

BSJS Balanced Fund Limited

Annual Report 2001

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Company Information

Board of Directors

Chairman Mr. M. W. Farooqui

Directors Mr. Abid Hussain Zuberi
Mr. Ayaz-ul-Haque
Mian Raza Mansha
Mr. Munaf Ibrahim
Shaikh Mukhtar Ahmed

Chief Executive Mr. M. Habib-ur-Rahman

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 Bank AL Habib Limited
Metropolitan Bank Limited
Muslim Commercial Bank Limited

Registered Office 1306-1307, Chapal Plaza,
Hasrat Mohani Road,
Karachi-74000, Pakistan.
Tel: (92-21) 2441311 - 14 Fax: (92-21) 2425652
Email: abamco@jahangirsiddiqui.com

Share Department Uni Corporate & Financial Services
Westland Trade Centre, Opposite Flyover,
Shaheed-e-Millat Road,
Karachi-75350, Pakistan.

Directors' Report

The Board of Directors of BSJS Balanced Fund Limited (BBF), are pleased to present the Annual Report of the Company, along with the Audited Accounts for the year ended June 30, 2001.

I. AMALGAMATION OF CONFIDENCE MUTUAL FUND LIMITED WITH BSJS BALANCED FUND LIMITED

As stated in Half Yearly Report, the petition for merger of Confidence Mutual Fund Limited (CMF) with your Company was filed on January 31, 2001, with the Honorable High Court of Sindh, Karachi. The Extra-Ordinary General Meetings of the shareholders of both the companies were held on March 24, 2001, as per the direction given by the Honorable High Court, in which the shareholders unanimously approved the Scheme of Merger. On April 26, 2001, the Honorable High Court sanctioned the Scheme of Arrangement of Amalgamation of both the companies.

The amalgamation has resulted in transfer to and vesting in BBF of the entire undertaking of CME together with all rights, liabilities and obligations, against the issuance of one ordinary share of BBF of the nominal value of Rs. 10 each for every one ordinary share of CMF of the nominal value of Rs. 10 each to the shareholders of CME. The shares were allotted on June 14, 2001, and the CMF was dissolved on the same date without winding up.

The effective date of amalgamation is July 1, 2000. The accounts for the year ended June 30, 2001 are that of the merged company. The corresponding figures for the preceding year ended June 30, 2000, of the two companies have also been merged.

2. OPERATING RESULTS

a) Profit during the year

The Company has earned a net profit of Rs. 28.316 million (2000: Rs. 67.464 million), that translates into an earning per share of Rs. 1.13 (2000: Rs. 2.70 per share). The Directors have recommended a cash dividend of 11% i.e. Rs. 1.10 per share (2000: BBF-31% i.e. Rs. 3.10 per share & CMF- 16% i.e. Rs. 1.60 per share). An amount of Rs. 27.50 million has been appropriated as dividend (2000: Rs. 62.5 million), which works out to a payout of 97.12% (2000:BBF-91.60% & CMF-95.79%) for the year. The retained earnings of Rs. 8.284 million have been carried forward to the next year. As over 90% of the net profit for the year has been appropriated as dividend to the shareholders, there is no liability for income tax under clause 102D of Part I of the Second Schedule of the Income Tax Ordinance, 1979.

The decline in earnings during the year was primarily due to decline in income from capital gains on sale of marketable securities as the KSE Index declined by 10.17% during the year and remained under bearish spell through out the year.

Directors' Report

b) Composition of Assets

On June 30, 2001, the composition of assets of your Company at market value was as under:

	<i>Rs.</i> <i>in million</i>	<i>Percentage</i>	<i>Rs.</i> <i>in million</i>	<i>Percentage</i>
Equity securities	98.798	31.04	102.311	29.04
Term finance certificates	49.408	15.52	43.205	12.26
Receivables on sale of shares	163.087	51.23	101.706	28.87
Other receivables	4.033	1.27	5.196	1.48
Cash & bank balances	2.995	0.94	99.865	28.35
	----- 318.32 =====	----- 100 =====	----- 352.28 =====	----- 100 =====

3. MUTUAL FUND RATING

BBF has been assigned AA (f) rating by PACRA, which denotes fund's ability to consistently outperform its peers with strong capacity to respond to future opportunities or stress situations.

4. AUTHORIZED CAPITAL

Your directors have proposed to increase the authorized capital of the Company from Rs. 250 million to Rs. 500 million.

5. AUDITORS

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

6. SHAREHOLDERS

A statement showing pattern of shareholding in the Company as on June 30, 2001 is given on page 22.

7. ELECTION OF DIRECTORS

Election to constitute the new Board of Directors will be held as per the requirement of the Companies Ordinance, 1984, on October 20, 2001, as the term of existing Board will then expire.

8. THANKS

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

For and on behalf of the Board

M. Habib-ur-Rahman
Chief Executive

Karachi: July 28, 2001

Auditors' Report to the Members

We have audited the annexed balance sheet of **BSJS Balanced Fund Limited** as at June 30, 2001 and the related profit and loss account, cash flow statement, distribution statement and the statement of changes in equity and reserves, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984 and the Investment Companies and Investment Advisers Rules, 1971. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, 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:

c) 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; and

iii) the business conducted, investments made and the 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, profit and loss account, cash flow statement, distribution statement and the statement of changes in equity and reserves together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, 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, 2001 and of the profit, its cash flows and changes in equity for the year then ended; and

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.

