

Al Meezan Mutual Fund Limited

Annual Report 1999

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Irfan Siddiqui	Chairman
Mr. Mohammad Shoaib	Chief Executive
Mr. Razi-ur-Rehman Khan	
Mr. Nasim Beg	
Syed Mazher Iqbal	
Mr. Anthony John Morgan	
Dr. Amjad Waheed	

COMPANY SECRETARY

Mr. Farhan Talib

INVESTMENT ADVISOR

A1 Meezan Investment & Financial Services (Pvt.) Limited

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

CUSTODIAN

Muslim Commercial Bank Limited

BANKERS

Bank AL Habib Limited
.Faysal Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan

REGISTERED OFFICE & SHARES DEPARTMENT

4th Floor, Block "C",
Finance & Trade Centre,
Shahrah-e-Faisal,
Karachi 74400,
Pakistan.

NOTICE OF MEETING

Notice is hereby given that the 4th Annual General Meeting of A1 Meezan Mutual Fund Limited will be held on Wednesday, December 29, 1999 at 8:30 a.m. at 4th Floor, Block "C", Finance & Trade Centre, Shahrah-e-Faisal, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 3rd Annual General Meeting held on December 26, 1998.
2. To receive, consider, and adopt Audited Accounts of the Company together with the Directors' and Auditors' Report thereon for the year ended June 30, 1999.
3. To approve final cash dividend of 6.4% for the year ended June 30, 1999.
4. To appoint Auditors of the Company and fix their remuneration for the year ending June 30, 2000. The present Auditors M/s. A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
5. To elect Eight (08) Directors of A1 Meezan Mutual Fund Limited for a period of three years commencing from December 30, 1999 in accordance with the provisions of Section 178 of the Companies Ordinance, 1984. The names of retiring Directors are as under:

- | | |
|------------------------------|-----------------------------|
| i. Mr. Irfan Siddiqui | ii. Mr. Mohammad Shoaib |
| iii. Mr. Razi-ur-Rehman Khan | iv. Mr. Nasim Beg |
| v. Syed Mazher Iqbal | vi. Mr. Anthony John Morgan |
| vii. Dr. Amjad Waheed | |

The Board of Directors has fixed the number of directors to be elected as Eight (08). All retiring directors shall be eligible to offer themselves for re-election.

SPECIAL BUSINESS:

To consider substitution of Article 84 of the Articles of Association and pass the following special resolution:

"Resolved that a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles vested in or exercisable by the Board generally. The quorum for a meeting of directors shall not be less than one-third or four whichever is greater."

7. Any other business with the permission of the Chair.

By order of the Board,

Karachi
November 12, 1999

FARHAN TALIB
Company Secretary

Notes:

1. Any person who seeks to contest an election to the office of director shall, whether he is a retiring director or otherwise, file with the Company at its Registered Office not later than fourteen days before the day of meeting at which elections are to be held, a notice of his intention to offer himself for election as a director along with written consent to act as a director on the prescribed Form - 28.
2. The Share Transfer Books of the Company will remain closed from December 03 - December 08, 1999 (both days inclusive).
3. No person shall be appointed a proxy who is not a member of the Company and qualified to vote, save that a corporation or a Company being a member of the Company may appoint as proxy or as its representative under Section 162 of the Ordinance any person though not a member of the Company, and the person so appointed shall be entitled to exercise the same powers on behalf of the corporation which he represents, as that corporation could exercise if it was an individual member of the Company. Any such appointment shall be authorized by a resolution of Directors of that Company or corporation.
4. Every proxy shall be appointed in writing under the hand of the appointer or by an agent duly authorized under a Power of Attorney or if such appointer is a Company or corporation under the common seal of the Company or corporation or the hand of its Attorney who may be appointer.
5. Shareholders whose shares are deposited with Central Depository System (CDS) are requested to bring

their National Identity Card (NIC) along with their Account Number in Central Depository System for verification.

6. Shareholders are required to promptly notify the company of any change in the mailing address.

7. A statement under Section 160(1)(b) of the Companies Ordinance 1984 relating to special business is being sent to the members along with a copy of the notice.

Statement Under Section 160(1) (h) of Companies Ordinance, 1984.

The Article 84 of Articles of Association specifies the quorum for the meeting of Directors is two. It is proposed to delete the current Article 84 and substitute with a new Article 84 which specifies the quorum for meeting of Directors in accordance with Section 193(1) of the Companies Ordinance, 1984.

