

## **KASB Premier Fund Limited**

### **Annual Report 1999**

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#### **COMPANY INFORMATION**

<b>Board of Directors</b>	Muhammad Saleem Shaikh, Chairman Qazi Mazharul Haque, Chief Executive Ahmed Kamran Javaid B. Sheikh Liaquat Ali Rizwan Khalid Butt Syed Abid Raza
<b>Company Secretary</b>	Zulfiqar Hyder Khan
<b>Investment Adviser</b>	Khadim Ali Shah Bukhari & Co. Ltd.
<b>Auditors</b>	Taseer Hadi Khalid & Co.
<b>Legal Adviser</b>	Mohsin Tayebaly & Co.
<b>Custodian</b>	Deutsche Bank A.G.
<b>Bankers</b>	Deutsche Bank A.G. Metropolitan Bank Ltd.
<b>Registered Office</b>	6th Floor, Trade Centre I.I. Chundrigar Road Karachi-74200, Pakistan
<b>Share Department</b>	Ground Floor Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi-75530, Pakistan

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Fifth Annual General Meeting of KASB Premier Fund Ltd. will be held on Wednesday, December 08, 1999 at 10:00 a.m. at the registered office of the Company, 6th Floor, Trade Centre, I.I. Chundrigar Road, Karachi to transact the following business:-

1. To confirm the minutes of the Fourth Annual General Meeting of the Company held on December 14, 1998.
2. To receive, consider and adopt the audited accounts of the Company together with the Directors' and the Auditors' reports thereon for the year ended June 30, 1999.
3. To appoint auditors of the Company for the year ending June 30, 2000 and to fix their remuneration. The present auditors, Messrs Taseer Hadi Khalid & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To transact any other business with the permission of the Chair.

**By order of the Board**

Karachi:  
October 21, 1999

**ZULFIQAR HYDER KHAN**  
**Company Secretary**

### **Notes:**

1. The share transfer books of the Company will remain closed from November 24, 1999 to December 08, 1999 (both days inclusive) to determine the names of the members entitled to attend the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a member of the Company.
3. In order to be valid, an instrument of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the registered office of the Company, 6th Floor, Trade Centre, I.I. Chundrigar Road, Karachi not less than 48 hours before the time of the meeting.
4. Members are requested to notify any change in their registered addresses immediately.

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

### **Economic Scenario**

For the Financial year 1998-99, the overall economic condition continued to remain under pressure. Further aggravating the overall scenario was the flare up in regional tension with India, narrowly avoiding a war in the process. Though the period under review was witness to one of the most turbulent times, the government managed to post a relatively better picture as envisaged by all. Fiscal deficit improved to 3.4% of GDP, down from 5.4% in FY 98. This was primarily due to a sharp slowdown in spending, as revenues fell short of even revised targets. The domestic economy also slowed down considerably with inflation dropping to 5.7% from 7.8% a year ago. GDP growth came in below forecast at 3.1% and trade volume shrank dramatically. Sales tax revenues increased partly due to the increase in rates to 15% midway through the fiscal year. Performance of the agriculture sector remained poor, witnessing growth at 0.4% only, i.e. well below last year's impressive 4.5% growth. Cotton and wheat have been the prime culprits this year.

### **Operating Results**

The improvement in the operational results as evident from the financial statements can largely be attributed to an upward movement in the KSE 100 Share Index. Taking advantage of the turnaround in the capital markets, the management of the Fund was able to post an impressive profit of Rs. 33.46 mn through effective employment of a coherent strategy.

The aggregate value of the Fund's assets have gone up from Rs 217.33 mn to Rs 254.97 mn and the shareholders' equity from Rs 209.14 mn to Rs 242.59 mn resulting into an upward revision of the net asset value to Rs 6.07 per share.

The Board regards the generation of enhanced liquidity as the key to the Fund's maneuverability in the existing volatile stock market conditions. With this objective in view there has been an effort to liquidate the Fund's long-term portfolio assets whenever it seemed opportune to do so and divert the funds to portfolio assets promising shorter term gains. Looking at the impressive growth witnessed by the Fund, it seems that the exercise has been quite fruitful.

