

Asian Stocks Fund Limited

Annual Report 1999

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Zaigham Mehmood Rizvi
Mr. Farooq Ismail
Mohammad Ali Yacoob
Mr. Bashir Blkasm Omer
Mr. Ramadan A. Haggiagi
Ms. Aaliya K. Dossa
Mr. Noman Ahmed Qureshi

CHIEF EXECUTIVE

Mohammad Ali Yacoob

COMPANY SECRETARY

Mr. Abdul Hafiz Khan

MANAGEMENT COMPANY

Asian Capital Management (Pvt.) Limited

BANKERS

Union Bank Limited.
Muslim Commercial Bank Ltd.
National Bank of Pakistan

AUDITORS

M. Yousuf Adil Saleem & Co.
Chartered Accountants.

LEGAL ADVISERS

Mohsin Tayebaly & Co.

REGISTERED OFFICE

5th Floor, Block "C"
Finance & Trade Centre,
Shara-e-Faisal
Karachi.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 5th Annual General Meeting of ASIAN STOCKS FUND LIMITED will be held on December 17, 1999 at 3 p.m. at Raffia Chaudhry Memorial Centre, Sidco Avenue Centre, 264 R.A. Lines, Karachi, to transact the following business:-

1. To confirm the Minutes of the last Annual General Meeting of the Company held on December 26, 1998.
2. To receive, consider and adopt the audited accounts of the Company together with the Directors' report thereon for the period ended June 30, 1999.
3. To appoint Auditors of the Company and to fix their remuneration. The present Auditors M/s. YOUSUF ADIL SALEEM & COMPANY, CHARTERED ACCOUNTANTS, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

4. To approve the change of Custodian

By order of the Board

Karachi: November 06, 1999.

SECRETARY

NOTES:

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting. A proxy must be a Member.
2. The share transfer books of the Company shall remain closed from December 15, 1999 to December 21, 1999 (both days inclusive).
3. Shareholders are advised to notify of any change in their addresses.

Statement in respect of special business and related draft Resolution

Material facts concerning the Special Business to be transacted at the Annual General Meeting and the proposed Resolution related thereto are given below.

To obtain share holder's approval for the change of Custodian and it is proposed to pass the following resolution.

"Resolved that subject to the approval of Securities and Exchange Commission of Pakistan the Chief Executive is authorized to enter into a Custodian agreement with Muslim Commercial Bank Limited, which will replace Union Bank Limited, as a Custodian of the Asian Stocks Fund Limited.

DIRECTORS' REPORT

On behalf of the Board of Directors, we present the Fifth Annual Report together with the audited accounts for the year ended June 30, 1999.

Operations Preview

During the period under review the economic and political conditions in the country remained volatile due to various factors including the political and economic pressures on Pakistan in the post Nuke scenario. In May 1999, the country faced another crisis due to Kargil issue and border hostilities. The Government and Independent Power Producers (IPPs) remained logger headed on the tariff issue and could not resolve their differences. The reflection of these adverse factors can be judged by glancing at the performance of KSE. Both local and foreign investors were reluctant to enter into the market, on long-term basis, and the market capitalization during the period under review fluctuated within the range of Rs. 269 - 288 Billion. In terms of US dollars the market capitalization oscillated between \$ 5.68-5.71 Billion during the reference period.

Comparison of portfolio performance viz, a viz. KSE 100 index and NIT

During the period under review the performance of the Fund was better than its previous years. As you are aware that during the last four years period the Net Asset Value (NAV) of your Fund was continuously decreasing and, as on June 30, 1998, it came down to Rs. 3.72. By the Grace of Allah, your company managed to reverse the previous trends and the NAV, as on June 30, 1999, has increase to Rs. 4.02, showing an increase of 9%.

During this period the KSE -100 index rose from 879 to 1055, showing an increase of 20%. In case of National Investment Trust (NIT), the largest open-end mutual fund of the country in the public sector, and having a market capitalization of around 80% of the mutual fund sector, its per unit price also increased from Rs. 7.95, from June 30, 1998 to June 30, 1999 respectively, thus showing an increase of 12.75%.

