



JS Investments Limited

Annual Report 2012



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VISION

To be recognized as a responsible asset manager respected for continually realizing goals of its investors.

MISSION

To build JS Investments into a top ranking Asset Management Company; founded on sound values; powered by refined knowhow; supported by a committed team operating within an accountable framework of social, ethical and corporate responsibility – a strong and reliable institution for its shareholders to own; an efficient service provider and value creator for clients; an exciting and fulfilling work place for employees; and a participant worth reckoning for competitors.



BROAD POLICY OBJECTIVES

- Value creation for clients on a sustainable basis
- Maintain high standards of ethical behaviors and fiduciary responsibility
- Manage Investments with Prudence and with the aim of providing consistent returns better than that of peers
- Take Products and Services to the People; Create awareness on understanding financial goals, risks and rewards
- Professional Excellence – Adapt, Evolve and Continuously Improve
- Maintain highly effective controls through strong compliance and risk management
- A talented, diligent and diverse HR

COMPANY INFORMATION

Board of Directors

Mr. Munawar Alam Siddiqui
Chairman

Mr. Rashid Mansur
Chief Executive Officer

Mr. Suleman Lalani
Non-Executive Director

Mr. Nazar Mohammad Shaikh
Non-Executive Director

Lt. General (R) Masood Parwaiz
Non-Executive Director

Mr. Sadeq Sayeed
Non-Executive Director

Mr. Mazharul Haq Siddiqui
Non-Executive Director

Audit Committee

Mr. Nazar Mohammad Shaikh
Chairman

Mr. Munawar Alam Siddiqui
Member

Lt. General (R) Masood Parwaiz
Member

HR & R Committee

Lt. General (R) Masood Parwaiz
Chairman

Mr. Rashid Mansur
Member

Mr. Nazar Mohammad Shaikh
Member

Executive Committee

Mr. Munawar Alam Siddiqui
Chairman

Mr. Rashid Mansur
Member

Mr. Suleman Lalani
Member

Chief Financial Officer & Company Secretary

Mr. Muhammad Khawar Iqbal

Auditors

Anjum Asim Shahid Rahman
Chartered Accountants

Legal Advisor

Bawaney & Partners

Share Registrar

Technology Trade (Private) Limited
241-C, Block-2, P.E.C.H.S., Karachi

Registered Office

7th Floor, The Forum, G-20
Khayaban-e-Jami, Block-9, Clifton
Karachi-75600
Tel: (92-21) 111-222-626
Fax: (92-21) 35361724
E-mail: info@jsil.com
Website: www.jsil.com



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of JS Investments Limited will be held at 10:15 a.m. on Friday, April 05, 2013 at Regent Plaza Hotel & Convention Centre, Main Shahra-e-Faisal, Karachi, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited financial statements of the company together with the report of Directors and Auditors for the eighteen months period ended December 31, 2012.
2. To approve final cash dividend @ Re. 1.0 per share.
3. To appoint Auditors of the Company and fix their remuneration for the year ending December 31, 2013. The Audit Committee of the Board has recommended the appointment of M/s Yousuf Adil Saleem & Co., Chartered Accountants, as the auditors for the ensuing year ending December 31, 2013.

By Order of the Board

Muhammad Khawar Iqbal
Company Secretary

Karachi: March 12, 2013

Notes:

1. The share transfer book of the Company will remain closed from Wednesday, March 27, 2013 to Friday, April 05, 2013 (both days inclusive). Transfer received at the transfer agent of the Company, M/s. Technology Trade (Pvt.) Limited, Dagia House, 241-C, Block 2, P.E.C.H.S, Off. Sharah-e-Quaideen, Karachi at the close of business on Tuesday, March 26, 2013 will be considered in time to attend and vote at the meeting.
2. All the members are entitled to attend and vote at the meeting. A member entitled to attend and vote at the meeting is entitled to appoint another member as proxy to attend, speak and vote for him/ her. An instrument of proxy applicable for the meeting is attached herewith. Copies of the instruments of proxy may be obtained from the transfer agent of the Company during normal office hours.
3. An instrument of proxy and power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney, to be valid, be deposited with the transfer agent of the Company not later than 48 hours before the schedule time of the meeting.
4. Attested copies of CNIC or passport of the beneficial owner of the shares of the Company in the Central Depository System of the Central Depository Company of Pakistan Limited (CDC) and the proxy, entitled to attend and vote at this meeting, shall be furnished with the proxy form to the Company.
5. The beneficial owner of the share of the Company in the Central Depository System of the CDC or his/her proxy entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity.
6. In case of corporate entity, the board of director's resolution/power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.
7. Shareholders are requested to immediately notify the Company of the change in their addresses, if any.

BOARD OF DIRECTORS

Air Cdre Munawar Alam Siddiqui, SI (M), TI (M) (Retd.) - Chairman

Mr. Munawar Alam Siddiqui retired as an Air Commodore from the Pakistan Air Force in 2003. His last post was Assistant Chief of Air Staff (Administration) at Pakistan Air Force Headquarters. For his meritorious services to the PAF, he was awarded Tamgha-e-Imtiaz (Military) and Sitara-e-Imtiaz (Military).

He was commissioned in the GD(P) Branch of the Pakistan Air Force in 1974. He is a qualified flying instructor and has flown over 8000 hours on different aircraft including C-130, Boeing-707 and Dassault Falcon 20. He has served as a VVIP and Presidential pilot during his tenure of service and has held various key Command and Staff appointments in the PAF. He served as Director of Air Transport at Air Headquarters from 1996 to 1998 and commanded an operational air force base with over 8,500 personnel from 2000 to 2002.

Mr. Siddiqui holds an M. Sc. in Defence and Strategic Studies from Quaid-e-Azam University, an M. Sc. in Strategic Studies from Karachi University, a B. Sc. (Honours) in War Studies from Karachi University and B. Sc. Avionics from Peshawar University. He is also an alumna of the National Defence College.

He is Chairman of JS Investments Limited and Peregrine Aviation (Private) Limited and serves as Director on the boards of Jahangir Siddiqui & Co. Limited, JS Value Fund Limited, JS ABAMCO Commodities Limited, Hum Network Limited, Mahvash & Jahangir Siddiqui Foundation, Karachi Education Initiative and Karigar Training Institute.

Mr. Rashid Mansur - Chief Executive Officer

Mr. Rashid Mansur joined JS Investments Limited on April 1, 2010 as Chief Executive Officer. Prior to joining JSIL he was President and CEO of Escorts Investment Bank Limited and also served as the Chairman of the 'Investment Banks Association of Pakistan'. He is a qualified Associate of the Chartered Institute of Bankers London with specialization in 'International Banking Operations', 'Practice & Law of International Banking' and 'International Finance & Investment'.

He is a Fellow of the Institute of Bankers in Pakistan with over 30 years of Domestic and International Banking experience. He started his career with Habib Bank Limited in 1974 and served for 18 years on various management positions including 10 years in Turkey. In Pakistan, he has held various Board-level positions in both Private and Public Sector, such as President and CEO, 'Fidelity Investment Bank Limited', CEO 'Fidelity Leasing Modaraba', Director 'Security General Insurance Company Limited' and Chairman and CEO 'Board of Investment and Trade Punjab'.

During his tenure as Chairman and CEO of 'The Board of Investment and Trade', Government of Punjab and as Secretary General of Turkey 'Pakistan Business Council (Lahore Chapter)', he is credited with hosting and organizing various investment conferences abroad and rendered valuable services for the promotion of economic relations between Turkey and Pakistan.

Besides English and Urdu, he speaks French and Turkish fluently.

Mr. Suleman Lalani - Director

Mr. Suleman Lalani joined Jahangir Siddiqui & Co. Limited ("JSCL") on March 1, 2012 as Chief Executive Officer. Prior to joining JSCL he was Executive Director Finance & Operations and Company Secretary of JS Investments Limited where he served as CFO and Company Secretary for seven years.

Mr. Lalani started his career with JSCL in 1992 where he worked for over eight years. In year 2000 he was promoted to the position of Chief Operating Officer of Jahangir Siddiqui Investment Bank Limited, a subsidiary of JSCL. In January 2002 he joined The First Micro Finance Bank Limited as its Chief Financial Officer and Company Secretary.

Mr. Lalani is a Fellow member of the Institute of Chartered Accountants of Pakistan and has 20 years of experience in the financial services sector. He has also completed the Board Development Series Certificate Program conducted by the Pakistan Institute of Corporate Governance.

Mr. Lalani is serving as a director on the Board of JS Investments Limited and AL-Abbas Sugar Mills Limited.



Mr. Mazharul Haq Siddiqui - Director

Mr. Siddiqui is one of Pakistan's senior most civil servants and an eminent educationist. He has held many senior positions with the Government of Pakistan. He joined Income Tax Department in 1957 through Central Superior Services Competitive examination and served in various capacities including the Commissioner of Income Tax. He served the Provincial Government of Sindh as Secretary Education, Finance and Services and General Administration Departments. He has served the Federal Government as Secretary Establishment, Education, Management Services, Economic Affairs & Statistics and Youth Affairs Divisions. He was Vice Chancellor, Sindh University for three terms of 4 Years each, during 1984-88, 2001-2005 & 2005 to January 2010. At present he is Chairman HUM Network Ltd., Director JS Investments Ltd., President Sindh Madressa Board, Chairman Academic Council Institute of Business Management and Member of its Board of Governors, - all in honorary capacity. He also held the positions of Chairman, National Insurance Corporation and Member, Federal Public Services Commission.

Mr. Sadeq Sayeed - Director

Mr. Sadeq was appointed Chairman of Metage Capital Limited in March 2011. Prior to this, Mr. Sayeed was CEO of Nomura Europe, having joined the company in 2000 as Special Advisor. Mr. Sadeq has been responsible for a number of key strategic projects globally including acquisition of the Lehman Brothers businesses in EMEA and Asia, the creation of Terra Firma Capital Partners and the joint venture between Rothschild and Nomura. Mr. Sadeq has over 30 years of experience in investment banking. Prior to his global investment banking career he was Consultant to the World Bank in Washington DC.

Mr. Sadeq holds an undergraduate degree from Massachusetts Institute of Technology (MIT), as well as a Master's degree from MIT's Sloan School. Mr Sayeed is a visiting Associate Scholar at Pembroke College, Cambridge and also Adjunct Professor at Imperial College Business School in London. He currently serves in Sinthos Capital Advisors LLP - Partner.

Mr. Nazar Mohammad Sheikh - Director

Mr. Sheikh is a former senior civil servant and has held many senior positions in the Government of Pakistan. He joined the Pakistan Audit Department in 1966 and served in various capacities. He served the Provincial Governments at various levels and also served as the Secretary of Finance Department, Secretary of Education Department, Secretary of Housing & Town Planning Department and Secretary of Communication & Works Department. He has also held the position of Additional Secretary of the Social Sector Wing, Prime Minister's Secretariat.

He was the Vice Chairman of PNSC from January 1992 till August 1993 and was later the chairman of Port Qasim Trust from October 1998 till July 2000. Mr. Sheikh has also held the position of secretary of Communications Division, Ministry of Communications & Railways from July 2000 to March 2001.

Lt. General (Retd) Masood Parwaiz - Director

Mr. Masood Parwaiz joined the Pakistan Army in 1968 and retired as a Lieutenant General in 2001. He held the most coveted staff, instructional and command assignments in the Army. He was awarded the Hilal-e-Imtiaz in the military and was appointed the Managing Director of the Army Welfare Trust (AWT) in September 2001 which he continued till December 2005.

As the Managing Director of AWT, he successfully managed the affairs and served as Vice Chairman and Director on AWT Board of Directors, Chairman Executive Committee and Director on ACBL Board of Directors, Chairman BOD of Askari Leasing Company, Askari General Insurance Company, Askari Investment Management Company and all fully owned AWT Projects.

His major achievements include the Financial and Corporate restructuring of AWT, erection of Second line at Nizampur Cement Project.

Mr. Masood Parwaiz holds an M.Sc degree in Strategic Studies from the Quaid-e-Azam University, Islamabad and a B.Sc (Hons) degree in War Studies from the University of Balochistan, Quetta.

AUDIT COMMITTEE AND ITS TERMS OF REFERENCES

The Board of Directors of JS Investments Limited formed an Audit Committee comprising one independent director and two non-executive directors. The Audit Committee meets at least once every quarter as required by the Code of Corporate Governance. During the period under review seven meetings of the Committee were held which were attended by the members as follows:

1. Nazar Mohammad Shaikh	5
2. Munawar Alam Siddiqui	7
3. Lt. General (Retd) Masood Parwaiz	7

The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the listed company in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee in all these matters and where it acts otherwise; it shall record the reasons thereof.

The terms of reference of the Audit Committee shall also include the following:

- (a) determination of appropriate measures to safeguard the listed company's assets;
- (b) review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:
 - * major judgmental areas;
 - * significant adjustments resulting from the audit;
 - * the going concern assumption;
 - * any changes in accounting policies and practices;
 - * compliance with applicable accounting standards;
 - * compliance with listing regulations and other statutory and regulatory requirements;
 - * significant related party transactions.
- (c) review of preliminary announcements of results prior to publication;
- (d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- (e) review of management letter issued by external auditors and management's response thereto;
- (f) ensuring coordination between the internal and external auditors of the listed company;
- (g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;
- (h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- (i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- (j) review of the listed company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- (k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- (l) determination of compliance with relevant statutory requirements;
- (m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- (n) consideration of any other issue or matter as may be assigned by the Board of Directors.



FINANCIAL AND BUSINESS HIGHLIGHTS

		2012 Eighteen months*	2011	2010	2009	2008	2007
KEY INDICATORS							
Performance							
Return on assets	%	10.72	1.37	2.42	(54.71)	16.10	21.24
Total assets turnover	Days	126	79	97	20	130	146
Receivables turnover	Days	25	4	3	25	35	198
Return on equity**	%	35.14	3.01	4.27	(118.07)	25.63	66.96
Leverage							
Debt:Equity	%	46.90	107.05	248.71	509.12	112.30	48.75
Interest cover	times	2.31	1.19	1.25	(5.09)	3.72	6.43
Liquidity							
Current	times	2.77	2.24	1.71	1.44	2.29	15.34
Quick	times	2.76	2.23	1.70	1.42	2.29	15.22
Valuation							
Earnings per shares	Rs.	2.03	0.24	0.45	(17.21)	5.49	5.21
Breakup value per share	Rs.	12.30	7.42	4.28	2.86	19.09	15.95
Price earning ratio	times	3.68	31.18	16.41	(0.98)	17.31	14.20
Market price to break up value	times	0.61	1.01	1.74	5.92	4.98	4.63
Market value per share - year end	Rs.	8.12	5.10	7.46	16.94	95.07	73.90
Market value per share - High	Rs.	15.13	8.47	20.45	97.85	126.50	74.90
Market value per share - Low	Rs.	2.47	4.61	6.45	13.12	53.50	61.40
Market capitalization (Rs. in Million)		812	510	746	1,694	9,507	7,390
Historical trends							
Management fee (Rs. in Million)		306	245	361	440	627	462
Operating profit (Rs. in Million)		332	153	212	(1,496)	773	629
Profit before tax (Rs. in million)		196	27	46	(1,774)	574	537
Profit after tax (Rs. in million)		203	24	45	(1,721)	549	521
Assets under management (Rs. in million)		12,332	12,812	16,508	21,247	38,974	29,651
No. of funds under management		13	15	16	16	16	12
Share capital (Rs. in million)		1,000	1,000	1,000	1,000	1,000	1,000
Shareholders equity (Rs. in million)		1,230	742	428	286	1,909	1,595
Total assets (Rs. in million)		2,018	1,763	1,735	2,015	4,277	2,547
Contribution to the national exchequer (Rs. in million)		29	6	13	30	69	67
Payouts							
Cash	%	10	-	-	-	25	-
Bonus	%	-	-	-	-	-	100

* Subsequent to the change of accounting year of the company, the period under review is of eighteen months.

** For the purpose of calculating Return on equity, average equity is used.

REPORT OF THE DIRECTORS TO THE MEMBERS FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012

The Directors of your Company feel pleasure in presenting the annual audited accounts of the Company along with auditors' report thereon for the eighteen months period ended December 31, 2012 ("period under review").

Change in parent company and accounting year end

During the period, Jahangir Siddiqui & Company Limited (JSCL) transferred its entire holding in JS Investments Limited (52.02% of issued shares of JSIL) to JS Bank Limited (JSBL) pursuant to share purchase agreement executed between JSCL and JSBL on September 24, 2012. The transaction was finalized on November 2, 2012 with effective transfer of shares from JSCL to JSBL.

Further, the Company changed its accounting year from June 30 to December 31 to align its accounting year end with that of JS Bank. The previous reporting period presented in the accounts, contained in this financial report, was of twelve month ended June 30, 2011.

Macro Economic Highlights

Over the past eighteen months the discount rate was brought down from 14 percent to 9.5 percent. This 4.5 percent cut was possible after rapid decline in the country's inflation rate. CPI clocked in at 7.9 percent for Dec'12, having dropped into a comfortable single digit range after starting 2012 at runaway double digits.

Economic growth hovered around 3.7 percent in 2012; posting a slight improvement over three percent in the previous year. However the GDP growth target which was set at 4.2 percent remained elusive largely due to energy constraints, domestic uncertainty and slow global growth.

The year churned in some positives for the country's industries as a whole. Main beneficiaries were the oil & gas, cement and textile sectors that rode on several external and internal positives. However the chemicals and banking sectors found themselves suffocated due to lack of energy resources and declining spreads.

The current account (CA) for FY12 posted a deficit of USD 4.6bn, mainly due to the burgeoning trade deficit which increased from USD 10.5bn in FY11 to USD 15.4bn in FY12 depicting a 46% increase. However the CA found some relief in workers' remittances increasing in FY12 by 17.8 percent to come in at USD 13.1bn. The 1HFY13 brought with it positives in the BOP with the CA posting a surplus of USD 250mn primarily due to receipt of Coalition Support Funds (CSF) along with USD 7.1bn in worker's remittances.

The State Bank of Pakistan's foreign exchange reserve position worsened over the past eighteen months. The July-11 reserves with the SBP were at USD 14.8bn whereas by the end of Dec-12 this figure was reported at USD 9.0bn; a significant drop of 39.2 percent. This decline was caused due to IMF payments made by the government and the CA deficit. The budget deficit for FY12 was recorded at PKR 1.4trn or 6.6 percent of GDP, not including the power sector subsidy payment of PKR 391bn. Including the subsidy the budget deficit increases to 8.5 percent of GDP. For 1HFY13 the budget deficit stood at PKR 626bn or 2.6 percent of GDP.

Equity Market Performance

The Karachi Stock Exchange continued its upward rally with the KSE 30 Index (the bench mark of all equity funds managed by our Company) returning 15.4% in the first half of the current fiscal year. Similarly the KSE100 Index topped the 17,000 points mark, giving a return of 22.5% over the same period, an unprecedented foot in the Stock exchange's history. Bloomberg cited the Karachi Stock Exchange as one of the worlds 10 best performing markets in 2012.

This accomplishment was achieved on the back of strong corporate results and simultaneously a dip in the discount rate of 4.5 percent. This not only boosted up earnings but the resultant impact of the lack of alternative investments have tempted investors to participate in the equity market. Volumes were further driven by the suspension of the capital gains tax in Jan'12 which prompted further inclination from investors.

During FY12 the Foreign Investors Portfolio Investment (FIPI) saw an outflow of USD 189.1mn; however the bulk of this was felt in the 1HFY12. In the latter half of the fiscal year a negative balance of only USD 31.7mn was observed. The situation improved in the 1HFY13 where FIPI posted an inflow of USD 157.5mn.



Money Market Performance

The money market industry witnessed increased activity during the last eighteen months as declining CPI allowed the State Bank of Pakistan (SBP) to lower the discount rate significantly. CPI declined by 538bps from 13.3 percent at the end of June 2011 to 7.9 percent as at December 2012. Subsequently the discount rate was reduced from 14.0 percent in June 2011 to 9.5 percent at the end of Dec. 2012. Resultantly the weighted average yields of 3M, 6M and 12M T-Bills declined 419bps, 444bps and 454bps respectively during the last eighteen months. Yields on 3yr, 5yr and 10yr PIBs were also revised downwards by 308bps, 254bps and 207bps respectively.

The AMC Industry

The assets under management (AUM) for the local mutual fund industry increased to PKR 334bn as at Dec. 2012 from PKR 250bn at the end of June 2011. Money Market Funds, Income Fund and Equity Funds remained the three largest segments of the mutual fund industry. These three fund categories collectively governed a market share of 69.5% at the end of Dec. 2012 increasing from 67.1% at the end of June 2011. AUM for the mutual fund industry remained volatile during the period under review. Total AUMs reached a high of PKR 444bn at the end of Nov. 2012. However in the subsequent month AUMs declined to PKR 334bn. Bank backed AMCs were primarily responsible for the volatility in AUMs.