### **Future Outlook**

Stepping out of the economic chaos witnessed after the nuclear blast, contrary to expectation, Pakistan has so far been able to stay afloat despite a very difficult economic environment. With business confidence still at a low ebb, any recovery in economic activity is likely to be drawn out rather than being rapid. The year 1998-99 was witness to an upward swing in the KSE 100 Shares Index, which saw it move up by 22.19% over the course of the year. Though certain sectors of the economy have been able to instill limited economic activity, overall performance of the economy will largely depend upon government efforts at providing an atmosphere which is conducive for business activity.

The government has indicated its clear shift towards encouraging capital market development in the financial year 1999-2000. Satisfying a major demand, income from Term Finance Certificates was declared exempt from withholding tax for institutional investors, encouraging fresh issues, which would augur well for a domestic fixed income market. In another major move, the concept of treasury stock has also been allowed. However the most significant development by far is the introduction of income tax on companies having reserves greater than 50% of the paid up capital. This will prove to be a stimulant for all companies to start paying dividends to the investors, thus encouraging small investors to step back in the rings. With the government still in the process of implementing these regulations, structural changes need to be undertaken which would provide solid footing for any future economic activity.

The change in the Fund's investment policy, as envisaged above coupled with untiring efforts to retrieve the Fund's resources has as already apparent, helped the management in wiping out a reasonable portion of the Fund's accumulated losses. Over and above this likely relief, the possibility of a further reversal of provision for diminution in value of marketable securities may also not be ruled out. The future of the Fund can therefore be looked upon with better hope and confidence.

### **Auditors**

The members are requested to appoint auditors for 1999-2000 and fix their remuneration. The present auditors Taseer Hadi Khalid and Co. retire and offer themselves for re-appointment.

The Board wishes to record its appreciation for the services rendered by the outgoing Directors, Mr. Rana Ahmed Humayun and Mr. Naveed Hussain Shah and extends its warm welcome to the new members viz. Mr. Liaquat Ali and Syed Abid Raza. It also places on record its recognition of the valuable contribution made by the Executive Committee headed by Mr. Ahmed Kamran.

### **Pattern of Shareholding**

The pattern of shareholding as required by section 236 of the Companies Ordinance, 1984 is enclosed.

**On behalf of the Board of Directors**

Karachi  
October 21, 1999

**QAZI MAZHARUL HAQUE**  
**Chief Executive**

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

First Floor,  
Sheikh Sultan Trust Building No. 2,  
Beaumont Road,  
Karachi 75530 Pakistan

Telephone +92 (21) 568 5847  
Fax +92 (21) 568 5095

**Auditors' Report to the Members**

We have audited the annexed Balance Sheet of KASB Premier Fund Limited as at 30 June 1999 and the related Profit and Loss Account and Cash Flow Statement, together with the notes to the accounts 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 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 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 the Investment Companies and Investment Adviser's Rules, 1971 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account and the 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 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 30 June 1999 and of the profit and cash flows for the year ended on that date; and

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

Karachi: 21 October 1999

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

**BALANCE SHEET AS AT JUNE 30, 1999**

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
<b>ASSETS</b>			

<b>Marketable Securities - net</b>	7	162,904	199,229
<b>Deferred Expenditure</b>	6	1,487	2,975
<b>Other Assets</b>			
Trade debts-unsecured-considered good		--	5,850
Deposit and other receivables	8	3,914	5,056
Taxation		1,560	1,157
Bank balances - on deposit account		85,109	3,060
		-----	-----
		90,583	15,123
		-----	-----
<b>Total Assets</b>		254,974	217,327
 <b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current maturity of deferred expenditure payable	3	3,060	3,060
Due to the Investment Adviser	4	2,623	1,357
Creditors and accrued expenses	5	6,696	716
		-----	-----
		12,379	5,133
<b>Other Liabilities</b>			
Deferred expenditure payable	3	--	3.06
		-----	-----
<b>Total Liabilities</b>		12,379	8,193
		-----	-----
<b>NET ASSETS</b>		242,595	209,134
		=====	=====
 <b>SHAREHOLDERS' EQUITY</b>			
Authorised capital			
80,000,000 ordinary shares of Rs. 10 each		800,000	800,000
		=====	=====
Issued, subscribed and paid-up capital			
40,000,000 ordinary shares of Rs. 10 each issued as fully paid in cash		400,000	400,000
Accumulated loss		(157,405)	(190,866)
		-----	-----
		242,595	209,134
		=====	=====

