



Annual Report 2010



Jahangir Siddiqui & Co. Ltd.

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Annual Report 2010



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Form of Proxy



Abbreviations

AEBL	American Express Bank Limited
AUM	Assets under Management
CCPL	Credit Chex (Private) Limited
CGU	Cash-Generating Unit
CODs	Certificate of Deposits
COIC	Citibank Overseas Investment Corporation Limited
COIs	Certificate of Investments
DSCs	Defence Saving Certificates
EIHPL	Energy Infrastructure Holding (Private) Limited
FRSCL	Financial Receivables Securitization Company Limited
EYFRSH	Ernst & Young Ford Rhodes Sidat Hyder
GDP	Gross Domestic Product
IFRSs	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
IASs	International Accounting Standards
IPO	Initial Public Offering
JACL	JS ABAMCO Commodities Limited
JSBL	JS Bank Limited
JSCL	Jahangir Siddiqui & Co. Ltd.
JSGCL	JS Global Capital Limited
JSIBL	Jahangir Siddiqui Investment Bank Limited
JSIL	JS Investments Limited
KIBOR	Karachi Inter bank Offered Rate
NBFIs	Non Banking Financial Institutions
NBFCs	Non Banking Finance Companies
NCEL	National Commodity Exchange Limited
NMBL	Network Microfinance Bank Limited
PACRA	The Pakistan Credit Rating Agency Limited
PIBs	Pakistan Investment Bonds
PRE-IPO	Pre-initial Public Offer
SBP	State Bank of Pakistan
SECP	Securities and Exchange Commission of Pakistan
TFCs	Term Finance Certificates
UTP	Unit Trust of Pakistan



Mission

our mission is to build
the most diversified
and the highest
quality financial
services organisation
in Pakistan.



Vision

our vision is to
empower every
Pakistani with the
right financial
solutions.

Company Information

Board Of Directors

Mazharul Haq Siddiqui
Syed Nizam Ahmed Shah
Chief Justice (R) Mahboob Ahmed
Ali J. Siddiqui
Ali Raza Siddiqui
Ali Hussain
Stephen Christopher Smith
Munaf Ibrahim

Chairman
Independent Director
Independent Director
Director
Director
Director
Director
Chief Executive Officer & Director

Audit Committee

Syed Nizam Ahmed Shah
Chief Justice (R) Mahboob Ahmed
Ali J. Siddiqui
Farah Qureshi

Chairman
Member
Member
Secretary

Executive Committee

Munaf Ibrahim
Ali J. Siddiqui
Ali Raza Siddiqui

Executive Compensation Committee

Syed Nizam Ahmed Shah
Chief Justice (R) Mahboob Ahmed

Company Secretary

Farah Qureshi

Chief Financial Officer

Kamran Qadir

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors

Bawaney & Partners
Sayeed & Sayeed

Share Registrar

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

Registered Office

6th Floor, Faysal House Shahra-e-Faisal
Karachi-75530, Pakistan

Website

www.js.com

FINANCIAL HIGHLIGHTS

JAHANGIR SIDDIQUI & CO. LTD.

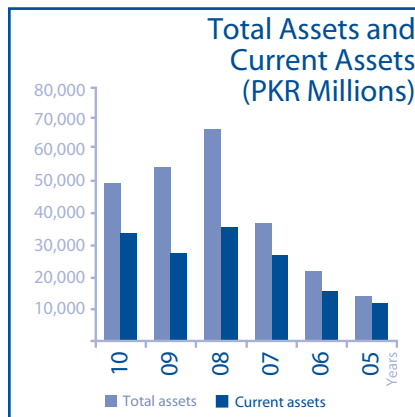
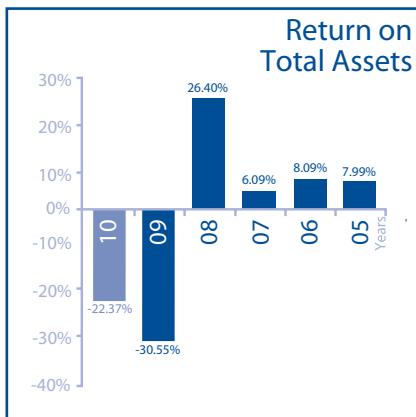
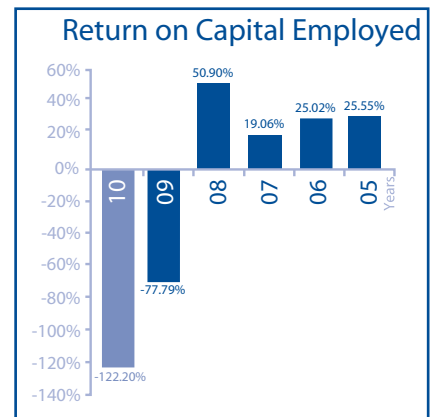
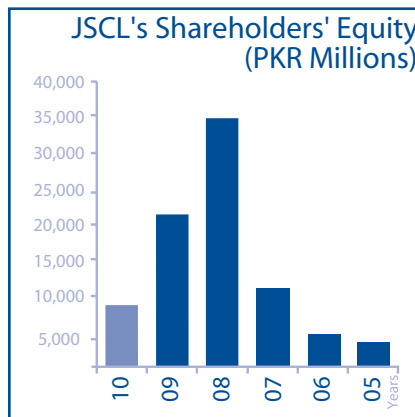
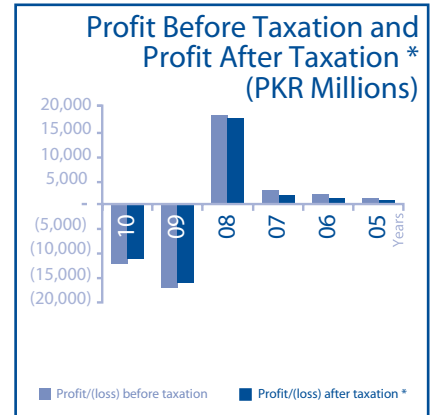
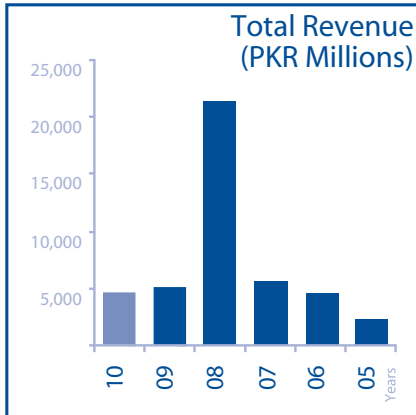
FINANCIAL HIGHLIGHTS

(BASED ON CONSOLIDATED FINANCIAL STATEMENTS)

(PKR Millions)
Except as indicated

	10	09	08	07	06	05
Operating Results						
Total revenue	4,510	5,004	22,598	5,394	4,178	2,485
Operating & administrative expenses	2,825	2,455	2,329	1,412	902	576
Finance cost	3,088	2,353	2,299	1,149	956	409
(Loss) / Profit before taxation	(12,102)	(17,616)	17,972	2,831	2,321	1,499
(Loss) / Profit after taxation *	(11,136)	(16,437)	17,722	2,251	1,672	1,117
Pay outs						
- Cash (% of Face Value)	10	-	-	25	25	25
- Bonus %	-	243.7782003	159.740260	100	-	-
Assets & Liabilities						
Total assets	49,781	53,800	67,121	36,959	20,660	13,982
Current assets	33,194	28,038	35,197	27,804	15,393	11,152
Current liabilities	33,785	25,151	23,185	17,983	10,631	6,715
Financial Position						
Equity attributable to equity holders' of the parent	9,113	21,129	34,816	11,807	6,683	4,372
Ordinary share capital ('000)	7,632,853	7,632,853	2,220,200	350,000	350,000	350,000
Preference share class 'A'	-	-	-	700	-	-
Reserves *	1,480	13,496	32,595	10,757	6,333	4,022
Ordinary shares outstanding ('000)	763,285	763,285	222,020	35,000	35,000	35,000
Ratios						
Return on capital employed	-122.20%	-77.79%	50.90%	19.06%	25.02%	25.55%
Return on total assets	-22.37%	-30.55%	26.40%	6.09%	8.09%	7.99%
Current ratio	0.98	1.12	1.52	1.55	1.45	1.66
Interest cover ratio	(2.61)	(5.99)	8.71	2.96	2.75	3.73

* excluding non-controlling interests



DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholder,

We are pleased to present the audited financial statements and results of operations for Jahangir Siddiqui & Co. Ltd. ("JSCL" or the "Company") along with the consolidated financial statements of Jahangir Siddiqui & Co. Ltd. (the "Holding Company") and its subsidiaries for the financial year ended June 30, 2010.

JSCL is primarily an investment company in financial services but also makes long term investments in growing companies in Pakistan. Its investments cover a broad range of sectors including commercial banking, Islamic banking, insurance, asset management, securities brokerage and microfinance.

JSCL also benefits from strategic long term investments throughout Pakistan's economy including growing industrial sector companies, rapidly expanding technology and media sector companies and companies benefiting from Pakistan's economic growth in transport and communications.

The Economy ■

Pakistan's economy headed on the road to recovery in fiscal year 2010, after enduring one of the most challenging periods the year before. This was confirmed via improvement in major macro fundamentals, particularly inflation and external account. CPI came down to 11.7% in FY10, compared to 20.8% in FY09, leading SBP to ease its stance on the interest rate by reducing the discount rate by a cumulative 150bps to 12.5% in FY10.

The Current Account too, was amongst the most improved indicators, as the deficit dropped by 62%YoY to US\$3.5 billion in FY10, helped by rising exports and strong remittances. Moreover, a pick up in industrial activity was also evident from the 4.8%YoY growth in Large Scale Manufacturing (LSM) in the period.

Pakistan continued with its US\$11.2 billion Stand By Arrangement (SBA) program with IMF through FY10 and has received US\$7.6 billion so far, albeit with some delays. It managed to meet most of the IMF conditionalities set, but failed to meet the revised annual fiscal deficit target of 5.1%, resolution of inter-corporate circular debt, replacing GST with VAT and complete elimination of power subsidy.

As evident from decreasing foreign investment (particularly Foreign Direct Investment) being reduced to US\$2.1 billion in FY10, compared to the average investment of US\$5.3 billion in the previous four years (FY06-FY09), investor confidence has weakened. Credit to the private sector remains weak too, with only PKR 112 billion extended to the segment in FY10. Credit trends do not appear encouraging in the current fiscal year, with an outflow of PKR 67 billion until mid September 2010.

Looking ahead, with the massive floods covering a fifth of the country, leaving behind damaged crops, property and infrastructure, hurdle to economic development. Although it is still early to assess the extent of the damage caused, the country is set to face massive infrastructure losses, crop damage plus extensive relocation and rebuilding costs. As a result of this, many of the budgeted targets are expected to be revised downwards. Rising inflationary pressures have already led the State Bank of Pakistan to raise the discount rate twice in the current fiscal year to 13.5%.

Capital Markets Review ■

The KSE-100 Index in FY10 stood amongst the best performing markets in the region as it rose by 36%, compared to regional markets which on average posted gains of 18%. This performance in FY10 becomes more noteworthy, when compared to FY09, when the benchmark index lost 42%. Market capitalization also increased by 29% to US\$32 billion (PKR 2.7 trillion) in FY10 from US\$26 billion (PKR 2.1 trillion) last year.



However, the impressive performance in FY10 was skewed towards Oil & Gas as its market capitalization rose by 49.6% to US\$ 11.4 billion, while its weight in the Index rose by 12.1% to 35.1%, from the Index's peak level in Apr 2008. Investors risk aversion was visible from the performance of the financial services sector in the past year, as falling volumes (161 million shares in FY10 versus a 5 -years average of 208 million shares) and lower traded value (US\$83 million in FY10 versus a 5 -years average of US\$302 million) led to a 20% drop in the sectors market capitalization in FY10.

Foreign institutional investors made their way back to the market as they bought shares worth US\$566 million in FY10 in comparison to an outflow of US\$455 million in FY09, primarily a result of attractive valuations and increased confidence. As a result, foreign investors now own equities worth US\$2.5 billion, which is 7.4% of the total market capitalization or 30% of the total free float.