FINANCIAL HIGHLIGHTS

<i>Year ended</i>	<i>June 30, 1999</i>	<i>June 30, 1998</i>	<i>June 30, 1997</i>	<i>July 13, 1995 to June 30, 1996</i>
<i>(Rupees in thousands from 1 to 5)</i>				
1. Investment Income	22,096	17,623	19,675	7,440
2. Operating Expenses	5,632	4,953	6,851	5,130
3. Reversal/(provision) for diminution in the value of marketable securities net of capital (loss)/gain	26,244	(79,713)	17,413	(1,985)
4. Profit / (loss)	42,709	(67,043)	30,237	325
5. Dividend	16,000	--	29,500	--
6. Rate of dividend (%)	6.40	--	11.80	--
7. Net Asset Value (Rs.)	8.22	7.24	10.00	9.95
8. Appreciation/(depreciation) in NAV (%)	13.54	(27.60)	0.50	--
Total return (%)	22.38	(27.60)	12.36	--
KSE 100 Index	1,054.67	879.62	1,565.73	1,703.28
11. Appreciation / (depreciation) in KSE 100 Index (%)	19.90	(43.82)	(8.08)	--
12. Outperformance / (underperformance) in comparison to KSE 100 Index (%)	2.48	16.22	20.44	--

DIRECTORS' REPORT

We are pleased to present the Fourth Annual Report together with the audited accounts for the year ended June 30, 1999.

State of the Economy

The deteriorating economic and political conditions had resulted in substantial decline in the stock market valuations during the last year with KSE 100 index depicting a decline of 43.79% for the year ended June 30, 1998. The economy managed to recover to some extent from the after effects of uncertainty resulting from nuclear testing and its economic repercussions, i.e. freezing of foreign currency accounts, depleting foreign currency reserves and delays' in repatriation of portfolio payments and commercial / bilateral loans repayments. The rescheduling of sovereign loans by the Paris Club and that of the commercial loans by the London Club has provided the much needed breathing space to the economy and the future economic outlook is dependent on the economic and structural reforms undertaken by the government in this interim period.

Operating Results

The company posted a profit of Rs. 40.59 million for the year ended June 30, 1999 compared to a net loss of Rs.69.09 million in the corresponding period last year. The highlights of the operating results for the year are as follows:

(Rupees)

Investment Income	22,096,261
-------------------	------------

Operating Expenses	(5,632,021)
Reversal/(provision) for diminution in the value of marketable securities net of capital (loss)/gain	26,244.76

Profit Before Taxation	42,709,002
Provision for Taxation	(2,120,590)

Net Profit for the Year	40,588,412
	=====
Proposed Dividend	(16,000,000)
	=====

During the year, the company realized capital losses of Rs.31.5 million whereas previous year's provision for diminution in the value of marketable securities was reversed to the extent of Rs.57.7 million, as it was no longer required. The dividend income for the year was Rs. 11.8 million and other income was Rs.10.3 million.

Portfolio Performance Relative to KSE-100 Index

Alhamdulillah, the portfolio of the company once again managed to outperform the KSE-100 Index. It was by all means a very significant achievement as it was the third consecutive year that our portfolio outperformed the benchmark index. None of the other investment companies in the country has managed to outperform the benchmark KSE-100 index every year for the last three years.

The KSE-100 Index appreciated by 19.90% during the year ended June 30, 1999. On the other hand, total return on fund portfolio was 22.38%. Thus the portfolio outperformed the benchmark index by a substantial 248 basis points. It may be noted here that the company's exposure to the stocks during the year has ranged between 50% to 75% of the net assets, signifying a low risk strategy. Hence the out performance has purely been an outcome of prudent security selection and excellent market timing. The company has so far completed three full years of operations and a summary of relative portfolio performance is as follows:

	<i>June 30, 1997</i>	<i>June 30, 1998</i>	<i>June 30, 1999</i>
Net Asset Value Per Share	10.00	7.24	8.22
Dividend Paid	1.18	--	0.64
Total Return on Fund Portfolio (%)	12.36	(27.60)	22.38
KSE- 100 Index	1565.73	879.62	1054.67
Return on Index (%)	(8.08)	(43.82)	19.90
Portfolio outperformance (%)	20.44	16.22	2.48

Composition of Assets

On June 30, 1999 the composition of net assets of your company at market value was as under:

The top five holdings of the Company as on June 30, 1999 based on market value were as follows:

Pakistan State Oil.	Rs. 24.0 million
Engro Chemicals Ltd.	Rs. 22.5 million
Hub Power Company Ltd.	Rs. 19.4 million
Fauji Fertilizer Co. Ltd.	Rs. 16.7 million
Pakistan Telecommunication Co. Ltd.	Rs. 16.4 million

Future Outlook

The Asian emerging markets in general had depicted a very dismal performance during the previous fiscal year. However most of these markets with strong economies have recovered substantially during the year under review due to domestic liquidity and fund inflows from Foreign Institutional Investors (FIIs). In our opinion, an early resolution of IPP controversy and removal of approval requirements for movement of portfolio investment flows is imminent for the restoration of investors' confidence in the Pakistan's economy.