Future Outlook

The Management company of Asian Stocks Fund Limited was acquired by the consortium led by Pak-Libya Holding Co. (Pvt.) Limited with effect from January 1, 1999. This may be noted that the NAV of the Fund, at the time of acquisition, was Rs. 3.72 only and its accumulated losses were around Rs. 63 million. The new management has taken the challenge with the objective to reverse this process and devised a business strategy to re-structure the investment portfolio through efficient management of capital market operations. During the last six months the new management has successfully reduced the previous losses of the company and the NAV of your company has enhanced from Rs. 3.72 to Rs. 4.02. The investment advisers also took a bold initiative of restructuring the portfolio by disposing illiquid and less promising scrips and replacing them with liquid and promising scrips. That made management and operations of the fund more flexible as well as NAV became more realistic. The present portfolio of the Fund is comprised of more liquid securities and with promising intrinsic value.

We are confident that our company is progressing in the right direction and we will, Insha Allah, succeed in making your company as one of the financially strong companies of the sector.

PATTERN OF HOLDING OF SHARES:

The pattern of holding of shares as required by section 236 of the Companies Ordinance 1984 is attached with the report.

AUDITORS:

The present Auditors M/s. Yousuf Adil Saleem & Co., Chartered Accountants are due for retirement and being eligible, offer themselves for re-appointment for the financing year 1999-2000.

**For and behalf of the Board
Chairman**

Karachi, 6th November 1999.

PATTERN OF SHAREHOLDING FORM "34"

SHAREHOLDERS STATISTICS

As at June 30, 1999

<i>Number of Shareholders</i>	<i>From</i>	<i>Share Holding</i>	<i>To</i>	<i>Total Shares Held</i>
1992	101	--	500	996,000
69	501	--	1000	69,000
59	1001	--	5000	184,500
11	5001	--	10000	96,000
1	10001	--	15000	15,000
5	15001	--	20000	95,500
2	20001	--	25000	50,000
7	25001	--	30000	206,500
18	35001	--	40000	718,000
4	45001	--	50000	200,000
1	135001	--	140000	135,500
1	195001	--	200000	200,000

3	245001	--	250000	750,000
2	435001	--	440000	871,000
1	585001	--	590000	585,500
1	695001	--	700000	700,000
1	995001	--	1000000	1,000,000
1	1195001	--	1200000	1,200,000
1	1925001	--	1930000	1,927,500
-----				-----
2180				10,000,000
=====				=====

<i>S. NO.</i>	<i>CATEGORIES OF SHAREHOLDERS</i>	<i>NUMBER OF SHARE HOLDERS</i>	<i>TOTAL SHARES HELD</i>	<i>PERCENTAGE</i>
1.	INDIVIDUALS	2168	2,630,500	26.31
2.	INVESTMENT COMPANIES	8	5,284,000	52.84
3.	JOINT STOCK COMPANY	1	1,000,000	10.00
4.	FINANCIAL INSTITUTIONS	2	950,000	9.50
5.	MODARABA COMPANY	1	135,500	1.35
		-----	-----	-----
		2180	10,000,000	100.00
		=====	=====	=====

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of ASIAN STOCKS FUND LIMITED as at June 30, 1999 and the related profit and loss account and statement of changes in financial position (cash flow statement) together with the notes to the accounts for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report

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 Investment Companies and Investment Adviser's Rule, 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 and the statement of changes in financial position (cash flow statement) together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 and Investment Companies and Investment Adviser's Rule, 1971 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999 and of the profit and the changes in financial position for the year then ended; and

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

Karachi, 6th November 1999.

Chartered Accountants

BALANCE SHEET**As At June 30, 1999**

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
ASSETS			
Deferred expenditure	3	337,561	1,147,701
CURRENT ASSETS			
Marketable equity securities	4	31,278,429	23,945,877
Advance income tax		970,005	817,846
Dividend/Profit receivable -considered good		1,126,450	48,019
Bank balances			
In current account		12,947	46,862
In special deposit accounts		10,130,794	15,389,007
		-----	-----
		43,518,625	402,471,611
		-----	-----
TOTAL ASSETS		43,856,186	41,395,312
LIABILITIES			
CURRENT LIABILITIES			
Current maturity of deferred expenditure payable		1,147,701	810,140
Due to investment advisor	5	918,664	942,796
Accrued expense		30,000	30,000
Provision for taxation		1,565,108	1,114,089
		-----	-----
OTHER LIABILITIES		3,661,473	2,897,025
Deferred expenditure payable	6	--	1,147,701
		-----	-----
TOTAL LIABILITIES		(3,661,473)	(4,044,726)
		-----	-----
NET ASSETS		40,194,713	37,350,586
		=====	=====
SHAREHOLDERS EQUITY	7	40,194,713	37,350,586
		=====	=====
CONTINGENCIES	8		