Debt Market ■

There were a total of 5 Term Finance Certificates ("TFCs") offered in FY10. Through these 5 TFCs a total of PKR 15 billion (US\$ 175.4 million) was raised in FY10 as against a total of PKR 23.5 billion (US\$ 284.5 million) that was raised in FY09. Strong borrowers had easy access to bank loans, and hence did not see the need to raise funding from the debt capital markets.

Performance of Key Investments ■

JS Bank Ltd.

For the period ended June 30, 2010 the balance sheet of the bank grew by 9.69% to PKR 36.08 billion from PKR 32.89 billion as at December 31, 2009, mainly due to an increase in the Bank's deposit base from PKR 21.31 billion to PKR 24.02 billion, an increase of 13%. On the asset side, the main growth was recorded in investments, which grew by 38.53% to PKR 13.2 billion. The bank has suffered a net loss after tax of PKR 337.04 million as compared to a loss of PKR 792.83 million in the corresponding period last year, depicting an improvement of 57%. Going forward, the Bank plans to further strengthen their branch network to increase brand awareness and mobilize low cost deposits. On the lending side, the bank intends to increase their focus on the corporate, commercial and SME sectors. With the current strategy in place, further improvement in the results in the days to come is expected.

To meet the shortfall in the Minimum Capital Requirement of the State Bank of Pakistan (SBP) for 2009, the Board of Directors of the bank, in the meeting held on June 30, 2010 recommended issuance of 202,210,965 right shares at a price of PKR 3/- per share i.e. at a discount of PKR 7/- per share, which has been approved by the shareholders at an Extraordinary General Meeting held on July 23, 2010. The approvals from State Bank of Pakistan and Securities and Exchange Commission of Pakistan have been received.

JS Investments Ltd.

The assets under management (AUM) of Pakistan's mutual fund industry closed at PKR 199 billion as on June 30, 2010 - depicting a decline of 2.3% over the last one year. This decline in the industry AUM was relatively better than the sizeable decline of 39% experienced in the previous financial year ended on June 30, 2009. As on June 30, 2010 the AUM of the industry as represented by open-end and closed-end funds aggregated around PKR168 billion and PKR 31 billion, respectively.

The Company earned profit after tax of PKR 45.453 million during the year ended June 30, 2010. The Company earned management fee income of PKR 361.248 million from funds under management compared to PKR 439.880 million during the last year showing a decline of 17.9%. The decline in management fee income is primarily due to the decline in assets under management which stood at PKR 16,508 million compared to PKR 21,427 million on June 30, 2009 - a decline of 22.3%.

JS Global Capital Ltd.

The Company demonstrated a strong performance in its core operating revenue (fee and commissions) as well as better management of its investments. Total revenue stood at PKR 760 million versus PKR 683 million last year. By and large, market share across all businesses was improved or maintained.

The principal reason for this year's loss before and after tax (PKR 59.016 million and PKR 77.356 million respectively) is due to provisioning and impairment. PKR 366 million has been booked against doubtful trade receivables, while PKR 88 million has been booked as impairment in investments.

A new addition to the services on offer is commodities sales and trading. The Company is a member of the National Commodity Exchange Limited ("NCEL"). NCEL is the 2nd largest exchange in the country, in terms of value traded. The Company has launched brokerage services which are demonstrating high growth, as investors have a new avenue for investments. The recent announcement of a leverage based product for equities also holds promise for enhanced operations.

BankIslami Pakistan Ltd.

BankIslami is probably the only Bank which has depository products ranging upto ten years with less than 6% corporate concentration.

The Bank has reported a loss of PKR 16.1 million as at June 30, 2010 mainly due to change in accounting policy for recognizing revenue on the Istisna transactions which has been brought in line with the AAOFI Standard. All of the income not recognized during this period is expected to be realized during the same calendar year. Aside from this, the Bank continued to record impressive growth in deposits (+18.40%), financing (+17.70%) and assets (+19.00%).

The Bank is also engaged in a dialogue with State Bank of Pakistan with various options which include issuing right shares and/or acquisition and subsequent merger of another Bank.

Financial Results ■

The Company has reported an after tax loss of PKR 8.9 billion for the year ended June 30, 2010 as against PKR 14.4 billion loss for the comparative period i.e. June 30, 2009. Overall revenues for the year amounted to PKR 609 million as compared to PKR 3.1 billion during 2009.

	(Rupees in '000)
(Loss) before taxation	(8,975,899)
Less: Taxation	
- Current	7,393
- Prior	534
	7,927
(Loss) after taxation	<u>(8,983,826)</u>

The basic loss per share is PKR 11.77.

The Revenue of the Company suffered heavily due to the subdued Capital Markets performance in majority of the sectors whereas the income realized through dividends increased by 37% further impacted by impairment in investments. The Company has charged impairment to the profit and loss account for the year ended June 30, 2010 on investments, aggregating PKR 8.5 billion which have resulted on account of steep price decline on the local bourse. The Operating and Administrative Expenses were reduced by 12% to PKR 202 million from PKR 228 million last year.

Cash Dividend ■

The Directors recommended for the approval by the shareholders of the interim cash dividend announced on October 24, 2009 of 10% (i.e. Re. 1/- per share) declared and already paid for the year ended June 30, 2010.

The said dividend had been declared based on the results of the first quarter ended September 30, 2009 which showed a profit of PKR 892.599 million and had accumulated reserves of PKR 8,065.23 million which was in compliance with the requirements of Companies Ordinance, 1984. However, according to the annual financial statements for the year ended June 30, 2010 the Company has subsequently suffered losses due to impairment on its investments in subsidiaries, associates and available for sale investments which has been explained in note 37 to the financial statements and also mentioned in the audit report.

Consolidated Financial Statements ■

In the consolidated financial statements the Company has reported a net loss of PKR 11.1 billion as compared to a net loss of PKR 16.4 billion for the comparative period June 30, 2009.

	(Rupees in '000)
(Loss) before taxation from continuing operations	(12,119,656)
Less: Taxation	
- Current	55,453
- Prior	(24,878)
- Deferred	(960,088)
	<u>(929,513)</u>
(Loss) after taxation from continuing operations	(11,190,143)
Profit after taxation for the year from discontinued operations	17,767
(Loss) for the year	(11,172,376)
(Loss) attributable to non-controlling interests	(35,995)
(Loss) for the year attributable to ordinary shareholders	<u>(11,136,381)</u>

Basic loss per share from continuing operations is PKR 14.66.

There has been a major decline in revenue from gains earned on sale of investments further impacted by impairment in intangibles and investments as explained in note 8 and 37 to the financial statements.

The transactions relating to dividend payment has been explained in detail in note 52 to the financial statements and also covered in the earlier paragraphs of this report which has been duly incorporated by the auditors in their audit report. In addition, no provision for any loss that may result has been made in the consolidated financial statements with respect to the joint venture - Gujranwala Energy Limited (GEL). Please refer note 29.1.1 to the financial statements and the audit report.

In accordance with the NBFC Regulation whereby all Asset Management Companies (AMCs) were required to separate their Investment Finance Services, JS Investments has separately classified the income and expenses of investment finance services as "Discontinued Operations" in accordance with the requirements of International Financial Reporting Standards (IFRS) - 5 "Non-current assets held for sale and Discontinued Operations".

Corporate and Financial Reporting Framework ■

The Directors confirm compliance with the corporate and financial reporting framework of the SECP Code of Corporate Governance for the following:

- The financial statements present fairly the state of affairs of the Company, the results of its operations, cash flow statement and statement of changes in equity;
- Proper books of accounts of the Company have been maintained;
- Accounting policies as stated in the notes to the accounts have been consistently applied;
- International Financial Reporting Standards as applicable in Pakistan and the Companies Ordinance, 1984 as stated in the notes attached with the accounts, have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- The Company is financially sound and is a going concern; and
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.

No material payment is outstanding on account of taxes, duties, levies and charges.

The statement of key operating and financial data of last six years appears on Page No. 08

The Company operates an approved contributory provident fund for all its employees eligible to the scheme. The audited financial statements for the year ended June 30, 2010 indicate that the value of investments of the fund is PKR 67.1 million.

Five meetings of the Board of Directors were held during the year.

The attendance of Directors at Board meetings were as follows:

Name of Director	Meetings Eligibility	Meetings Attended
Mazharul Haq Siddiqui, Chairman	Five	Five
Syed Nizam Ahmed Shah	Five	Four
Chief Justice (R) Mahboob Ahmed	Five	Five
Ali J. Siddiqui	Five	Five
Ali Raza Siddiqui	Five	Four
Ali Hussain	Five	Five
Stephen Christopher Smith	Five	Three
Munaf Ibrahim, CEO & Director	Five	Five
Siraj Ahmed Dadabhoy*	Four	Two

*Mr. Siraj Ahmed Dadabhoy resigned from the Office of the Director of the Company on February 20, 2010 and Mr. Munaf Ibrahim was appointed as Director of the Company in his place on March 18, 2010 for the remaining term.

Management's Discussion of Financial Responsibility

The Company's management is responsible for preparing the financial statements and related notes contained in the Annual Report.

The consolidated financial statements and notes are prepared in accordance with generally accepted accounting principles in Pakistan. Other financial data included in the Annual Report are consistent with the data in the financial statements.



The Company's accounting policies are integral to understanding the results reported. Accounting policies are described in detail in the notes to the financial statements. The Company's most complex accounting policies require management's judgment to ascertain the valuation of assets and liabilities. The Company has established detailed policies and control procedures that are intended to ensure that valuation methods are fair, well controlled and applied consistently.

The Audit Committee of the Board of Directors is responsible for monitoring the integrity of the Company's financial statements, control systems and the independence and performance of its internal and independent auditors. The Audit Committee is comprised of three Directors and operates under terms of reference approved by the Board.

Credit Rating ■

The Directors are pleased to inform you that the Company has a long term rating AA (Double A) and short term rating of A1+ (A one plus) assigned to it by Pakistan Credit Rating Agency Limited. The long term rating denotes a very low expectation of credit risk and indicates a very strong capacity for timely payment of financial commitments. The short term rating denotes that obligations are supported by the highest capacity for timely repayment.

Auditors ■

The present auditors, Messrs Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants (a member firm of Ernst & Young Global Ltd.), retire and being eligible, offer themselves to be re-appointed as the Company's auditors for the coming year.

A resolution to appoint the auditors of the Company for the coming year will be proposed at the Annual General Meeting.

Pattern of Shareholding ■

The Statement of Pattern of Shareholding as on June 30, 2010 appears on Page No. 126 including trades carried out by Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and their spouses and minor children.

Future Outlook ■

Improvement in activity and volumes on the local securities market will have a positive impact although it will take some time for the Company to generate strong capital gains. Further our investment diversification and returns from strategic investments are expected to have a positive impact on the future earnings of the Company.

Acknowledgement ■

We express our sincere gratitude to our clients and business partners for their continued patronage to the Company and our management and employees for their dedication and hard work.

We would also like to acknowledge the work of Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and the Federal Board of Revenue for their efforts to strengthen the financial markets and measures to safeguard investor rights.

For and on behalf of the
Board of Directors

Mazharul Haq Siddiqui
Chairman

Karachi: October 07, 2010



COMPOSITIONS OF AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Syed Nizam Ahmed Shah	Chairman
Chief Justice (R) Mahboob Ahmed	Member
Ali J. Siddiqui	Member

Attendance of Audit Committee Meetings

Four meetings of the Audit Committee of the Board of Directors were held during the financial year 2009-2010. The attendance of members at Audit Committee meetings was as follows:

Names	Meetings Eligibility	Meetings Attended
Syed Nizam Ahmed Shah	Four	Four
Chief Justice (R) Mahboob Ahmed	Four	Four
Ali J. Siddiqui	Four	Four

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Board of Directors of JSCL has determined the terms of reference of the Audit Committee. The Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

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

- (a) Determination of appropriate measures to safeguard the Company's assets;
- (b) Review of preliminary announcements of results prior to publication;
- (c) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The going-concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards; 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;
- (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 Officer 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.