Karachi: July 28, 2001

Taseer Hadi Khalid & Co.
Chartered Accountants

Balance Sheet as at June 30, 2001

	<i>Note</i>	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
Assets			
Marketable securities			
Equity securities		74,168,388	83,994,084
Term finance certificates		47,913,907	41,069,188
	8	122,082,295	125,063,272
Other assets			
Trade debts	9	163,087,655	101,705,590
Advances and other receivables	10	4,033,159	5,196,111
Cash and bank balances	11	2,994,518	99,865,169
		170,115,332	206,766,870
		292,197,627	331,830,142
Liabilities			
Current liabilities			
Current maturity of deferred expenditure payable	4	--	1,983,754
Due to Investment Adviser	5	5,730,128	9,173,648
Dividend payable		178,260	34,273
Accounts payable and accrued expenses	6	274,850	325,545
Proposed dividend	7	27,500,000	62,500,000
Provision for taxation		229,984	344,524
		33,913,222	74,361,744
Net assets		258,284,405	257,468,398
Represented by:			
Shareholders' equity	3	258,284,405	257,468,398
Contingencies and commitments		Nil	Nil

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

M. Habib-ur-Rahman
Chief Executive

Munaf Ibrahim
Director

Profit and Loss Account**For the year ended June 30, 2001**

	<i>Note</i>	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
Operating Income			
Capital gain	12	8,425,984	49,324,972
Dividend income	13	8,567,924	8,419,520
Mark-up on bank deposits		2,757,350	7,939,467
Profit on money market transactions		164,266	1,034,900
Profit on term finance certificates		8,558,067	8,801,038
Profit on certificate of investments		651,781	--
Other income		--	75,000
		-----	-----
		29,125,372	75,594,897
Reversal/(Provision) for diminution in value of marketable securities on individual investment basis		10,555,413	4,498,837
		-----	-----
		39,680,785	80,093,734
Operating Expenses			
Administrative	14	1,999,574	1,881,382
Financial	15	3,743,214	2,250,054
Remuneration to Investment Adviser	5.1	5,689,709	8,814,180
		-----	-----
		11,432,497	12,945,616
		-----	-----
		28,248,288	67,148,118
Profit before taxation			
Taxation - Prior year	17	67,719	315,755
		-----	-----
Net profit for the year		28,316,007	67,463,873
		=====	=====
Basic earning per share	20	1.13	2.70
		=====	=====

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

M. Habib-ur-Rahman
Chief Executive

Munaf Ibrahim
Director

Cash Flow Statement**For the year ended June 30, 2001**

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
Cash flows from Operating Activities		
Profit before taxation	28,248,287	67,148,118
Adjustments for:		
Cumulative effect of changes in accounting policy for valuation of investments-provision for diminution in value of marketable securities	--	939,005
(Reversal)/Provision for diminution in value of marketable securities	(10,555,413)	(5,437,842)
Operating profit before working capital changes	17,692,874	62,649,281
(Increase)/decrease in current assets		
Marketable securities	13,536,390	29,149,565
Other investments	--	89,343,581
Trade debts	(61,382,065)	(61,705,590)

Advances and other receivables	1,054,630	3,453,383
Increase/(decrease) in current liabilities		
Accounts payable and accrued expenses	(50,695)	(92,773)
Due to Investment Adviser	(3,443,520)	3,488,483
Cash generated from operations	(32,592,386)	126,285,930
Taxes refund received	61,502	3,909,795
Deferred expenditure paid	(1,983,754)	(1,983,754)
Dividend paid	(62,356,013)	(29,989,782)
Net cash flow from operating activities	(96,870,651)	98,222,189
Cash and bank balances at the beginning of the year	99,865,169	1,642,980
Cash and bank balances at the end of the year	2,994,518	99,865,169

M. Habib-ur-Rahman
Chief Executive

Munaf Ibrahim
Director

Distribution Statement For the year ended June 30, 2001

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
Undistributed profit as at July 1, 2000 (1999)	7,468,398	2,504,525
Net Profit for the year	28,316,007	67,463,873
Appropriation:		
Final cash dividend @ 11%	(27,500,000)	(62,500,000)
(2000: 31% - BSJS Balanced Fund Limited : 16% - Confidence Mutual Fund Limited)		
Undistributed profit as at June 30, 2001 (2000)	8,284,405	7,468,398

M. Habib-ur-Rahman
Chief Executive

Munaf Ibrahim
Director

Statement of Changes in Equity and Reserves For the year ended June 30, 2001

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
Net assets per share as at July 1, 2000 (1999)		
Share capital	10.00	10.00
Accumulated profit	0.30	0.10
	10.30	10.10
Items contributing to the increase/(decrease) in net asset value of the share:		
Net income for the year	1.13	2.70
Distribution	(1.10)	(2.50)
	0.03	0.20

Net assets per share as at June 30, 2001 (2000)

Share capital	10.00	10.00
Accumulated profit	0.33	0.30
	-----	-----
	10.33	10.30
	=====	=====

M. Habib-ur-Rahman
Chief Executive

Munaf Ibrahim
Director

Notes to the Accounts**For the year ended June 30, 2001****I. 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 and is listed on the Karachi Stock Exchange. The Company is a closed end mutual fund and its principal activity is to make investment in securities.