The annexed notes from 1 to 16 form an integral part of these accounts

CHIEF EXECUTIVE**DIRECTOR****PROFIT AND LOSS ACCOUNT****For the year ended June 30, 1999**

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
Income			
Dividend income - net of zakat		5,468,937	4,728,578
Return on bank deposits		521,597	125,704
Capital loss on marketable securities	9	(12,906,094)	(34,105,929)
		-----	-----
		(6,915,560)	(29,251,647)
Operating expenses			
Remuneration to Investment Advisor	5.1	803,894	747,012
Custodian charges		133,395	270,161

Amortization of deferred expenditure		810,140	810,140
Listing fee		92,500	92,500
Audit fee		30,000	30,000
Interest on deferred expenditure		114,770	195,784
Bank charges		1,620	2,036
Others		9,951	7,328
		(1,996,270)	(2,154,961)
Loss for the year		(8,911,830)	(31,406,608)
Reversal/(Provision) of diminution in value of marketable securities		12,206,976	(6,869,100)
Profit / (Loss) before taxation		3,295,146	(38,275,708)
Provision for taxation			
Current year	10	(451,019)	(285,592)
Profit / (Loss) after taxation		(2,844,127)	(38,561,300)
Accumulated loss brought forward		(62,649,414)	(24,088,114)
Accumulated loss carried forward		(59,805,287)	(62,649,414)
Earning per share	11	0.28	(3.86)

The annexed notes from 1 to 16 form an integral part of these accounts

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
For The Year Ended June 30, 1999**

	1999	1998
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	3,295,146	(38,275,708)
Adjustments for:-		
Amortization of deferred expenditure	810,140	810,140
(Reversal) / Provision for diminution in value of marketable securities	(12,206,976)	6,869,100
Interest on deferred expenditure	114,770	195,784
	(11,282,066)	7,875,024
Operating loss before working capital changes	(7,986,920)	(30,400,684)
Effect on cash flow due to working capital changes		
(Increase)/decrease in current assets		
Marketable securities	4,874,424	29,865,677
Accounts receivable	--	3,584,900
Dividend / Profit receivable	(1,078,431)	202,922
	3,795,993	33,653,499
Increase/(decrease) in current liabilities		
Due to Investment Adviser	803,894	747,012
Accrued expense	--	5,000
	803,894	752,012

Cash(used in) / generated from operations	(3,387,033)	4,004,827
Paid to investment adviser	(942,796)	(1,737,672)
Taxes paid	(152,159)	(12,572)
Net cash (used in) / from operating activities	(4,481,988)	2,254,583

B. CASH FLOW FROM FINANCING ACTIVITIES

Deferred liability repaid	(810,140)	(810,140)
Net cash used in financing activities	(810,140)	(810,140)
Net (decrease) / increase in cash and cash equivalents	(5,292,128)	1,444,443
Cash and bank balance at the beginning of the year	15,435,869	13,991,426
Cash and bank balances at the end of the year	10,143,741	15,435,869

CHIEF EXECUTIVE**DIRECTOR****NOTES TO THE ACCOUNTS****For The Year Ended June 30, 1999****1. STATUS AND NATURE OF BUSINESS**

1.1 The Company was incorporated on June 13, 1994, as a public company limited by shares under the Companies Ordinance 1984 and was registered as an investment company under the Investment Companies and Investment Adviser's Rules, 1971. The Company is listed on Karachi, Lahore and Islamabad Stock Exchanges.

1.2 It is a closed end mutual fund with an object to invest its assets in securities.

1.3. Asian Capital Management (Pvt.) Limited are the approved Investment Adviser and Union Bank Limited are the approved custodian of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting Convention**

These accounts have been prepared under the historical cost convention.

