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JS investments

JS Investments Limited

Founded in 1995, JS Investments Limited is the oldest and largest private sector asset management company in Pakistan with approximately PKR 21 billion assets under management, spread across various mutual funds, pension funds and separately managed accounts. JS Investments Limited is to date the best rated asset manager in Pakistan with a rating of AM2+ awarded by Pakistan Credit Rating Agency. The Company is listed on the Karachi Stock Exchange and has a market capitalization of PKR 1.69 billion as at June 30, 2009. We are a part of JS Group, one of the leading financial services groups of Pakistan.

VISION

To be Industry Leaders in Financial Services

MISSION

Pursuit of Professional Excellence

CORE VALUES

- Share Holder Value
- Integrity
- Commitment

COMPANY INFORMATION

Board of Directors

Mr. Munawar Alam Siddiqui
Chairman

Mr. Muhammad Najam Ali
Chief Executive

Mr. Ali Raza Siddiqui
Executive Director

Mr. Nazar Mohammad Shaikh
Non-Executive Director

Mr. Siraj Ahmed Dadabhoy
Non-Executive Director

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

Mr. Sadeq Sayeed
Non-Executive Director

Audit Committee

Mr. Nazar Mohammad Shaikh
Chairman
Mr. Munawar Alam Siddiqui
Member
Lt.General (R) Masood Parwaiz
Member

Chief Financial Officer & Company Secretary

Mr. Suleman Lalani

Auditors

A.F. Ferguson & Co.

Legal Advisor

Bawaney & Partners

Share Registrar

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

Registered Office

7th Floor, The Forum, G-20
Khayaban-e-Jami, Block-9, Clifton
Karachi-75600
Tel: (92-21) 111-222-626
Fax: (92-21) 5361724
E-mail:info@jsil.com
Website: www.jsil.com

BOARD OF DIRECTORS

Chairman, Air Commodore (R) Munawar Alam Siddiqui, TI (M), SI (M)

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

He was commissioned in the GD(P) Branch of the Pakistan Air Force in 1974. He has served as a VVIP and Presidential pilot during his tenure of service and has held various key Command and Staff appointments in the PAF. He served as Director of Air Transport at Air Headquarters from 1996 to 1998 and commanded an operational air force base with over 8,500 personnel from 2000 to 2002.

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

He serves on the boards of Jahangir Siddiqui Investment Bank Limited, JS Value Fund Limited, Al Abbas Sugar Mills Limited, Mahvash and Jahangir Siddiqui Foundation, JS Air and Eye Television Networks Limited.

Chief Executive Officer, Najam Ali

Mr. Najam Ali joined JS Investments Limited as Chief Executive Officer in 2004. Prior to his appointment, he was the Executive Director and Head of the Non-Banking Finance Companies Department at the Securities & Exchange Commission of Pakistan (SECP), where he was involved in regulation, monitoring and enforcement for mutual funds, leasing, housing finance, investment banking, venture capital and discounting companies.

Prior to his appointment to the SECP, he served for seven years as the founding CEO of the Central Depository Company (CDC) which is Pakistan's only securities depositary established by Citigroup, IFC and Pakistan's stock exchanges, While at CDC, he also led the development of the National Clearing and Settlement System, which is the centralized clearing system in Pakistan for all the stock exchanges. The success of these projects has laid the foundation of a world class capital market infrastructure that has made it possible to settle enormous trading volumes witnessed in the recent years. It was due to his leadership role in the development of Pakistan's Capital Market that has earned him praise and recognition at the national level. The Money Magazine has included his name in the list of Top Ten Capital Market Builders in Pakistan.

He has worked in various positions at the Fidelity Investment Banking including Group Financial Controller and Head of Money and Capital Markets. He has also worked with Robson Rhodes, Chartered Accountants, a member firm of the RSM Group in the UK.

He serves on the Board of Directors of Pakistan Oilfields Limited and has also previously been a director of the National Clearing Company of Pakistan Limited and the Karachi Stock Exchange (Guarantee) Limited. He has also been chairman of Mutual Funds Association of Pakistan.

Mr. Najam Ali holds a Bachelors degree in Economics from the University of Michigan Ann Arbor, USA. He is a qualified Chartered Accountant and holds memberships of the Institute of Chartered Accountants in England & Wales and the Institute of Chartered Accountants of Ontario, Canada. He has also qualified as a Certified Public Accountant (CPA) in USA.

Executive Director, Ali Raza Siddiqui

Mr. Siddiqui joined JS Investments Limited as an Executive Director in 2005. Previously, he was Assistant Vice President at AIM Investments in Houston, a wholly-owned subsidiary of INVESCO plc.(formerly known as AMVESCAP Plc.).

At AIM, Mr. Siddiqui was part of a 5-person team responsible for the management of USD 60 billion in fixed income assets. These included the AMVESCAP Global Portfolios (USD 4+ billion), Brown Brothers Investment Trust (USD 1+ billion) and STIT Treasury Portfolio (USD 10+ billion).

Mr. Siddiqui holds a Bachelors Degree from Cornell University, USA, with double majors in Economics and Government.

Non-Executive Director, Sadeq Sayeed

Mr. Sadeq Sayeed is a London based business executive associated with NOMURA INTERNATIONAL as special advisor. He is looking after International Business Strategy, Alternative Investment Management, Asset Management and Capital Structure and Risk Management. Additionally, he is also on board of various committees namely Executive Committee, Audit Committee, Capital Allocation Committee and Risk & Credit Management Committee.

Previously he was engaged with Credit Suisse First Boston, London, England as Managing Director & Head of Group Leveraged Funds Group, Member of Senior Management and Group Head, European Foreign Exchange, Money Market and Commodities Group and Global options group; Credit Suisse First Boston, New York as Managing Director, Fixed Income Department; Credit Suisse, First Boston, London England as Managing Director, Arbitrage Group and as Director Financier CSFB Treasury and Group Finance and WORLD BANK, Washington DC as Research Associate and Internal Consultant.

Mr. Sayeed holds S.M. with majors in Finance from MIT, Sloan School of Management and S.B also from MIT with majors in Economics and Electrical Engineering. He has also taught weekly financial seminars at MIT in 1993.

Non-Executive Director, Siraj Ahmed Dadabhoy

Siraj Dadabhoy is a Founding Partner and the Managing Director of DCD America, a subsidiary of the DCD Group. His primary responsibilities include running the U.S. operations and serving on investment and executive committees of the DCD Group. Mr. Dadabhoy is also credited with developing and managing several of the global institutional relationships for the DCD Group.

DCD America is a New York based real estate private equity company with a special emphasis on opportunistic real estate investments. Under Mr. Dadabhoy's leadership, DCD America is focused upon investing in all aspects of the real estate market, especially where pricing dislocations create value driven opportunities. This opportunistic approach to investing is consistent with DCD Group's global real estate investment philosophy, which has been consistently applied across all markets with proven results.

Prior to forming DCD America in 1995, Mr. Dadabhoy founded and ran The Vitesse Group (1990-1995), an international trading company specializing in textiles and commodities trading. Before starting The Vitesse Group, Mr. Dadabhoy worked as a staff accountant at Price Waterhouse (1988-1989) in New York City.

Mr. Dadabhoy is a 1988 graduate of Indiana University, with a B.S. in Accounting and Finance. He is also a Certified Public Accountant. Mr. Dadabhoy serves on the Board of Directors of several companies in which DCD Group has significant investments. Mr. Dadabhoy is an active member of the "Young Presidents Organization", a supporter of the "Acumen Fund" (a New York based nonprofit venture fund) and a friend of "The Citizens Foundation" (a mass educational initiative in Pakistan). He was appointed to the Board in July 2007.

Non-Executive Director, Mr. Nazar Mohammad Shaikh

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

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

Non-Executive Director, Lt. General (Retd) Masood Parwaiz

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

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

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

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

JS Investments Limited

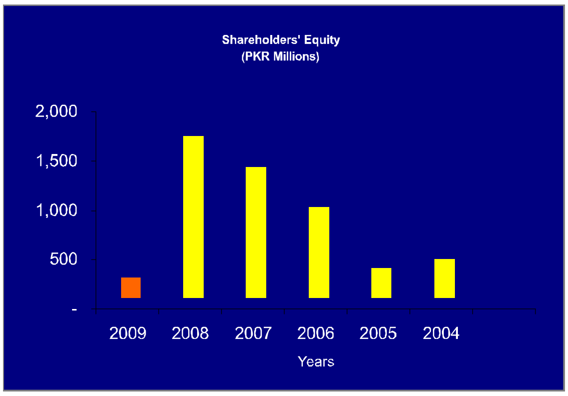
FINANCIAL & BUSINESS HIGHLIGHTS

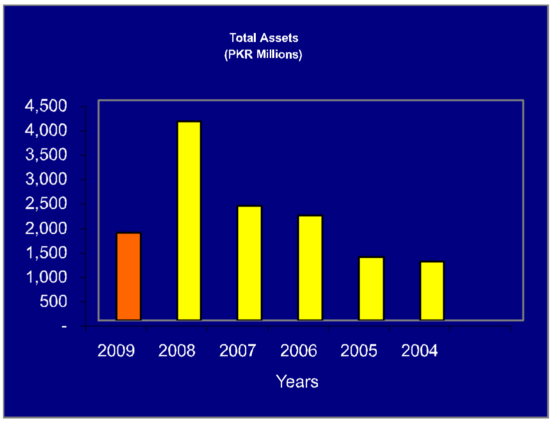
		2009	2008	2007	2006	2005	2004
KEY INDICATORS							
Performance							
Return on assets	%	(54.71)	16.10	21.24	27.57	9.90	16.78
Total assets turnover	Days	20	130	146	183	107	131
Receivables turnover	Days	25	35	198	167	193	252
Return on equity	%	(601.12)	28.78	32.64	44.90	25.50	23.85
Leverage							
Debt:Equity	%	509.12	112.30	48.75	79.97	139.34	101.03
Interest cover	times	(5.09)	3.72	6.43	8.60	4.94	11.07
Liquidity							
Current	times	1.44	2.29	15.34	2.01	2.74	5.65
Quick	times	1.42	2.29	15.22	2.00	2.73	5.65
Valuation							
Earnings / (loss) per shares	Rs.	(17.21)	5.49	5.21	5.32	1.44	1.59
Breakup value per share	Rs.	2.86	19.09	15.95	23.68	11.33	30.58
Price earning ratio	times	(0.98)	17.31	14.20			
Market price to break up value	times	5.92	4.98	4.63			
Market value per share - year end	Rs.	16.94	95.07	73.90	N A	N A	N A
Market value per share - High *	Rs.	97.85	126.50	74.90			
Market value per share - Low	Rs.	13.12	53.50	61.40			
Market capitalization (Rs. in million)		1,694	9,507	7,390			
Historical trends							
Management fee (Rs. in million)		440	627	462	461	300	192
Operating profit / (loss) (Rs. in million)		(1,496)	773	629	679	251	231
Profit / (loss) before tax (Rs. in million)		(1,774)	574	537	602	200	210
Profit / (loss) after tax (Rs. in million)		(1,721)	549	521	532	144	159
Assets under management (Rs. in million)		21,247	38,974	29,651	22,617	16,285	14,029
No. of funds under management **		16	16	12	9	9	8
Share capital (Rs. in million)		1,000	1,000	1,000	500	500	218
Shareholders equity (Rs. in million)		286	1,909	1,595	1,184	567	665
Total assets (Rs. in million)		2,015	4,277	2,547	2,353	1,503	1,416
Contribution to the national exchequer (Rs. in million)		30	69	67	41	80	8
Payouts							
Cash	%	10	15	-	-	-	-
Bonus	%	-	-	100	-	127.80	-

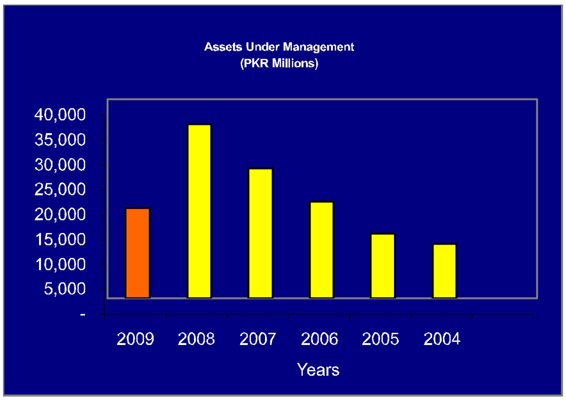
* Ordinary shares of the Company were listed w.e.f. April 24, 2007.

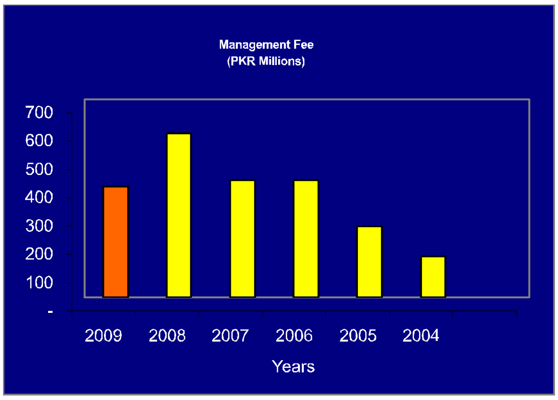
** Twelve ICP Mutual Funds were merged into two funds namely ABAMCO Capital Fund and ABAMCO Stock Market Fund in 2004. ABAMCO Growth Fund, ABAMCO Capital Fund and ABAMCO Stock Market Fund were subsequently merged to form JS Growth Fund in 2006.

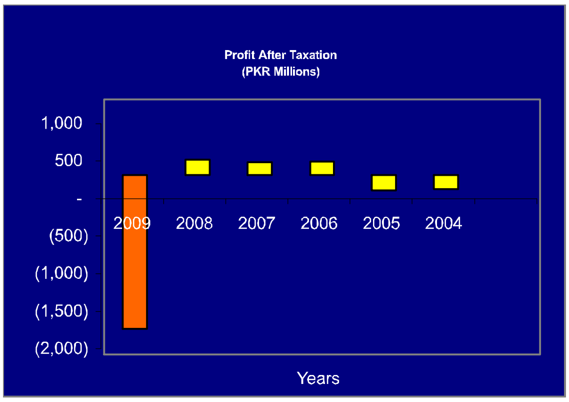
FINANCIAL & BUSINESS HIGHLIGHTS

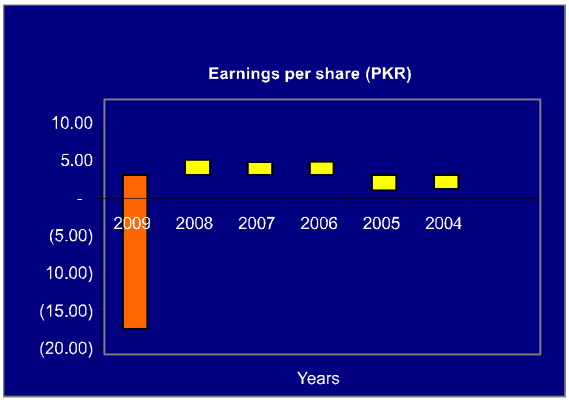












DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present to you the 15th Annual Report of the Company for the year ended June 30, 2009.

Asset Management Industry Performance

FY 2009 was an extremely turbulent year for the Pakistani capital markets. The unprecedented global and domestic economic slowdown coupled with a volatile political and security environment has had a devastating impact on the Asset Management industry.

Asset Management industry after witnessing record annual growth of over 30 % per annum for last 5 years, recorded a decline of 39 % in assets under management (AUMs) during the last 12 months. Total industry wide AUMs (open and close end funds) as of June 30, 2009 were Rs. 205 Bn as compared to Rs. 334 Bn as of June 30, 2008. Fixed Income Funds (Income and Money Market Funds, comprising 42 % of the industry saw a 43 % reduction in assets. This reduction emanated from domestic liquidity crisis that forced institutional customers to liquidate their investments. AUMs of Fixed Income funds were approximately Rs. 80 Bn as of June 30, 2009, down from over Rs. 140 Bn as of June 30, 2008.

JS Investments' AUM also reduced from Rs. 38.97 Bn as of June 30, 2008 to Rs. 21.25 Bn as of June 30, 2009. About 50 % of this reduction is attributable to decrease in value of investments while remaining reduction is a result of net investor redemptions. However, it must be mentioned that during these turbulent times, we were able to solicit over Rs. 10 Bn of new investments in our funds.

While, the recovery process in the industry has started, it will take another 2-3 years for the industry to overcome the crisis of investor confidence created as a result of events of the preceding 12 months. However, JSIL has come out of this crisis with its reputation enhanced. This is also reflected in JSIL continue to being the only asset management company rated AM2+ by Pakistan Credit Rating Agency (PACRA) which is a reflection of JSIL's leading position in the asset management industry as evidenced by size and diversity of its assets under management, successful track record, relatively superior systems and processes, qualified and experienced management and association with JS Group.

Equity Market Performance

The KSE-100 Index closed the year at 7,162 points level, after plunging by 41.7% (YoY). During the year, almost all the international stock indices also declined significantly, mainly triggered by the global economic meltdown and financial crisis.

During the first half of FY09, growing political and economic uncertainties, worsening law and order situation, global and domestic liquidity constraints and weakening market sentiment led to a severe outflow of foreign investment from Pakistan's capital market. The regulators took support measures to restore investor confidence by initially changing the upper and lower circuit breaker limits to 10% and 1%, respectively from their original 5% levels, and later imposing a floor on the index and scrip prices at their respective closing levels on August 27th, at 9,145 points level. Resultantly, the trading activities remained almost at a complete halt during the floor period. Upon removal of the floor on December 15, 2008 the KSE-100 index, as expected, witnessed heavy selling pressure. Thus, the KSE-100 index witnessed a 52.27% decline in 1HFY09.

Despite the fall in 1HFY09, the market showed laudable recovery in 2HFY09, registering a gain of 22.1%, especially after the long-awaited restoration of the deposed judges, improved political scenario, compelling equity valuations, declining interest rates, inflow of foreign aid / loans and inclusion of Pakistan in MSCI Frontier Index. The index increased by 1,297 points to close at 7,162 points level at the end of June 30, 2009 from 5,865 points level at the end of December 2008.

The market capitalization of KSE-100 declined from Rs.3.36 trillion at June 30, 2008 to Rs.1.91 trillion at June 30, 2009, registering a drop of over 40%. Furthermore, the average daily volume during FY09 drastically reduced to 64.5mn shares against 171.6mn shares in FY08, registering a decline of 62.4%. As per Special Convertible Rupee Account (SCRA) data provided by the SBP, the equity market witnessed approx. $520mn worth of foreign selling during the year.

Fixed Income Market Outlook

At the beginning of FY09, the SBP continued its stance of tightening the monetary policy by raising the discount rate by 100bps on July 29, 2008. This was in response to deteriorating inflationary environment in the country. While combating the seriousness of inflationary pressures, the SBP further stepped in with a 200 bps hike in the discount rate to remain at 15 % in order to prevent the purchasing power of country from further declines. The main objective of these steps was to curb the inflationary pressures, coupled with an attempt to squeeze the trade deficit. The SBP in April 2009, considering improvement in macroeconomic variables, eased its stringent policy and cut the discount rate by 100bps to 14%.

In pursuit of providing adequate incentives to the interbank market, the SBP took several steps in the first half of fiscal year 2009 by reducing CRR, offering relaxation in SLR for deposits of over 1-year and reducing Minimum Capital Adequacy Ratio to 9% from 10%. The SBP kept the money market watchfully liquid also in the third quarter of the fiscal year 2009, while actively entering the market to drain the excess liquidity.

The benchmark 6-month KIBOR rate saw a sharp decline, closing the year at 12.76% (down 143bps year-on-year) after peaking at 15.76% on November 11, 2009. Throughout the fiscal year, the SBP remained actively involved in the interbank market, intervening on a regular basis to manage adequate liquidity through OMOs and T-Bill auctions. The cut-off yields on 6-month and 12-month papers closed the year at 12.44% and 12.24%, up 95bps and 50bps YoY, respectively.

Performance Review

The Company incurred a loss after tax amounting to Rs. 1,721 million for the year ended June 30, 2009 compared to profit after tax of Rs. 549.368 million for the previous year.

International Accounting Standard 39, Financial Instruments: Recognition and Measurement requires an entity to assess at each balance sheet date whether there is objective evidence that a financial asset or financial liability is impaired. A significant or prolonged decline in the fair value of an investment in equity security below its cost is objective evidence of such impairment. When a decline in the fair value of an investment in equity securities classified as available for sale has been recognized directly in equity and there is objective evidence that the investment is impaired, the cumulative loss that had been recognized directly in equity is removed from equity and recognized in the profit and loss account even though the investment has not been derecognized. Accordingly, the Company has fully charged off the impairment loss aggregating Rs. 1,314 million on its investment in available-for-sale equity securities to the profit and loss account.

The loss is mainly attributable to our equity investments, especially in the closed end funds managed by us. It should be noted that the recognition of impaired value of investments is a non-cash loss and has been charged to profit due to required accounting treatment under international accounting standards.

The decline in the closed end fund prices was due to two reasons: decline in stock market prices and much deeper discounts to the net asset value which now average 50-60 %. The JSIL has played an active role pursuing the matter of deep discounts through the Mutual Fund Association of Pakistan and we are pleased to report that the SECP has now issued guidelines for Repurchase Program as part of discount reduction measures. We have already launched our first repurchase program in JS Growth Fund and are sanguine that these will be brought down to more acceptable level in the near future.

We are convinced that our closed end fund portfolio will provide us decent stream of income through cash dividends as has happened in the past. The loss for the year should be viewed in the overall context of an unprecedented crisis in the stock market and will Insha-Allah reverse in the foreseeable future.

During the year under review, the Company earned management fee income of Rs. 439.880 million from funds under management compared to Rs. 626.928 million during the last year showing a decline of 29.8%. Net after tax loss from Investment Finance Services was Rs. 274.749 million versus profit after tax of Rs. 145.480 million during the last year. Administration expenses for the year declined by 20% and were recorded at Rs. 357.290 million against last year's Rs. 445.130 million. Earning per share for the year was Rs. (17.21).

Summary of appropriations for the year ended June 30, 2009 is provided below:

	Rs. '000
Loss after tax	(1,721,175)
Add: Un-appropriated profit brought forward	1,017,953
Add: Transfer from surplus on revaluation of fixed assets to accumulated profit	3,094
	(700,128)
Less: Final cash dividend @ Rs. 1.00 per share paid for the year ended June 30, 2008	(100,000)
Un-appropriated loss carried forward	(800,128)

New Products and Initiatives

During the year JSIL launched a new 3 year capital protected fund i.e. JS Principal Secure Fund I. The Fund was launched at an ideal time that gave investors the opportunity to take advantage of a peak in interest rate cycle and extremely attractive valuations on the stock market. As a result, JSIL received record investment of over Rs. 2.35 billion in this Fund.

Going forward, we will continue to innovate and offer products in line with the demands of our investors. Our focus will remain achieving deeper penetration of our products at retail level while offering world class investment advisory services and products to institutional investors. We will continue to seek wider availability of our products through enhanced distribution network.

The management has developed an ambitious business plan which is expected to revive the company's profitability in the current year. We assure our shareholders that revival of their lost value will remain our top priority throughout this year.

Asset Manager and Entity Rating

The Pakistan Credit Rating Agency (PACRA) has maintained the asset manager rating of JS Investments Limited to **"AM2+"**. The rating denotes the company's very strong capacity to manage the risks inherent in asset management and the asset manager meets very high investment management industry standards and benchmarks. This is the highest rating achieved by any asset management company in Pakistan.

PACRA has downgraded the long term and the short term entity rating of the Company to "A+" (Single A plus) and "A1" (A one) respectively [previous rating: long-term: AA-, short-term: A1+]. These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Parent Company

Jahangir Siddiqui & Company Limited is the holding company of JS Investments Limited and holds 52.02% of the equity.

Directors' Declaration

The Board of Directors of the Company states that:

a. The financial statements, prepared by the management of JS Investments Limited present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
b. Proper books of accounts of the Company have been maintained.
c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and financial estimates are based on reasonable and prudent judgment.
d. International Accounting Standards, as applicable in Pakistan have been followed in preparation of the financial statements.
e. The system of internal control is sound in design and has been effectively implemented and monitored.
f. There are no significant doubts upon the Company's ability to continue as a going concern.
g. There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations.

h. A summary of key financial data of last six years is given on page 06 of this annual report.
i. The Directors have signed the "Statement of Ethics and Business Practices."
j. The number of shares of the Company held by the Chief Executive, directors and executives and their spouses as at June 30, 2009 are disclosed in the Pattern of Shareholding.
k. None of the directors, the Chief Executive and executives, their spouses and minor children have traded in the shares of the Company.
l. The value of investments of the staff provident fund of JS Investments Limited, as per the audited accounts for the year ended June 30, 2009 was Rs. 23.063 million.
m. The statement of the shareholding in the Company as on June 30, 2009 is given at page 97.

