



JS Value Fund

Annual Report 2015



CONTENTS

Vision and Mission Statement	02
Organization	03
Directors' Report to the Unit Holders	04
Fund Manager's Report	07
Performance Table / Key Financial Data	10
Review Report to the Unit holders on Statement of Compliance with Best Practices of Code of Corporate Governance	11
Statement of Compliance with the Code of Corporate Governance	12
Trustee Report to the Unit Holders	14
Independent Auditors' Report to the Unit Holders	15
Statement of Assets and Liabilities	17
Income Statement	18
Statement of Comprehensive Income	19
Statement of Cash Flows	20
Statement of Movement in Unit Holders' Fund	21
Distribution Statement	22
Notes to the Financial Statements	23

VISION

To be recognized as a responsible asset manager respected for continuingly 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

ORGANIZATION

Management Company

JS Investments Limited
 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

Board of Directors

Nazar Mohammad Shaikh
 Ali Akhtar Ali
 Suleman Lalani
 Asif Reza Sana
 Ahsen Ahmed
 Kamran Jaffer
 Muhammad Khalil Ur Rehman
 Muhammad Raza Dyer

Chairman
 Chief Executive Officer

Audit Committee

Asif Raza Sana
 Muhammad Khalil Ur Rehman
 Suleman Lalani

Chairman
 Member
 Member

Chief Financial Officer & Company Secretary

Muhammad Khawar Iqbal

Trustee

MCB Financial Services Ltd.
 3rd Floor, Adamjee House
 I.I.Chundrigar Road,
 Karachi - 75530
 Tel: (92-21) 32419770
 Fax: (92-21) 32416371

Auditors

KPMG Taseer Hadi & Co.
 Chartered Accountants
 1st Floor Shaikh Sultan Trust Building #2
 Beaumont Road, Karachi - 75530, Pakistan

Legal Advisers

Bawaney & Partners
 3rd & 4th Floors, 68-C,
 Lane-13 Bokhari Commercial
 Area Phase-VII DHA, Karachi.

Transfer Agent

Technology Trade (Private) Limited
 241-C, Block 2, P.E.C.H.S, Karachi
 Tel: (92-21) 34391316-7
 Fax: (92-21) 34391318

DIRECTORS' REPORT TO THE UNITHOLDERS

The Board of Directors of JS Investments Limited, the Management Company of **JS Value Fund** (the Fund), is pleased to present the Annual Report for the year ended June 30, 2015.

Equity Market Review

The KSE-30 Index posted a return of 5.70% in FY15, as the gains moderated this year after very strong performance by the index over the last few years. 4QFY15 performance of the KSE30 index was quite strong with the index up by 12.00% QoQ as the pre budget rally along with improving macros helped build sentiment. Foreign inflows in FY15 tapered off to an inflow of US 38.00 million against an inflow of US 256.00 million in the same period last year. Average daily volumes for the KSE-30 Index slightly went down by 6.80% YoY to 73.40 million shares from an average of 78.80 million shares in FY14, due to lower participation in companies on the KSE30 index which are primarily weighted towards the banking and the oil sectors.

In 4QFY14, the KSE-30 posted a return of 12.20% on account of strong foreign flows and strong local retail and institutional participation. The index had already taken a correction in the previous quarter. Foreign inflows for 4QFY14 were recorded at US 57.00 million, against an inflow of US 233.00 million in the same period last year.

In addition, secondary market offering for HBL garnered substantial interest where GoP divested around 609.00 million shares to local and foreign institutional and retail investors with strong foreign participation. US 764.00 million were raised from foreign investor's participation in HBL, one of the highest sums raised in a secondary offering in recent times which established strong interest in the local equity market from international investors.

Review of Fund Performance

The net assets value ("NAV") per unit has increased by 9.72% inclusive of interim distribution from beginning ex-distribution NAV of Rs. 167.30 per unit as on June 30, 2014 as compare to NAV of Rs. 179.87 as on June 30, 2015. The Fund outperformed its benchmark return by 4.05%. The net assets of the Fund were Rs. 923.73 million as on June 30, 2015 compared to Rs. 2,075.37 million as on June 30, 2014.

The Fund has paid interim distribution of Re. 3.69 per unit. As the distribution is more than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealized, the income of the Fund will not be subject to tax under Clause 99 of Part 1 of the Second Schedule of Income Tax Ordinance, 2001.

Fund and Asset Manager Rating

The Pakistan Credit Rating Agency (PACRA) assigned the star ranking of 3 Star (1 Year), 4 Star (3 Year) and 1 Star (5 Year) to the Fund.

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

Corporate Governance and Financial Reporting Framework

The Board of Directors of the Management Company states that:

- a. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Honorable Lahore High Court (LHC), in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013, a larger bench of the Honorable High Court of Sindh (SHC) has passed an order declaring that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. However, as mentioned above, the constitutional petition challenging the applicability of WWF on mutual funds is still pending adjudication and not yet decided. The Management Company has considered the implications of the above judgment of SHC and is of the view that the matter will eventually be settled in its favor and WWF will not be levied on the Fund.

Further, in May 2014, the Honourable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the Ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money Bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

As the matter relating to the levy of WWF is currently pending in the SHC, the Management Company, as a matter of prudence, has decided to retain and continue with the provision for WWF amounting to Rs. 39.13 million (June 30, 2014: Rs. 37.46 million) in these financial statements. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Rs.7.62 (4.24%) per unit (June 30, 2014: Rs.3.02 (1.81%) per unit).

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from July 01, 2015 onwards. However, provision made till June 30, 2015 has not been reversed as the above lawsuit is pending in the SHC.

- b. As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation and does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and their respective trustees on behalf of schemes through a constitutional petition filed in the Honourable Sindh High Court (SHC) in September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund, as a matter of abundant caution, has charged FED and sales tax thereon in its financial statements with effect from June 13, 2013. Had the provision not been made, the net asset value per unit of the Fund as at the June 30, 2015 would have been higher by Rs.1.80 (2014: Re.0.45) per unit.
- c. The financial statements, prepared by the Management Company, present fairly the state of affairs of the Fund, the results of its operations, cash flows and movement in net assets of the Fund.
- d. Proper books of accounts of the Fund have been maintained.
- e. Appropriate accounting policies have been consistently applied in preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- f. International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008 and directives of the Securities and Exchange Commission of Pakistan have been followed in preparation of the financial statements.
- g. The system of internal control is sound in design and has been effectively implemented and monitored.
- h. There are no significant doubts upon the Fund's ability to continue as a going concern.
- i. There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations.
- j. During the year Mr. Ali Akhtar Ali has completed certification from Pakistan Institute of Corporate Governance (PICG) under the criteria given in Clause (xi) of the Code.
- k. A performance table / key financial data is annexed to this annual report.
- l. The Pattern of Unit holding as at June 30, 2015 as per the requirements of Clause (xvi) (j) is disclosed in Annexure 1 of the published financial statements.

JS Value Fund

- m. The number of units of the Fund held by the Chief Executive, directors and executives and their spouses as at June 30, 2015 are as follows:

Name	Designation	Units Held
Nazar Mohammad Shaikh	Chairman	314
Kamran Jafar	Director	12

- n. Units acquired / redeemed during the year by the Chief Executive, directors and executives, their spouses and minor children are as follows

Name	Designation	Issuance
Muhammad Sohail Qadri	Head of BP & SI	482

Meetings of the Directors

During the year, 6 meetings of the Board of Directors of the Management Company were held. The details of meetings of board and its committees are disclosed in the Annexure 1 of the financial statements.

Auditors

The external auditors of the Fund Messrs KPMG Taseer Hadi & Co, Chartered Accountants, retired and being eligible offers themselves for reappointment. The Board of Directors, upon recommendation of the Audit Committee of the Board, has approved the appointment of KPMG Taseer Hadi & Co, Chartered Accountants, as the Fund's auditors for the ensuing year ending June 30, 2016.

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 Management Company and the Trustee for their dedication and hard work and the Unit holders for their confidence in the Management.

Karachi: August 11, 2015

Ali Akhtar Ali
Chief Executive Officer

Fund Manager Report

- **Description of the Collective Investment Scheme category and type**
Equity Fund / Open end
- **Statement of Collective Investment Scheme's**
The fund maintains a portfolio of high yielding equity securities aiming at earnings derived from capital appreciation and dividend income. The portfolio seeks capital growth through investments in marketable securities with better-than-average appreciation potential and liberal dividend policies. To benefit from changing interest rate environment and some portion of the portfolio is also kept in debt instruments and bank deposits.
- **Explanation as to whether the Collective Investment Scheme has achieved its stated objective**
The collective investment scheme achieved its stated objective.
- **Statement of benchmark(s) relevant to the Collective Investment Scheme**
KSE30 Index
- **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

	Jul '14	Aug '14	Sep '14	Oct '14	Nov '14	Dec '14	Jan '15	Feb '15	Mar '15	Apr '15	May '15	Jun '15
JS VF	2.0%	-6.8%	4.7%	1.3%	2.2%	5.8%	6.3%	-2.3%	-11.0%	10.4%	-3.5%	2.2%
BM	3.3%	-5.7%	1.7%	-0.5%	1.1%	2.2%	7.3%	-1.7%	-12.2%	12.7%	-3.2%	2.8%
Diff.	-1.2%	-1.1%	3.0%	1.9%	1.0%	3.7%	-1.1%	-0.7%	1.3%	-2.2%	-0.3%	-0.7%