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

**QAZI MAZHARUL HAQUE**  
Chief Executive

**AHMED KAMRAN**  
Director

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

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
Income			
Capital loss on marketable securities	9	(13,924)	(22,998)

Dividend income		11,892	8,414
Profit on term finance certificates		1,741	3,993
Profit on bank deposits		1,322	1,311
		-----	-----
		1,031	(9,280)
Operating Expenses			
Administrative	10	(3,282)	(3,179)
Financial	11	(271)	(590)
Remuneration to the Investment Adviser	4	(2,356)	(772)
		-----	-----
		(5,909)	(4,541)
		-----	-----
		(4,878)	(13,821)
Reversal of/(provision for) diminution in value of marketable securities	7	38,934	(90, 887)
		-----	-----
Profit / (loss) before taxation		34,056	(104,708)
Taxation - Current		(595)	(421)
		-----	-----
Profit / (loss) for the year		33,461	(105,129)
		=====	=====

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

**QAZI MAZHARUL HAQUE**  
Chief Executive

**AHMED KAMRAN**  
Director

**DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED JUNE 30, 1999**

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>	
Accumulated loss brought forward	(190,866)	(85,737)
Profit / (loss) for the year	33,461	(105,129)
	-----	-----
Accumulated loss carried forward	(157,405)	(190,866)
	=====	=====

**QAZI MAZHARUL HAQUE**  
Chief Executive

**AHMED KAMRAN**  
Director

**STATEMENT OF MOVEMENT IN EQUITY AND RESERVES  
FOR THE YEAR ENDED JUNE 30, 1999**

*1999*                      *1998*  
*(Rupees)*

<b>Net assets per share as at July 01</b>	5.23	7.86
Profit / (loss) for the year - per share	0.84	(2.63)
	-----	-----
<b>Net assets per share as at June 30</b>	6.07	5.23
	=====	=====

**QAZI MAZHARUL HAQUE**  
Chief Executive

**AHMED KAMRAN**  
Director

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

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	34,056	(104,708)
Adjustments for non-cash charges		
Amortisation of deferred expenditure	1,488	1,488
(Reversal of) / provision for diminution in value of marketable securities	(38,934)	90,887
	-----	-----
	(37,446)	92,375
	-----	-----
Operating loss before working capital changes	(3,390)	(12,333)
(Increase) / decrease in current assets:		
Marketable securities	75,259	27,429
Trade debts	5,850	(3,274)
Deposit and other receivables	1,142	244
	-----	-----
	82,251	24,399
Increase / (decrease) in current liabilities:		
Due to the Investment Adviser	1,266	(5,749)
Creditors and accrued expenses	5,980	259
	-----	-----
	7,246	(5,490)
	-----	-----
Cash generated from operations	86,107	6,576
Income tax paid	(998)	(1,019)
	-----	-----
Net cash flows from operating activities	85,109	5,557
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Deferred expenditure paid	(3,060)	(3,060)
	-----	-----
Net cash flows from financing activities	(3,060)	(3,060)
	-----	-----
<b>Increase in bank balances</b>	82,049	2,497
<b>Bank balance at beginning of the year</b>	3,060	563
	-----	-----
<b>Bank balances at end of the year</b>	85,109	3.06
	=====	=====

**QAZI MAZHARUL HAQUE**  
Chief Executive

**AHMED KAMRAN**  
Director

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

### **1. LEGAL STATUS AND NATURE OF BUSINESS**

KASB Premier Fund Ltd. is a public limited company incorporated on December 11, 1994 under the Companies Ordinance, 1984 and has been registered with the Corporate Law Authority as an Investment Company under the Investment Companies and Investment Adviser's Rules, 1971 to carry on the business of a closed end investment company. The company has entered into an agreement with Khadim Ali Shah Bukhari & Co. Ltd. to act as its "Investment Adviser". The company commenced its business on July 11, 1995 and is listed on all Stock Exchanges in Pakistan.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Accounting convention**

These accounts have been prepared under the historical cost convention.