Meetings of the Directors

During the year 6 meetings of the Board of Directors were held. The attendance of each director for these meetings is as follows:

Name	Meetings attended
Mr. Munawar Alam Siddiqui	06
Mr. Muhammad Najam Ali	06
Mr. Ali Raza Siddiqui	05
Mr. Nazar Mohammad Shaikh	06
Lt. General (Retired) Masood Parvaiz	04
Mr. Sadeq Sayeed	01
Mr. Siraj A. Dadabhoy	00

Auditors

Regulation 35 (xli)(a) of the Listing Regulations of the Karachi Stock Exchange requires that all listed companies in the financial sector shall change their external auditors every five years. The Company's statutory auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants, have completed the five years term. The Audit Committee of the Board of Directors has recommended appointment of Messrs. Anjum Asim Shahid Rahman, Chartered Accountants, as auditors of the Company for the ensuing year ending June 30, 2010.

Acknowledgment

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

Karachi: August 21, 2009

Muhammad Najam Ali
Chief Executive Officer

AUDIT COMMITTEE & ITS TERMS OF REFERENCE

The Board of Directors of JS Investments Limited has formed an Audit Committee comprising three non-executive directors. The Audit Committee meets at least once every quarter as required by the Code of Corporate Governance. During the year under review five meetings of the Committee were held which were attended by the members as follows:

1.	Nazar Mohammad Shaikh	05
2.	Munawar Alam Siddiqui	05
3.	Lt. Gen (Retd) Masood Parwaiz	03

The terms of reference of the Audit Committee includes the following:

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

CORPORATE SOCIAL RESPONSIBILITY

JS Investments Limited, like other entities within the JS Group, strongly believes in fulfilling its Corporate Social Responsibility (CSR).

The Company is a regular contributor of donations to The Mahvash & Jahangir Siddiqui Foundation and other charities.

The Mahvash & Jahangir Siddiqui Foundation

Established in 2003, The Mahvash & Jahangir Siddiqui Foundation is a charitable, non-profit organization run by several Board members and staff of the JS Group, on a gratis basis. The primary focus areas of the foundation are health care, education and sustainable development through social enterprises.

The foundation supports the following organisations:

Health Care

- The Cardiovascular Foundation
- Sindh Institute of Urology and Transplantation
- Karachi National Hospital
- Patients' Behbud Society for the Aga Khan University Hospital
- The Medical Aid Foundation
- Burhani Blood Bank and Thalessaemia Centre

Education

- Fakhr-e-Imdad Foundation
- JS Academy for the Deaf
- Lahore University of Management Sciences

Social Enterprises and Sustainable Development

- Acumen Fund
- Karachi Vocational Training Centre

NOTICE OF MEETING

Notice is hereby given that the 15^{th} Annual General Meeting of JS Investments Limited will be held at 10:30 a.m. on Friday, October 2, 2009 at Beach Luxury Hotel, M.T. Khan Road, Karachi to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on October 22, 2008.

2. To receive, consider and adopt the audited financial statements of the Company together with the report of the Directors and Auditors for the year ended June 30, 2009.

3. To appoint Auditors of the Company and fix their remuneration for the year ending June 30, 2010. The present auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants, have completed their five year term and therefore retire. The Audit Committee of the Board has recommended appointment of Messrs. Anjum Asim Shahid Rahman, Chartered Accountants, as auditors for the ensuing year ending June 30, 2010.

4. To transact any other business with the permission of the Chair.

By Order of the Board

Suleman Lalani
Company Secretary

Karachi: August 21, 2009

Notes:

1. The share transfer books of the Company will remain closed from Friday, September 25, 2009 to Friday, October 02, 2009 (both days inclusive). Transfer received at the Share Registrar of the Company, M/s Technology Trade (Pvt.) Limited, Dagia House, 241-C, Block 2, P.E.C.H.S, Off. Sharah-e-Quaideen, Karachi at the close of business on or before Thursday, September 24, 2009 will be considered in time to attend and vote at the meeting.

2. All the members are entitled to attend and vote at the meeting. A member entitled to attend and vote at the meeting is entitled to appoint another member as proxy to attend, speak and vote for him/ her.

3. An instrument of proxy and power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney, to be valid, be deposited with the share registrar of the Company not later than 48 hours before the scheduled time of the meeting.

4. Attested copies of CNIC or passport of the beneficial owner of the shares of the Company in the Central Depositary system of the Central Depositary Company of Pakistan Limited (CDC) and the proxy, entitled to attend and vote at this meeting, shall be furnished with the proxy form to the Company.

5. The beneficial owner of the share of the Company in the central depositary system of the CDC or his/her proxy entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity.

6. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.

7. Shareholders are requested to notify immediately changes, if any, in their registered address, to the Share Registrar of the Company.

Statement under Section 160(1) of the Companies Ordinance, 1984

The following additional information is being provided to the shareholders in respect of Notice of Annual General Meeting of JS Investments Limited:

The Company in its Extraordinary General Meeting held on July 5, 2007 had obtained approval of the shareholders for investment in the ordinary share capital of the following proposed subsidiary:

1.	JS ABAMCO Commodities Limited	Up to Rs. 100,000,000
2.	JS Asset Management Limited	Up to US Dollars 4,900,000
3.	JS Technologies Limited	Up to Rs. 50,000,000

SRO 865(1)/2000 dated December 6, 2000 requires that in case any investment decision as per Section 208 of the Companies Ordinance, 1984 under an authority of a resolution in a general meeting is not implemented till the holding of subsequent general meeting, the Company must submit to the shareholders a statement under section 160(1) of the Companies Ordinance, 1984 explaining:

(i) reasons for not having made investment so far; and
(ii) major changes in financial position of investee company since date of last resolution.

The status of the implementation of the above resolution is presented below:

JS ABAMCO Commodities Limited

The above subsidiary company has been incorporated on September 25, 2007. JS Investments Limited has invested Rs. 37.5 million by subscribing 3,750,000 ordinary shares of Rs. 10/- each in the above subsidiary till June 30, 2009. Further investment in the ordinary share capital will be made upon commencement of commercial operations by the subsidiary company.

The break-up value per share as on June 30, 2009 was Rs. 10.81.

JS Asset Management Limited, now re-named as JS Investments (Middle East) Limited (Proposed)

The Company has submitted an application with the Dubai Financial Services Authority (DFSA) for permission to form and incorporate the subsidiary with the name "JS Investments (Middle East) Limited". The proposed subsidiary will be incorporated in the Dubai International Financial Center (DIFC) upon receiving the permission from DFSA. Investment in the proposed subsidiary will be made after receiving the requisite regulatory approvals.

JS Technologies Limited (Proposed)

The decision to invest in the proposed company is deferred due to changed economic scenario.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of JS Investments Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited where the company is listed.

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

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

Sub-Regulation (xiii) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length prices recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices 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 company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Date: August 21, 2009

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This Statement is being presented in compliance with the Code of Corporate Governance ('the Code') contained in the listing regulations of Karachi Stock Exchange where the Company is listed. The purpose of the Code is to establish a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

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

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

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Company.

3. All the resident directors of the Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy on the Board occurred during the year.

5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.

6. The Company has developed a vision / mission statement, overall corporate strategy and significant policies of the Company which have been approved by the Board. A complete record of particulars of significant policies has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors, have been taken by the Board.

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 during the year. Written notices of the meetings of the Board, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The company is in the process of evaluating and introducing necessary procedures and systems for related party transactions vis-à-vis the pricing method for related parties transactions, separate consideration and maintenance of records of transactions with related parties etc.

10. The Board is well aware of the requirements of the Code and had participated in orientation courses arranged by the Company in last year. Arrangements shall also be made shortly for another orientation session.

11. During the year, there was no change of Chief Financial Officer / Company Secretary and the Head of Internal Audit. Their remuneration and terms and conditions of employment have been approved by the Board.

12. The Directors' Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company have been prepared in accordance with the approved accounting standards as applicable in Pakistan and were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than those disclosed in the Directors' Report.

15. The Company has complied with all other corporate and financial reporting requirements of the Code with respect to the Company.

16. The Board has formed an Audit Committee. It comprises of three non-executive directors.

17. The meetings of the Audit Committee of Company are held every quarter prior to approval of interim and annual results of the Company as required by the Code. The Board has approved terms of reference of the Audit Committee.

18. The Board has set-up an effective internal audit function headed by the Head of Internal Audit & Compliance.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (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 to the Company except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. We confirm that all other material principles contained in the Code have been complied with.

Muhammad Najam Ali
Chief Executive Officer

Karachi: August 21, 2009

FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of JS Investments Limited as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Rashid A. Jafer
Karachi
Dated: August 21, 2009

BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009	2008
		Rupees	
ASSETS			
Non-current assets			
Fixed assets			
Tangible - Property and equipment	4	380,721,825	247,556,004
Intangible assets	4	117,026,195	124,057,109
Long-term receivables from related parties - unsecured - considered good	5	3,863,798	3,085,601
Long-term loans - considered good	6	16,942,570	18,147,019
Investment in subsidiary company	7	37,500,000	37,500,000
Current assets			
Investments - available for sale	8	1,292,772,977	3,648,574,261
Loans and advances - considered good	9	2,005,902	4,338,191
Deposits, prepayments and other receivables - unsecured	10	38,958,577	45,366,606
Balances due from funds under management - related parties	11	29,687,592	60,713,125
Taxation recoverable		91,238,444	66,224,391
Cash and bank balances	12	4,088,862	21,659,485
		1,458,752,354	3,846,876,059
Total assets		2,014,806,742	4,277,221,792
EQUITY AND LIABILITIES			
Share capital		1,000,000,000	1,000,000,000
Unrealised loss on remeasurement of available for sale investments to fair value - net	8	(23,420,050)	(219,046,707)
Statutory reserve	14	109,873,728	109,873,728
Accumulated (loss) / profit		(800,127,824)	1,017,952,970
		286,325,854	1,908,779,991
Surplus on revaluation of fixed assets - net of tax	15	150,157,687	42,270,935
LIABILITIES			
Non-current liabilities			
Securitisation of management fee receivables - debt	16	511,522,640	600,567,465
Deferred tax liability - net	17	50,260,993	48,742,054
		561,783,633	649,309,519
Current liabilities			
Current maturity of securitisation of management fee receivables - debt	16	64,539,121	67,131,140
Short-term borrowings - secured	18	317,691,909	952,936,889
Money market borrowings - unsecured	19	564,000,000	523,000,000
Accrued and other liabilities	20	53,783,706	108,078,758
Accrued mark-up	21	16,524,832	25,714,560
		1,016,539,568	1,676,861,347
Total liabilities		1,578,323,201	2,326,170,866
Total equity and liabilities		2,014,806,742	4,277,221,792
Contingencies and commitments	22		
Breakup value		2.86	19.09
Breakup value (including surplus on revaluation of fixed assets		4.36	19.51

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		Rupees	
INCOME			
Remuneration from funds under management	24	439,879,978	626,928,164
Commission from open end funds under management	25	4,753,743	24,492,527
Dividend		33,772,067	153,704,538
Underwriting commission		-	687,500
(Loss) / gain on sale of investments - net		(355,151,304)	353,627,560
Income on Continuous Funding System (CFS) transactions		-	51,155
Return on bank deposits		1,856,904	4,959,647
Mark up on term finance certificates		44,518,534	32,157,918
Mark up on letter of placement		742,482	3,291,015
Mark up on financing against shares		-	5,363,397
Mark up on commercial papers		4,633,801	1,123,711
Commission income and share of profit from management of discretionary client portfolios	26	129,794	11,503,536
Amortisation of discount		52,714	-
		175,188,713	1,217,890,668
Impairment loss on available for sale equity securities	8	(1,314,093,976)	-
		(1,138,905,263)	1,217,890,668
OPERATING EXPENSES			
Administrative and marketing expenses	27	357,290,849	445,130,348
OPERATING (LOSS) / PROFIT		(1,496,196,112)	772,760,320
Other operating expenses	28	1,231,254	11,206,920
Financial charges	29	291,423,117	211,194,387
		(1,788,850,483)	550,359,013
Other operating income	30	14,828,371	23,234,754
(Loss) / profit before taxation		(1,774,022,112)	573,593,767
Taxation - net	31	(52,847,112)	24,225,129
(Loss) / profit after taxation		(1,721,175,000)	549,368,638
(Loss) / earnings per share for the year	33	(17.21)	5.49

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit for the year before taxation		(1,774,022,112)	573,593,767
Adjustment for non-cash and other items:			
Remuneration from funds under management		(439,879,978)	(626,928,164)
Commission from open end funds under management		(4,753,743)	(24,492,527)
Dividend		(33,772,067)	(153,704,538)
Depreciation		34,999,098	45,211,247
Amortisation of intangible assets		7,107,914	6,873,863
Financial charges		291,423,117	211,194,387
Interest / mark-up income		(1,856,904)	(4,959,647)
Liabilities no longer required written back		(2,172,740)	(5,619,424)
Gain/ (loss) on disposal of fixed assets		5,943,229	(1,504,614)
		(1,916,984,186)	19,664,350
Increase / decrease in assets and liabilities			
Loans and advances		3,536,738	4,000,144
Long-term receivable from related parties		4,572,432	3,982,000
Deposits, prepayments and other receivables		(1,727,552)	(17,485,865)
Accrued and other liabilities		(44,042,398)	35,834,958
		(37,660,780)	26,331,237
		(1,954,644,966)	45,995,587
Taxes paid		(30,406,979)	(69,293,224)
Remuneration and commission received from funds under management		475,659,254	840,721,841
Net cash (outflow) / inflow from operating activities		(1,509,392,691)	817,424,204
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - net		2,551,427,941	(2,146,452,972)
Investment in subsidiary		-	(37,500,000)
Fixed capital expenditure incurred		(4,446,577)	(15,243,740)
Dividend received		33,807,317	230,146,976
Return on bank deposits		2,014,587	5,222,943
Proceeds from disposal of fixed assets		1,001,364	27,320,930
Net cash inflow / (outflow) on investing activities		2,583,804,632	(1,936,505,863)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal amount relating to the securitised management fee		(91,690,000)	(280,000)
Dividend paid		(108,079,914)	(140,587,304)
Money market borrowings		41,000,000	523,000,000
Repayments of long-term financing		-	(87,499,996)
Financial charges paid		(297,967,670)	(187,424,377)
Net cash (outflow) / inflow on financing activities		(456,737,584)	107,208,323
Net increase / (decrease) in cash and cash equivalents		617,674,357	(1,011,873,336)
Cash and cash equivalents at beginning of the year		(931,277,404)	80,595,932
Cash and cash equivalents at end of the year	36	(313,603,047)	(931,277,404)

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Share capital	Accumulated profit / (loss)	Statutory reserve	Unrealised loss on re-measurement of investments classified as available for sale	Total
	----------	----------	Rupees	----------	----------
Balance as at June 30, 2007	1,000,000,000	725,826,274	-	(131,055,123)	1,594,771,151
Gain realised on disposal of investments	-	-	-	(86,164,489)	(86,164,489)
Unrealised gain on re-measurement of investments - net	-	-	-	(1,827,095)	(1,827,095)
Interim dividend for the period ended December 31, 2007 @ Rs. 1.5 per share	-	(150,000,000)	-	-	(150,000,000)
Transferred from surplus on revaluation of fixed assets to accumulated profit	-	2,631,786	-	-	2,631,786
Profit after taxation for the year ended June 30, 2008	-	549,368,638	-	-	549,368,638
Transfer to statutory reserve	-	(109,873,728)	109,873,728	-	-
Balance as at June 30, 2008	1,000,000,000	1,017,952,970	109,873,728	(219,046,707)	1,908,779,991
Loss realised on disposal of investments	-	-	-	275,518,947	275,518,947
Unrealised loss on re-measurement of investments - net	-	-	-	(1,393,986,266)	(1,393,986,266)
Impairment on investments taken to profit & loss account	-	-	-	1,314,093,976	1,314,093,976
Final dividend for the year ended June 30, 2008 @ Re. 1 per share	-	(100,000,000)	-	-	(100,000,000)
Transferred from surplus on revaluation of fixed assets to accumulated profit / (loss)	-	3,094,206	-	-	3,094,206
Loss after taxation for the year ended June 30, 2009	-	(1,721,175,000)	-	-	(1,721,175,000)
Balance as at June 30, 2009	1,000,000,000	(800,127,824)	109,873,728	(23,420,050)	286,325,854

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 JS Investments Limited (the Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the Company are quoted on the Karachi Stock Exchange since April 24, 2007. The registered office of the Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Company is a subsidiary of Jahangir Siddiqui and Company Limited (which has 52.02 percent direct holding in the Company).

The Company has obtained the licence of an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company has also obtained licence to undertake Investment Finance Services (IFS) and registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005. The asset manager rating of the Company is AM2+ as rated by Pakistan Credit Rating Agency (PACRA).

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

1.2.1 Asset management company of the following funds:

Closed end:

- JS Large Cap Fund (formerly UTP Large Cap Fund)
- JS Growth Fund
- JS Value Fund Limited

Open end:

- Unit Trust of Pakistan
- JS Income Fund
- UTP - Islamic Fund
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- UTP - A30+ Fund
- JS Capital Protected Fund
- JS Capital Protected Fund II
- JS Capital Protected Fund IV
- JS Aggressive Income Fund
- JS Principal Secure Fund I

1.2.2 Pension fund manager of the following funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

1.3 During the year, the Company has floated a new open end fund. The units of this fund were offered to the public on the following dates :

Name of open-end fund	From	To
JS Principal Secure Fund I	24-Apr-09	30-Apr-09

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

1.5 As per the NBFC Regulations, all Asset Management Companies were required to separate their investment finance services operations by November 30, 2008. In the light of this requirement, the Board of Directors of the Company in its meeting held on July 9, 2008 decided to transfer the existing operations of investment finance services to a subsidiary company proposed to be incorporated for undertaking the business of investment finance services. Accordingly, the assets and liabilities pertaining to investment finance services were disclosed as a disposal group in the financial statements of the Company for the year ended June 30, 2008.

However, the Board of Directors of the Company in its meeting held on February 26, 2009 decided to defer the incorporation of a subsidiary for investment finance services till such time the market conditions became conducive. Accordingly, the Company applied to the SECP for a further extension of six months for the incorporation of the said subsidiary on March 9, 2009. The SECP, vide its letter SC/NBFC-1/JSIBL/151 dated March 24, 2009 instructed the Company to incorporate the said subsidiary by June 30, 2009.

Subsequently, on June 23, 2009, the Company has written to the SECP explaining that although the decision to form the subsidiary has been deferred in light of the current market conditions, it has already started the process of unwinding the investments under IFS licence. However, in view of the depressed market conditions, the management feels that the disposal of these investments at current prices would not be in the interest of the shareholders of the Company. The Company has therefore requested the SECP to grant an extension of six months to dispose off the investments held under the investment finance services licence.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

During the year ended June 30, 2009, IFRS 7 'Financial Instruments: Disclosures' became effective. IFRS 7 has superseded IAS 30 and the disclosure requirements of IAS 32. Adoption of this standard has only resulted in additional disclosures which have been set out in note 37 and note 38 to these financial statements.

There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2008 but were considered not to be relevant or did not have any significant effect on the Company's operations.

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

IAS 1 (Revised), 'Presentation of financial statements' (effective for annual periods beginning on or after January 1, 2009), was issued in September 2007. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented separately from owner changes in equity, either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). When the entity applies an accounting policy retrospectively or makes retrospective statement or reclassifies items in the financial statements, they will be required to present a restated financial position (balance sheet) as at the beginning of the comparative period in addition to the current requirement to present the balance sheet as at the end of the current and the comparative period. The adoption of this standard will only impact the presentation of the financial statements.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' - Reclassification of Financial Assets (Effective from January 1, 2009). This amendment to the Standard permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category, a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The management is in the process of assessing the impact of its adoption on the Company's financial statements.

IFRS 7 (Amendment), ' Financial Instruments: Disclosure'. There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the Company's financial statements and have therefore not been analysed in detail.

IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the Company's financial statements.

IAS 23 (Amendment), 'Borrowing costs' (effective from January 1, 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed.

IAS 23 (Amendment), 'Borrowing costs' (effective from January 1, 2009). The amendment is the part of the IASB's annual improvements project published in May 2008. Through this amendment, the definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Company will apply the IAS 23 (Amendment) prospectively to the capitalisation of borrowing cost, if any, on qualifying assets from July 1, 2009.

IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial Instruments: Disclosures') (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases.

IAS 36 (Amendment), 'Impairment of assets' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Company will apply the IAS 36 (Amendment) and provide the required disclosures where applicable for impairment tests from July 1, 2009.

IAS 27, 'Consolidated and Separate Financial Statements' (effective from July 1, 2009). It requires accounting for changes in ownership interest by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group looses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the profit or loss. The management is in the process of assessing the impact of its adoption on the Groups's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgements

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

i) Amortisation of intangible assets (notes 3.1.2 and 4.6);
ii) Provision for taxation (notes 3.5, 31 and 31.1);
iii) Classification and valuation of investments (notes 3.4 and 8)
iv) Determination and measurement of useful life and residual value of property and equipment (notes 3.1.1 and 4.1);
v) Valuation of property and equipment (notes 3.1.1 and 4.1); and
vi) Recognition and measurement of deferred tax assets and liabilities (notes 3.5, 17 and 32.1).

2.5 Accounting convention

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Fixed assets

3.1.1 Property and equipment

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

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

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

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

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

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

3.1.2 Intangible assets

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

3.2 Trade debts and other receivables

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

3.3 Investment in subsidiary company

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

3.4 Financial instruments

Financial assets

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

(a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

(c) Available-for-sale financial assets

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

(d) Held to maturity

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

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

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

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

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

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

Financial liabilities

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

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

3.5 Taxation

Current

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

Deferred

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

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

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

3.6 Cash and cash equivalents

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

3.7 Borrowings / debt

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

3.8 Trade and other payables

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

3.9 Defined Contribution Scheme

The Company operates an approved contributory provident fund for all its permanent employees. The Company and employees make equal monthly contributions to the fund at the rate of 10 percent of the basic salary from July 2008 to November 2008 and thereafter 8 percent - 10 percent.

3.10 Employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned.

3.11 Provisions

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

3.12 Proposed dividend and transfer between reserves

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

3.13 Impairment

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

3.14 Revenue recognition

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

3.15 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. As the operations of the Company are predominantly carried out in Pakistan, information relating to geographical segments is not considered relevant.

The Company accounts for segment reporting using the business segments as the primary reporting format based on the Company's practice of reporting to the management on the same basis.

Assets, liabilities, capital expenditures and other balances that are directly attributable to segments are assigned to them while the carrying amount of certain assets used jointly by two or more segments are allocated to each segment on a reasonable basis.