During the period June 2011-Dec. 2012 Islamic Balanced Funds and Pension Funds were the fastest growing categories clocking in a growth of 128.1% and 120.7% respectively. This strong growth is attributable to the low base factor as both the fund categories collectively govern a market share of 1.2% only. With returns achieved above benchmark for most part of the previous eighteen months, fourteen of the industry's funds were listed on the "World's top 100 funds" list which included JS Islamic Fund, JS Growth Fund and JS Pension Equity Fund.

Performance Review

The Company earned gross income of Rs.643 million during the period under review comprising of management fee income of Rs. 307 million, dividend income of Rs. 117 million and gain on sale of investments amounting to Rs. 211 million. Further, owing to the efficient cost controlling measures, the administrative, operating and financial charges were restricted at Rs. 465 million in aggregate, enabling the company to earn net profit after tax of Rs. 203 million for the period under review. Earning per share for period remained at Rs. 2.03.

Further, due to effective management of cash flows, company managed to reduce its borrowings from Rs. 795 million to Rs.577 million witnessing a decrease in level of borrowings by 27% on YTD basis.

This financial performance resulted in enhancing the equity of the company from Rs.742 million to Rs.1,230 million which translated an increase of shareholders wealth by 66% on YTD basis. Average return on equity for the period remained at 21%.

Summary of operating results for the period

	Eighteen Months ended December 31, 2012	Twelve Months ended June 30, 2011
	Rs. (000)	
Shareholders Equity		
Financial Performance	1,230,208	742,265
Income	642,676	380,890
Operating expenses	(310,915)	(227,473)
Operating profit	331,761	153,417
Other operating expenses	(4,438)	(2,320)
Financial charges	(149,173)	(143,496)
Other operating income	17,477	19,038
Profit before tax	195,627	26,640
Taxation-net	7,102	(2,711)
Profit after tax	202,729	23,928
Earning per share - basic and diluted	2.03	0.24

The Board of Directors have in their meeting held on February 22, 2013 declared final dividend @ Rs. 1.0 per share (10%) amounting to Rs. 100 million in aggregate.

Asset Manager and Entity Rating

JCR-VIS Credit Rating Co. Limited has assigned Management Quality Rating of "AM2-" (AM Two Minus) to JS Investments Limited. The rating denotes high management quality of the Company.

Pakistan Credit Rating Agency (PACRA) has assigned the long-term rating to the Company of "A+" (Single A plus) and "A1" (A one) respectively. These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Corporate Governance and Financial Reporting Framework

As required by the Code of Corporate Governance, the Directors are pleased to state as follows:

- a. The financial statements, prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and financial estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan have been followed in preparation of the financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of the Corporate Governance, as detailed in the listing regulations.
- h. A summary of key financial data of last six years is given on page 09 of this annual report.
- i. The Directors have signed and disseminated the "Code of Conduct" through out the company.
- j. The value of investments of the staff provident fund of JS Investments Limited, as per the unaudited accounts as at December 31, 2012 was Rs. 25.728 million.

Meetings of the Directors

During the eighteen months, eleven meetings of the Board of Directors were held. The attendance of each director for these meetings is as follows:

Name	Meetings attended
Mr. Munawar Alam Siddiqui	11
Mr. Rashid Mansur	11
Mr. Nazar Mohammad Shaikh	09
Mr. Suleman Lalani	11
Lt. General (Retired) Masood Parwaiz	11
Mr. Mazharul Haq Siddiqui	10
Mr. Sadeq Sayeed	-

Meetings of the Audit Committee

During the eighteen months, seven meetings of the Audit Committee were held. The attendance of each director for these meetings is as follows:

Name	Meetings attended
Mr. Munawar Alam Siddiqui	07
Mr. Nazar Mohammad Shaikh	05
Lt. General (Retired) Masood Parwaiz	07



Meetings of the HR & R Committee

During the eighteen months, three meetings of the HR & R Committee were held. The attendance of each director for these meetings is as follows:

Name	Meetings attended
Mr. Rashid Mansur	03
Mr. Nazar Mohammad Shaikh	03
Lt. General (Retired) Masood Parwaiz	03
Mr. Munawar Alam Siddiqui - Invitee	03

Parent Company

JS Bank is the holding company of JS Investments Limited and holds 52.23% of the equity.

Pattern of Shareholding

A statement showing pattern of shareholding in the Company and additional information as at December 31, 2012 is given on page 99.

The Directors, CEO, CFO and their spouses and minor children did not carry out any transaction in the shares of the Company during the eighteen months period ended December 31, 2012.

Compliance of JS Growth Fund and JS Value Fund Limited with Regulation 65 of NBFC & NE Regulations 2008

Pursuant to requirements of Regulation 65 of NBFC & NE Regulations, 2008, JS Investments Limited convened meetings of certificate holders and shareholders of JS Growth Fund and JS Value Fund Limited on January 30, 2013 and January 31, 2013 respectively to decide as to whether to convert the closed end funds into open end schemes or to revoke/wind-up the funds. In the meeting of JS Growth Fund, none of the two proposed resolutions could be passed by the requisite majority of certificate holders. However, the shareholders of JS Value Fund Limited successfully decided for the conversion of Fund into an open end scheme and the said conversion of Fund is in progress.

Auditors

The clause xxxvii of the Code of Corporate Governance 2012 (the code) requires all the inter-related companies in a group, engaged in performing the financial services, to appoint same firm of auditor as their external auditor. In compliance of this clause JS Investments Limited ("JSIL") is also required to appoint the same auditors as appointed by its Parent Company.

Keeping in view the aforementioned requirement of Code regarding appointment of external auditors, the Board of Directors of JSIL has decided in its meeting held on February 22, 2013, upon recommendation of the Audit Committee, to appoint M. Yousuf Adil Saleem & Co. Chartered Accounts, the auditors of JS Bank Limited, as the auditors of the Company in place of M/S Anjum Asim Shahid Rehman & Co. Chartered Accountants, for the ensuing year ending December 31, 2013.

Acknowledgment

The Directors express their gratitude to the Securities and Exchange Commission of Pakistan for its valuable support, assistance and guidance. The Board also thanks the employees of the Company for their dedication and hard work and the shareholders for their confidence in the Management.

Karachi: February 22, 2013

Rashid Mansur
Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the board of directors of the JS Investments Limited (the Company) to comply with the Listing Regulation of the Karachi Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the board of directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Listing Regulations require the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the period ended December 31, 2012.

Karachi: February 22, 2013

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in Listing Regulations of Karachi Stock Exchange where JS Investments Limited (the Company) is listed. The purpose of the Code is to establish a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

JS Investments Limited has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors.

At present the Board includes:

Category	Names
Independent Directors	Lt. General (R) Masood Parwaiz Mr. Sadeq Sayeed
Executive Directors	Mr. Rashid Mansur - Chief Executive Officer
Non-Executive Directors	Mr. Munawar Alam Siddiqui Mr. Nazar Muhammad Shaikh Mr. Suleman Lalani Mr. Mazharul Haq Siddiqui

The independent directors meet the criteria of independence under clause i (b) of the Code.

2. The directors of the Company have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy in the Board of the Company has occurred during the period.
5. The Company has prepared a "Code of Conduct", and has ensured that appropriate steps have taken place to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board of Company has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions including the appointment and determination of the remuneration and terms and conditions of the employment of the Chief Executive Officer and other executives and non-executive directors have been taken by the board / shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board is well aware of their duties and responsibilities under the Code. Mr. Munawar Alam Siddiqui (Chairman) and Mr. Suleman Lalani (Director) have passed the Board Development Series Certificate program conducted by the Pakistan Institute of Corporate Governance as of 30 June 2012. In addition the company intends to arrange other orientation course in the next few months.
10. During the period, there was no change of Head of Internal Audit. The vacancy of Chief Financial Officer / Company Secretary was filled during the period with the approval of Board. The remuneration and terms and conditions of employment of Chief Financial Officer / Company Secretary and Head of Internal Audit were approved by the Board.
11. The Directors Report for this period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than those disclosed in the Directors Report.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, two of them are non-executive directors and one is independent director. Chairman of the committee is non independent director. Appointment of an independent director as the chairman of the committee is due at the time of next election of directors.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises three members, of whom one is a non-executive, one is an independent and one is an executive director.
18. The Board has set up an effective internal audit function and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period", prior to the announcement of interim / final results, and business decisions, which may materially affect the share price of Company was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other applicable material principles enshrined in the Code have been complied with except those that are not yet applicable.

Karachi: February 22, 2013

Rashid Mansur
Chief Executive Officer



FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of JS Investments Limited (the company) as at December 31, 2012 and the related profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the period (From July 1, 2011 to December 31, 2012) then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (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 are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the period was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the period 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 comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2012 and of the profit, total comprehensive income, its cash flows and changes in equity for the period then ended; and
- (d) in our opinion no zakat was deductible at source under the zakat and ushr Ordinance, 1980 (XVIII of 1980).

Karachi: February 22, 2013

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

BALANCE SHEET AS AT DECEMBER 31, 2012

ASSETS	Note	December 31, 2012	June 30, 2011
Rupees			
Non - current assets			
Fixed assets			
Tangible - property and equipment	4.1 & 4.5	281,676,115	310,131,410
Intangible assets	4.6	105,624,587	106,978,119
Long-term loans - considered good	5	659,855	1,377,978
Investment in subsidiary company - at cost	6	37,500,000	37,500,000
Total non - current Assets		425,460,557	455,987,507
Current assets			
Investments - available for sale	7	1,445,695,428	1,213,749,511
Loans and advances - considered good	8	3,647,808	1,841,228
Deposits, prepayments and other receivables - unsecured considered good	9	13,053,259	14,309,707
Balances due from funds under management - related parties	10	20,666,258	2,384,739
Taxation recoverable		106,250,022	70,394,820
Cash and bank balances	11	2,846,710	4,350,469
Total current assets		1,592,159,485	1,307,030,474
Total assets		2,017,620,042	1,763,017,981
EQUITY AND LIABILITIES			
Share capital	12	1,000,000,000	1,000,000,000
Accumulated loss		(395,046,161)	(607,674,222)
Statutory reserve	13	-	-
Unrealised gain on re-measurement of available for sale investments to fair value - net	7	625,253,855	349,939,144
Total Equity		1,230,207,694	742,264,922
Surplus on revaluation of fixed assets - net of tax	14	127,060,578	136,959,339
LIABILITIES			
Non - current liabilities			
Securitisation of management fee receivables - debt	15	66,438,526	257,817,193
Deferred tax liability - net	16	41,073,015	41,248,941
Total non - current liabilities		107,511,541	299,066,134
Current liabilities			
Current maturity of securitisation of management fee receivables - debt	15	103,119,562	76,158,576
Short term running finance - secured	17	407,416,297	310,591,787
Short term borrowings - unsecured	18	-	150,000,000
Accrued and other liabilities	19	25,939,604	27,594,354
Accrued mark-up	20	16,364,766	20,382,869
Total current liabilities		552,840,229	584,727,586
Total liabilities		660,351,770	883,793,720
Total equity and liabilities		2,017,620,042	1,763,017,981
Contingencies & commitments	21		
Breakup value per share		12.30	7.42
Breakup value per share (including surplus on revaluation of fixed assets)		13.57	8.79

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Director



**PROFIT AND LOSS ACCOUNT
FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012
(FROM JULY 1, 2011 TO DECEMBER 31, 2012)**

	Note	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
		Rupees	
Income			
Remuneration from funds under management	22	306,465,377	244,683,431
Commission from open end funds under management	23	44,161	34,525
Dividend		117,450,111	52,037,417
Gain on sale of investments - net		211,123,889	64,151,599
Return on bank deposits		177,499	178,146
Mark up on Term Finance Certificates (TFCs)		14,988,921	18,959,327
Commission income and share of profit from management of discretionary client portfolios	24	578,158	845,407
		650,828,116	380,889,852
Impairment loss on available for sale equity securities		8,152,260	-
		642,675,856	380,889,852
Operating expenses			
Administrative and marketing	25	310,914,820	227,473,059
		331,761,036	153,416,793
Other operating expenses	26	4,438,477	2,319,744
Financial charges	27	149,172,579	143,495,795
		178,149,980	7,601,254
Other operating income	28	17,477,471	19,038,283
Profit before taxation		195,627,451	26,639,537
Taxation - net	29	(7,101,849)	2,711,295
Profit for the period / year		202,729,300	23,928,242
Earnings per share for the period / year - basic and diluted	30	2.03	0.24

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012
(FROM JULY 1, 2011 TO DECEMBER 31, 2012)**

	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
	Rupees	
Profit after tax	202,729,300	23,928,242
Other comprehensive income:		
Unrealised gain on re-measurement of available for sale investments to fair value - net	469,212,009	341,147,565
Impairment on investments taken to profit & loss account	1,407,820	-
Gain realised on disposal of investments	(202,049,558)	(57,482,013)
	268,570,271	283,665,552
Taxation relating to components of other comprehensive income	-	-
	268,570,271	283,665,552
Total comprehensive income	471,299,571	307,593,794

Surplus arising on revaluation of fixed assets has been reported in accordance with the requirements of the Companies Ordinance, 1984, in a separate account below equity.

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Director



**STATEMENT OF CASH FLOWS
FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012
(FROM JULY 1, 2011 TO DECEMBER 31, 2012)**

		Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
	Note	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		195,627,451	26,639,537
Adjustment for non-cash and other items:			
Remuneration from funds under management	22	(306,465,377)	(244,683,431)
Commission from open end funds under management	23	(44,161)	(34,525)
Dividend		(117,450,111)	(52,037,417)
Depreciation	4.1	32,300,642	28,756,789
Amortisation of intangible assets	4.6	2,009,358	4,742,908
Financial charges	27	149,172,579	143,495,795
Interest / mark-up income		(177,499)	(178,146)
Gain on sale of investments		(211,123,889)	(64,151,599)
Impairment loss on available for sale equity securities		8,152,260	-
Gain on disposal of fixed assets	28	(938,946)	(2,323,453)
		<u>(248,937,693)</u>	<u>(159,773,542)</u>
Increase / decrease in assets and liabilities			
Loans and advances		(1,088,457)	(261,926)
Deposits, prepayments and other receivables		28,217,434	12,245,428
Accrued and other liabilities		(1,654,750)	(9,657,544)
		<u>25,474,227</u>	<u>2,325,958</u>
		<u>(223,463,466)</u>	<u>(157,447,584)</u>
Taxes (paid) / refund		(28,929,279)	21,571,658
Remuneration and commission received from funds under management		288,228,019	244,951,649
Net cash inflow from operating activities		<u>35,835,274</u>	<u>109,075,723</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - net		246,340,424	247,727,909
Fixed capital expenditure incurred		(4,660,894)	(1,159,481)
Dividend received		117,450,111	52,037,417
Return on bank deposits		177,499	178,146
Proceeds from disposal of fixed assets		1,098,667	3,366,781
Net cash inflow from investing activities		<u>360,405,807</u>	<u>302,150,772</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal amount relating to the securitised management fee		(193,627,500)	(129,085,000)
Dividend paid		-	(1,300)
Short term borrowings		(150,000,000)	(150,000,000)
Financial charges paid		(150,941,850)	(132,100,382)
Net cash used in financing activities		<u>(494,569,350)</u>	<u>(411,186,682)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(98,328,269)</u>	<u>39,813</u>
Cash and cash equivalents at beginning of the period / year		<u>(306,241,318)</u>	<u>(306,281,131)</u>
Cash and cash equivalents at end of the period / year	33	<u>(404,569,587)</u>	<u>(306,241,318)</u>

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012
(FROM JULY 1, 2011 TO DECEMBER 31, 2012)**

	Share capital	Accumulated (loss)	Statutory reserve	Unrealised gain on re-measurement of investments classified as available for sale net	Total equity
----- Rupees -----					
Balance as at June 30, 2010	1,000,000,000	(748,075,367)	109,873,728	66,273,592	428,071,953
Total Comprehensive income	-	23,928,242	-	283,665,552	307,593,794
Transfer of statutory fund to accumulated loss on discontinuance of IFS operation - note - 13	-	109,873,728	(109,873,728)	-	-
Surplus on revaluation of fixed assets realized during the year on account of incremental depreciation charged thereon - net of tax	-	6,599,175	-	-	6,599,175
Balance as at June 30, 2011	1,000,000,000	(607,674,222)	-	349,939,144	742,264,922
Total Comprehensive income	-	202,729,300	-	268,570,271	471,299,571
Impairment loss on investments taken to profit and loss account	-	-	-	6,744,440	6,744,440
Surplus on revaluation of fixed assets realized during the period on account of incremental depreciation charged thereon - net of tax	-	9,898,761	-	-	9,898,761
Balance as at December 31, 2012	<u>1,000,000,000</u>	<u>(395,046,161)</u>	<u>-</u>	<u>625,253,855</u>	<u>1,230,207,694</u>

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012 (FROM JULY 1, 2011 TO DECEMBER 31, 2012)

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 JS Investments Limited (the Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the Company are quoted on the Karachi Stock Exchange since April 24, 2007. The registered office of the Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Company is now a subsidiary of JS Bank Limited (which has acquired 52.24 percent direct holding in the Company from Jahangir Siddiqui & Company Limited and other shareholders of the Company in the current period).

The Company has obtained the license of an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

The Company has changed its financial year end from June 30 to December 31 and has prepared these financial statements for the eighteen months period ended to December 31, 2012. The comparative figures given in these financial statements are for the year ended June 30, 2011 (Audited) and are not comparable. The change in financial year has been made by the Company to coincide with the financial year of the parent company.

1.2 The Company is an asset management company and pension fund manager for the following at period end:

1.2.1 Asset management company of the following funds:

Closed end:

- JS Growth Fund
- JS Value Fund Limited

Open end:

- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- JS KSE-30 Index Fund
- JS Aggressive Income Fund
- JS Cash Fund
- JS Large Cap Fund

1.2.2 Pension fund manager of the following funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

1.3 These financial statements are the separate financial statements of JS Investments Limited. In addition to these financial statements, consolidated financial statements of JS Investments Limited and its subsidiary company, JS ABAMCO Commodities Limited, have also been prepared.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP Prevail.

2.2 New / Revised standards, amendments and interpretations to existing standards effective from current period but not relevant to the Company:

The following standards, amendments to approved accounting standard is effective for accounting periods beginning on or after July 1, 2011.

- Amendments to IAS 12 – deferred tax on investment property. The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

The application of improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in these financial statements.

2.3 Standards, amendments and interpretations to published approved accounting standards that are not yet effective and have not been adopted early by the Company:

The following standards, amendments and interpretations of International Financial Reporting Standards will be effective for accounting periods beginning on or after the dates specified below:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 01, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.
- The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and recognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.
The Company's management have yet to assess the impact of this new standard on the Company's consolidated financial statements. However, Management does not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes.
- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 01, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the



ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statement of the company.

- Amendments to IFRS 1 - addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.
- IAS 27 Separate financial statements (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated financial statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 01, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.
- IAS 28 Investments in Associates (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on financial statements of the Company.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 01, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the balance sheet or subject to master netting agreement or similar arrangement. The amendments have no impact on financial statements of the Company.
- IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to complete its assessment of their impact on the Company’s financial statements.
- IFRS 10 supersedes IAS 27 ‘Consolidated and Separate Financial Statements’ (IAS 27) and SIC 12 ‘Consolidation – Special Purpose Entities’. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Company’s investees are considered to be subsidiaries and therefore change the scope of consolidation. However, the requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary remain the same. Management’s provisional analysis is that IFRS 10 will not change the classification (as subsidiaries or otherwise) of any of the Company’s existing investees at 31 December 2012.
- IFRS 11 supersedes IAS 31 ‘Interests in Joint Ventures’ (IAS 31). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31’s option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates. The Company do not have any joint arrangements as at December 31, 2012.

- IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial Statements are as follows:

- Amortisation of intangible assets (notes 3.1.2 and 4.6);
- Provision for taxation (notes 3.7, 29 and 29.1);
- Classification and valuation of investments (notes 3.5 and 7);
- Determination and measurement of useful life and residual value of property and equipment (notes 3.1.1 and 4.1);
- Valuation of property and equipment (notes 3.1.1 and 4.1); and
- Recognition and measurement of deferred tax assets and liabilities (notes 3.7 and 16).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except that certain items of property and equipment are stated at revalued amounts and investments classified as available for sale have been marked to market and carried at fair value.

In these financial statements, except for statement of cash flows, have been accounted for on an accrual basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Fixed assets

3.1.1 Property and equipment

Owned

Property and equipment are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the profit and loss account as and when incurred.

Depreciation is charged to income applying the straight-line method, whereby the cost or revalued amount of an asset is written off over its estimated useful life. The residual values and useful lives are reviewed, and adjusted, if required, at each balance sheet date.