- **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**
JS Value Fund applies a bottom up approach to identify and invest in value stocks. The fund was primarily invested in Automobile Assemblers, Cements, Insurance, Food and Personal Care products. The fund generally maintained a high investment level due to the improving macro situation along with declining interest rates. A positive macroeconomic environment supported by earnings growth and below par valuations kept the equity market upbeat. The benchmark, KSE30 Index closed FY15 with a return of 5.67% which JS Value Fund comfortably outperformed returning 9.72% for the period. Going forward the fund will actively manage its portfolio holdings in order to maximize unit holder return where we believe the equity markets still have room on the upside.
- **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

	Jun-14	Jun-15
Cash	37.17%	8.69%
Equity	61.13%	88.33%
Other including receivables	1.71%	2.98%
Total	100.00%	100.00%

- **Analysis of the Collective Investment Scheme's performance**

	Fund	Benchmark
Beta	0.6	1.0
Standard Deviation	21.4%	28.1%
Largest Month Gain	21.4%	25.2%
Largest Month Loss	-24.4%	-45.1%
% Positive Months	66.2%	61.4%

- **Based on changes in total NAV and NAV per unit since the last review period or since commencement (in the case of newly established Collective Investment Scheme)**

Net Assets (PKR)		NAV per share (PKR)	
30 Jun '15	30 Jun '14	30 Jun '15	30 Jun '14
9 23,735,340	2,075,367,250	179.87	167.30

- **Disclosure of the markets that the Collective Investment Scheme has invested in, including:-**

The KSE-30 Index posted a returned of 5.7% in FY15, as the gains moderated this year after very strong performance by the index over the last few years. 4QFY15 performance of the KSE30 index was quite strong with the index up by 12% QoQ as the pre budget rally along with improving macros helped build sentiment. Foreign inflows in FY15 tapered off to an inflow of US 38 million against an inflow of US 256 million in the same period last year. Average daily volumes for the KSE-30 Index slightly went down by 6.8% YoY to 73.4 million shares from an average of 78.8 million shares in FY14, due to lower participation in companies on the KSE30 index which are primarily weighted towards the banking and the oil sectors.

In 4QFY14, the KSE-30 posted a return of 12.2% on account of strong foreign flows and strong local retail and institutional participation. The index had already taken a correction in the previous quarter. Foreign inflows for 4QFY14 were recorded at US 57 million, against an inflow of US 233 million in the same period last year.

In addition, secondary market offering for HBL garnered substantial interest where GoP divested around 609 million shares to local and foreign institutional and retail investors with strong foreign participation. US 764 million were raised from foreign investor's participation in HBL, one of the highest sums raised in a secondary offering in recent times which established strong interest in the local equity market from international investors.

- **Disclosure on distribution (if any), comprising:-**

particulars of income distribution or other forms of distribution made and proposed during the period; and statement on effects on the NAV before and after distribution is made

Distribution

The Fund has paid an interim distribution of Rs. 3.69 per unit of Rs. 100/- each i.e. 3.69%. The total distribution for FY15 to **Rs. 3.69** per unit.

NAV per unit as on June 30, 2015

Cum NAV (PKR)	179.87
Ex-NAV (PKR)	179.87



- **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**
There were no significant changes in the state of affairs during the year under review.

- **Breakdown of unit holdings by size**

Ranges	Number of investors
	JSVF
0.0001 - 9,999.9999	4,495
10,000.0000 - 49,999.9999	21
50,000.0000 - 99,999.9999	3
100,000.0000 - 499,999.9999	0
500,000.0000 & Above	2
Total	4,521

- **Disclosure on unit split (if any), comprising:-**
The Fund has not carried out any unit split exercise during the year.
- **Disclosure of circumstances that materially affect any interests of the unit holders**
Investment is subject to market risk.
- **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme, disclosure of the following:-**
The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

JS Value Fund

PERFORMANCE TABLE / KEY FINANCIAL DATA

	2015	2014
Net assets - Rupees in '000	923,735	2,075,367
Total realized income / (loss) - Rupees in '000	11,314	312,281
Total unrealized gain/ (loss) in portfolio - Rupees in '000	52,061	243,608
Total return of the Fund	9.72	35.52
Total expenses - Rupees in '000	45,901	88,865
Net income - Rupees in '000	81,666	596,817
Total expense to net assets ratio (%)	4.97	4.28
Total dividend distribution - Rupees in '000	18,741	359,407
Accumulated capital growth - Rupees in '000	300,335	237,411

Outstanding Units

Units in issue June 30th - Number	5,135,605	12,405,368
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Data Per Unit

Net assets value - Rupees	179.87	167.30
Net income - Rupees	15.90	48.11
Stock / cash dividend - Rupees	3.69	30.60
Date of announcement of stock / cash dividend	June 26, 2015	June 26, 2014
Dividend as % of NAV at the beginning of the year	n/a	n/a
Selling price as at June 30 - Rupees	185.27	172.32
Repurchase price as at June 30 - Rupees	179.87	167.30
Highest issue price during the year - Rupees	201.59	211.61
Lowest issue price during the year - Rupees	160.64	148.32
Highest redemption price during the year - Rupees	186.50	164.35
Lowest redemption price during the year - Rupees	181.03	115.2

Notes

- The income distribution have been shown against the year to which they relate although these were declared and distributed subsequently to the year end.
- JS Value Fund was launched on June 27, 2013.
- Units have par value of Rs. 100/- each.



Review report to the Unit holders of JS Value Fund on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of the Management Company of JS Value Fund ("the Fund") for the year ended 30 June 2015 to comply with the listing regulation of Lahore Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non compliance with the requirements of the Code. A review is limited primarily to inquiries of the Fund personnel and review of various documents prepared by the Fund 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 Fund's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of 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 of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2015.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph reference	Description
23	The management has to devise a materiality policy after the approval of the Board of Directors as per the requirements of the Code of Corporate Governance.

Karachi: August 11, 2015

KPMGTaseer Hadi & Co.
Chartered Accountants

Statement of Compliance with the Code of Corporate Governance For the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Listing Regulations of Lahore Stock Exchange where JS Value Fund (the Fund) 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 (the Management Company) which manages the affairs of the Fund has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board).

At present the Board includes:

Category	Names
Independent Directors	Mr. Ahsen Ahmed Mr. Asif Reza Sana
Executive Directors	Mr. Ali Akhtar Ali - Chief Executive Officer
Non-Executive Directors	Mr. Suleman Lalani Mr. Kamran Jafar Mr. Muhammad Khalil Ur Rehman Mr. Muhammad Raza Dyer Mr. Nazar Mohammad Shaikh

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

2. The directors of the Management 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 Management 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 Management Company has occurred during the year.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have taken place to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board of the Management Company has developed a vision / mission statement, overall corporate strategy and significant policies of the Management 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 appointment and determination of the remuneration and terms and conditions of the employment of the Chief Executive Officer, 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. During the year Mr. Ali Akhtar Ali has completed certification from Pakistan Institute of Corporate Governance (PICG) under the criteria given in Clause (xi) of the Code. In all, four directors of the Management Company have been certified by PICG.
10. During the year, the Board has approved the appointment of Head of Internal Audit including his remuneration and terms and conditions of employment. There was no change of Chief Financial Officer / Company Secretary during the year. The remuneration and terms and conditions of employment of Chief Financial Officer / Company Secretary were approved by the Board.
11. The Directors Report for the year 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 Management 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 units of the Fund other than that disclosed in the Directors Report.
14. The Management Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee which comprises of three members, two of them are non-executive directors and one is an independent director. Chairman of the committee, Mr. Asif Reza Sana currently is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Fund 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 which comprises of three members. Two of them are non-executive directors and the chairman of the committee is a non-independent director.
18. The Board has set up an effective internal audit function and is conversant with the policies and procedures of the Fund.
19. The statutory auditors of the Fund 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 market price of Fund units 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 for the following:

In accordance with sub regulation v (g) of the Code, the Board of Directors shall define the level of materiality, keeping in view the specific circumstances of the fund and the recommendations of any technical or executive subcommittee of the Board that may be set up for the purpose, however the management is devising a materiality policy for the approval of the Board.

Karachi: August 11, 2015

Ali Akhtar Ali
Chief Executive Officer

JS Value Fund

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

JS Value Fund was established pursuant to the conversion of **JS Value Fund** Limited (investment company) from a close end structure (the Company) into an open end fund. The trust deed executed between JS Investments Limited as a Management Company and MCB Financial Services Limited (MCBFSL) as a Trustee was executed on 20 June 2013 and the Fund was approved as an open end equity scheme by the Securities and Exchange Commission of Pakistan (SECP) on the same date.