Notice of Meeting

Notice is hereby given that the Nineteenth Annual General Meeting of Jahangir Siddiqui & Co. Ltd. (the "Company") will be held at Regent Plaza Hotel and Convention Centre, main Shakra-e-Faisal, Karachi on November 24, 2010 at 10:00 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on October 31, 2009.
2. To receive and consider the audited financial statements of the Company for the year ended June 30, 2010 together with the Directors' and Auditors' Report thereon.
3. To elect seven Directors as fixed by the Board of Directors for a term of three years commencing from November 24, 2010. The names of the retiring Directors are;
 - i. Mazharul Haq Siddiqui;
 - ii. Syed Nizam Ahmed Shah;
 - iii. Chief Justice (R) Mahboob Ahmed;
 - iv. Ali J. Siddiqui;
 - v. Ali Raza Siddiqui;
 - vi. Ali Hussain;
 - vii. Stephen Christopher Smith; and
 - viii. Munaf Ibrahim.
4. To appoint the Auditors for the ensuing year and fix their remuneration.
5. To approve the interim cash dividend of 10% (i.e. Re. 1/- per share) already declared and paid as final distribution for the year ended June 30, 2010 announced on October 24, 2009.

Special Business

To explain the reason for not making investment in an associated undertaking after the Company obtained approval of the shareholders by Special Resolution at previous general meeting held on 24 November, 2007 under Section 208 of the Companies Ordinance, 1984 and to indicate major change in financial position of the pertinent associated undertaking in compliance with the SRO 865(I)/2000 dated December 06, 2000.

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

Karachi: October 20, 2010

By order of the Board

Farah Qureshi
Company Secretary



NOTES

- (i) The Share Transfer Books of the Company for Ordinary Shares shall remain closed from November 09, 2010 to November 23, 2010 (both days inclusive) for determining the entitlement of shareholders for attending the Annual General Meeting.
- (ii) Physical transfers and deposit requests under Central Depository System received at the close of business on November 08, 2010 by the Company's Registrar i.e. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Karachi will be treated as being in time for entitlement to attend the meeting.
- (iii) A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
- (iv) Proxies must be received at the Head Office of the Company not less than 48 hours before the time of the meeting.
- (v) Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form along with attested copies of CNIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution /Power of Attorney with specimen signature shall be submitted along with proxy form.
- (vi) Shareholders are requested to notify immediately of any change in their address.

The Statement under Section 160(1)(b) of the Companies Ordinance, 1984 in compliance with the SRO 865 (I)/2000 dated December 06, 2000

The Company in its prior general meeting held on November 24, 2007 had sought approval of the shareholders by a Special Resolution under Section 208 of the Companies Ordinance, 1984 for investment in the following associated company in which investment have not been made so far.

S. No.	Name of Company	Meeting Date	Amount in millions (PKR)	Reasons for not making investment
1.	JS Value Fund Ltd.	November 24, 2007	175	The Directors considered prudent to defer the investment due to the adverse economic and investment climate. However, the proposed investment will be made at an appropriate time in the best interest of the shareholders of the Company.

The changes in financial position of JS Value Fund Ltd. are given below:

JS Value Fund Ltd.

S. No.	Description	At the time of Approval under section 208	Present Status
1.	Average Market Price of the shares intended to be subscribed during preceding six months.	PKR 13.21 per share (based on October 31, 2007)	PKR 3.44 per share (based on September 30, 2010)
2.	Break-up value of shares	PKR 18.44 per share (September 30, 2007)	PKR 8.47 per share (based on June 30, 2010)
3.	Earning / (loss) per share of the investee company: <ul style="list-style-type: none">■ June 30, 2005■ June 30, 2006■ June 30, 2007■ June 30, 2008■ June 30, 2009■ June 30, 2010	PKR 1.24 per share PKR 4.42 per share PKR 5.55 per share - - -	- - - PKR 7.24 per share PKR (10.94) per share PKR (0.98) per share

The interest of the Directors and Chief Executive of the Company is limited to their being directors and shareholders of the Company as already notified previously to the shareholders.



STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

(As required by the Listing Regulations)

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 35 of the Listing Regulations of Karachi Stock Exchange (Guarantee) Ltd. for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive Directors. At present the Board includes two independent non-executive Directors.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of the Directors has defaulted in payment of any loan to a banking company, a DFI or a NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year Mr. Siraj Ahmed Dadabhoy, Independent Director tendered his resignation and Mr. Munaf Ibrahim, Chief Executive Officer was appointed to fill the casual vacancy for the remaining term.
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 Board has developed a mission /vision statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, 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. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings except in the case of emergency meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board of Directors is well aware of the requirements of the Code of Corporate Governance, however arrangements will also be made shortly for an orientation session.
10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.
11. A party wise record of transactions entered into with related parties along with all such documents and explanations has been maintained by the Company.



12. The Director's Report for this year 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 were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
14. The Chief Executive Officer, Directors and Executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises three members, of whom all are Non Executive Directors including the Chairman of the Committee.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and annual results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has set-up an effective internal audit function consisting of a full time internal auditor who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all material principles contained in the Code have been complied with.

For and on behalf of the
Board of Directors

Mazharul Haq Siddiqui
Chairman

Karachi: October 07, 2010



REVIEW REPORT TO THE MEMBERS ON 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 (the Code) for the year ended June 30, 2010 prepared by the Board of Directors of Jahangir Siddiqui & Co. Ltd. (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

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

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

Further, Sub-Regulation (xiii) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 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 price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of 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 price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended June 30, 2010.

Karachi: October 07, 2010

ERNST & YOUNG FORD RHODES SIDAT HYDER
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS ■

We have audited the annexed balance sheet of **JAHANGIR SIDDIQUI & CO. LTD.** as at 30 June 2010 and the related profit and loss account, statement of comprehensive income, 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 account 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, except for the changes in accounting policies as disclosed in note 2.2, with which we concur;
 - (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, statement of comprehensive income, 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 30 June 2010 and of the loss, comprehensive 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 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Without qualifying our opinion, we draw attention to Note 37 to the financial statements regarding declaration/payment of interim dividend during the year.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner: Omer Chughtai

October 07, 2010
Karachi



FINANCIAL STATEMENTS

Balance Sheet As at June 30, 2010

	Note	2010 (Rupees in '000)	2009
ASSETS ■			
Non-Current Assets			
Property and equipment	5	17,482	28,591
Investment property	6	2,411	3,052
Stock exchange membership cards and room	7	12,201	12,201
Long term investments	8	13,515,269	20,612,214
Long term loans	9	1,562	1,945
Long term security deposits		1,493	1,493
		13,550,418	20,659,496
Current Assets			
Trade debts		-	21,781
Loans and advances	10	1,668	81,593
Prepayments, interest accrued and other receivables	11	4,108	16,300
Short term investments	12	1,593,152	2,148,669
Taxation - net	13	222,720	154,777
Cash and bank balances	14	11,627	101,874
		1,833,275	2,524,994
		15,383,693	23,184,490
EQUITY AND LIABILITIES ■			
Share Capital and Reserves			
Share Capital	15	7,632,853	7,632,853
Reserves	16	2,494,877	11,646,141
		10,127,730	19,278,994
Non-Current Liability			
Long term financing	17	2,839,287	3,212,313
Current Liabilities			
Trade and other payables	18	95,328	127,240
Accrued interest / mark-up on borrowings	19	229,460	153,080
Short term borrowings	20	1,716,218	100,511
Current portion of long term financing	17	375,670	312,352
		2,416,676	693,183
Contingencies and Commitment			
	21		
		15,383,693	23,184,490

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive



Profit and Loss Account For the year ended June 30, 2010

	Note	2010 (Rupees in '000)	2009
INCOME			
Return on investments	22	758,595	553,810
Gain on sale of investments - net	23	444,066	2,574,898
Income from long term loans and fund placements	24	2,662	288,628
Other income	25	83,521	122,911
Loss on revaluation of investments carried at fair value through profit or loss - net		(679,768)	(391,044)
		609,076	3,149,203
EXPENDITURE			
Operating and administrative expenses	26	201,566	228,297
Finance cost	27	846,211	571,954
Impairment on investments	28	8,537,198	16,761,423
		9,584,975	17,561,674
		(8,975,899)	(14,412,471)
LOSS BEFORE TAXATION			
Taxation	29		
Current		7,393	913
Prior		534	-
		7,927	913
		(8,983,826)	(14,413,384)
NET LOSS FOR THE YEAR			
	 (Rupees)	
LOSS PER SHARE			
Basic	30	(11.77)	(18.88)

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive



Statement of Comprehensive Income For the year ended June 30, 2010

	2010	2009
	(Rupees in '000)	
NET LOSS FOR THE YEAR	(8,983,826)	(14,413,384)
OTHER COMPREHENSIVE INCOME / (LOSS)		
Net loss on available for sale investments		
Loss during the year	(1,296,744)	(13,188,496)
Reclassification adjustments included in the profit and loss account for:		
- Gain on sale of investments - net	(235,716)	(8,151)
- Impairment on investments	2,128,307	15,857,130
	595,847	2,660,483
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(8,387,979)</u>	<u>(11,752,901)</u>

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Cash Flow Statement For the year ended June 30, 2010

	Note	2010 (Rupees in '000)	2009
CASH FLOWS FROM OPERATING ACTIVITIES ■			
Loss before taxation		(8,975,899)	(14,412,471)
Adjustment for non cash charges and other items:			
Depreciation		12,130	18,165
Gain on sale of property and equipment		(3,732)	(1,401)
Gain on sale of NCEL membership card		(1,650)	-
Amortisation of transaction costs on term finance certificates		3,470	4,390
Interest income from special and defence saving certificates		(46,696)	(13,030)
Loss on revaluation of investments carried at fair value through profit or loss - net		679,768	391,044
Dividend income		(711,898)	(533,780)
Liability written back		(50,000)	(90,000)
Impairment on investments		8,537,198	16,761,423
Finance cost		842,741	567,564
		<u>9,261,331</u>	<u>17,104,375</u>
Operating profit before working capital changes		285,432	2,691,904
(Increase) / decrease in operating assets:			
Trade debts		21,781	(21,781)
Loans and advances		(1,175)	(81,317)
Prepayments, interest accrued and other receivables		12,192	1,558
Short term investments		(99,871)	1,918,343
Fund placements - net		-	325,411
Long term loans and security deposits		383	3,470
		<u>(66,690)</u>	<u>2,145,684</u>
Decrease / (increase) in trade and other payables		14,521	(1,356,517)
Net cash generated from operations		233,263	3,481,071
Mark-up paid		(766,361)	(528,026)
Taxes paid		(75,870)	(79,177)
Dividend paid		(759,718)	(101)
Net cash (used in) / inflow from operating activities		(1,368,686)	2,873,767
CASH FLOWS FROM INVESTING ACTIVITIES ■			
Capital expenditure incurred		(2,892)	(1,085)
Proceeds from sale of property and equipment		6,244	3,024
Proceeds from sale of NCEL membership card and room		5,000	-
Dividend received		711,898	533,780
Investments acquired - net of sale		(744,340)	(6,423,034)
Net cash used in investing activities		(24,090)	(5,887,315)
CASH FLOWS FROM FINANCING ACTIVITIES ■			
Proceeds from issue of ordinary shares		-	4,002
Redemption of term finance certificates		(313,178)	(313,278)
Net cash used in financing activities		(313,178)	(309,276)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,705,954)	(3,322,824)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,363	3,324,187
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	(1,704,591)	1,363

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Statement of Changes in Equity For the year ended June 30, 2010

	Ordinary share capital	Reserves			Other Unrealised gain/(loss) on revaluation of available for sale invest- ments - net	Total
		Capital Ordinary share premium	Revenue General	Unappropriated profit / (accumulated loss)		
----- (Rupees in '000) -----						
Balance as at July 1, 2008	2,220,200	9,906,545	10,000,000	11,586,011	(2,684,863)	31,027,893
Bonus shares issued during the year in the ratio of 2.44 shares for every 1 share held	5,412,569	(5,412,569)	-	-	-	-
Loss for the year after taxation	-	-	-	(14,413,384)	-	(14,413,384)
Other comprehensive income	-	-	-	-	2,660,483	2,660,483
Issue of right shares	84	3,918	-	-	-	4,002
Balance as at June 30, 2009	7,632,853	4,497,894	10,000,000	(2,827,373)	(24,380)	19,278,994
Balance as at July 1, 2009	7,632,853	4,497,894	10,000,000	(2,827,373)	(24,380)	19,278,994
Loss for the year after taxation	-	-	-	(8,983,826)	-	(8,983,826)
Other comprehensive income	-	-	-	-	595,847	595,847
Appropriation during the year: Interim dividend @ Rs. 1 per ordinary share	-	-	-	(763,285)	-	(763,285)
Balance as at June 30, 2010	7,632,853	4,497,894	10,000,000	(12,574,484)	571,467	10,127,730

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive



Notes to the Financial Statements For the year ended June 30, 2010

1. THE COMPANY AND ITS OPERATIONS ■

Jahangir Siddiqui & Co. Ltd. (the Company) was incorporated under the Companies Ordinance, 1984 (the Ordinance) on May 4, 1991 as a public unquoted company. The Company is presently listed on Karachi Stock Exchange (Guarantee) Limited. The Company is also a corporate member of Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited. The registered office of the Company is situated at 6th Floor, Faysal House, Main Shahra-e-Faisal, Karachi. The principal activities of the Company are trading of securities, maintaining strategic investments, consultancy services, underwriting, etc.