#### **2.2 Basis .for preparation**

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

#### **2.3 Deferred expenditure**

Expenditure incurred on the incorporation and on the issue of shares of the company to the public, borne by Investment Adviser, Khadim Ali Shah Bukhari & Co. Ltd., have been deferred and are being amortised over a period of five years from the date of commencement of business.

#### **2.4 Marketable securities**

Investments in quoted securities are valued at lower of cost and middle market price determined on an aggregate portfolio basis. Cost is determined on moving average basis. Middle market price means the average of the highest and the lowest quotation on the balance sheet date.

#### **2.5 Revenue recognition**

(i) Sales and purchases of securities are recognised on the date of contract. Capital gains and losses on sale of securities are taken to income in the year in which it arises.

(ii) Dividend income is recorded at the time of the closure of share transfer book of the company declaring the dividend.

(iii) Income on term finance certificates is recorded on time proportion basis taking into account the principal outstanding and the yield applicable.

#### **2.6 Taxation**

The charge for current taxation is based on taxable income at the current rate of taxation. The company provides for deferred tax liability under the liability method.

**1999**                      **1998**  
*(Rupees in thousand)*

### **3. DEFERRED EXPENDITURE PAYABLE**

Balance as on July 01	6,120	9,180
-----------------------	-------	-------



Less: Paid during the year	3,060	3,060
Transferred to current maturity	3,060	3,060
	-----	-----
	6,120	6,120
	-----	-----
	--	3,060
	=====	=====

Expenditure incurred on the incorporation and on the issue of shares of the company to the public has been borne by Investment Adviser, Khadim Ali Shah Bukhari & Co. Ltd. These expenses are payable to the Investment Adviser over a period of five years in equal annual installments as per Investment Companies and Investment Adviser's Rules, 1971. Mark-up is being charged, at the prevailing State Bank of Pakistan's rate for meeting temporary liquidity shortages for banks, ranging from 13% to 16.5% per annum during the year. The Investment Adviser, on the request of the Board of Directors of the company, has agreed to reduce the charge of mark-up by fifty per cent.

**1999**                      **1998**  
**(Rupees in thousand)**

**4. DUE TO THE INVESTMENT ADVISER**

Remuneration payable - note 4.1	2,356	772
Mark-up on deferred expenditure payable	267	585
	-----	-----
	2,623	1,357
	=====	=====

4.1 The remuneration of the Investment Adviser, @ two per cent of the net assets of the company at the end of its year, in terms of rule 11 (a) of the Investment Companies and Investment Adviser's Rules, 1971, has been determined as follows:

**1999**                      **1998**  
**(Rupees in thousand)**

**Assets**

Marketable securities -net	162,904	199,229
Deferred expenditure	1,487	2,975
Trade debts - unsecured - considered good		5,850
Deposit and other receivables	3,914	505.60
Taxation	1,560	1,157
Bank balances - on deposit account	85,109	3,060
	-----	-----
	254,974	217.33

**Liabilities**

Deferred expenditure payable	--	3,060
Current maturity of deferred expenditure payable	3,060	3,060
Due to the Investment Adviser	2,623	1,357
Creditors and accrued expenses	6,696	716
	-----	-----
	12,379	8.19
	-----	-----
Net assets as per rules	242,595	209.13
	=====	=====

Remuneration @ two per cent of net assets	4,852	4.18
Less: Remuneration waived by the Investment Adviser	(2,496)	(3,411)
	-----	-----
Remuneration payable	2,356	772
	=====	=====

**5. CREDITORS AND ACCRUED EXPENSES**

Creditors for purchase of marketable securities	6,409	284
Accrued expenses	287	432
	-----	-----
	6,696	716
	=====	=====

**6. DEFERRED EXPENDITURE**

Balance as on July 01	2,975	4,463
Less: Amortised during the year	(1,488)	(1,488)
	-----	-----
Balance as on June 30	1,487	2,975
	=====	=====

**7. MARKETABLE SECURITIES**

These securities are ordinary fully paid shares/certificates of Rs. 10 each unless stated otherwise.