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 High Court of Sindh has sanctioned the scheme of arrangement for amalgamation of the Company with Confidence Mutual Fund Limited (an investment company engaged in the business of investment in securities) to take effect from July 1, 2000. Accordingly, these accounts reflect the combined results of the amalgamated company. These accounts have been prepared on a pooling of interest basis in accordance with International Accounting Standard No. 22 - 'Accounting for business combinations'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting convention**

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

2.2 Statement of compliance

These accounts have been prepared in accordance with accounting standards issued by the International Accounting Standards Committee (IASC), interpretations issued by the Standing Interpretations Committee of the IASC as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Investment Companies and Investment Advisers Rules, 1971.

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 that 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.

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 Part I 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.

2.6 Trade Debtors

These are stated net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
3. SHAREHOLDERS EQUITY			
Share Capital			
BSJS Balanced Fund Limited	3.1	250,000,000	150,000,000
Confidence Mutual Fund Limited	3.2	--	100,000,000
		-----	-----
		250,000,000	250,000,000
Accumulated profit		8,284,405	7,468,398
		-----	-----
		258,284,405	257,468,398
		=====	=====

3.1 BSJS Balanced Fund Limited

Authorised

25,000,000 (2000: 25,000,000)

ordinary shares of Rs. 10 each

250,000,000	250,000,000
=====	=====

Issued, subscribed and paid-up capital

25,000,000 (2000: 15,000,000)

ordinary shares of Rs. 10 each fully paid in cash

250,000,000	150,000,000
=====	=====

3.2 Confidence Mutual Fund Limited

Issued, subscribed and paid-up capital

Ordinary shares of Rs. 10 each

Nil (2000: 10,000,000) fully paid in cash

--	100,000,000
=====	=====

10,000,000 ordinary shares of Rs. 10 each of BSJS

Balanced Fund Limited issued to shareholders

of Confidence Mutual Fund Limited

3.3	--	--
	=====	=====

3.3 Under the scheme of arrangement for amalgamation of Confidence Mutual Fund Limited with BSJS Balanced Fund Limited as approved by the High Court of Sindh, the Company issued 10,000,000 ordinary shares of Rs. 10 each in exchange for 10,000,000 ordinary shares of Rs. 10 each of former Confidence Mutual Fund Limited. By the issue of the shares to the shareholders of former Confidence Mutual Fund Limited, the aggregate direct holding of ABAMCO Limited (Investment Adviser) in BSJS Balanced Fund Limited is 5,000,000 shares.

4. DEFERRED EXPENDITURE PAYABLE

Opening balance

--	2,783,390
----	-----------

Paid during the year

--	(799,636)

Transfer to current maturity

--	(1,983,754)
	=====

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

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

5. DUE TO INVESTMENT ADVISER -

ABAMCO LIMITED

Remuneration @ 2 percent of net assets	5.1	5,689,709	5,564,181
Additional remuneration on dividend distribution		--	3,250,000
Mark-up on deferred expenditure payable		40,419	359,467
		-----	-----
		5,730,128	9,173,648
		=====	=====

5.1 The remuneration of Investment Adviser has been calculated according to Rule II of the Investment Companies and Investment Advisers Rules, 1971, which provides that the remuneration payable to investment adviser shall be of an amount not exceeding two percent of the net assets of the investment company as at the year end.

Assets

Marketable securities (on the basis of closing rates)		148,283,356	145,245,756
Trade debts - secured considered good		163,087,655	101,705,590
Advances and other receivables		4,033,159	5,196,111
Cash and bank balances		2,994,518	99,865,169
		-----	-----
		318,398,688	352,012,626

Liabilities

Deferred expenditure payable		--	799,637
Dividend payable		178,260	34,273
Accounts payable and accrued expenses		274,850	325,545
Current maturity of deferred expenditure payable		--	1,184,117
Proposed dividend		27,500,000	62,500,000
Due to Investment Adviser		5,730,128	5,923,648
Provision for taxation		229,984	344,524
		-----	-----
		33,913,222	71,111,744

Net assets as per Rules		284,485,466	280,900,882
		=====	=====

Remuneration @ 2 percent of net assets		5,689,709	5,618,018
Remuneration waived by Investment Adviser		--	(53,837)
		-----	-----
		5,689,709	5,564,181

Additional remuneration (one half of the amount by which the dividend distributed exceeds 20%)		--	8,250,000
Remuneration waived by Investment Adviser		--	(5,000,000)
		-----	-----
		--	3,250,000
		-----	-----
		5,689,709	8,814,181
		=====	=====

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable		96,050	42,033
Accrued expenses		178,800	208,512
Professional tax payable		--	75,000
		-----	-----
		274,850	325,545
		=====	=====