2.2 Deferred expenditure

These are amortized over a maximum period of five years from the year of deferment.

2.3 Taxation

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

2.4 Marketable securities

These are valued at lower of moving average cost and market value on an aggregate portfolio basis.

2.5 Revenue recognition

Sale and purchase of securities are recorded on the date of the execution of contract. Capital gains and losses on the sale of securities are accounted for in the year in which they arise.

Dividend income is recognized at the time of closure of 'share transfer books' of the company declaring dividend and is recorded net of Zakat deducted.

Return on bank deposits is recognized on accrual basis.

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
3. DEFERRED EXPENDITURE		
Preliminary expenses	621,642	621,642
Share issue expenses	3,429,061	3,429,061
	-----	-----
	4,050,703	4,050,703
Amortization		
Upto last year	2,903,002	2,092,862
During the year	810,140	810,140
	-----	-----
	(3,713,142)	(2,903,002)
	-----	-----
	337,561	1,147,701
	=====	=====

4. MARKETABLE SECURITIES

All the holdings are in fully paid ordinary shares / certificates of Rs. 10/= each, except where stated otherwise:

<i>Name of Companies</i>	<i>No. of Shares</i>				<i>BALANCE AT JUNE 30, 1999</i>			<i>% in Relation to</i>			
	<i>Opening Balance July 01, 1998</i>	<i>Purchase</i>	<i>Bonus</i>	<i>Sales</i>	<i>No. of Shares/ Certificates</i>	<i>Cost Rupees</i>	<i>Market Value Rupees</i>	<i>Own net assets</i>	<i>Inv. Cos. Paid up capital</i>	<i>No. shares/ certificates</i>	<i>Cost of Investment</i>
MODARABAS											
1st Equity Modaraba	62,500	--	--	--	62,500	568,750	190,625	1.41	0.22	0.24	1.38
First Fidelity Leasing Modaraba	40,000	--	--	--	40,000	557,885	84,000	1.38	0.27	0.19	1.35
First Intrefund Modaraba	160,000	--	--	--	160,000	1,692,400	240,000	4.21	2.18	2.06	4.10
B.R.R. Second Modaraba	18,300	--	--	18,300	--	18,300	--	--	--	--	--
Equity International Modaraba	125,000	--	--	125,000	--	125,000	--	--	--	--	--
LEASING COMPANY											
Network Leasing Ltd.	10,000	--	--	--	10,000	85,000	45,000	0.21	0.08	0.10	0.21
Paramount Leasing Ltd.	113,000	--	--	--	113,000	1,408,400	565,000	3.50	0.56	0.45	3.42
Standard Chartered Leasing Ltd.	45,906	--	--	45,906	--	--	--	--	--	--	--
Union Leasing Ltd.	67,180	--	10,152	--	77,332	1,132,737	231,996	2.81	0.55	0.37	2.75
INVESTMENT COMPANIES/BANKS											
Askari Commercial Bank Ltd.	771	--	--	771	--	--	--	--	--	--	--
Muslim Commercial Bank Ltd.	--	555,000	--	555,000	--	--	--	--	--	--	--
INSURANCE											
Adamjee Insurance Co. Ltd.	--	86,500	--	86,500	--	--	--	--	--	--	--
Askari General Insurance Ltd:	25,000	--	--	25,000	--	--	--	--	--	--	--
Commercial Life Insurance Ltd.	50,000	--	--	50,000	--	--	--	--	--	--	--
Pakistan Insurance Corp. Ltd.	--	10,300	--	10,300	--	--	--	--	--	--	--
TEXTILE SPINNING											
Glamour Textile Mills Ltd.	24,800	--	--	--	24,800	424,080	49,600	1.05	0.36	0.21	1.03
Saif Textile Mills Ltd.	118,000	--	11,800	129,800	--	--	--	--	--	--	--
Sana Industries Ltd.	11,300	--	--	--	11,300	1,043,525	711,900	2.59	2.61	0.28	2.53
Nagina Cotton Mills Ltd.	--	48,500	--	48,500	--	--	--	--	--	--	--
TEXTILE COMPOSITE											
Crescent Textile Mills Ltd.	136,500	--	--	136,500	--	--	--	--	--	--	--
M. Farooq Textile Mills Ltd.	25,000	--	--	--	25,000	452,500	187,500	1.12	0.24	0.13	1.10
SYNTHETIC & RAYON											
Dewan Salman Fibres Ltd.	17,000	42,500	--	59,500	--	--	--	--	--	--	--
Ibrahim Fibre Ltd.	100,000	--	--	100,000	--	--	--	--	--	--	--
SUGAR AND ALLIED											