A daunting task awaits the country's new team of economic managers. We feel that swift and bold decisions will help to revive the economy and to restore investors' confidence.

Board of Directors

Mr. Wusooq Khaleeli representing NIT resigned and was replaced by Dr. Amjad Waheed. Mr. Charles Blackmore and Mr. Andrew Douglas Eu representing Jardine Fleming Investment Management International Limited also resigned and were replaced by Mr. Razi-ur-Rehman Khan and Mr. Anthony John Morgan respectively. The Directors wish to place on record valuable services rendered to the Company by Mr. Wusooq Khaleeli, Mr. Charles Blackmore and Mr. Andrew Douglas Eu and welcome the new Directors.

Year 2000 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 now Year 2000 compliant.

Acknowledgement

We offer our sincere gratitude to the Board of Directors for their continued guidance and support. We also wish to place on record our appreciation for the auditors, shareholders, and investment advisor of the Company.

Mohammad Shoab
Chief Executive

Nasim Beg
Director

Karachi: November 11, 1999

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of A1 Meezan Mutual Fund Limited as at June 30, 1999 and the related profit and loss account, statement of changes in equity and cash flow statement, 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 and, after due verification thereof, 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 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 in accordance with the provisions of the second schedule to 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 purposes 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, statement of changes in equity and the cash flow statement together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 and the Investment Companies and 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, changes in equity and the cash flows for the year then ended; and

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

A. F. FERGUSON & CO.
Chartered Accountants

Karachi: November 25, 1999

BALANCE SHEET AS AT JUNE 30, 1999

<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
SHARE CAPITAL AND RESERVES		
Authorised share capital		
25,000,000 ordinary shares of Rs. 10 each	250,000,000	250,000,000
	=====	=====
Issued, subscribed and paid-up share capital		
25,000,000 ordinary shares of Rs. 10 each fully paid in cash	250,000,000	250,000,000

Accumulated loss		(44,488,724)	(69,077,136)
		-----	-----
		205,511,276	180,922,864
LONG TERM LIABILITY	3	939,301	1,878,602
CURRENT LIABILITIES			
Current maturity of a long term liability	3	939,301	939,300
Due to the Investment Adviser-an associated undertaking	4	4,110,226	3,028,457
Creditors, accrued expenses and other liabilities	5	28,683,153	15,883,910
Proposed dividend		16,000,000	--
		-----	-----
		49,732,680	19,851,667
		-----	-----
		256,183,257	202,653,133
		=====	=====
LONG TERM DEPOSIT		300,000	--
CURRENT ASSETS			
Marketable securities	6	167,912,782	105,662,574
Accounts receivable unsecured and considered good		27,891,813	51,045,827
Prepayment and other receivables	7	5,008,584	4,103,613
Bank balances	8	55,070,078	41,841,119
		-----	-----
		255,883,257	202,653,133
		-----	-----
		256,183,257	202,653,133
		=====	=====

The annexed notes form an integral part of these accounts.

Mohammad Shoaib
Chief Executive

Nasim Beg
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1999**

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
INVESTMENT INCOME			
Dividend income		11,830,751	10,186,674
Other income	9	10,265,510	7,436,745
		-----	-----
		22,096,261	17,623,419
OPERATING EXPENSES			
Administrative expenses	10	1,521,795	1,924,870
Remuneration to the Investment Adviser	4	4,110,226	3,028,457
		-----	-----
		5,632,021	4,953,327
		-----	-----
		16,464,240	12,670,092
Reversal / (provision) for diminution in the value of marketable securities net of capital (loss)/gain	11	26,244,762	(79,713,722)
		-----	-----
PROFIT / (LOSS) BEFORE TAXATION		42,709,002	(67,043,630)
PROVISION FOR TAXATION			
Current			
- for the year		2,120,590	1,890,652
- for a prior year		--	163,340
		-----	-----

		2,120,590	2,053,992
		-----	-----
PROFIT / (LOSS) AFTER TAXATION FOR THE YEAR		40,588,412	(69,097,622)
		=====	=====
Basic earnings / (losses) per share	17	1.62	(2.76)
		=====	=====

The annexed notes form an integral part of these accounts.

Mohammad Shoaib
Chief Executive

Nasim Beg
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 1999**

	<i>SHARE CAPITAL</i>	<i>UNAPPROPRIATED PROFIT/ (ACCUMULATED Loss)</i>	<i>TOTAL</i>	<i>NET ASSET VALUE PER SHARE</i>
			<i>Rupees</i>	
Balance as at June 30, 1997	250,000,000	20,486	250,020,486	10.00
			=====	
Net loss for the year ended June 30, 1998	--	(69,097,622)	(69,097,622)	

Balance as at June 30, 1998	250,000,000	(69,077,136)	180,922,864	7.24
				=====
Net profit for the year ended June 30, 1999	--	40,588,412	40,588,412	
Proposed dividend (Re. 0.64 per share)	--	(16,000,000)	(16,000,000)	
Balance as at June 30, 1999	250,000,000	(44,488,724)	205,511,276	8.22
			=====	=====

The annexed notes form an integral part of these accounts.