1. JS Investments Limited, the Management Company of JS Value Fund has, in all material respects, managed JS Value Fund during the year ended 30th June 2015 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

Karachi: August 19, 2015

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of JS Value Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2015, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in Unit Holders' Fund for the year ended 30 June 2015, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the approved accounting standards as applicable in Pakistan and for such internal control as Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2015, and of its financial performance, cash flows and transactions for the period then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Karachi: August 11, 2015

KPMG Taseer Hadi & Co.
Chartered Accountants
Ayan Pirani

FINANCIAL STATEMENTS

**STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2015**

Assets	Note	2015	2014
Bank balances	4	88,049,647	749,242,072
Investments	5	890,655,140	1,600,650,551
Receivable against sale of investment (subsequently received)		25,150,503	36,675,088
Accrued return on bank balances		164,736	399,778
Dividend and other receivable	6	1,672,338	1,820,438
Security deposits	7	2,600,000	2,600,000
Total assets		1,008,292,364	2,391,387,927
Liabilities			
Payable to the Management Company	8	1,571,440	1,065,368
Remuneration payable to the Trustee	9	157,146	273,940
Annual fee payable to the Securities and Exchange Commission of Pakistan	10	1,102,953	1,950,518
Accrued expenses and other liabilities	11	54,040,455	44,620,846
Payable against purchase of investment (subsequently paid)		584,155	-
Payable against redemption of units		-	246,731,634
Dividend payable (including unclaimed dividend)		27,100,875	21,378,590
Total liabilities		84,557,024	316,020,896
Contingencies and commitments	12		
Net assets	Rupees	923,735,340	2,075,367,031
Unit holders' funds	Rupees	923,735,340	2,075,367,031
Number of units in issue	13 Number	5,135,605	12,405,368
Net asset value per unit	Rupees	179.87	167.30

The annexed notes from 1 to 19 and annexure form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Ali Akhtar Ali
Chief Executive Officer

Nazar Mohammad Shaikh
Director

JS Value Fund

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

Income	Note	2015	From 28 June 2013 to 30 June 2014
Gain on sale of held for trading investments - net		11,313,757	312,280,728
Unrealised gain on held for trading investments - net		52,060,827	243,608,498
Dividend income (on held for trading investments)		46,539,175	100,062,097
Return on bank balances		19,837,987	35,046,414
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		(2,392,885)	(5,314,902)
Other income		207,724	-
Total income		127,566,585	685,682,835
Expenses			
Remuneration to the Management Company	8	23,220,483	41,063,431
Sindh sales tax on Management Company's remuneration		4,040,364	7,621,373
Federal excise duty (FED) on Management Company's remuneration		3,715,277	6,570,149
Remuneration of the Trustee	9	2,152,170	3,061,482
Annual fee to the Securities and Exchange Commission of Pakistan	10	1,102,978	1,950,517
Bank and settlement charges		705,999	1,117,155
Securities transaction costs		4,551,394	7,457,381
Fee to National Clearing Company of Pakistan Limited		371,527	-
Auditors' remuneration	14	500,993	479,265
Fee and subscription		40,000	40,000
Legal & professional fee		1,340	30,000
Impairment loss on available for sale investment	5.2.1	2,882,875	-
Provision against Workers Welfare Fund	11.1	1,667,388	12,179,949
Mutual fund ranking fee		232,000	100,000
Conversion cost (from closed end to open end fund)		-	6,769,192
Printing, stationary, postage and stamps		693,585	399,764
Others		22,500	25,750
Total expenses		45,900,873	88,865,408
Net income for the year before taxation		81,665,712	596,817,427
Taxation	15	-	-
Net income for the year after taxation	Rupees	81,665,712	596,817,427

The annexed notes from 1 to 19 and annexure form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Ali Akhtar Ali

Chief Executive Officer

Nazar Mohammad Shaikh

Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015	From 28 June 2013 to 30 June 2014
Net income for the year after taxation		81,665,712	596,817,427
Items that have been or may be reclassified subsequently to the Income Statement			
Unrealised loss due to change in fair value of available for sale investments		-	(370,344)
Impairment loss arising in the current year on available for sale investments transferred to the Income Statement (recognised in Statement of Comprehensive Income in previous years)	5.2.1	1,002,156	-
Total comprehensive income for the year	Rupees	<u>82,667,868</u>	<u>596,447,083</u>

The annexed notes from 1 to 19 and annexure form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Ali Akhtar Ali
Chief Executive Officer

Nazar Mohammad Shaikh
Director

JS Value Fund

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	2015	From 28 June 2013 to 30 June 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year after taxation	81,665,712	596,817,427
Adjustments for:		
Gain on sale of held for trading investments - net	(11,313,757)	(312,280,728)
Unrealised gain on held for trading investments - net	(52,060,827)	(243,608,498)
Dividend income (on held for trading investments)	(46,539,175)	(100,062,097)
Impairment loss on available for sale investment	2,882,875	-
Return on bank balances	(19,837,987)	(35,046,414)
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	2,392,885	5,314,902
	<u>(124,475,986)</u>	<u>(685,682,835)</u>
	(42,810,274)	(88,865,408)
Decrease / (increase) in assets		
Sale of held for trading investments	2,158,854,269	3,049,511,227
Purchase of held for trading investments	(1,387,364,993)	(2,199,143,841)
Dividend income received (on held for trading investments)	47,042,425	99,240,847
Return received on bank balances	20,073,029	35,061,137
Receivable against sale of investments (held for trading)	11,524,585	(36,675,088)
Security deposits	-	37,500
Other receivable	(355,150)	-
	849,774,165	948,031,782
Increase / (decrease) in liabilities		
Remuneration payable to the Management Company	506,072	(1,742,620)
Remuneration payable to the Trustee	(116,794)	60,003
Annual fee payable to the Securities and Exchange Commission of Pakistan	(847,565)	446,756
Payable against redemption of units	-	246,731,634
Accrued and other liabilities	(236,727,870)	17,175,680
	<u>(237,186,157)</u>	<u>262,671,453</u>
	569,777,734	1,121,837,827
Net cash flows from operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	175,879,909	226,790,616
Amounts paid on redemption of units	(1,393,831,129)	(487,498,846)
Dividend paid	(13,018,939)	(153,479,310)
Net cash used in financing activities	(1,230,970,159)	(414,187,540)
Net (decrease) / increase in cash and cash equivalents during the year	(661,192,425)	707,650,287
Cash and cash equivalents at beginning of the year	749,242,072	41,591,785
Cash and cash equivalents at end of the year	<u>88,049,647</u>	<u>749,242,072</u>

The annexed notes from 1 to 19 and annexure form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Ali Akhtar Ali

Chief Executive Officer

Nazar Mohammad Shaikh

Director

**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015	From 28 June 2013 to 30 June 2014
Net assets as at beginning of the year		2,075,367,031	-
Issue of 11,857,500 units against cancellation of 118,575,000 shares of JS Value Fund Limited upon conversion of JS Value Fund Limited into JS Value Fund (open end fund)		-	1,741,985,431
Amount received on issue of 982,963 (2014: 3,490,945*) units		175,879,909	226,790,616
Amount paid on redemption of 8,252,726 (2014: 2,943,077) units		(1,393,831,129)	(487,498,846)
Distribution to unit holders' in cash		(18,741,224)	(7,672,155)
Element of loss and capital losses included in prices of units sold less those in units redeemed - net		2,392,885	5,314,902
Total comprehensive income for the year		82,667,868	596,447,083
Net assets as at end of the year	Rupees	<u>923,735,340</u>	<u>2,075,367,031</u>
Ex distribution net assets value per unit as at the beginning of the year	Rupees	<u>167.30</u>	-
Net assets value per unit as at the end of the year	Rupees	<u>179.87</u>	<u>167.30</u>

* This includes 2,134,353 bonus units issued during the year ended 30 June 2014.

The annexed notes from 1 to 19 and annexure form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Ali Akhtar Ali
Chief Executive Officer

Nazar Mohammad Shaikh
Director

JS Value Fund

DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	From 28 June 2013 to 30 June 2014
Surplus at beginning of the year			
- Realised loss		(6,197,810)	-
- Unrealised gain		243,608,498	-
Total surplus at beginning of the year		<u>237,410,688</u>	<u>-</u>
Net income for the year after taxation		81,665,712	596,817,427
Interim distribution for 2015: Rs. 3.69 (2014: Rs. 30.60) per unit approved on 26 June 2015 (2014: 26 June 2014)		(18,741,224)	(359,406,739)
Surplus at end of the year	Rupees	<u>300,335,176</u>	<u>237,410,688</u>
Representing			
- Realised gain / (loss)		128,616,583	(6,197,810)
- Unrealised gain		171,718,593	243,608,498
	Rupees	<u>300,335,176</u>	<u>237,410,688</u>

The annexed notes from 1 to 19 and annexure form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Ali Akhtar Ali
Chief Executive Officer

Nazar Mohammad Shaikh
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** JS Value Fund ("the Fund") was established pursuant to the conversion of JS Value Fund Limited (investment company/company/JSVFL) from a closed-end structure ("the Company") into an open end fund. The Trust Deed executed between JS Investments Limited as a Management Company and MCB Financial Services Limited (MCBFSL) as a Trustee was executed on 20 June 2013 and the Fund was approved as an open-end equity scheme by the Securities and Exchange Commission of Pakistan (SECP) on the same date in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules).
- 1.2** The Fund is an open end mutual fund and is listed on Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund. The Fund is required to maintain at least 70% of its net assets invested in listed equity securities.
- 1.3** The Management Company of the Fund has obtained license to act as an Asset Management Company under the Rules from SECP. The registered office of the Management Company is located at 7th Floor, the Forum, Clifton, Karachi, Pakistan.
- 1.4** Title to the assets of the Fund is held in the name of MCBFSL as a Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the fund's functional and presentation currency. All amount have been rounded off to the nearest of rupees, unless otherwise indicated.

2.4 Use of judgments and estimates

In preparing these financial statements, management has made judgements and assumptions that affects the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

- Note 3.1.2 - Classification of investments

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ending 30 June 2016 is included in the following notes:

- Note 3.1.2 - Valuation of investments
- Note 3.6 and 3.13 - Impairment of financial instruments and other assets
- Note 11.1 - Recognition of provision for Workers' Welfare Fund
- Note 3.12 and 16 - Taxation
- Note 3.10 - Element of income / loss

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated'; or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Fund's financial statements.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The amendments are not likely to have an impact on Fund's financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also

- made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Fund's financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Fund's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Fund's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures': IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits': IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting': IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross-referred.