	<i>NUMBER OF SHARES/CERTIFICATES</i>				<i>(Rupees in thousand) BALANCE AS AT JUNE 30, 1999</i>			<i>PERCENTAGE IN RELATION TO</i>		
	<i>Opening</i>	<i>Purchases</i>	<i>Bonus</i>	<i>Sales</i>	<i>No. of shares/ certificates</i>	<i>At cost</i>	<i>At market</i>	<i>Own net assets (with cost of investment)</i>	<i>Paid-up capital of investee company (with face value of investment)</i>	<i>Total cost of investment</i>
<b>INVESTMENT COMPANIES AND BANKS</b>										
Al-Faysal Investment Bank Ltd.	818,750	169,250	--	189,750	798,250	20,073	7,104	8.27	0.82	5.97
Bankers Equity Ltd.	110,000	--	--	70,000	40,000	641	167	0.26	0.06	0.19
Crescent Investment Bank Ltd.	210.00	--	35,700	--	245,700	8,832	2,088	3.64	0.49	2.63
Faysal Bank Ltd.	--	105.50	--	105,250	250	2	2	--	--	0.00
Khadim Ali Shah Bukhari & Co. Ltd.	900,000	--	--	900,000	--	--	--	--	--	--
Trust Investment Bank Ltd.	1,000,000	--	--	--	1,000,000	10,397	4,000	4.29	10.00	3.09
Union Bank Ltd.	--	208,500	--	205,000	3,500	40	31	0.02	0.01	0.01
<b>INSURANCE</b>										
Commercial Union Life Assurance Ltd.	1,614,500	--	--	--	1,614,500	25,808	12,512	10.64	5.38	7.68
<b>TEXTILE SPINNING</b>										
Friends Textile Mills Ltd.	300,000	--	--	--	300,000	2,124	420	0.88	3.00	0.63
Gadoon Textile Mills Ltd.	552,500	--	--	--	552,500	18,867	8,702	7.78	2.36	5.61
Ibrahim Textile Mills Ltd.	120,000	--	--	--	120,000	1,707	978	0.70	0.88	0.51
Nagina Cotton Mills Ltd.	200,000	--	--	--	200,000	2,587	1,600	1.07	2.14	0.77