Ansari Sugar Mills Ltd.	31,891	--	--	31,891	--	--	--	--	--	--	--
Hasseb Waqas Sugar Mills Ltd.	175,000	--	--	175,000	--	--	--	--	--	--	--
TOBACCO											
Pakistan Tobacco Ltd.	24,500	--	24,500	--	--	--	--	--	--	--	--
CEMENT											
D.G. Khan Cement Ltd.	125,000	--	--	125,000	--	--	--	--	--	--	--
Lucky Cement Ltd.	100,000	--	--	100,000	--	--	--	--	--	--	--
FUEL AND ENERGY											
Ellahi Electric Ltd.	461,700	--	--	461,700	--	--	--	--	--	--	--
Hub Power Company Ltd.	--	1,950,000	--	1,700,000	250,000	3,500,855	3,525,000	8.71	0.03	0.02	8.49
Karachi Electric Supply Corp. Ltd.	--	329,500	--	329,500	--	--	--	--	--	--	--
Maple Leaf Electric Ltd.	79,950	--	--	79,950	--	--	--	--	--	--	--
Mari Gas Ltd.	10,500	--	--	10,500	--	--	--	--	--	--	--
Pakistan State Oil Ltd.	--	105,000	--	100,000	5,000	458,120	462,500	1.14	0.04	0.01	1.11
Sui Northern Gas Pipeline Ltd.	--	75,000	--	75,000	--	--	--	--	--	--	--
Southern Electric Power Co Ltd.	165,000	--	--	165,000	--	--	--	--	--	--	--
ENGINEERING											
Crescent Steel & Allied Products Ltd.	312	170,000	--	--	170,312	4100647.00	2554680.00	10.20	2.04	0.85	9.94
TRANSPORT & COMMUNICATION											
Pakistan Telecommunication Ltd.	--	1,144,500	--	880,000	264,500	5,571,950	5,250,325	13.86	0.01	0.01	13.51
Telecard Ltd.	49,000	115,000	--	114,000	50,000	1,045,575	912,500	2.60	0.42	0.20	2.54
Pakistan International Airline Corp.	--	50,000	--	50,000	--	--	--	--	--	--	--
AUTO AND ALLIED											
Indus Motors Company Ltd.	215,000	--	--	215,000	--	--	--	--	--	--	--
CHEMICAL AND PHARMACEUTICAL											
Engro Chemical Ltd.	--	10,000	--	10,000	--	--	--	--	--	--	--
Fauji Fertilizers Ltd.	--	837,500	--	612,500	225,000	9,995,615	9,247,500	24.86	0.39	0.09	24.24
F. EC. Jordan Ltd.	--	25,000	--	25,000	--	--	--	--	--	--	--
ICI Pakistan Ltd.	--	75,000	--	75,000	--	--	--	--	--	--	--
Reckit & Colman Ltd.	300	--	--	300	--	--	--	--	--	--	--
Sitara Chemical Ind. Ltd.	600	125,000	--	--	125,600	2,778,696	2,951,600	6.91	1.68	0.76	6.74
CABLES & ELECTRICAL GOODS											
Pak Elektron Ltd.	19,990	--	--	--	19,990	325,405	94,953	0.81	0.17	0.11	0.79
PAPER AND BOARD											
Century Paper & Board Mills Ltd.	163,140	--	6,314	--	169,454	3,564,370	2,118,175	8.86	1.13	0.54	8.64
Cherat Paper Sack Ltd.	237,000	--	--	200,000	37,000	1,259,370	1,406,000	3.13	3.09	0.90	3.05
VANASPATI & ALLIED											
Sarhad Ghee Industries Ltd.	30,000	--	--	--	30,000	483,900	210,000	1.20	1.83	1.13	1.18
GLASS & CERAMICS											
Emco Industries Ltd.	47,915	--	--	--	47,915	783,740	239575.00	1.95	0.51	0.31	1.10
MISCELLANEOUS											
Tri Pak Film Ltd.	10,500	--	--	10,500	--	--	--	--	--	--	--
					-----		-----				
					41,233,547		31,278,429				