2. BASIS OF PREPERATION ■

These financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, available for sale investments and derivative financial instruments which are stated at fair value.

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 (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are stated at cost less impairment if any and have not been accounted for on the basis of reported results and net assets of the investees.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2 –	Share Based Payment – Amendments regarding Vesting Conditions and Cancellations
IFRS 3 –	Business Combinations (Revised)
IFRS 7 –	Financial Instruments: Disclosures (Amendments)
IFRS 8 –	Operating Segments
IAS 1 -	Presentation of Financial Statements (Revised)
IAS 23 -	Borrowing Costs (Revised)
IAS 27 -	Consolidated and Separate Financial Statements (Amendment)
IAS 32 -	Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)
IAS 39 –	Financial Instruments: Recognition and Measurement – Eligible hedged items (Amendments)
IFRIC 15 –	Agreements for the Construction of Real Estate
IFRIC 16 –	Hedges of a Net Investment in a Foreign Operation
IFRIC 17 -	Distributions of Non-cash Assets to owners
IFRIC 18 –	Transfers of Assets from Customers

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements other than as described below:

IFRS 7 - "FINANCIAL INSTRUMENTS: DISCLOSURES"

The amended standard requires additional disclosures about fair value measurements and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy, by class, for all financial instruments recognised at fair value. The fair value measurement disclosures are presented in Note – 36 to the financial statements. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 34.2 to the financial statements.

IFRS 8 - "OPERATING SEGMENTS"

IFRS 8 replaces IAS 14 Segment Reporting and sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates and its major customers. Since these are separate financial statements of the Company and consolidated financial statement will be presented separately, segment information has been presented in the consolidated financial statements.

IAS - 1 "PRESENTATION OF FINANCIAL STATEMENTS (REVISED)"

The Company has adopted IAS - 1 "Presentation of Financial Statements (Revised)" which became effective during the year. The revised standard separates owner and non-owner changes in equity. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present two statements.

IAS - 27 "CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (AMENDED)"

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 24 - Related Party Disclosures (Revised)	January 01, 2011
IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)	February 01, 2010
IFRS 2 - Share-based Payments: Amendments relating to Group Cash-settled Share-based Payment Transactions	January 01, 2010



Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRIC 14 - IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments)	January 01, 2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after 01 January 2010. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES ■

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgements which are significant to the financial statements:


- (a) determining the residual values and useful lives of property and equipment (Note 4.1);
- (b) classification of investments (Note 4.4);
- (c) recognition of taxation and deferred tax (Note 4.8);
- (d) accounting for post employment benefits (Note 4.14); and
- (e) impairment of financial assets (Note 4.20)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ■

4.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 5 to the financial statements. In respect of additions depreciation is charged from the month in which asset is put to use and on disposal up to the month immediately preceding the deletion.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in



excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized only when it increases the future economic benefit embodied in the item of property and equipment.

Gains and losses on disposal of fixed assets, if any, are taken to income currently.

4.2 Investment properties

These are stated cost including transaction costs less accumulated depreciation and accumulated impairment, if any. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. In respect of additions depreciation is charged from the month in which asset is put to use and on disposal up to the month immediately preceding the deletion.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development.

4.3 Stock exchange membership cards and room

These are stated at cost less impairment in value, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

4.4 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, at fair value through profit or loss, available for sale and held to maturity.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment except in the case of at fair value through profit / loss investments where transaction costs are charged to profit and loss account when incurred.

For investments in government securities, fair value is determined by reference to quotations obtained



from PKRV Reuters page. In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market price at the close of business day. For term finance certificates, fair value is determined by reference to average broker rates.

Unquoted investments, where active market does not exist and fair value cannot be reasonably calculated, are carried at cost. Impairment in value, if any, is taken to income currently.

Subsidiaries, associates and joint ventures

Subsidiary companies are the entities in which the Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

A joint venture is a contractual arrangement where the Company has joint control over the economic activities undertaken with the other venturers.

Associates are entities in which the Company has significant influence and which are neither a subsidiary nor a joint venture. The Company determines the significant influence by reference to its extent of voting interest in the investee company and other relevant factors which indicate the Company's ability to participate in the financial and operating policy decisions of the investee company.

Investments in subsidiaries, associates and joint ventures other than those classified as held for sale are accounted for under the cost method. Such investments are carried in the balance sheet at cost less any impairment in value. Impairment is charged to the profit and loss account.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss.

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains or losses recognised directly in the profit and loss account. Transaction costs are charged to profit and loss account when incurred.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains or losses being taken directly to statement of comprehensive income until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to profit and loss account.

Held to maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised cost. Impairment in value, if any, is taken to profit and loss account.

Premiums and discounts on investments are amortised using the effective interest rate method and taken to profit and loss account from investments.



4.5 Derivative financial instruments

Derivative instruments held by the Company generally comprise future contracts in the capital markets. These are stated at fair value at the balance sheet date. The fair value of the derivative is equivalent to the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses are recognised in the profit and loss account.

The fair value of unquoted derivatives, if any, is determined by discounted cash flows using appropriate interest rates applicable to the underlying asset.

4.6 Securities sold under repurchase / purchased under resale agreements

The Company enters into transactions of repurchase and reverse repurchase at contracted rates for a specified period of time as under:

(a) Repurchase agreement borrowings

Investments sold subject to a repurchase agreement at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investment securities. Amounts received under these agreements are recorded as securities sold under repurchase agreements. The difference between sale and repurchase price is treated as mark-up/return/interest expense and accrued over the period of the repo agreement using the effective yield method.

(b) Repurchase agreement lendings

Investments purchased under agreement to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these agreements are included in fund placements. The difference between purchase and resale price is treated as mark-up/return/interest earned and accrued over the period of the reverse repo agreement using the effective yield method.

4.7 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

4.8 Taxation

Current

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

Deferred

Deferred tax is calculated using the balance sheet liability method on all temporary differences at the balance sheet date, between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.



Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

4.9 Revenue recognition

- (a) Return on Defence Saving Certificates (DSCs) and Special Saving Certificates (SSCs) have been accounted for using the effective interest rate method.
- (b) Income from Term Finance Certificates (TFCs), government securities, reverse repurchase transactions and loans and advances is recognised at rate of return implicit in the instrument / arrangement on a time proportion basis.
- (c) Profit on bank deposits and rental income is recognised on an accrual basis.
- (d) Dividend income on equity investments is recognised, when the right to receive the same is established.
- (e) Capital gains or losses on sale of investments are recognised in the period in which they arise.
- (f) Underwriting commission is recognised when the agreement is executed. Take-up commission is recognised at the time commitment is fulfilled.
- (g) Consultancy and advisory fee, commission on foreign exchange dealings and government securities, etc. are recognised as and when earned.
- (h) Rental income is recognised on accrual basis.

4.10 Long term finances and loans

All long term finances and loans are initially recognised at cost being the fair value of consideration received together with the associated transaction costs. Subsequently, these are carried at amortised cost using effective interest rate method.

Transaction costs relating to long term finance are being amortised over the period of agreement using the effective interest rate method.

4.11 Trade debts and other receivables

These are stated net of provision for impairment, if any. Provision is made against the debts considered doubtful.



4.12 Trade and other payables

Trade and other payables are stated at their costs, which is fair value of consideration received.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand, bank balances, net of bank overdrafts repayable on demand, if any.

4.14 Staff retirement benefits

Defined contribution plan

The Company operates an approved funded contributory provident fund scheme for all its employees eligible to the scheme. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10% per annum of basic pay.

Compensated absences

Accrual is made for employees compensated absences on the basis of accumulated leaves and the last drawn pay.

4.15 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently (for regular way purchases and sales of financial instruments refer to note 4.18).

4.16 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet, when there is a legal 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. Income and expenses arising from such assets and liabilities are also offset accordingly.

4.17 Trade date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.



4.18 Foreign currency translations

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

4.20 Impairment

Financial assets

The company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (as incurred loss event) and that loss event (or events) has impact on the estimated future cashflows of the financial asset or the group of financial assets that can be reliably estimated.

If, in a subsequent period, the fair value of an impaired available for sale security increases and the increase can be objectively related to an event occurring after the impairment loss recognised in profit and loss, the impairment loss is reversed, with the amount of reversal recognised in other comprehensive income.

Non-financial assets

Assets are reviewed for impairment whatever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of impairment at each reporting date.

5. PROPERTY AND EQUIPMENT ■

5.1 Operating assets - owned

	C O S T			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2009	Additions / (disposals)	As at June 30, 2010		As at July 1, 2009	For the year / (on disposals)	As at June 30, 2010	As at June 30, 2010
	(Rupees in '000)				(Rupees in '000)			
June 30, 2010								
Office premises - leasehold	1,041	-	1,041	5	310	52	362	679
Leasehold improvements	18,147	225	18,372	33	17,467	692	18,159	213
Office equipment	33,034	555 (4,966)	28,623	25	25,127	5,443 (4,902)	25,668	2,955
Office furniture and fixtures	15,660	83	15,743	10	6,439	1,294	7,733	8,010
Motor vehicles	24,565	2,029 (6,589)	20,005	20	14,513	4,008 (4,141)	14,380	5,625
	92,447	2,892 (11,555)	83,784		63,856	11,489 (9,043)	66,302	17,482

	C O S T			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2008	Additions / (disposals)	As at June 30, 2009		As at July 1, 2008	For the year / (on disposals)	As at June 30, 2009	As at June 30, 2009
	(Rupees in '000)				(Rupees in '000)			
June 30, 2009								
Office premises - leasehold	1,041	-	1,041	5	258	52	310	731
Leasehold improvements	18,147	-	18,147	33	11,478	5,989	17,467	680
Office equipment	32,299	735	33,034	25	19,707	5,420	25,127	7,907
Office furniture and fixtures	15,310	350	15,660	10	5,150	1,289	6,439	9,221
Motor vehicles	28,370	- (3,805)	24,565	20	11,920	4,775 (2,182)	14,513	10,052
	95,167	1,085 (3,805)	92,447		48,513	17,525 (2,182)	63,856	28,591



5.2 Details of disposal of fixed assets having written down value exceeding Rs.50,000 each:

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's particulars
Motor Vehicles							
Toyota Land Cruiser	3,575	2,205	1,370	4,000	2,630	Negotiation	Mr. M. Amin Zakaria Gulshan-e-Iqbal, Karachi
Toyota Vitz	620	331	289	500	211	Negotiation	Mr. Imran Haleem Shaikh (Ex employee) Gulshan-e-Faisal Bath Island, Karachi
Honda Civic	1,524	762	762	1,350	588	Negotiation	Optimus Limited Hasrat Mohani Road Karachi
Office Equipment							
Toshiba Note Book	109	48	61	95	34	Negotiation	JS Bank Limited (Related Party) Shaheen Commercial Complex, Karachi

6. INVESTMENT PROPERTY ■

Note	C O S T			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2009	Additions/ (disposals)	As at June 30, 2010		As at July 1, 2009	For the year	As at June 30, 2010	As at June 30, 2010	
	(Rupees in '000)				(Rupees in '000)				
June 30, 2010									
Office premises	6.1	12,599	-	12,599	5	9,547	641	10,188	2,411
Note	C O S T			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2008	Additions/ (disposals)	As at June 30, 2009		As at July 1, 2008	For the year	As at June 30, 2009	As at June 30, 2009	
	(Rupees in '000)				(Rupees in '000)				
June 30, 2009									
Office premises	6.1	12,599	-	12,599	5	8,907	640	9,547	3,052

6.1 The fair value of the investment property aggregating to Rs. 88.86 million (2009: Rs. 92.39 million) was arrived at on the basis of the valuation carried out by M/s. Consultancy Support and Services, an independent valuer on July 14, 2010 but was not incorporated in the books of account as the company applies cost model for accounting investment properties. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.