7. DIVIDENDS

On 25,000,000 ordinary shares	7.1	27,500,000	62,500,000
		=====	=====

7.1 1% on 25,000,000 shares of Rs. 10 each of

BSJS Balanced Fund Limited (2000: 31% on 15,000,000 ordinary shares of Rs. 10 each)	27,500,000	46,500,000
Confidence Mutual Fund Limited (2000: 16% on 10,000,000 ordinary shares of Rs. 10 each)	--	16,000,000
	-----	-----
	27,500,000	62,500,000
	=====	=====

8. 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, 2001				% 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
<i>(Rupees)</i>											
EQUITY SECURITIES											
Sectors/companies											
MUTUAL FUNDS											
4th. ICP Mutual Fund	92,500	7,500	--	--	100,000	1,444,000	1,500,000	1,444,000	0.56	2.00	1.18
9th. ICP Mutual Fund	48,000	2,000	--	--	50,000	1,058,970	1,075,000	1,058,970	0.41	1.00	0.87
ICP SEMF	--	66,000	--	66,000	--	--	--	--	--	--	--
MODARABAS											
First Confidence Modaraba	358,000	--	--	358,000	--	--	--	--	--	--	--
First Grindlays Modaraba	148,375	--	--	40,000	108,375	1,464,875	2,069,963	1,464,875	0.57	0.29	1.20
LEASING											
Dawood Leasing Co. Limited	17,500	--	--	17,500	--	--	--	--	--	--	--
First Leasing Corp. Limited	25,000	--	--	25,000	--	--	--	--	--	--	--
National Development Leasing C	15,825	--	--	15,825	--	--	--	--	--	--	--
Orix Leasing Pakistan Limited	56,194	--	--	6,100	50,094	1,261,694	1,465,250	1,261,250	0.49	0.25	1.03
Saudi Pak Leasing Co. Limited	36,300	--	--	36,300	--	--	--	--	--	--	--
Security Leasing Corp. Limited	360.30	--	--	360,300	--	--	--	--	--	--	--
BANKS/INVESTMENT COMPANIES											
Altowfeek Investment Bank Limit	17,000	--	--	17,000	--	--	--	--	--	--	--
Al-Faysal investment Bank Limite	12,475	--	--	12,475	--	--	--	--	--	--	--
Askari Commercial Bank Limited	40,848	277,000	10,992	328,840	--	--	--	--	--	--	--
Bank AL Habib Limited	45,540	--	9,108	--	54,648	896,589	848,410	848,410	0.33	0.08	0.73
Crescent investment Bank Limite	468	925,000	--	925,468	--	--	--	--	--	--	--
Jahangir Siddiqui & Co. Limited	15,000	16,500	7,500	16,500	22,500	527,999	767,250	527,999	0.20	0.11	0.43
Jahangir Siddiqui Investment Ban	--	2,000	--	2,000	--	--	--	--	--	--	--
Muslim Commercial Bank Limited	411,000	5,708,000	41,138	6,160,138	--	--	--	--	--	--	--
Orix Investment Bank Pakistan Li	10,000	--	--	10,000	--	--	--	--	--	--	--
Pakistan Industrial Credit & Inve	--	491,000	--	491,000	--	--	--	--	--	--	--
The Bank of Punjab	2,500	80,000	--	82,500	--	--	--	--	--	--	--
INSURANCE											
Adamjee Insurance Co. Limited	7,500	72,300	798	80,598	--	--	--	--	--	--	--
Commercial Union Life Assuranc	50,000	--	--	50,000	--	--	--	--	--	--	--
EFU General Insurance Limited	--	117,398	8,051	56,999	68,450	1,713,096	2,053,500	1,713,096	0.66	0.40	1.40
EFU Life Assurance Limited	20,000	9,605,000	--	9,345,500	279,500	5,818,684	5,869,500	5,818,684	2.25	2.80	4.76
TEXTILE SPINNING											
Dewan Khalid Textile Mills Limite	133,290	5,000	--	--	138,290	3,458,633	3,457,250	3,457,250	1.34	3.92	2.83
Gadoon Textile Mills Limited	3,500	--	--	3,500	--	--	--	--	--	--	--
Saif Textile Mills Limited	16,500	--	--	16,500	--	--	--	--	--	--	--
Umer Fabrics Limited	--	126,000	--	26,000	100,000	1,400,993	1,400,000	1,400,000	0.54	42	1.15
TEXTILE COMPOSITE											