Depreciation on fixed assets is charged from the month in which the asset is available for use. No depreciation is charged for the month in which the asset is disposed off.



Any surplus arising on revaluation of fixed assets is credited to the surplus on revaluation of fixed asset account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

Gains or losses on disposal of assets are included in the profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

3.1.2 Intangible assets

Intangible assets are measured initially at cost. After initial measurement, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The depreciable amount of an intangible asset with a finite useful life is amortised using the straight line method from the month in which such intangible asset is available for use, whereby, the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortised. The useful life and amortisation method is reviewed and adjusted, if appropriate, at each balance sheet date.

3.2 Impairment

The carrying amount of assets is reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account.

3.3 Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and receivable are written off when considered irrecoverable.

3.4 Investment in subsidiary company

Investment in subsidiary company is stated at cost less accumulated impairment losses, if any. In arriving at the impairment in respect of any diminution in the value of these investments, consideration is given only if there is a permanent impairment in the value of these investments.

3.5 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. There were no financial assets at fair value through profit or loss at the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits, balances due from funds under management, other receivable and cash and bank balances in the balance sheet.

(c) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

(d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets except fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from other comprehensive income and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts recognised in the profit and loss account. Financial liabilities include securitisation of management fee receivable (debt), short term running finance, short term borrowings, accrued and other liabilities and accrued mark-up



3.6 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.7 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates; if any. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the period / year.

Deferred

Deferred tax is recognised using the liability method on all major temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. In addition, the Company recognises deferred tax asset / liability on deficit / surplus on revaluation of tangible fixed assets, which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS)12 'Income Taxes'.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash in hand, balances with banks and short term running finances with original maturities of three months or less.

3.9 Operating Lease / Ijarah

Operating Lease / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir are classified as operating leases / Ijarah. Payments made during the period are charged to Profit and loss account on a straight-line basis over the period of the lease / Ijarah.

3.10 Borrowings / debt

Borrowings / debt are recognised initially at fair value, net of transaction costs incurred. These are subsequently measured at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Profit & Loss account over the period of the borrowings / debt under the effective interest method. Mark-up / profit on borrowings / debt is calculated using the effective interest method. Borrowings / debt include securitisation of management fee receivable.

3.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

3.12 Trade and other payables

Short term liabilities for trade and other amounts payable are recognised initially at fair value and subsequently carried at amortised cost.

3.13 Defined Contribution Scheme

The Company operates an approved contributory provident fund for all of its permanent employees. The Company and employees make equal monthly contributions to the fund at the rate of 8 to 10 percent of the basic salary.

3.14 Employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned on the basis of the accumulated leaves and the last drawn salary and are charged to profit and loss account.

3.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the outflow can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.16 Proposed dividend and transfer between reserves

Dividends declared and transfer between reserves, except appropriations which are required by the law, made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared or transfers between reserves are made.

3.17 Revenue recognition

- Remuneration for management services and asset investment advisory services are recognised on an accrual basis.
- Realised capital gains / losses on sale of investments is recognised in the profit and loss account at the time of sale.
- Dividend income is recorded when the right to receive the dividend is established.
- Return on bank deposits, mark-up on term finance certificate, mark-up on letter of placements and mark-up on commercial papers are recognised on an accrual basis.
- Commission income from open end funds is recognised at the time of sale of units.
- Commission income and share of profit from management of discretionary client portfolios is recognised on accrual basis.

3.18 Foreign currency transactions

Transactions denominated in foreign currencies are accounted for in rupees at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the foreign exchange rates approximating those prevailing at the balance sheet date. Exchange differences are taken to the profit and loss account.

3.19 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

4	FIXED ASSETS	Note	December 31,	June 30,
			2012	2011
			Rupees	
	Tangible - property and equipment			
	Operating fixed assets	4.1	281,596,115	309,629,411
	Capital work-in-progress - at cost	4.5	80,000	501,999
			281,676,115	310,131,410
	Intangible assets	4.6	105,624,587	106,978,119
			387,300,702	417,109,529



4.1 The following is the statement of operating fixed assets:

	OWNED					TOTAL
	Period ended December 31, 2012					
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	
	Rupees					
At July 1, 2011						
Cost / revaluation	331,254,000	3,480,894	23,320,000	90,698,090	4,613,595	453,366,579
Accumulated depreciation	(34,505,624)	(2,542,578)	(15,930,946)	(88,242,762)	(2,515,258)	(143,737,168)
Net book value	296,748,376	938,316	7,389,054	2,455,328	2,098,337	309,629,411
Period ended December 31, 2012:						
Opening net book value	296,748,376	938,316	7,389,054	2,455,328	2,098,337	309,629,411
Additions	-	-	-	3,542,067	885,000	4,427,067
Disposals:						
Cost / revaluation	-	(50,000)	(121,000)	(2,884,917)	(568,500)	(3,624,417)
Depreciation	-	50,000	103,399	2,884,917	426,380	3,464,696
	-	-	(17,601)	-	(142,120)	(159,721)
Depreciation charge for the period	(24,844,050)	(538,614)	(3,433,808)	(2,624,981)	(859,189)	(32,300,642)
Closing net book value	271,904,326	399,702	3,937,645	3,372,414	1,982,028	281,596,115
At December 31, 2012:						
Cost / revaluation	331,254,000	3,430,894	23,199,000	91,355,240	4,930,095	454,169,229
Accumulated depreciation	(59,349,674)	(3,031,192)	(19,261,355)	(87,982,826)	(2,948,067)	(172,573,114)
Net book value	271,904,326	399,702	3,937,645	3,372,414	1,982,028	281,596,115
Depreciation rate % per annum	5	20	10	25	20	

	OWNED					TOTAL
	Year ended June 30, 2011					
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
	Rupees					
At July 1, 2010						
Cost / revaluation	331,254,000	9,611,653	23,989,650	95,513,235	7,602,095	467,970,633
Accumulated depreciation	(17,942,924)	(7,643,517)	(14,060,280)	(85,100,883)	(4,450,983)	(129,198,587)
Net book value	313,311,076	1,968,136	9,929,370	10,412,352	3,151,112	338,772,046
Year ended June 30, 2011:						
Opening net book value	313,311,076	1,968,136	9,929,370	10,412,352	3,151,112	338,772,046
Additions	-	272,760	-	384,722	-	657,482
Disposals:						
Cost / revaluation	-	(6,403,519)	(669,650)	(5,199,867)	(2,988,500)	(15,261,536)
Depreciation	-	6,163,026	443,906	5,077,651	2,533,625	14,218,208
	-	(240,493)	(225,744)	(122,216)	(454,875)	(1,043,328)
Depreciation charge for the year	(16,562,700)	(1,062,087)	(2,314,572)	(8,219,530)	(597,900)	(28,756,789)
Closing net book value	296,748,376	938,316	7,389,054	2,455,328	2,098,337	309,629,411
At June 30, 2011:						
Cost / revaluation	331,254,000	3,480,894	23,320,000	90,698,090	4,613,595	453,366,579
Accumulated depreciation	(34,505,624)	(2,542,578)	(15,930,946)	(88,242,762)	(2,515,258)	(143,737,168)
Net book value	296,748,376	938,316	7,389,054	2,455,328	2,098,337	309,629,411
Depreciation rate % per annum	5	20	10	25	20	

4.2 The Company follows the revaluation model for its office premises. The office premises of the Company were last revalued on May 31, 2009 by an independent valuer Iqbal A. Nanjee & Co (Private) Limited on the basis of professional assessments of the market values. The revaluation resulted in a further surplus of Rs. 170.740 million (April 18, 2005: Rs. 83.876 million). Out of the total revaluation surplus of Rs. 254.616 million, Rs. 195.349 million (June 30, 2011: Rs. 210.577 million) remains undepreciated as at December 31, 2012.

4.3 Had there been no revaluation, the net book value of the office premises would have been as follows.

	December 31, 2012	June 30, 2011
	Rupees	
Office Premises	76,555,552	85,031,003

4.4 Particulars of fixed assets having written down value exceeding Rs. 50,000 disposed of during the period are as follows:

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyers
----- Rupees -----						
Suzuki Cultus VXR	568,500	426,380	142,120	450,000	Insurance Claim	EFU General Insurance Limited
Period ended December 31, 2012	568,500	426,380	142,120	450,000		
Year ended June 30, 2011	9,338,286	8,402,325	935,961	1,814,081		

4.5 Capital work-in-progress - at cost

Advances to suppliers against acquisition of Office Equipment
acquisition of Vehicle

December 31,
2012 June 30,
2011

Rupees

80,000	-
-	501,999
80,000	501,999

4.6 Intangible assets

----- December 31, 2012 -----

At July 1, 2011

Cost
Accumulated amortisation
Net book value

Period ended December 31, 2012:

Opening net book value
Additions during the period
Amortisation charge for the period
Closing net book value

At December 31, 2012:

Cost
Accumulated amortisation
Net book value

Amortisation rate % per annum

----- Rupees -----

Software	Management Rights of ICP Mutual Funds	Total
----------	---------------------------------------	-------

30,630,598	175,000,000	205,630,598
(28,652,479)	(70,000,000)	(98,652,479)
<u>1,978,119</u>	<u>105,000,000</u>	<u>106,978,119</u>
1,978,119	105,000,000	106,978,119
655,826	-	655,826
(2,009,358)	-	(2,009,358)
<u>624,587</u>	<u>105,000,000</u>	<u>105,624,587</u>
31,286,424	175,000,000	206,286,424
(30,661,837)	(70,000,000)	(100,661,837)
<u>624,587</u>	<u>105,000,000</u>	<u>105,624,587</u>

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----- June 30, 2011 -----

At July 1, 2010

Cost
Accumulated amortisation
Net book value

Year ended June 30, 2011:

Opening net book value
Amortisation charge for the year
Closing net book value

At June 30, 2011:

Cost
Accumulated amortisation
Net book value

Amortisation rate % per annum

----- Rupees -----

Software	Management Rights of ICP Mutual Funds	Total
----------	---------------------------------------	-------

30,630,598	175,000,000	205,630,598
(23,909,571)	(70,000,000)	(93,909,571)
<u>6,721,027</u>	<u>105,000,000</u>	<u>111,721,027</u>
6,721,027	105,000,000	111,721,027
(4,742,908)	-	(4,742,908)
<u>1,978,119</u>	<u>105,000,000</u>	<u>106,978,119</u>
30,630,598	175,000,000	205,630,598
(28,652,479)	(70,000,000)	(98,652,479)
<u>1,978,119</u>	<u>105,000,000</u>	<u>106,978,119</u>

20 - 50



- 4.7** Intangible asset in respect of Management Rights of ICP Mutual Funds represents the amount paid for the acquisition of the management rights of 12 ICP Mutual Funds under a Management Rights Transfer Agreement between the Company, Privatisation Commission, Government of Pakistan and Investment Corporation of Pakistan in October 2002. These funds were consolidated into ABAMCO Stock Market Fund, ABAMCO Growth Fund and ABAMCO Capital Fund and then merged to form JS Growth fund in 2006.

The Company carried out a review of the useful life of the above management rights of ICP mutual funds. In addition, the company revisited and revised its future plans with respect to these funds which have now been merged to form the JS Growth fund. Consequently, keeping in view the revised future plans, and opinion from its legal advisor in respect of the Company's rights and obligations under the above mentioned Management Rights Transfer Agreement and an analysis of the relevant factors the management considers that this intangible asset has an indefinite useful life. The amortisation of the management rights acquired by the Company had been discontinued with effect from July 1, 2006. Previously, the useful life was considered to be definite and cost incurred for acquisition of management rights was being amortised on a straight line basis over a period of ten years with effect from the year ended June 30, 2003.

		December 31, 2012	June 30, 2011
		Rupees	
5	LONG-TERM LOANS - CONSIDERED GOOD - SECURED		
	Executives	-	32,617
	Other employees	2,317,197	2,172,096
		2,317,197	2,204,713
	Less: receivable within one year	(1,657,342)	(826,735)
		659,855	1,377,978

- 5.1** Reconciliation of carrying amount of long-term loans to executives is as follows:

		December 31, 2012	June 30, 2011
		Rupees	
	Opening balance	32,617	581,888
	Disbursements / transfer from other employee	-	108,195
	Repayments	(32,617)	(657,466)
	Closing balance	-	32,617

- 5.2** This represents loans given to employees and executives for purchase of motor vehicles, house loans and general purpose cash loans. These loans are recovered through deduction from salaries over varying periods upto a maximum period of five years, fifteen years and three years respectively. These loans are granted in accordance with their terms of employment. The motor vehicle loans are secured by way of title to the motor vehicles being held in the name of the company and house loans are secured by way of equitable mortgage. Motor vehicle loans, house loans and general purpose cash loans carry mark-up at rates ranging from 7.01% per annum to 13.73% per annum (2011: 7.20% per annum to 13.61% per annum).

- 5.3** The maximum aggregate amount due from executives at the end of any month during the period was Rs. 0.03 million (2011: Rs. 0.663 million).

		December 31, 2012	June 30, 2011
		Rupees	
6	INVESTMENT IN SUBSIDIARY COMPANY - at cost		
	3,750,000 (2011: 3,750,000) unquoted ordinary shares of Rs 10 each held in JS ABAMCO Commodities Limited (Net assets value as at December 31, 2012 Rs 44.39 million, 2011: Rs 38.26 million)	37,500,000	37,500,000
		37,500,000	37,500,000

7 INVESTMENTS - AVAILABLE FOR SALE

	Note	December 31, 2012		June 30, 2011	
		Number of certificates / units / shares	Rupees	Number of certificates / units / shares	Rupees
Investments - related parties					
	7.1				
JS Value Fund Limited		21,498,992	193,490,928	21,498,992	118,244,456
JS Large Cap Fund		6,581,000	393,017,320	6,581,000	460,340,950
JS Growth Fund		48,316,964	421,807,096	36,086,812	212,912,191
JS Pension Savings Fund - Equity		300,000	41,808,000	300,000	28,437,000
JS Pension Savings Fund - Debt		188,940	33,268,555	200,000	29,002,000
JS Pension Savings Fund - Money Market		189,695	26,940,484	200,000	24,168,000
JS Fund of Funds		603,269	55,024,131	194,432	19,929,233
JS Principal Secure Fund I		-	-	185,790	21,800,633
JS Islamic Pension Savings Fund - Equity		250,000	53,192,500	250,000	38,077,500
JS Islamic Pension Savings Fund - Debt		232,690	36,469,504	250,000	34,162,500
JS Islamic Pension Savings Fund - Money Market		236,585	32,617,974	250,000	30,357,500
JS Aggressive Income Fund		860,585	90,189,329	501,736	47,519,428
JS KSE 30 Index Fund		3,259,827	67,869,607	-	-
JS Cash Fund		-	-	400,000	42,120,000
Investments - related parties (market value)			1,445,695,428		1,107,071,391
Other investments					
Escort Investment Bank Limited	7.3	-	-	3,274,000	6,318,820
Term Finance Certificate					
Optimus Limited	7.4	-	-	25,000	100,359,300
Investments at market value			1,445,695,428		1,213,749,511
Less : Carrying value of investments			(820,441,573)		(863,810,367)
Unrealised Gain on re-measurement of investments			625,253,855		349,939,144

7.1 This represents investment made in collective investment schemes managed by the Company. The matter relating to the classification of these funds (i.e. as associates or subsidiary) has been referred by the various fund managers to the Professional Standards and Technical Advisory Committee and Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and Mutual Funds Association of Pakistan (MUFAP). Till such time the clarification is received from ICAP / MUFAP, the investments of the Company in the collective investment schemes have been classified as available for sale in these financial statements.

7.2 Certificates / shares / units pledged against short term running finance

The details of the certificates/ shares/ units of funds pledged by the Company against its running finance are as follows:



Name of fund/companies	December 31, 2012	June 30, 2011
	Number of certificates / shares / units	Number of certificates / shares / units
JS Value Fund Limited	21,450,000	21,450,000
JS Large Cap Fund	5,200,000	3,200,000
JS Growth Fund	34,000,000	34,000,000

7.3 These shares have been disposed off to achieve compliance with regulation 37(7)(k) of Non Banking Finance Companies and Notified Companies Regulations, 2008.

7.4 The markup rate on these TFCs is from 14.09% to 15.86% (2011: 14.46 to 15.86%) per annum.

8 LOANS AND ADVANCES - CONSIDERED GOOD	Note	December 31, 2012	June 30, 2011
		Rupees	
Current portion of long-term loan to executives and employees	5	1,657,342	826,735
Unsecured advances to			
- executives	8.1	4,481	64,686
- employees	8.1	1,398,790	949,807
- suppliers		587,195	-
		<u>3,647,808</u>	<u>1,841,228</u>

8.1 The advances to executives and other employees are provided to meet business expenses and are settled as and when incurred. In addition, advances are also provided to executives and employees against their salaries which are recovered through deduction from employees monthly payroll.

9 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES-UNSECURED-CONSIDERED GOOD	Note	December 31, 2012	June 30, 2011
		Rupees	
Deposits		1,937,500	2,094,206
Prepayments		5,649,886	4,318,064
Mark-up receivable on term finance certificates		-	4,425,444
Others	9.1	5,465,873	3,471,993
		<u>13,053,259</u>	<u>14,309,707</u>

- 9.1 This includes Rs 0.755 million (June 30, 2011: Rs 0.383 million) due from related parties on account of expenses incurred on their behalf.

	Note	December 31, 2012	June 30, 2011
		Rupees	
10 BALANCES DUE FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES			
10.1 Remuneration due from funds under management			
Closed end funds			
JS Value Fund Limited	15.1 & 22.1	3,036,674	221,107
JS Growth Fund	15.1 & 22.1	6,873,186	713,865
		9,909,860	934,972
Open end funds			
JS KSE-30 Index Fund	22.1	71,433	9,983
JS Large Cap Fund	15.1 & 22.1	2,679,100	325,878
Unit Trust of Pakistan	15.1 & 22.1	2,759,136	382,040
JS Income Fund	15.1 & 22.1	1,420,782	93,478
JS Islamic Fund	15.1 & 22.1	643,582	52,437
JS Aggressive Asset Allocation Fund	22.1	245,107	26,996
JS Fund of Funds	22.1	45,737	46,460
JS Pension Savings Fund	22.1	349,948	30,028
JS Islamic Pension Savings Fund	22.1	208,885	17,086
JS Principal Secure Fund I	22.1	-	190,412
JS Principal Secure Fund II	22.1	-	101,039
JS Aggressive Income Fund	22.1	80,890	9,256
JS Cash Fund	22.1	2,251,798	145,458
		10,756,398	1,430,551
10.2 Commission			
Open end funds			
JS KSE-30 Index Fund	23.1	-	1,183
Unit Trust of Pakistan	23.1	-	328
JS Large Cap Fund	23.1	-	1,165
JS Income Fund	23.1	-	-
JS Islamic Fund	23.1	-	12,291
JS Pension Savings Fund	23.1	-	2,520
JS Cash Fund	23.1	-	1,729
		-	19,216
		20,666,258	2,384,739



		December 31, 2012	June 30, 2011
		Rupees	
11 CASH AND BANK BALANCES			
Cash in hand		70,427	70,082
Cheque in hand		-	8,261
Cash at bank in:			
Current accounts		920,417	1,403,641
Saving accounts	11.1	1,855,866	2,868,485
		2,776,283	4,272,126
		2,846,710	4,350,469

11.1 These carry mark-up at rates ranging from 5 percent to 11.9 percent (2011: 5 percent to 11.9 percent) per annum. It includes Rs 0.031 million (2011: Rs 0.0157 million) held with JS Bank Limited (a related party).

12 SHARE CAPITAL

December 31, 2012	June 30, 2011			December 31, 2012	June 30, 2011
Number of shares				Rupees	
Authorised capital					
200,000,000	200,000,000	Ordinary shares of Rs. 10 each		2,000,000,000	2,000,000,000
50,000,000	50,000,000	Convertible preference shares of Rs. 10 each		500,000,000	500,000,000
250,000,000	250,000,000			2,500,000,000	2,500,000,000
Issued, subscribed and paid-up capital					
21,250,000	21,250,000	Ordinary shares of Rs. 10 each issued as fully paid in cash		212,500,000	212,500,000
700,000	700,000	Fully paid ordinary shares of Rs. 10 each issued on amalgamation with CFSL		7,000,000	7,000,000
78,050,000	78,050,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		780,500,000	780,500,000
100,000,000	100,000,000			1,000,000,000	1,000,000,000

12.1 During the period, JS Bank Limited (the holding Company), a subsidiary of Jahangir Siddiqui & Company Limited (JSCL) has acquired 52,236,978 ordinary shares of the Company from JSCL and other shareholders.