Reversal/(Provision) for diminution
in value of marketable securities

Opening balance (22,162,094)

During the year	12,206,976	
	(9,955,118)	
1999 Rupees	31,278,429	
1998 Rupees	46,107,971	23,945,877

	1999 Rupees	1998 Rupees
5. DUE TO INVESTMENT ADVISOR - AN ASSOCIATED UNDERTAKING		
Two percent of net assets (5.1)	803,894	747,012
Interest payable on deferred expenditure	114,770	195,784
	918,664	942,796

5.1 The Investment adviser, under Rule 11 (a) of the Investment Companies and Investment Advisers Rules, 1971, is entitled to a remuneration at the rate of 2% of the net assets of the Company for the first five years of the Investment Company's existence and thereafter at the rate of 1% of the net assets of the company. The remuneration for the year has been determined as under

ASSETS

Advance income tax	970,005	817,846
Dividend/profit receivable	1,126,450	48,019
Bank balances	10,143,741	15,435,869
Deferred expenditure	337,561	1,147,701
Marketable securities	31,278,429	23,945,877
	43,856,186	41,395,312

LIABILITIES

Current maturity of deferred expenditure payable	1,147,701	810,140
Interest on deferred expenditure	114,770	195,784
Accrued expense	30,000	30,000
Taxation	1,565,108	1,114,089
Deferred expenditure payable	--	1,147,701
Investment advisory fee	803,894	747,012
	(3,661,473)	(4,044,726)
Net assets	40,194,713	37,350,586
Remuneration @ 2 percent of net assets	803,894	747,012

6. DEFERRED EXPENDITURE PAYABLE'

Opening Balance	1,957,841	2,767,981
Paid during the year	(810,140)	(810,140)
	1,147,701	1,957,841
Less: Payable within one year shown under current liabilities	(1,147,701)	(810,140)
	--	1,147,701

The expenditure incurred on the incorporation and floatation of the Company has been paid by the Asian Capital Management (Pvt) Limited, the Investment Adviser. These expenses are repayable over a period of five years in equal annual installments. it is subject to interest at the rate of 10% per annum.

1999 **1998**
Rupees **Rupees**

7. SHARE HOLDERS EQUITY

Authorized Capital

10,000,000 Ordinary shares of Rs. 10/= each	100,000,000	100,000,000
	=====	=====
Issued, subscribed and paidup capital	100,000,000	100,000,000
10,000,000 Ordinary shares of Rs. 10/-- each	(59,805,287)	(62,649,414)
fully paid in cash		
Accumulated loss	40,194,713	37,350,586
	=====	=====

8. CONTINGENCIES

The Company has filed an appeal against the order for the assessment year 1995-96 disputing the basis of allocation of expenses and calculation of income. No provision has been made in these accounts as the management is confident of a favorable decision in appeal.

635,719 635,719

The tax authority was claiming minimum tax based on turn over u/s 80D of the income Tax Ordinance, 1979 for the assessment year 1996-97. The matter was taken up with the authorities and it is decided that it is not applicable on the Company.

-- 1,502,989

9. CAPITAL LOSS ON MARKETABLE SECURITIES

Sales	132,103,441	237,726,423
	-----	-----
Opening Stock	46,107,971	75,973,648
Purchases	140,069,700	241,802,575
Stamps and duties	65,411	164,100
	-----	-----
	186,243,082	317,940,323
Less: Closing Stock	(41,233,547)	(46,107,971)
	-----	-----
Cost of Sales	(145,009,535)	(271,832,352)
	-----	-----
	(12,906,094)	(34,105,929)
	=====	=====

10. TAXATION

The income tax assessments of the Company have been finalized upto and including assessment year 1998-99, accounting year ended on June 30, 1998. However, the Company has filed appeals against the order for assessment year 1995-96 and 1998-99 disputing the basis of allocation of expenses and calculation of income.