	Note	2010 (Rupees in '000)	2009
7. STOCK EXCHANGE MEMBERSHIP CARDS AND ROOM ■			
Membership cards			
Karachi Stock Exchange (Guarantee) Limited		100	100
Islamabad Stock Exchange (Guarantee) Limited		11,101	11,101
Room - Islamabad Stock Exchange (Guarantee) Limited		1,000	1,000
		<u>12,201</u>	<u>12,201</u>
8. LONG TERM INVESTMENTS ■			
Investments in related parties			
Investment in subsidiaries	8.1	4,163,417	6,887,357
Investment in associates	8.2	1,303,215	6,429,896
Other related parties - Available for sale	8.3	7,688,911	6,340,922
		13,155,543	19,658,175
Other investments	8.4	359,726	954,039
		<u>13,515,269</u>	<u>20,612,214</u>

8.1 Investment in subsidiaries - at cost

These shares are ordinary shares of Rs.10 each unless stated otherwise.

Number of shares	Note	Activity	Holding		2010 (Rupees in '000)	2009	
			2010 %	2009 %			
2010							
2009							
		Quoted					
395,162,551*	8.1.1	JS Bank Limited Market value Rs. 1,110.41 (2009: Rs. 2,382.83) million	Commercial Banking	64.49	64.49	2,596,056	2,596,056
52,023,617**	8.1.2	JS Investments Limited Market value Rs. 388.10 (2009: Rs. 881.28) million	Asset Management & Investment Advisor	52.02	52.02	3,046,057	3,046,057
		Less: Impairment				(2,657,961)	-
						388,096	3,046,057
21,245,184***	8.1.3	Network Microfinance Bank Limited Market value Rs. 27.83 (2009: Rs. 42.70) million	Micro Finance Banking	70.82	70.82	212,452	212,452
		Less: Impairment				(53,113)	(4,500)
						159,339	207,952
		Un-quoted					
73,736,250		JS Infocom Limited Net assets value Rs. 441.83 (2009: Rs. 557.56) million based on audited financial statements for the year ended June 30, 2010	Telecom Media & Technology	100.00	100.00	708,490	708,490
		Less: Impairment				(266,657)	(178,061)
						441,833	530,429
		Balance carried forward				<u>3,585,324</u>	<u>6,380,494</u>

* These represent sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

** These represent sponsor shares which are blocked for trading as per the requirements of the Securities and Exchange Commission of Pakistan.

*** Included herein are 9 million sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

Number of shares		Activity	Holding		2010 (Rupees in '000)	2009
2010	2009		2010 %	2009 %		
		Un-quoted				
		Balance brought forward			3,585,324	6,380,494
10,000	10,000	JS International Limited Ordinary Shares of US\$ 1/- each having net assets value Rs. 144.17 (March 31, 2009: Rs. 153.17) million based on audited financial statements for the year ended March 31, 2010 Less: Impairment	Investment services	100.00 100.00	294,882	294,882
					(150,716)	(141,714)
					144,166	153,168
1,895,000	1,177,500	Credit Chex (Private) Limited Ordinary Shares of Rs. 100/- each having negative equity balance Rs. 19.73 (2009: Rs. 17.10) million based on audited financial statements for the year ended June 30, 2010 Less: Impairment	Credit information & credit rating	82.84 75.00	189,500	117,750
					(185,369)	(114,120)
					4,131	3,630
63,000,000	58,000,000	Energy Infrastructure Holding (Private) Limited Net assets value Rs. 429.80 (2009: 350.74) million based on audited financial statements for the year ended June 30, 2010. Less: Impairment	Power Generation & Distribution	100.00 100.00	630,000	580,000
					(200,204)	(229,935)
					429,796	350,065
					4,163,417	6,887,357

8.1.1 The Company holds 395,162,551 fully paid ordinary shares of Rs 10 each, representing 64.49% holding in JS Bank Limited as at June 30, 2010. Market value of the Company's investment as at June 30, 2010 was Rs 1,110.41 million. However, the company calculated the recoverable amount of its investment based on value in use calculations as prescribed under IAS 36-Impairment of Assets, which was higher than the carrying value. The projections used to calculate the value in use is based on the assumption that the bank will meet the minimum capital requirement for Banks stipulated by the State Bank of Pakistan i.e. Rs. 10 billion by 2013. These calculations have been made on a discounted cash flow based valuation methodology using a discount rate of 27.6% derived on the basis of the Capital Asset Pricing Model.

8.1.2 The Company holds 52,023,617 fully paid ordinary shares of Rs 10 each, representing 52.02% holding in JS Investments Limited as at June 30, 2010. The Company has calculated the recoverable amount of its investment as higher of fair value less cost to sell and value in use as prescribed under IAS 36 – Impairment of Assets. Accordingly, the Company has valued its investment on market value and has recognized an impairment loss of Rs 2,657.96 (2009: Nil) million during the year ended June 30, 2010

8.1.3 The Company holds 21,245,184 fully paid ordinary shares of Rs 10 each, representing 70.82% holding in Network Microfinance Bank Limited as at June 30, 2010. Market value of the Company's investment as at June 30, 2010 was Rs 27.83 million. However, the company calculated the recoverable amount of its investment based on value in use calculations as prescribed under IAS 36-Impairment of Assets. These calculations have been made on a discounted cash flow based valuation methodology using a discount rate of 31.6% (2009: 27%) derived on the basis of the Capital Asset Pricing Model. Accordingly, the Company has recognized an impairment loss of Rs 48.52 (2009: Nil) million during the year ended June 30, 2010.

8.2 Investment in associates - at cost

These shares are Ordinary shares of Rs.10/- each, unless stated otherwise.

Number of shares		Quoted	Note	Activity	Holding		2010	2009
2010	2009				2010 %	2009 %		
21,734,826	21,734,826	JS Global Capital Limited Market value Rs. 795.71 (2009: Rs. 1,489.05) million Less: Impairment	8.2.1	Dealing in & brokerage of marketable securities	43.47	43.47	3,701,314	3,701,314
							(2,493,292)	(448,934)
							1,208,022	3,252,380
-	112,157,863	Azgard Nine Limited Market value Rs. Nil (2009: Rs. 2,483.17) million	8.3.1	Textile Composite	-	24.96	-	3,041,950
11,238,812	11,238,812	JS Value Fund Limited Net asset value Rs. 95.19 (2009: Rs. 117.22) million Less: Impairment		Closed end mutual fund	9.48	9.48	135,566	135,566
							(40,373)	-
							95,193	135,566
							<u>1,303,215</u>	<u>6,429,896</u>

8.2.1 The Company holds 21,734,826 fully paid ordinary shares of Rs 10 each, representing 43.47% holding in JS Global Capital Limited as at June 30, 2010. Market value of the Company's investment as at June 30, 2010 was Rs 795.71 million. However, the company calculated the recoverable amount of its investment based on value in use calculations as prescribed under IAS 36-Impairment of Assets. These calculations have been made on a discounted cash flow based valuation methodology using a discount rate of 23.27% (2009: 24.20%) derived on the basis of the Capital Asset Pricing Model. Accordingly, the Company has recognized an impairment loss of Rs 2,044.33 (2009: 448.93) million during the year ended June 30, 2010.

8.2.2 Included in investment in associates are equity securities costing Rs. Nil (2009: Rs. 754.36 million) and having market value of Rs. Nil (2009: Rs. 460.68 million) as at June 30, 2010, pledged with various commercial banks.



8.3 Other related parties

Available for sale

These shares are Ordinary shares of Rs.10/- each, unless stated otherwise.

Number of shares			Note	Activity	Holding		2010	2009	
2010	2009				2010 %	2009 %			(Rupees in '000)
Quoted - at fair value									
7,000,000	9,000,000	Eye Television Network Limited		Television Network	14.00	18.00	162,540	258,750	
111,256,116*	111,256,116	BankIslami Pakistan Limited		Islamic Banking	21.07	21.07	357,132	708,701	
20,299,455	18,675,500	EFU General Insurance Limited		General Insurance	16.24	16.24	997,515	1,645,125	
17,040,552	15,838,400	EFU Life Assurance Limited		Life Assurance	20.05	21.12	1,327,629	1,582,890	
25,040,389	-	Lucky Cement Limited		Cement Manufacturing	7.74	-	1,556,010	-	
405,000	3,708,000	Attock Petroleum Limited		Oil Marketing	0.70	6.44	117,349	1,181,035	
24,000,000	17,909,800	Pakistan International Container Terminal Limited		Container Terminal	21.99	19.69	1,800,000	956,921	
5,933,780	-	Singer Pakistan Limited		Electrical Goods	17.39	-	111,555	-	
112,157,863	-	Azgard Nine Limited	8.3.1	Textile Composite	24.96	-	1,251,681	-	
Un-quoted - at cost									
750,000	750,000	EFU Services (Private) Limited		Investment company	37.50	37.50	7,500	7,500	
							<u>7,688,911</u>	<u>6,340,922</u>	

* These represent sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

8.3.1 During the year, the Company reviewed its relationship with all its associates and as a result it has reclassified this investment as 'available for sale' as the Company does not exercise significant influence over it.

8.3.2 Included herein are equity securities costing Rs. 3,333.42 million (2009: Rs. 1,447.22 million) and having market value of Rs. 3,668.96 million (2009: Rs. 1,447.22 million) as at June 30, 2010, pledged with various commercial banks.

8.3.3 The cost of investments in related parties amounts to Rs. 24,447.45 million (2009: Rs. 22,448.33 million).



	Note	2010 (Rupees in '000)	2009
8.4 Other investments			
Available for sale			
Equity securities - quoted		-	641,009
Held to maturity			
Special saving certificates (at amortised cost)	8.4.1	<u>359,726</u>	313,030
		<u>359,726</u>	<u>954,039</u>

8.4.1 This represents investment in Special Saving Certificates having a term of 3 years with effective rate of profit of 15.01% per annum and will mature on March 11, 2012 and are pledged with a commercial bank. The realisable value of this investment is Rs. 344.75 million.

8.5 The investments in subsidiaries and associates are in Companies which are incorporated in Pakistan, except for JS International Limited which is incorporated in Cayman Islands B.W.I .

	Note	2010 (Rupees in '000)	2009
9. LONG TERM LOANS ■			
Secured - considered good			
Due from:			
Executive	9.1	1,699	1,857
Other employees		<u>163</u>	449
	9.2	<u>1,862</u>	2,306
Current maturity of long term loans		<u>(300)</u>	(361)
		<u>1,562</u>	<u>1,945</u>

9.1 Reconciliation of the carrying amount of loan to executives

Opening balance	1,857	1,998
Disbursements	1,000	-
Repayments	<u>(1,158)</u>	(141)
	<u>1,699</u>	<u>1,857</u>

9.2 This represents loans provided to executives and employees of the Company for purchase of property and home appliances at mark-up rates ranging between 10.50% and 15.00% (2009: 10.50% and 18.00%) per annum in accordance with the Company's employee loan policy. Repayment is made monthly. These loans are secured against provident fund balances and salaries of the employees and are repayable over a period of two to five years. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 2.78 (2009: Rs. 1.99) million.