		December 31, 2012	June 30, 2011
		Rupees	
13 STATUTORY RESERVE	Note		
Statutory reserve		-	109,873,728
Less: transferred to accumulated loss	13.1	-	(109,873,728)
		-	-

13.1 Statutory reserve represents amount set aside as per the requirements of clause 16 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 issued by the Securities and Exchange Commission of Pakistan. Consequent to discontinuance of IFS operations, the company has transferred the statutory reserve balance to accumulated loss account.

14 SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

This represents surplus arising on revaluation of office premises net of deferred tax thereon.

	December 31, 2012	June 30, 2011
	Rupees	
Surplus on revaluation of fixed assets as at July 1	210,577,637	220,730,212
Transferred to accumulated profit:		
Surplus relating to incremental depreciation transferred to accumulated profit during the period / year - net of deferred tax	(9,898,761)	(6,599,175)
Related deferred tax liability	(5,330,102)	(3,553,400)
	<u>(15,228,863)</u>	<u>(10,152,575)</u>
	195,348,775	210,577,637
Less: related deferred tax liability on:		
- revaluation	(73,618,298)	(77,171,699)
- incremental depreciation charged during the period / year transferred to profit and loss account	5,330,102	3,553,401
	<u>(68,288,196)</u>	<u>(73,618,298)</u>
	<u>127,060,578</u>	<u>136,959,339</u>

15 SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT

	Repayment period		Price	December 31, 2012	June 30, 2011
	From	To		Rupees	
Financial Receivables Securitisation Company Limited (FRSCL) (Class "A" TFC and Class "B" TFC)	Jan-07	Jan-14	6 months KIBOR plus 2% with floor of 8% and cap of 16% (repayable in fourteen semi annual installments including mark-up)	700,000,000	700,000,000
Financial Receivables Securitisation Company Limited (Class "C" TFC)	Jan-07	Jan-14	Subordinate to Class "A" TFC and Class "B" TFC (repayable on maturity)	2,500,000	2,500,000
				<u>702,500,000</u>	702,500,000
Less: principal redemption made to date				(506,372,500)	(312,745,000)
Less: unamortised transaction cost				(603,974)	(2,852,807)
				<u>195,523,526</u>	386,902,193
Less: current maturity				(129,085,000)	(129,085,000)
				<u>66,438,526</u>	<u>257,817,193</u>
CURRENT MATURITY OF SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT					
Current maturity of principal				129,085,000	129,085,000
Less : Receivable from FRSCL				(25,965,438)	(52,926,424)
				<u>103,119,562</u>	<u>76,158,576</u>



15.1 The company has entered into an agreement to sell certain portion of its management fee receivables from few funds (listed below) under its management, with Financial Receivables Securitisation Company Limited (FRSCL), a special purpose vehicle, incorporated for this purpose (for the tenure of facility) in accordance with the companies (Assets Backed Securitisation) Rules 1999. In addition, the company has also entered into a service agreement with FRSCL to provide services in respect of the receivables sold under the above agreement. The services to be provided by the company include the administration of these receivables. Further, the company is also required to monitor these receivables in the same manner and apply the same policies and practices to the origination and for the creation of these receivables as the company applies in the case of other receivables which it retains on its own account. Under the arrangement, the entire cash flows arising to the company from management fee receivables relating to these funds is deposited with the trustee. Subsequently, the trustee deduct there from the amount payable under the related agreement entered into by FRSCL in respect of issuance of term finance certificate with the TFC holders and returns the balance amount to the company. The amount retained by the trustee is passed on to FRSCL for meeting its obligations towards the relevant TFC holders and its other operating and administrative expenses. This securitisation transaction has been classified as a debt by the management. The initial amount obtained against securitisation funds amount in aggregate to rupees 702.5 million.

The securitised open-end and closed-end funds are as under:

Open end funds:

- Unit Trust of Pakistan
- JS Islamic Fund
- JS Income Fund
- JS Large Cap. Fund

Closed end funds:

- JS Growth Fund
- JS Value Fund Limited

15.2 Put option

In respect of Class "B" TFC, the FRSCL have put options in respect of meeting its obligations towards TFC Class "B" which, if exercised, would require FRSCL (which is the buyer) to redeem the relevant TFC, firstly from any funds available with the buyer. In the event requisite funds are not available with the buyer, FRSCL may require the Company (which is the originator) to purchase the relevant TFC in respect of which the put option has been exercised. Accordingly, in respect of Class "B" TFC, FRSCL has a partial or full put option on the company, exercisable on every semi-annual repayment date.

15.3 Class "C" TFC

Class 'C' TFC is subordinate to Class 'A' & Class 'B' TFCs for both principal and interest payments. The profit to Class "C" TFC holders will be paid out of the residual amount available from the deduction made by the Trustee at the cap rate of 16 percent in respect of the last installment due under the relevant TFC agreements, less the sum total of (a) last installment due under the Class "A" TFC and Class "B" TFC agreements, after which both Class "A" TFC and Class "B" TFC are fully redeemed; and (b) all remaining expenses of FRSCL.

	December 31, 2012	June 30, 2011
	Rupees	
16 DEFERRED TAX LIABILITY - NET		
Taxable temporary differences on:		
Accelerated tax depreciation	12,290,073	11,588,569
Surplus on revaluation of fixed assets	68,288,196	73,618,298
	80,578,269	85,206,867
Deductible temporary differences on:		
Short-term provisions	(398,078)	(470,785)
Deferred tax asset on carried forward tax losses	(39,107,176)	(43,487,141)
	41,073,015	41,248,941

16.1 The Company has an aggregate amount of Rs. 111.734 million (2011: Rs. 124.248 million) in respect of unabsorbed tax losses as at December 31, 2012 on which a deferred tax asset has been recognised.

	December 31, 2012	June 30, 2011
	Rupees	
17 SHORT TERM RUNNING FINANCE - SECURED		
Note		
17.1	407,416,297	310,591,787

17.1 This represents running finance facilities with a total limit of Rs. 500 million (June 30, 2011: 450 million) obtained from commercial banks. The facilities carries mark-up of 2% and 1.75% over 3 months KIBOR (June 30, 2011: 2% over 3 months KIBOR) rate which shall be reviewed on quarterly basis. Mark-up is payable on quarterly basis. The facilities is secured by way of Equitable mortgage of office premises and pledge of shares / certificates of funds under management. One of the facility of Rs. 250 million (2011: 200 million) is obtained from JS Bank Limited (a related party).

	December 31, 2012	June 30, 2011
	Rupees	
18 SHORT TERM BORROWINGS - UNSECURED		
Note		
18.1	-	150,000,000

18.1 This represents borrowing from JS Bank Limited, related party. This was repaid on December 19, 2011. Mark-up rate on this borrowing is from 13.55% per annum to 15.12% per annum (June 30, 2011: 14.83% per annum).

	December 31, 2012	June 30, 2011
	Rupees	
19 ACCRUED AND OTHER LIABILITIES		
Accrued expenses	17,552,159	17,096,521
Unclaimed dividend	1,320,406	1,320,406
Provision for staff compensated absences	1,121,441	1,239,178
Fee and commission payable	1,206,219	3,665,781
Advance rent received	798,128	751,332
Sales tax payable	2,769,678	-
Others	1,171,573	3,521,136
	25,939,604	27,594,354
19.1 Provision for staff compensated absences		
Opening balance	1,239,178	849,714
Provision for the period / year	368,736	573,649
Payment	(486,473)	(184,185)
Closing Balance	1,121,441	1,239,178



	December 31, 2012	June 30, 2011
	Rupees	
20 ACCRUED MARK-UP		
Mark-up accrued on:		
- Short term running finance - secured	12,144,974	15,833,197
- Short term borrowings	-	1,523,630
- Securitisation of management fee receivables	4,219,792	3,026,042
	16,364,766	20,382,869

21 CONTINGENCIES & COMMITMENTS

21.1 Contingencies

In respect of the appeals filed by the company against orders passed for tax years 2006 and 2009 against demand of Rs. 162 million and 66 million respectively, the Commissioner Inland Revenue Appeal has not accepted the basis of addition and set aside both the orders in respect of allocation of expenses between various sources of income for denovo proceedings with the directions to apportionment of expenditure according to actual incurrence of expenditure to the various sources of income.

The company has filed second appeal in Appellate Tribunal Inland Revenue in respect of disallowance and taxability of portion of capital gain on dividend received from mutual funds.

The company has also submitted constitutional petition before the Honorable High Court of Sindh.

Management and tax advisors are confident that good ground exist to contest these disallowance at appellate forums, these additions can not be maintainable and eventually outcome will come in favour of the Company. Hence, no provision has been made in the financial statements.

	December 31, 2012	June 30, 2011
	Rupees	
21.2 Commitments in respect of:		
Capital expenditure contracted but not incurred	80,000	502,000
Royalty and advisory payment	10,000,000	10,000,000
Motor Vehicle acquired under Ijarah from Bank Islami Limited - related party		
- Due in One year	2,479,881	2,472,324
- Due in two to five years	1,239,940	4,944,648

	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
22 REMUNERATION FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES	Rupees	
Closed end funds		
JS Value Fund Limited	45,454,030	23,312,206
JS Growth Fund	106,093,961	61,817,160
	151,547,991	85,129,366
Open end funds		
Unit Trust of Pakistan	53,151,034	41,444,686
JS Income Fund	20,516,702	11,396,018
JS Islamic Fund	9,079,372	5,522,839
JS Aggressive Asset Allocation Fund	4,643,357	2,764,771
JS Fund of Funds	5,517,434	4,383,201
JS KSE-30 Index Fund	1,607,297	1,065,068
JS Capital Protected Fund IV	-	9,996,439
JS Pension Savings Fund	5,191,913	2,449,023
JS Islamic Pension Savings Fund	3,334,088	1,641,191
JS Aggressive Income Fund	2,112,164	1,170,895
JS Principal Secure Fund I	21,766,634	18,449,516
JS Principal Secure Fund II	1,368,062	8,934,495
JS Cash Fund	30,623,712	13,538,265
JS Large Cap Fund	45,040,077	36,797,658
	203,951,846	159,554,065
	355,499,837	244,683,431
Less: Sales Tax	49,034,460	-
	306,465,377	244,683,431

22.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the management company / investment advisor of the Fund is entitled to an accrued remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund that has been verified by the trustee and is paid in arrears on monthly basis and thereafter of an amount equal to two percent of such assets of the Fund. During the period ended December 31, 2012 the Company has charged management fee at the rates ranging from 1 to 2 percent (2011: 1 to 2 percent).



**Eighteen
months ended
from July 1,
2011 to Dec
31, 2012**

Year ended
June 30, 2011

Rupees

**23 COMMISSION FROM OPEN END FUNDS UNDER
MANAGEMENT - RELATED PARTIES**

Unit Trust of Pakistan	3,276	3,610
JS Income Fund	-	1,406
JS Islamic Fund	21,625	16,151
JS Fund of Funds	4,113	-
JS KSE 30 Index Fund	881	1,844
JS Aggressive Income Fund	-	1,407
JS Pension Savings Fund	675	7,213
JS Islamic Pension Savings Fund	3,851	-
JS Cash Fund	8,232	1,729
JS Large Cap Fund	1,508	1,165
	44,161	<u>34,525</u>

23.1 This represents gross commission income earned by the Company on account of sale of units made on behalf of the funds under management.

**24 COMMISSION INCOME AND SHARE OF PROFIT FROM MANAGEMENT OF
DISCRETIONARY CLIENT PORTFOLIOS**

This represents commission income and share of profit earned by the company from management of discretionary portfolios. Currently, the company is managing three (June 30, 2011: two) discretionary client portfolios. The total cost and total market value of the unsettled client portfolios as at December 31, 2012 was Rs. 78.777 million (June 30, 2011: Rs. 36.656 million) and Rs. 79.616 million (June 30, 2011: Rs. 36.613 million) respectively.

25 ADMINISTRATIVE AND MARKETING EXPENSES	Note	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
		Rupees	
Salaries and benefits		130,308,332	85,526,053
Staff retirement benefits	25.1	6,761,180	4,545,521
Amortisation of intangible asset	4.6	2,009,358	4,742,908
Advertisement		10,339,048	4,571,488
Depreciation	4.1	32,300,642	28,756,789
Printing and stationery		5,372,625	3,878,489
Rent, rates, taxes and maintenance		19,403,460	15,192,988
Travelling, conveyance and vehicle maintenance		11,745,203	8,296,493
Transfer agent remuneration		10,831,437	8,128,598
Postage and telephone		6,899,389	4,266,643
Legal and professional		4,162,912	4,923,156
Fees and subscription		4,889,596	2,696,053
IT services		9,375,215	9,357,889
Utilities		12,267,929	7,733,825
Office security		5,848,064	4,016,027
Entertainment		564,292	382,418
Insurance		5,344,175	5,490,176
Newspaper		221,532	83,488
Directors' fee		5,635,000	3,840,000
Royalty and advisory fee	25.2	15,000,000	10,000,000
Office supplies		1,139,068	879,494
Shariah Advisory Fee		2,061,200	1,440,000
Ijarah rentals		3,769,342	2,472,324
Miscellaneous expenses		298,195	780,795
		306,547,194	222,001,615
Fee and commission		4,367,626	5,471,444
		310,914,820	227,473,059

25.1 Staff retirement benefits include contributions to defined contribution plan of Rs 6.25 million (2011: Rs 4.131 million).

25.2 Royalty and advisory fee represents amounts paid to Mr. Jahangir Siddiqui on account of use of name and advisory services, respectively.



26 OTHER OPERATING EXPENSES	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
	Rupees	
Auditors' remuneration		
Annual audit fee	1,625,000	800,000
Fee for review of the statement of compliance on code of corporate governance	50,000	50,000
Out of pocket expenses	58,727	17,244
Fee for review of half yearly financial statements	200,000	200,000
Fee for tax and related advisory services	2,504,750	1,252,500
	4,438,477	2,319,744
27 FINANCIAL CHARGES		
Mark-up on short term borrowings	84,625,618	74,495,905
Mark-up and other charges of securitisation of management fee receivables	64,344,833	68,860,601
Bank charges	202,128	139,289
	149,172,579	143,495,795
28 OTHER OPERATING INCOME		
Income from financial assets		
Mark-up earned on loans to executives and employees	237,778	196,405
Others	304,241	-
Income from non-financial assets		
Rental income	15,996,506	16,518,425
Gain on disposal of property and equipment	938,946	2,323,453
	17,477,471	19,038,283
29 TAXATION - Net		
Current - for the period / year	2,044,618	11,525,750
Current - for the prior period	(8,970,541)	-
Deferred - for the period / years	(175,926)	(8,814,455)
	(7,101,849)	2,711,295

29.1 The income tax assessments of the company has been finalized upto and including the assessment year 2002-2003 (financial year ended June 30, 2002). The income tax assessments for the tax years 2003 to 2005, 2007, 2008 and 2010 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax ordinance 2001. The details of tax years 2006 and 2009 have been described in note 21.1 above.

**Eighteen
months ended
from July 1,
2011 to Dec
31, 2012**

Year ended
June 30, 2011

Rupees

29.2 Relationship between accounting profit and tax expense is as follows:

Accounting profit / (loss) before taxation	195,627,451	26,639,537
Tax @ 35% (2011: 35%)	68,469,608	9,323,838
Tax impact of income under FTR and differential in tax rates	(73,904,401)	(39,079,533)
Tax impact of minimum tax	(2,736,915)	3,169,347
Tax impact of depreciation/amortisation	2,603,791	(6,125,000)
Tax impact of expenses related to FTR income	4,756,281	1,882,111
Others	(6,290,213)	33,540,532
Net tax charged	(7,101,849)	2,711,295

30 EARNINGS PER SHARE - Basic and diluted

Profit for the period / year after taxation	202,729,300	23,928,242
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Number of Shares

Weighted average number of ordinary shares outstanding during the period / year	100,000,000	100,000,000
Earnings per share (Rupees)	2.03	0.24

30.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2012 and June 30, 2011 which would have any effect on the earnings per share if the option to convert is exercised.

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of the remuneration, including benefits to the Chief Executive Officer, directors and executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
----- Rupees -----						
Managerial remuneration	18,000,000	12,000,000	2,626,560	3,283,200	29,688,411	19,353,361
Consultancy fee	-	-	5,220,000	3,480,000	-	-
House rent allowance	5,400,000	3,600,000	787,968	984,960	8,906,526	5,806,008
Utilities allowance	750,600	500,400	262,656	328,320	2,968,853	1,935,336
Car Allowance	855,360	570,240	435,416	653,124	10,930,907	5,964,735
Retirement benefits	1,800,000	1,200,000	210,126	262,656	2,626,113	1,501,251
Medical Allowance	1,800,000	1,200,000	262,656	328,320	2,968,853	1,935,336
Other reimbursable expenses	-	-	-	14,527	3,150,360	1,211,625
	28,605,960	19,070,640	9,805,382	9,335,107	61,240,024	37,707,652
Number of persons	1	1	1	2	20	22



- 31.1** The Chief Executive Officer and the Chairman of the Company are provided with free use of company owned and maintained vehicles.
- 31.2** The Company may provide performance bonus to the Chief Executive Officer and executives. The individual entitlements are being reported on paid basis.
- 31.3** In addition, meeting fee of Rs 15,000 (2011: Rs 15,000) per meeting was paid to three non-executive directors for meetings attended during the period.

**Eighteen months
ended from July 1,
2011 to Dec 31,
2012** Year ended
June 30, 2011

32 TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

Rupees

32.1 Transaction with related parties

32.1.1 Transactions with associates - funds under management

Remuneration income	306,465,377	244,683,431
Commission income	44,161	34,525
Other expenses incurred on behalf of the fund	897,431	307,414
Reimbursement of other expenses incurred on behalf of the fund	470,164	226,546
Dividend income	117,450,111	52,037,417
Reimbursement of preliminary expenses incurred on behalf of the fund	-	2,928,942
Investment made in funds under management	1,068,574,335	50,544,896
Investments disposed off	1,214,777,670	285,359,857
Other expenses incurred	-	-
 Bonus / additional shares / units (in numbers)	 4,624,011	 271,203

32.1.2 Transactions with other related parties

Jahangir Siddiqui & Company Limited (JSCL) - parent of JSBL

Expenses incurred on behalf of JSCL	99,138	65,000
Reimbursement of expenses incurred on behalf of JSCL	196,537	65,000

JS Global Capital Limited (JSGCL) - subsidiary of JSBL

Rent expense	1,636,116	4,013,608
Rental income	2,645,060	3,354,758
Other expenses	-	1,073,942
Expenses incurred by the company on behalf of JSGCL	927,470	1,871,438
Reimbursement of expenses incurred on behalf of JSGCL	714,059	1,985,304

Mahvash and Jahangir Siddiqui Foundation (MJSF)

Rental income	522,280	-
Expenses incurred by the company on behalf of MJSF	201,778	28,462
Reimbursement of expenses incurred on behalf of MJSF	62,016	28,462

Bank Islami Pakistan Limited

Ijarah rental expense	3,769,342	2,472,324
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EFU General Insurance Limited

Insurance premium paid	4,393,744	3,566,542
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EFU Life Insurance Limited

Insurance premium paid	820,751	649,583
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**Eighteen months
ended from July 1,
2011 to Dec 31,
2012**

Year ended
June 30, 2011

Rupees

Fakhr-e-Imdad Foundation (FIF)		
Expenses incurred by the company on behalf of FIF	96,983	-
Reimbursement of expenses incurred on behalf of FIF	24,000	-
Peregrine Aviation (Private) Limited		
Other expenses incurred on behalf of the fund	-	7,092
Reimbursement of other expenses incurred on behalf of the fund	-	7,092
Staff Provident Fund		
Contributions during the period / year	6,250,786	4,131,461
32.1.3 Transactions with holding company		
JS Bank Limited (JSBL) - holding company		
Mark up expense on short term borrowings / running finance	58,751,926	45,084,924
Rent expense	1,545,863	482,760
Expenses incurred by the company on behalf of JSBL	365,153	7,092
Reimbursement of expenses incurred on behalf of JSBL	48,732	7,092
Rental income	558,031	-
Investment sold	64,289,500	-
Short term borrowing paid	150,000,000	150,000,000
32.1.4 Transactions with subsidiary company		
JS ABAMCO Commodities Limited (JSACL) - subsidiary of JSIL		
Expenses incurred by the company on behalf of JSACL	443,863	7,000
Reimbursement of expenses incurred by the company on behalf of JSACL	410,681	7,000
32.1.5 Transactions with key management personnel		
Remuneration of key management personnel	77,534,949	47,170,870
Director fee	5,635,000	3,840,000
32.2 Balances outstanding at the year end		
32.2.1 Balances outstanding with associates		
Receivable from various funds and outstanding balance of expenses incurred on behalf of different funds under management	511,009	80,868
32.2.2 Balances outstanding with other related parties		
Payable to JS Global Capital Limited - net	1,277,160	3,273,986
Receivable from Jahangir Siddiqui & Company Limited	15,000	112,399
Receivable from JS ABAMCO Commodities Limited	33,182	-
Receivable from MJSF	637,042	-
Receivable from FIF	72,983	-
32.2.3 Balances outstanding with holding company		
Payable to JS Bank Limited - net	2,813,967	7,813,430

32.3 Other balances outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes.

32.4 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. The management considered all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.