3.16 Functional and presentation currency

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

3.17 Foreign currency transactions

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

3.18 Offsetting of financial assets and financial liabilities

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

	Note	2009	2008
		Rupees	
4 FIXED ASSETS			
Tangible - property and equipment			
Operating fixed assets	4.1	380,021,825	246,409,491
Capital work-in-progress - at cost	4.5	700,000	1,146,513
		380,721,825	247,556,004
Intangible assets	4.6	117,026,195	124,057,109
		497,748,020	371,613,113

4.1 The following is the statement of operating fixed assets:

	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
	Year ended June 30, 2009					
	Rupees					
At July 1, 2008						
Cost / revaluation	212,078,521	26,309,541	26,904,140	100,962,832	12,321,647	378,576,681
Accumulated depreciation	(41,844,190)	(10,047,069)	(9,880,555)	(66,363,309)	(4,032,067)	(132,167,190)
Net book value	170,234,331	16,262,472	17,023,585	34,599,523	8,289,580	246,409,491
Year ended June 30, 2009:						
Opening net book value	170,234,331	16,262,472	17,023,585	34,599,523	8,289,580	246,409,491
Additions	-	-	325,900	4,490,190	-	4,816,090
Revaluation	170,739,935	-	-	-	-	170,739,935
Disposals :						
Cost / revaluation	-	(10,034,341)	(1,872,821)	(7,256,769)	-	(19,163,931)
Depreciation	-	5,002,906	406,814	6,809,618	-	12,219,338
	-	(5,031,435)	(1,466,007)	(447,151)	-	(6,944,593)
Depreciation charge for the year	(11,100,490)	(4,441,175)	(2,531,060)	(15,480,649)	(1,445,724)	(34,999,098)
Closing net book value	329,873,776	6,789,862	13,352,418	23,161,913	6,843,856	380,021,825
At June 30, 2009:						
Cost / revaluation	382,818,456	16,275,200	25,357,219	98,196,253	12,321,647	534,968,775
Accumulated depreciation	(52,944,680)	(9,485,338)	(12,004,801)	(75,034,340)	(5,477,791)	(154,946,950)
Net book value	329,873,776	6,789,862	13,352,418	23,161,913	6,843,856	380,021,825
Depreciation rate % per annum	5	20	10	25	20	

	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
	Year ended June 30, 2008					
	Rupees					
At July 1, 2007						
Cost / revaluation	212,078,521	28,684,201	26,659,774	96,389,941	34,667,700	398,480,137
Accumulated depreciation	(31,240,264)	(5,816,866)	(7,256,432)	(43,638,837)	(12,381,807)	(100,334,206)
Net book value	180,838,257	22,867,335	19,403,342	52,751,104	22,285,893	298,145,931
Year ended June 30, 2008:						
Opening net book value	180,838,257	22,867,335	19,403,342	52,751,104	22,285,893	298,145,931
Additions	-	1,076,964	644,534	6,417,911	11,125,464	19,264,873
Disposals :						
Cost / revaluation	-	(3,451,624)	(400,168)	(1,845,020)	(33,471,517)	(39,168,329)
Depreciation	-	1,481,506	81,268	1,639,258	10,176,231	13,378,263
	-	(1,970,118)	(318,900)	(205,762)	(23,295,286)	(25,790,066)
Depreciation charge for the year	(10,603,926)	(5,711,709)	(2,705,391)	(24,363,730)	(1,826,491)	(45,211,247)
Closing net book value	170,234,331	16,262,472	17,023,585	34,599,523	8,289,580	246,409,491
At June 30, 2008:						
Cost / revaluation	212,078,521	26,309,541	26,904,140	100,962,832	12,321,647	378,576,681
Accumulated depreciation	(41,844,190)	(10,047,069)	(9,880,555)	(66,363,309)	(4,032,067)	(132,167,190)
Net book value	170,234,331	16,262,472	17,023,585	34,599,523	8,289,580	246,409,491
Depreciation rate % per annum	5	20	10	25	20	

4.2 The Company follows the revaluation model for its office premises. The office premises of the Company were last revalued on May 31, 2009 by an independent valuer Iqbal A. Nanjee & Co (Pvt) Ltd. on the basis of professional assessments of the market values. The revaluation resulted in a further surplus of Rs 170.740 million (April 18, 2005: Rs. 83.876 million). Out of the total revaluation surplus of Rs 254.616, Rs 230.883 million (June 30, 2008: Rs. 64.903 million) remains undepreciated as at June 30, 2009.

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

	2009	2008
	Rupees	
Office Premises	98,171,415	104,901,701

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

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyers
	Rupees					
Furniture and fixtures						
Mirpur branch	811,872	101,484	710,388	90,000	Bidding	Sprint Services Limited
Multan branch	428,674	42,867	385,807	50,289	Bidding	Shumail Trading Co.
Sialkot branch	163,350	65,340	98,010	12,775	Bidding	Shumail Trading Co.
Gujranwala branch	183,350	73,342	110,008	16,936	Bidding	Shumail Trading Co.
Year ended June 30, 2009	1,587,246	283,033	1,304,213	170,000		
Year ended June 30, 2008	35,857,619	11,705,544	24,152,075	26,063,786		

4.5 Capital work-in-progress - at cost

	2009	2008
	Rupees	
Advances to suppliers against:		
Acquisition of furniture and fixtures	700,000	-
Acquisition of office and computer equipment	-	1,108,013
Acquisition of software	-	38,500
	700,000	1,146,513

4.6 Intangible assets

	2009		
	Software	Management Rights of ICP Mutual Funds	Total
	Rupees		
At July 1, 2008			
Cost	30,553,598	175,000,000	205,553,598
Accumulated amortisation	(11,496,489)	(70,000,000)	(81,496,489)
Net book value	19,057,109	105,000,000	124,057,109
Year ended June 30, 2009:			
Opening net book value	19,057,109	105,000,000	124,057,109
Additions	77,000	-	77,000
Amortisation charge for the year	(7,107,914)	-	(7,107,914)
Closing net book value	12,026,195	105,000,000	117,026,195
At June 30, 2009:			
Cost	30,630,598	175,000,000	205,630,598
Accumulated amortisation	(18,604,403)	(70,000,000)	(88,604,403)
Net book value	12,026,195	105,000,000	117,026,195
Amortisation rate % per annum	20 - 50	-	

	2008		
	Software	Management Rights of ICP Mutual Funds	Total
	Rupees		
At July 1, 2007			
Cost	21,153,315	175,000,000	196,153,315
Accumulated amortisation	(4,622,626)	(70,000,000)	(74,622,626)
Net book value	16,530,689	105,000,000	121,530,689
Year ended June 30, 2008:			
Opening net book value	16,530,689	105,000,000	121,530,689
Additions	9,426,533	-	9,426,533
Disposals	(26,250)	-	(26,250)
Amortisation charge for the year	(6,873,863)	-	(6,873,863)
Closing net book value	19,057,109	105,000,000	124,057,109
At June 30, 2008:			
Cost	30,553,598	175,000,000	205,553,598
Accumulated amortisation	(11,496,489)	(70,000,000)	(81,496,489)
Net book value	19,057,109	105,000,000	124,057,109
Amortisation rate % per annum	20 - 50	-	

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

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

5 LONG-TERM RECEIVABLES FROM RELATED PARTIES - UNSECURED - CONSIDERED GOOD

	2009	2008
	Rupees	
Outstanding balances of preliminary expenses incurred on and floatation of:		
JS Large Cap Fund (formerly UTP Large Cap Fund)	-	6,000,000
JS Growth Fund	653,000	977,000
JS Aggressive Income Fund	983,600	1,229,500
JS Capital Protected Fund IV	2,140,533	1,000,000
JS Islamic Pension Savings Fund	-	175,000
JS Principal Secure Fund I	2,031,935	1,000,000
	5,809,068	10,381,500
Less: Receivable within one year from:		
JS Large Cap Fund (formerly UTP Large Cap Fund)	-	6,000,000
JS Growth Fund	325,000	325,000
JS Aggressive Income Fund	196,720	245,900
JS Capital Protected Fund IV	713,511	333,333
JS Islamic Pension Savings Fund	-	58,333
JS Principal Secure Fund I	710,039	333,333
	1,945,270	7,295,899
	3,863,798	3,085,601

5.1 Preliminary expenses represent expenditure incurred on the incorporation and floatation of funds managed by the Company. These expenses are recoverable from funds over a period ranging from 1 to 5 years and do not carry any mark-up.

5.2 During the year, the company has received an amount of Rs 7.815 million (2008: Rs 8.511 million) from the funds under management on account of reimbursement of preliminary expenses incurred by the company on incorporation and floatation of the funds.

6 LONG-TERM LOANS - CONSIDERED GOOD

	Note	2009	2008
		Rupees	
Due from Chief Executive Officer - secured	6.1 & 6.2	15,000,000	17,849,838
Due from others - secured			
Executives	6.1 & 6.3	812,929	308,243
Other employees	6.3	2,213,677	3,469,202
		18,026,606	21,627,283
Less: receivable within one year	9	(1,084,036)	(3,480,264)
		16,942,570	18,147,019

6.1 Reconciliation of carrying amount of long-term loans to Chief Executive Officer and executives is as follows:

	Chief Executive		Executives	
	2009	2008	2009	2008
	---------------------- Rupees----------------------			
Opening balance	17,849,838	20,000,000	308,243	403,700
Disbursements	-	-	812,163	334,000
Repayments	(2,849,838)	(2,150,162)	(307,477)	(429,457)
Closing balance	15,000,000	17,849,838	812,929	308,243

6.2 This represents loan given to the Chief Executive Officer (CEO) of the Company, with the prior approval of the Securities and Exchange Commission of Pakistan under section 195 of the Companies Ordinance, 1984 for the construction of a dwelling house. The loan is secured by way of second equitable mortgage over the said property and was initially repayable by June 30, 2007. The Board had extended the repayment term of the loan for a further period of four years. The loan, payable in equal instalments, carries mark-up equivalent to the average cost of funds to the Company determined on the basis of six month's average funded liabilities, which is 12.5 percent per annum for the period from July to December 2008 (based on average funded liabilities for the period from January to June 2008) and 16 percent per annum for the next six months from January to June 2009 (based on average funded liabilities for the period from July to December 2008).

6.3 This represents loans given to employees and executives for purchase of motor vehicles, house loans and general purpose cash loans. These loans are recovered through deduction from salaries over varying periods upto a maximum period of five years, fifteen years and three years respectively. These loans are granted in accordance with their terms of employment. The motor vehicle loans are secured by way of title to the motor vehicles being held in the name of the company and house loans are secured by way of equitable mortgage. Motor vehicle loans, house loans and general purpose cash loans carry mark-up at rates ranging from 7.75 percent to 14 percent per annum (2008: 8 percent to 12 percent per annum).

6.4 The maximum aggregate amount due from the Chief Executive Officer at the end of any month during the year was Rs 17.850 million (2008: Rs 20 million).

6.5 The maximum aggregate amount due from executives at the end of any month during the year was Rs 0.908 million (2008: Rs 0.557 million).

	2009	2008
7 INVESTMENT IN SUBSIDIARY COMPANY - at cost	Rupees	
3,750,000 (2008: 3,750,000) unquoted ordinary shares of Rs 10 each held in JS ABAMCO Commodities Limited (Net assets value as at June 30, 2009 Rs 40.56 million 2008: 36.84 million)	37,500,000	37,500,000
	37,500,000	37,500,000

8 INVESTMENTS - AVAILABLE FOR SALE

	Note	Number of certificates / units / shares (2009)	Rupees (2009)	Number of certificates / units / shares (2008)	Rupees (2008)
Investments - related parties	8.4				
JS Value Fund Limited		21,498,992	95,670,514	21,498,992	415,575,515
JS Large Cap Fund (formerly UTP Large Cap Fund)		65,810,000	204,669,100	62,510,000	556,964,100
JS Growth Fund		36,086,812	137,851,622	36,085,812	439,164,332
JS Pension Savings Fund - Equity		300,000	18,471,000	300,000	28,194,000
JS Pension Savings Fund - Debt		300,000	36,885,000	300,000	31,521,000
JS Pension Savings Fund - Money Market		300,000	35,097,000	300,000	31,518,000
JS Fund of Funds		1,885,257	143,939,350	8,683,849	982,403,829
JS Capital Protected Fund	8.2	130,000	13,218,400	148,000	16,371,735
JS Capital Protected Fund II	8.2	266,000	27,818,280	291,052	30,740,938
JS Capital Protected Fund III		-	-	5,261	535,783
JS Capital Protected Fund IV	8.2	1,017,422	98,303,275	1,000,000	97,110,000
JS Islamic Pension Savings Fund - Equity		300,000	27,255,000	300,000	30,147,000
JS Islamic Pension Savings Fund - Debt		300,000	33,507,000	300,000	30,147,000
JS Islamic Pension Savings Fund - Money Market		300,000	32,019,000	300,000	30,147,000
JS Income Fund		-	-	1,441,338	150,000,000
JS Aggressive Income Fund		501,736	51,979,862	1,297,445	133,403,323
Investments at market value			956,684,403		3,003,943,555
Other investments					
EFU General Insurance Limited		3,900	343,551	3,900	1,407,354
Pakistan International Container Terminal Limited		942,300	50,347,089	942,300	117,297,504
Escort Investment Bank Limited		3,274,000	13,063,260	3,274,000	41,514,320
Adamjee Insurance Company Limited		-	-	260,000	70,387,200
Attock Refinery Limited		-	-	51,000	12,743,880
Nishat Mills Limited		25,000	945,500	25,000	2,149,250
Pakistan State Oil Company Limited		-	-	100,000	41,724,000
			64,699,400		287,223,508
Term finance certificates					
Optimus Limited		25,000	119,346,975	25,000	125,387,500
Pak American Fertilizer Limited		10,000	43,426,373	10,000	50,080,000
United Bank Limited		23,625	108,615,826	23,700	117,848,250
			271,389,174		293,315,750
Commercial paper					
Azgard Nine Limited		-	-	7	64,091,448
Investments at market value			1,292,772,977		3,648,574,261
Less : Carrying value of investments			(2,630,287,003)		(3,867,620,968)
Impairment loss on investments held at year end			1,314,093,976		-
			(1,316,193,027)		(3,867,620,968)
Unrealised loss on re-measurement of investments			(23,420,050)		(219,046,707)

8.1 During the year, the Karachi Stock Exchange (Guarantee) Limited ("KSE") had placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within the normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008. Consequent to the introduction of the above measures by the KSE, the market volume declined significantly. The "Floor Mechanism" was subsequently removed by the KSE on December 15, 2008 in order to rationalise the prices of equity securities. Subsequent to the removal of the "Floor Mechanism" the KSE 100 index declined from 9,187.10 points at December 15, 2008 to 5,865.01 points at December 31, 2008 and the market remained generally inactive during this period due to low trading volumes.

In view of the above circumstances, a clarification was sought from the Securities and Exchange Commission of Pakistan on whether the prices quoted on the stock exchange as at December 31, 2008 could be considered as the fair value of such securities at that date. The Securities and Exchange Commission of Pakistan vide its circular No. Enf/D-III/Misc/1/2008 dated January 29, 2009 clarified that the market price as quoted on the stock exchange on December 31, 2008 may be used as the fair value of securities as of that date for the purpose of preparation of financial statements for the period ended December 31, 2008. Accordingly, equity securities have been valued at the market prices as quoted on the stock exchange on December 31, 2008.

International Accounting Standard 39, Financial Instruments: Recognition and Measurement requires an entity to assess at each balance sheet date whether there is any objective evidence that a financial asset or liability is impaired. A significant or prolonged decline in the fair value of an investment in an equity security below its cost is objective evidence of such impairment. When a decline in the fair value of an investment in equity securities classified as available for sale has been recognized directly in equity and there is objective evidence that the investment is impaired, the cumulative loss that had been recognized directly in equity is removed from equity and recognized in the profit and loss account even though the investment has not been derecognized. Impairment losses recognized in profit and loss account for an investment in an equity security classified as available for sale are not reversed through the profit and loss account but are recognized in the available for sale reserve in equity.

The Securities and Exchange Commission of Pakistan (SECP), vide its SRO 150(I)/2009 dated February 13, 2009 gave an option to companies to either follow the requirements of IAS 39 and charge the impairment loss to the profit and loss account or to show this impairment loss under equity as per the following allowed alternative treatment:

- The impairment loss, if any, recognized as on December 31, 2008 due to valuation of listed equity investments held as "available for sale" to quoted market prices of December 31, 2008 may be shown under equity.

- The amount taken to equity as specified above, including any adjustment / effect for price movements during the quarter of calendar year 2009 shall be taken to profit and loss account on quarterly basis during the calendar year ending on December 31, 2009.

- The amount taken to equity as specified above, shall be treated as a charge to Profit and loss account for the purposes of distribution as dividend.

The Company opted for the allowed alternative treatment and did not charge the impairment loss of Rs 1,496.458 million to the profit and loss account for the half year ended December 31, 2008. Subsequently, in accordance with the requirements of the above circular, the Company charged an aggregate amount of Rs 332.243 million (net of appreciations) as impairment loss for the quarter ending on March 31, 2009.

At June 30, 2009, the Company has decided to follow the requirements of IAS 39 and has charged the remaining impairment loss of Rs 981.851 million (net of price movements) to the profit and loss account. The total impairment loss charged to the profit and loss account for the year ended June 30, 2009 amounts to Rs 1,314.094 million.

8.2 Maturity of Funds

The duration of funds being managed by the Company is specified in their respective offering documents as follows. After this period these funds shall stand dissolved automatically.

Name of fund	Duration
JS Capital Protected Fund	Three years and six weeks
JS Capital Protected Fund II	Two years and six weeks
JS Capital Protected Fund IV	Three years and six weeks
JS Principal Secure Fund I	Three years and six weeks

8.3 Certificates / shares pledged against running finance

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

Name of fund	As at June 30, 2009 Number of certificates / shares
JS Value Fund Limited	21,498,500
JS Large Cap Fund (formerly UTP Large Cap Fund)	65,810,000
JS Growth Fund	36,080,000
Nishat Mills Limited	25,000
Escorts Investment Bank Limited	3,274,000
Pakistan International Container Terminal Limited	942,300

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

9 LOANS AND ADVANCES - CONSIDERED GOOD

	Note	2009	2008
		Rupees	
Current portion of long-term loan to Chief Executive Officer, executives and employees	6	1,084,036	3,480,264
Unsecured advances to			
- executives	9.1	625,928	372,080
- employees	9.1	269,938	333,488
- suppliers		26,000	152,359
		2,005,902	4,338,191

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

10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES CONSIDERED GOOD - UNSECURED

	Note	2009	2008
		Rupees	
Current maturity of long-term receivables from related parties	5	1,945,270	7,295,899
Mark-up receivable on long term loan to Chief Executive Officer - related party		401,096	183,387
Dividend receivable		14,785	50,035
Deposits		5,836,993	6,477,697
Prepayments		10,942,600	5,590,340
Mark-up receivable on term finance certificates		15,095,892	10,574,761
Receivable from separately managed accounts		-	11,666,947
Others	10.1	4,721,941	3,527,540
		38,958,577	45,366,606

10.1 This includes Rs 0.976 million (June 30, 2008: Rs 1.348 million) due from related parties on account of expenses incurred on their behalf.

11 BALANCES DUE FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES

11.1 Remuneration due from funds under management

	Note	2009	2008
		Rupees	
Closed end funds			
JS Value Fund Limited	24.2	1,984,597	4,150,066
JS Large Cap Fund (formerly UTP Large Cap Fund)	24.2	3,308,937	6,313,395
JS Growth Fund	24.2	4,655,814	8,147,706
		9,949,348	18,611,167
Open end funds			
UTP A-30+ Fund	24.1	121,024	243,296
Unit Trust of Pakistan	24.2	4,731,293	9,657,813
JS Income Fund	24.2	6,057,360	13,813,165
UTP - Islamic Fund	24.2	568,685	1,323,239
JS Aggressive Asset Allocation Fund	24.1	447,546	1,558,819
JS Fund of Funds	24.1	355,492	566,083
JS Capital Protected Fund	24.1	712,216	1,209,368
JS Capital Protected Fund II	24.1	1,825,830	1,963,528
JS Capital Protected Fund III	24.1	-	1,708,747
JS Capital Protected Fund IV	24.1	965,332	1,096,547
JS Pension Savings Fund	24.1	112,562	113,290
JS Islamic Pension Savings Fund	24.1	113,862	109,416
JS Principal Secure Fund	24.1	3,396,240	-
JS Aggressive Income Fund	24.1	315,769	1,227,937
		19,723,211	34,591,248

		Note	2009	2008
11.2	**Commission**		Rupees	
	Open end funds			
	UTP A-30+ Fund	25.1	2,136	42,541
	Unit Trust of Pakistan	25.1	2,258	2,209,611
	JS Income Fund	25.1	2,414	481,972
	UTP - Islamic Fund	25.1	2,450	216,186
	JS Aggressive Asset Allocation Fund	25.1	-	423,662
	JS Fund of Funds	25.1	-	438,659
	JS Capital Protected Fund IV	25.1	-	3,667,117
	JS Aggressive Income Fund	25.1	-	30,962
	JS Pension Savings Fund	25.1	630	-
	JS Islamic Pension Savings Fund	25.1	5,145	-
			15,033	7,510,710
			29,687,592	60,713,125

12 CASH AND BANK BALANCES

	Note	2009	2008
Cash in hand		75,191	140,036
Cash at bank in:			
Current accounts		1,921,756	1,508,403
Saving accounts	12.1 & 12.2	2,091,915	20,011,046
		4,013,671	21,519,449
		4,088,862	21,659,485

12.1 These carry mark-up at rates ranging from 5 percent to 16 percent (2008: 6 percent to 12 percent) per annum.

12.2 This includes Rs 0.059 million (2008: Rs 4.239 million) held with JS Bank Limited (a related party).

13 SHARE CAPITAL

2009	2008		2009	2008
Number of shares			Rupees	
		Authorised capital		
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	2,000,000,000	2,000,000,000
50,000,000	50,000,000	Convertible preference shares of Rs. 10 each	500,000,000	500,000,000
250,000,000	250,000,000		2,500,000,000	2,500,000,000
		Issued, subscribed and paid-up capital		
21,250,000	21,250,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	212,500,000	212,500,000
700,000	700,000	Fully paid ordinary shares of Rs. 10 each issued on amalgamation with CFSL	7,000,000	7,000,000
78,050,000	78,050,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	780,500,000	780,500,000
100,000,000	100,000,000		1,000,000,000	1,000,000,000

13.1 The following shares were held by a related party of the Company as at June 30, 2009

Name of related party	2009		2008	
	Shares held (in million)	Percentage	Shares held (in million)	Percentage
Jahangir Siddiqui & Company Limited	52.02	52.02%	52.02	52.02%

14 STATUTORY RESERVE

	Note	2009	2008
		Rupees	
Statutory reserve	14.1	109,873,728	109,873,728
		109,873,728	109,873,728

14.1 Statutory reserve represents amount set aside as per the requirements of clause 16 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 issued by the Securities and Exchange Commission of Pakistan.

15 SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

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

	2009	2008
	Rupees	
Surplus on revaluation of fixed assets as at July 1	64,903,169	68,952,070
Surplus arising on revaluation of fixed assets during the year	170,739,935	-
	235,643,104	68,952,070
Transferred to accumulated profit:		
Surplus relating to incremental depreciation transferred to accumulated profit during the year - net of deferred tax	(3,094,206)	(2,631,786)
Related deferred tax liability	(1,666,111)	(1,417,115)
	(4,760,317)	(4,048,901)
	230,882,787	64,903,169
Less: related deferred tax liability on:		
- revaluation	82,391,211	24,049,349
- incremental depreciation charged during the year transferred to profit and loss account	(1,666,111)	(1,417,115)
	80,725,100	22,632,234
	150,157,687	42,270,935

16 SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT

	Repayment period From	To	Price	2009	2008
				Rupees	
Financial Receivables Securitisation Company Limited (Class "A" TFC and Class "B" TFC)	Jan-07	Jan-14	6 months KIBOR plus 2% with floor of 8% and cap of 16% (repayable in fourteen semi annual instalments including markup)	700,000,000	700,000,000
Financial Receivables Securitisation Company Limited (Class "C" TFC)	Jan-07	Jan-14	Subordinate to Class "A" TFC and Class "B" TFC (repayable on maturity)	2,500,000	2,500,000
				702,500,000	702,500,000
Less: principal redemption made to date				(91,970,000)	(280,000)
Less: unamortised transaction cost				(7,317,360)	(9,962,535)
				603,212,640	692,257,465
Less: current maturity				(91,690,000)	(91,690,000)
Total				511,522,640	600,567,465

CURRENT MATURITY OF SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT

	2009	2008
Current maturity of principal	91,690,000	91,690,000
Less : Receivable from FRSCL	(27,150,879)	(24,558,860)
	64,539,121	67,131,140

16.1 The Company obtained funds aggregating to Rs 702.5 million against securitisation of its future management fee receivables from a few funds under management (as disclosed in note 24.2). Under the arrangement, the Company has assigned a portion of its future management fee receivables to Financial Receivables Securitisation Company Limited (FRSCL), which is a SPV set up for this purpose for the tenor of the facility. Under the arrangement, the entire cash flows arising to the Company from management fee receivables relating to these funds is deposited with a Trustee. Subsequently, the Trustee deducts therefrom the amount payable under the related agreements entered into by FRSCL in respect of issuance of Term Finance Certificates (TFC) with the TFC holders and returns the balance amount to the Company. The amount retained by the Trustee is passed on to FRSCL for meeting its obligations towards the relevant TFC holders and its other operating and administrative expenses. This securitisation transaction has been classified as a debt by the management.

16.2 Put option

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

16.3 Class "C" TFC

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

		2009	2008
		Rupees	
17	**DEFERRED TAX LIABILITY - NET**		
	Taxable temporary differences on:		
	Accelerated tax depreciation	21,624,241	26,780,482
	Surplus on revaluation of fixed assets	80,725,100	22,632,234
		102,349,341	49,412,716
	Deductible temporary differences on:		
	Short-term provisions	(657,345)	(670,088)
	Deferred tax asset on carried forward tax losses	(51,431,003)	(574)
		50,260,993	48,742,054

17.1 The Company has an aggregate amount of Rs 146,944,082 in respect of unabsorbed tax losses as at June 30, 2009 on which a deferred tax debit balance has been recognised.

