,568,648	381,363
Less: Zakat deducted at source		27,885	28,561
		-----	-----
Rupees		4,540,763	352,802
		=====	=====

13. ADMINISTRATIVE EXPENSES

		1997	1996
Custodian fee		283,907	91,545
Preliminary and deferred expenditure charged off		-	1,353,173
Commission on issue of shares		-	2,053,759
Printing and stationery		-	274,850
Listing expenses		50,000	354,535
Advertisement		-	1,356,140
Registrar Services		-	439,500
Auditors' remuneration	13.1	36,614	39,900
Zakat on PLS bank accounts		-	14,809
Consultancy charges		-	13,750
Professional tax		85,000	-
Others		-	99,070
		-----	-----
Rupees		455,521	6,091,031
		=====	=====

13.1 Auditors' Remuneration

Audit fee		30,000	25,000
Statutory audit fee			
		-	13,000
Out of pocket expenses		6,614	1,900
		-----	-----
	Rupees	36,614	39,900
		=====	=====

14. FINANCIAL EXPENSES

Mark-up on deferred expenditure payable to ABAMCO Limited		905,848	596,657
Bank charges		1,613	7,627
Brokerage commission		4,000	9,830
		-----	-----
	Rupees	911,461	614,114
		=====	=====

15. TRANSACTIONS WITH ASSOCIATED COMPANIES

1997 **1996**

Mark-up on deferred expenditure payable	Rupees	905,848	596,657
		=====	=====
Remuneration to Investment Adviser	Rupees	3,180,000	2,200,000
		=====	=====
Defined expenditure incurred	Rupees	-	4,589,404
		=====	=====
Sale of securities	Rupees	392,041,188	480,663,674
		=====	=====
Purchase of securities	Rupees	427,326,305	476,442,806
		=====	=====
Commission expenses	Rupees	1,051,626	879,284
		=====	=====

16. GENERAL

16.1 Figures have been rounded off to the nearest rupee.

16.2 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, 1997

	1997	1996
Remuneration from BSJS Balanced Fund Limited	3,180,000	2,200,000
Mark-up income on Deferred Expenditure	905,848	596,657
	-----	-----
	4,085,848	2,796,657

Operating expenses

Administrative:

Salaries, wages and other benefits	1,686,265	1,587,745
Office rent	644,229	560,705
Audit fee	30,000	25,000
Depreciation	657,195	554,480
Insurance	204,009	155,940
Printing & stationery	232,562	73,726
Brokerage commission	1,000	23,020

Director's meeting fee		1,500	-
Legal & professional		550,890	196,031
Entertainment		211,371	22,731
Travelling & conveyance		751,993	559,822
Computer system		248,682	146,000
Postage		40,807	30,170
Telephone		245,064	157,978
Utilities		76,693	69,704
Newspaper		68,307	26,906
Professional tax		38,450	-
Fee & subscription		62,500	-
Amortization of deferred cost		294,100	294,100
		-----	-----
		6,045,617	4,484,058
		-----	-----
		(1,959,769)	(1,687,401)
Financial charges		(56,426)	(78,511)
Provision for diminution in value of long term investment		(975,000)	(525,000)
		-----	-----
Loss for the year	Rupees	(2,991,195)	(2,290,912)
		=====	=====

Note: Other revenue not relating to investment company has not been included in the above statement.
However, expenses have not been allocated as the cost relating to other revenue is considered to be immaterial.

Pattern of Shareholding

FORM "34"

NO. OF SHAREHOLDERS	FROM	RANGE	TO HELD	NO. OF SHARES
2	1	-	100	200
287	101	-	500	143,300
2	501	-	1000	1,505
1	25001	-	30000	30,000
1	45001	-	50000	50,000
1	95001	-	100000	100,000
1	515001	-	520000	517,297
1	560001	-	565000	560,406
1	860001	-	865000	862,162
2	995001	-	1000000	2,000,000
1	1495001	-	1500000	1,500,000
1	1695001	-	1700000	1,700,000
1	2655001	-	2660000	2,655,400
1	4875001	-	4880000	4,879,730
-----	-----	-----	-----	-----
303				15,000,000
=====	=====	=====	=====	=====

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
INDIVIDUALS	290	144,505	0.97
INVESTMENT COMPANIES	6	5,614,859	37.43
JOINT STOCK COMPANY	1	500	0.00
FINANCIAL INSTITUTIONS	5	7,540,136	50.27
FOREIGN INVESTOR	1	1,700,000	11.33
	-----	-----	-----
	303	15,000,000	100

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