Nafees Cotton Mills Limited	--	621,344	--	621,344	--	--	--	--	--	--	--
Nishat Mills Limited	40,000	3,212,500	--	3,252,500	--	--	--	--	--	--	--
SYNTHETIC & RAYON											
Dewan Salman Fibre Limited	7,438	1,010,000	3,719	11,122,175	--	--	--	--	--	--	--
Dhan Fibres Limited	2,000	10,249,500	--	10,251,500	--	--	--	--	--	--	--
Ibrahim Fibres Limited	50,000	5,156,500	--	5,206,500	--	--	--	--	--	--	--
Pakistan Synthetics Limited	5,000	--	--	5,000	--	--	--	--	--	--	--
SUGAR & ALLIED											
Al-Abbas Sugar Mills Limited	--	650,000	--	650,000	--	--	--	--	--	--	--
CEMENT											
Cherat Cement Co. Limited	32,000	20,000	--	32,000	20,000	339,000	331,500	331,500	0.13	0.04	0.28
D.G. Khan Cement Co. Limited	5,000	13,481,500	--	13,486,500	--	--	--	--	--	--	--
Fecto Cement Limited	6,500	--	--	6,500	--	--	--	--	--	--	--
Lucky Cement Limited	40,000	1,404,500	--	1,444,500	--	--	--	--	--	--	--
Maple Leaf Cement Factory Limit	6,000	--	--	6,000	--	--	--	--	--	--	--

NO. OF SHARES**BALANCE AT JUNE 30, 2001****% IN RELATION TO**

Name of Companies	NO. OF SHARES				BALANCE AT JUNE 30, 2001				% 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
FUEL & ENERGY											
Ellahi Electric Co. Limited	15,000	--	--	15,000	--	--	--	--	--	--	--
Genertech (Pak) Limited	10,000	--	--	10,000	--	--	--	--	--	--	--
Japan Power Generation Co. Limit	129,500	--	--	129,500	--	--	--	--	--	--	--
National Refinery Limited	150,000	--	--	150,000	--	--	--	--	--	--	--
Pakistan State Oil Co. Limited	10,431,500	10,431,500	--	10,431,500	--	--	--	--	--	--	--
Southern Electric Power Co. Limit	5,000	--	--	5,000	--	--	--	--	--	--	--
Sitara Energy Limited	42,000	--	--	42,000	--	--	--	--	--	--	--
Shell Pakistan Limited	582,500	582,500	--	556,300	36,400	8,990,800	8,952,580	8,952,580	3.47	0.10	7.35
Sui Northern Gas Pipelines Limite	14,475	16,623,541	14,475	16,685,922	--	--	--	--	--	--	--
Sui Southern Gas Co. Limited	7,425	7,113,500	7,425	7,089,000	57,225	601,450	595,140	595,140	0.23	0.01	0.49
The Hub Power Co. Limited	47,804,400	47,804,400	--	47,606,900	200,000	3,842,000	3,840,000	3,840,000	1.49	0.02	3.14
The Karachi Electric Supply Corp	5,039,500	5,039,500	--	5,039,500	--	--	--	--	--	--	--
AUTO AND ALLIED ENGINEERING											
Atlas Honda Limited	13,686	--	--	--	13,686	277,562	342,150	277,562	0.11	0.09	0.23
CABLES AND ELECTRICAL GOODS											
Philips Electrical Industries of Pa	--	10,300	--	10,300	--	--	--	--	--	--	--
Refrigerators Manufacturing Co	88,472	--	--	88,472	--	--	--	--	--	--	--
TRANSPORT & COMMUNISTIONS											
Pakistan Telecommunication Co.	--	122,427,600	--	12,427,600	--	--	--	--	--	--	--
CHEMICAL & PHARMACEUTICALS											
BOC Pakistan Limited	101,821	52,800	--	54,300	100,321	9,325,848	9,327,345	9,325,848	3.61	0.48	7.62
Engro Chemical Pakistan Limited	--	2,970,000	--	2,970,000	--	--	--	--	--	--	--
Fauji Fertilizer Co. Limited	75,000	6,528,000	--	6,603,000	--	--	--	--	--	--	--
FFC Jordan Fertilizer Co. Limited	53,500	59,681,500	--	59,735,000	--	--	--	--	--	--	--
Glaxo Wellcome Pakistan Limited	107,951	73,700	--	79,300	102,351	6,716,255	8,510,486	6,716,255	2.60	0.31	5.49
ICI Pakistan Limited	15,750	87,039,500	--	86,755,250	300,000	2,900,607	2,745,000	2,745,000	1.06	0.02	2.37
Knoll Pharmaceuticals Limited	6,000	891,000	--	897,000	--	--	--	--	--	--	--
Reckitt Benckiser Pakistan Limite	40,119	--	--	40,119	--	--	--	--	--	--	--
PAPER & BOARD											
Century Paper & Board Mills Limi	9,020	--	--	9,000	--	--	--	--	--	--	--