			2009	2008
			Rupees	
18	**Short-term borrowings - secured**	18.1	317,691,909	952,936,889

18.1 This includes running finance facility amounting to Rs 1,000 million (2008: 1,000 million) obtained from National Bank of Pakistan. The facility carries mark-up at a rate of 14.77% (2008: 10.92%) per annum and is repayable by October 31, 2009. The facility is secured by way of pledge of certificates / shares of various funds managed by the Company and shares of listed companies.

This includes running finance facility amounting to Rs 200 million (2008: Nil) obtained from Soneri Bank Limited. The facility carries mark-up at a rate of 16.93% (2008: Nil) per annum and is repayable by November 30, 2009. The facility is secured by way of registered equitable mortgage charge with SECP over office premises.

			2009	2008
19	**Money market borrowings - unsecured**		Rupees	
	From commercial bank and financial institutions	19.1	564,000,000	523,000,000

19.1 These represent borrowings from commercial banks and financial institutions. These are repayable over various dates by July 2009. Mark-up rate on these borrowings ranges between 15% per annum to 15.90% per annum. This includes Rs. 428 million (June 30, 2008: Rs. 150 million) borrowed from JS Bank Limited (a related party).

		2009	2008
20	**ACCRUED AND OTHER LIABILITIES**	Rupees	
	Staff bonus	-	37,700,000
	Accrued expenses	17,019,332	12,196,109
	Unclaimed dividend	1,332,782	9,412,696
	Provision for staff compensated absences	1,606,987	1,472,881
	Fee and commission payable	19,641,952	32,228,194
	Donations payable	8,200,000	9,200,000
	Advance rent	3,175,266	810,863
	Royalty payable to Jahangir Siddiqui	-	2,500,000
	Others	2,807,387	2,558,015
		53,783,706	108,078,758

21 ACCRUED MARK-UP

	2009	2008
	Rupees	
Mark-up accrued on:		
- Short-term borrowings	12,735,801	15,946,913
- Money market borrowings	2,519,883	7,006,938
- Securitisation of management fee receivables	1,269,148	1,269,148
- Running finance	-	1,491,561
	16,524,832	25,714,560

22. CONTINGENCIES & COMMITMENTS

22.1 Contingencies

During the year an amended assessment order was passed against the Company for the tax year 2006, raising a further tax demand of Rs. 134 million on account of taxability of a portion of capital gain in dividend received from Mutual Funds, allocation of expenses and disallowance of certain expenses. No provision has been made against this tax demand in these financial statements as the company is contesting the order before the appellate forums as well as the 'Dispute Resolution Committee' and management is confident about a favourable outcome.

22.2 Commitments in respect of:

	2009	2008
	Rupees	
Capital expenditure contracted but not incurred	350,000	699,823
Royalty and advisory payment	10,000,000	10,000,000
Asset acquired under operating lease	1,920,000	700,000

22.3 Contingencies

The Company has given guarantee to the seed capital investors of JS Aggressive Income Fund for lock-in-period of 2 years from the respective date of issuance of seed capital, ranging from November 6, 2007 to November 28, 2009. The initial investment amount of Rs 50.3 million and a minimum return thereon of eight percent (8%) per annum is covered under the above guarantee.

23 SEGMENT INFORMATION

	Note	Asset management & investment advisory services		Investment finance services		Total	
		2009	2008	2009	2008	2009	2008
		Rupees					
INCOME							
Remuneration from funds under management	24	439,879,978	626,928,164	-	-	439,879,978	626,928,164
Commission from open end funds under management	25	4,753,743	24,492,527	-	-	4,753,743	24,492,527
Dividend		21,498,992	147,385,788	12,273,075	6,318,750	33,772,067	153,704,538
Underwriting commission		-	-	-	687,500	-	687,500
(Loss) / gain on sale of investments - net		(232,531,096)	164,232,481	(122,620,208)	189,395,079	(355,151,304)	353,627,560
Income on Continuous Funding System (CFS) transactions		-	-	-	51,155	-	51,155
Mark up on term finance certificates		-	-	44,518,534	32,157,918	44,518,534	32,157,918
Mark up on letter of placement		-	-	742,482	3,291,015	742,482	3,291,015
Mark up on financing against shares		-	-	-	5,363,397	-	5,363,397
Mark up on commercial papers		-	-	4,633,801	1,123,711	4,633,801	1,123,711
Return on bank deposits		1,745,113	3,499,805	111,791	1,459,842	1,856,904	4,959,647
Commission income and share of profit from management of discretionary client portfolios	26	-	-	129,794	11,503,536	129,794	11,503,536
Amortisation of discount		-	-	52,714	-	52,714	-
		235,346,730	966,538,765	(60,158,017)	251,351,903	175,188,713	1,217,890,668
Impairment loss on investments		(1,202,977,547)	-	(111,116,429)	-	(1,314,093,976)	-
		(967,630,817)	966,538,765	(171,274,446)	251,351,903	(1,138,905,263)	1,217,890,668
OPERATING EXPENSES							
Administrative expenses		352,544,452	441,245,563	4,746,397	3,884,785	357,290,849	445,130,348
Other operating expenses		1,231,254	11,206,920	-	-	1,231,254	11,206,920
Financial charges		193,930,614	111,057,966	97,492,503	100,136,421	291,423,117	211,194,387
Other operating income		14,828,371	23,234,754	-	-	14,828,371	23,234,754
Segment results		(1,500,508,766)	426,263,070	(273,513,346)	147,330,697	(1,774,022,112)	573,593,767
Segment assets		1,658,005,166	3,372,807,212	356,801,576	904,414,580	2,014,806,742	4,277,221,792
Segment liabilities		1,026,408,852	1,573,466,670	551,914,349	752,704,196	1,578,323,201	2,326,170,866
Fixed capital expenditure		4,446,577	12,243,740	-	3,000,000	4,446,577	15,243,740
Depreciation / amortisation		42,107,012	51,785,110	600,000	300,000	42,707,012	52,085,110

	Note	2009	2008
		Rupees	
24 REMUNERATION FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES			
Closed end funds			
JS Value Fund Limited	24.1	31,127,069	50,942,794
JS Large Cap Fund (formerly UTP Large Cap Fund)	24.1	46,490,362	80,633,292
JS Growth Fund	24.1	62,197,927	116,533,751
		139,815,358	248,109,837
Open end funds			
Unit Trust of Pakistan	24.1	71,245,306	94,289,876
JS Income Fund	24.1	116,810,487	167,793,374
UTP - Islamic Fund	24.1	8,758,273	22,279,646
JS Aggressive Asset Allocation Fund	24.1	8,175,175	20,061,612
JS Fund of Funds	24.1	5,475,148	2,585,869
UTP A-30+ Fund	24.1	1,614,623	5,383,177
JS Capital Protected Fund	24.1	10,830,648	14,042,530
JS Capital Protected Fund II	24.1	22,999,972	23,201,455
JS Capital Protected Fund III	24.1	17,354,223	15,755,837
JS Capital Protected Fund IV	24.1	12,734,059	2,474,582
JS Pension Savings Fund	24.1	1,306,521	1,410,592
JS Islamic Pension Savings Fund	24.1	1,337,286	385,808
JS Aggressive Income Fund	24.1	9,026,119	9,153,969
JS Principal Secure Fund I	24.1	12,396,780	-
		300,064,620	378,818,327
		439,879,978	626,928,164

24.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the management company / investment adviser of the Fund is entitled to a remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. During the year ended June 30, 2009 the Company has charged management fee at the rates ranging from 1 to 3 percent (2008: 1 to 3 percent).

24.2 Securitisation of management fee receivables

The Company has entered into an agreement to sell certain portion of its management fee receivables from a few funds (listed below) under its management, with Financial Receivables Securitisation Company Limited (FRSCL), a special purpose vehicle, incorporated for this purpose in accordance with the Companies (Asset Backed Securitisation) Rules, 1999. In addition, the Company has also entered into a service agreement with FRSCL to provide services in respect of the receivables sold under the above agreement. The services to be provided by the company include the administration of these receivables. Further, the Company is also required to monitor these receivables in the same manner and apply the same policies and practices to the origination and for creation of these receivables as the Company applies in the case of other receivables which it retains for its own account.

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

Open end funds:

- Unit Trust of Pakistan
- UTP - Islamic Fund
- JS Income Fund

Closed end funds:

- JS Growth Fund
- JS - Large Cap Fund (formerly UTP - Large Cap Fund)
- JS Value Fund Limited

		2009	2008
		Rupees	
25	**COMMISSION FROM OPEN END FUNDS UNDER MANAGEMENT - RELATED PARTIES**		
	Unit Trust of Pakistan	501,158	12,108,770
	JS Income Fund	1,358,101	2,993,773
	UTP - Islamic Fund	44,030	1,623,202
	JS Aggressive Asset Allocation Fund	24,102	978,741
	JS Fund of Funds	336,690	1,086,680
	UTP A-30+ Fund	10,124	388,635
	JS Capital Protected Fund II	-	189,662
	JS Capital Protected Fund III	-	499,108
	JS Capital Protected Fund IV	-	4,472,799
	JS Aggressive Income Fund	1,905	151,157
	JS Principal Secure Fund I	2,432,672	-
	JS Pension Savings Fund	39,816	-
	JS Islamic Pension Savings Fund	5,145	-
		4,753,743	24,492,527

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

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

This represents commission income and share of profit earned by the Company from management of three (June 30, 2008: six) discretionary client portfolios. The total cost and total market value of the unsettled client portfolios as at June 30, 2009 was Rs. 147.640 million (June 30, 2008: 841.195 million) and Rs. 114.631 million (June 30, 2008: 853.469 million) respectively.

		Note	2009	2008
27	**ADMINISTRATIVE AND MARKETING EXPENSES**		Rupees	
	Salaries and benefits		124,341,517	182,679,747
	Staff retirement benefits	27.1	6,605,251	6,671,614
	Amortisation of intangible asset	4.6	7,107,914	6,873,863
	Advertisement		13,506,033	25,085,493
	Depreciation	4.1	34,999,098	45,211,247
	Printing and stationery		3,305,678	7,427,261
	Rent, rates, taxes and maintenance		23,778,802	23,723,614
	Travelling, conveyance and vehicle maintenance		14,919,824	16,007,314
	Transfer agent remuneration		8,297,618	8,345,681
	Postage and telephone		7,017,321	9,507,866
	Legal and professional		12,709,261	14,735,304
	Fees and subscription		3,759,384	5,063,244
	IT services		14,160,370	17,065,948
	Utilities		6,653,439	6,547,010
	Office security		7,851,551	3,747,011
	Entertainment		935,528	1,391,250
	Insurance		4,860,084	3,978,078
	Newspaper		189,976	281,609
	Directors' fee		3,795,000	3,915,000
	Brokerage expense		385,040	452,688
	Royalty and advisory fee	27.2	10,000,000	10,000,000
	Office supplies		976,204	1,009,291
	Miscellaneous expenses		52,080	426,284
			310,206,973	400,146,417
	Fee and commission		47,083,876	44,983,931
			357,290,849	445,130,348

27.1 Staff retirement benefits include contributions to defined contribution plan of Rs 6.006 million (2008: Rs 6.214million).

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

		Note	2009	2008
			Rupees	
28	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration	28.1	1,231,254	1,206,920
	Donations	28.2	-	10,000,000
			1,231,254	11,206,920
28.1	**Auditors' remuneration**			
	Annual audit fee		800,000	800,000
	Fee for review of the statement of compliance on code of corporate governance		50,000	50,000
	Out of pocket expenses		156,254	131,920
	Fee for review of half yearly financial statements		225,000	225,000
			1,231,254	1,206,920

28.2 During the year, donation paid to Mahvash and Jahangir Siddiqui Foundation, a related party of the Company, amounts to Rs 1 million (2008: Rs 0.5 million). This donation was paid out of the amount accrued last year.

		2009	2008
		Rupees	
29	**FINANCIAL CHARGES**		
	Mark-up on long-term financing	-	2,728,408
	Mark-up on short-term borrowings	185,639,875	116,107,840
	Bank charges	204,912	146,935
	Mark-up and other charges of securitisation of management fee receivables	105,578,330	92,211,204
		291,423,117	211,194,387
30	**OTHER OPERATING INCOME**		
	Income from non-financial assets		
	Rental income	15,674,606	13,365,589
	(Loss) / gain on disposal of fixed assets	(5,943,229)	1,504,614
	Income from financial assets		
	Liabilities no longer required written back	2,172,740	5,619,424
	Mark-up earned on loans to Chief Executive Officer, executives and employees	2,646,646	2,741,359
	Others	277,608	3,768
		14,828,371	23,234,754
31	**TAXATION**		
	Current - for the year	5,392,926	32,588,043
	Deferred - for the year	(58,240,038)	(8,362,914)
		(52,847,112)	24,225,129

31.1 The income tax assessments of the Company have been finalised upto and including the assessment year 2001-2002 (financial year ended June 30, 2001). The income tax assessments for tax year 2003 to tax year 2008 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001. An amended assessment order was passed against the Company for the tax year 2006, raising a further tax demand of Rs. 134 million on account of taxability of a portion of capital gain in dividend received from Mutual Funds, allocation of expenses and disallowance of certain expenses. No provision has been made against this tax demand in these financial statements as the company is contesting the order before the appellate forums as well as the 'Dispute Resolution Committee' and management is confident about a favourable outcome.

		Note	2009	2008
			Rupees	
31.2	Relationship between accounting profit and tax expense is as follows:			
	Accounting profit / (loss) before taxation from continuing operations		(1,774,022,112)	426,263,070
	Tax @ 35% (2008: 35%)		(620,907,739)	200,757,818
	Tax impact of income under FTR and differential in tax rates		(13,606,255)	(51,436,316)
	Tax impact of exempt capital gains		124,302,956	(121,050,322)
	Tax amortisation of management rights		(6,125,000)	(6,125,000)
	Tax impact of provision for donations		-	2,816,632
	Tax impact of expenses related to FTR income		3,865,951	-
	Tax impact of impairment loss on investments		459,932,892	
	Others		(309,917)	(737,683)
			(52,847,112)	24,225,129

32 OPERATIONS RELATING TO THE INVESTMENT FINANCE SERVICES BUSINESS

As mentioned in note 1.5 to these financial statements, the Board of Directors of the company in its meeting held on July 9, 2008 decided to transfer the existing operations of investment finance services to a subsidiary company proposed to be incorporated for undertaking the business of investment finance services. Accordingly, the assets and liabilities pertaining to investment finance services were disclosed as a disposal group in the financial statements of the Company for the year ended June 30, 2008.

However, the Board of Directors of the Company in its meeting held on February 26, 2009 decided to defer the incorporation of a subsidiary for investment finance services till such time the market conditions became conducive. Accordingly, the Company applied to the SECP for a further extension of six months for the incorporation of the said subsidiary on March 9, 2009. The SECP, vide its letter SC/NBFC-1/JSIBL/151 dated March 24, 2009 instructed the Company to incorporate the said subsidiary by June 30, 2009. Subsequently, on June 23, 2009, the Company has written to the SECP explaining that although the decision to form the subsidiary has been deferred in light of the current market conditions, it has already started the process of winding up the investments under IFS licence. However, in view of the depressed market conditions, the management feels that the disposal of these investments at current prices would not be in the interest of the shareholders of the Company. The Company has therefore requested the SECP to grant an extension of six months to dispose off the investments held under the investment finance services business.

The analysis of the results of the investment finance services business is as follows:

		2009	2008
32.1	**Analysis of the (loss) / profit after tax**	Rupees	
	Dividend, markup and other income	62,462,191	61,956,824
	Loss on sale of investments - net	(122,620,208)	189,395,079
	Impairment loss on available for sale equity securities	(111,116,429)	-
		(171,274,446)	251,351,903
	Administrative expenses	4,746,397	3,884,785
	Financial charges	97,492,503	100,136,421
		102,238,900	104,021,206
	(Loss) / profit before tax	(273,513,346)	147,330,697
	Taxation		
	Current	1,235,769	1,850,979
	Deferred	-	(574)
		1,235,769	1,850,405
	(Loss)/ profit after taxation	(274,749,115)	145,480,292

32.2	Analysis of the cash flows:	Note	2009	2008
			Rupees	
	Operating cash flows		(177,631,276)	134,046,453
	Investing cash flows		441,125,957	(886,885,335)

32.3 Assets relating to the Investment Finance services business

	Note	2009	2008
Intangible assets		2,100,000	2,700,000
Investments - available for sale	32.4	336,088,574	875,214,446
Deposits, prepayments and other receivables		17,595,892	25,273,307
Deferred tax asset		574	574
Cash and bank balances	32.3.1	1,016,536	1,226,253
		356,801,576	904,414,580

32.3.1 This includes Rs 0.059 million (2008: Rs 0.541 million) held with JS Bank Limited (a related party).

32.4 Investments - available for sale

	Number of certificates / units 2009	Rupees 2009	Number of certificates / units 2008	Rupees 2008
Investments - related parties				
JS Income Fund	-	-	1,441,338	150,000,000
JS Aggressive Income Fund	-	-	783,736	80,583,740
		-		230,583,740
Other investments				
EFU General Insurance Limited	3,900	343,551	3,900	1,407,354
Pakistan International Container Terminal Limited	942,300	50,347,089	942,300	117,297,504
Escort Investment Bank Limited	3,274,000	13,063,260	3,274,000	41,514,320
Adamjee Insurance Company Limited	-	-	260,000	70,387,200
Attock Refinery Limited	-	-	51,000	12,743,880
Nishat Mills Limited	25,000	945,500	25,000	2,149,250
Pakistan State Oil Company Limited	-	-	100,000	41,724,000
		64,699,400		287,223,508
Term finance certificates				
Optimus Limited	25,000	119,346,975	25,000	125,387,500
Pak American Fertilizer Limited	10,000	43,426,373	10,000	50,080,000
United Bank Limited	23,625	108,615,826	23,700	117,848,250
		271,389,174		293,315,750
Commercial paper				
Azgard Nine Limited	-	-	7	64,091,448
Investments at market value		336,088,574		875,214,446
Less: cost of investments		(461,351,203)		(890,204,085)
Impairment loss on investments held at year end		110,613,539		-
		(350,737,664)		(890,204,085)
Unrealised loss on re-measurement of investments		(14,649,090)		(14,989,639)

33	(LOSS) / EARNINGS PER SHARE	2009	2008
		Rupees	
	(Loss) / profit for the year after taxation	(1,721,175,000)	549,368,638
	Weighted average number of ordinary shares outstanding during the year	100,000,000	100,000,000
	(Loss) / earnings per share (Rupees)	(17.21)	5.49

33.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2008 and 2009 which would have any effect on the earnings per share if the option to convert is exercised.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged (except for performance bonus which is reported on paid basis) in the financial statements in respect of the remuneration, including benefits to the Chief Executive Officer, directors and executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	2009	2008	2009	2008	2009	2008
	Rupees					
Managerial remuneration	7,920,000	7,920,000	6,752,581	6,324,000	36,932,517	30,333,213
Consultancy fee	-	-	-	-	-	-
House rent allowance	1,584,000	1,584,000	1,056,774	-	10,868,757	8,595,964
Utilities allowance	792,000	792,000	675,258	632,400	3,693,278	3,033,321
Car Allowance	-	-	880,645	-	11,074,652	8,200,148
Performance bonus	12,693,000	38,156,135	-	-	17,143,000	10,803,000
Retirement benefits	792,000	792,000	323,000	632,400	2,922,567	2,837,455
Medical Allowance	792,000	792,000	674,645	631,200	3,693,278	3,033,321
Other reimbursable expenses	-	-	-	-	290,560	138,447
	24,573,000	50,036,135	10,362,903	8,220,000	86,618,609	66,974,869
Number of persons	1	1	1	1	31	26

34.1 The Chief Executive Officer and a director of the Company are provided with free use of company owned and maintained vehicles.

34.2 The Company provides performance bonus to the Chief Executive Officer and executives. The individual entitlements are being reported on paid basis.

34.3 In addition, meeting fee of Rs 15,000 (2008: Rs 15,000) per meeting was paid to two non-executive directors for meetings attended during the year.

35 TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

35.1 Transaction with related parties

35.1.1 Transactions with associates

	2009	2008
	Rupees	
JS Value Fund Limited		
Remuneration income	31,127,069	50,942,794
Dividend income	21,498,992	69,971,976
Other expenses incurred on behalf of the fund	120,644	28,720
Reimbursement of other expenses incurred on behalf of the fund	104,644	22,880
JS Growth Fund		
Remuneration income	62,197,927	116,533,751
Dividend income	-	35,838,312
Other expenses incurred on behalf of the fund	1,500	-
Reimbursement of other expenses incurred on behalf of the fund	1,500	-
Preliminary expenses reimbursed	324,000	324,000

	2009	2008
	Amount in Rupees	
JS Large Cap Fund (formerly UTP-Large Cap Fund)		
Remuneration income	46,490,362	80,633,292
Dividend income	-	41,575,500
Amount received against long-term receivable	6,000,000	6,000,000
UTP-Islamic Fund		
Remuneration income	8,758,273	22,279,646
Commission income	44,030	1,623,202
JS Income Fund		
Remuneration income	116,810,487	167,793,374
Commission income	-	2,993,773
Other expenses incurred on behalf of the fund	121,270	-
Reimbursement of other expenses incurred on behalf of the fund	99,622	-
Unit Trust of Pakistan		
Remuneration income	71,245,306	94,289,876
Commission income	501,158	12,108,770
JS Aggressive Asset Allocation Fund		
Remuneration income	8,175,175	20,061,612
Commission income	24,102	978,741
Other expenses incurred on behalf of the fund	27,250	-
Reimbursement of other expenses incurred on behalf of the fund	27,250	321,665
JS Fund of Funds		
Remuneration income	5,475,148	2,585,869
Commission income	336,690	1,086,680
Other expenses incurred on behalf of the Fund	20,375	50,000
Reimbursement of other expenses incurred on behalf of the fund	20,375	-
UTP - A 30+ Fund		
Remuneration income	1,614,623	5,383,177
Commission income	10,124	388,635
Other expenses incurred on behalf of the Fund	1,500	50,000
Reimbursement of other expenses incurred on behalf of the fund	1,500	50,000
JS Capital Protected Fund		
Remuneration income	10,830,648	14,042,530
Other expenses incurred on behalf of the Fund	25,875	-
Reimbursement of expenses incurred on behalf of the fund	25,875	1,868
JS Capital Protected Fund II		
Remuneration income	22,999,972	23,201,455
Commission income	-	189,662
Reimbursement of preliminary expenses incurred on behalf of the fund	-	1,062,500
Other expenses incurred on behalf of the fund	22,125	-
Reimbursement of other expenses incurred on behalf of the fund	22,125	135,000
JS Capital Protected Fund III		
Remuneration income	17,354,223	15,755,837
Commission income	-	499,108
Other expenses incurred on behalf of the fund	20,875	-
Reimbursement of other expenses incurred on behalf of the fund	20,875	-
Preliminary expenses incurred on behalf of the fund	-	1,125,000
Reimbursement of preliminary expenses incurred on behalf of the fund	-	1,125,000
JS Capital Protected Fund IV		
Remuneration income	12,734,059	2,474,582
Commission income	-	4,472,799
Preliminary expenses incurred on behalf of the fund	2,210,800	1,000,000
Reimbursement of preliminary expenses incurred on behalf of the fund	1,070,267	-
Other expenses incurred on behalf of the fund	-	187,500
Reimbursement of other expenses incurred on behalf of the fund	187,500	-

	2009	2008
	Amount in Rupees	
JS Pension Savings Fund		
Remuneration income	1,306,521	1,410,592
Commission income	39,816	-
Reimbursement of preliminary expenses incurred on behalf of the fund	-	50,000
JS Islamic Pension Savings Fund		
Remuneration income	1,337,286	385,808
Commission income	5,145	-
Preliminary expenses incurred on behalf of the fund	-	175,000
Other expenses incurred on behalf of the fund	-	50,000
JS Aggressive Income Fund		
Remuneration income	9,026,119	9,153,969
Commission income	1,905	151,157
Preliminary expenses incurred on behalf of the fund	-	1,229,500
Reimbursement of preliminary expenses incurred on behalf of the fund	245,900	-
Other expenses incurred on behalf of the fund	84,145	1,165,000
Reimbursement of other expenses incurred on behalf of the fund	62,497	1,165,000
JS Principal Secure Fund I		
Remuneration income	12,396,780	-
Commission income	2,432,672	-
Other expenses incurred on behalf of the fund	20,000	-
Reimbursement of preliminary expenses incurred on behalf of the fund	20,000	-
Preliminary expenses incurred on behalf of the fund	1,031,935	1,000,000

35.1.2 Transactions with other related parties

	2009	2008
JS Air (Pvt) Ltd		
Other expenses incurred on behalf of the fund	-	2,000
Reimbursement of other expenses incurred on behalf of the fund	-	2,443
JS Global Capital Limited (JSGCL) - associate of JSCL		
Rental income earned	-	1,445,400
Rent received	-	1,742,400
Rent expense	5,254,260	6,899,917
Expenses incurred by the company on behalf of JSGCL	2,321,834	1,028,090
Reimbursement of expenses incurred on behalf of JSGCL	2,495,738	812,206
JS Bank Limited (JSBL) - subsidiary of JSCL		
Purchase of term finance certificates	-	274,016,644
Mark up expense on money market borrowings	45,045,809	1,063,630
Reimbursement of expenses incurred on behalf of JSBL	-	6,002
Mahvash and Jahangir Siddiqui Foundation		
Donations paid	1,000,000	500,000
Pakistan International Container Terminal Limited		
Dividend income	2,826,900	-
Staff Provident Fund		
Contributions during the year	6,005,852	6,213,898
Dividend paid	10,000	15,000

35.1.3 Transactions with holding company

	2009	2008
Jahangir Siddiqui & Company Limited (JSCL) - holding company		
Rent received	6,854,869	5,980,356
Rental income earned	6,729,047	6,240,372
Dividend paid	52,023,612	78,035,418
Expenses incurred on behalf of JSCL	2,503,757	1,990,634
Reimbursement of expenses incurred on behalf of JSCL	2,329,060	1,759,514

	2009	2008
	Amount in Rupees	
35.1.4 Transactions with subsidiary company		
JS ABAMCO Commodities Limited (JSACL) - subsidiary of JSIL		
Expenses incurred by the company on behalf of JSACL	11,860	4,965,350
Reimbursement of expenses incurred by the company on behalf of JSACL	6,860	4,965,350
Issue of share capital (2008 : Number of shares 3,750,000)	-	37,500,000
Refund of advance against office premises	-	2,500,000
Amount received against transfer of National Commodity Exchange Limited membership	-	1,000,000
35.1.5 Transactions with key management personnel		
Chief Executive Officer		
Mark-up income earned on long-term loan	2,256,059	2,696,600
Remuneration of key management personnel	92,127,946	101,185,521
35.2 Balances outstanding at the year end		
35.2.1 Balances outstanding with associates		
Receivable from JS Value Fund Limited	21,840	5,840
Receivable from JS Income Fund	21,648	-
Receivable from JS Aggressive Income Fund	21,648	-
Receivable from JS Capital Protected Fund IV	-	187,500
Receivable from JS Islamic Pension Savings Fund	-	50,000
Outstanding balance of expenses incurred on behalf of different funds	264,675	264,675
35.2.2 Balances outstanding with other related parties		
Payable to JS Bank Limited	2,016,870	41,096
Receivable from JS Global Capital Limited	38,833	212,737
Receivable from JS ABAMCO Commodities Limited	5,000	-
Receivable from Staff Provident Fund	53,781	-
35.2.3 Balances outstanding with holding company		
Receivable from Jahangir Siddiqui & Company Limited	542,338	627,657

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

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

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

35.6 Details of the remuneration relating to Chief Executive officer and directors are disclosed in note 34 to the financial statements.