Mohammad Shoaib
Chief Executive

Nasim Beg
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 1999**

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		42,709,002	(67,043,630)
Adjustments for:			
(Reversal) / provision for diminution in the value of marketable securities		(57,730,319)	90,517,857
Dividend income		(11,830,751)	(10,186,674)
Financial income		(10,210,510)	(7,436,745)
Dividends received		11,486,896	8,953,051
Financial income received		9,094,745	8,235,816
		-----	-----
(Loss) /profit before changes in working capital		(16,480,937)	23,039,675

(Increase)/decrease in current assets

Marketable securities	(4,519,889)	(18,961,585)
Accounts receivable	23,154,014	35,876,996
Prepayment and other receivables	100,000	(100,000)
	-----	-----
	18,734,125	16,815,411
Increase/(decrease) in current liabilities		
Due to the Investment Adviser - an associated undertaking	1,081,769	(2,561,953)
Creditors, accrued expenses and other liabilities	12,799,243	(26,738,140)
	-----	-----
	13,881,012	(29,300,093)
Cash generated from operations	16,134,200	10,554,993
Long term deposit made	(300,000)	--
Taxation paid	(1,665,941)	(1,509,221)
	-----	-----
Net cash inflow from operating activities	14,168,259	9,045,772
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term liability	(939,300)	(939,300)
Dividend paid	--	(26,550,000)
	-----	-----
Net cash outflow from financing activities	(939,300)	(27,489,300)
Net increase / (decrease) in cash and cash equivalents	13,228,959	(18,443,528)
Bank balances at the beginning of the year	41,841,119	60,284,647
	-----	-----
Bank balances at the end of the year	8 55,070,078	41,841,119
	=====	=====

The annexed notes form an integral part of these accounts.

Mohammad Shoaib
Chief Executive

Nasim Beg
Director

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1999

1. STATUS AND NATURE OF BUSINESS

1.1 The company was incorporated on July 13, 1995 as a public limited company under the Companies Ordinance, 1984 and has been registered as an 'Investment Company' under the Investment Companies and Investment Advisers Rules, 1971. The company's registered office is in Karachi. The 'certificate of commencement of business' was obtained by the company on January 1, 1996. The object of the company is to carry on the business of a closed-end mutual fund and to invest its assets in securities which are listed or proposed to be listed on the stock exchanges.

1.2 The company has an agreement with A1 Meezan Investment and Financial Services (Private) Limited, an associated undertaking, to provide investment advisory services.

1.3 The company was formally listed on the Karachi Stock Exchange on September 16, 1996 as a closed-end mutual fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Marketable securities

Marketable securities are stated at the lower of cost and market value determined on an aggregate portfolio basis. Cost of marketable securities portfolio is determined on a moving average basis. Consistent with prior year the cost of acquisition of 'dealing securities' (i.e. securities held for trading) is not considered for calculating the 'moving average cost' of

marketable securities. The market value refers to the closing quotations of the Karachi Stock Exchange on the last working day of the accounting year.

2.3 Taxation

Current:

The charge for current taxation, if any, in the accounts is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

No charge for current taxation is made in the accounts if the company intends to distribute 90 percent or more of its current profit amongst its shareholders in accordance with the exemption available under clause 102D of the Second Schedule to the Income Tax Ordinance, 1979.

Deferred:

The company accounts for deferred taxation arising on major timing differences, if any, by using the liability method. However, no provision was required as at June 30, 1999 and no asset existed as at that date.

2.4 Revenue recognition

(i) Dividend income is stated net of zakat deduction thereon at source and is recognised at the time of closure of the share transfer books of the investee company.

(ii) Sale and purchase of marketable securities are recorded on the date of contract. Gains or losses on sale of marketable securities are also recorded on the date of contract.

(iii) Profit on bank deposits is recognized on accrual basis.

3. LONG TERM LIABILITY

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
Expenses incurred on incorporation and floatation - note 3.1	1,878,602	2,817,902
Less: Current maturity	939,301	939,300
	-----	-----
	939,301	1,878,602
	=====	=====

3.1 The expenditure incurred on the incorporation and floatation of A1 Meezan Mutual Fund Limited, amounting to Rs.4,696,502 has been paid by A1 Meezan Investment and Financial Services (Private) Limited (the Investment Adviser). According to rule 7(3) of the Investment Companies and Investment Advisers Rules, 1971 these expenses are to be repaid by A1 Meezan Mutual Fund Limited over a period of five years in equal annual installments.