The above improvements are not likely to have an impact on the financial statements of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below:

3.1 Investments

3.1.1 All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the Income Statement.

3.1.2 The Fund classifies its investments in the following categories:

Financial asset at fair value through profit or loss

This category has two sub-categories, namely: financial instruments held for trading, and those designated at fair value through profit or loss upon initial recognition.

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial recognition, the investments in listed equity instruments are remeasured at fair value determined with reference to Stock Exchange quoted market prices at the close of period end. Gains or losses on remeasurement of these investments are recognized in income.

Available-for-sale

Other investments are classified as "available-for-sale". After initial recognition, investments classified as available-for-sale are remeasured at fair value, determined with reference to the quoted rates. Gains or losses on remeasurement of these investments are recognized directly in the 'Statement of Comprehensive Income' until the investment is sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in unit holders' funds is included in the income statement.

Debt Securities

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by Securities and Exchange Commission of Pakistan (SECP) for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012 (which is essentially the same as contained in Circular No. 1 of 2009, previously used). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

3.1.3 Trade date accounting

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by stock exchange regulations.

3.2 Issue and redemption of units

Units are allocated at the offer price prevalent on the day on which applications for the purchase of units are received (however units are issued on realisation of cheques). The offer price represents the net assets value of units at end of the day plus the allowable sales load (if any).

Units are redeemed at the redemption price prevalent on the day on which the applications for the redemption of units are received. The redemption price represents the net assets value at end of the day.

3.3 Provision

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

3.4 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund ceases to be a party to such contractual provisions of the instrument. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. The particular recognition method adopted for measurement of financial liabilities investments subsequent to initial recognition is disclosed in the individual policy statement associated with each item.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including term deposits with banks (with maturity period of less than three months from the date of deposit) that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.6 Impairment

Impairment loss in respect of available-for-sale equity investments (other than debt securities) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an

impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. The determination of what is significant or prolonged requires judgment.

Provision for diminution in the value of debt securities is made as per the requirements of circular 33 of 2012 dated 14 October 2012 (which is essentially the same as contained in circular 1 of 2009 previously issued by the SECP) and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company pursuant to the requirements of the SECP's above referred circular.

In case of impairment of other available for sale investments, the cumulative loss that has been recognised directly in statement of comprehensive income is taken to the income statement.

Other individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in income statement.

3.7 Offsetting of financial assets and financial liabilities

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

3.8 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investment classified as held for trading is included in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investment classified as available-for-sale is included in comprehensive income in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Interest on debt and government securities is recognised at the rate of return implicit in the instrument on a time proportionate basis.
- Profit on bank balances are recognised at effective profit rates based on a time proportion basis.

3.9 Net asset value per unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.10 Element of income / loss and capital gains / losses in prices of units sold less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption, as dividend, an equalisation account called "element of income and capital gains included in prices of units sold less those in units redeemed" is created. Element of income is recognised in the income statement for the year to the extent that it is represented by income earned during the year.

3.11 Distribution

Distributions (including the bonus units) are recorded in the period in which the distributions are approved. As per regulation 63 of the Non - Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.

3.12 Taxation

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

3.13 Other assets

Other assets are stated at cost less impairment losses, if any.

3.14 Conversion cost

Conversion cost of JS Value Fund Limited into open end fund (JS Value Fund) has been charged to the income statement immediately on the effective date as per the SECP letter No. SCD/AMCW/JSVFL/515/2013 dated 3 May 2013.

4. BANK BALANCES	Note	2015	2014
Profit and loss sharing (PLS) accounts	4.1	85,939,580	747,135,660
Current accounts		<u>2,110,067</u>	<u>2,106,412</u>
	Rupees	<u>88,049,647</u>	<u>749,242,072</u>

4.1 This includes balances with related parties of Rs. 11.44 million (2014: 584.22 million) with JS Bank Limited and Rs. 54.65 million (2014: Nil) with Bank Islami Pakistan Limited. These accounts carry profit at the rates of 7% (2014: 9.5%) and 6% (2014: Nil) per annum respectively. Other PLS accounts of the Fund carry profit at the rates of 5% to 9.6% (2014: 7% to 9%) per annum.

5. INVESTMENTS

At fair value through profit and loss - held for trading

Listed equity securities	5.1	885,063,669	1,593,178,313
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Available-for-sale

Listed equity securities	5.2	5,591,471	7,472,238
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Quoted debt securities	5.3	-	-
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	Rupees	<u>890,655,140</u>	<u>1,600,650,551</u>
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JS Value Fund

5.1 Listed equity securities - held for trading*

* Ordinary shares have a face value of Rs. 10/- each unless stated otherwise.

Sectors / Companies	Number of Shares				Market value / Carrying value (Rupees)	% of total investments
	Holding at beginning of the year	Acquired during the year	Disposed during the year	Holding at end of the year		
Refinery						
Attock Refinery Limited	-	601,900	434,600	167,300	38,219,685	4.29
Oil & Gas Marketing Companies						
Pakistan State Oil Company Limited	429,000	171,500	499,000	101,500	39,157,685	4.40
Oil & Gas Exploration Companies						
Oil and Gas Development Company Limited	104,700	311,300	416,000	-	-	-
Pakistan Petroleum Limited	-	364,500	364,500	-	-	-
Cement						
Cherat Cement Company Limited	-	520,000	-	520,000	45,255,600	5.08
D.G. Khan Cement Company Limited	2,285,000	135,000	2,285,000	135,000	19,273,950	2.16
Fauji Cement Company Limited	-	500,000	-	500,000	17,435,000	1.96
Kohat Cement Limited	-	157,000	157,000	-	-	-
Lucky Cement Limited	-	223,800	122,000	101,800	52,897,316	5.94
Pioneer Cement Limited	-	259,000	259,000	-	-	-
Maple Leaf Cement Factory Limited	3,800,000	-	3,800,000	-	-	-
					134,861,866	15.14
Automobile Parts & Accessories						
Agriauto Industries Limited (Face value of Rs 5 each)	536,000	-	536,000	-	-	-
The General Tyre & Rubber Company of Pakistan Limited (Note 5.1.1)	-	356,200	24,500	331,700	47,987,039	5.39
					47,987,039	5.39
Automobile Assemblers						
Indus Motor Company Limited	-	120,000	58,000	62,000	74,940,000	8.41
Pak Suzuki Motor Company Limited	-	272,500	106,600	165,900	72,317,469	8.12
					147,257,469	16.53
Sugar & Allied Industries						
Al Abbas Sugar Mills Limited (related party)	490,798	4,900	-	495,698	80,798,774	9.07
Food & Personal Care Products						
Rafhan Maize Products Company Limited	25,880	60	17,000	8,940	90,986,850	10.22
Textile Composite						
Nishat Mills Limited	1,378,500	287,500	1,314,100	351,900	40,197,537	4.51
Technology & Communications						
Pakistan Telecommunication Company Limited	5,748,000	450,000	5,748,000	450,000	9,225,000	1.04
Cable & Electrical Goods						
Pak Elektron Limited	-	1,180,000	1,180,000	-	-	-

Sectors / Companies	Number of Shares				Market value / Carrying value (Rupees)	% of total investments
	Holding at beginning of the year	Acquired during the year	Disposed during the year	Holding at end of the year		
Fertilizer						
Engro Corporation Limited	-	372,100	165,000	207,100	61,467,280	6.90
Paper & Board						
Century Paper & Board Mills Limited	-	570,000	-	570,000	33,584,400	3.77
Miscellaneous						
Synthetic Products Enterprises Limited	-	1,283,000	251,000	1,032,000	56,625,840	6.36
Commercial Banks						
United Bank Limited	-	316,000	316,000	-	-	-
Bank Alfalah Limited	5,254,500	-	5,254,500	-	-	-
Habib Bank Limited	-	139,000	139,000	-	-	-
Allied Bank Limited	-	490,000	490,000	-	-	-
Askari Bank Limited (related party)	-	1,250,000	1,250,000	-	-	-
Bank Al-Habib Limited	-	1,150,000	1,150,000	-	-	-
Faysal Bank Limited	-	89,000	89,000	-	-	-
National Bank of Pakistan	-	787,500	787,500	-	-	-
Insurance						
IGI Insurance Limited (Note 5.1.1)	200,000	60,100	8,500	251,600	53,143,920	5.97
Adamjee Insurance Company Limited	3,994,217	550,500	3,428,717	1,116,000	51,550,324	5.80
					104,694,244	11.77
Held for trading investments as at 30 June 2015					885,063,669	99.39
Cost of held for trading investments as at 30 June 2015					710,462,201	

5.1.1 This includes 200,000 and 150,000 shares of The General Tyre & Rubber Company of Pakistan Limited and IGI Insurance Limited respectively amounting to Rs. 28,934,000 and Rs. 30,733,500 (2014: 104,700 and 250,000 shares of Oil and Gas Development Company Limited and Pakistan State Oil Company Limited amounting to Rs. 27,356,016 and 97,212,500) respectively which are pledged with National Clearing Company of Pakistan Limited.

5.2 Listed equity securities - available-for-sale*

* Ordinary shares have a face value of Rs. 10/- each.