Packages Limited	150,148	1,000	23,322	--	174,470	7,796,477	9,944,790	7,796,477	3.02	0.37	6.37
FOOD & ALLIED											
Lever Brothers Pakistan Limited (Shares of Rs. 50 each)	4,628	50,796	--	49,616	5,808	4,344,384	4,382,135	4,344,384	1.68	0.04	3.55
Rafhan Maize Products Co. Limit	77,617	13,300	--	--	90,917	10,248,664	29,320,732	10,248,664	3.97	0.98	8.38
MISCELLANEOUS											
Tri-Pack Limited	50,000	307,000	--	357,000	--	--	--	--	--	--	--
TERM FINANCE CERTIFICATES (Certificates of Rs. 5,000 each)											
Al-Noor Sugar Mills Limited	--	500	--	--	500	2,499,500	2,499,500	2,499,500	0.97	--	2.04
Dewan Salman Fibre Limited	4,000	--	--	--	4,000	19,984,000	20,884,000	19,984,000	7.74	--	16.33
Gatron Industries Limited	200	--	--	200	--	--	--	--	--	--	--
ICI Pakistan Limited	1,000	--	--	--	1,000	833,327	882,000	833,327	0.32	--	0.68
Network Leasing Corp. Limited	--	2,920	--	--	2,920	14,597,080	14,743,080	14,597,080	5.66	--	11.93
Saudi Pak Leasing Co. Limited	4,000	--	--	--	4,000	10,000,000	10,400,000	10,000,000	3.87	--	8.17
Sui Southern Gas Co. Limited	2,000	--	--	2,000	--	--	--	--	--	--	--
						122,342,487	148,206,561	122,082,295	47.30		100.00
Less: Provision for diminution in value of marketable securities as on 30 June 2001						260,192	--	--			
						122,082,295	148,206,561	122,082,295			

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
--	-------------	------------------------	------------------------

9. TRADE DEBTS

Trade debts - secured, considered good	163,087,655	101,705,590
These have been subsequently settled.		

10. ADVANCES AND OTHER RECEIVABLES

Advance tax	807,615	915,938
Accrued profit on term finance certificates	1,811,813	1,681,611
Other receivables	913,731	2,098,562
Security deposit to CDC	500,000	500,000
	4,033,159	5,196,111

11. CASH AND BANK BALANCES

Cash in hand	--	26
Cash at bank:		
- In PLS account	2,762,263	99,742,977
- In current account	232,255	122,166
	2,994,518	99,865,169

12. CAPITAL GAIN

Sales - net	9,108,140,074	2,227,137,258
Cost of sales	12.1 (9,099,714,090)	(2,177,812,286)
	8,425,984	49,324,972

12. I Cost of Sales

Opening stock	135,877,446	165,027,009
Purchases	9,086,179,131	2,148,657,688

Stamps and duties	--	5,035
	-----	-----
	9,222,056,577	2,313,689,732
Closing stock	(122,342,487)	(135,877,446)
	-----	-----
	9,099,714,090	2,177,812,286
	=====	=====
13. DIVIDEND INCOME		
Dividend	8,605,424	8,422,502
Zakat deducted at source	(37,500)	(2,982)
	-----	-----
	8,567,924	8,419,520
	=====	=====
14. ADMINISTRATIVE EXPENSES		
Custodian fee	885,513	877,847
Listing expenses	174,110	175,000
Auditors' remuneration	14.1 73,600	75,235
Professional tax	51,050	113,000
Registrar charges	311,934	297,420
CDC issue/cancellation fee	186,934	--
Mutual fund rating fee	316,433	311,784
Miscellaneous expenses	--	19,791
Stamp charges	--	11,305
	-----	-----
	1,999,574	1,881,382
	=====	=====
14.1 Auditors' Remuneration		
Audit fee	60,000	60,000
Other services	--	5,000
Out of pocket expenses	13,600	10,235
	-----	-----
	73,600	75,235
	=====	=====
15. FINANCIAL EXPENSES		
Mark-up on deferred expenditure payable to ABAMCO Limited	74,611	299,660
Mark-up on deferred expenditure payable to Confidence Financial Services Limited	--	180,738
Interest expense on money market transactions	3,637,937	1,729,973
Bank charges	6,138	37,792
Brokerage commission	24,528	1,891
	-----	-----
	3,743,214	2,250,054
	=====	=====
16. TRANSACTIONS WITH ASSOCIATED COMPANIES		
Trade debts as of June 30,	163,087,655	101,705,590
	=====	=====
Mark-up on deferred expenditure payable	40,419	480,398
	=====	=====
Remuneration to Investment Adviser	5,689,709	8,814,180
	=====	=====
Money market borrowings	196,625,000	55,000,000
	=====	=====
Mark-up paid on money market borrowings	265,448	807,486
	=====	=====
Money market placements	604,000,000	38,000,000

Mark-up received on money market placements	164,266	545,712
Sale of securities	4,925,273,775	297,481,319
Purchase of securities	4,907,061,005	283,892,322
Commission expenses	1,474,261	1,413,411

17. TAXATION

The income tax assessments of the Company have been finalized upto and including assessment year 2000-2001.

In respect of assessment year 1996-97 of (former) Confidence Mutual Fund Limited, the Inspecting Additional Commissioner (IAC) had given notice to the Company under section 66A of the Income Tax Ordinance, 1979, whereby the IAC had contended that the assessment order for the above assessment year was erroneous as Deputy Commissioner of Income Tax should have charged minimum tax under section 80 (D) on the total turnover including sale proceeds of shares. Subsequently IAC passed an order for assessment year 1996-97 with additional tax liability of Rs. 282,664.

The Company has filed an appeal and expects a favourable decision at appeal stage and accordingly has not made any provision in these accounts. The IAC has given a stay order for such tax demand till a similar case pending in the High Court is decided.