**4. DUE TO THE INVESTMENT ADVISER
- AN ASSOCIATED UNDERTAKING**

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
Remuneration at 2% of net assets for the year -note 4.1	4,110,226	3,618,457
Less: Adjustment of remuneration on account of the Year ended June 30, 1997	--	590,000
	-----	-----
	4,110,226	3,028,457
	=====	=====

4.1 The investment Adviser is entitled to a remuneration at the rate of 2% of net assets of the company as at the end of the investment company's year of accounts in terms of rule 11(a) of the Investment Companies and Investment Advisers Rules, 1971 which has been determined as follows:

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
Assets:		

Long term deposit	300,000	--
Marketable securities	167,912,782	105,662,574
Accounts receivable	27,891,813	51,045,827
Prepayment and other receivables	5,008,584	4,103,613
Bank balances	55,070,078	41,841,119
	-----	-----
	256,183,257	202,653,133
	=====	=====

	1999	1998
	Rupees	Rupees
Liabilities		
Long term liability	939,301	1,878,602
Current maturity of a long term liability	939,301	939,300
Due to the Investment Adviser		
- an associated undertaking	4,110,226	3,028,457
Creditors, accrued expenses and other liabilities	28,683,153	15,883,910
Proposed dividend	16,000,000	--
	-----	-----
	50,671,981	21,730,269
	-----	-----
Net assets	205,511,276	180,922,864
	=====	=====
Remuneration at 2% of net assets for the year	4,110,226	3,618,457
	=====	=====

5. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

	1999	1998
	Rupees	Rupees
Creditors	25,525,495	12,498,652
Custodian charges	25,235	219,381
Settlement charges	82,423	80,000
Dividend payable	2,950,000	2,950,000
Accrued expenses	100,000	135,877
	-----	-----
	28,683,153	15,883,910
	=====	=====

MARKETABLE SECURITIES

6.1 The following is a statement of marketable securities. The securities represent (i) ordinary shares of a nominal value of Rs 10 each unless stated otherwise and (ii) term finance certificates under serial number 33 below:

<i>Name of the company</i>	<i>Number of shares</i>				<i>Balance as at June 30, 1999</i>			<i>Percentage in relation to</i>				
	<i>Balance as at July 1, 1998</i>	<i>Purchases</i>	<i>Bonus shares</i>	<i>Sales</i>	<i>Number of Shares</i>	<i>At cost (Rupees)</i>	<i>At market (Rupees)</i>	<i>Own net assets At Cost</i>	<i>At market</i>	<i>No. of shares of investee company</i>	<i>Total investment At cost</i>	<i>At market value</i>
INVESTMENT COMPANIES AND BANKS												
1. Al-Faysal Investment Bank Limited	106,250	--	--	106,250	--	--	--	--	--	--	--	--
2. Bank Al-Habib Limited	57,500	--	18,400	--	75,900	1,585,000	1,366,200	0.72	0.62	0.15	0.79	0.81
3. Faysal Bank Limited	353,250	--	--	353,250	--	--	--	--	--	--	--	--
4. Muslim Commercial Bank Limited	137,300	484,000	--	253,500	367,800	8,722,917	7,374,390	3.94	3.33	0.20	4.34	4.39
INSURANCE COMPANIES												
5. Adamjee Insurance Co. Limited	115,875	467,421	343	365,000	218,639	9,750,319	8,198,963	4.41	3.70	0.51	4.85	4.88
-----do-----('D' see note 6.2 below)	--	436,500	--	436,500	--	--	--	--	--	--	--	--
TEXTILE SPINNING												
6. Gadoon Textile Mills Limited	127,000	--	--	20,000	107,000	5,376,750	1,685,250	2.43	0.76	0.46	2.67	1.01