	Note	2010 (Rupees in '000)	2009
10. LOANS AND ADVANCES ■			
Current maturity of long term loans	9	300	361
Advances - unsecured and considered good			
Against subscription of shares of related parties to contractors		-	77,750
to employees		20	20
		1,348	112
		1,368	77,882
Assets held for sale		-	3,350
		1,668	81,593

11. PREPAYMENTS, INTEREST ACCRUED AND OTHER RECEIVABLES ■

Prepayments	11.1	1,521	4,178
Interest accrued:			
Bank deposits		-	380
Term Finance Certificates		-	30
		-	410
Other receivables - Unsecured and considered good			
Dividend receivable		-	8,654
Others	11.2	2,587	3,058
		2,587	11,712
		4,108	16,300

11.1 Included herein is a sum of Rs. 0.42 (2009: Rs. 0.42) million paid to related parties.

11.2 Included herein is a sum of Rs. 2.09 million (2009: Rs. 0.27 million) receivable from related parties.

12. SHORT TERM INVESTMENTS ■

Financial assets at fair value through profit or loss

Listed equity securities		1,593,152	922,818
Term Finance Certificates		-	603
Open-end fund units (at redemption price)		-	908,119
	12.1	1,593,152	1,831,540

Available for sale

Listed equity securities		-	262,544
Related parties	12.2	-	54,585
Others		-	317,129
		1,593,152	2,148,669

12.1 The listed equity securities includes investments pledged with banks having an aggregate market value of Rs. 807.79 (2009: Rs. 205.48) million. The cost of the above investments amounts to Rs. 2,261.19 (2009: Rs. 2,194.34) million.

12.2 Related parties

Ordinary shares of Rs.10/- each.

Number of shares		Activity	Holding		2010 (Rupees in '000)	2009	
2010	2009		2010 %	2009 %			
-	12,605,043	Azgard Nine Limited- Preference shares	Textile Composite	-	19.06	-	100,714
-	5,394,346	Singer Pakistan Limited	Electrical Goods	-	17.39	-	161,830
					-	-	262,544
					2010	2009	
					(Rupees in '000)		
					Note		

13. TAXATION - net ■

Opening balance		154,777	76,513
Advance income tax withheld during the year	13.1	75,870	79,177
Provision for taxation - net		(7,927)	(913)
		222,720	154,777

13.1 This includes Rs. 72.05 million (2009: Rs. 48.58 million) in respect of tax withheld on dividend received by the Company.

14. CASH AND BANK BALANCES ■

Cash in hand		38	38
Balances with banks:			
Current accounts			
local currency		3,201	3,261
foreign currency		906	860
		4,107	4,121
Savings accounts			
local currency	14.1	5,404	95,728
foreign currency		2,078	1,987
	14.2	7,482	97,715
		11,627	101,874



14.1 Included herein is a sum of Rs. 5.01 million (2009: Rs. 0.27 million) representing amount placed with JS Bank Limited, a subsidiary company.

14.2 These carry mark-up ranging between 5.00% and 12.00% (2009: 5.00% and 13.00%) per annum.

15. SHARE CAPITAL ■

2010 2009
(Rupees in '000)

15.1 Authorised capital

2010	2009		2010	2009
Number of shares			(Rupees in '000)	
6,000,000,000	6,000,000,000	Ordinary shares of Rs.10/- each	60,000,000	60,000,000
500,000,000	500,000,000	Preference shares of Rs. 10/- each	5,000,000	5,000,000
<u>6,500,000,000</u>	<u>6,500,000,000</u>		<u>65,000,000</u>	<u>65,000,000</u>

15.2 Issued, subscribed and paid-up capital

2010	2009		2010	2009
Number of shares			(Rupees in '000)	
		Ordinary shares of Rs.10/- each:		
52,415,925	52,415,925	Fully paid in cash	524,159	524,159
710,869,398	710,869,398	Fully paid bonus shares	7,108,694	7,108,694
<u>763,285,323</u>	<u>763,285,323</u>		<u>7,632,853</u>	<u>7,632,853</u>

16. RESERVES ■

Capital reserve

Premium on issue of Ordinary shares **4,497,894** 4,497,894

Revenue reserves

General reserve	10,000,000	10,000,000
Accumulated loss	(12,574,484)	(2,827,373)
	(2,574,484)	7,172,627

Other

Unrealised gain / (loss) on revaluation of available for sale investments - net	571,467	(24,380)
	2,494,877	11,646,141



17. LONG TERM FINANCING ■

Term Finance Certificates (TFCs)

Secured:

	Note	2010 (Rupees in '000)	2009
Second issue	17.1	498,800	499,000
Fifth issue	17.2	1,096,314	1,095,634
Sixth issue	17.3	1,245,313	1,244,667

Unsecured:

Third issue		-	248,774
Fourth issue	17.4	374,530	436,590
		3,214,957	3,524,665

Less: Current portion shown under current liability		375,670	312,352
		<u>2,839,287</u>	<u>3,212,313</u>

17.1 The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 150 basis points per annum for first 5 years, and thereafter, an increase of 0.10% per annum for next 3 years and a further 0.10% per annum year for the last 2 years. These TFCs have a tenor of ten years i.e. 2004-2014 with a call option exercisable by the Company at any time during the tenor of the TFCs after the first 2 years by giving a 3 months notice. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 802.81 (2009: Rs. 805.24) million equal to the issue size with the regulatory margin as prescribed by the State Bank of Pakistan's Prudential Regulations. In the event of any sale and repurchase of marketable securities, the lead arranger will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

17.2 The profit on these TFCs is payable semi-annually, based on the six months KIBOR average rate plus 250 basis points. These TFCs have a tenor of five and half years i.e. 2006 – 2012 with a call option exercisable by the Company any time after the expiration of one year from the date of issue upon giving to the TFC holders not less than 30 days irrevocable notice in writing at a premium equal to 1.00% of the outstanding issue price.

These TFCs are secured against first ranking charge on all present and future movable assets, but excluding pledge of listed securities offered as security alongwith the requisite margin on existing secured TFC of Rs. 500 million and current and future overdraft / short term borrowing limits upto Rs. 4,000 million at any time outstanding. However, the trustee will be authorised to issue No Objection Certificate for creation of parri passu floating charges in favour of other creditors, so long as and to the extent that the value of the movable assets of the Company included in the floating charge exceeds 133% of the total liabilities secured by the floating charge in favour of the TFC holders.

17.3 The profit on these TFCs is payable semi-annually, based on the six months KIBOR average rate plus 170 basis points. These TFCs have a tenor of six years i.e. 2007 - 2013 with a call option exercisable by the Company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value.

These TFCs are secured against first ranking charge on all present and future movable assets including book debts, receivables and investments, but excluding pledge of listed securities offered as security along with the requisite margin on existing secured TFC of Rs. 500 million and current and future overdraft / short term borrowing limits upto Rs. 4,000 million at any time outstanding. However, the trustee will be authorised to issue the No Objection Certificate for the creation of pari passu floating charges in favour of other creditors, so long as and to the extent that the value of movable assets of the Company included in the floating charges exceeds 133% of the total liabilities secured by the floating charges in favour of the TFC holders.

- 17.4** The profit on these TFCs is payable semi-annually, based on the six months KIBOR average rate plus 175 basis points. These TFCs have a tenor of five years i.e. 2005 – 2010 with a call option exercisable by the Company any time from the 30th month to the 54th month.

	Note	2010 (Rupees in '000)	2009
18. TRADE AND OTHER PAYABLES ■			
Derivative financial instrument		11,926	-
Accrued liabilities		75,451	123,355
Unclaimed dividend		4,928	1,361
Other liabilities		3,023	2,524
	18.1	<u>95,328</u>	<u>127,240</u>

- 18.1** Includes payable to various related parties amounting to Rs. 12.91 million (2009: Rs. Nil).

19. ACCRUED INTEREST / MARK-UP ON BORROWINGS ■

Accrued interest / mark-up on:

Term finance certificates		126,027	151,495
Short term running finance		103,433	1,585
		<u>229,460</u>	<u>153,080</u>

20. SHORT TERM BORROWINGS - secured ■

Short term running finance under mark-up arrangements	20.1	<u>1,716,218</u>	<u>100,511</u>
---	------	------------------	----------------

- 20.1** The Company has short term running finance facilities under mark-up arrangements aggregating to Rs. 7,350 million (2009: Rs. 4,200 million) from various commercial banks carrying markup ranging between 13.84% and 17.77% (2009: 13.93% and 17.49%) per annum. The facilities utilized against these arrangements are secured against investments in equity securities and special saving certificates having an aggregate fair value of Rs. 3,598.97 million and Rs. 359.73 million (2009: Rs. 311.97 million and Rs. Nil) respectively. The unavailed aggregate credit facility of running finances amounts to Rs. 5,634 million (2009: Rs. 4,099.49 million).

2010
(Rupees in '000)

21. CONTINGENCIES AND COMMITMENT ■

- 21.1** There are no contingencies as at year end.

- 21.2** Commitment in respect of :

- Future purchase transaction of equity securities - net	<u>211,429</u>	<u>-</u>
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	Note	2 0 1 0 (Rupees in '000)	2 0 0 9
22. RETURN ON INVESTMENTS ■			
Mark-up / interest income from:			
Financial assets at fair value through profit or loss			
Term Finance Certificates		1	69
Government securities		-	6,313
Held-to-maturity			
Special and Defence Saving Certificates		<u>46,696</u>	13,648
		<u>46,697</u>	<u>20,030</u>
Dividend income on:			
Investments in subsidiaries and associates		<u>219,933</u>	152,169
Financial assets at fair value through profit or loss	22.1	<u>138,321</u>	6,525
Available for sale investments	22.1	<u>353,644</u>	375,086
		<u>711,898</u>	533,780
		<u>758,595</u>	<u>553,810</u>

22.1 Includes dividend income from various related parties amounting to Rs. 353.64 million (2009: Rs. 329.12 million).

	Note	2 0 1 0 (Rupees in '000)	2 0 0 9
23. GAIN ON SALE OF INVESTMENTS - net ■			
Associate and joint ventures		-	3,595,949
Financial assets at fair value through profit or loss		<u>208,350</u>	(1,029,202)
Available for sale	23.1	<u>235,716</u>	8,151
		<u>444,066</u>	<u>2,574,898</u>

23.1 This includes net gain on sale on investments in related parties amounting to Rs. 146.43 (2009: Rs. 3.88) million.

	Note	2 0 1 0 (Rupees in '000)	2 0 0 9
24. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS ■			
Interest on loan to employees		252	248
Return on term deposit receipts		-	233,296
Return on bank deposit accounts		2,410	37,748
Return on reverse repurchase transactions of listed equity securities		-	17,336
	24.1	<u>2,662</u>	<u>288,628</u>

24.1 This includes transactions with related parties amounting to Rs. 0.70 (2009: Rs. 0.97) million.



	Note	2010 (Rupees in '000)	2009
25. OTHER INCOME ■			
Underwriting commission		811	5,506
Gain on sale of property and equipment		3,732	1,401
Gain on sale of membership card of NCEL		1,650	-
Rental income		27,193	26,004
Liability written back		50,000	90,000
Exchange gain		135	-
		83,521	122,911

26. OPERATING AND ADMINISTRATIVE EXPENSES ■

Salaries and benefits	26.1	44,626	50,326
Telephone, fax, telegram and postage		2,190	4,859
Vehicle running		3,115	3,942
Fee for directors / committee meetings		1,000	1,000
Utilities		1,040	1,279
Newspapers and periodicals		57	69
Conveyance and travelling		2,960	16,286
Repairs and maintenance		2,432	2,301
Computer expenses		562	304
Auditors' remuneration	26.2	7,506	5,786
Royalty fee	26.3	9,900	9,900
Consultancy fee		3,165	9,823
Advisory fee	26.4	12,000	12,000
Legal and professional charges		4,046	4,605
Printing and stationery		2,851	2,939
Rent, rates and taxes		21,770	22,362
Insurance		1,819	2,100
Entertainment		157	130
Advertisement		612	2,013
Office supplies		184	118
Depreciation	26.5	12,130	18,165
Fees and subscription		6,611	26,226
Brokerage and commission expense		46,195	2,484
Clearing fees		10,025	5,761
Office security		4,613	8,205
Exchange loss		-	15,207
Zakat		-	107
		201,566	228,297

26.1 Salaries and benefits include Rs. 1.90 million (2009: Rs.1.88 million) in respect of employee retirement benefits.



2010 2009
(Rupees in '000)

26.2 Auditors' remuneration

Annual audit fee	750	750
Half-yearly review fee	200	185
Certifications and other services	6,403	4,786
Out of pocket expenses	153	65
	<u>7,506</u>	<u>5,786</u>

26.3 This represents royalty on account of use of part of Company's name under an agreement dated April 21, 2004.

26.4 Represents amount paid / payable to an individual and a director for advisory services rendered in terms of their respective advisory agreements duly approved by the Board of Directors.