32.5 There are no transactions with key management personnel other than under their terms of employment.

32.6 Details of the remuneration relating to Chief Executive officer and directors are disclosed in note 31 to the financial statements.

		December 31, 2012	June 30, 2011
33 CASH AND CASH EQUIVALENTS	Note	Rupees	
- Cash and bank balances	11	2,846,710	4,350,469
- Short term running finance - secured	17	(407,416,297)	(310,591,787)
		<u>(404,569,587)</u>	<u>(306,241,318)</u>

34 FINANCIAL INSTRUMENTS BY CATEGORY

Assets

Non-current assets

Long-term loans - considered good

Current assets

Investments - available for sale

Loans and advances - considered good

Deposits and other receivables - unsecured

Balances due from funds under management - related parties

Cash and bank balances

Liabilities

Non-current liabilities

Securitisation of management fee receivables - debt

Current Liabilities

Securitisation of management fee receivables - debt

Short term running finance - secured

Short term borrowings - unsecured

Accrued and other liabilities

Accrued mark-up

December 31, 2012		
Loans and receivables	Available for sale	Total
----- Rupees -----		
659,855	-	1,377,978
659,855	-	1,377,978
-	1,445,695,428	1,445,695,428
3,647,808	-	3,647,808
7,403,373	-	7,403,373
20,666,258	-	20,666,258
2,846,710	-	2,846,710
34,564,149	1,445,695,428	1,480,259,577
<u>35,224,004</u>	<u>1,445,695,428</u>	<u>1,481,637,555</u>
December 31, 2012		
Fair value through profit or loss	At Amortized Cost	Total
----- Rupees -----		
-	66,438,526	66,438,526
-	66,438,526	66,438,526
-	103,119,562	103,119,562
-	407,416,297	407,416,297
-	-	-
-	24,818,163	24,818,163
-	16,364,766	16,364,766
-	551,718,788	551,718,788
-	<u>618,157,314</u>	<u>618,157,314</u>
June 30, 2011		
Loans and receivables	Available for sale	Total
----- Rupees -----		
1,377,978	-	1,377,978
1,377,978	-	1,377,978
-	1,213,749,511	1,213,749,511
1,841,228	-	1,841,228
9,991,643	-	9,991,643
2,384,739	-	2,384,739
4,350,469	-	4,350,469
18,568,079	1,213,749,511	1,232,317,590
<u>19,946,057</u>	<u>1,213,749,511</u>	<u>1,233,695,568</u>

	June 30, 2011		
	Fair value through profit or loss	At Amortized Cost	Total
	----- Rupees -----		
Liabilities			
Non-current liabilities			
Securitisation of management fee receivables - debt	-	257,817,193	257,817,193
	-	257,817,193	257,817,193
Current Liabilities			
Securitisation of management fee receivables - debt	-	76,158,576	76,158,576
Short term running finance - secured	-	310,591,787	310,591,787
Short term borrowings - unsecured	-	150,000,000	150,000,000
Accrued and other liabilities	-	26,355,176	26,355,176
Accrued mark-up	-	20,382,869	20,382,869
	-	583,488,408	583,488,408
	-	841,305,601	841,305,601

35 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

35.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

35.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

35.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from securitization of management fee receivables and short term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk and borrowing issued at fixed rate gives exposure to fair value interest rate risk.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.



Financial assets

Non-current assets

Long-term loans - considered good

Current assets

Investments - available for sale

Loans and advances - considered good

Deposits and other receivables

Balances due from funds under management

- related parties

Cash and bank balances

Sub Total

As at December 31, 2012			
Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total
Upto one year	More than one year		
-----Rupees-----			
	-	659,855	-
	-	659,855	659,855
	-	-	1,445,695,428
1,657,342	-	1,990,466	3,647,808
-	-	7,403,373	7,403,373
-	-	20,666,258	20,666,258
1,855,866	-	990,844	2,846,710
3,513,207	-	1,476,746,369	1,480,259,576
3,513,207	659,855	1,476,746,369	1,480,919,432

Financial liabilities

Securitisation of management fee receivables - debt

Short term running finance - secured

Short term borrowings-unsecured

Accrued and other liabilities

Accrued mark-up

Sub Total

On-balance sheet gap

Off-balance financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

As at December 31, 2012			
Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total
Upto one year	More than one year		
-----Rupees-----			
103,119,562	66,438,526	-	169,558,088
407,416,297	-	-	407,416,297
-	-	-	-
-	-	24,818,163	24,818,163
-	-	16,364,766	16,364,766
510,535,859	66,438,526	41,182,929	618,157,314
(507,022,652)	(65,778,671)	1,435,563,440	862,762,118
-	-	-	-
-	-	-	-
(507,022,652)	(65,778,671)	1,435,563,440	862,762,118
(507,022,652)	(65,778,671)	-	-

As at June 30, 2011					
Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total		
Upto one year	More than one year				
Financial assets					-----Rupees-----
Non-current assets					
Long-term loans - considered good	-	1,377,978	-	1,377,978	
	-	1,377,978	-	1,377,978	
Current assets					
Investments - available for sale	100,359,300	-	1,113,390,211	1,213,749,511	
Loans and advances - considered good	826,735	-	1,014,493	1,841,228	
Deposits and other receivables	-	-	9,991,643	9,991,643	
Balances due from funds under management - related parties	-	-	2,384,739	2,384,739	
Cash and bank balances	2,868,485	-	1,481,984	4,350,469	
	104,054,520	-	1,128,263,070	1,232,317,590	
Sub Total	104,054,520	1,377,978	1,128,263,070	1,233,695,568	
As at June 30, 2011					
Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total		
Upto one year	More than one year				
Financial liabilities					-----Rupees-----
Securitisation of management fee receivables - debt	76,158,576	257,817,193	-	333,975,769	
Short-term running finance - secured	310,591,787	-	-	310,591,787	
Short term borrowings - unsecured	150,000,000	-	-	150,000,000	
Accrued and other liabilities	-	-	26,355,176	26,355,176	
Accrued mark-up	-	-	20,382,869	20,382,869	
Sub Total	536,750,363	257,817,193	46,738,045	841,305,601	
On-balance sheet gap	(432,695,843)	(256,439,215)	1,081,525,025	392,389,967	
Off-balance financial instruments	-	-	-	-	
Off-balance sheet gap	-	-	-	-	
Total interest rate sensitivity gap	(432,695,843)	(256,439,215)	1,081,525,025	392,389,967	
Cumulative interest rate sensitivity gap	(432,695,843)	(256,439,215)			

Cash flow sensitivity analysis for variable rate instruments

The increase/decrease in interest rates of 1% would have decreased / increased profits and equity for the period ended Dec 31, 2012 and year ended June 30, 2011 by the amount of Rs. 10.98 million (2011: Rs. 4.99 million) and Rs. 10.98 million (2011: Rs. 8.22 million). This analysis assumes that all other variables held constant.

The interest rate profile of interest / mark-up bearing assets are given in notes 5, 7 and 11 of these financial statements.

The interest rate profile of interest / mark-up bearing liabilities are given in notes 15, 17 and 18 of these financial statements.

35.1.3 Price Risk

The Company is exposed to listed and quoted securities price risk because of investments held by the Company and classified on the balance sheet as available for sale. To manage its price risk arising from investments the Company mainly invests in mutual funds and maintains diversified portfolio.



35.2 Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from deposits with banks and financial institutions, and credit exposures arising as a result of dividends receivable on equity securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. Management believes that the Company is not exposed to any significant credit risk from investments in or receivables from the funds which are managed by the Company itself. The risk of default is considered minimal due to inherent systematic measures taken therein.

All the financial assets of the company except Rs 0.070 million (2011: Rs 0.070 million) are exposed to credit risk. The company controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties, obtaining collaterals and continually assessing the credit worthiness of counter parties.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2012 is the carrying amount of the financial assets. The maximum exposure to credit risk at reporting date is:

	2012	2011
	Rupees	
Long-term loans - considered good	659,855	1,377,978
Loans and advances - considered good	3,647,808	1,841,228
Investments - available for sale	1,445,695,428	1,213,749,511
Deposits and other receivables - unsecured	7,403,373	9,991,643
Balances due from funds under management - related parties	20,666,258	2,384,739
Bank balances	2,776,283	4,280,387
	1,480,849,005	1,233,625,486

Company's bank balances can be assessed with reference to external credit ratings as follows:

Rating	Highest	Lowest
Short Term	A1+	A1
Long Term	AAA	A

35.3 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company is not materially exposed to liquidity risk as significant amount of obligations / commitments are supported by assigning future management fee of the specific funds of the Company to a Special Purpose Vehicle for discharging the liability of the Company. Other liabilities are short term in nature and are supported by other operating revenues generated by the Company and are further in support against investments of the Company which are readily convertible into cash.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at December 31, 2012			
	Total	Upto three months	More than three months and upto one year	More than one year
	----- Rupees -----			
Securitisation of management fee receivables - debt	169,558,088	-	103,119,562	66,438,526
Short term running finance - secured	407,416,297	-	407,416,297	-
Short term borrowings - unsecured	-	-	-	-
Accrued and other liabilities	24,818,163	24,818,163	-	-
Accrued mark-up	16,364,766	12,144,974	4,219,792	-
	<u>618,157,314</u>	<u>36,963,137</u>	<u>514,755,651</u>	<u>66,438,526</u>
	----- Rupees -----			
	As at June 30, 2011			
	Total	Upto three months	More than three months and upto one year	More than one year
	----- Rupees -----			
Securitisation of management fee receivables - debt	333,975,769	-	76,158,576	257,817,193
Short term running finance - secured	310,591,787	-	310,591,787	-
Short term borrowings - unsecured	150,000,000	150,000,000	-	-
Accrued and other liabilities	26,355,176	26,355,176	-	-
Accrued mark-up	20,382,869	17,356,827	3,026,042	-
	<u>841,305,601</u>	<u>193,712,003</u>	<u>389,776,405</u>	<u>257,817,193</u>

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically reprised. Due to these factors analysis under the following groups from levels 1 to 3 has not been produced:

- Level 1 : Quoted market prices
- Level 2 : Valuation techniques (market observable)
- Level 3 : Valuation techniques (non-market observable)

37 CAPITAL RISK MANAGEMENT

The primary objective of the company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.



38 NON-ADJUSTING EVENTAFTERTHE BALANCE SHEET DATE

The Board of Directors of the company in their meeting held on February 22, 2013 have proposed a final cash dividend in respect of the eighteen months period ended December 31, 2012 of Rs 1 per share i.e. 10% (2011:Nil). The financial statements for the eighteen months period ended December 31, 2012 do not include the effect of this dividend which will be accounted for subsequent to the period end.

39 GENERAL

39.1 These financial statements were authorised for issue on February 22, 2013 by the Board of Directors of the company.

39.2 The figures have been rounded off to nearest rupee.

Chief Executive Officer

Director



CONSOLIDATED FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **JS Investments Limited** (the Holding company) and its subsidiary company, JS ABAMCO Commodities Limited as at December 31, 2012 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof, for the period (From July 01, 2011 to December 31, 2012) then ended. We have also expressed a separate opinion on the financial statements of the JS Investments Limited. The financial statements of the subsidiary company were audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These consolidated financial statements are the responsibility of the Holding company's management. Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of JS Investments Limited and its subsidiary company as at December 31, 2012 and the results of their operations for the period then ended.

Karachi: February 22, 2013

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2012

	Note	December 31, 2012	June 30, 2011
		Rupees	
ASSETS			
Non - current assets			
Fixed assets			
Tangible - property and equipment	5.1 & 5.5	284,176,115	312,631,410
Intangible assets	5.6	106,624,587	107,978,119
Long-term loans - considered good	6	659,855	1,377,978
Total non - current Assets		391,460,557	421,987,507
Current assets			
Investments	7.1	1,486,686,618	1,248,637,751
Loans and advances - considered good	8	3,647,808	1,841,228
Deposits, prepayments and other receivables - unsecured considered good	9	13,036,041	14,346,707
Balances due from funds under management - related parties	10	20,666,258	2,384,739
Taxation recoverable		106,251,068	70,415,460
Cash and bank balances	11	2,897,502	4,390,794
Total current assets		1,633,185,295	1,342,016,679
Total assets		2,024,645,852	1,764,004,186
EQUITY AND LIABILITIES			
Share capital	12	1,000,000,000	1,000,000,000
Accumulated loss		(388,160,655)	(606,916,365)
Statutory reserve	13	-	-
Unrealised gain on re-measurement of available for sale investments to fair value - net	7.1	625,253,855	349,939,144
Total Equity		1,237,093,200	743,022,779
Surplus on revaluation of fixed assets - net of tax	14	127,060,578	136,959,339
LIABILITIES			
Non - current liabilities			
Securitisation of management fee receivables - debt	15	66,438,526	257,817,193
Deferred tax liability - net	16	41,073,015	41,248,941
Total non - current liabilities		107,511,541	299,066,134
Current liabilities			
Current maturity of securitisation of management fee receivables - debt	15	103,119,562	76,158,576
Short term running finance - secured	17	407,416,297	310,591,787
Short term borrowings - unsecured	18	-	150,000,000
Accrued and other liabilities	19	26,079,908	27,822,702
Accrued mark-up	20	16,364,766	20,382,869
Total current liabilities		552,980,533	584,955,934
Total liabilities		660,492,074	884,022,068
Total equity and liabilities		2,024,645,852	1,764,004,186
Contingencies & commitments			
Breakup value per share	21	12.37	7.43
Breakup value per share (including surplus on revaluation of fixed assets)		13.64	8.80

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director



**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012
(FROM JULY 1, 2011 TO DECEMBER 31, 2012)**

		Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
	Note	Rupees	
Income			
Remuneration from funds under management	22	306,465,377	244,683,431
Commission from open end funds under management	23	44,161	34,525
Dividend		117,450,111	52,037,417
Gain on sale of investments - net		211,239,724	64,157,894
Return on bank deposits		187,960	184,424
Mark up on Term Finance Certificates (TFCs)		14,988,921	18,959,327
Commission income and share of profit from management of discretionary client portfolios	24	578,158	845,407
Unrealized gain on remeasurement of investment at fair value through profit and loss	7.2	7,237,114	1,317,665
		658,191,526	382,220,090
Impairment loss on available for sale equity securities		8,152,260	-
		650,039,266	382,220,090
Operating expenses			
Administrative and marketing	25	312,150,581	227,707,424
		337,888,685	154,512,666
Other operating expenses	26	4,438,477	2,319,744
Financial charges	27	149,172,579	143,495,795
		184,277,629	8,697,127
Other operating income	28	17,477,471	19,038,283
Profit before taxation		201,755,100	27,735,410
Taxation - net	29	(7,101,849)	2,711,295
Profit for the period / year		208,856,949	25,024,115
Earnings per share for the period / year - basic and diluted	30	2.09	0.25

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012
(FROM JULY 1, 2011 TO DECEMBER 31, 2012)**

	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
	Rupees	
Profit after tax	208,856,949	25,024,115
Other comprehensive income:		
Unrealised gain on re-measurement of available for sale investments to fair value - net	469,212,009	341,147,565
Impairment on investments taken to profit & loss account	1,407,820	-
Gain realised on disposal of investments	(202,049,558)	(57,482,013)
	268,570,271	283,665,552
Taxation relating to components of other comprehensive income	-	-
	268,570,271	283,665,552
Total comprehensive income	477,427,220	308,689,667

Surplus arising on revaluation of fixed assets has been reported in accordance with the requirements of the Companies Ordinance, 1984, in a separate account below equity.

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012
(FROM JULY 1, 2011 TO DECEMBER 31, 2012)**

	Note	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		201,755,100	27,735,410
Adjustment for non-cash and other items:			
Remuneration from funds under management	22	(306,465,377)	(244,683,431)
Commission from open end funds under management	23	(44,161)	(34,525)
Dividend		(117,450,111)	(52,037,417)
Depreciation	5.1	32,300,642	28,756,789
Amortisation of intangible assets	5.6	2,009,358	4,742,908
Financial charges	27	149,172,579	143,495,795
Interest / mark-up income		(187,960)	(178,146)
Unrealized gain on revaluation of investments	7.2	(7,237,114)	(1,317,665)
Gain on sale of Investments		(211,239,724)	(64,157,894)
Impairment loss on available for sale equity securities		8,152,260	-
Gain on disposal of fixed assets	28	(938,946)	(2,323,453)
		(250,173,454)	(160,001,629)
Increase / decrease in assets and liabilities			
Loans and advances		(1,088,457)	(261,925)
Deposits, prepayments and other receivables		28,271,656	12,225,428
Accrued and other liabilities		(1,742,794)	(9,526,303)
		25,440,405	2,437,200
		(224,733,049)	(157,564,429)
Taxes (paid) / refund		(28,909,685)	21,571,009
Remuneration and commission received from funds under management		288,228,019	244,951,649
Net cash inflow from operating activities		34,585,285	108,958,229
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - net		247,590,420	247,802,908
Fixed capital expenditure incurred		(4,660,894)	(1,159,481)
Dividend received		117,450,111	52,037,417
Return on bank deposits		187,960	178,146
Proceeds from disposal of fixed assets		1,098,667	3,366,781
Net cash inflow from investing activities		361,666,264	302,225,771
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal amount relating to the securitised management fee		(193,627,500)	(129,085,000)
Dividend paid		-	(1,300)
Short term borrowings		(150,000,000)	(150,000,000)
Financial charges paid		(150,941,851)	(132,100,382)
Net cash used in financing activities		(494,569,351)	(411,186,682)
Net decrease in cash and cash equivalents		(98,317,802)	(2,682)
Cash and cash equivalents at beginning of the period / year		(306,200,993)	(306,198,311)
Cash and cash equivalents at end of the period / year	33	(404,518,795)	(306,200,993)

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012
(FROM JULY 1, 2011 TO DECEMBER 31, 2012)**

	Share capital	Accumulated (loss)	Statutory reserve	Unrealised gain on re-measurement of investments classified as available for sale-net	Total equity
----- Rupees -----					
Balance as at June 30, 2010	1,000,000,000	(748,413,383)	109,873,728	66,273,592	427,733,937
Total Comprehensive income	-	25,024,115	-	283,665,552	308,689,667
Transfer of statutory fund to accumulated loss on discontinuance of IFS operation - note - 13	-	109,873,728	(109,873,728)	-	-
Surplus on revaluation of fixed assets realized during the year on account of incremental depreciation charged thereon - net of tax	-	6,599,175	-	-	6,599,175
Balance as at June 30, 2011	1,000,000,000	(606,916,365)	-	349,939,144	743,022,779
Total Comprehensive income	-	208,856,949	-	268,570,271	477,427,216
Impairment loss on investments taken to profit and loss account	-	-	-	6,744,440	6,744,440
Surplus on revaluation of fixed assets realized during the period on account of incremental depreciation charged thereon - net of tax	-	9,898,761	-	-	9,898,761
Balance as at December 31, 2012	1,000,000,000	(388,160,655)	-	625,253,855	1,237,093,200

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2012 (FROM JULY 1, 2011 TO DECEMBER 31, 2012)

1 THE GROUP AND ITS OPERATIONS

The group consists of:

Holding Company

JS Investments Limited

Subsidiary Company

JS ABAMCO Commodities Limited

**"Percentage holding
JS Investments Limited and its nominees"**

100%

1.1 Holding Company

JS Investments Limited (the Holding Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the Holding Company are quoted on the Karachi Stock Exchange since April 24, 2007. The registered office of the Holding Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Holding Company is now a subsidiary of JS Bank Limited (which has acquired 52.24 percent direct holding in the Company from Jahangir Siddiqui & Company Limited and other shareholders of the Holding Company in the current period).

The Holding Company has obtained the license of an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Holding Company also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

The Holding Company is an asset management company and pension fund manager for the following at period end:

1.1.1 Asset management company of the following funds:

Closed end:

- JS Growth Fund
- JS Value Fund Limited

Open end:

- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- JS KSE-30 Index Fund
- JS Aggressive Income Fund
- JS Cash Fund
- JS Large Cap Fund

1.1.2 Pension fund manager of the following funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

1.2 Subsidiary Company

JS ABAMCO Commodities Limited (JSACL) was incorporated in Pakistan as a public limited company on September 25, 2007 under the Companies Ordinance, 1984 and is a wholly owned subsidiary of JS Investments Limited (the holding company). The principal object of the company is to carry out business in Commodity market and related brokerage, advisory and consultancy services. The registered office of the Company is situated at 7th Floor, The Forum, Block-9 Clifton, Karachi.