7. Saif Textile Mills Limited	101,530	5,000	--	--	106,530	1,526,430	745,710	0.69	0.34	0.56	0.76	0.44
8. Umer Fabrics Limited	75,000	--	--	75,000	--	--	--	--	--	--	--	--
TEXTILE COMPOSITE												
9. Nishat Mills Limited	--	425,000	--	225,000	200,000	1,944,488	1,900,000	0.88	0.86	0.18	0.97	1.13
SYNTHETICS AND RAYON												
10. Dewan Salman Fibres Limited ('D' see note 6.2 below)	--	100,000	--	100,000	--	--	--	--	--	--	--	--
11. Dhan Fibres Limited	--	429,000	--	50,000	379,000	1,543,436	1,743,400	0.70	0.79	0.13	0.77	1.04
-----do-----('D' see note 6.2 below)	--	100,000	--	100,000	--	--	--	--	--	--	--	--
12. Ibrahim Fibres Limited	645,000	275,500	--	437,000	483,500	3,344,077	3,384,500	1.51	1.53	0.24	1.66	2.02
CEMENT												
13. D.G. Khan Cement Limited	--	375,000	--	375,000	--	--	--	--	--	--	--	--
FUEL AND ENERGY												
14. Hub Power Co. Limited	904,000	7,258,000	--	6,785,000	1,377,000	24,693,513	19,415,700	11.16	8.77	0.12	12.28	11.56
-----do-----('D' see note 6.2 below)	--	7,855,500	--	7,855,500	--	--	--	--	--	--	--	--
15. KESC Limited	--	350,000	--	350,000	--	--	--	--	--	--	--	--
-----do-----('D' see note 6.2 below)	--	30,000	--	30,000	--	--	--	--	--	--	--	--
16. Pakistan State Oil Limited	122,104	1,485,100	65,660	1,412,500	260,364	24,554,947	24,083,670	11.10	10.88	0.22	12.21	14.34
-----do-----('D' see note 6.2 below)	--	130,000	--	130,000	--	--	--	--	--	--	--	--
17. Shell Pakistan Limited	36,913	10,000	--	46,913	--	--	--	--	--	--	--	--
18. Sui Northern Gas Pipelines Limited	187,037	792,000	46,280	615,500	409,817	3,816,472	3,421,964	1.72	1.55	0.11	1.90	2.04
-----do-----('D' see note 6.2 below)	--	25,000	--	25,000	--	--	--	--	--	--	--	--
19. Sui Southern Gas Co Limited	359,187	50,000	35,918	--	445,105	9,544,504	3,827,903	4.31	1.73	0.09	4.74	2.28
ENGINEERING												
20. Crescent Steel and Allied Products Limited	58,391	--	--	--	58,391	1,530,485	875,865	0.69	0.40	0.29	0.76	0.52
AUTO AND ALLIED												
21. The General tyre and Rubber Co. Limited	--	118,500	--	57,000	61,500	2,179,895	2,275,500	0.90	1.03	0.36	1.08	1.36
22. Pak Suzuki Motor Co. Limited	142,000	100,000	--	--	242,000	9,132,950	6,050,000	4.13	2.73	0.49	4.54	3.60
TRANSPORT AND COMMUNICATION												
23. Pakistan International Airlines Corporation (A)	150,000	354,500	--	204,500	300,000	4,643,812	3,855,000	2.10	1.74	0.08	2.31	2.30
24. Pakistan Telecommunication Co. Limited (A)	887,000	5,859,000	--	5,920,000	826,000	17,120,728	16,396,100	7.74	7.41	0.02	8.51	9.76
-----do-----('D' see note 6.2 below)	--	2,950,000	--	2,950,000	--	--	--	--	--	--	--	--
CHEMICAL AND PHARMACEUTICAL												
25. Engro Chemicals Limited	219,065	1,360,400	2,213	1,270,700	310,978	24,730,873	22,545,905	11.18	10.19	0.26	12.29	13.43
-----do-----('D' see note 6.2 below)	--	2,097,000	--	2,097,000	--	--	--	--	--	--	--	--
26. Fauji Fertilizer Co. Limited	225,600	2,315,000	--	2,131,300	409,300	21,830,361	16,678,975	9.86	7.54	0.16	10.85	9.93
-----do-----('D' see note 6.2 below)	--	1,248,000	--	1,248,000	--	--	--	--	--	--	--	--
27. FFC Jordan Fertilizer Co. Limited	164,500	410,000	--	365,000	209,500	2,984,187	2,335,925	1.35	1.06	0.06	1.48	1.39
-----do-----('D' see note 6.2 below)	--	42,000	--	42,000	--	--	--	--	--	--	--	--
28. ICI Pakistan Limited	--	2,915,000	--	2,915,000	--	--	--	--	--	--	--	--
-----do-----('D' see note 6.2 below)	--	56,000	--	56,000	--	--	--	--	--	--	--	--
PAPER AND BOARD												
29. Century Paper and Board Mills Limited	140,250	--	14,025	--	154,275	4,850,980	1,928,437	2.19	0.87	0.49	2.41	1.15
30. Package Limited	47,395	33,000	--	47,395	33,000	1,097,762	1,353,000	0.50	0.61	0.08	0.55	0.81
FOOD AND ALLIED												
31. Lever Brothers Pakistan Limited (See note 6.3 below)	--	14,300	--	1,960	12,340	9,989,006	9,378,400	4.51	4.24	0.10	4.97	5.59
MISCELLANEOUS												
32. Tripack Films Limited	--	128,500	--	25,000	103,500	1,982,131	1,982,025	0.90	0.90	0.35	0.99	1.18
-----do-----('D' see note 6.2 below)	--	65,000	--	65,000	--	--	--	--	--	--	--	--
TERM FINANCE CERTIFICATION (Rs. 5,000 each)												
33. ICI Pakistan Limited	1,000	--	--	--	1,000	2,664,983	5,110,000	1.20	2.31	0.50	1.32	3.04

5,363,147	41,149,221	182,839	39,542,768	7,152,439	201,141,006	167,912,782	100.00	100.00
=====	=====	=====	=====	=====			=====	=====
					(33,228,224)			
					-----	-----		
					167,912,782	167,912,782		
					-----	-----		
					196,621,117	105,662,574		
					-----	-----		

6.2 'D' represents 'dealing securities'. Please refer note 2.2.