Saif Textile Mills Ltd.	198,550	39,050	--	18,050	219,550	3,454	1,537	1.42	1.16	1.03
Saphire Textile Mills Ltd.	110,720	--	--	--	110,720	17,524	3,183	7.22	1.49	5.21
<b>TEXTILE COMPOSITE</b>										
Artistic Denim Mills Ltd.	800,000	--	--	--	800,000	19,430	8,760	8.01	5.71	5.78
Kohinoor Textile Mills Ltd.	190,500	--	--	--	190,500	3,436	410	1.42	0.70	1.02
Nishat Mills Ltd.	351,600	574,500	--	--	926,100	11,031	8,798	4.55	0.83	3.28
<b>SYNTHETIC AND RAYON</b>										
Gatron Industries Ltd.	45,100	--	--	--	45,100	1,515	654	0.62	0.12	0.45
Ibrahim Fibres Ltd.	700,000	828,500	--	1,528,500	--	--	--	--	--	--
Liberty Mills Ltd.	100,000	--	--	--	100,000	1,813	500	0.75	0.67	0.54
<b>CEMENT</b>										
Musthkam Cement Ltd.	60,500	--	--	--	60,500	12,556	666	5.18	0.49	3.73
<b>FUEL AND ENERGY.</b>										
Hub Power Co. Ltd.	350,000	25,412,000	--	25,205,000	557,000	9,084	7,843	3.74	0.05	2.70
Japan Power Generation Ltd.	--	121,000	--	121,000	--	--	--	--	--	--
Karachi Electric Supply Corp. Ltd.	--	265,000	--	265,000	--	--	--	--	--	--
Kohinoor Energy Ltd.	1,600,000	5,000	--	--	1,605,000	27,845	17,655	11.48	1.23	8.28
Pakistan Refinery Ltd.	8,519	--	--	8,519	--	--	--	--	--	--
Pakistan State Oil Co. Ltd.	32,584	142,457	12,657	142,657	45,041	4,318	4,177	1.78	0.04	1.28
Shell Pakistan Ltd.	31,000	6,200	--	27,000	10,200	1,547	1,663	0.64	0.03	46
Sitara Energy Ltd.	190,000	28,500	--	144,000	74,500	1,953	1,751	0.81	0.39	0.58
Southern Electric Power Co. Ltd.	--	256,500	--	256,500	--	--	--	--	--	--
Sui Northern Gas Co. Ltd.	231,936	305,252	41,165	262,752	315,601	3,891	2,645	1.60	0.08	1.16
Sui Southern Gas Co. Ltd.	--	5,000	--	5,000	--	--	--	--	--	--
<b>AUTO AND ALLIED ENGINEERING</b>										
Pak Suzuki Motors Co. Ltd.	290,000	--	--	--	290,000	13,610	7,250	5.61	0.59	4.05
<b>CABLES AND ELECTRICAL GOODS</b>										
PEL Appliances Ltd.	325,000	--	--	--	325,000	19,416	1,300	8.00	5.56	5.78
<b>TRANSPORT AND COMMUNICATION</b>										
Pakistan Telecommunication Company Ltd.	--	15,463,500	--	15,403,500	60,000	1,291	1,202	0.53	0.00	0.38
<b>CHEMICAL AND PHARMACEUTICAL</b>										
ICI Pakistan Ltd.	--	115,000	--	115,000	--	--	--	--	--	--
Engro Chemicals (Pakistan) Ltd.	179,647	278,381	3,549	415,281	46,296	3,439	3,411	1.42	0.04	1.02
Fauji Fertilizer Co. Ltd.	161,400	235,100	--	175,000	221,500	12,257	9,121	5.05	0.09	3.65
Glaxo Welcome Pakistan Ltd.	76.60	--	--	--	76,600	3,727	2,681	1.54	0.23	1.11
RRP Ltd.	41,000	--	--	--	41,000	785	41	0.32	1.53	0.23
<b>PAPER AND BOARD</b>										
Century Paper and Board Mills Ltd.	211,000	8,500	21,950	--	241,450	5,173	3,260	2.13	0.77	1.54
Packages Ltd.	369,150	100,000	70,372	500	539,022	32,310	22,100	13.32	1.31	9.61
<b>VANASPATI AND ALLIED INDUSTRIES</b>										
Sarhad Ghee Mills Ltd.	125,000	--	--	--	125,000	1,860	875	0.77	4.73	0.55
<b>FOODS AND ALLIED</b>										
Quice Food Industries Ltd.	1,024,000	--	--	--	1,024,000	10,282	1,536	4.24	9.58	3.06
Sunflo Cit-Russ Ltd.	1,162,000	--	--	--	1,162,000	11,744	1,452	4.84	4.38	3.49
<b>MISCELLANEOUS</b>										

Al-Khair Gadoon Ltd.	45,000	--	--	--	45,000	430	180	0.18	0.45	0.13
Tri-Pack Films Ltd.	290,500	135,000	--	326,500	99,000	1,602	1,901	0.66	0.33	0.48

328,401	154,156
---------	---------

**TERM FINANCE CERTIFICATES (TFC)**

(Rs. 5000 each)

Dewan Salman Fibre Ltd.	--	300	--	--	300	1,500	1,575	0.62	0.09	0.45
Gatron Industries Ltd.	1,000	--	--	1,000	--	--	--	--	--	--
Packages Ltd. .	1,040	420	--	1,020	440	792.00	747.00	0.33	0.53	0.24
Sui Southern Gas Co. Ltd.	2,032	--	--	400	1,632	5,493	6,426	2.26	0.16	1.63
Nishat TEK Ltd.	2,900	--	--	2,900	--	--	--	--	--	--