11. EARNING PER SHARE

There is no dilutive effect on the basic earning per share of the company which is based on:-

	1999	1998	!
Profit/(loss) after taxation	2,844,127	(38,561,300)	~
Weighted average number of Ordinary shares	10,000,000	10,000,000	
Earning per share	0.28	(3.86)	:
	1999	1998	
	Rupees	Rupees	

12. TRANSACTIONS WITH ASSOCIATED UNDERTAKING

Investment Adviser		
Remuneration	803,894	747,012
Deferred expenditure reimbursed	810,140	810,140
Interest on deferred expenditure	114,770	195,784

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

13.1 Markup / 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:-

	<i>Markup/interest bearing</i>				<i>Non Markup/interest bearing</i>	<i>Total Rupees</i>
	<i>Less than one month</i>	<i>One month to three months</i>	<i>Three months to one year</i>	<i>More than one year</i>		
Financial Assets						
Marketable securities	--	--	--	--	31,278,429	31,278,429
Dividend/profit receivable	--	--	--	--	1,126,460	1,126,450
Advance income tax	--	--	--	--	970,005	970,005
Bank balances	10,130,794	--	--	--	12,947	10,143,741
Deferred expenditure	--	--	--	--	337,561	337,561
	-----	-----	-----	-----	-----	-----
Rupees	10,130,794	--	--	--	33,725,402	43,856,186
	=====	=====	=====	=====	=====	=====
Average markup rates of financial assets	12%	--	--	--	--	--
Financial Liabilities						
Current maturity Of deferred expenditure	--	--	1,147,701	--	--	1,147,701
Due to investment advisor	--	--	--	--	918,664	918,664
Accured expense - audit fee	--	--	--	--	30,000	30,000
Taxation	--	--	--	--	1,565,108	1,565,108
	-----	-----	-----	-----	-----	-----
Rupees	--	--	1,147,701	--	2,513,772	3,661,473
	=====	=====	=====	=====	=====	=====
Average markup rates of financial assets	--	--	10%	--	--	--

13.2 Fair value of the financial instruments

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

	<i>1999 Rupees</i>	<i>1998 Rupees</i>
14. STATEMENT OF MOVEMENT IN EQUITY AND RESERVES		
Net assets at July 01, 1998 (1997)		
Share capital	100,000,000	100,000,000
Accumulated loss	(62,649,414)	(24,088,114)
	-----	-----
Undistributed profit/(loss) for the year	37,350,586	75,911,886
	2,844,127	(38,561,300)
	-----	-----
	40,194,713	37,350,586
	=====	=====
Net assets at June 30, 1999 (1998)		
Share capital	100,000,000	100,000,000
Accumulated loss	(59,805,278)	(62,649,414)
	-----	-----

40,194,713

37,350,586

=====

=====

15. PERFORMANCE TABLE

	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Net assets bases on market value of investments	40,194,712	37,350,586	75,911,886	88,348,072	88,682,705
Net assets value per share	4.02	3.74	7.59	8.83	8.87
Earning per share	0.28	(3.86)	(1.07)	(0.03)	(1.31)
Dividend Distribution	NIL	NIL	NIL	NIL	NIL

First year of operation was from December 13, 1994 to June 30, 1995.

16. GENERAL

Figures have been rounded off to the nearest Rupee.

Corresponding figures have been re-arranged and regrouped wherever necessary for the purpose of comparison.

There is no one in the employment of the Company

CHIEF EXECUTIVE**DIRECTOR**

**STATEMENT OF INCOME AND EXPENDITURE IN
RELATION TO THE INVESTMENT COMPANY
For The Year Ended June 30, 1999.**

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
INCOME		
Remuneration from Asian Stocks Fund Limited	812,737	760,999
Interest on Deferred Expenditure	114,770	195,784
	-----	-----
	927,507	956,783
OPERATING EXPENSES		
Salaries & Other Benefits	473,775	855,257
Rent, Electricity & Telephone	150,000	93,100
Legal & Professional Charges	286,000	124,925
Printing & Advertisement	72,625	88,675
Miscellaneous Expenses	153,269	61,771
	-----	-----
	1,135,669	1,223,728
	-----	-----
	(208,162)	(266,945)
	=====	=====