- 1.3 The Group has changed its financial year end from June 30 to December 31 and has prepared these consolidated financial statements for the eighteen months period ended to December 31, 2012. The comparative figures given in these consolidated financial statements are for the year ended June 30, 2011 are not comparable. The change in financial year has been made by the Group to coincide with the financial year of the parent company.

2 BASIS OF PRESENTATION AND CONSOLIDATION

- 2.1 These consolidated financial statements include the financial statements of JS Investments Limited and JS ABAMCO Commodities Limited.

2.2 Subsidiaries are all entities over which the group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary company has been consolidated on a line by line basis based on the audited financial statements for the period ended December 31, 2012 and the carrying value of investment held by the holding company is eliminated against the subsidiary shareholders equity in these consolidated financial statements. Material intra-group balances and transactions have been eliminated.

- 2.3 Non Controlling Interest is that part of the net results of operations and of net assets of subsidiary companies attributable to interest which are not owned by the Group.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

3.2 New / Revised standards, amendments and interpretations to existing standards effective from current period but not relevant to the group:

The following standards, amendments to approved accounting standard is effective for accounting periods beginning on or after July 1, 2011.

- Amendments to IAS 12 – deferred tax on investment property. The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on consolidated financial statements of the Group.



The application of improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in these consolidated financial statements.

3.3 Standards, amendments and interpretations to published approved accounting standards that are not yet effective and have not been adopted early by the group:

The following standards, amendments and interpretations of International Financial Reporting Standards will be effective for accounting periods beginning on or after the dates specified below:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 01, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendment has no impact on consolidated financial statements of the Group.
- The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and recognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.

The Group's management have yet to assess the impact of this new standard on the Group's consolidated financial statements. However, Management does not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 01, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendment has no impact on consolidated financial statements of the Group.
- Amendments to IFRS 1 - addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.
- IAS 27 Separate financial statements (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated financial statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 01, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendment has no impact on consolidated financial statements of the Group.
- IAS 28 Investments in Associates (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendment has no impact on consolidated financial statements of the Group.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off; and that some gross settlement systems may be considered equivalent to net settlement. The amendment has no impact on consolidated financial statements of the Group.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 01, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the balance sheet or subject to master netting agreement or similar arrangement. The amendment has no impact on consolidated financial statements of the Group.
- IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to complete its assessment of their impact on the Group's consolidated financial statements.
- IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation – Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Holding Company's investees are considered to be subsidiaries and therefore change the scope of consolidation. However, the requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary remain the same. Management's provisional analysis is that IFRS 10 will not change the classification (as subsidiaries or otherwise) of any of the Holding Company's existing investees at 31 December 2012.
- IFRS 11 supersedes IAS 31 'Interests in Joint Ventures' (IAS 31). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates. The Group do not have any joint arrangements as at December 31, 2012.
- IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

3.4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's financial statements are as follows:

- Amortisation of intangible assets (notes 4.1.2 and 5.6);
- Provision for taxation (notes 4.6, 29 and 29.1);
- Classification and valuation of investments (notes 4.4 and 7);
- Determination and measurement of useful life and residual value of property and equipment (notes 4.1.1 and 5.1);
- Valuation of property and equipment (notes 4.1.1 and 5.1); and
- Recognition and measurement of deferred tax assets and liabilities (notes 4.6 and 16).

3.5 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except that certain items of property and equipment are stated at revalued amounts and investments classified as available for sale have been marked to market and carried at fair value.

In these consolidated financial statements, except for statement of cash flows, have been accounted for on an accrual basis.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.



4.1 Fixed assets

4.1.1 Property and equipment

Owned

Property and equipment are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the profit and loss account as and when incurred.

Depreciation is charged to income by applying the straight-line method, whereby the cost or revalued amount of an asset is written off over its estimated useful life. The residual values and useful lives are reviewed, and adjusted, if required, at each balance sheet date.

Depreciation on fixed assets is charged from the month in which the asset is available for use. No depreciation is charged for the month in which the asset is disposed off.

Any surplus arising on revaluation of fixed assets is credited to the surplus on revaluation of fixed asset account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

Gains or losses on disposal of assets are included in the profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

4.1.2 Intangible assets

Intangible assets are measured initially at cost. After initial measurement, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses, if any. The depreciable amount of an intangible asset with a finite useful life is amortised using the straight line method from the month in which such intangible asset is available for use, whereby, the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Group. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. An intangible asset with an indefinite useful life is not amortised. The useful life and amortisation method is reviewed and adjusted, if appropriate, at each balance sheet date.

4.2 Impairment

The carrying amount of assets is reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account.

4.3 Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Trade and receivable are written off when considered irrecoverable.

4.4 Financial instruments

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. There were no financial assets at fair value through profit or loss at the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits, balances due from funds under management, other receivable and cash and bank balances in the balance sheet.

(c) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

(d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

All financial assets are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets except fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the consolidated profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated profit and loss account. Dividends on available-for-sale equity instruments are recognised in the consolidated profit and loss account when the Group's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Group measures the investments at cost less impairment in value, if any.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from other comprehensive income and recognised in the consolidated profit and loss account. Impairment losses



recognised in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account.

Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the consolidated profit and loss account. Financial liabilities include securitisation of management fee receivable (debt), short term running finance, short term borrowings, accrued and other liabilities and accrued mark-up.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognised amount and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.6 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates; if any. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the period / year.

Deferred

Deferred tax is recognised using the liability method on all major temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. In addition, the Group recognises deferred tax asset / liability on deficit / surplus on revaluation of tangible fixed assets, which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12 'Income Taxes'.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash in hand, balances with banks and short term running finances with original maturities of three months or less.

4.8 Operating Lease / Ijarah

Operating Lease / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir are classified as operating leases / Ijarah. Payments made during the period are charged to consolidated profit and loss account on a straight-line basis over the period of the lease / Ijarah.

4.9 Borrowings / debt

Borrowings / debt are recognised initially at fair value, net of transaction costs incurred. These are subsequently measured at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated profit & loss account over the period of the borrowings / debt under the effective interest method. Mark-up / profit on borrowings / debt is calculated using the effective interest method. Borrowings / debt include securitisation of management fee receivable.

4.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to consolidated profit and loss account in the period in which they are incurred.

4.11 Trade and other payables

Short term liabilities for trade and other amounts payable are recognised initially at fair value and subsequently carried at amortised cost.

4.12 Defined Contribution Scheme

The Group operates an approved contributory provident fund for all of its permanent employees. The Group and employees make equal monthly contributions to the fund at the rate of 8 to 10 percent of the basic salary.

4.13 Employees' compensated absences

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned on the basis of the accumulated leaves and the last drawn salary and are charged to consolidated profit and loss account.

4.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the outflow can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.15 Proposed dividend and transfer between reserves

Dividends declared and transfer between reserves, except appropriations which are required by the law, made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the consolidated financial statements in the year in which such dividends are declared or transfers between reserves are made.

4.16 Revenue recognition

- Remuneration for management services and asset investment advisory services are recognised on an accrual basis.
- Realised capital gains / losses on sale of investments is recognised in the consolidated profit and loss account at the time of sale.
- Dividend income is recorded when the right to receive the dividend is established.
- Return on bank deposits, mark-up on term finance certificate, mark-up on letter of placements and mark-up on commercial papers are recognised on an accrual basis.
- Commission income from open end funds is recognised at the time of sale of units.
- Commission income and share of profit from management of discretionary client portfolios is recognised on accrual basis.

4.17 Foreign currency transactions

Transactions denominated in foreign currencies are accounted for in Pakistani rupees at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the foreign exchange rates approximating those prevailing at the balance sheet date. Exchange differences are taken to the consolidated profit and loss account.

4.18 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.



5 FIXED ASSETS	Note	December 31, 2012	June 30, 2011
		Rupees	
Tangible - property and equipment			
Operating fixed assets	5.1	281,596,115	309,629,411
Capital work-in-progress - at cost	5.5	2,580,000	3,001,999
		284,176,115	312,631,410
Intangible assets	5.6	106,624,587	107,978,119
		390,800,702	420,609,529

5.1 The following is the statement of operating fixed assets:

	OWNED					TOTAL
	Period ended December 31, 2012					TOTAL
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	
	Rupees					
At July 1, 2011						
Cost / revaluation	331,254,000	3,480,894	23,320,000	90,698,090	4,613,595	453,366,579
Accumulated depreciation	(34,505,624)	(2,542,578)	(15,930,946)	(88,242,762)	(2,515,258)	(143,737,168)
Net book value	296,748,376	938,316	7,389,054	2,455,328	2,098,337	309,629,411
Period ended December 31, 2012:						
Opening net book value	296,748,376	938,316	7,389,054	2,455,328	2,098,337	309,629,411
Additions	-	-	-	3,542,067	885,000	4,427,067
Disposals:						
Cost / revaluation	-	(50,000)	(121,000)	(2,884,917)	(568,500)	(3,624,417)
Depreciation	-	50,000	103,399	2,884,917	426,380	3,464,696
	-	-	(17,601)	-	(142,120)	(159,721)
Depreciation charge for the period	(24,844,050)	(538,614)	(3,433,808)	(2,624,981)	(859,189)	(32,300,642)
Closing net book value	271,904,326	399,702	3,937,645	3,372,414	1,982,028	281,596,115
At December 31, 2012:						
Cost / revaluation	331,254,000	3,430,894	23,199,000	91,355,240	4,930,095	454,169,229
Accumulated depreciation	(59,349,674)	(3,031,192)	(19,261,355)	(87,982,826)	(2,948,067)	(172,573,114)
Net book value	271,904,326	399,702	3,937,645	3,372,414	1,982,028	281,596,115
Depreciation rate % per annum	5	20	10	25	20	
	OWNED					TOTAL
	Year ended June 30, 2011					TOTAL
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	
	Rupees					
At July 1, 2010						
Cost / revaluation	331,254,000	9,611,653	23,989,650	95,513,235	7,602,095	467,970,633
Accumulated depreciation	(17,942,924)	(7,643,517)	(14,060,280)	(85,100,883)	(4,450,983)	(129,198,587)
Net book value	313,311,076	1,968,136	9,929,370	10,412,352	3,151,112	338,772,046
Year ended June 30, 2011:						
Opening net book value	313,311,076	1,968,136	9,929,370	10,412,352	3,151,112	338,772,046
Additions	-	272,760	-	384,722	-	657,482
Disposals:						
Cost / revaluation	-	(6,403,519)	(669,650)	(5,199,867)	(2,988,500)	(15,261,536)
Depreciation	-	6,163,026	443,906	5,077,651	2,533,625	14,218,208
	-	(240,493)	(225,744)	(122,216)	(454,875)	(1,043,328)
Depreciation charge for the year	(16,562,700)	(1,062,087)	(2,314,572)	(8,219,530)	(597,900)	(28,756,789)
Closing net book value	296,748,376	938,316	7,389,054	2,455,328	2,098,337	309,629,411
At June 30, 2011:						
Cost / revaluation	331,254,000	3,480,894	23,320,000	90,698,090	4,613,595	453,366,579
Accumulated depreciation	(34,505,624)	(2,542,578)	(15,930,946)	(88,242,762)	(2,515,258)	(143,737,168)
Net book value	296,748,376	938,316	7,389,054	2,455,328	2,098,337	309,629,411
Depreciation rate % per annum	5	20	10	25	20	

5.2 The Group follows the revaluation model for its office premises. The office premises of the Group were last revalued on May 31, 2009 by an independent valuer Iqbal A. Nanjee & Co (Private) Limited on the basis of professional assessments of the market values. The revaluation resulted in a further surplus of Rs. 170.740 million (April 18, 2005: Rs. 83.876 million). Out of the total revaluation surplus of Rs. 254.616 million, Rs. 195.349 million (June 30, 2011: Rs. 210.577 million) remains undepreciated as at December 31, 2012.

5.3 Had there been no revaluation, the net book value of the office premises would have been as follows.

	December 31, 2012	June 30, 2011
	Rupees	
Office Premises	<u>76,555,552</u>	<u>85,031,003</u>

5.4 Particulars of fixed assets having written down value exceeding Rs. 50,000 disposed of during the period are as follows:

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyers
----- Rupees -----						
Suzuki Cultus VXR	568,500	426,380	142,120	450,000	Insurance Claim	EFU General Insurance Limited
Period ended December 31, 2012	<u>568,500</u>	<u>426,380</u>	<u>142,120</u>	<u>450,000</u>		
Year ended June 30, 2011	<u>9,338,286</u>	<u>8,402,325</u>	<u>935,961</u>	<u>1,814,081</u>		

5.5 Capital work-in-progress - at cost

	December 31, 2012	June 30, 2011
	Rupees	
Advances to suppliers against acquisition of Office Premises	<u>2,500,000</u>	2,500,000
acquisition of Office Equipment	<u>80,000</u>	-
acquisition of Vehicle	<u>-</u>	501,999
	<u>2,580,000</u>	<u>3,001,999</u>

5.6 Intangible assets

	----- December 31, 2012 -----			
	Membership of National Commodity Exchange	Software	Management Rights of ICP Mutual Funds	Total
	----- Rupees -----			
At July 1, 2011				
Cost	1,000,000	30,630,598	175,000,000	206,630,598
Accumulated amortisation	-	(28,652,479)	(70,000,000)	(98,652,479)
Net book value	<u>1,000,000</u>	<u>1,978,119</u>	<u>105,000,000</u>	<u>106,978,119</u>
Period ended December 31, 2012:				
Opening net book value	1,000,000	1,978,119	105,000,000	107,978,119
Additions during the period	-	655,826	-	655,826
Amortisation charge for the period	-	(2,009,358)	-	(2,009,358)
Closing net book value	<u>1,000,000</u>	<u>624,587</u>	<u>105,000,000</u>	<u>106,624,587</u>
At December 31, 2012:				
Cost	1,000,000	31,286,424	175,000,000	207,286,424
Accumulated amortisation	-	(30,661,837)	(70,000,000)	(100,661,837)
Net book value	<u>1,000,000</u>	<u>624,587</u>	<u>105,000,000</u>	<u>106,624,587</u>

Amortisation rate % per annum

20 to 50



	June 30, 2011			
	Membership of National Commodity Exchange	Software	Management Rights of ICP Mutual Funds	Total
Rupees				
At July 1, 2010				
Cost	1,000,000	30,630,598	175,000,000	206,630,598
Accumulated amortisation	-	(23,909,571)	(70,000,000)	(93,909,571)
Net book value	<u>1,000,000</u>	<u>6,721,027</u>	<u>105,000,000</u>	<u>112,721,027</u>
Year ended June 30, 2011:				
Opening net book value	1,000,000	6,721,027	105,000,000	112,721,027
Amortisation charge for the year	-	(4,742,908)	-	(4,742,908)
Closing net book value	<u>1,000,000</u>	<u>1,978,119</u>	<u>105,000,000</u>	<u>107,978,119</u>
At June 30, 2011:				
Cost	1,000,000	30,630,598	175,000,000	206,630,598
Accumulated amortisation	-	(28,652,479)	(70,000,000)	(98,652,479)
Net book value	<u>1,000,000</u>	<u>1,978,119</u>	<u>105,000,000</u>	<u>107,978,119</u>
Amortisation rate % per annum		20 to 50		

- 5.7** Intangible asset in respect of Management Rights of ICP Mutual Funds represents the amount paid for the acquisition of the management rights of 12 ICP Mutual Funds under a Management Rights Transfer Agreement between the Holding Company, Privatisation Commission, Government of Pakistan and Investment Corporation of Pakistan in October 2002. These funds were consolidated into ABAMCO Stock Market Fund, ABAMCO Growth Fund and ABAMCO Capital Fund and then merged to form JS Growth fund in 2006.

The Holding Company carried out a review of the useful life of the above management rights of ICP mutual funds. In addition, the Holding Company revisited and revised its future plans with respect to these funds which have now been merged to form the JS Growth fund. Consequently, keeping in view the revised future plans, and opinion from its legal advisor in respect of the Holding Company's rights and obligations under the above mentioned Management Rights Transfer Agreement and an analysis of the relevant factors the management considers that this intangible asset has an indefinite useful life. The amortisation of the management rights acquired by the Holding Company had been discontinued with effect from July 1, 2006. Previously, the useful life was considered to be definite and cost incurred for acquisition of management rights was being amortised on a straight line basis over a period of ten years with effect from the year ended June 30, 2003.

6	LONG-TERM LOANS - CONSIDERED GOOD - SECURED	Note	December 31, 2012	June 30, 2011
			Rupees	
	Executives	6.1 & 6.2	-	32,617
	Other employees	6.2	2,317,197	2,172,096
			2,317,197	2,204,713
	Less: receivable within one year	8	(1,657,342)	(826,735)
			659,855	1,377,978

- 6.1** Reconciliation of carrying amount of long-term loans to executives is as follows:

	December 31, 2012	June 30, 2011
Rupees		
Opening balance	32,617	581,888
Disbursements / transfer from other employee	-	108,195
Repayments	(32,617)	(657,466)
Closing balance	<u>-</u>	<u>32,617</u>

6.2 This represents loans given to employees and executives for purchase of motor vehicles, house loans and general purpose cash loans. These loans are recovered through deduction from salaries over varying periods upto a maximum period of five years, fifteen years and three years respectively. These loans are granted in accordance with their terms of employment. The motor vehicle loans are secured by way of title to the motor vehicles being held in the name of the Holding Company and house loans are secured by way of equitable mortgage. Motor vehicle loans, house loans and general purpose cash loans carry mark-up at rates ranging from 7.01% per annum to 13.73% per annum (2011: 7.20% per annum to 13.61% per annum).

6.3 The maximum aggregate amount due from executives at the end of any month during the period was Rs. 0.03 million (2011: Rs. 0.663 million).

	Note	December 31, 2012	June 30, 2011
		Rupees	
7 INVESTMENTS			
Available for sale	7.1	1,445,695,428	1,213,749,511
At fair value through profit and loss	7.2	40,991,190	34,888,240
		1,486,686,618	1,248,637,751

7.1 INVESTMENTS - AVAILABLE FOR SALE

	Note	December 31, 2012		June 30, 2011	
		Number of certificates / units / shares	Rupees	Number of certificates / units / shares	Rupees
Investments - related parties	7.3				
JS Value Fund Limited		21,498,992	193,490,928	21,498,992	118,244,456
JS Large Cap Fund		6,581,000	393,017,320	6,581,000	460,340,950
JS Growth Fund		48,316,964	421,807,096	36,086,812	212,912,191
JS Pension Savings Fund - Equity		300,000	41,808,000	300,000	28,437,000
JS Pension Savings Fund - Debt		188,940	33,268,555	200,000	29,002,000
JS Pension Savings Fund - Money Market		189,695	26,940,484	200,000	24,168,000
JS Fund of Funds		603,269	55,024,131	194,432	19,929,233
JS Principal Secure Fund I		-	-	185,790	21,800,633
JS Islamic Pension Savings Fund - Equity		250,000	53,192,500	250,000	38,077,500
JS Islamic Pension Savings Fund - Debt		232,690	36,469,504	250,000	34,162,500
JS Islamic Pension Savings Fund - Money Market		236,585	32,617,974	250,000	30,357,500
JS Aggressive Income Fund		860,585	90,189,329	501,736	47,519,428
JS KSE 30 Index Fund		3,259,827	67,869,607	-	-
JS Cash Fund		-	-	400,000	42,120,000
Investments - related parties (market value)			1,445,695,428		1,107,071,391
Other investments					
Escort Investment Bank Limited	7.5	-	-	3,274,000	6,318,820
Term Finance Certificate					
Optimus Limited	7.6	-	-	25,000	100,359,300
Investments at market value			1,445,695,428		1,213,749,511
Less : Carrying value of investments			(820,441,573)		(863,810,367)
Unrealised Gain on re-measurement of investments			625,253,855		349,939,144

7.2 AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

		December 31, 2012	June 30, 2011
		Rupees	
JS Income Fund			
Investment at fair value		40,991,190	34,888,240
Less: Carrying value of investments		(33,754,076)	(33,570,575)
Un-realized gain on remeasurement of investments		7,237,114	1,317,665



7.3 This represents investment made in collective investment schemes managed by the Holding Company. The matter relating to the classification of these funds (i.e. as associates or subsidiary) has been referred by the various fund managers to the Professional Standards and Technical Advisory Committee and Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and Mutual Funds Association of Pakistan (MUFAP). Till such time the clarification is received from ICAP / MUFAP, the investments of the Holding Company in the collective investment schemes have been classified as available for sale in these consolidated financial statements.