7,785	8,748
-------	-------

Grand Total

336,186	162,904
---------	---------

Less: Provision for diminution in value  
of marketable securities (1998: Rs. 212,216)

(173,282)	--
-----------	----

162,904	162,904
---------	---------

**1998**                      **1999**  
**(Rupees in thousand)**

**8. DEPOSIT AND OTHER RECEIVABLES**

Deposit	400	400
Dividend receivable	2,367	2,432
Profit receivable on term finance certificates	174	1,637
Profit receivable on bank deposits	973	587
	3,914	5,056
	3,914	5,056

**9. CAPITAL LOSS ON MARKETABLE SECURITIES**

Sales	914,309	190,145
Less: Cost of Sales		
Opening stock of marketable securities	411,445	438,874
Purchases of marketable securities	852,974	185,714
Closing stock of marketable securities	(336,186)	(411,445)
	928,233	213,143
	(13,924)	(22,998)

**10. ADMINISTRATIVE EXPENSES**

Auditors' remuneration - note 10.1	71	70
Fees	1,116	1,118
Amortisation of deferred expenditure	1,488	1,488
Share transfer stamp charges	407	249
Zakat deducted at source	--	54

Professional tax	200	200
	-----	-----
	3,282	3,179
	=====	=====

**10.1 Auditors' remuneration includes the following:**

Audit fee	65	65
Out of pocket expenses	6	5
	-----	-----
	71	70
	=====	=====

**1999**                      **1998**  
**(Rupees in thousand)**

**11. FINANCIAL EXPENSES**

Mark-up on deferred expenditure payable	267	585
Bank charges	4	5
	-----	-----
	271	590
	=====	=====

**12. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES****12.1 Interest rate risk exposure**

The company's exposure to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

**(Rupees in thousand)**

<b>1999</b>	<b>Interest / Mark-up bearing</b>			<b>Non Interest/ Mark-up bearing</b>	<b>Total</b>
	<b>Less than one month</b>	<b>Three months to one year</b>	<b>One year to five years</b>		
<b>Financial assets</b>					
Marketable securities - net	--	--	8,748	154,156	162,904
Deferred expenditure	--	--	--	1,487	1,487
Deposit and other receivables	--	--	--	3,914	3,914
Taxation	--	--	--	1,560	1,560
Bank balances - on deposit account	85,109	--	--	--	85,109
	-----	-----	-----	-----	-----
	85,109	--	8,748	161,117	254,974
	=====	=====	=====	=====	=====
Average interest rate	12.58		18.42		
<b>Financial liabilities</b>					
Current maturity of deferred expenditure payable	3,060	--	--	--	3,060
Due to the Investment Adviser	--	--	--	2,623	2,623
Creditors and accrued expenses	--	--	--	6,696	6,696
	-----	-----	-----	-----	-----
	3,060	--	--	9,319	12,379
	=====	=====	=====	=====	=====
Average interest / mark-up rate	7.55				
<b>1998</b>	-----	-----	-----	-----	-----

<b>Financial assets</b>	3,060	--	33,567	180,700	217,327
Average interest / mark-up rates of financial assets	8.50	--	18.13		
<b>Financial liabilities</b>	3,060	3,060	--	2,073	8,193
Average interest / mark-up rates of financial liabilities	9.25	9.25			

**12.2 Concentration of credit risk and credit exposure of the financial instruments.**

The company believes it is not exposed to major concentration of credit risk as its debt securities are traded on the stock exchange and other receivables are not material.

**12.3 Fair value**

The fair value of all the financial assets and liabilities is estimated to approximate their carrying values.