Note 2010 2009
(Rupees in '000)

26.5 Depreciation

Operating assets	5	11,489	17,525
Investment property	6	641	640
		<u>12,130</u>	<u>18,165</u>

27. FINANCE COST ■

Mark-up on:

Short term running finance	354,046	9,197
Long term financing	487,530	557,827
	841,576	567,024
Amortization of transaction costs on term finance certificates	3,470	4,390
Bank charges	1,165	540
	<u>846,211</u>	<u>571,954</u>

28. IMPAIRMENT ON INVESTMENTS - NET ■

Subsidiaries	2,845,689	455,359
Associates	3,563,202	448,934
Other related parties - Available for sale	2,128,307	15,857,130
	<u>8,537,198</u>	<u>16,761,423</u>

28.1 Includes reversal of impairment amounting to Rs. 72.10 million (2009: Rs. Nil).

29. TAXATION ■

29.1 Effective tax rate reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate has not been presented in these financial statements due to taxable loss during the year.



29.2 Current status of tax assessments

The income tax assessments of the Company have been finalized upto assessment year 2002-2003 corresponding to accounting year ended June 30, 2002. Income tax returns for the tax years 2003 to 2009 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.

29.3 Deferred taxation

The Company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilized. Further, the Company has assessed and un-assessed carry forward tax losses amounting to Rs. 1,499.20 million (2009: Rs. 1,438.35 million). The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 524.72 million (2009: Rs. 249.27 million).

30. BASIC LOSS PER SHARE ■

	2010 (Rupees in '000)	2009
Loss after taxation attributable to Ordinary shareholders	<u>(8,983,826)</u>	<u>(14,413,384)</u>
	2010 (Numbers '000)	2009
Weighted average number of Ordinary shares outstanding during the year	<u>763,285</u>	<u>763,285</u>
	2010 (Rupees)	2009
Loss per share:		
Basic	<u>(11.77)</u>	<u>(18.88)</u>

30.1 There is no dilution effect on the basic loss per share. Accordingly, diluted loss per share is not reported.

31. CASH AND CASH EQUIVALENTS ■

	2010 (Rupees in '000)	2009
Cash and bank balances	11,627	101,874
Short term running finance utilised under mark-up arrangement	<u>(1,716,218)</u>	<u>(100,511)</u>
	<u>(1,704,591)</u>	<u>1,363</u>

32. RELATED PARTY TRANSACTIONS ■

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions. Related parties comprise of subsidiaries, associates, joint ventures, companies under common directorship, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amount due from and to these related parties are shown under receivables and payables and the remuneration of Directors, Chief Executive and Executives are disclosed in note 33. The names and relationship with subsidiaries, associates, jointly controlled entities and others are given below:



2 0 1 0 **2 0 0 9**
(Rupees in '000)

Subsidiary companies

Subscription against right shares	44,000	1,624,238
Advance against subscription of shares	-	77,750
Mark-up income on deposits	863	96,618
Payment of rent	5,109	6,731
Dividend received	-	52,024
Underwriting commission received	-	506
Proceed from sale of property and equipment	95	-
Right shares received during the year 440,000 (2009: 162,701,333) shares	44,000	1,651,988
Ordinary shares received during the year 5,000,000 (2009: 12,500,000) shares	-	-
Reimbursement of expenses	1,369	2,632

Associates

Brokerage expense	36,191	6,310
Sub-lease and rental income	25,078	22,030
Proceed from sale of NCEL card and room	5,000	-
Interest / markup paid	558	1,116
Principal redemptions against TFCs	13,458	13,458
Dividend income and dividend received	228,587	100,146
Dividend paid	50	-
Bonus shares received during the year Nil (2009: 21,719,137) shares	-	-
Reimbursement of expenses	245	1,373

Common Directorship

Subscription against right shares	-	325,061
Dividend income	195,342	197,159
Right shares received during the year Nil (2009: 32,506,116) shares	-	325,061
Bonus shares received during the year 3,581,960 (2009: 618,000) shares	-	-

Common Directorship & Key Management Personnel

Donation paid during the year	-	237,379
Dividend paid	1,181	-

Other Related Parties

Contributions during the year to staff provident fund trust	5,395	2,680
Dividend income	158,302	131,968
Dividend paid	354,663	-
Interest / markup paid	12,980	13,154
Principal redemptions against TFCs	3,230	2,121
Insurance premium paid	18	3,928
Insurance claim received	24	-
Royalty paid	9,900	9,900
Bonus shares received during the year 4,190,055 (2009: Nil) shares	-	-



33. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES ■

The aggregate amount charged in the accounts for remuneration, including certain benefits to director, chief executive and executives of the Company is as follows:

	Directors		Chief Executive		Executives	
	2010	2009	2010	2009	2010	2009
----- (Rupees in '000) -----						
Managerial remuneration	-	-	8,000	8,000	15,826	18,302
House rent allowance	-	-	3,200	3,200	6,330	7,321
Utilities allowance	-	-	800	800	1,583	1,830
Commission and performance bonus	-	-	-	-	-	7,045
Advisory fee	6,000	6,000	-	-	-	-
Contribution to provident fund	-	-	800	800	1,426	1,575
Medical	-	-	85	48	160	130
Reimbursable expenses	-	-	608	459	1,239	1,390
	<u>6,000</u>	<u>6,000</u>	<u>13,493</u>	<u>13,307</u>	<u>26,564</u>	<u>37,593</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>11</u>	<u>11</u>

33.1 The Company also provides the chief executive and certain executives with Company maintained cars.

33.2 The Company has also paid Rs. 1.00 million (2009: Rs. 1.00 million) to two non-executive directors as fee for directors/committee meetings.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES ■

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Executive Risk Committee, ultimately responsible for the management of risk associated with the Company's activities, have established Statement of Investment and Operating Policy (SIOP), risk management guidelines and other internal guidelines for the management and assessment of the aforesaid financial risks.

34.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments, and derivative financial instruments.

The following discussion includes sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable. Financial instruments affected by market risk include bank overdrafts, term finance certificates, investments and cash and bank balances.

The sensitivity has been prepared for years ended June 30, 2010 and 2009 using the amounts of financial assets and liabilities held as at those balance sheet dates.

34.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cashflows of financial instruments will fluctuate because of changes in market interest rates.

The Company has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Company while dealing in financial instruments negotiates attractive interest rates, which reduces the interest rate price risk.

The Company's interest rate exposure on financial instruments is disclosed as follows,

	2010					Total June 30, 2010
	Effective yield / interest rate %	Interest / mark up bearing			Non-interest / Markup bearing	
		Up to one year	Over one year to five years	Total		
	(Rupees in '000)					
June 30, 2010						
Financial assets						
Investments	15.01	-	359,726	359,726	14,748,695	15,108,421
Loans and advances	10.50-15.00	300	1,562	1,862	1,368	3,230
Long term security deposits	-	-	-	-	1,493	1,493
Interest accrued and other receivables	-	-	-	-	2,587	2,587
Cash and bank balances	5.00-12.00	7,482	-	7,482	4,145	11,627
		7,782	361,288	369,070	14,758,288	15,127,358
Financial liabilities						
Long term financing	8.29-17.38	375,670	2,839,287	3,214,957	-	3,214,957
Trade and other payables	-	-	-	-	95,328	95,328
Accrued interest / mark-up on borrowings	-	-	-	-	229,460	229,460
Short term borrowings	13.84-15.77	1,716,218	-	1,716,218	-	1,716,218
		2,091,888	2,839,287	4,931,175	324,788	5,255,963



	2009					Total June 30, 2009
	Effective yield / interest rate %	Interest / mark up bearing			Non-interest / Markup bearing	
		Up to one year	Over one year to five years	Total		
----- (Rupees in '000) -----						
June 30, 2009						
Financial assets						
Investments	8.95 -15.01	603	313,030	313,633	22,447,250	22,760,883
Loans and advances	8.00-12.00	361	1,945	2,306	77,882	80,188
Long term security deposits	-	-	-	-	1,493	1,493
Trade debts	-	21,781	-	21,781	-	21,781
Interest accrued and other receivables	-	-	-	-	12,122	12,122
Cash and bank balances	5.00-13.00	97,715	-	97,715	4,159	101,874
		<u>120,460</u>	<u>314,975</u>	<u>435,435</u>	<u>22,542,906</u>	<u>22,978,341</u>
Financial liabilities						
Long term financing	8.29-17.38	312,352	3,212,313	3,524,665	-	3,524,665
Trade and other payables	-	-	-	-	127,240	127,240
Accrued interest / mark-up on borrowings	-	-	-	-	153,080	153,080
Short term borrowings	15.52-15.77	100,511	-	100,511	-	100,511
		<u>412,863</u>	<u>3,212,313</u>	<u>3,625,176</u>	<u>280,320</u>	<u>3,905,496</u>

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity,

	Increase / (decrease) in basis points	Effect on profit after tax	Effect on shareholders' equity
----- (Rupees in '000) -----			
2010	100	(62,753)	-
	(200)	113,853	-
2009	100	(24,096)	-
	(200)	60,754	-

34.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's net investments in foreign subsidiaries and to foreign exchange bank accounts.

The following table demonstrates the sensitivity to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Company's equity.



	Change in US\$ rate	Effect on profit after tax	Effect on other components of equity
	(Rupees)	----- (Rupees in '000) -----	
2010	2.50 (2.50)	87 (87)	- -
2009	2.50 (2.50)	80 (80)	- -

34.1.3 Equity price risk

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

The following table summarizes the Company's equity price risk as of June 30, 2010 and 2009. It shows the effects of an estimated increase of 10% in the equity market prices as on those dates. A decrease of 10% in the fair values of the quoted securities would effect profit and equity of the Company in a similar but opposite manner.

	Fair Value	Price change	Effect on profit for the year	Effect on shareholders' equity
	(Rs. in million)		----- (Rs. in million) -----	
June 30, 2010	9,474.26	10% increase	767.33	180.09
June 30, 2009	8,214.38	10% increase	810.95	10.49

34.2 Liquidity risk

Liquidity risk is defined as the risk that the institution will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the institution might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which the liabilities will be realised / settled.



	2010		
	Up to one year	Over one year to five years	Total
----- (Rupees in '000) -----			
June 30, 2010			
Financial liabilities			
Long term financing	375,670	2,839,287	3,214,957
Trade and other payables	95,328	-	95,328
Accrued interest / mark-up on borrowings	229,460	-	229,460
Short term borrowings	1,716,218	-	1,716,218
	<u>2,416,676</u>	<u>2,839,287</u>	<u>5,255,963</u>

	2009		
	Up to one year	Over one year to five years	Total
----- (Rupees in '000) -----			
June 30, 2009			
Financial liabilities			
Long term financing	312,352	3,212,313	3,524,665
Trade and other payables	127,240	-	127,240
Accrued interest / mark-up on borrowings	153,080	-	153,080
Short term borrowings	100,511	-	100,511
	<u>693,183</u>	<u>3,212,313</u>	<u>3,905,496</u>

34.3 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of the same.