36 CASH AND CASH EQUIVALENTS

	Note	2009	2008
		Amount in Rupees	
- Cash and bank balances	12	4,088,862	21,659,485
- Short term borrowings - secured	18	(317,691,909)	(952,936,889)
		(313,603,047)	(931,277,404)

37 FINANCIAL INSTRUMENTS BY CATEGORY

	2009		
	Loans and receivables	Available for sale	Total
Assets	---------- Rupees ----------		
Non-current assets			
Long-term receivables from related parties - unsecured - considered good	3,863,798	-	3,863,798
Long-term loans - considered good	16,942,570	-	16,942,570
	20,806,368	-	20,806,368
Current assets			
Investments - available for sale	-	1,292,772,977	1,292,772,977
Loans and advances - considered good	2,005,902	-	2,005,902
Deposits, prepayments and other receivables - unsecured	28,015,977	-	28,015,977
Balances due from funds under management - related parties	29,687,592	-	29,687,592
Cash and bank balances	4,088,862	-	4,088,862
	63,798,333	1,292,772,977	1,356,571,310
	84,604,701	1,292,772,977	1,377,377,678

	2009		
	Liabilities at fair value through profit and loss	Others	Total
Liabilities	---------- Rupees ----------		
Securitisation of management fee receivables - debt	-	576,061,761	576,061,761
Short-term borrowings - secured	-	317,691,909	317,691,909
Money market borrowings - unsecured	-	564,000,000	564,000,000
Accrued and other liabilities	-	50,119,437	50,119,437
Accrued mark-up	-	16,524,832	16,524,832
	-	1,524,397,939	1,524,397,939

	2008		
	Loans and receivables	Available for sale	Total
Assets	---------- Rupees ----------		
Non-current assets			
Long-term receivables from related parties - unsecured - considered good	3,085,601	-	3,085,601
Long-term loans - considered good	18,147,019	-	18,147,019
	21,232,620	-	21,232,620
Current assets			
Investments - available for sale	-	3,648,574,261	3,648,574,261
Loans and advances	4,338,191	-	4,338,191
Deposits, prepayments and other receivables	39,776,266	-	39,776,266
Balances due from funds under management	60,713,125	-	60,713,125
Cash and bank balances	21,659,485	-	21,659,485
	126,487,067	3,648,574,261	3,775,061,328
	147,719,687	3,648,574,261	3,796,293,948

	2008		
	Liabilities at fair value through profit and loss	Others	Total
Liabilities	---------- Rupees ----------		
Securitisation of management fee receivables - debt	-	667,698,605	667,698,605
Short-term borrowings - secured	-	952,936,889	952,936,889
Money market borrowings - unsecured	-	523,000,000	523,000,000
Accrued and other liabilities	-	106,297,567	106,297,567
Accrued mark-up	-	25,714,560	25,714,560
	-	2,275,647,621	2,275,647,621

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

38.1 Market risk

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

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

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

38.1.1 Currency risk

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

38.1.2 Interest rate risk

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

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

	As at June 30, 2009			
	Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total
	Upto one year	More than one year		
Financial assets				
Non-current assets				
Long-term receivables from related parties - unsecured - considered good	-	-	3,863,798	3,863,798
Long-term loans - considered good	16,942,570	-	-	16,942,570
	16,942,570	-	3,863,798	20,806,368
Current assets				
Investments - available for sale	-	-	1,292,772,977	1,292,772,977
Loans and advances - considered good	1,084,036	-	921,866	2,005,902
Deposits and other receivables	-	-	28,015,977	28,015,977
Balances due from funds under management - related parties	-	-	29,687,592	29,687,592
Cash and bank balances	2,091,915	-	1,996,947	4,088,862
	3,175,951	-	1,353,395,359	1,356,571,310
Sub Total	20,118,521	-	1,357,259,157	1,377,377,678
Financial liabilities				
Securitisation of management fee receivables - debt	64,539,121	511,522,640	-	576,061,761
Short-term borrowings - secured	317,691,909	-	-	317,691,909
Money market borrowings - unsecured	564,000,000	-		564,000,000
Accrued and other liabilities	-	-	50,119,437	50,119,437
Accrued mark-up	-	-	14,004,949	14,004,949
Sub Total	946,231,030	511,522,640	64,124,386	1,521,878,056
On-balance sheet gap	(926,112,509)	(511,522,640)	1,293,134,771	(144,500,378)
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(926,112,509)	(511,522,640)	1,293,134,771	(144,500,378)
Cumulativel interest rate sensitivity gap	(926,112,509)	(511,522,640)		

	As at June 30, 2008			
	Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total
	Upto one year	More than one year		
Financial assets				
Non-current assets				
Long-term receivables from related parties	-	-	3,085,601	3,085,601
Long-term loans	18,147,019	-	-	18,147,019
	18,147,019	-	3,085,601	21,232,620
Current assets				
Investments - available for sale		-	3,648,574,261	3,648,574,261
Loans and advances	3,480,264	-	857,927	4,338,191
Deposits, prepayments and other receivables	-	-	39,776,266	39,776,266
Balances due from funds under management	-	-	60,713,125	60,713,125
Cash and bank balances	20,011,046	-	1,648,439	21,659,485
	23,491,310	-	3,751,570,018	3,775,061,328
Sub Total	41,638,329	-	3,754,655,619	3,796,293,948
Financial liabilities				
Securitisation of management fee receivables - debt	67,131,140	600,567,465	-	667,698,605
Short-term borrowings - secured	952,936,889	-	-	952,936,889
Money market borrowings - unsecured	523,000,000	-	-	523,000,000
Accrued and other liabilities	-	-	106,297,567	106,297,567
Accrued mark-up	-	-	17,216,061	17,216,061
Sub Total	1,543,068,029	600,567,465	123,513,628	2,267,149,122
On-balance sheet gap	(1,501,429,700)	(600,567,465)	3,631,141,991	1,529,144,826
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(1,501,429,700)	(600,567,465)	3,631,141,991	1,529,144,826
Cumulativel interest rate sensitivity gap	(1,501,429,700)	(600,567,465)		

The interest rate profile of interest / mark-up bearing assets are given in notes 6 and 12 of these financial statements.

The interest rate profile of interest / mark-up bearing liabilities are given in notes 16 of these financial statements.

38.1.3 Price risk

The Company is exposed to listed and quoted securities price risk because of investments held by the Company and classified on the balance sheet as available for sale. To manage its price risk arising from investments the Company invests mainly in those funds which are managed by itself.

38.2 Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from deposits with banks and financial institutions, and credit exposures arising as a result of dividends receivable on equity securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein.

All the financial assets of the company except Rs 0.075 million (2008: Rs 0.14 million) are exposed to credit risk. The company controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties, obtaining collaterals and continually assessing the credit worthiness of counter parties.

The maximum exposure to credit risk before any credit enhancements at June 30, 2009 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

38.3 Liquidity

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

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

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

	As at June 30, 2009			
	Total	Upto three months	More than three months and upto one year	More than one year
	------------------------- Rupees --------------------------			
Securitisation of management fee receivables - debt	576,061,761	-	64,539,121	511,522,640
Short-term borrowings - secured	317,691,909	317,691,909	-	-
Money market borrowings - unsecured	564,000,000	564,000,000	-	-
Accrued and other liabilities	50,119,437	50,119,437	-	-
Accrued mark-up	14,004,949	12,735,801	-	1,269,148
	1,521,878,056	944,547,147	64,539,121	512,791,788

	As at June 30, 2008			
	Total	Upto three months	More than three months and upto one year	More than one year
	------------------------- Rupees --------------------------			
Securitisation of management fee receivables - debt	667,698,605	-	67,131,140	600,567,465
Short-term borrowings - secured	952,936,889	952,936,889	-	-
Money market borrowings - unsecured	523,000,000	523,000,000	-	-
Accrued and other liabilities	106,297,567	106,297,567	-	-
Accrued mark-up	17,216,061	15,946,913	-	1,269,148
	2,267,149,122	1,598,181,369	67,131,140	601,836,613

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically repriced.

40 CAPITAL RISK MANAGEMENT

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

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

The Company has licences for investment finance services, asset management company and investment advisory services. As per the NBFC Regulations, the minimum equity requirements for the afore-mentioned licences as at June 30, 2009 are as follows:

Form of business	Existing Equity requirement to be complied by June 30, 2009	Equity requirement latest by June 30, 2010	Equity requirement latest by June 30, 2011
	----------	Rupees	----------
Investment finance services	500,000,000	700,000,000	1,000,000,000
Asset management services	100,000,000	150,000,000	200,000,000
Investment advisory services	30,000,000	30,000,000	30,000,000
Total	630,000,000	880,000,000	1,230,000,000

However, as at June 30, 2009 the equity of the Company is Rs 286,325,854. As more fully explained in note 1.5, the Company will continue operating with the asset management company and investment advisory services licences only once the Investment Finance Services business has been disposed off and hence the minimum equity requirement for the Company would be Rs 180,000,000 as at June 30, 2010.

41 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Significant reclassifications are as follows:

- Receivable from FRSCL amounting to Rs 24,558,860 has been reclassified from deposits, prepayments and other receivables and netted off from the current maturity of securitisation of management fee receivables - debt.

- Corresponding figures relating to the investment finance services business of the Company which were shown separately as a disposal group last year have been reclassified and merged with the assets, liabilities, income and expenses of the asset management company for better presentation in view of the reasons explained in note 1.5.

42 GENERAL

These financial statements were authorised for issue on August 21, 2009 by the Board of Directors of the company.

Chief Executive

Director

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **JS Investments Limited** and its subsidiary company, JS ABAMCO Commodities Limited as at June 30, 2009 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed a separate opinion on the financial statements of **JS Investments Limited** while the financial statements of the subsidiary company, JS ABAMCO Commodities Limited, were audited by another firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of JS Investments Limited and its subsidiary company as at June 30, 2009 and the results of their operations for the year then ended.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner : Rashid A Jafer
Dated: August 21, 2009
Karachi

JS Investments Limited

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009	2008
		Rupees	
ASSETS			
Non-current assets			
Fixed assets			
Tangible - Property and equipment	5	383,221,825	250,056,004
Intangible assets	5	118,026,195	125,057,109
Long-term receivables from related parties - unsecured - considered good	6	3,863,798	3,085,601
Long-term loans - considered good	7	16,942,570	18,147,019
Current assets			
Investments	8	1,329,776,580	3,681,441,739
Loans and advances - considered good	9	2,005,902	4,338,191
Deposits, prepayments and other receivables - unsecured	10	38,969,077	45,381,114
Balances due from funds under management - related parties	11	29,687,592	60,713,125
Taxation recoverable		91,257,345	66,238,531
Cash and bank balances	12	4,176,078	22,147,153
		1,495,872,574	3,880,259,853
Total assets		2,017,926,962	4,276,605,586
EQUITY AND LIABILITIES			
Share capital	13	1,000,000,000	1,000,000,000
Unrealised loss on remeasurement of available for sale investments to fair value - net	8.1	(23,420,050)	(219,046,707)
Statutory reserve	14	109,873,728	109,873,728
Accumulated (loss) / profit		(797,082,904)	1,017,296,464
		289,370,774	1,908,123,485
Surplus on revaluation of fixed assets - net of tax	15	150,157,687	42,270,935
LIABILITIES			
Non-current liabilities			
Securitisation of management fee receivables - debt	16	511,522,640	600,567,465
Deferred tax liability - net	17	50,260,993	48,742,054
		561,783,633	649,309,519
Current liabilities			
Current maturity of securitisation of management fee receivables - debt	16	64,539,121	67,131,140
Short-term borrowings - secured	18	317,691,909	952,936,889
Money market borrowing - unsecured	19	564,000,000	523,000,000
Accrued and other liabilities	20	53,859,006	108,119,058
Accrued mark-up	21	16,524,832	25,714,560
		1,016,614,868	1,676,901,647
Total liabilities		1,578,398,501	2,326,211,166
Total equity and liabilities		2,017,926,962	4,276,605,586
Contingencies and commitments	22		
Breakup value		2.89	19.08
Breakup value (including surplus on revaluation of fixed assets)		4.40	19.50

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		Rupees	
INCOME			
Remuneration from funds under management	24	439,879,978	626,928,164
Commission from open end funds under management	25	4,753,743	24,492,527
Dividend		33,772,067	153,704,538
Underwriting commission		-	687,500
(Loss) / gain on sale of investments - net		(354,665,680)	353,975,697
Income on Continuous Funding System (CFS) transactions		-	51,155
Mark up on term finance certificates		44,518,534	32,157,918
Mark up on letter of placement		742,482	3,291,015
Mark up on financing against shares		-	5,363,397
Mark up on commercial papers		4,633,801	1,123,711
Return on bank deposits		1,902,510	5,103,061
Unrealised gain on remeasurement of investments at fair value through profit or loss		3,350,501	735,863
Commission income and share of profit from management of discretionary client portfolios		129,794	-
Amortisation of discount		52,714	-
		179,070,444	1,207,614,546
Impairment loss on available for sale equity securities	8.1	(1,314,093,976)	-
		(1,135,023,532)	1,207,614,546
OPERATING EXPENSES			
Administrative and marketing expenses	27	357,471,154	447,014,268
OPERATING (LOSS) / PROFIT		(1,492,494,686)	760,600,278
Other operating expenses	28	1,231,254	11,206,920
Financial charges	29	291,423,117	211,194,387
		(1,785,149,057)	538,198,971
Other operating income	30	14,828,371	34,738,290
(Loss) / profit before taxation		(1,770,320,686)	572,937,261
Taxation - net	31	(52,847,112)	24,225,129
(Loss) / profit after taxation		(1,717,473,574)	548,712,132
(Loss) / earnings per share for the year	33	(17.17)	5.49

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

JS investments

JS Investments Limited

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit for the year before taxation		(1,770,320,686)	572,937,261
Adjustment for non-cash and other items:			
Remuneration from funds under management		(439,879,978)	(626,928,164)
Commission from open end funds under management		(4,753,743)	(24,492,527)
Dividend		(33,772,067)	(153,704,538)
Depreciation		34,999,098	45,211,247
Amortisation of intangible assets		7,107,914	6,873,863
Financial charges		291,423,117	211,194,387
Interest / mark-up income		(1,902,510)	(5,103,061)
Liabilities no longer required written back		(2,172,740)	(5,619,424)
Loss / (Gain) on disposal of fixed assets		5,943,229	(1,504,614)
Gain on redemption of securities		(485,624)	(348,137)
Unrealised gain on remeasurement of investment at fair value through profit or loss		(3,350,501)	(735,863)
		(1,917,164,491)	17,780,430
Increase / decrease in assets and liabilities			
Loans and advances		3,536,738	4,000,144
Long-term receivable from related parties		4,572,432	3,982,000
Deposits, prepayments and other receivables		(1,723,544)	(17,500,373)
Accrued and other liabilities		(44,007,398)	35,875,258
		(37,621,772)	26,357,029
		(1,954,786,263)	44,137,459
Taxes paid		(30,411,740)	(69,307,364)
Remuneration and commission received from funds under management		475,659,254	840,721,841
Net cash (outflow) / inflow from operating activities		(1,509,538,749)	815,551,936
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - net		2,546,127,941	(2,198,584,587)
Fixed capital expenditure incurred		(4,446,577)	(18,743,740)
Dividend received		33,807,317	230,146,976
Return on bank deposits		2,060,193	5,366,357
Proceeds from disposal of fixed assets		1,001,364	27,320,930
Redemption of securities		5,000,000	20,348,137
Net cash inflow / (outflow) on investing activities		2,583,550,238	(1,934,145,927)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal amount relating to the securitised management fee		(91,690,000)	(280,000)
Dividend paid		(108,079,914)	(140,587,304)
Money market borrowings		41,000,000	523,000,000
Repayments of long-term financing		-	(87,499,996)
Financial charges paid		(297,967,670)	(187,424,377)
Net cash (outflow) / inflow on financing activities		(456,737,584)	107,208,323
Net increase / (decrease) in cash and cash equivalents		617,273,905	(1,011,385,668)
Cash and cash equivalents at beginning of the year		(930,789,736)	80,595,932
Cash and cash equivalents at end of the year	36	(313,515,831)	(930,789,736)

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Share capital	Accumulated profit / (loss)	Statutory reserve	Unrealised loss on re-measurement of investments classified as available for sale	Total
	----------	----------	Rupees	----------	----------
Balance as at June 30, 2007	1,000,000,000	725,826,274	-	(131,055,123)	1,594,771,151
Gain realised on disposal of investments	-	-	-	(86,164,489)	(86,164,489)
Unrealised gain on re-measurement of investments - net	-	-	-	(1,827,095)	(1,827,095)
Interim dividend for the period ended December 31, 2007 @ Rs. 1.5 per share	-	(150,000,000)	-	-	(150,000,000)
Transferred from surplus on revaluation of fixed assets to accumulated profit	-	2,631,786	-	-	2,631,786
Profit after taxation for the year ended June 30, 2008	-	548,712,132	-	-	548,712,132
Transfer to statutory reserve	-	(109,873,728)	109,873,728	-	-
Balance as at June 30, 2008	1,000,000,000	1,017,296,464	109,873,728	(219,046,707)	1,908,123,485
Loss realised on disposal of investments	-	-	-	275,518,947	275,518,947
Unrealised loss on re-measurement of investments - net	-	-	-	(1,393,986,266)	(1,393,986,266)
Impairment on investments taken to profit & loss account	-	-	-	1,314,093,976	1,314,093,976
Final dividend for the year ended June 30, 2008 @ Re. 1 per share	-	(100,000,000)	-	-	(100,000,000)
Transferred from surplus on revaluation of fixed assets to accumulated profit / (loss)	-	3,094,206	-	-	3,094,206
Loss after taxation for the year ended June 30, 2009	-	(1,717,473,574)	-	-	(1,717,473,574)
Balance as at June 30, 2009	1,000,000,000	(797,082,904)	109,873,728	(23,420,050)	289,370,774

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1 THE GROUP AND ITS OPERATIONS

The group consists of:
Holding company
- JS Investments Limited

	"Percentage holding of JS Investments Limited and its nominees"
Subsidiary company	
- JS ABAMCO Commodities Limited	100%

1.1 JS Investments Limited Company (the holding company) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the holding company are quoted on the Karachi Stock Exchange since April 24, 2007. The registered office of the holding company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The holding company is a subsidiary of Jahangir Siddiqui and Company Limited (which has 52.02 percent direct holding in the Company).

JS ABAMCO Commodities Limited (JSACL) was incorporated in Pakistan as a public limited company on September 25, 2007 under the Companies Ordinance, 1984. The registered office of the company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The company would be engaged in commodity market brokerage, advisory and consultancy services. The company has not commenced its commercial operations as at the balance sheet date. JS Investments Limited and its nominees hold 100% share capital of JSACL.

The holding company has obtained the licence of an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the holding company has also obtained licence to undertake Investment Finance Services (IFS) and registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

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

1.2.1 Asset management company of the following funds:

Closed end:
- JS Large Cap Fund (formerly UTP Large Cap Fund)
- JS Growth Fund
- JS Value Fund Limited

Open end:

- Unit Trust of Pakistan
- JS Income Fund
- UTP - Islamic Fund
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- UTP - A 30+ Fund
- JS Capital Protected Fund
- JS Capital Protected Fund II
- JS Capital Protected Fund IV
- JS Aggressive Income Fund
- JS Principal Secure Fund I

1.2.2 Pension fund manager of the following funds:

- JS Pension Savings Fund

- JS Islamic Pension Savings Fund

1.3 During the year, the holding company has floated a new open end fund. The units of this fund were offered to the public on the following dates :

Name of open-end fund	From	To
JS Principal Secure Fund I	24-Apr-09	30-Apr-09

1.4 As per the NBFC Regulations, all Asset Management Companies were required to separate their investment finance services operations by November 30, 2008. In the light of this requirement, the Board of Directors of the holding company in its meeting held on July 9, 2008 decided to transfer the existing operations of investment finance services to a subsidiary company proposed to be incorporated for undertaking the business of investment finance services.

However, the Board of Directors of the holding company in its meeting held on February 26, 2009 decided to defer the incorporation of a subsidiary for investment finance services till such time the market conditions became conducive. Accordingly, the holding company applied to the SECP for a further extension of six months for the incorporation of the said subsidiary on March 9, 2009. The SECP, vide its letter SC/NBFC-1/JSIBL/151 dated March 24, 2009 instructed the holding company to incorporate the said subsidiary by June 30, 2009.

Subsequently on June 23, 2009, the holding company has written to the SECP explaining that although the decision to form the subsidiary has been deferred in light of the current market conditions, it has already started the process of unwinding the investments under IFS licence. However, in view of the depressed market conditions, the management feels that the disposal of these investments at current prices would not be in the interest of the shareholders of the holding company. The holding company has therefore requested the SECP to grant an extension of six months to dispose off the investments held under the investment finance services licence.

2 BASIS OF PRESENTATION AND CONSOLIDATION

a) The consolidated financial statements include the financial statements of JS Investments Limited and JS ABAMCO Commodities Limited.

b) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the audited financial statements for the year ended June 30, 2009 and the carrying value of investment held by the holding company is eliminated against the subsidiary shareholders' equity in these consolidated financial statements. Material intra-Group balances and transactions have been eliminated.

c) Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

During the year ended June 30, 2009, IFRS 7 'Financial Instruments: Disclosures' became effective. IFRS 7 has superseded IAS 30 and the disclosure requirements of IAS 32. Adoption of this standard has only resulted in additional disclosures which have been set out in note 37 and note 38 to these financial statements.