7.4 Certificates / shares / units pledged against short term running finance

The details of the certificates/ shares/ units of funds pledged by the Holding Company against its running finance are as follows:

Name of fund/companies	December 31, 2012	June 30, 2011
	Number of certificates / shares / units	Number of certificates / shares / units
JS Value Fund Limited	21,450,000	21,450,000
JS Large Cap Fund	5,200,000	3,200,000
JS Growth Fund	34,000,000	34,000,000

7.5 These shares have been disposed off to achieve compliance with regulation 37(7)(k) of Non Banking Finance Companies and Notified Companies Regulations, 2008.

7.6 The markup rate on these TFCs is from 14.09% to 15.86% (2011: 14.46 to 15.86%) per annum.

8 LOANS AND ADVANCES - CONSIDERED GOOD	Note	December 31, 2012	June 30, 2011
		Rupees	
Current portion of long-term loan to executives and employees	6	1,657,342	826,735
Unsecured advances to			
- executives	8.1	4,481	64,686
- employees	8.1	1,398,790	949,807
- suppliers		587,195	-
		<u>3,647,808</u>	<u>1,841,228</u>

8.1 The advances to executives and other employees are provided to meet business expenses and are settled as and when incurred. In addition, advances are also provided to executives and employees against their salaries which are recovered through deduction from employees monthly payroll.

	Note	December 31, 2012	June 30, 2011
		Rupees	
9 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES-UNSECURED-CONSIDERED GOOD			
Deposits		1,937,500	2,094,206
Prepayments		5,665,846	4,355,064
Mark-up receivable on term finance certificates		-	4,425,444
Others	9.1	5,432,695	3,471,993
		13,036,041	14,346,707

9.1 This includes Rs 0.755 million (June 30, 2011: Rs 0.383 million) due from related parties on account of expenses incurred on their behalf.

	Note	December 31, 2012	June 30, 2011
		Rupees	
10 BALANCES DUE FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES			
10.1 Remuneration due from funds under management			
Closed end funds			
JS Value Fund Limited	15.1 & 22.1	3,036,674	221,107
JS Growth Fund	15.1 & 22.1	6,873,186	713,865
		9,909,860	934,972
Open end funds			
JS KSE-30 Index Fund	22.1	71,433	9,983
JS Large Cap Fund	15.1 & 22.1	2,679,100	325,878
Unit Trust of Pakistan	15.1 & 22.1	2,759,136	382,040
JS Income Fund	15.1 & 22.1	1,420,782	93,478
JS Islamic Fund	15.1 & 22.1	643,582	52,437
JS Aggressive Asset Allocation Fund	22.1	245,107	26,996
JS Fund of Funds	22.1	45,737	46,460
JS Pension Savings Fund	22.1	349,948	30,028
JS Islamic Pension Savings Fund	22.1	208,885	17,086
JS Principal Secure Fund I	22.1	-	190,412
JS Principal Secure Fund II	22.1	-	101,039
JS Aggressive Income Fund	22.1	80,890	9,256
JS Cash Fund	22.1	2,251,798	145,458
		10,756,398	1,430,551
10.2 Commission			
Open end funds			
JS KSE-30 Index Fund	23.1	-	1,183
Unit Trust of Pakistan	23.1	-	328
JS Large Cap Fund	23.1	-	1,165
JS Income Fund	23.1	-	-
JS Islamic Fund	23.1	-	12,291
JS Pension Savings Fund	23.1	-	2,520
JS Cash Fund	23.1	-	1,729
		-	19,216
		20,666,258	2,384,739



		December 31, 2012	June 30, 2011
		Rupees	
11 CASH AND BANK BALANCES			
Cash in hand		70,427	70,082
Cheque in hand		-	8,261
Cash at bank in:			
Current accounts		920,417	1,403,641
Saving accounts	11.1	1,906,658	2,908,810
		2,827,075	4,312,451
		2,897,502	4,390,794

11.1 These carry mark-up at rates ranging from 5 percent to 11.9 percent (2011: 5 percent to 11.9 percent) per annum. It includes Rs 0.031 million (2011: Rs 0.0157 million) held with JS Bank Limited (a related party).

12 SHARE CAPITAL

December 31, 2012	June 30, 2011		December 31, 2012	June 30, 2011
Number of shares			Rupees	
		Authorised capital		
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	2,000,000,000	2,000,000,000
50,000,000	50,000,000	Convertible preference shares of Rs. 10 each	500,000,000	500,000,000
250,000,000	250,000,000		2,500,000,000	2,500,000,000
		Issued, subscribed and paid-up capital		
21,250,000	21,250,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	212,500,000	212,500,000
700,000	700,000	Fully paid ordinary shares of Rs. 10 each issued on amalgamation with CFSL	7,000,000	7,000,000
78,050,000	78,050,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	780,500,000	780,500,000
100,000,000	100,000,000		1,000,000,000	1,000,000,000

12.1 During the period, JS Bank Limited, a subsidiary of Jahangir Siddiqui & Company Limited (JSCL) has acquired 52,236,978 ordinary shares of the Company from JSCL and other shareholders.

		December 31, 2012	June 30, 2011
		Rupees	
13 STATUTORY RESERVE	Note		
Statutory reserve		-	109,873,728
Less: transferred to accumulated loss	13.1	-	(109,873,728)
		-	-

13.1 Statutory reserve represents amount set aside as per the requirements of clause 16 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 issued by the Securities and Exchange Commission of Pakistan. Consequent to discontinuance of IFS operations, the company has transferred the statutory reserve balance to accumulated loss account.

14 SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

This represents surplus arising on revaluation of office premises net of deferred tax thereon.

	December 31, 2012	June 30, 2011
	Rupees	
Surplus on revaluation of fixed assets as at July 1	210,577,637	220,730,212
Transferred to accumulated profit:		
Surplus relating to incremental depreciation transferred		
to accumulated profit during the period / year - net of deferred tax	(9,898,761)	(6,599,175)
Related deferred tax liability	(5,330,102)	(3,553,400)
	(15,228,863)	(10,152,575)
	195,348,775	210,577,637
Less: related deferred tax liability on:		
- revaluation	(73,618,298)	(77,171,699)
- incremental depreciation charged during the period / year transferred to profit and loss account	5,330,102	3,553,401
	(68,288,196)	(73,618,298)
	127,060,578	136,959,339

15 SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT

	Repayment period		Price	December 31, 2012	June 30, 2011
	From	To		Rupees	
Financial Receivables Securitisation Company Limited (FRSCL) (Class "A" TFC and Class "B" TFC)	Jan-07	Jan-14	6 months KIBOR plus 2% with floor of 8% and cap of 16% (repayable in fourteen semi annual installments including mark-up)	700,000,000	700,000,000
Financial Receivables Securitisation Company Limited (Class "C" TFC)	Jan-07	Jan-14	Subordinate to Class "A" TFC and Class "B" TFC (repayable on maturity)	2,500,000	2,500,000
				702,500,000	702,500,000
Less: principal redemption made to date				(506,372,500)	(312,745,000)
Less: unamortised transaction cost				(603,974)	(2,852,807)
				195,523,526	386,902,193
Less: current maturity				(129,085,000)	(129,085,000)
				66,438,526	257,817,193



**CURRENT MATURITY OF SECURITISATION OF
MANAGEMENT FEE RECEIVABLES - DEBT**

	December 31, 2012	June 30, 2011
	Rupees	
Current maturity of principal	129,085,000	129,085,000
Less : Receivable from FRSCCL	(25,965,438)	(52,926,424)
	103,119,562	76,158,576

15.1 The Holding Company has entered into an agreement to sell certain portion of its management fee receivables from few funds (listed below) under its management, with Financial Receivables Securitisation Company Limited (FRSCL), a special purpose vehicle, incorporated for this purpose (for the tenure of facility) in accordance with the companies (Assets Backed Securitisation) Rules 1999. In addition, the Holding company has also entered into a service agreement with FRSCL to provide services in respect of the receivables sold under the above agreement. The services to be provided by the Holding company include the administration of these receivables. Further, the Holding company is also required to monitor these receivables in the same manner and apply the the same policies and practices to the origination and for the creation of these receivables as the Holding Company applies in the case of other receivables which it retains on its own account. Under the arrangement, the entire cash flows arising to the Holding company from management fee receivables relating to these funds is deposited with the trustee. Subsequently, the trustee deduct there from the amount payable under the related agreement entered into by FRSCL in respect of issuance of term finance certificate with the TFC holders and returns the balance amount to the Holding company. The amount retained by the trustee is passed on to FRSCL for meeting its obligations towards the relevant TFC holders and its other operating and administrative expenses. This securitisation transaction has been classified as a debt by the management. The initial amount obtained against securitisation funds amount in aggregate to rupees 702.5 million.

The securitised open-end and closed-end funds are as under:

Open end funds:

- Unit Trust of Pakistan
- JS Islamic Fund
- JS Income Fund
- JS Large Cap Fund

Closed end funds:

- JS Growth Fund
- JS Value Fund Limited

15.2 Put option

In respect of Class "B" TFC, the FRSCL have put options in respect of meeting its obligations towards TFC Class "B" which, if exercised, would require FRSCL (which is the buyer) to redeem the relevant TFC, firstly from any funds available with the buyer. In the event requisite funds are not available with the buyer, FRSCL may require the Holding Company (which is the originator) to purchase the relevant TFC in respect of which the put option has been exercised. Accordingly, in respect of Class "B" TFC, FRSCL has a partial or full put option on the Holding Company, exercisable on every semi-annual repayment date.

15.3 Class "C" TFC

Class 'C' TFC is subordinate to Class 'A' & Class 'B' TFCs for both principal and interest payments. The profit to Class "C" TFC holders will be paid out of the residual amount available from the deduction made by the Trustee at the cap rate of 16 percent in respect of the last installment due under the relevant TFC agreements, less the sum total of (a) last installment due under the Class "A" TFC and Class "B" TFC agreements, after which both Class "A" TFC and Class "B" TFC are fully redeemed; and (b) all remaining expenses of FRSCL.

	December 31, 2012	June 30, 2011
	Rupees	
16 DEFERRED TAX LIABILITY - NET		
Taxable temporary differences on:		
Accelerated tax depreciation	12,290,073	11,588,569
Surplus on revaluation of fixed assets	68,288,196	73,618,298
	80,578,269	85,206,867
Deductible temporary differences on:		
Short-term provisions	(398,078)	(470,785)
Deferred tax asset on carried forward tax losses	(39,107,176)	(43,487,141)
	41,073,015	41,248,941

16.1 The Holding Company has an aggregate amount of Rs. 111.734 million (2011: Rs. 124.248 million) in respect of unabsorbed tax losses as at December 31, 2012 on which a deferred tax asset has been recognised.

		December 31, 2012	June 30, 2011
	Note	Rupees	
17 SHORT TERM RUNNING FINANCE - SECURED	17.1	407,416,297	310,591,787

17.1 This represents running finance facilities with a total limit of Rs. 500 million (June 30, 2011: 450 million) obtained from commercial banks. The facilities carries mark-up of 2% and 1.75% over 3 months KIBOR (June 30, 2011: 2% over 3 months KIBOR) rate which shall be reviewed on quarterly basis. Mark-up is payable on quarterly basis. The facilities is secured by way of Equitable mortgage of office premises and pledge of shares / certificates of funds under management. One of the facility of Rs. 250 million (2011: 200 million) is obtained from JS Bank Limited (a related party).

		December 31, 2012	June 30, 2011
	Note	Rupees	
18 SHORT TERM BORROWINGS - UNSECURED			
From commercial bank and financial institution	18.1	-	150,000,000

18.1 This represents borrowing from JS Bank Limited, related party. This was repaid on December 19, 2011. Mark-up rate on this borrowing is from 13.55% per annum to 15.12% per annum (June 30, 2011: 14.83% per annum).

		December 31, 2012	June 30, 2011
		Rupees	
19 ACCRUED AND OTHER LIABILITIES			
Accrued expenses		17,692,463	17,324,869
Unclaimed dividend		1,320,406	1,320,406
Provision for staff compensated absences	19.1	1,121,441	1,239,178
Fee and commission payable		1,206,219	3,665,781
Advance rent received		798,128	751,332
Sales tax payable		2,769,678	-
Others		1,171,573	3,521,136
		26,079,908	27,822,702
19.1 Provision for staff compensated absences			
Opening balance		1,239,178	849,714
Provision for the period / year		368,736	573,649
Payment		(486,473)	(184,185)
Closing Balance		1,121,441	1,239,178



	December 31, 2012	June 30, 2011
	Rupees	
20 ACCRUED MARK-UP		
Mark-up accrued on:		
- Short term running finance - secured	12,144,974	15,833,197
- Short term borrowings	-	1,523,630
- Securitisation of management fee receivables	4,219,792	3,026,042
	16,364,766	20,382,869

21 CONTINGENCIES & COMMITMENTS

21.1 Contingencies

In respect of the appeals filed by the Holding Company against orders passed for tax years 2006 and 2009 against demand of Rs. 162 million and 66 million respectively, the Commissioner Inland Revenue Appeal has not accepted the basis of addition and set aside both the orders in respect of allocation of expenses between various sources of income for denovo proceedings with the directions to apportionment of expenditure according to actual incurrence of expenditure to the various sources of income.

The Holding Company has filed second appeal in Appellate Tribunal Inland Revenue in respect of disallowance and taxability of portion of capital gain on dividend received from mutual funds.

The Holding Company has also submitted constitutional petition before the Honorable High Court of Sindh.

Management and tax advisors are confident that good ground exist to contest these disallowance at appellate forums, these additions can not be maintainable and eventually outcome will come in favour of the Holding Company. Hence, no provision has been made in the consolidated financial statements.

	December 31, 2012	June 30, 2011
	Rupees	
21.2 Commitments in respect of:		
Capital expenditure contracted but not incurred	80,000	1,501,000
Royalty and advisory payment	10,000,000	10,000,000
Motor Vehicle acquired under Ijarah from Bank Islami Limited - related party		
- Due in One year	2,479,881	2,472,324
- Due in two to five years	1,239,940	4,944,648

	Eighteen months ended from July 1, 2011 to Dec 31, 2012		Year ended June 30, 2011
	Rupees		
22 REMUNERATION FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES			
Closed end funds			
JS Value Fund Limited	45,454,030		23,312,206
JS Growth Fund	106,093,961		61,817,160
	151,547,991		85,129,366
Open end funds			
Unit Trust of Pakistan	53,151,034		41,444,686
JS Income Fund	20,516,702		11,396,018
JS Islamic Fund	9,079,372		5,522,839
JS Aggressive Asset Allocation Fund	4,643,357		2,764,771
JS Fund of Funds	5,517,434		4,383,201
JS KSE-30 Index Fund	1,607,297		1,065,068
JS Capital Protected Fund IV	-		9,996,439
JS Pension Savings Fund	5,191,913		2,449,023
JS Islamic Pension Savings Fund	3,334,088		1,641,191
JS Aggressive Income Fund	2,112,164		1,170,895
JS Principal Secure Fund I	21,766,634		18,449,516
JS Principal Secure Fund II	1,368,062		8,934,495
JS Cash Fund	30,623,712		13,538,265
JS Large Cap Fund	45,040,077		36,797,658
	203,951,846		159,554,065
	355,499,837		244,683,431
Less: Sales Tax	49,034,460		-
	306,465,377		244,683,431

- 22.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the management company / investment advisor of the Fund is entitled to an accrued remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund that has been verified by the trustee and is paid in arrears on monthly basis and thereafter of an amount equal to two percent of such assets of the Fund. During the period ended December 31, 2012 the Holding Company has charged the Holding Company has charged management fee at the rates ranging from 1 to 2 percent (2011: 1 to 2 percent).

	Eighteen months ended from July 1, 2011 to Dec 31, 2012		Year ended June 30, 2011
	Rupees		
23 COMMISSION FROM OPEN END FUNDS UNDER MANAGEMENT - RELATED PARTIES			
Unit Trust of Pakistan	3,276		3,610
JS Income Fund	-		1,406
JS Islamic Fund	21,625		16,151
JS Fund of Funds	4,113		-
JS KSE 30 Index Fund	881		1,844
JS Aggressive Income Fund	-		1,407
JS Pension Savings Fund	675		7,213
JS Islamic Pension Savings Fund	3,851		-
JS Cash Fund	8,232		1,729
JS Large Cap Fund	1,508		1,165
	44,161		34,525



23.1 This represents gross commission income earned by the Holding Company on account of sale of units made on behalf of the funds under management.

24 COMMISSION INCOME AND SHARE OF PROFIT FROM MANAGEMENT OF DISCRETIONARY CLIENT PORTFOLIOS

This represents commission income and share of profit earned by the Holding Company from management of discretionary portfolios. Currently, the Holding Company is managing three (June 30, 2011: two) discretionary client portfolios. The total cost and total market value of the unsettled client portfolios as at December 31, 2012 was Rs. 78.777 million (June 30, 2011: Rs. 36.656 million) and Rs. 79.616 million (June 30, 2011: 36.613 million) respectively.

25 ADMINISTRATIVE AND MARKETING EXPENSES	Note	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
		Rupees	
Salaries and benefits		130,308,332	85,526,053
Staff retirement benefits	25.1	6,761,180	4,545,521
Amortisation of intangible asset	5.6	2,009,358	4,742,908
Advertisement		10,339,048	4,571,488
Depreciation	5.1	32,300,642	28,756,789
Printing and stationery		5,372,625	3,878,489
Rent, rates, taxes and maintenance		19,403,460	15,192,988
Travelling, conveyance and vehicle maintenance		11,745,203	8,296,493
Transfer agent remuneration		10,831,437	8,128,598
Postage and telephone		6,899,389	4,266,643
Legal and professional		4,162,912	4,923,156
Fees and subscription		4,889,596	2,696,053
IT services		9,375,215	9,357,889
Utilities		12,267,929	7,733,825
Office security		5,848,064	4,016,027
Entertainment		564,292	382,418
Insurance		5,344,175	5,490,176
Newspaper		221,532	83,488
Directors' fee		5,635,000	3,840,000
Royalty and advisory fee	25.2	15,000,000	10,000,000
Office supplies		1,139,068	879,494
Operating expenses of JSACL	25.3	1,235,761	234,365
Shariah Advisory Fee		2,061,200	1,440,000
Ijarah rentals		3,769,342	2,472,324
Miscellaneous expenses		298,195	780,795
		307,782,955	222,235,980
Fee and commission		4,367,626	5,471,444
		312,150,581	227,707,424

25.1 Staff retirement benefits include contributions to defined contribution plan of Rs 6.25 million (2011: Rs 4.131 million).

25.2 Royalty and advisory fee represents amounts paid to Mr. Jahangir Siddiqui on account of use of name and advisory services, respectively.

	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
	Rupees	
25.3 Operating expenses of JSACL		
Salaries and benefits	427,466	-
Office security expenses	231,774	-
Legal and professional charges	106,257	77,800
Auditors' remuneration	138,082	87,150
Contribution to Workers' Welfare Fund	-	22,365
Membership fee of Pakistan Mercantile Exchange Limited	90,000	20,000
Printing & stationery	45,000	-
Computer expense	45,000	-
Telephone expense	45,000	-
Utilities	45,000	-
SECP fee	26,800	7,000
Rent, rate and taxes	31,720	20,000
Bank charges	3,662	50
	1,235,761	234,365
26 OTHER OPERATING EXPENSES		
Auditors' remuneration		
Annual audit fee	1,625,000	800,000
Fee for review of the statement of compliance on code of corporate governance	50,000	50,000
Out of pocket expenses	58,727	17,244
Fee for review of half yearly financial statements	200,000	200,000
Fee for tax and related advisory services	2,504,750	1,252,500
	4,438,477	2,319,744
27 FINANCIAL CHARGES		
Mark-up on short term borrowings	84,625,618	74,495,905
Mark-up and other charges of securitisation of management fee receivables	64,344,833	68,860,601
Bank charges	202,128	139,289
	149,172,579	143,495,795



	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
	Rupees	
28 OTHER OPERATING INCOME		
Income from financial assets		
Mark-up earned on loans to executives and employees	237,778	196,405
Others	304,241	-
Income from non-financial assets		
Rental income	15,996,506	16,518,425
Gain on disposal of property and equipment	938,946	2,323,453
	17,477,471	19,038,283
29 TAXATION - Net		
Current - for the period / year	2,044,618	11,525,750
Current - for the prior period	(8,970,541)	-
Deferred - for the period / years	(175,926)	(8,814,455)
	(7,101,849)	2,711,295

29.1 The income tax assessments of the Holding Company has been finalized upto and including the assessment year 2002-2003 (financial year ended June 30, 2002). The income tax assessments for the tax years 2003 to 2005, 2007, 2008 and 2010 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax ordinance 2001. The details of tax years 2006 and 2009 have been described in note 21.1 above.