Sectors / Companies	Number of Shares				Market value / Carrying value (Rupees)	% of total investments
	Holding at beginning of the year	Acquired during the year	Disposed during the year	Holding at end of the year		
Chemicals						
AgriTech Limited (Note 5.2.1)	726,165	-	-	726,165	5,591,471	0.61
Cost of available-for-sale investment as at 30 June 2015					8,474,346	

JS Value Fund

- 5.2.1** This represents shares received in partial settlement against TFC of Azgard Nine limited as more fully explained in note 5.3.2 and had been initially recognised at their fair value on the date of settlement (i.e. Rs. 11.67 per share). These shares have been marked to market at prevailing market price as at 30 June 2015.

Impairment loss against these investments have been recognised by the Fund as follows:

Original carrying value		8,474,346
Market value of 30 June 2015		5,591,471
Impairment loss for the year	Rupees	<u>2,882,875</u>

Impairment loss is reconciled as follows:

Unrealised loss recognised in the previous years (in 'Other Comprehensive Income')		1,002,156
Impairment loss recognised in the current year		1,880,719
Total impairment loss for the year recognised in the Income Statement	Rupees	<u>2,882,875</u>

5.3 Available for sale investments - Quoted Debt Securities

(Face value of Rs. 5,000/- each)

Available-for-sale (Term finance certificates)	Number of certificates					
	Holding at beginning of the year	Acquired during the year	Disposed during the year	Holding at end of the year	Market value / Carrying value (Rupees)	% of total investments
Textile composite						
Azgard Nine Limited - related party (Note 5.3.1 and 5.3.2)	12,000	-	-	12,000	16,990,191	-
Provision against financial assets					(16,990,191)	-
Market value as at 30 June 2015					-	-
Cost as at 30 June 2015					-	-
Azgard Nine Limited - related party (Note 5.3.3)	2,580	-	-	2,580	-	-
Cost as at 30 June 2015					-	-

- 5.3.1** These term finance certificates carry a rate equal to six month KIBOR plus 240 basis points per annum without any floor and cap receivable semi-annually in arrears. These are secured by first pari passu charge on the present and future assets of the company (excluding land and building) with 25% margin in favour of the trustee and memorandum for creation of mortgage through deposit of title deeds on land and building in favour of the Trustee of the issue. These term finance certificates have been declared non-performing by MUFAP since 19 May 2010 and no interest is being accrued thereafter. Accordingly, these have been fully provided by the Fund.

- 5.3.2** On 12 April 2012, a share transfer and debt swap agreement was entered into between the Financial Institutions and Azgard Nine Limited (the issuer), whereby the issuer agreed to transfer its entire holding in Agritech Limited to the existing lenders / creditors, including the Term Finance Certificate (TFC) holders at the agreed settlement price of Rs. 35 per share, in partial settlement of the outstanding principal / redemption obligations. As part of the above stated arrangement, the Fund had received 726,165 ordinary shares of Agritech Limited against the partial settlement of its outstanding exposure.

As per the terms of the Share Transfer and Debt Swap Agreement, Agritech Limited shares shall be held by the respective trustees for the TFC issues in their name for and on behalf of the TFC Holders who shall be the beneficial owners of the subjected shares in proportion to their holdings.

The Trustees for the TFC issue are authorized pursuant to shareholders investors agreement to hold the said ordinary shares for and on behalf of TFC holders for a period of five years from the date of transfer. During the lock in period of five years expiring in 2017, shares can be sold to an outside buyer subject to a prior written approval of the investors, however, no such approval is required for inter financier sale (refer note 5.2.1).

5.3.3 These zero coupon privately placed term finance certificates (PPTFCs) were issued against the interest receivable on TFCs of Azgard Nine Limited (disclosed in note 5.3.1). These PPTFCs were issued against the non performing securities, therefore the management, as a matter of prudence had recognised the above PPTFCs at nil value. The principal outstanding against these PPTFCs is to be redeemed in seven equal semi-annual instalments starting from 31 March 2014 and will mature on 31 March 2017. These PPTFCs were classified as Non Performing Asset by MUFAP on 07 December 2012.

5.3.4 Investments in TFCs of Azgard Nine Limited were made by the Fund before the promulgation of circular 7 of 2009 of SECP and before these were classified as non-performing.

5.4 Status of compliance with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

Name of non-compliant investment	Note	Type of investment	Value of investment before provision	Provision held if any	Value of investment after provision	% of Net Assets	% of Gross Assets
Azgard Nine Limited- related party	5.3	Term finance certificates	16,990,191	16,990,191	-	-	-
Azgard Nine Limited- related party	5.3	Term finance certificates	-	-	-	-	-

Details of the gross value of above investments and provision held thereagainst are disclosed in the respective notes. However at 30 June 2015, the carrying value of these investments were nil.

Above investments were made by the Fund prior to its conversion from investment company to an open end fund. However, under the circular 7 of 2009 of SECP, the open end equity fund cannot invest in the term finance certificates. Management is of the view that investments were made prior to the above mentioned conversion. Nevertheless, the carrying value of investments at 30 June 2015 were nil. Besides the management company also considers that the investments by the investment company in the above TFC's were made before these were classified as non-performing.

6. DIVIDEND AND OTHER RECEIVABLE	2015	2014
Dividend receivable	318,000	821,250
Income tax recoverable	6.1 1,354,338	999,188
	Rupees 1,672,338	1,820,438

6.1 Clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 provides exemption from withholding tax deduction on dividends received by a collective investment scheme from investee companies.

However a letter dated 30 June 2010 issued by Federal Board of Revenue to Assistant Director (Sch), Central Directorate of National Savings, Islamabad states that the said exemption will be applicable if exemption certificate under section 159(1) of Income Tax Ordinance, 2001 is issued by the concerned Commissioner of Inland Revenue.

During the year, based on the above letter, above amount of withholding tax was deducted by certain investee companies on dividends. Subsequent to the year-end an exemption certificate was issued by the concerned Commissioner of Inland Revenue effective up to 30 June 2015. Accordingly the management is in the process of recovering the above

JS Value Fund

tax amount deducted. Furthermore, a stay order has also been obtained by the Management Company of the Fund from further deduction of income tax at source.

7. SECURITY DEPOSITS	2015	2014
National Clearing Company of Pakistan Limited	2,500,000	2,500,000
Central Depository Company of Pakistan Limited	100,000	100,000
Rupees	<u>2,600,000</u>	<u>2,600,000</u>

8. PAYABLE TO THE MANAGEMENT COMPANY

Under the provision of the Non-Banking Finance Companies and Notified Entities Regulations 2008, the Management Company is entitled to a remuneration for services rendered to the Fund up to a maximum of 3% per annum based on the average monthly net assets of the Fund during the first five years of Fund's existence, and thereafter, of an amount equal to 2% of such assets of the Fund. Management Company has charged remuneration at the rate of 2% per annum based on the daily net assets of the Fund during the year ended 30 June 2015.

	2015	2014
Balance as of 1 July / transferred from JS Value Fund Limited	1,065,368	2,798,862
Remuneration for the year	23,220,483	41,063,431
Conversion cost incurred (from closed end to open end fund)	-	6,769,192
Sales load and other expenses incurred	1,311,950	438,779
Payments during the year	<u>(24,026,361)</u>	<u>(50,004,896)</u>
Balance as of 30 June	<u>1,571,440</u>	<u>1,065,368</u>

- 8.1 This includes amount payable as of 30 June 2015 against conversion cost of Nil (2014: Rs. 563,808) and other expenses of Nil (2014: Rs. 9,126).

9. REMUNERATION PAYABLE TO THE TRUSTEE

MCB Financial Services Limited (the Trustee) is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

- up to rupees one billion Rs. 700,000 or 0.2% per annum of the daily net assets, whichever is higher.
- exceeding rupees one billion Rs. 2,000,000 plus 0.1% per annum of the daily net assets of the Fund exceeding rupees one billion.

	2015	2014
Balance as of 1 July / transferred from JS Value Fund Limited	273,940	213,937
Remuneration for the year	2,152,170	3,061,482
Paid during the year	<u>(2,268,964)</u>	<u>(3,001,479)</u>
Balance as of 30 June	<u>157,146</u>	<u>273,940</u>

10. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Company is required to pay SECP an amount at the rate of 0.095% per annum of the average daily net assets of the Company in accordance with the regulation 62 of the NBFC Regulation 2008.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

		2015	2014
Provision for Workers' Welfare Fund	11.1	39,130,068	37,462,680
Federal excise duty payable on Management			
Company's remuneration	11.2	9,237,550	5,522,273
Withholding tax payable (deducted on dividend)	11.3	2,286,176	-
Sindh sales tax payable on Management Company's remuneration	11.4	1,677,205	962,259
Zakat payable		542,644	-
Payable against printing and stationery		458,319	204,180
Auditors' remuneration		369,375	342,982
Settlement charges		20,221	19,451
Payable to National Clearing Company of Pakistan Limited		37,095	31,089
Share registrar charges (JS Value Fund Limited)		-	27,000
Other liabilities		281,802	48,932
	Rupees	<u>54,040,455</u>	<u>44,620,846</u>

11.1 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes/ mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, had declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgement issued in August 2011. However, SHC has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before SHC. However, the Honourable Peshawar High Court on 29 May 2014 on a petition filed by certain aggrieved parties (other than mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Act of 2006 and 2008 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

However, as per the advice of legal counsel of Mutual Fund Association of Pakistan (MUFAP), the stay granted to CIS (as mentioned in the first paragraph) remains intact and the constitution petitions filed by the CIS to challenge the Workers Welfare Fund contribution have not been affected by the SHC judgment.