There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2008 but were considered not to be relevant or did not have any significant effect on the group's operations.

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

IAS 1 (Revised), 'Presentation of financial statements' (effective for annual periods beginning on or after January 1, 2009), was issued in September 2007. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented separately from owner changes in equity, either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). When the entity applies an accounting policy retrospectively or makes retrospective statement or reclassifies items in the financial statements, they will be required to present a restated financial position (balance sheet) as at the beginning of the comparative period in addition to the current requirement to present the balance sheet as at the end of the current and the comparative period. The adoption of this standard will only impact the presentation of the consolidated financial statements.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' - Reclassification of Financial Assets (Effective from January 1, 2009). This amendment to the Standard permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category, a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The management is in the process of assessing the impact of its adoption on the group's consolidated financial statements.

IFRS 7 (Amendment), ' Financial Instruments: Disclosure'. There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the group's consolidated financial statements and have therefore not been analysed in detail.

IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the group's consolidated financial statements.

IAS 23 (Amendment), 'Borrowing costs' (effective from January 1, 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed.

IAS 23 (Amendment), 'Borrowing costs' (effective from January 1, 2009). The amendment is the part of the IASB's annual improvements project published in May 2008. Through this amendment, the definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The group will apply the IAS 23 (Amendment) prospectively to the capitalisation of borrowing cost, if any, on qualifying assets from July 1, 2009.

IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial Instruments: Disclosures') (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases.

IAS 36 (Amendment), 'Impairment of assets' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The group will apply the IAS 36 (Amendment) and provide the required disclosures where applicable for impairment tests from July 1, 2009.

IAS 27, 'Consolidated and Separate Financial Statements' (effective from July 1, 2009). It requires accounting for changes in ownership interest by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the profit or loss. The management is in the process of assessing the impact of its adoption on the Group's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or to have any significant effect on the group's operations and are therefore not detailed in these consolidated financial statements.

3.4 Critical accounting estimates and judgements

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

i) Amortisation of intangible assets (notes 4.1.2 and 5.6);

ii) Provision for taxation (notes 4.4, 31 and 32.1);
iii) Classification and valuation of investments (notes 4.3, 8 and 32.4);

iv) Determination and measurement of useful life and residual value of property and equipment (notes 4.1.1 and 5.1);

v) Valuation of property and equipment (notes 4.1.1 and 5.1); and

vi) Recognition and measurement of deferred tax assets and liabilities (notes 4.4, 17 and 31).

3.5 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except that certain items of property and equipment (referred to in notes 4.1.1 and 5.1) are stated at revalued amounts and investments (referred to in notes 4.3, 8 and 32.4) classified as available for sale and at fair value through profit or loss have been marked to market and carried at fair value.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Fixed assets

4.1.1 Property and equipment

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

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

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

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

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

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

4.1.2 Intangible assets

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

4.2 Trade debts and other receivables.

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

4.3 Financial instruments

Financial assets

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

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(b) Loans and receivables

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

(c)Available-for-sale financial assets

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

(d) Held to maturity

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

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

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

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

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

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

Financial liabilities

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

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

4.4 Taxation

Current

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

Deferred

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

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

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

4.5 Cash and cash equivalents

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

4.6 Pre-operating expenses

All expenses incurred prior to the commencement of commercial operations are charged to the profit and loss account.

4.7 Borrowings / debt

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

4.8 Trade and other payables

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

4.9 Defined Contribution Scheme

The holding company operates an approved contributory provident fund for all its permanent employees. The holding company and employees made equal monthly contributions to the fund at the rate of 10 percent of the basic salary from July 2008 to November 2008 and thereafter 8 percent - 10 percent.

4.10 Employees' compensated absences

The holding company accounts for the liability in respect of employees' compensated absences in the year in which these are earned.

4.11 Provisions

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

4.12 Proposed dividend and transfer between reserves

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

4.13 Impairment

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

4.14 Revenue recognition

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

4.15 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. As the operations of the group are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The group accounts for segment reporting using the business segments as the primary reporting format based on the Company's practice of reporting to the management on the same basis.

Assets, liabilities, capital expenditures and other balances that are directly attributable to segments are assigned to them while the carrying amount of certain assets used jointly by two or more segments are allocated to each segment on a reasonable basis.

4.16 Functional and presentation currency

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

4.17 Foreign currency transactions

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

4.18 Offsetting of financial assets and financial liabilities

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

	Note	2009	2008
		Rupees	
5 FIXED ASSETS			
Tangible - property and equipment			
Operating fixed assets	5.1	380,021,825	246,409,491
Capital work-in-progress - at cost	5.5	3,200,000	3,646,513
		383,221,825	250,056,004
Intangible assets	5.6	118,026,195	125,057,109
		501,248,020	375,113,113

5.1 The following is the statement of operating fixed assets:

	Year ended June 30, 2009					
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
	Rupees					
At July 1, 2008						
Cost / revaluation	212,078,521	26,309,541	26,904,140	100,962,832	12,321,647	378,576,681
Accumulated depreciation	(41,844,190)	(10,047,069)	(9,880,555)	(66,363,309)	(4,032,067)	(132,167,190)
Net book value	170,234,331	16,262,472	17,023,585	34,599,523	8,289,580	246,409,491
Year ended June 30, 2009:						
Opening net book value	170,234,331	16,262,472	17,023,585	34,599,523	8,289,580	246,409,491
Additions	-	-	325,900	4,490,190	-	4,816,090
Revaluation	170,739,935	-	-	-	-	170,739,935
Disposals :						
Cost / revaluation	-	(10,034,341)	(1,872,821)	(7,256,769)	-	(19,163,931)
Depreciation	-	5,002,906	406,814	6,809,618	-	12,219,338
	-	(5,031,435)	(1,466,007)	(447,151)	-	(6,944,593)
Depreciation charge for the year	(11,100,490)	(4,441,175)	(2,531,060)	(15,480,649)	(1,445,724)	(34,999,098)
Closing net book value	329,873,776	6,789,862	13,352,418	23,161,913	6,843,856	380,021,825
At June 30, 2009:						
Cost / revaluation	382,818,456	16,275,200	25,357,219	98,196,253	12,321,647	534,968,775
Accumulated depreciation	(52,944,680)	(9,485,338)	(12,004,801)	(75,034,340)	(5,477,791)	(154,946,950)
Net book value	329,873,776	6,789,862	13,352,418	23,161,913	6,843,856	380,021,825
Depreciation rate % per annum	5	20	10	25	20	

	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
	Year ended June 30, 2008					
	Rupees					
At July 1, 2007						
Cost / revaluation	212,078,521	28,684,201	26,659,774	96,389,941	34,667,700	398,480,137
Accumulated depreciation	(31,240,264)	(5,816,866)	(7,256,432)	(43,638,837)	(12,381,807)	(100,334,206)
Net book value	180,838,257	22,867,335	19,403,342	52,751,104	22,285,893	298,145,931
Year ended June 30, 2008:						
Opening net book value	180,838,257	22,867,335	19,403,342	52,751,104	22,285,893	298,145,931
Additions	-	1,076,964	644,534	6,417,911	11,125,464	19,264,873
Disposals :						
Cost / revaluation	-	(3,451,624)	(400,168)	(1,845,020)	(33,471,517)	(39,168,329)
Depreciation	-	1,481,506	81,268	1,639,258	10,176,231	13,378,263
	-	(1,970,118)	(318,900)	(205,762)	(23,295,286)	(25,790,066)
Depreciation charge for the year	(10,603,926)	(5,711,709)	(2,705,391)	(24,363,730)	(1,826,491)	(45,211,247)
Closing net book value	170,234,331	16,262,472	17,023,585	34,599,523	8,289,580	246,409,491
At June 30, 2008:						
Cost / revaluation	212,078,521	26,309,541	26,904,140	100,962,832	12,321,647	378,576,681
Accumulated depreciation	(41,844,190)	(10,047,069)	(9,880,555)	(66,363,309)	(4,032,067)	(132,167,190)
Net book value	170,234,331	16,262,472	17,023,585	34,599,523	8,289,580	246,409,491
Depreciation rate % per annum	5	20	10	25	20	

5.2 The group follows the revaluation model for its office premises. The office premises of the group were last revalued on May 31, 2009 by an independent valuer Iqbal A. Nanjee & Co (Pvt) Ltd. on the basis of professional assessments of the market values. The revaluation resulted in a further surplus of Rs 170.740 million (April 18, 2005: Rs. 83.876 million). Out of the total revaluation surplus of Rs 254.616, Rs 230.883 million (June 30, 2008: Rs. 64.903 million) remains undepreciated as at June 30, 2009.

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

	2009	2008
	Rupees	
Office Premises	98,171,415	104,901,701

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

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyers
	Rupees					
Furniture and fixtures						
Mirpur branch	811,872	101,484	710,388	90,000	Bidding	Sprint Services Limited
Multan branch	428,674	42,867	385,807	50,289	Bidding	Shumail Trading Co.
Sialkot branch	163,350	65,340	98,010	12,775	Bidding	Shumail Trading Co.
Gujranwala branch	183,350	73,342	110,008	16,936	Bidding	Shumail Trading Co.
Year ended June 30, 2009	1,587,246	283,033	1,304,213	170,000		
Year ended June 30, 2008	35,857,619	11,705,544	24,152,075	26,063,786		

5.5 Capital work-in-progress - at cost

	2009	2008
	Rupees	
Advances to suppliers against:		
Acquisition of furniture and fixtures	700,000	-
Acquisition of office and computer equipment	-	1,108,013
Acquisition of software	-	38,500
Advances for office premises	2,500,000	2,500,000
	3,200,000	3,646,513

5.6 Intangible assets

	2009			
	Membership of National Commodity Exchange Ltd.	Software	Management Rights of ICP Mutual Funds	Total
	Rupees			
At July 1, 2008				
Cost	1,000,000	30,553,598	175,000,000	206,553,598
Accumulated amortisation	-	(11,496,489)	(70,000,000)	(81,496,489)
Net book value	1,000,000	19,057,109	105,000,000	125,057,109
Year ended June 30, 2009:				
Opening net book value	1,000,000	19,057,109	105,000,000	125,057,109
Additions	-	77,000	-	77,000
Amortisation charge for the year	-	(7,107,914)	-	(7,107,914)
Closing net book value	1,000,000	12,026,195	105,000,000	118,026,195
At June 30, 2009:				
Cost	1,000,000	30,630,598	175,000,000	206,630,598
Accumulated amortisation	-	(18,604,403)	(70,000,000)	(88,604,403)
Net book value	1,000,000	12,026,195	105,000,000	118,026,195
Amortisation rate % per annum	-	20 - 50	-	

	2008			
	Membership of National Commodity Exchange Ltd.	Software	Management Rights of ICP Mutual Funds	Total
	Rupees			
At July 1, 2007				
Cost	-	21,153,315	175,000,000	196,153,315
Accumulated amortisation	-	(4,622,626)	(70,000,000)	(74,622,626)
Net book value	-	16,530,689	105,000,000	121,530,689
Year ended June 30, 2008:				
Opening net book value	-	16,530,689	105,000,000	121,530,689
Additions	1,000,000	9,426,533	-	10,426,533
Disposals	-	(26,250)	-	(26,250)
Amortisation charge for the year	-	(6,873,863)	-	(6,873,863)
Closing net book value	1,000,000	19,057,109	105,000,000	125,057,109
At June 30, 2008:				
Cost	1,000,000	30,553,598	175,000,000	206,553,598
Accumulated amortisation	-	(11,496,489)	(70,000,000)	(81,496,489)
Net book value	1,000,000	19,057,109	105,000,000	125,057,109
Amortisation rate % per annum	-	20 - 50	-	

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

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

		2009	2008
6	**LONG-TERM RECEIVABLES FROM RELATED PARTIES - UNSECURED - CONSIDERED GOOD**	**Rupees**	
	Outstanding balances of preliminary expenses incurred on and floatation of:		
	JS Large Cap Fund (formerly UTP Large Cap Fund)	-	6,000,000
	JS Growth Fund	653,000	977,000
	JS Aggressive Income Fund	983,600	1,229,500
	JS Capital Protected Fund IV	2,140,533	1,000,000
	JS Islamic Pension Savings Fund	-	175,000
	JS Principal Secure Fund I	2,031,935	1,000,000
		5,809,068	10,381,500
	Less: Receivable within one year from:		
	JS Large Cap Fund (formerly UTP Large Cap Fund)	-	6,000,000
	JS Growth Fund	325,000	325,000
	JS Aggressive Income Fund	196,720	245,900
	JS Capital Protected Fund IV	713,511	333,333
	JS Islamic Pension Savings Fund	-	58,333
	JS Principal Secure Fund I	710,039	333,333
		1,945,270	7,295,899
		3,863,798	3,085,601

6.1 Preliminary expenses represent expenditure incurred on the incorporation and floatation of funds managed by the holding company. These expenses are recoverable from funds over a period ranging from 1 to 5 years and do not carry any mark-up.

6.2 During the year, the holding company has received an amount of Rs 7.815 million (2008: Rs 8.511 million) from the funds under management on account of reimbursement of preliminary expenses incurred by the holding company on incorporation and floatation of the funds.

		Note	2009	2008
7	**LONG-TERM LOANS - CONSIDERED GOOD**		**Rupees**	
	Due from Chief Executive Officer - secured	7.1 & 7.2	15,000,000	17,849,838
	Due from others - secured			
	Executives	7.1 & 7.3	812,929	308,243
	Other employees	7.3	2,213,677	3,469,202
			18,026,606	21,627,283
	Less: receivable within one year	9	(1,084,036)	(3,480,264)
			16,942,570	18,147,019

7.1 Reconciliation of carrying amount of long-term loans to Chief Executive Officer and executives is as follows:

	Chief Executive		Executives	
	2009	2008	2009	2008
	---------- Rupees ----------			
Opening balance	17,849,838	20,000,000	308,243	403,700
Disbursements	-	-	812,163	334,000
Repayments	(2,849,838)	(2,150,162)	(307,477)	(429,457)
Closing balance	15,000,000	17,849,838	812,929	308,243

7.2 This represents loan given to the Chief Executive Officer (CEO) of the holding company, with the prior approval of the Securities and Exchange Commission of Pakistan under section 195 of the Companies Ordinance, 1984 for the construction of a dwelling house. The loan is secured by way of second equitable mortgage over the said property and was initially repayable by June 30, 2007. The Board had extended the repayment term of the loan for a further period of four years. The loan, payable in equal instalments, carries mark-up equivalent to the average cost of funds to the Company determined on the basis of six month's average funded liabilities, which is 12.5 percent per annum for the period from July to December 2008 (based on average funded liabilities for the period from January to June 2008) and 16 percent per annum for the next six months from January to June 2009 (based on average funded liabilities for the period from July to December 2008).

7.3 This represents loans given to employees and executives for purchase of motor vehicles, house loans and general purpose cash loans. These loans are recovered through deduction from salaries over varying periods upto a maximum period of five years, fifteen years and three years respectively. These loans are granted in accordance with their terms of employment. The motor vehicle loans are secured by way of title to the motor vehicles being held in the name of the holding company and house loans are secured by way of equitable mortgage. Motor vehicle loans, house loans and general purpose cash loans carry mark-up at rates ranging from 7.75 percent to 14 percent per annum (2008: 8 percent to 12 percent per annum).

7.4 The maximum aggregate amount due from the Chief Executive Officer at the end of any month during the year was Rs 17.850 million (2008: Rs 20 million).

7.5 The maximum aggregate amount due from executives at the end of any month during the year was Rs 0.908 million (2008: Rs 0.557 million).

8 INVESTMENTS

	Note	2009	2008
		Rupees	
Available for sale	8.1	1,292,772,977	3,648,574,261
At fair value through profit or loss account	8.3	37,003,603	32,867,478
		1,329,776,580	3,681,441,739

8.1 Available for sale

	Note	Number of units / certificates / shares (2009)	Rupees (2009)	Number of units / certificates / shares (2008)	Rupees (2008)
Investments - related parties	8.6				
JS Value Fund Limited		21,498,992	95,670,514	21,498,992	415,575,515
JS Large Cap Fund (formerly UTP Large Cap Fund)		65,810,000	204,669,100	62,510,000	556,964,100
JS Growth Fund		36,086,812	137,851,622	36,085,812	439,164,332
JS Pension Savings Fund - Equity		300,000	18,471,000	300,000	28,194,000
JS Pension Savings Fund - Debt		300,000	36,885,000	300,000	31,521,000
JS Pension Savings Fund - Money Market		300,000	35,097,000	300,000	31,518,000
JS Fund of Funds		1,885,257	143,939,350	8,683,849	982,403,829
JS Capital Protected Fund	8.4	130,000	13,218,400	148,000	16,371,735
JS Capital Protected Fund II	8.4	266,000	27,818,280	291,052	30,740,938
JS Capital Protected Fund III		-	-	5,261	535,783
JS Capital Protected Fund IV	8.4	1,017,422	98,303,275	1,000,000	97,110,000
JS Islamic Pension Savings Fund - Equity		300,000	27,255,000	300,000	30,147,000
JS Islamic Pension Savings Fund - Debt		300,000	33,507,000	300,000	30,147,000
JS Islamic Pension Savings Fund - Money Market		300,000	32,019,000	300,000	30,147,000
JS Income Fund		-	-	1,441,338	150,000,000
JS Aggressive Income Fund		501,736	51,979,862	1,297,445	133,403,323
			956,684,403		3,003,943,555
Other investments					
EFU General Insurance Limited		3,900	343,551	3,900	1,407,354
Pakistan International Container Terminal Limited		942,300	50,347,089	942,300	117,297,504
Escort Investment Bank Limited		3,274,000	13,063,260	3,274,000	41,514,320
Adamjee Insurance Company Limited		-	-	260,000	70,387,200
Attock Refinery Limited		-	-	51,000	12,743,880
Nishat Mills Limited		25,000	945,500	25,000	2,149,250
Pakistan State Oil Company Limited		-	-	100,000	41,724,000
			64,699,400		287,223,508
Term finance certificates					
Optimus Limited		25,000	119,346,975	25,000	125,387,500
Pak American Fertilizer Limited		10,000	43,426,373	10,000	50,080,000
United Bank Limited		23,625	108,615,826	23,700	117,848,250
			271,389,174		293,315,750
Commercial paper					
Azgard Nine Limited		-	-	7	64,091,448
Investments at market value			1,292,772,977		3,648,574,261
Less : Carrying value of investments			(2,630,287,003)		(3,867,620,968)
Impairment loss on investments held at year end			1,314,093,976		-
			(1,316,193,027)		(3,867,620,968)
Unrealised loss on re-measurement of investments			(23,420,050)		(219,046,707)

8.2. During the year, the Karachi Stock Exchange (Guarantee) Limited ("KSE") had placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within the normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008. Consequent to the introduction of the above measures by the KSE, the market volume declined significantly. The "Floor Mechanism" was subsequently removed by the KSE on December 15, 2008 in order to rationalise the prices of equity securities. Subsequent to the removal of the "Floor Mechanism" the KSE 100 index declined from 9,187.10 points at December 15, 2008 to 5,865.01 points at December 31, 2008 and the market remained generally inactive during this period due to low trading volumes.

In view of the above circumstances, a clarification was sought from the Securities and Exchange Commission of Pakistan on whether the prices quoted on the stock exchange as at December 31, 2008 could be considered as the fair value of such securities at that date. The Securities and Exchange Commission of Pakistan vide its circular No. Enf/D-III/Misc/1/2008 dated January 29, 2009 clarified that the market price as quoted on the stock exchange on December 31, 2008 may be used as the fair value of securities as of that date for the purpose of preparation of financial statements for the period ended December 31, 2008. Accordingly, equity securities have been valued at the market prices as quoted on the stock exchange on December 31, 2008.

International Accounting Standard 39, Financial Instruments: Recognition and Measurement requires an entity to assess at each balance sheet date whether there is any objective evidence that a financial asset or liability is impaired. A significant or prolonged decline in the fair value of an investment in an equity security below its cost is objective evidence of such impairment. When a decline in the fair value of an investment in equity securities classified as available for sale has been recognized directly in equity and there is objective evidence that the investment is impaired, the cumulative loss that had been recognized directly in equity is removed from equity and recognized in the profit and loss account even though the investment has not been derecognized. Impairment losses recognized in profit and loss account for an investment in an equity security classified as available for sale are not reversed through the profit and loss account but are recognized in the available for sale reserve in equity.

The Securities and Exchange Commission of Pakistan (SECP), vide its SRO 150(I)/2009 dated February 13, 2009 gave an option to companies to either follow the requirements of IAS 39 and charge the impairment loss to the profit and loss account or to show this impairment loss under equity as per the following allowed alternative treatment:

- The impairment loss, if any, recognized as on December 31, 2008 due to valuation of listed equity investments held as "available for sale" to quoted market prices of December 31, 2008 may be shown under equity.
- The amount taken to equity as specified above, including any adjustment / effect for price movements during the quarter of calendar year 2009 shall be taken to profit and loss account on quarterly basis during the calendar year ending on December 31, 2009.
- The amount taken to equity as specified above, shall be treated as a charge to Profit and loss account for the purposes of distribution as dividend.

The holding company opted for the allowed alternative treatment and did not charge the impairment loss of Rs 1,496.458 million to the consolidated profit and loss account for the half year ended December 31, 2008. Subsequently, in accordance with the requirements of the above circular, the holding company charged an aggregate amount of Rs 332.243 million (net of appreciations) as impairment loss for the quarter ending on March 31, 2009.

At June 30, 2009, the holding company has decided to follow the requirements of IAS 39 and has charged the remaining impairment loss of Rs 981.851 million (net of price movements) to the consolidated profit and loss account. The total impairment loss charged to the consolidated profit and loss account for the year ended June 30, 2009 amounts to Rs 1,314.094 million.

	2009	2008
8.3 At fair value through profit or loss account	Rupees	
JS Income Fund - related party		
Investment at market value	37,003,603	32,867,478
Less : carrying value of investments	(33,653,104)	(32,131,615)
Unrealised gain on re-measurement of investments	3,350,499	735,863

8.4 Maturity of Funds

The duration of funds being managed by the holding company is specified in their respective offering documents as follows. After this period these funds shall stand dissolved automatically.

Name of fund	Duration
JS Capital Protected Fund	Three years and six weeks
JS Capital Protected Fund II	Two years and six weeks
JS Capital Protected Fund IV	Three years and six weeks
JS Principal Secure Fund I	Three years and six weeks

8.5 Certificates / shares pledged against running finance - Asset Management Company

The details of the certificates / shares of funds pledged by the holding company against its borrowings are as follows:

Name of fund	As at June 30, 2009 Number of certificates / shares
JS Value Fund Limited	21,498,500
JS Large Cap Fund (formerly UTP Large Cap Fund)	65,810,000
JS Growth Fund	36,080,000
Nishat Mills Limited	25,000
Escorts Investment Bank Limited	3,274,000
Pakistan International Container Terminal Limited	942,300

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

9 LOANS AND ADVANCES - CONSIDERED GOOD	**Note**	**2009**	**2008**
		Rupees	
Current portion of long-term loan to Chief Executive Officer, executives and employees	7	1,084,036	3,480,264
Unsecured advances to			
- executives	9.1	625,928	372,080
- employees	9.1	269,938	333,488
- suppliers		26,000	152,359
		2,005,902	4,338,191

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

10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES CONSIDERED GOOD - UNSECURED	**Note**	**2009**	**2008**
		Rupees	
Current maturity of long-term receivables from related parties	6	1,945,270	7,295,899
Mark-up receivable on long term loan to Chief Executive Officer - related party		401,096	183,387
Dividend receivable		14,785	50,035
Deposits		5,836,993	6,477,697
Prepayments		10,958,100	5,602,840
Share of profit and management fee receivable on management of discretionary client portfolios		-	11,666,947
Mark-up receivable on term finance certificates and bank account		15,095,892	10,576,769
Others	10.1	4,716,941	3,527,540
		38,969,077	45,381,114

10.1 This includes Rs 0.971 million (June 30, 2008: Rs 1.348 million) due from related parties on account of expenses incurred on their behalf.