6.3 The nominal value of these shares is Rs. 50 each.

6.4 Net assets are as defined in rule 2(e) of the Investment Companies and Investment Advisers Rules, 1971.

6.5 The percentage in relation to own net assets (of the company) has been calculated in relation to the cost and market value of the respective investments.

6.6 The percentage in relation to the investee company's paid up capital has been calculated in relation to the number of shares held in that investee company.

7. PREPAYMENT AND OTHER RECEIVABLES

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
Prepayment		
- Annual listing fee	--	100,000
Other receivables		
- Dividends receivable	2,979,228	2,635,373
- Profit on bank deposits	1,428,016	495,796
- Profit 'on term finance certificates (TFCs)	253,810	70,265
- Advance tax recoverable	347,530	802,179
	-----	-----
	5,008,584	4,003,613
	-----	-----
	5,008,584	4,103,613
	=====	=====

8. BANK BALANCES

PLS accounts	55,070,078	38,879,047
Current account	--	2,962,072
	-----	-----
	55,070,078	41,841,119
	=====	=====

9. OTHER INCOME

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
Profit on bank deposits - note 9.1	9,417,615	7,849,438
Profit on term finance certificates (TFCs)		
- For the year - note 9.1	792,895	218,490
- For prior year	--	(631,183)
Underwriting commission -note 9.1	55,000	--
	-----	-----
	10,265,510	7,436,745
	=====	=====

9.1 Profit on bank deposits and TFCs and underwriting commission are stated inclusive of withholding tax deducted aggregating Rs. 798,959; Rs. 53,909 and Rs. 5,500 respectively.

10. ADMINISTRATIVE EXPENSES

Custodian charges	293,958	617,603
Settlement charges	904,997	1,025,563
CDC eligibility fee	100,000	--
Annual listing fee	100,000	100,000
Auditors' remuneration - note 10.1	113,832	164,087

Bank charges	2,392	9,473
Miscellaneous expenses	6,616	8,144
	-----	-----
	1,521,795	1,924,870
	=====	=====

10.1 Auditors' remuneration

Audit fee	100,000	100,000
Other services	--	55,000
Out of pocket expenses	13,832	9,087
	-----	-----
	113,832	164,087
	=====	=====

11, REVERSAL/(PROVISION) FOR DIMINUTION IN THE VALUE OF MARKETABLE SECURITIES NET OF CAPITAL (LOSS)/GAIN

Reversal/(provision) for diminution in the value of Marketable securities	57,730,319	(90,517,857)
(Less)/add: Capital (loss)/gain on marketable securities		
Sales	643,066,476	797,919,017
Cost of Sales - note 11.1	679,874,242	797,763,436
	-----	-----
	(36,807,766)	155,581
On dealing securities		
Sales	459,792,088	830,127,447
Cost of sales	454,469,879	819,478,893
	-----	-----
	5,322,209	10,648,554
Capital(loss)/gain	(31,485,557)	10,804,135
	-----	-----
	26,244,762	(79,713,722)
	=====	=====

11. Cost of sales

	1999	1998
	Rupees	Rupees
Cost of marketable securities held as at July 1, 1998	196,621,117	177,659,532
Purchases	684,339,802	816,353,943
Stamp duties	54,329	371,078
	-----	-----
	881,015,248	994,384,553
Less: Cost of marketable securities held as at June 30, 1999	201,141,006	196,621,117
	-----	-----
Cost of sales	679,874,242	797,763,436
	=====	=====

12. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Purchase of securities (inclusive of commission Rs. 343,516)	93,892,443	--
Sale of securities (net of commission Rs. 248,410)	80,852,990	--
Remuneration to the Investment Adviser	4,110,226	3,028,457

13. FINANCIAL ASSETS AND LIABILITIES

	<i>Interest/mark-up bearing</i>			<i>Non interest bearing</i>			<i>Total</i>
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub-total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub-total</i>	