JS Value Fund

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence and abundant caution, has decided to maintain the provision of entire liability of Rs. 39.13 million in this condensed interim financial information (2014: Rs. 37.46 million).

Furthermore, in the Finance Act, 2015, the mutual funds have been excluded from the levy of WWF. As this change has been made in the definition of the term 'Industrial Establishment' as defined in the Workers' Welfare Fund Ordinance, 1971, the change may appear to apply prospectively. Accordingly, the management is of the view that this change is applicable from 01 July 2015. Hence, the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts.

	2015	2014
Movement of provision for workers' welfare fund is as follows:		
At 01 July	37,462,680	25,282,731
Provision during the year	1,667,388	12,179,949
At 30 June	<u>39,130,068</u>	<u>37,462,680</u>

11.2 As per the requirement of the Finance Act, 2013, the Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which doesn't appear to be the spirit of the law. A stay order against the collection have been granted by the Honourable High Court of Sindh on a petition filed by the Mutual Funds Association of Pakistan (MUFAP). As a matter of abundant caution, the Management Company has made provision for FED from the aforementioned effective date, of which, FED up to the month of August 2013 was paid by the Fund to the regulatory authorities and thereafter the FED amount has not been paid by them. Had the provision not been made, Net Asset Value per unit of the Fund as at 30 June 2015 would have been higher by 1.80 (2014: 0.45) per unit.

11.3 Subsequently paid by the Fund to the taxation authorities.

11.4 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 15% (till 30 June 2014: 16%) on Management Company's remuneration. Above liability includes Rs. 1,440,855 (2014: Rs. 883,564) accrued on Federal Excise Duty (FED) on the management remuneration as more fully explained in note 11.2 above. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 June 2015 would have been higher by 0.28 (2014: 0.07) per unit.

12. CONTINGENCY AND COMMITMENT

There are no contingencies and commitments at year end.

13. NUMBER OF UNITS IN ISSUE	2015	2014
As at 30 June 2015, 5,135,605 (2014: 12,405,368) units at par value of Rs. 100 each were in issue.		
Total outstanding as of 1 July / Units issued on conversion of the investment company into open end fund (class 'B' units)	12,405,368	11,857,500
Issued during the period	982,963	1,356,592
Bonus units issued during the period	-	2,134,353
Redemptions during the period	(8,252,726)	(2,943,077)
Total outstanding as at 30 June	<u>5,135,605</u>	<u>12,405,368</u>
Numbers		

14. AUDITORS' REMUNERATION	2015	2014
Annual audit fee	264,000	240,000
Fee for the review of half yearly financial statements	121,000	110,000
Fee for the review of statement of compliance with the best practices of Code of Corporate Governance	40,000	40,000
Other certifications, etc.	25,000	25,000
Out of pocket expenses	50,993	64,265
Rupees	<u>500,993</u>	<u>479,265</u>

15. TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include JS Investments Limited (JSIL) being the Management Company of the Fund, MCB Financial Services Limited being the Trustee of the Fund, JS Bank Limited (JSBL) being the Holding Company of JSIL, Jahangir Siddiqui and Co. Limited (JSCL) being the Holding Company of JSBL, JS Global Capital Limited (JSGCL) being the fellow subsidiary of JSBL, and other associated companies of JSBL, JSIL and its subsidiaries, Key Management Personnel of JSBL and JSIL and other funds being managed by JSIL and includes entities holding 10% or more in the units of the Fund as at 30 June 2015. It also includes staff retirement benefit funds of the above related parties / connected persons.

16.1 Details of balances with related parties / connected persons as at year end	2015	2014
JS Investments Limited		
Remuneration payable to the Management Company	Rupees 1,571,440	492,434
Sindh sales tax payable on Management Company's remuneration *	Rupees 1,677,205	962,259
Federal excise duty payable on Management Company's remuneration *	Rupees 9,237,550	5,522,273
Units outstanding: 2,732,054 (2014: 2,683,692) {53.20% (2014: 21.63%) of the total units in issue as at the year-end}	-	-
Conversion cost payable	16.7 Rupees 491,414,465	448,981,636
Expenses payable	Rupees -	563,808
	Rupees -	9,126

JS Value Fund

			2015	2014
MCB Financial Services Limited (Trustee)				
Remuneration payable to the Trustee		Rupees	<u>157,146</u>	273,940
Security deposit		Rupees	<u>100,000</u>	100,000
Annual, transaction, Custodian & CDS connection fee payable		Rupees	<u>20,221</u>	19,451
JS Bank Limited				
Bank balance		Rupees	<u>11,441,526</u>	584,220,910
Profit receivable		Rupees	<u>254,545</u>	399,778
Units outstanding: Nil (2014: 874,567)	16.7	Rupees	<u>-</u>	146,315,026
Bank Islami Pakistan Limited				
Bank balance		Rupees	<u>54,645,317</u>	-
Profit receivable		Rupees	<u>116,115</u>	-
JS Fund of Funds				
Units outstanding: Nil (2014: 12,983)	16.7	Rupees	<u>-</u>	2,172,109
EFU Life Assurance Limited				
Units outstanding: 5,082 (2014: 4,980)	16.7	Rupees	<u>914,161</u>	833,118
Jahangir Siddiqui & Co. Limited Staff Provident Fund				
Units outstanding: Nil (2014: 593)	16.7	Rupees	<u>-</u>	99,183
JS Global Capital Limited				
Brokerage payable		Rupees	<u>-</u>	10,000
Jahangir Siddiqui & Co. Limited				
Units outstanding: Nil (2014: 1,332,575)	16.7	Rupees	<u>-</u>	222,939,913
Mahvash & Jahangir Siddiqui Foundation				
Units outstanding: 583,656 (2014: 583,656) {11.36% (2014: 4.70%) of the total units in issue as at the year-end}	16.7	Rupees	<u>-</u>	<u>97,645,705</u>
Jahangir Siddiqui & Sons Limited				
Units outstanding: Nil (2014: 1,184,802)		Rupees	<u>-</u>	198,217,310
Key management personnel of the Management Company				
Units outstanding: 6,995 (2014: 320)	16.7	Rupees	<u>1,258,232</u>	53,559
Other parties with 10% and more than 10% of Investment				
Units outstanding: Nil (2014: 1,494,863)	16.7	Rupees	<u>-</u>	250,090,636

* Paid / payable to the Management Company for onward payment to the Government.

16.2 Details of transactions with related parties / connected persons during the year	2015	From 28 June 2013 to 30 June 2014
JS Investments Limited		
Management Company's remuneration	Rupees 23,220,483	41,063,431
Sindh sales tax on Management Company's remuneration *	Rupees 4,040,364	7,621,373
Federal excise duty on Management Company's remuneration *	Rupees 3,715,277	6,570,149
Unit issued: 969,912 (2014: Nil)	Rupees 173,548,696	-
Units issued on the conversion of JS Value Fund Limited to an open end fund: Nil (2014: 2,263,399)	Rupees -	332,515,976
Redemption of units: 921,550 (2014: Nil)	Rupees 164,883,726	-
Bonus units issued: Nil (2014: 420,293)	Rupees -	69,260,016
Conversion cost incurred by the Management Company	Rupees -	6,769,192
Expenses incurred by the Management Company	Rupees 1,309,304	438,779
Sales load payable	Rupees 2,646	-
Dividend given by the Fund	Rupees 9,902,823	-
MCB Financial Services Limited (Trustee)		
Remuneration to the Trustee	Rupees 2,152,170	3,061,482
Annual, transaction, custodian, CDS connection fee	Rupees 694,089	1,108,448
Jahangir Siddiqui and Co. Limited		
Bonus units issued: Nil (2014: 208,694)	Rupees -	34,390,765
Units issued on the conversion of JS Value Fund Limited to an open end Fund: Nil (2014: 1,123,881)	Rupees -	165,109,387
Redemption of units: 1,332,576 (2014: Nil)	Rupees 213,940,095	-
Jahangir Siddiqui & Sons Limited		
Bonus units issued: Nil (2014: 185,552)	Rupees -	30,577,050
Units issued on the conversion of JS Value Fund Limited to an open end fund: Nil (2014: 999,250)	Rupees -	146,799,818
Redemption of units: 1,184,802 (2014: Nil)	Rupees 198,786,360	-
Mahvash and Jahangir Siddiqui Foundation		
Bonus units issued: Nil (2014: 91,406)	Rupees -	15,062,850
Units issued on the conversion of JS Value Fund Limited to an open end fund: Nil (2014: 492,250)	Rupees -	72,316,448
Dividend given by the Fund	Rupees 2,153,692	-
JS Fund of Funds		
Bonus units issued: Nil (2014: 2,033)	Rupees -	335,070
Units issued on the conversion of JS Value Fund Limited to an open end fund: Nil (2014: 10,950)	Rupees -	1,608,665
Redemption of units: 12,983 (2014: Nil)	Rupees 2,066,165	-
EFU Life Assurance Limited		
Bonus units issued: Nil (2014: 780)	Rupees -	128,517
Units issued on the conversion of JS Value Fund Limited to an open end fund: 103 (2014: 4,200)	Rupees 18,375	617,007
Dividend given by the Fund	Rupees 18,375	-