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

18.1 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:

2001	<i>Mark-up/Interest bearing</i>				<i>Non mark-up/</i>	
	<i>Less than one month Rupees</i>	<i>One month to three months Rupees</i>	<i>Three months to one year Rupees</i>	<i>More than one year Rupees</i>	<i>Interest bearing Rupees</i>	<i>Total Rupees</i>
Financial Assets						
Cash & bank balances	2,762,263	--	--	--	232,255	2,994,518
Advances and other receivables	--	--	--	--	4,033,159	4,033,159
Trade debtors	--	--	--	--	163,087,655	163,087,655
Marketable securities	--	--	833,327	47,080,580	74,168,388	122,082,295
	2,762,263	--	833,327	47,080,580	241,521,457	292,197,627
Average mark-up rates of financial assets	11.29%	--	18.70%	17.85%		
Financial Liabilities						
Accounts payable and accrued expenses	--	--	--	--	274,850	274,850
Dividend payable	--	--	--	--	27,678,260	27,678,260
Due to Investment Adviser	--	--	--	--	5,730,128	5,730,128
	--	--	--	--	33,683,238	33,683,238
Average mark-up rates of financial liabilities	--	--	--	--		

2000	Mark-up/Interest bearing			Non mark-up/		Total Rupees
	Less than one month Rupees	One month to three months Rupees	Three months to one year Rupees	More than one year Rupees	Interest bearing Rupees	
Financial Assets	99,742,977	--	--	41,069,188	190,191,581	331,003,746
Average mark-up rates of financial assets	10.07%	--	--	18.57%		
Financial Liabilities	--	799,637	1,184,117	--	72,033,466	74,017,220
Average mark-up rates of financial liabilities	--	15.00%	17.00%	--		

18.2 Fair value of the financial instruments

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

19. PERFORMANCE TABLE

	2001 Rupees	2000 Rupees	1999* Rupees	1998* Rupees	1997* Rupees	1996* Rupees
Net assets (based on audited accounts)	258,284,405	257,468,398	150,189,564	150,122,072	150,160,797	149,967,031
Net assets (based on market value of investments)	284,485,466	280,900,882	162,269,736	150,414,162	158,999,611	151,293,197
Net assets value per share (based on audited accounts - after distribution of dividend)	10.33	10.30	10.01	10.00	10.01	9.99
Net assets value per share (based on market value of investments - after distribution of dividend)	11.38	11.24	10.83	10.03	10.60	10.10
Earning per share	1.13	2.70	1.01	0.80	1.31	--
Dividend distribution by:						
BSJS Balanced Fund Limited	11%	31%	10%	8%	13%	--
Former Confidence Mutual Fund	--	16%	--	--	--	--

*Does not include figures of former Confidence Mutual Fund Limited

20. BASIC EARNING PER SHARE

	2001 Rupees	2000 Rupees
Profit after taxation for the year ended June 30,	28,316,007	67,463,873
No. of average shares outstanding during the year	25,000,000	25,000,000
Basic earning per share	1.13	2.70

21. GENERAL

21.1 Figures have been rounded off to the nearest rupee.

21.2 Corresponding figures have been rearranged, where necessary for the purposes of comparison and include corresponding figures of the former Confidence Mutual Fund Limited.

**Statement of Income & Expenditure of Investment
Adviser in relation to the Investment Company
For the year ended June 30, 2001**

	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
ABAMCO Limited - Investment Adviser		
Remuneration from BSJS Balanced Fund Limited	5,685,995	6,720,000
Mark-up income on deferred expenditure	34,192	299,660
	-----	-----
	5,720,187	7,019,660
Expenses		
Salaries and other benefits	8,530,668	6,230,429
Office maintenance	422,839	339,031
Auditors' remuneration	60,000	44,150
Depreciation	1,121,892	1,357,919
Insurance	420,068	428,757
Printing & stationery	1,010,303	333,526
Directors' meeting fee	2,500	4,000
Legal & professional	709,712	352,723
Entertainment	105,846	64,141
Travelling, conveyance and vehicle maintenance	1,186,036	995,893
Computer system	6,164,540	195,297
Postage	112,395	78,341
Telephone	398,742	489,549
Utilities	347,324	250.82
Newspaper	32,252	49,665
Professional tax	58,546	33,170
Fees & subscription	93,750	--
Donation	400,000	--
Financial charges	18,295	6,034
Provision/(Reversal of provision)		
for diminution in value of long term investment	(11,728,750)	3,927,500
Amortization of deferred cost	--	220,581
	-----	-----
	9,466,958	15,401,521
	=====	=====
Loss for the year	3,746,771	8,381,861
	=====	=====

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

Pattern of Shareholding

Form "34"

<i>Number of Shareholders</i>	<i>Shareholding</i>		<i>Total Shares Held</i>
	<i>From</i>	<i>To</i>	
34	1	100	1,687
80	101	500	34,585

20	501	1000	17,180
30	1001	5000	81,575
4	5001	10000	29,385
4	10001	15000	51,812
1	20001	25000	25,000
1	30001	35000	31,000
1	40001	45000	40,750
3	45001	50000	148,130
2	70001	75000	148,900
2	95001	100000	198,540
2	245001	250000	498,100
1	250001	400000	393,420
1	400001	450000	450,000
1	450001	500000	500,000
1	500001	600000	560,406
1	600001	700000	655,400
1	700001	800000	737,000
2	800001	900000	1,756,900
1	900001	1000000	1,000,000
2	1600001	1700000	3,380,000
1	1900001	2000000	1,948,000
1	2000001	2500000	2,432,500
2	4000001	5000000	9,879,730