	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
	Rupees	
29.2 Relationship between accounting profit and tax expense is as follows:		
Accounting profit before taxation	201,755,096	27,735,410
Tax @ 35% (2011: 35%)	70,614,284	9,707,394
Tax impact of income under FTR and differential in tax rates	(73,904,401)	(39,079,533)
Tax impact of minimum tax	(2,736,915)	3,169,347
Tax impact of depreciation/amortisation	2,603,791	(6,125,000)
Tax impact of expenses related to FTR income	4,756,281	1,882,111
Others	(8,434,889)	33,156,976
Net tax charged	(7,101,849)	2,711,295
30 EARNINGS PER SHARE - Basic and diluted		
Profit for the period / year after taxation	208,856,945	25,024,115
	Number of Shares	
Weighted average number of ordinary shares outstanding during the period /year	100,000,000	100,000,000
Earnings per share (Rupees)	2.09	0.25

- 30.1** Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2012 and June 30, 2011 which would have any effect on the earnings per share if the option to convert is exercised.

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of the remuneration, including benefits to the Chief Executive Officer, directors and executives of the Holding Company are as follows:

	Chief Executive Officer		Directors		Executives	
	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011	Eighteen months ended from July 1, 2011 to Dec 31,	Year ended June 30, 2011	Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
	----- Rupees -----					
Managerial remuneration	18,000,000	12,000,000	2,626,560	3,283,200	29,688,411	19,353,361
Consultancy fee	-	-	5,220,000	3,480,000	-	-
House rent allowance	5,400,000	3,600,000	787,968	984,960	8,906,526	5,806,008
Utilities allowance	750,600	500,400	262,656	328,320	2,968,853	1,935,336
Car Allowance	855,360	570,240	435,416	653,124	10,930,907	5,964,735
Retirement benefits	1,800,000	1,200,000	210,126	262,656	2,626,113	1,501,251
Medical Allowance	1,800,000	1,200,000	262,656	328,320	2,968,853	1,935,336
Other reimbursable expenses	-	-	-	14,527	3,150,360	1,211,625
	28,605,960	19,070,640	9,805,382	9,335,107	61,240,023	37,707,652
Number of persons	1	1	1	2	20	22

- 31.1** The Chief Executive Officer and the Chairman of the Holding Company are provided with free use of the Holding Company owned and maintained vehicles.
- 31.2** The Holding Company may provide performance bonus to the Chief Executive Officer and executives. The individual entitlements are being reported on paid basis.
- 31.3** In addition, meeting fee of Rs 15,000 (2011: Rs 15,000) per meeting was paid to three non-executive directors for meetings attended during the period.

Eighteen months
ended from July 1, 2011 to Dec 31, 2012

32 TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

Rupees

32.1 Transaction with related parties

32.1.1 Transactions with associates - funds under management

Remuneration income	306,465,375	244,683,431
Commission income	44,161	34,525
Other expenses incurred on behalf of the fund	897,431	307,414
Reimbursement of other expenses incurred on behalf of the fund	470,164	223,285
Dividend income	117,450,111	52,037,417
Reimbursement of preliminary expenses incurred on behalf of the fund	-	2,928,942
Investment made in funds under management	1,068,574,335	50,544,896
Investments disposed off	1,214,777,670	285,359,857
Bonus / additional shares / units (in numbers)	4,624,011	271,203



**Eighteen months
ended from July
1, 2011 to Dec 31,
2012**

Year ended
June 30, 2011

Rupees

32.1.2 Transactions with other related parties

Jahangir Siddiqui & Company Limited (JSCL) - parent of JSBL

Expenses incurred on behalf of JSCL	99,138	65,000
Reimbursement of expenses incurred on behalf of JSCL	196,537	65,000

JS Global Capital Limited (JSGCL) - subsidiary of JSBL

Rent expense	1,636,116	4,013,608
Rental income	2,645,060	3,354,758
Other expenses	-	1,073,942
Expenses incurred by the company on behalf of JSGCL	927,470	1,871,438
Reimbursement of expenses incurred on behalf of JSGCL	714,059	1,985,304

Mahvash and Jahangir Siddiqui Foundation (MJSF)

Rental income	522,280	-
Expenses incurred by the company on behalf of MJSF	201,778	28,462
Reimbursement of expenses incurred on behalf of MJSF	62,016	28,462

Bank Islami Pakistan Limited

Ijarah rental expense	3,769,342	2,472,324
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EFU General Insurance Limited

Insurance premium paid	4,393,744	3,566,542
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EFU Life Insurance Limited

Insurance premium paid	820,751	649,583
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Fakhr-e-Imdad Foundation (FIF)

Expenses incurred by the company on behalf of FIF	96,983	-
Reimbursement of expenses incurred on behalf of FIF	24,000	-

Peregrine Aviation (Private) Limited

Other expenses incurred on behalf of the fund	-	7,092
Reimbursement of other expenses incurred on behalf of the fund	-	7,092

Staff Provident Fund

Contributions during the period / year	6,250,786	4,131,461
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		Eighteen months ended from July 1, 2011 to Dec 31, 2012	Year ended June 30, 2011
		Rupees	
32.1.3	Transactions with holding company		
	JS Bank Limited (JSBL) - holding company		
	Mark up expense on short term borrowings / running finance	58,751,926	45,084,924
	Rent expense	1,545,863	482,760
	Expenses incurred by the company on behalf of JSBL	365,153	7,092
	Reimbursement of expenses incurred on behalf of JSBL	48,732	7,092
	Rental income	558,031	-
	Investment sold	64,289,500	-
	Short term borrowing paid	150,000,000	150,000,000
32.1.4	Transactions with key management personnel		
	Remuneration of key management personnel	77,534,949	47,170,870
	Director fee	5,635,000	3,840,000
32.2	Balances outstanding at the year end		
32.2.1	Balances outstanding with associates		
	Receivable from various funds and outstanding balance of expenses incurred on behalf of different funds under management	511,009	80,868
32.2.2	Balances outstanding with other related parties		
	Payable to JS Global Capital Limited - net	1,277,160	3,273,986
	Receivable from Jahangir Siddiqui & Company Limited	15,000	112,399
	Receivable from MJSF	637,042	-
	Receivable from FIF	72,983	-
32.2.3	Balances outstanding with holding company		
	Payable to JS Bank Limited - net	2,813,967	7,813,430
32.3	Other balances outstanding with related parties as at the period end have been disclosed in the relevant balance sheet notes.		
32.4	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. The management considered all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.		
32.5	There are no transactions with key management personnel other than under their terms of employment.		
32.6	Details of the remuneration relating to Chief Executive officer and directors are disclosed in note 31 to the consolidated financial statements.		
33	CASH AND CASH EQUIVALENTS	December 31, 2012	June 30, 2011
		Rupees	
	- Cash and bank balances	2,897,502	4,390,794
	- Short term running finance - secured	(407,416,297)	(310,591,787)
		(404,518,795)	(306,200,993)



34 FINANCIAL INSTRUMENTS BY CATEGORY

		December 31, 2012			
		At fair value through profit and loss	Loans and receivables	Available for sale	Total
		----- Rupees -----			
Assets					
Non-current assets					
Long-term loans - considered good	-	659,855	-	-	659,855
	-	659,855	-	-	659,855
Current assets					
Investments	40,991,190	-	1,445,695,428	-	1,486,686,618
Loans and advances - considered good	-	3,647,808	-	-	3,647,808
Deposits and other receivables - unsecured	-	7,370,195	-	-	7,370,195
Balances due from funds under management - related parties	-	20,666,258	-	-	20,666,258
Cash and bank balances	-	2,897,502	-	-	2,897,502
	40,991,190	34,581,763	1,445,695,428	-	1,521,268,381
	40,991,190	35,241,618	1,445,695,428	-	1,521,928,236
December 31, 2012					
		Fair value through profit or loss	At Amortized Cost	Total	
		----- Rupees -----			
Liabilities					
Non-current liabilities					
Securitisation of management fee receivables - debt	-	66,438,526	-	-	66,438,526
	-	66,438,526	-	-	66,438,526
Current Liabilities					
Securitisation of management fee receivables - debt	-	103,119,562	-	-	103,119,562
Short term running finance - secured	-	407,416,297	-	-	407,416,297
Short term borrowings - unsecured	-	-	-	-	-
Accrued and other liabilities	-	24,958,467	-	-	24,958,467
Accrued mark-up	-	16,364,766	-	-	16,364,766
	-	551,859,092	-	-	551,859,092
	-	618,297,618	-	-	618,297,618
June 30, 2011					
		At fair value through profit and loss	Loans and receivables	Available for sale	Total
		----- Rupees -----			
Assets					
Non-current assets					
Long-term loans - considered good	-	1,377,978	-	-	1,377,978
	-	1,377,978	-	-	1,377,978
Current assets					
Investments	34,888,240	-	1,213,749,511	-	1,248,637,751
Loans and advances - considered good	-	1,841,228	-	-	1,841,228
Deposits and other receivables - unsecured	-	9,991,643	-	-	9,991,643
Balances due from funds under management	-	2,384,739	-	-	2,384,739
Cash and bank balances	-	4,390,794	-	-	4,390,794
	34,888,240	18,608,404	1,213,749,511	-	1,267,246,155
	34,888,240	19,986,382	1,213,749,511	-	1,268,624,133
June 30, 2011					
		Fair value through profit or loss	At Amortized Cost	Total	
		----- Rupees -----			
Liabilities					
Non-current liabilities					
Securitisation of management fee receivables - debt	-	257,817,193	-	-	257,817,193
	-	257,817,193	-	-	257,817,193
Current Liabilities					
Securitisation of management fee receivables - debt	-	76,158,576	-	-	76,158,576
Short term running finance - secured	-	310,591,787	-	-	310,591,787
Short term borrowings - unsecured	-	150,000,000	-	-	150,000,000
Accrued and other liabilities	-	26,583,524	-	-	26,583,524
Accrued mark-up	-	20,382,869	-	-	20,382,869
	-	583,716,756	-	-	583,716,756
	-	841,533,949	-	-	841,533,949

35 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

35.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Group manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

35.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

35.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from securitization of management fee receivables and short term borrowings value interest. Borrowings issued at variable rates expose the Group to cash flow interest rate risk and borrowing issued at fixed rate gives exposure to fair value interest rate risk.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.



As at December 31, 2012				
Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total	
Upto one year	More than one year			
-----Rupees-----				
Financial assets				
Non-current assets				
Long-term loans - considered good	-	659,855	-	659,855
	-	659,855	-	659,855
Current assets				
Investments	-	-	1,486,686,618	1,486,686,618
Loans and advances - considered good	1,657,342	-	1,990,466	3,647,808
Deposits and other receivables	-	-	7,370,195	7,370,195
Balances due from funds under management - related parties	-	-	20,666,258	20,666,258
Cash and bank balances	1,906,658	-	990,844	2,897,502
	3,564,000	-	1,517,704,381	1,521,268,381
Sub Total - carried forward	3,564,000	659,855	1,517,704,381	1,521,928,236
Financial liabilities				
Securitisation of management fee receivables - debt	103,119,562	66,438,526	-	169,558,088
Short term running finance - secured	407,416,297	-	-	407,416,297
Short term borrowings-unsecured	-	-	-	-
Accrued and other liabilities	-	-	24,958,467	24,958,467
Accrued mark-up	-	-	16,364,766	16,364,766
Sub Total	510,535,859	66,438,526	41,323,233	618,297,618
On-balance sheet gap	(506,971,859)	(65,778,671)	1,476,381,148	903,630,618
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(506,971,859)	(65,778,671)	1,476,381,148	903,630,618
Cumulative interest rate sensitivity gap	(506,971,859)	(65,778,671)		

As at June 30, 2011				
Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total	
Upto one year	More than one year			
-----Rupees-----				
Financial assets				
Non-current assets				
Long-term loans - considered good	-	1,377,978	-	1,377,978
	-	1,377,978	-	1,377,978
Current assets				
Investments	100,359,300	-	1,148,278,451	1,248,637,751
Loans and advances - considered good	826,735	-	1,014,493	1,841,228
Deposits and other receivables	-	-	9,991,643	9,991,643
Balances due from funds under management - related parties	-	-	2,384,739	2,384,739
Cash and bank balances	2,908,810	-	1,481,984	4,390,794
	104,094,845	-	1,163,151,310	1,267,246,155
Sub Total	104,094,845	1,377,978	1,163,151,310	1,268,624,133
Financial liabilities				
Securitisation of management fee receivables - debt	76,158,576	257,817,193	-	333,975,769
Short-term running finance - secured	310,591,787	-	-	310,591,787
Short term borrowings - unsecured	150,000,000	-	-	150,000,000
Accrued and other liabilities	-	-	26,583,524	26,583,524
Accrued mark-up	-	-	20,382,869	20,382,869
Sub Total	536,750,363	257,817,193	46,966,393	841,533,949
On-balance sheet gap	(432,655,518)	(256,439,215)	1,116,184,917	427,090,184
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(432,655,518)	(256,439,215)	1,116,184,917	427,090,184
Cumulative interest rate sensitivity gap	(432,655,518)	(256,439,215)		

Cash flow sensitivity analysis for variable rate instruments

The increase/decrease in interest rates of 1% would have decreased / increased profits and equity for the period ended december 31, 2012 and year ended june 30, 2011 by the amount of Rs. 10.98 million (2011: Rs. 4.99 million) and Rs. 10.98 million (2011: Rs. 8.22 million). This analysis assumes that all other variables held constant.

The interest rate profile of interest / mark-up bearing assets are given in notes 6,7 and 11 of these consolidated financial statements.

The interest rate profile of interest / mark-up bearing liabilities are given in notes 15, 17 and 18 of these consolidated financial statement.

35.1.3 Price Risk

The Group is exposed to listed and quoted securities price risk because of investments held by the Group and classified on the balance sheet as available for sale. To manage its price risk arising from investments the Group mainly invests in mutual funds and maintains diversified portfolio.

35.2 Credit risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from deposits with banks and financial institutions, and credit exposures arising as a result of dividends receivable on equity securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. Management believes that the Group is not exposed to any significant credit risk from investments in or receivables from the funds which are managed by the Group itself. The risk of default is considered minimal due to inherent systematic measures taken therein.

All the financial assets of the group except Rs 0.070 million (2011: Rs 0.070 million) are exposed to credit risk. The group controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties, obtaining collaterals and continually assessing the credit worthiness of counter parties.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2012 is the carrying amount of the financial assets. The maximum exposure to credit risk at reporting date is:

	2012	2011
	Rupees	
Long-term loans - considered good	659,855	1,377,978
Loans and advances - considered good	3,647,808	1,841,228
Investments	1,486,686,618	1,248,637,751
Deposits and other receivables - unsecured	7,370,191	9,991,643
Balances due from funds under management - related parties	20,666,258	2,384,739
Bank balances	2,827,075	4,320,712
	1,521,857,805	1,268,554,051

The Holding Company's bank balances can be assessed with reference to external credit ratings as follows:

Rating	Highest	Lowest
Short Term	A1+	A1
Long Term	AAA	A

35.3 Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Group is not materially exposed to liquidity risk as significant amount of obligations / commitments are supported by assigning future management fee of the specific funds of the Group to a Special Purpose Vehicle for discharging the liability of the Group. Other liabilities are short term in nature and are supported by other operating revenues generated by the Group and are further in support against investments of the Group which are readily convertible into cash.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.



	As at December 31, 2012			
	Total	Upto three months	More than three months and upto one year	More than one year
	----- Rupees -----			
Securitisation of management fee receivables - debt	169,558,088	-	103,119,562	66,438,526
Short term running finance - secured	407,416,297	-	407,416,297	-
Short term borrowings - unsecured	-	-	-	-
Accrued and other liabilities	24,958,467	24,958,467	-	-
Accrued mark-up	16,364,766	16,364,766	-	-
	<u>618,297,618</u>	<u>41,323,233</u>	<u>510,535,859</u>	<u>66,438,526</u>

	As at June 30, 2011			
	Total	Upto three months	More than three months and upto one year	More than one year
	----- Rupees -----			
Securitisation of management fee receivables - debt	333,975,769	-	76,158,576	257,817,193
Short term running finance - secured	310,591,787	310,591,787	-	-
Short term borrowings - unsecured	150,000,000	150,000,000	-	-
Accrued and other liabilities	26,583,524	26,583,524	-	-
Accrued mark-up	20,382,869	20,382,869	-	-
	<u>841,533,949</u>	<u>507,558,180</u>	<u>76,158,576</u>	<u>257,817,193</u>

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically reprised. Due to these factors analysis under the following groups from levels 1 to 3

Level 1 : Quoted market prices

Level 2 : Valuation techniques (market observable)

Level 3 : Valuation techniques (non-market observable)

37 CAPITAL RISK MANAGEMENT

The primary objective of the group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

38 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the holding company in their meeting held on February 22, 2013 have proposed a final cash dividend in respect of the eighteen months period ended December 31, 2012 of Rs 1 per share i.e. 10% (2011:Nil). The consolidated financial statements for the eighteen months period ended December 31, 2012 do not include the effect of this dividend which will be accounted for subsequent to the period end.

39 GENERAL

39.1 These consolidated financial statements were authorised for issue on February 22, 2013 by the Board of Directors of the Holding Company.

39.2 The figures have been rounded off to nearest rupee.

Chief Executive Officer

Director



PATTERN OF SHAREHOLDING

AS AT December 31, 2012

No. of shareholders	Shareholding		Total shares held
	From	To	
363	1	100	15,935
1084	101	500	479,035
766	501	1,000	733,837
1361	1,001	5,000	4,031,055
441	5,001	10,000	3,622,942
606	10,001	100,000	18,154,177
65	100,001	1,000,000	15,151,513
1	1,000,001	2,000,000	1,475,302
1	4,000,001	5,000,000	4,100,226
1	52,000,001	53,000,000	52,235,978
4,689			100,000,000

Categories of shareholders	No.	Shares held	Percentage
Individuals	4,625	38,534,366	38.53
Insurance Companies	4	473,177	0.47
Financial institutions	9	58,053,991	58.05
Modarba & Mutual Funds	1	218,855	0.22
Others	50	2,719,611	2.72

DISCLOSURE OF PATTERN OF SHARE HOLDING

	Shares held
1 Associated Companies, undertaking and related parties:	
- JS Bank Limited	52,236,978
- EFU Life Assurance Limited	72,962
2 NIT AND ICP	-
3 Directors, CEO, their spouses and minor children:	5,510
4 Public sector entities and corporations:	
- National Bank of Pakistan	34,687
- State Life Insurance Corporation of Pakistan	5,215
5 Banks, DFIs, NBFCs, Insurance companies	
Modarabas and Mutual funds	
- Escorts Investment Bank Limited	138,100
- Askari Bank Limited	1,475,302
- Askari General Insurance Company Limited	17,000
- The United Insurance Company of Pakistan Limited	378,000
- First Equity Modaraba	218,855



ANNUAL GENERAL MEETING

FORM OF PROXY

The Company Secretary

JS Investments Limited
7th Floor, The Forum, G-20,
Khayaban-e-Jami, Clifton,
Karachi- 75500.

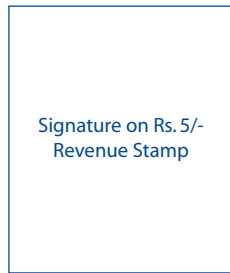
I/We _____ of _____ being the member of JS Investments Limited, holding _____ ordinary shares as per registered Folio No. OR CDC A/c No. (for members who have shares in CDS) _____ hereby appoint _____ of _____ or failing him _____ of _____ as my / our proxy in my / our absence to attend and vote for me / us and my / our behalf at the Annual General Meeting of the Company to be held at 10:15 a.m. on Friday, April 05, 2013 at Regent Plaza Hotel & Convention Centre, Main Shahra-e-Faisal, Karachi.

Witness:

1. Name _____
Signature _____
Address _____

CNIC / Passport No. _____
2. Name _____
Signature _____
Address _____

CNIC / Passport No. _____



The Signature should agree with the specimen registered with the Company

Important:

1. This proxy form, duly completed and signed, must be received at the office of Company situated at 7th Floor, The Forum, G -20, Khayban-e-Jami, Clifton, Karachi not later than 48 hours before the scheduled time of the meeting.
2. No person shall act as proxy, unless he / she himself / herself is a member with the Company, except that a Corporation may appoint a person who is not a member.
3. If a member more than one proxies and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. Any individual beneficial owner of shares registered as book entry securities with Central Depository Company of Pakistan Limited, entitled to attend and vote at this meeting, must bring his / her original CNIC or passport, account and participant ID number to prove his / her identity, and in case of proxy, must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for this purpose.

AFFIX
CORRECT
POSTAGE

The Company Secretary
JS Investments Limited
7th Floor, The Forum, G-20,
Khayaban-e-Jami, Block-9, Clifton
Karachi-75600.



JS Investments Limited

7th Floor, The Forum,
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Fax: +92 21 3 536 1724

E-mail: info@jsil.com

Website: www.jsil.com