JS Value Fund

		2015	From 28 June 2013 to 30 June 2014
Al Abbas Sugar Mills Limited			
Dividend income	Rupees	<u>6,147,225</u>	<u>-</u>
Jahangir Siddiqui & Co. Limited Staff Provident Fund			
Bonus units issued: Nil (2014: 93)	Rupees	<u>-</u>	<u>15,300</u>
Units issued on the conversion of JS Value Fund Limited to an open end fund: Nil (2014: 500)	Rupees	<u>-</u>	<u>73,455</u>
Redemption of units: 593 (2014: Nil)	Rupees	<u>97,535</u>	<u>-</u>
JS Global Capital Limited			
Brokerage fee	16.3 Rupees	<u>561,179</u>	<u>816,583</u>
Unit Trust of Pakistan			
Sale of 5,980 share of Rafhan Maize Products Limited	Rupees	<u>59,800,000</u>	<u>-</u>
Askari Securities Limited			
Brokerage fee	16.3 Rupees	<u>52,243</u>	<u>-</u>
Askari Bank Limited			
Units issued on the conversion of JS Value Fund Limited to an open end fund: Nil (2014: 43,000)	Rupees	<u>-</u>	<u>6,317,130</u>
Unit issued: Nil (2014: 78,636)	Rupees	<u>-</u>	<u>11,654,642</u>
Redemption of units: Nil (2014: 121,636)	Rupees	<u>-</u>	<u>20,349,703</u>
JS Bank Limited			
Interest received	Rupees	<u>11,848,541</u>	<u>23,024,337</u>
Bank charges	Rupees	<u>5,398</u>	<u>3,529</u>
Units redeemed: 874,567 (2014: 162,399)	Rupees	<u>146,052,656</u>	<u>27,169,366</u>
Bonus units issued: Nil (2014: 162,399)	Rupees	<u>-</u>	<u>26,761,744</u>
Units issued on the conversion of JS Value Fund Limited to an open end fund: Nil (2014: 874,567)	Rupees	<u>-</u>	<u>128,482,609</u>
Bank Islami Pakistan Limited			
Interest income	Rupees	<u>116,115</u>	<u>-</u>
Key management personnel of the Management Company			
Bonus units issued: Nil (2014: 50)	Rupees	<u>-</u>	<u>8,268</u>
Units issued: 5 (2014: Nil)	Rupees	<u>957</u>	<u>-</u>
Units issued on the conversion of JS Value Fund Limited to an open end fund: Nil (2014: 270)	Rupees	<u>-</u>	<u>39,666</u>
Redemption of units: 492 (2014: Nil)	Rupees	<u>83,796</u>	<u>-</u>
Dividend given by the Fund	Rupees	<u>25,793</u>	<u>-</u>
Entity holding 10% or more than 10% of the units of the Fund			
Bonus units issued: Nil (2014: 234,110)	Rupees	<u>-</u>	<u>38,579,042</u>
Units issued on the conversion of JS Value Fund Limited to an open end fund: Nil (2014: 1,260,753)	Rupees	<u>-</u>	<u>185,217,223</u>

- 16.3** This represents the amount of brokerage paid to the related party for the purchase or sale of securities transacted through them.
- 16.4** Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.
- 16.5** Purchase and redemption of the Fund's unit by related parties / connected persons are recorded at the applicable net asset value per unit. Dividend income are recorded at the rates and amount declared by the investee entities. Other transactions are at agreed rates.
- 16.6** Fund's investment in a related parties are disclosed in note 5.
- 16.7** This reflects the position of related party / connected person status that existed as at 30 June 2015.

17. FINANCIAL INSTRUMENTS - FAIRVALUES AND RISK MANAGEMENT

Introduction and overview

The Fund has exposure to the following risks from financial instruments:

- credit risk (refer note 17.1)
- liquidity risk (refer note 17.2)
- market risk (refer note 17.3)

Risk management framework

The Fund's board of directors has overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how management monitors compliance with the Fund's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

17.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against sale of investments, dividend receivable and security deposits.

The carrying amount of financial assets represent the maximum credit exposure.

JS Value Fund

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- analysing credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- the risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- cash is held only with reputable banks with high quality external credit enhancements.
- investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

The maximum exposure to credit risk as at 30 June 2015 was as follows:

	2015		2014	
	Balance as per the Statement of Asset and Liabilities	Maximum Exposure	Balance as per the Statement of Asset and Liabilities	Maximum Exposure
Bank balances (including profit due)	88,214,383	88,214,383	749,641,850	749,641,850
Investments - (equity securities)	890,655,140	-	1,600,650,551	-
Receivable against sale of investment	25,150,503	25,150,503	36,675,088	36,675,088
Dividend and other receivables	1,672,338	318,000	1,820,438	821,250
Security deposits	2,600,000	2,600,000	2,600,000	2,600,000
Rupees	<u>1,008,292,364</u>	<u>116,282,886</u>	<u>2,391,387,927</u>	<u>789,738,188</u>

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments and dividend and other receivables is due to the fact that investment in equity securities of Rs: 890,655,140 (2014: 1,600,650,551) and advance tax of Rs. 1,354,338 (2014: Rs. 999,188) is not exposed to credit risk.

Bank balances

The Fund held cash and cash equivalents at 30 June 2015 with banks having following credit ratings:

Rating	2015		2014	
	Rupees		%	
A1+	88,204,765	34,603,949	99.99	4.62
A1	9,618	715,037,901	0.01	95.38
	<u>88,214,383</u>	<u>749,641,850</u>	<u>100.00</u>	<u>100.00</u>

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS (as of 30 June 2015).

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio exposed to credit risk primarily consists of bank deposits.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	2015		2014	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks (including profit due)	88,214,383	75.86	749,641,850	94.92
National Clearing Company of Pakistan Limited - security deposit	2,500,000	2.15	2,500,000	0.32
Central Depository Company of Pakistan Limited - security deposit	100,000	0.09	100,000	0.01
Oil and Gas (dividend receivable)	318,000	0.27	821,250	0.10
National Clearing Company of Pakistan Limited - receivable against sale of investment	25,150,503	21.63	36,675,088	4.65
	116,282,886	100.00	789,738,188	100.00

Past due and impaired assets and collaterals held

None of the financial assets are past due or impaired except the term finance certificates of Azgard Nine (related party) (refer note 5.3). However, these are fully provided. All the financial assets of the Fund as at 30 June 2015 are unsecured.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

JS Value Fund

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

In addition, the Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

Maturity analysis for financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

30 June 2015	Carrying amount	Contractual cash flows		
		Total	Less than 1 months	Within 3 months
Non-derivative financial liabilities (excluding unit holders' fund)				
Payable to the Management Company	1,571,440	1,571,440	1,571,440	-
Remuneration payable to the Trustee	157,146	157,146	157,146	-
Annual fee payable to the Securities and Exchange Commission of Pakistan	1,102,953	1,102,953	-	1,102,953
Accrued expenses and other liabilities *	1,709,456	1,709,456	1,709,456	-
Payable against purchase of investment	584,155	584,155	584,155	-
Dividend payable (including undaimed dividend)	27,100,875	27,100,875	27,100,875	-
	Rupees	<u>32,226,025</u>	<u>31,123,072</u>	<u>1,102,953</u>
Unit holders' fund	Rupees	<u>923,735,340</u>	<u>923,735,340</u>	-

* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, Sindh sales tax payable on Management Company's remuneration and withholding tax payable (deducted on dividend).

30 June 2014	Carrying amount	Contractual cash flows		
		Total	Less than 1 months	Within 3 months
Non-derivative financial liabilities (excluding unit holders' fund)				
Payable to the Management Company	1,065,368	1,065,368	1,065,368	-
Remuneration payable to the Trustee	273,940	273,940	273,940	-
Annual fee payable to the Securities and Exchange Commission of Pakistan	1,950,518	1,950,518	-	1,950,518
Accrued expenses and other liabilities *	673,634	673,634	673,634	-
Payable against redemption of units	246,731,634	246,731,634	246,731,634	-
Dividend payable (including undaimed dividend)	21,378,590	21,378,590	21,378,590	-
	Rupees	<u>272,073,684</u>	<u>270,123,166</u>	<u>1,950,518</u>
Unit holders' fund	Rupees	<u>2,075,367,031</u>	<u>2,075,367,031</u>	-

* excluding provision for workers' welfare fund, federal excise duty on Management Company's remuneration, Sindh sales tax payable on Management Company's remuneration and withholding tax payable (deducted on dividend).

Above financial liabilities do not carry any mark-up.

17.3 Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

The Fund manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest rate risk and equity price risk.

17.3.1 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 interest rates. Risk management procedures are the same as those mentioned in the credit risk management.

Exposure to interest rate risk

The interest rate profile of the Fund's interest-bearing financial instruments as reported to the management of the Fund is as follows:

		2015	2014
Variable-rate instrument			
Financial assets (bank balances)	Rupees	<u>85,939,580</u>	<u>747,135,660</u>

JS Value Fund

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs. 859,396 (2014: Rs. 7,471,357). The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

None of the Fund's liabilities are subject to interest rate risk.

17.3.2 Other market price risk

The Fund is exposed to equity price risk i.e. the risk of unfavourable changes in the fair value of equity securities as a result changes in the levels of Karachi Stock Exchange Index and the value of individual shares, which arises from investments measured at fair value through income statement.

The management of the Fund monitors the proportion of equity securities in its investment portfolio based on market indices. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines or the requirements of NBFC regulations. The Fund manages those risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund with overall limit of 30% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations).