Financial assets

Long term deposit	--	--	--	--	300,000	300,000	300,000
Marketable securities	2,664,983	--	2,664,983	165,247,799	--	165,247,799	167,912,782
Accounts receivable	--	--	--	27,891,813	--	27,891,813	27,891,813
Prepayment and other receivables	1,681,826	--	1,681,826	2,979,228	--	2,979,228	4,661,054
Bank balances	55,070,078	--	55,070,078	--	--	--	55,070,078
Financial liabilities							
Long term liability	--	--	--	939,301	939,301	1,878,602	1,878,602
Due to the Investment Adviser	--	--	--	4,110,226	--	4,110,226	4,110,226
Creditors, accrued expenses and other liabilities	--	--	--	25,733,153	--	25,733,153	25,733,153
Dividend payable	--	--	--	2,950,000	--	2,950,000	2,950,000
Proposed dividend	--	--	--	16,000,000	--	16,000,000	16,000,000

14. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk represents the accounting loss relating to financial assets that would be recognized at the reporting date if counter parties failed completely to perform as contracted. However, the company does not believe that it is exposed to major concentration of credit risk. The company manages its exposure to credit risk through diversifying its investments in marketable securities (note 6.1).

15. FOREIGN EXCHANGE RISK MANAGEMENT

The company did not enter into any transaction involving foreign exchange during the year ended June 30, 1999.

16. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

17. BASIC EARNINGS / (LOSSES) PER SHARE

	1999	1998
	Rupees	Rupees
Net profit / (loss) after taxation for the year	40,588,412	(69,097,622)
	Number of shares	
Weighted average number of ordinary shares outstanding during the period	25,000,000	25,000,000
	Rupees	
Basic earnings / (losses) per share	1.62	(2.76)
	=====	=====

18. CORRESPONDING FIGURES

Prior year's figures have been reclassified, wherever necessary, for the purposes of comparison.

Mohammad Shoaib
Chief Executive

Nasim Beg
Director

PATTERN OF SHAREHOLDING (FORM 34) AS AT JUNE 30, 1999

No. of Shareholders	Shareholding		Total Shares Held	Percentage
	From	To		
7	1	100	7	--
23	101	500	11,500	0.05
7	501	5,000	18,500	0.07
1	5,001	10,000	10,000	0.04
4	20,001	25,000	99,000	0.40
3	25,001	30,000	90,000	0.36

1	30,001	35,000	35,000	0.14
2	45,001	50,000	100,000	0.40
1	50,001	55,000	52,500	0.21
1	90,001	95,000	92,500	0.37
1	95,001	100,000	100,000	0.40
1	170,001	175,000	175,000	0.70
1	195,001	200,000	200,000	0.80
2	245,001	250,000	500,000	2.00
1	400,001	405,000	404,000	1.61
1	445,001	450,000	450,000	1.80
1	685,001	690,000	686,500	2.75
1	995,001	1,000,000	1,000,000	4.00
1	1,485,001	1,490,000	1,486,500	5.94
1	2,015,001	2,020,000	2,019,500	8.08
1	2,465,001	2,470,000	2,469,500	9.88
4	2,495,001	2,500,000	9,999,993	40.00
1	4,995,001	5,000,000	5,000,000	20.00
-----		-----		-----
67		25,000,000		100.00
=====		=====		=====

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 1999

<i>Particulars</i>	<i>No. of Shareholders</i>	<i>Shareholding</i>	<i>Percentage</i>
Individuals	48	568,007	2.27
Insurance Companies	1	250,000	1.00
Joint Stock Companies	4	2,541,000	10.17
Financial Institutions	9	13,515,995	54.06
Modaraba Companies	1	200,000	0.80
Foreign Companies	3	7,674,998	30.70
Leasing Companies	1	250,000	1.00
-----		-----	-----
TOTAL	67	25,000,000	100.00
=====		=====	=====

STATEMENT OF INCOME & EXPENDITURE IN RELATION TO THE INVESTMENT COMPANY**For the Year Ended June 30, 1999**

	<i>1999 Rupees</i>	<i>1998 Rupees</i>
INCOME		
Remuneration receivable from A1 Meezan Mutual Fund Limited	4,110,226	3,028,457
Dividend income	--	2,950,000
-----		-----
	4,110,226	5,978,457
OPERATING EXPENSES		
Salaries and other benefits	2,559,700	1,385,771
Rent	750,000	750,000
Audit fee	20,000	20,000
Depreciation	274,042	64,091
Insurance expense	26,092	--
Financial charges	25,752	--
Printing and stationery	74,861	38,798
Legal and professional charges	178,375	184,290
Entertainment	90,281	73,579
Motor vehicle running expenses	135,970	95,424
Travelling and conveyance	88,275	75,487
Telephone, fax, postage and stamps	160,569	98,542
Advertisement	16,200	25,600

Professional development	230,965	24,810
Fees and subscription	48,560	545,925
Repairs and Maintenance	--	11,000
Amortization of preliminary expenses	33,791	33,790
Other	186,522	38,011
	-----	-----
	4,899,955	3,465,118
	-----	-----
Profit/(Loss) for the year	(789,729)	2,513,339
	=====	=====



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