	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>*1996</i>
<b>13. PERFORMANCE TABLE</b>				
Net assets (Rupees in thousand)	242,595	209,134	314,262	361,031
Net assets value per share (Rupees)	6.07	5.23	7.85	9.02
Earnings per share (Rupees)	0.84	(2.63)	(1.16)	(0.97)
Dividend distribution	--	--	--	--

\*First year of operations from July 11, 1995 to June 30, 1996

**14. GENERAL**

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

14.2 Figures have been rounded off to the nearest thousand rupee.

**QAZI MAZHARUL HAQUE**  
Chief Executive

**AHMED KAMRAN**  
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 in thousand)</i>	
<b>Investment Adviser's remuneration from</b>		
KASB Premier Fund Ltd.	2,356	772
Mark-up on deferred expenditure receivable	267	585
	-----	-----
	2,623	1,357
<b>Operating expenses</b>		
Salaries and other benefits	4,182	3,527
Staff training	22	16
Travelling and conveyance	54	70
Legal and professional charges	475	418

Printing, stationery and office supplies	127	114
Advertisement	77	57
Telephone and fax charges	192	174
Repairs and maintenance	94	120
Insurance	43	56
Power and utilities	109	127
Fees and subscription	33	180
Depreciation	242	243
Others	--	3
	-----	-----
	5,650	5,105
Financial expenses		
Mark-up on short term financing	628	1,218
	-----	-----
	6,278	6,323
	-----	-----
Loss for the year	(3,655)	(4,966)
	=====	=====

Note: Other revenue not relating to the investment company has not been included in the above statement.

#### **PATTERN OF SHAREHOLDING AS AT JUNE 30, 1999**

<i>Number of shareholders</i>	<i>Shareholding</i>		<i>Total number of shares held</i>	<i>Percentage</i>
	<i>From</i>	<i>To</i>		
32	1	100	3,200	0.008
1,868	101	500	926,800	2.317
87	501	1,000	85,700	0.214
102	1,001	5,000	304,060	0.760
39	5,001	10,000	336,260	0.841
16	10,001	15,000	194,180	0.485
7	15,001	20,000	137,500	0.344
6	20,001	25,000	136,500	0.341
4	25,001	30,000	111,500	0.279
4	30,001	35,000	132,500	0.331
3	35,001	45,000	116,500	0.291
6	45,001	50,000	299,700	0.749
2	60,001	65,000	124,300	0.311
1	65,001	70,000	70,000	0.175
1	85,001	90,000	88,000	0.220
1	90,001	95,000	91,500	0.229
1	100,001	105,000	102,400	0.256
1	110,001	115,000	110,400	0.276
1	120,001	125,000	123,500	0.309
1	125,001	130,000	125,700	0.314
2	145,001	150,000	295,800	0.740
1	170,001	175,000	172,000	0.430
1	180,001	185,000	184,500	0.461
1	190,001	195,000	190,500	0.476
1	195,001	200,000	200,000	0.500
1	245,001	250,000	250,000	0.625
1	360,001	365,000	364,000	0.910
1	375,001	380,000	377,400	0.944
1	405,001	410,000	407,613	1.019
1	415,001	420,000	417,300	1.043

1	465,001	470,000	468,500	1.171
1	505,001	510,000	509,200	1.273
1	580,001	585,000	583,325	1.458
1	680,001	685,000	682,525	1.706
2	815,001	820,000	1,630,450	4.076
1	925,001	930,000	930,000	2.325
3	995,001	1,000,000	3,000,000	7.500
1	1,135,001	1,140,000	1,137,200	2.843
1	1,470,001	1,475,000	1,474,500	3.686
1	1,485,001	1,490,000	1,486,500	3.716
1	1,630,001	1,635,000	1,630,450	4.076
1	1,945,001	1,950,000	1,947,087	4.868
1	2,655,001	2,660,000	2,657,500	6.644
1	3,655,001	3,660,000	3,655,125	9.138
1	3,725,001	3,730,000	3,728,325	9.321
2	3,995,001	4,000,000	8,000,000	20.000
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2,214		40,000,000		100.000
=====		=====		=====

## CATEGORIES OF SHAREHOLDERS

<i>Particulars</i>	<i>Shareholders</i>	<i>Shareholding</i>	<i>Percentage</i>
Individuals	2,158	4,715,900	11.79
Insurance Companies	1	11,000	0.03
Joint Stock Companies	18	7,061,500	17.65
Financial Institutions	26	23,237,950	58.09
Modaraba Companies	5	1,498,950	3.75
Leasing Companies	6	3,474,700	8.69
	-----	-----	-----
	2,214	40,000,000	100.00
	=====	=====	=====