The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Fund's investment strategy is to maximise investment returns.

Details of the Fund's investment in industrial / economic sector are given in note 5.1.

Sensitivity analysis - Equity price risk

All of the Fund's listed equity investments are listed on Karachi Stock Exchange. For such investments classified as at fair value through income statement, a 5% increase or decrease in the fair values of the equity investments, the impact on income statement and unit holders' fund would have been an increase or decrease of Rs. 44,532,757 (2014: 80,032,528).

17.4 Unit holder's fund risk management

The Fund's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to continue as a going concern so that it can continue to provide returns to its unit holders. Management monitors the return on capital as well as the level of dividends to unit holders and makes adjustments to it in the light of changes in markets' conditions.

Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

17.5 Accounting classifications and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table also sets out the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.

The Fund's accounting policy on fair value measurements is discussed in note 3.1.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs that are quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 30 June 2015, all investments were categorised in Level 1.

18. OTHER SUPPLEMENTARY INFORMATION

The information regarding unit holding pattern, top brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the management company, meetings of Audit Committee of the management company, meetings of the Human Resource and Remuneration Committee of the management company and rating of the Fund and the management company has been disclosed in Annexure to the financial statements.

19. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by Board of Directors of management company on August 11, 2015.

For JS Investments Limited
(Management Company)

Ali Akhtar Ali
Chief Executive Officer

Nazar Mohammad Shaikh
Director

JS Value Fund

SUPPLEMENTARY NON FINANCIAL INFORMATION AS REQUIRED UNDER SECTION 6(D), (F), (G), (H), (I) AND (J) OF THE FIFTH SCHEDULE TO THE NBFC REGULATIONS

(i) UNIT HOLDING PATTERN OF THE FUND

Category	2015			
	No. of unit holders	No. of unit holders	Amount Rupees	% of total units
Individuals	4,455	1,645,548	295,982,811	32.04
Associated companies	3	3,320,792	597,307,055	64.66
Directors and their spouse	3	325	58,543	0.01
Insurance companies	1	41,049	7,383,453	0.80
Banks / DFIs	1	115	20,765	0.00
Non Banking Finance Companies	3	4,074	732,799	0.08
Retirement funds	10	72,496	13,039,699	1.41
Public limited companies	39	34,425	6,191,928	0.67
Others	6	16,780	3,018,285	0.33
	<u>4,521</u>	<u>5,135,605</u>	<u>923,735,340</u>	<u>100</u>

Category	2014			
	No. of unit holders	No. of unit holders	Amount Rupees	% of total units
Individuals	4,779	3,086,959	516,435,621	24.88
Associated companies	6	3,993,564	668,106,750	32.19
Directors and their spouse	3	320	53,557	0.00
Insurance companies	2	71,564	11,972,368	0.58
Banks / DFIs	2	87,363	14,615,490	0.70
Non Banking Finance Companies	4	83,543	13,976,407	0.67
Retirement funds	13	79,359	13,276,375	0.64
Public limited companies	44	81,283	13,598,252	0.66
Others	14	4,921,413	823,332,212	39.67
	<u>4,867</u>	<u>12,405,368</u>	<u>2,075,367,031</u>	<u>100</u>

(ii) LIST OF TOP 10 BROKERS BY PERCENT OF THE COMMISSION PAID

Name of broker 2015	% of commission
JS Global Capital Limited	14.63
KASB Securities Limited	7.49
Al Habib Capital Markets (Private) Limited	6.90
Habib Metropolitan Financial Services Ltd	6.05
Global Securities Pakistan Limited	4.15
Invest & Finance Securities Limited	4.14
Topline Securities (Private) Limited	4.05
BMA Capital Management Limited	3.89
Taurus Securities (Private) Limited	3.78
Optimus Capital Management (Private) Limited	3.64

(ii) LIST OF TOP 10 BROKERS BY PERCENT OF THE COMMISSION PAID

Name of broker 2014	% of commission
JS Global Capital Limited	13.72
KASB Securities Limited	8.11
Topline Securities (Private) Limited	4.94
Shajar Capital Pakistan (Private) Limited	4.53
Al Habib Capital Markets (Pvt) Limited	4.52
BMA Capital Management Limited	4.43
Invest & Finance Securities Limited	4.40
Global Securities Pakistan Limited	4.21
BMA Capital Management Limited	4.06

(iii) MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of investment committee:

Dr. Ali Akhtar Ali - Chief Executive Officer
 Mr. Khawar Iqbal - Chief Financial Officer
 Mr. Suleman Rafiq Maniya - Fund Manager

DR. ALI AKHTAR ALI - CHIEF EXECUTIVE OFFICER

Dr. Ali is currently serving as the Chief Executive Officer at JS Investments Limited. He has over 13 years of active experience in both Fixed Income and Equity markets of Pakistan. He earned his MBBS from Baqai Medical College and MBA with majors in Finance from PAF-KIET. Prior to becoming Chief Executive Officer, Dr Ali was serving in JS Investments as Chief Investment Officer for about 3 years. He joined JS Investments as Senior Vice President in Investments. Before joining JS Investments Limited he remained associated with KASB Capital Ltd. for 2 years as Chief Dealer in the Treasury Department. He was then deputed as the Head of Money Market, Forex and Financial Advisory at KASB Securities. Prior to KASB Capital he worked with JS Investments Limited from 2006 till 2008 in the capacity of Assistant Vice President, Investments Department. He also worked two and a half years (2004-2006) at Jahangir Siddiqui Capital Markets as Senior Dealer Fixed Income Desk and was later promoted to the position of Head of Fixed Income. He also served 3 years (2000-2004) at BMA Capital Management as a Senior Dealer on the Fixed Income Desk.

MR. MUHAMMAD KHAWAR IQBAL, CFO & COMPANY SECRETARY

Mr. Muhammad Khawar Iqbal joined JS Investments Limited in May 2005.

In March 2012, he was promoted as Company Secretary and Chief Financial Officer. Previously he was managing financial reporting and fund accounting matters of various funds under management. He has contributed a lot towards automation of Fund Accounting Management and has been key resource in designing and implementing Fund Accounting Management module in ERP system.

Prior to joining JSIL, he has a rich and diversified experience of managing financial accounting of twenty six closed end funds under management of Investment Corporation of Pakistan. ICP was established by the Government of Pakistan with objectives to encourage and broaden the base of investments, development of capital market and to promote industrial development in the country. Where, Mr. Khawar had also contributed significantly in the development and implementation of an investment scheme.

Mr. Khawar holds masters degrees in Business Administration and Economics.

MR. SULEMAN RAFIQ MANIYA – FUND MANAGER

Mr. Suleman Rafiq Maniya has over two years of experience in the field of Research and Product Development. He joined JSIL in February 2014 as the Head of Research and later transferred as Fund Manager in the Investments Department. Prior to joining JSIL, he worked with Al Meezan Investments as Manager Equity Research in Product Department. He had six month's Association with Elixir Securities (A Dawood Group Company) as a Research Analyst. He also worked

JS Value Fund

as an Analyst Equity Research at IGI Financial Services. He received a Master of Science degree with majors in Finance from School of Business, Economics and Law; University of Gothenburg, Sweden in May 2010.

(iv) PARTICULARS OF THE FUND MANAGER AND FUNDS MANAGED BY SAME FUND MANAGER

MR. SULEMAN RAFIQ MANIYA – FUND MANAGER

Please see his profile above.

(v) MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Following is the analysis of the attendance in the meetings of the Board of Directors of the Management Company during the year:

Name of Directors	Meetings attended	15 Aug	23 Oct	27 Jan	23 Feb	24 Apr	26 Jun
		2014	2014	2015	2015	2015	2015
Mr. Nazar Mohammad Shaikh	6	1	1	1	1	1	1
Mr. Ali Akhtar Ali	6	1	1	1	1	1	
Mr. Suleman Lalani	5	1	1	1	1	1	N/ A
Mr. Asif Reza Sana	5	1	1	1	1	1	N/ A
Mr. Kamran Jafar	6	1	1	1	1	1	1
Mr. Muhammad Khalil ur Rehman	5	1	1	1	1	1	N/ A
Mr. Muhammad Raza Dyer	6	1	1	1	1	1	1
Mr. Ahsen Ahmed	6	1	1	1	1	1	1
		<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>5</u>

(vi) MEETINGS OF AUDIT COMMITTEE

Name of Directors	Meetings attended	Meetings held on			
		13 Aug 2014	22 Oct 2014	19 Feb 2015	23 Apr 2015
Mr. Asif Reza Sana	2	1	N/ A	N/ A	1
Mr. Suleman Lalani	4	1	1	1	1
Mr. Muhammad Khalil ur Rehman	4	1	1	1	1
		<u>3</u>	<u>2</u>	<u>2</u>	<u>3</u>

(vii) MEETINGS OF HUMAN RESOURCE AND REMUNERATION COMMITTEE

Name of Members	Meetings attended	Meetings held on			
		26 Jan 2015	21 Apr 2015	13 May 2015	02 Jun 2015
Mr. Nazar Mohammad Shaikh	4	1	1	1	1
Mr. Kamran Jafar	4	1	1	1	1
Mr. Ali Akhtar Ali	4	1	1	1	1
		<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

(viii) RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency (PACRA) assigned the star ranking of 3 Star (1 Year), 4 Star (3 Year) and 1 Star (5 Year) to the Fund.








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







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-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

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*Mobile apps are also available for download for android and ios devices



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