11 BALANCES DUE FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES	**Note**	**2009**	**2008**
		Rupees	
11.1 Remuneration due from funds under management			
Closed end funds			
JS Value Fund Limited	24.2	1,984,597	4,150,066
JS Large Cap Fund (formerly UTP Large Cap Fund)	24.2	3,308,937	6,313,395
JS Growth Fund	24.2	4,655,814	8,147,706
		9,949,348	18,611,167
Open end funds			
UTP A-30+ Fund	24.1	121,024	243,296
Unit Trust of Pakistan	24.2	4,731,293	9,657,813
JS Income Fund	24.2	6,057,360	13,813,165
UTP - Islamic Fund	24.2	568,685	1,323,239
JS Aggressive Asset Allocation Fund	24.1	447,546	1,558,819
JS Fund of Funds	24.1	355,492	566,083
JS Capital Protected Fund	24.1	712,216	1,209,368
JS Capital Protected Fund II	24.1	1,825,830	1,963,528
JS Capital Protected Fund III	24.1	-	1,708,747
JS Capital Protected Fund IV	24.1	965,332	1,096,547
JS Pension Savings Fund	24.1	112,562	113,290
JS Islamic Pension Savings Fund	24.1	113,862	109,416
JS Principal Secure Fund I	24.1	3,396,240	-
JS Aggressive Income Fund	24.1	315,769	1,227,937
		19,723,211	34,591,248

		Note	2009	2008
11.2	**Commission**		**Rupees**	
	Open end funds			
	UTP A-30+ Fund	24.1	2,136	42,541
	Unit Trust of Pakistan	24.1	2,258	2,209,611
	JS Income Fund	24.1	2,414	481,972
	UTP - Islamic Fund	24.1	2,450	216,186
	JS Aggressive Asset Allocation Fund	24.1	-	423,662
	JS Fund of Funds	24.1	-	438,659
	JS Capital Protected Fund IV	24.1	-	3,667,117
	JS Aggressive Income Fund	24.1	-	30,962
	JS Pension Savings Fund	24.1	630	
	JS Islamic Pension Savings Fund	24.1	5,145	-
			15,033	7,510,710
			29,687,592	60,713,125

		Note	2009	2008
12	**CASH AND BANK BALANCES**			
	Cash in hand		75,191	140,036
	Cash at bank in:			
	Current accounts		1,921,756	1,508,403
	Saving accounts	12.1 & 12.2	2,179,131	20,498,714
			4,100,887	22,007,117
			4,176,078	22,147,153

12.1 These carry mark-up at rates ranging from 5 percent to 16 percent (2008: 6 percent to 12 percent) per annum.

12.2 This includes Rs 0.059 million (2008: Rs 4.239 million) held with JS Bank Limited (a related party).

13 **SHARE CAPITAL**

2009	2008		2009	2008
Number of shares			**Rupees**	
		Authorised capital		
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	2,000,000,000	2,000,000,000
50,000,000	50,000,000	Convertible preference shares of Rs. 10 each	500,000,000	500,000,000
250,000,000	250,000,000		2,500,000,000	2,500,000,000
		Issued, subscribed and paid-up capital		
21,250,000	21,250,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	212,500,000	212,500,000
700,000	700,000	Fully paid ordinary shares of Rs. 10 each issued on amalgamation with CFSL	7,000,000	7,000,000
78,050,000	78,050,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	780,500,000	780,500,000
100,000,000	100,000,000		1,000,000,000	1,000,000,000

13.1 The following shares of the holding company were held by a related party as at June 30, 2009:

Name of related party	**2009**		**2008**	
	Shares held (in million)	**Percentage**	**Shares held (in million)**	**Percentage**
Jahangir Siddiqui & Company Limited	52.02	52.02%	52.02	52.02%

		Note	2009	2008
14	**STATUTORY RESERVE**		**Rupees**	
	Statutory reserve	14.1	109,873,728	109,873,728
			109,873,728	109,873,728

14.1 Statutory reserve represents amount set aside as per the requirements of clause 16 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 issued by the Securities and Exchange Commission of Pakistan.

15 SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

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

	2009	2008
	Rupees	
Surplus on revaluation of fixed assets as at July 1	64,903,169	68,952,070
Surplus arising on revaluation of fixed assets during the year	170,739,935	-
	235,643,104	68,952,070
Transferred to accumulated profit:		
Surplus relating to incremental depreciation transferred to accumulated profit during the year - net of deferred tax	(3,094,206)	(2,631,786)
Related deferred tax liability	(1,666,111)	(1,417,115)
	(4,760,317)	(4,048,901)
	230,882,787	64,903,169
Less: related deferred tax liability on:		
- revaluation	82,391,211	24,049,349
- incremental depreciation charged during the year transferred to profit and loss account	(1,666,111)	(1,417,115)
	80,725,100	22,632,234
	150,157,687	42,270,935

16 SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT

	Repayment period		Price	2009	2008
	From	To		Rupees	
Financial Receivables Securitisation Company Limited (Class "A" TFC and Class "B" TFC)	Jan-07	Jan-14	6 months KIBOR plus 2% with floor of 8% and cap of 16% (repayable in fourteen semi annual instalments including markup)	700,000,000	700,000,000
Financial Receivables Securitisation Company Limited (Class "C" TFC)	Jan-07	Jan-14	Subordinate to Class "A" TFC and Class "B" TFC (repayable on maturity)	2,500,000	2,500,000
				702,500,000	702,500,000
Less: principal redemption made to date				(91,970,000)	(280,000)
Less: unamortised transaction cost				(7,317,360)	(9,962,535)
				603,212,640	692,257,465
Less: current maturity				(91,690,000)	(91,690,000)
Total				511,522,640	600,567,465

CURRENT MATURITY OF SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT

	2009	2008
Current maturity of principal	91,690,000	91,690,000
Less : Receivable from FRSCL	(27,150,879)	(24,558,860)
	64,539,121	67,131,140

16.1 The holding company obtained funds aggregating to Rs 702.5 million against securitisation of its future management fee receivables from a few funds under management (as disclosed in note 24.2). Under the arrangement, the holding company has assigned a portion of its future management fee receivables to Financial Receivables Securitisation Company Limited (FRSCL), which is a SPV set up for this purpose for the tenor of the facility. Under the arrangement, the entire cash flows arising to the holding company from management fee receivables relating to these funds is deposited with a Trustee. Subsequently, the Trustee deducts therefrom the amount payable under the related agreements entered into by FRSCL in respect of issuance of Term Finance Certificates (TFC) with the TFC holders and returns the balance amount to the holding company. The amount retained by the Trustee is passed on to FRSCL for meeting its obligations towards the relevant TFC holders and its other operating and administrative expenses. This securitisation transaction has been classified as a debt by the management.

16.2 Put option

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

16.3 Class "C" TFC

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

17 DEFERRED TAX LIABILITY - NET

	2009	2008
	Rupees	
Taxable temporary differences on:		
Accelerated tax depreciation	21,624,241	26,780,482
Surplus on revaluation of fixed assets	80,725,100	22,632,234
	102,349,341	49,412,716
Deductible temporary differences on:		
Short-term provisions	(657,345)	(670,088)
Deferred tax asset on loss	(51,431,003)	(574)
	50,260,993	48,742,054

17.1 The holding company has an aggregate amount of Rs 146,944,082 in respect of unabsorbed tax losses as at June 30, 2009 on which a deferred tax debit balance has been recognised.

	Note	2009	2008
		Rupees	
18 SHORT-TERM BORROWINGS - SECURED	18.1	317,691,909	952,936,889

18.1 This includes running finance facility amounting to Rs 1,000 million (2008: 1,000 million) obtained from National Bank of Pakistan. The facility carries mark-up at a rate of 14.77% (2008: 10.92%) per annum and is repayable by October 31, 2009. The facility is secured by way of pledge of certificates / shares of various funds managed by the holding company and shares of listed companies.

This includes running finance facility amounting to Rs 200 million (2008: Nil) obtained from Soneri Bank Limited. The facility carries mark-up at a rate of 16.93% (2008: Nil) per annum and is repayable by November 30, 2009. The facility is secured by way of registered equitable mortgage charge with SECP over office premises.

19 MONEY MARKET BORROWINGS - UNSECURED

	Note	2009	2008
		Rupees	
From commercial bank and financial institutions	19.1	564,000,000	523,000,000

19.1 These represent borrowings from commercial banks and financial institutions. These are repayable over various dates by July 2009. Mark-up rate on these borrowings ranges between 15% per annum to 15.90% per annum. This includes Rs. 428 million (June 30, 2008: Rs. 150 million) borrowed from JS Bank Limited (a related party).

20 ACCRUED AND OTHER LIABILITIES

	Note	2009	2008
		Rupees	
Staff bonus		-	37,700,000
Accrued expenses		17,099,332	12,196,109
Unclaimed dividend		1,332,782	9,412,696
Provision for staff compensated absences		1,606,987	1,472,881
Fee and commission payable		19,641,952	32,228,194
Donations payable		8,200,000	9,200,000
Advance rent		3,175,266	810,863
Royalty payable to Jahangir Siddiqui		-	2,500,000
Others		2,802,687	2,598,315
		53,859,006	108,119,058

21 ACCRUED MARK-UP

	2009	2008
Mark-up accrued on:		
- Short-term borrowings	12,735,801	24,445,412
- Money market borrowings	2,519,883	-
- Securitisation of management fee receivables	1,269,148	1,269,148
	16,524,832	25,714,560

22 CONTINGENCIES & COMMITMENTS

22.1 During the year an amended assessment order was passed against the holding company for the tax year 2006, raising a further tax demand of Rs. 134 million on account of taxability of a portion of capital gain in dividend received from Mutual Funds, allocation of expenses and disallowance of certain expenses. No provision has been made against this tax demand in these consolidated financial statements as the holding company is contesting the order before the appellate forums as well as the 'Dispute Resolution Committee' and management is confident about a favourable outcome.

	2009	2008
	Rupees	
22.2 Commitments in respect of:		
Capital expenditure contracted but not incurred	350,000	699,823
Royalty and advisory payment	10,000,000	10,000,000
Asset acquired under operating lease	1,920,000	700,000

22.3 The holding company has given guarantee to the seed capital investors of JS Aggressive Income Fund for lock-in-period of 2 years from the respective date of issuance of seed capital, ranging from November 6, 2007 to November 28, 2009. The initial investment amount of Rs 50.3 million approximately and a minimum return thereon of eight percent (8%) per annum is covered under the above guarantee.

23 SEGMENT INFORMATION

	Note	Asset management & investment advisory services		Investment finance services		Commodity operations		Total	
		2009	2008	2009	2008	2009	2008	2009	2008
					Rupees				
INCOME									
Remuneration from funds under management	24	439,879,978	626,928,164	-	-	-	-	439,879,978	626,928,164
Commission from open end funds under management	25	4,753,743	24,492,527	-	-	-	-	4,753,743	24,492,527
Dividend		21,498,992	147,385,788	12,273,075	6,318,750	-	-	33,772,067	153,704,538
Underwriting commission		-	-	-	687,500	-	-	-	687,500
(Loss) / gain on sale of investments - net		(232,531,096)	164,232,481	(122,620,208)	189,395,079	485,624	348,137	(354,665,680)	353,975,697
Income on Continuous Funding System (CFS) transactions		-	-	-	51,155	-	-	-	51,155
Mark up on term finance certificates		-	-	44,518,534	32,157,918	-	-	44,518,534	32,157,918
Mark up on letter of placement		-	-	742,482	3,291,015	-	-	742,482	3,291,015
Mark up on financing against shares		-	-	-	5,363,397	-	-	-	5,363,397
Mark up on commercial papers		-	-	4,633,801	1,123,711	-	-	4,633,801	1,123,711
Return on bank deposits		1,745,113	3,499,805	111,791	1,459,842	45,606	143,414	1,902,510	5,103,061
Commission income and share of profit from management of discretionary client portfolios	26	-	-	129,794	11,503,536	-	-	129,794	11,503,536
Amortization of discount		-	-	52,714	-	-	-	52,714	-
Unrealised gain on remeasurement of investments		-	-	-	-	3,350,501	735,863	3,350,501	735,863
		235,346,730	966,538,765	(60,158,017)	251,351,903	3,881,731	1,227,414	179,070,444	1,219,118,082
Impairment loss on investments		(1,202,977,547)	-	(111,116,429)	-	-	-	(1,314,093,976)	-
		(967,630,817)	966,538,765	(171,274,446)	251,351,903	3,881,731	1,227,414	(1,135,023,532)	1,219,118,082
OPERATING EXPENSES									
Administrative expenses		352,544,452	441,245,563	4,746,397	3,884,785	180,305	-	357,471,154	445,130,348
Other operating expenses		1,231,254	11,206,920	-	-	-	-	1,231,254	11,206,920
Financial charges		193,930,614	111,057,966	97,492,503	100,136,421	-	-	291,423,117	211,194,387
Pre-operating expenses		-	-	-	-	-	1,883,920	-	1,883,920
Other operating income		14,828,371	23,234,754	-	-	-	-	14,828,371	23,234,754
Segment results		(1,500,508,766)	426,263,070	(273,513,346)	147,330,697	3,701,426	(656,506)	(1,770,320,686)	572,937,261
Segment assets		1,620,500,166	3,335,307,212	356,801,576	904,414,580	40,625,220	36,883,794	2,017,926,962	4,276,605,586
Segment liabilities		1,026,404,152	1,573,466,970	551,914,349	752,704,196	80,000	40,000	1,578,398,501	2,326,211,166
Fixed capital expenditure		4,446,577	12,243,740	-	3,000,000	-	3,500,000	4,446,577	18,743,740
Depreciation / amortisation		42,107,012	51,785,110	600,000	300,000	-	-	42,707,012	52,085,110

		Note	2009	2008
24	**REMUNERATION FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES**		Rupees	
	Closed end funds			
	JS Value Fund Limited	24.1	31,127,069	50,942,794
	JS Large Cap Fund (formerly UTP Large Cap Fund)	24.1	46,490,362	80,633,292
	JS Growth Fund	24.1	62,197,927	116,533,751
			139,815,358	248,109,837
	Open end funds			
	Unit Trust of Pakistan	24.1	71,245,306	94,289,876
	JS Income Fund	24.1	116,810,487	167,793,374
	UTP - Islamic Fund	24.1	8,758,273	22,279,646
	JS Aggressive Asset Allocation Fund	24.1	8,175,175	20,061,612
	JS Fund of Funds	24.1	5,475,148	2,585,869
	UTP A-30+ Fund	24.1	1,614,623	5,383,177
	JS Capital Protected Fund	24.1	10,830,648	14,042,530
	JS Capital Protected Fund II	24.1	22,999,972	23,201,455
	JS Capital Protected Fund III	24.1	17,354,223	15,755,837
	JS Capital Protected Fund IV	24.1	12,734,059	2,474,582
	JS Pension Savings Fund	24.1	1,306,521	1,410,592
	JS Islamic Pension Savings Fund	24.1	1,337,286	385,808
	JS Aggressive Income Fund	24.1	9,026,119	9,153,969
	JS Principal Secure Fund I		12,396,780	-
			300,064,620	378,818,327
			439,879,978	626,928,164

24.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the management company / investment adviser of the Fund is entitled to a remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. During the year ended June 30, 2009 the holding company has charged management fee at the rates ranging from 1 to 3 percent (2008: 1 to 3 percent).

24.2 Securitisation of management fee receivables

The holding company has entered into an agreement to sell certain portion of its management fee receivables from a few funds (listed below) under its management, with Financial Receivables Securitisation Company Limited (FRSCL), a special purpose vehicle, incorporated for this purpose in accordance with the Companies (Asset Backed Securitisation) Rules, 1999. In addition, the holding company has also entered into a service agreement with FRSCL to provide services in respect of the receivables sold under the above agreement. The services to be provided by the holding company include the administration of these receivables. Further, the holding company is also required to monitor these receivables in the same manner and apply the same policies and practices to the origination and for creation of these receivables as the holding company applies in the case of other receivables which it retains for its own account.

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

Open end funds:

- Unit Trust of Pakistan
- UTP - Islamic Fund
- JS Income Fund

Closed end funds:

- JS Growth Fund
- JS - Large Cap Fund (formerly UTP - Large Cap Fund)
- JS Value Fund Limited

		2009	2008
		Rupees	

25 COMMISSION FROM OPEN END FUNDS UNDER MANAGEMENT - RELATED PARTIES

	2009	2008
Unit Trust of Pakistan	501,158	12,108,770
JS Income Fund	1,358,101	2,993,773
UTP - Islamic Fund	44,030	1,623,202
JS Aggressive Asset Allocation Fund	24,102	978,741
JS Fund of Funds	336,690	1,086,680
UTP A-30+ Fund	10,124	388,635
JS Capital Protected Fund II	-	189,662
JS Capital Protected Fund III	-	499,108
JS Capital Protected Fund IV	-	4,472,799
JS Aggressive Income Fund	1,905	151,157
JS Principal Secure Fund I	2,432,672	-
JS Pension Savings Fund	39,816	-
JS Islamic Pension Savings Fund	5,145	-
	4,753,743	24,492,527

25.1 This represents gross commission income earned by the holding company on account of sale of units made on behalf of the funds under management.

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

This represents commission income and share of profit earned by the holding company from management of three (June 30, 2008: six) discretionary client portfolios. The total cost and total market value of the unsettled client portfolios as at June 30, 2009 was Rs. 147.640 million (June 30, 2008: 841.195 million) and Rs. 114.631 million (June 30, 2008: 853.469 million) respectively.

27 ADMINISTRATIVE AND MARKETING EXPENSES

	Note	2009	2008
		Rupees	
Salaries and benefits		124,341,517	182,679,747
Staff retirement benefits	27.1	6,605,251	6,671,614
Amortisation of intangible asset	5.6	7,107,914	6,873,863
Advertisement		13,506,033	25,085,493
Depreciation	5.1	34,999,098	45,211,247
Printing and stationery		3,305,678	7,427,261
Rent, rates, taxes and maintenance		23,778,802	23,723,614
Travelling, conveyance and vehicle maintenance		14,919,824	16,007,314
Transfer agent remuneration		8,297,618	8,345,681
Postage and telephone		7,017,321	9,507,866
Legal and professional		12,709,261	14,735,304
Fees and subscription		3,759,384	5,063,244
IT services		14,160,370	17,065,948
Utilities		6,653,439	6,547,010
Office security		7,851,551	3,747,011
Entertainment		935,528	1,391,250
Insurance		4,860,084	3,978,078
Newspaper		189,976	281,609
Directors' fee		3,795,000	3,915,000
Brokerage Expenses		385,040	452,688
Royalty and advisory fee	27.2	10,000,000	10,000,000
Pre-operating expenses of the subsidiary company	27.3	180,305	1,883,920
Office supplies		976,204	1,009,291
Miscellaneous expenses		52,080	426,284
		310,387,278	402,030,337
Fee and commission		47,083,876	44,983,931
		357,471,154	447,014,268

27.1 Staff retirement benefits include contributions to defined contribution plan of Rs 6.006 million (2008: Rs 6.214million).

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

		Note	2009	2008
			Rupees	
27.3	**Pre-operating expenses of the subsidiary company**			
	Company incorporation expenses		-	1,275,350
	Membership fee		25,000	12,500
	Membership transfer fee		-	300,000
	Legal and professional charges		75,310	200,000
	Printing and stationery		-	7,500
	Auditors' remuneration		79,870	88,445
	Bank charges		125	125
			180,305	1,883,920
28	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration	28.1	1,231,254	1,206,920
	Donations	28.2	-	10,000,000
			1,231,254	11,206,920
28.1	**Auditors' remuneration**			
	Annual audit fee		800,000	800,000
	Fee for the review of the statement of compliance on code of corporate governance		50,000	50,000
	Out of pocket expenses		156,254	131,920
	Fee for review of half yearly financial statements		225,000	225,000
			1,231,254	1,206,920

28.2 During the year, donation paid to Mahvash and Jahangir Siddiqui Foundation, a related party of the group, amounts to Rs 1 million (2008: Rs 0.5 million). This donation was paid out of the amount accrued last year.

		2009	2008
		Rupees	
29	**FINANCIAL CHARGES**		
	Mark-up on long-term financing	-	2,728,408
	Mark-up on short-term borrowings	185,639,875	116,107,840
	Bank charges	204,912	146,935
	Mark-up and other charges of securitisation of management fee receivables	105,578,330	92,211,204
		291,423,117	211,194,387
30	**OTHER OPERATING INCOME**		
	Income from non-financial assets		
	Rental income	15,674,606	13,365,589
	(Loss) / gain on disposal of fixed assets	(5,943,229)	1,504,614
	Income from financial assets		
	Liabilities no longer required written back	2,172,740	5,619,424
	Mark-up earned on loans to Chief Executive Officer, executives and employees	2,646,646	2,741,359
	Commission income	-	11,503,536
	Others	277,608	3,768
		14,828,371	34,738,290
31	**TAXATION**		
	Current - for the year	5,392,926	32,588,043
	Deferred - for the year	(58,240,038)	(8,362,914)
		(52,847,112)	24,225,129

31.1 The income tax assessments of the holding company have been finalised upto and including the assessment year 2001-2002 (financial year ended June 30, 2001). The income tax assessments for tax year 2003 to tax year 2008 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001. An amended assessment order was passed against the holding company for the tax year 2006, raising a further tax demand of Rs. 134 million on account of taxability of a portion of capital gain in dividend received from Mutual Funds, allocation of expenses and disallowance of certain expenses. No provision has been made against this tax demand in these consolidated financial statements as the holding company is contesting the order before the appellate forums as well as the 'Dispute Resolution Committee' and management is confident about a favourable outcome.

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

	Note	2009	2008
		Rupees	
Accounting profit / (loss) before taxation		(1,774,022,112)	426,263,070
Tax @ 35% (2008: 35%)		(620,907,739)	200,757,818
Tax impact of income under FTR and differential in tax rates		(13,606,255)	(51,436,316)
Tax impact of exempt capital gains		124,302,956	(121,050,322)
Tax amortisation of management rights		(6,125,000)	(6,125,000)
Tax impact of provision for donations		-	2,816,632
Tax impact of expenses related to FTR income		3,865,951	-
Tax impact of impairment loss on investments		459,932,892	-
Others		(309,917)	(737,683)
		(52,847,112)	24,225,129

32 OPERATIONS RELATING TO THE INVESTMENT FINANCE SERVICES BUSINESS

As mentioned in note 1.4 to these consolidated financial statements, the Board of Directors of the holding company in its meeting held on July 9, 2008 decided to transfer the existing operations of investment finance services to a subsidiary company proposed to be incorporated for undertaking the business of investment finance services.

However, the Board of Directors of the holding company in its meeting held on February 26, 2009 decided to defer the incorporation of a subsidiary for investment finance services till such time the market conditions became conducive. Accordingly, the holding company applied to the SECP for a further extension of six months for the incorporation of the said subsidiary on March 9, 2009. The SECP, vide its letter SC/NBFC-1/JSIBL/151 dated March 24, 2009 instructed the holding company to incorporate the said subsidiary by June 30, 2009. Subsequently, on June 23, 2009, the holding company has written to the SECP explaining that although the decision to form the subsidiary has been deferred in light of the current market conditions, it has already started the process of winding up the investments under IFS licence. However, in view of the depressed market conditions, the management feels that the disposal of these investments at current prices would not be in the interest of the shareholders of the holding company. The holding company has therefore requested the SECP to grant an extension of six months to dispose off the investments held under the investment finance services business.