*199

25,000,000

<i>Categories of Shareholders</i>	<i>Number of Shareholders</i>	<i>Total Shares Held</i>	<i>Percentage</i>
Individuals	160	427,265	1.71
Investment Companies	19	14,330,317	57.32
Insurance Company	1	99,270	0.40
Joint Stock Companies	5	263,912	1.05
Financial Institutions	9	7,031,536	28.13
Modaraba Companies	4	1,147,700	4.59
Foreign Investor	1	1,700,000	6.80
	199	25,000,000	100.00

* Includes 72 beneficial owners as per list appearing on CDS

Notice of Meeting

Notice is hereby given that the 7th Annual General Meeting of the Company will be held at 11:00 a.m. on Saturday, October 20, 2001 at Pearl Continental Hotel, Karachi, to transact the following business:

- To confirm the Minutes of the Annual General Meeting held on September 30, 2000 and the Extra-Ordinary General Meeting held on March 24, 2001.
- To receive, consider and adopt the Audited Accounts of the Company together with the Report of Directors and Auditors for the year ended June 30, 2001.
- To approve the payment of Cash Dividend @ 11% i.e., Rs. 1.10 per share of Rs. 10/- each for the year ended June 30, 2001.
- To appoint Auditors and fix their remuneration for the year 2001-2002. The present Auditors Messrs. Taseer Hadi Khalid & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.
- To elect seven (7) directors, as fixed by the Board of Directors, pursuant to section 178(I) of the Companies Ordinance, 1984, for a period of three years.

The following retiring directors shall be eligible to offer themselves for re-election.

- i) Mr. M. W. Farooqui
- ii) Mr. Abid Hussain Zuberi
- iii) Mr. Munaf Ibrahim
- iv) Shaikh Mukhtar Ahmed
- v) Mian Raza Mansha
- vi) Mr. Ayaz-ul-Haque
- vii) Mr. M. Habib-ur-Rahman

6. Special Business

To increase the authorised capital of the Company from Rs. 250 million to Rs. 500 million, by passing the following resolution as special resolution:

RESOLVED that "the authorised capital of the Company be and is hereby increased from Rs. 250 million to Rs. 500 million divided into 50 million ordinary shares of Rs. 10/-each."

FURTHER RESOLVED that "Clause V of the Memorandum of Association and Article 5 of the Articles of Association of the Company be and are hereby amended to the extent of reflecting the increase in the authorised capital as aforesaid."

7. To transact any other business with the permission of the Chain

By order of the Board

Saiyid Azher Alam
Company Secretary

Karachi: July 28, 2001

Statement under Section 160 (b) of the Companies Ordinance, 1984

Increase in Authorised Capital of the Company

As a result of the merger of Confidence Mutual Fund Limited, the paid up capital of the Company has reached the limit of authorised capital of Rs. 250 million. In view of the planned merger with other mutual fund(s) it is necessary that the authorised capital of the Company be increased so as to enable expansion of the Company.

It is therefore, proposed to increase the authorised capital of the Company from Rs. 250 million to Rs. 500 million divided into 50 million ordinary shares of Rs. 10/- each. For this purpose, it is intended to propose and pass the Resolution as mentioned above.

None of the Directors have any special interest in the said business other than as ordinary shareholders of the Company.

Election of Directors Pursuant to Section 178 of the Companies Ordinance, 1984

Any person who seeks to contest election to the office of director shall, whether he is retiring or otherwise, file with the Company not later than 14 (fourteen) days before the date of the meeting, a notice of his/ her intention to offer himself/herself for election as director together with his/her consent to act as director as required under section 178(3) of the Companies Ordinance, 1984.

NOTES:

1. The Share Transfer Books of the Company will be closed from Saturday, October 13, 2001 to Saturday October 20, 2001 (both days inclusive) to determine entitlement to cash dividend, as declared by the Board of Directors. Transfers received at the share department of the company at Uni Corporate and Financial Services, Westland Trade Centre, opposite flyover, Shaheed-e-Millat Road, Karachi at the close of business on Friday October 12, 2001 will be treated in time for these entitlements.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. A corporation may appoint a person, who is not a member, as proxy.
3. Proxy forms in order to be effective must be received at the Company's registered office situated at 1306 - 1307, Chapal Plaza, Hasrat Mohani Road, Karachi - 74000, duly stamped and signed not later than 48 hours

before the meeting.

4. If a member appoints more than one proxy and/or deposits more than one instrument of proxy, all such instruments shall be rendered invalid.

5. Account holders/sub-account holders holding book entry securities of the Company in Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) who wish to attend the AGM are requested to please bring their original ID Card/original passport with a photocopy duly attested by their bankers for identification purposes. In case of Corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

6. Members are requested to promptly communicate to the Company any change in their address to ensure prompt delivery of mail.