The analysis of the results of the investment finance services business is as follows:

32.1 Analysis of the (loss) / profit after tax

	2009	2008
	Rupees	
Dividend, markup and other income	62,462,191	61,956,824
Loss on sale of investments - net	(122,620,208)	189,395,079
Impairment loss on available for sale equity securities	(111,116,429)	-
	(171,274,446)	251,351,903
Administrative expenses	4,746,397	3,884,785
Financial charges	97,492,503	100,136,421
	102,238,900	104,021,206
(Loss) / profit before tax	(273,513,346)	147,330,697
Taxation		
Current	1,235,769	1,850,979
Deferred	-	(574)
	1,235,769	1,850,405
(Loss) / profit after taxation	(274,749,115)	145,480,292

		Note	2009	2008
32.2	**Analysis of the cash flows:**		**Rupees**	
	Operating cash flows		(177,631,276)	134,046,453
	Investing cash flows		441,125,957	(886,885,335)

32.3 Assets relating to the Investment Finance Services business

	Note	2009	2008
Intangible assets		2,100,000	2,700,000
Investments - available for sale	32.4	336,088,574	875,214,446
Deposits, prepayments and other receivables		17,595,892	25,273,307
Deferred tax asset		574	574
Cash and bank balances	32.3.1	1,016,536	1,226,253
		356,801,576	904,414,580

32.3.1 This includes Rs 0.059 million (2008: Rs 0.541 million) held with JS Bank Limited (a related party).

32.4 Investments - available for sale

	Number of units / certificates / shares (2009)	Rupees (2009)	Number of units / certificates / shares (2008)	Rupees (2008)
Investments - related parties				
JS Income Fund	-	-	1,441,338	150,000,000
JS Aggressive Income Fund	-	-	783,736	80,583,740
		-		230,583,740
Other investments				
EFU General Insurance Limited	3,900	343,551	3,900	1,407,354
Pakistan International Container Terminal Limited	942,300	50,347,089	942,300	117,297,504
Escort Investment Bank Limited	3,274,000	13,063,260	3,274,000	41,514,320
Adamjee Insurance Company Limited	-	-	260,000	70,387,200
Attock Refinery Limited	-	-	51,000	12,743,880
Nishat Mills Limited	25,000	945,500	25,000	2,149,250
Pakistan State Oil Company Limited	-	-	100,000	41,724,000
		64,699,400		287,223,508
Term finance certificates				
Optimus Limited	25,000	119,346,975	25,000	125,387,500
Pak American Fertilizer Limited	10,000	43,426,373	10,000	50,080,000
United Bank Limited	23,625	108,615,826	23,700	117,848,250
		271,389,174		293,315,750
Commercial paper				
Azgard Nine Limited	-	-	7	64,091,448
Investments at market value		336,088,574		875,214,446
Less: cost of investments		(461,351,203)		(890,204,085)
Impairment loss on investments held at year end		110,613,539		-
		(350,737,664)		(890,204,085)
Unrealised loss on re-measurement of investments		(14,649,090)		(14,989,639)

		2009	2008
33	**(LOSS) / EARNINGS PER SHARE**	**Rupees**	
	(Loss) / profit for the year after taxation	(1,717,473,574)	548,712,132
	Weighted average number of ordinary shares outstanding during the year	100,000,000	100,000,000
	(Loss) / earnings per share (Rupees)	(17.17)	5.49

33.1 Diluted earnings per share has not been presented as the group does not have any convertible instruments in issue as at June 30, 2008 and 2009 which would have any effect on the earnings per share if the option to convert is exercised.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged (except for performance bonus which is reported on paid basis) in the consolidated financial statements in respect of the remuneration, including benefits to the Chief Executive Officer, directors and executives of the holding company are as follows:

	Chief Executive Officer		Directors		Executives	
	2009	2008	2009	2008	2009	2008
	Rupees					
Managerial remuneration	7,920,000	7,920,000	6,752,581	6,324,000	36,932,517	30,333,213
Consultancy fee	-	-	-	-	-	-
House rent allowance	1,584,000	1,584,000	1,056,774	-	10,868,757	8,595,964
Utilities allowance	792,000	792,000	675,258	632,400	3,693,278	3,033,321
Car Allowance	-	-	880,645	-	11,074,652	8,200,148
Performance bonus	12,693,000	38,156,135	-	-	17,143,000	10,803,000
Retirement benefits	792,000	792,000	323,000	632,400	2,922,567	2,837,455
Medical Allowance	792,000	792,000	674,645	631,200	3,693,278	3,033,321
Other reimbursable expenses	-	-	-	-	290,560	138,447
	24,573,000	50,036,135	10,362,903	8,220,000	86,618,609	66,974,869
Number of persons	1	1	1	1	31	26

34.1 The Chief Executive Officer and a director of the holding company are provided with free use of company owned and maintained vehicles.

34.2 The holding company provides performance bonus to the Chief Executive Officer and executives. The individual entitlements are being reported on paid basis.

34.3 In addition, meeting fee of Rs 15,000 (2008: Rs 15,000) per meeting was paid to two non-executive directors for meetings attended during the year.

35 TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

35.1 Transaction with related parties

35.1.1 Transactions with associates

	2009	2008
	Rupees	
JS Value Fund Limited		
Remuneration income	31,127,069	50,942,794
Dividend income	21,498,992	69,971,976
Other expenses incurred on behalf of the fund	120,644	28,720
Reimbursement of other expenses incurred on behalf of the fund	104,644	22,880
JS Growth Fund		
Remuneration income	62,197,927	116,533,751
Dividend income	-	35,838,312
Other expenses incurred on behalf of the fund	1,500	-
Reimbursement of other expenses incurred on behalf of the fund	1,500	-
Preliminary expenses reimbursed	324,000	324,000
JS Large Cap Fund (formerly UTP-Large Cap Fund)		
Remuneration income	46,490,362	80,633,292
Dividend income	-	41,575,500
Amount received against long-term receivable	6,000,000	6,000,000
UTP-Islamic Fund		
Remuneration income	8,758,273	22,279,646
Commission income	44,030	1,623,202

	2009	2008
	Amount in Rupees	
JS Income Fund		
Remuneration income	116,810,487	167,793,374
Commission income	-	2,993,773
Other expenses incurred on behalf of the fund	121,270	-
Reimbursement of other expenses incurred on behalf of the fund	99,622	-
Unit Trust of Pakistan		
Remuneration income	71,245,306	94,289,876
Commission income	501,158	12,108,770
JS Aggressive Asset Allocation Fund		
Remuneration income	8,175,175	20,061,612
Commission income	24,102	978,741
Other expenses incurred on behalf of the fund	27,250	-
Reimbursement of other expenses incurred on behalf of the fund	27,250	321,665
JS Fund of Funds		
Remuneration income	5,475,148	2,585,869
Commission income	336,690	1,086,680
Other expenses incurred on behalf of the fund	20,375	50,000
Reimbursement of other expenses incurred on behalf of the fund	20,375	-
UTP - A 30+ Fund		
Remuneration income	1,614,623	5,383,177
Commission income	10,124	388,635
Other expenses incurred on behalf of the fund	1,500	50,000
Reimbursement of other expenses incurred on behalf of the fund	1,500	50,000
JS Capital Protected Fund		
Remuneration income	10,830,648	14,042,530
Other expenses incurred on behalf of the fund	25,875	-
Reimbursement of expenses incurred on behalf of the fund	25,875	1,868
JS Capital Protected Fund II		
Remuneration income	22,999,972	23,201,455
Commission income	-	189,662
Reimbursement of preliminary expenses incurred on behalf of the fund	-	1,062,500
Other expenses incurred on behalf of the fund	22,125	-
Reimbursement of other expenses incurred on behalf of the fund	22,125	135,000
JS Capital Protected Fund III		
Remuneration income	17,354,223	15,755,837
Commission income	-	499,108
Other expenses incurred on behalf of the fund	20,875	-
Reimbursement of other expenses incurred on behalf of the fund	20,875	-
Preliminary expenses incurred on behalf of the fund	-	1,125,000
Reimbursement of preliminary expenses incurred on behalf of the fund	-	1,125,000
JS Capital Protected Fund IV		
Remuneration income	12,734,059	2,474,582
Commission income	-	4,472,799
Preliminary expenses incurred on behalf of the fund	2,210,800	1,000,000
Reimbursement of preliminary expenses incurred on behalf of the fund	1,070,267	-
Other expenses incurred on behalf of the fund	-	187,500
Reimbursement of other expenses incurred on behalf of the fund	187,500	-
JS Pension Savings Fund		
Remuneration income	1,306,521	1,410,592
Commission income	39,816	-
Reimbursement of preliminary expenses incurred on behalf of the fund	-	50,000

	2009	2008
	Amount in Rupees	
JS Islamic Pension Savings Fund		
Remuneration income	1,337,286	385,808
Commission income	5,145	-
Preliminary expenses incurred on behalf of the fund	-	175,000
Other expenses incurred on behalf of the fund	-	50,000
JS Aggressive Income Fund		
Remuneration income	9,026,119	9,153,969
Commission income	1,905	151,157
Preliminary expenses incurred on behalf of the fund	-	1,229,500
Reimbursement of preliminary expenses incurred on behalf of the fund	245,900	-
Other expenses incurred on behalf of the fund	84,145	1,165,000
Reimbursement of other expenses incurred on behalf of the fund	62,497	1,165,000
JS Principal Secure Fund I		
Remuneration income	12,396,780	-
Commission income	2,432,672	-
Other expenses incurred on behalf of the fund	20,000	-
Reimbursement of preliminary expenses incurred on behalf of the fund	20,000	-
Preliminary expenses incurred on behalf of the fund	1,031,935	1,000,000

35.1.2 Transactions with other related parties

	2009	2008
JS Air (Pvt) Ltd		
Other expenses incurred on behalf of the fund	-	2,000
Reimbursement of other expenses incurred on behalf of the fund	-	2,443
JS Global Capital Limited (JSGCL) - associate of JSCL		
Rental income earned	-	1,445,400
Rent received	-	1,742,400
Rent expense	5,254,260	6,899,917
Expenses incurred by the company on behalf of JSGCL	2,321,834	1,028,090
Reimbursement of expenses incurred on behalf of JSGCL	2,495,738	812,206
JS Bank Limited (JSBL) - subsidiary of JSCL		
Purchase of term finance certificates	-	274,016,644
Mark up expense on money market borrowings	45,045,809	-
Reimbursement of expenses incurred on behalf of JSBL	-	6,002
Mahvash and Jahangir Siddiqui Foundation		
Donations paid	1,000,000	500,000
Pakistan International Container Terminal Limited		
Dividend income	2,826,900	-
Staff Provident Fund		
Contributions during the year	6,005,852	6,213,898
Dividend paid	10,000	15,000

35.1.3 Transactions with holding company

	2009	2008
Jahangir Siddiqui & Company Limited (JSCL) - holding company		
Rent received	6,854,869	5,980,356
Rental income earned	6,729,047	6,240,372
Dividend paid	52,023,612	78,035,418
Expenses incurred on behalf of JSCL	2,503,757	1,990,634
Reimbursement of expenses incurred on behalf of JSCL	2,329,060	1,759,514

		2009	2008
		Amount in Rupees	
35.1.4	**Transactions with key management personnel**		
	Chief Executive Officer		
	Mark-up income earned on long-term loan	2,256,059	2,696,600
	Remuneration of key management personnel	92,127,946	101,185,521
35.2	**Balances outstanding at the year end**		
35.2.1	**Balances outstanding with associates**		
	Receivable from JS Value Fund Limited	21,840	5,840
	Receivable from JS Income Fund	21,648	-
	Receivable from JS Aggressive Income Fund	21,648	-
	Receivable from JS Capital Protected Fund IV	-	187,500
	Receivable from JS Islamic Pension Savings Fund	-	50,000
	Outstanding balance of expenses incurred on behalf of different funds	264,675	264,675
35.2.2	**Balances outstanding with other related parties**		
	Payable to JS Bank Limited	2,016,870	-
	Receivable from JS Global Capital Limited	38,833	212,737
	Receivable from Staff Provident Fund	53,781	-
35.2.3	**Balances outstanding with holding company**		
	Receivable from Jahangir Siddiqui & Company Limited	542,338	627,657

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

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

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

35.6 Details of the remuneration relating to Chief Executive officer and directors are disclosed in note 34 to the financial statements.

		Note	2009	2008
			Amount in Rupees	
36	**CASH AND CASH EQUIVALENTS**			
	- Cash and bank balances	12	4,176,078	22,147,153
	- Short term borrowings - secured	18	(317,691,909)	(952,936,889)
			(313,515,831)	(930,789,736)

37 FINANCIAL INSTRUMENTS BY CATEGORY

	2009			
	Loans and receivables	Available for sale	At fair value through profit or loss	Total
	------------	Rupees	------------	
Assets				
Non-current assets				
Long-term receivables from related parties - unsecured - considered good	3,863,798	-	-	3,863,798
Long-term loans - considered good	16,942,570	-	-	16,942,570
	20,806,368	-	-	20,806,368
Current assets				
Investments	-	1,292,772,977	37,003,603	1,329,776,580
Loans and advances - considered good	2,005,902	-	-	2,005,902
Deposits, prepayments and other receivables - unsecured	28,010,977	-	-	28,010,977
Balances due from funds under management - related parties	29,687,592	-	-	29,687,592
Cash and bank balances	4,176,078	-	-	4,176,078
	63,880,549	1,292,772,977	37,003,603	1,393,657,129
	84,686,917	1,292,772,977	37,003,603	1,414,463,497

	2009		
	Liabilities at fair value through profit and loss	Others	Total
	------------	Rupees	------------
Liabilities			
Securitisation of management fee receivables - debt	-	576,061,761	576,061,761
Short-term borrowings - secured	-	317,691,909	317,691,909
Money market borrowing - unsecured		564,000,000	564,000,000
Accrued and other liabilities	-	50,194,737	50,194,737
Accrued mark-up	-	16,524,832	16,524,832
	-	1,524,473,239	1,524,473,239

	2008			
	Loans and receivables	Available for sale	At fair value through profit or loss	Total
	------------	Rupees	------------	
Assets				
Non-current assets				
Long-term receivables from related parties - unsecured - considered good	3,085,601	-	-	3,085,601
Long-term loans - considered good	18,147,019	-	-	18,147,019
	21,232,620	-	-	21,232,620
Current assets				
Investments	-	3,648,574,261	32,867,478	3,681,441,739
Loans and advances	4,338,191	-	-	4,338,191
Deposits, prepayments and other receivables	39,778,274	-	-	39,778,274
Balances due from funds under management	60,713,125	-	-	60,713,125
Cash and bank balances	22,147,153	-	-	22,147,153
	126,976,743	3,648,574,261	32,867,478	3,808,418,482
	148,209,363	3,648,574,261	32,867,478	3,829,651,102

	2008		
	Liabilities at fair value through profit and loss	Others	Total
	------------	Rupees	------------
Liabilities			
Securitisation of management fee receivables - debt	-	667,698,605	667,698,605
Short-term borrowings - secured	-	952,936,889	952,936,889
Money market borrowing - unsecured		523,000,000	523,000,000
Accrued and other liabilities	-	106,337,867	106,337,867
Accrued mark-up	-	25,714,560	25,714,560
	-	2,275,687,921	2,275,687,921

38 FINANCIAL RISK MANAGEMENT

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

38.1 Market risk

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

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

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

38.1.1 Currency risk

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

38.1.2 Interest rate risk

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

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

	As at June 30, 2009			
	Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total
	Upto one year	More than one year		
Financial assets	---------- Rupees ----------			
Non-current assets				
Long-term receivables from related parties - unsecured - considered good	-	-	3,863,798	3,863,798
Long-term loans - considered good	16,942,570	-	-	16,942,570
	16,942,570	-	3,863,798	20,806,368
Current assets				
Investments	-	-	1,329,776,580	1,329,776,580
Loans and advances - considered good	1,084,036	-	921,866	2,005,902
Deposits and other receivables	-	-	28,010,977	28,010,977
Balances due from funds under management - related parties	-	-	29,687,592	29,687,592
Cash and bank balances	2,179,131	-	1,996,947	4,176,078
	3,263,167	-	1,390,393,962	1,393,657,129
Sub Total	20,205,737	-	1,394,257,760	1,414,463,497
Financial liabilities				
Securitisation of management fee receivables - debt	64,539,121	511,522,640	-	576,061,761
Short-term borrowings - secured	317,691,909	-	-	317,691,909
Money market borrowing - unsecured	564,000,000	-	-	564,000,000
Accrued and other liabilities	-	-	50,194,737	50,194,737
Accrued mark-up	-	-	14,004,949	14,004,949
Sub Total	946,231,030	511,522,640	64,199,686	1,521,953,356
On-balance sheet gap	(926,025,293)	(511,522,640)	1,330,058,074	(107,489,859)
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(926,025,293)	(511,522,640)	1,330,058,074	(107,489,859)
Cumulativel interest rate sensitivity gap	(926,025,293)	(511,522,640)		

Financial assets	As at June 30, 2008			
	Exposed to Yield / Interest risk			
	Upto one year	More than one year	Not exposed to Yield / Interest rate risk	Total
	-- Rupees --			
Non-current assets				
Long-term receivables from related parties	-	-	3,085,601	3,085,601
Long-term loans	18,147,019	-	-	18,147,019
	18,147,019	-	3,085,601	21,232,620
Current assets				
Investments		-	3,681,441,739	3,681,441,739
Loans and advances	3,480,264	-	857,927	4,338,191
Deposits, prepayments and other receivables	-	-	39,778,274	39,778,274
Balances due from funds under management	-	-	60,713,125	60,713,125
Cash and bank balances	20,498,714	-	1,648,439	22,147,153
	23,978,978	-	3,784,439,504	3,808,418,482
Sub Total	42,125,997	-	3,787,525,105	3,829,651,102
Financial liabilities				
Securitisation of management fee receivables - debt	67,131,140	600,567,465	-	667,698,605
Short-term borrowings - secured	952,936,889	-	-	952,936,889
Money market borrowing - unsecured	523,000,000	-	-	523,000,000
Accrued and other liabilities	-	-	106,337,867	106,337,867
Accrued mark-up	24,445,412	1,269,148	-	25,714,560
Sub Total	1,567,513,441	601,836,613	106,337,867	2,275,687,921
On-balance sheet gap	(1,525,387,444)	(601,836,613)	3,681,187,238	1,553,963,181
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(1,525,387,444)	(601,836,613)	3,681,187,238	1,553,963,181
Cumulativel interest rate sensitivity gap	(1,525,387,444)	(601,836,613)		

The interest rate profile of interest / mark-up bearing assets are given in notes 7 and 12 of these consolidated financial statements.

The interest rate profile of interest / mark-up bearing liabilities are given in notes 16 of these consolidated financial statements.

38.1.3 Price Risk

The group is exposed to listed and quoted securities price risk because of investments held by the group and classified on the balance sheet as available for sale. To manage its price risk arising from investments, the group invests mainly in those funds which are managed by itself.

38.2 Credit risk

The group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from deposits with banks and financial institutions, and credit exposures arising as a result of dividends receivable on equity securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein.

All the financial assets of the group except Rs 0.075 million (2008: Rs 0.14 million) are exposed to credit risk. The group controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties, obtaining collaterals and continually assessing the credit worthiness of counter parties.

The maximum exposure to credit risk before any credit enhancements at June 30, 2009 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

38.3 Liquidity risk

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

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

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

	As at June 30, 2009			
	Total	Upto three months	More than three months and upto one year	More than one year
	----------Rupees----------			
Securitisation of management fee receivables - debt	576,061,761	-	64,539,121	511,522,640
Short-term borrowings - secured	317,691,909	317,691,909	-	-
Money market borrowing - unsecured	564,000,000	564,000,000	-	-
Accrued and other liabilities	50,194,737	50,194,737	-	-
Accrued mark-up	14,004,949	12,735,801	-	1,269,148
	1,521,953,356	944,622,447	64,539,121	512,791,788

	As at June 30, 2008			
	Total	Upto three months	More than three months and upto one year	More than one year
	----------Rupees----------			
Securitisation of management fee receivables - debt	667,698,605	-	67,131,140	600,567,465
Short-term borrowings - secured	952,936,889	952,936,889	-	-
Money market borrowing - unsecured	523,000,000	523,000,000	-	-
Accrued and other liabilities	106,337,867	106,337,867	-	-
Accrued mark-up	25,714,560	24,445,412	-	1,269,148
	2,275,687,921	1,606,720,168	67,131,140	601,836,613

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically repriced.

40 CAPITAL RISK MANAGEMENT

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

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

The holding company has licences for investment finance services, asset management company and investment advisory services. As per the NBFC Regulations, the minimum equity requirements for the afore-mentioned licences as at June 30, 2009 are as follows:

Form of business	Existing Equity requirement to be complied by June 30, 2009	Equity requirement latest by June 30, 2010	Equity requirement latest by June 30, 2011
	---------------------------------- Rupees	----------------------------------	
Investment finance services	500,000,000	700,000,000	1,000,000,000
Asset management services	100,000,000	150,000,000	200,000,000
Investment advisory services	30,000,000	30,000,000	30,000,000
Total	630,000,000	880,000,000	1,230,000,000

However, as at June 30, 2009 the equity of the holding company is Rs 289,370,774. As more fully explained in note 1.4, the holding company will continue operating with the asset management company and investment advisory services licences only once the Investment Finance Services business has been disposed off and hence the minimum equity requirement for the holding company would be Rs 180,000,000 as at June 30, 2010.

41 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Significant reclassifications are as follows:

- Receivable from FRSCL amounting to Rs 24,558,860 have been reclassified from deposits, prepayments and other receivables and netted off from the current maturity of securitisation of management fee receivables - debt.

42 GENERAL

These financial statements were authorised for issue on August 21, 2009 by the Board of Directors of the company.

Chief Executive

Director

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2009

No. of shareholders	Shareholding From	Shareholding To	Total shares held
347	1	100	24,219
1286	101	500	555,823
650	501	1,000	621,435
689	1,001	5,000	1,880,908
152	5,001	10,000	1,190,877
32	10,001	15,000	423,460
26	15,001	20,000	488,700
11	20,001	25,000	259,067
6	25,001	30,000	172,900
3	30,001	35,000	103,400
6	35,001	40,000	230,177
2	40,001	45,000	86,782
6	45,001	50,000	300,000
2	50,001	55,000	110,000
2	55,001	60,000	120,000
2	65,001	70,000	138,698
2	70,001	75,000	146,662
1	80,001	85,000	85,000
1	85,001	90,000	86,000
2	95,001	100,000	200,000
1	100,001	105,000	105,000
1	110,001	115,000	113,100
1	115,001	120,000	120,000
1	140,001	145,000	142,100
1	200,001	205,000	202,000
1	205,001	210,000	210,000
1	215,001	220,000	220,000
1	255,001	260,000	258,700
1	850,001	855,000	850,900
1	1,475,001	1,480,000	1,475,302
1	4,100,001	4,105,000	4,100,226
1	4,130,001	4,135,000	4,130,800
1	4,175,001	4,180,000	4,180,000
1	4,275,001	4,280,000	4,278,300
1	8,085,001	8,090,000	8,085,600
1	12,280,001	12,285,000	12,280,252
1	52,020,001	52,025,000	52,023,612
3245			**100,000,000**

Categories of shareholders	No.	Shares held	Percentage
Individual	3135	6,899,617	6.90
Investment Companies	-	-	-
Insurance Companies	4	129,177	0.13
Joint Stock Companies	79	61,495,925	61.50
Financial Institutions	9	1,630,229	1.63
Modarba & Mutual Funds	8	318,076	0.32
Others	10	29,526,976	29.53
	3245	**100,000,000**	**100.00**

DISCLOSURE TO PATTERN OF SHARE HOLDING

	Shares held
1 Associated Companies, undertaking and related parties:	
- Jahangir Siddiqui & Co. Ltd	52,023,617
2 NIT AND ICP	
- National Bank of Pakistan, Trustee Deptt.	41,782
- NBP Trustee - NI (U) T (LOC) Fund	35,517
3 Directors, CEO, their spouses and minor children:	10
4 Public sector companies & corporations:	-
5 Banks, DFIs, NBFCs, Insurance companies modarabas and mutual funds	2,000,183
6 Shareholders holding 10% or more voting interest in the listed companies:	
- Goldman Sachs & Co.	12,280,252
7 Executives and their spouses	
Mr. Suleman Lalani	5,500
Mrs. Assad Hameed Khan	1,000

The Company Secretary
JS Investments Limited
7/F, The Forum,
Block-9, Clifton, Karachi

I/We ____ of ________________________________ being Shareholder (s) of ___________________________________, holding ____________________________ shares as per Registered Folio No. / CDC A/c No. (For those who have shares in CDS) ____ hereby appoint Mr. / Ms ____ of (full address) _______________________________________ _____________________________________ or failing him / her Mr. / Ms. ____________________________ of (full address) ____ who is / are also Shareholder of the Company, as my proxy to attend, and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on October 02, 2009 and / or any adjournment thereof.

As witness my / our hand / seal this __________________________ day of ___________________________ 2009. Signed by ______________________________ in the presence of ____(name and address) ____.

Witness:

1. Name ________________________
   Signature _____________________
   Address ______________________
   ____
   CNIC or ______________________
   Passport No. __________________

2. Name _______________________
   Signature _____________________
   Address _____________________
   ____
   CNIC or _____________________
   Passport No. _________________

Signature on Rs. 5/- Revenue Stamp

The Signature should agree with the specimen registered with the Company

Important:

1. This proxy form, duly completed and signed, must be received at the Office of the Company Situated at 7th Floor, The Forum, Block-9, Khayaban-e-Jami, Clifton, Karachi not less than 48 before the time of holding the meeting.
2. No Person shall act as proxy unless he / she himself / herself is a Shareholder of the Company, except that a Corporation may appoint a person who is not a member.
3. If a Shareholder appoints more than one proxy and more than one instruments of proxy are deposited with the Company all such instruments of proxy shall be rendered invalid.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity card with him / her to prove his / her identity, and in case of proxy, must enclose an attested copy of his / her National Identity Card. Representatives of Corporate members should bring the usual documents required for such purpose.

JS Investments Limited

AFFIX
CORRECT
POSTAGE

The Company Secretary
JS Investments Limited
7/F, The Forum,
Block-9, Clifton, Karachi