Concentration of credit risk and credit exposure of the financial instruments

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of a Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on trade debts, loans, funds placements and certain advances. The Company seeks to minimise its credit risk exposure through having exposures only to customers considered creditworthy by obtaining adequate collateral. The following analyses the Company's maximum exposure to credit risk:



	2010	2009
	(Rupees in '000)	
Trade debts	-	21,781
Loans and advances	3,230	80,188
Long term security deposits	1,493	1,493
Interest accrued and other receivables	2,587	12,122

35. 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 monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and fund placements. Capital signifies equity as shown in the balance sheet plus net debt.

During 2010, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2010 and 2009 were as follows:

	2010	2009
	(Rupees in '000)	
Long term financing	3,214,957	3,524,665
Trade and other payables	95,328	127,240
Accrued interest / mark-up on borrowings	229,460	153,080
Short term borrowings	1,716,218	100,511
Total debt	5,255,963	3,905,496
Cash and bank balances	11,627	101,874
Net debt	5,244,336	3,803,622
Share Capital	7,632,853	7,632,853
Reserves	2,494,877	11,646,141
Equity	10,127,730	19,278,994
Capital	15,372,066	23,082,616
Gearing ratio	34%	16%

The Company finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. A significant increase in the gearing ratio during 2010 resulted primarily from the decrease in the fair values of investments and recognition of resultant impairment loss in the value of investments.



36. FAIR VALUE OF FINANCIAL INSTRUMENTS ■

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. 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 value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Level 1 :** Quoted prices in active markets for identical assets or liabilities.
- Level 2:** Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and;
- Level 3:** Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	June 30, 2010			Total
	Level 1	Level 2	Level 3	
 (Rupees in '000)			
At fair value through profit or loss				
Equity Securities- quoted	1,593,152	-	-	1,593,152
Derivative Financial Instrument	199,700	-	-	199,700
Available for sale investments				
Equity Securities- quoted	6,437,231	-	-	6,437,231
	8,230,083	-	-	8,230,083

37. INTERIM DIVIDEND ■

The Board of Directors of the Company in their meeting held on October 24, 2009 had approved an interim dividend aggregating to Rs. 763.285 million on its ordinary shares. The said dividend had been declared based on the results of the first quarter ended September 30, 2009, which showed a profit of Rs. 892.599 million and had accumulated reserves of Rs. 8,065.23 million. However, according to the annual financial statements for the year ended June 30, 2010, the company has subsequently suffered losses due to impairment on its investments in subsidiaries, associates and available for sale investments. Due to the aforesaid impairment the company has an accumulated loss of Rs. 12,574 million. The company has obtained a legal opinion from its counsel who has stated that in making payment of interim dividend based on the profit for the quarter ended September 30, 2009, the Company has not violated the requirements of the Companies Ordinance, 1984 with regard to declaration /payment of dividend.

38. DATE OF AUTHORISATION FOR ISSUE ■

These financial statements were authorised for issue on October 07, 2010 by the Board of Directors of the Company

39. GENERAL ■

Figures have been rounded off to the nearest thousand rupees.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive



AUDITORS' REPORT TO THE MEMBERS ■

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Jahangir Siddiqui & Co. Ltd. and its subsidiary companies as at 30 June 2010 and the related consolidated profit and loss account, consolidated statement of comprehensive income, 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 separate opinions on the financial statements of Jahangir Siddiqui & Co. Ltd. and subsidiary companies, JS Bank Limited, Network Microfinance Bank Limited, JS ABAMCO Commodities Limited, Credit Chex (Private) Limited and Energy Infrastructure Holding (Private) Limited (EHPL). The financial statements of JS Investment Limited, JS International Limited, JS International LLP, JS Infocom Limited and JS Fund Management (Mauritius) Limited were audited by other firms of auditors whose report have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports 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 under the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Jahangir Siddiqui & Co. Ltd. and its subsidiary companies as at 30 June 2010 and the results of their operations for the year then ended.

Without qualifying our opinion, we draw attention to following:

- i. note 52 to these consolidated financial statements regarding declaration / payment of interim dividend during the year by the Holding Company.
- ii. As more fully explained in note 29.1.1 to the consolidated financial statements, no provision for any loss that may result has been made in the consolidated financial statements, as the ultimate outcome of the matter cannot presently be determined.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner: Omer Chughtai

October 07, 2010
Karachi



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet As at June 30, 2010 ■

	Note	2010 (Rupees in '000)	2009
ASSETS ■			
Non-Current Assets			
Property and equipment	7	1,648,309	1,597,042
Intangible assets	8	1,493,649	5,850,417
Investment property	9	2,411	3,052
Membership cards and room	10	35,701	35,701
Long term investments	11	9,492,112	15,290,891
Long term loans, advances and other receivables	12	2,810,449	2,862,596
Long term deposits		30,025	2,191
Deferred taxation	13	1,074,532	119,711
		16,587,188	25,761,601
Current Assets			
Short term investments	14	16,320,716	12,136,289
Trade debts	15	261	21,781
Loans and advances	16	8,741,005	7,071,569
Accrued mark-up	17	520,418	436,684
Deposits, prepayments and other receivables	18	287,397	375,385
Fund placements	19	4,630,298	2,953,017
Taxation - net		383,507	312,924
Cash and bank balances	20	2,310,691	4,730,508
		33,194,293	28,038,157
		49,781,481	53,799,758
EQUITY AND LIABILITIES ■			
Share Capital and Reserves			
Share Capital	21	7,632,853	7,632,853
Reserves	22	1,480,294	13,496,418
Equity attributable to equity holders' of the parent		9,113,147	21,129,271
Non-controlling interest		3,563,239	3,543,608
Total Equity		12,676,386	24,672,879
Non-Current Liabilities			
Long term financing	23	3,229,291	3,725,550
Deposits and other accounts	24	34,154	217,829
Employee benefit liability	45	56,199	32,261
		3,319,644	3,975,640
Current Liabilities			
Trade and other payables	25	916,379	1,043,125
Accrued interest / mark-up on borrowings	26	627,282	393,694
Short term borrowings	27	7,649,966	4,349,538
Current portion of non-current liabilities	28	24,591,824	19,364,882
		33,785,451	25,151,239
Contingencies and Commitments	29	49,781,481	53,799,758

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Profit and Loss Account For the year ended June 30, 2010 ■

	Note	2010 (Rupees in '000)	2009
INCOME ■			
Return on investments	30	1,702,651	1,156,516
Gain on sale of investments - net	31	460,328	1,753,097
Income from long term loans and fund placements	32	1,875,042	1,798,850
Fee, commission and brokerage	33	636,187	601,529
Other income	34	185,610	332,407
Loss on revaluation of investments carried at fair value through profit or loss - net		(668,658)	(617,720)
		<u>4,191,160</u>	<u>5,024,679</u>
EXPENDITURE ■			
Operating and administrative expenses	35	2,821,292	2,449,967
Finance costs	36	3,027,410	2,255,120
Impairment on investments	37	6,394,948	17,659,329
Impairment of intangibles	8	4,304,291	42,220
		<u>16,547,941</u>	<u>22,406,636</u>
		<u>(12,356,781)</u>	<u>(17,381,957)</u>
Share of profit / (loss) from:	38		
associates		239,725	44,829
joint venture		(2,600)	(5,313)
		<u>237,125</u>	<u>39,516</u>
Loss before taxation from continuing operations		<u>(12,119,656)</u>	<u>(17,342,441)</u>
TAXATION			
Current	39	55,453	32,088
Prior		(24,878)	9,395
Deferred		(960,088)	(95,087)
		<u>(929,513)</u>	<u>(53,604)</u>
Loss after taxation from Continuing operations		<u>(11,190,143)</u>	<u>(17,288,837)</u>
Profit / (loss) after taxation for the year from discontinued operations	40	17,767	(274,749)
LOSS FOR THE YEAR		<u>(11,172,376)</u>	<u>(17,563,586)</u>
Attributable to:			
Equity holders of the parent		(11,136,381)	(16,436,707)
Non-controlling interests		(35,995)	(1,126,879)
		<u>(11,172,376)</u>	<u>(17,563,586)</u>
..... (Rupees)			
(LOSS) / EARNINGS PER SHARE ■			
Basic			
Continuing operations		(14.60)	(21.35)
Discontinued operations		0.01	(0.18)
	41	<u>(14.59)</u>	<u>(21.53)</u>

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2010 ■

	Note	2010 (Rupees in '000)	2009
LOSS FOR THE YEAR AFTER TAXATION		(11,172,376)	(17,563,586)
OTHER COMPREHENSIVE (LOSS) / INCOME ■			
Revaluation of available for sale investments	42	720,522	2,794,302
Exchange difference of translation of net assets of foreign subsidiaries to reporting currency		(21,291)	36,903
Share of other comprehensive (loss) / income of associates	43	(761,623)	623
		(62,392)	2,831,828
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ■		(11,234,768)	(14,731,758)
Attributable to:			
Equity holders of the parent		(11,236,182)	(13,697,984)
Non-controlling interest		1,414	(1,033,774)
		(11,234,768)	(14,731,758)

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Cash Flow Statement For the year ended June 30, 2010 ■

	Note	2010 (Rupees in '000)	2009
CASH FLOWS FROM OPERATING ACTIVITIES ■			
Loss before taxation from continuing operations		(12,119,656)	(17,342,441)
Profit / (loss) before taxation from discontinued operations		17,961	(273,513)
		<u>(12,101,695)</u>	<u>(17,615,954)</u>
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation		268,591	193,705
Amortisation of intangible assets		60,347	71,792
Amortisation of transaction cost on term finance certificates		3,470	4,390
(Loss) / Gain on sale of property and equipment		(2,224)	3,518
Liability no longer payable written back		(79,891)	(92,173)
Interest income from Special Saving Certificates		(46,696)	(13,030)
Charge for defined benefit plan		23,938	29,918
Loss on revaluation of investments carried at fair value through profit and loss account - net		668,658	617,720
Impairment on investments		6,394,948	17,770,445
Impairment of intangibles		4,304,291	42,220
Share of profit in associates and joint ventures		(237,125)	(39,516)
Finance cost		3,084,425	2,348,223
		<u>14,442,732</u>	<u>20,937,212</u>
Operating profit before working capital changes		2,341,037	3,321,258
(Increase) / decrease in operating assets:			
Loans and advances		(1,619,218)	2,677,767
Short term investments		(8,622,993)	(588,606)
Trade debts		21,520	177,908
Long term loans, advances and other receivables		(25,905)	(2,784,016)
Fund placements - net		(1,677,281)	(580,215)
Deposits, prepayments, accrued mark-up and other receivables		4,254	(193,202)
		<u>(11,919,623)</u>	<u>(1,290,364)</u>
Increase/(decrease) in operating liabilities:			
Trade and other payables		(50,410)	(1,395,756)
Deposits and other accounts		4,942,553	5,100,668
Net cash (used in) / generated from operations		<u>(4,686,443)</u>	<u>5,735,806</u>
Interest / mark-up paid		(2,850,837)	(2,268,160)
Taxes paid		(101,352)	(115,600)
Dividend paid		(759,729)	(8,155)
Net cash (used in) / generated from operating activities		<u>(8,398,361)</u>	<u>3,343,891</u>
CASH FLOWS FROM INVESTING ACTIVITIES ■			
Capital expenditure incurred		(377,814)	(870,676)
Intangible assets acquired		(22,870)	(111,773)
Proceeds from sale of property and equipment		34,944	11,321
Investments acquired - net of sale		3,442,871	(3,791,801)
Net cash generated from / (used in) investing activities		<u>3,077,131</u>	<u>(4,762,929)</u>
CASH FLOWS FROM FINANCING ACTIVITIES ■			
Proceeds from issue of Ordinary shares		-	4,002
Redemption of Term Finance Certificates - net		(402,437)	(401,495)
Repayment of long term loans		-	(1,888)
Repayment of lease liability		3,422	(10,832)
Securities sold under repurchase agreements - net		-	(854,084)
Net cash used in financing activities		<u>(399,015)</u>	<u>(1,264,297)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(5,720,245)</u>	<u>(2,683,335)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		380,970	3,064,305
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>(5,339,275)</u>	<u>380,970</u>

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The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Statement of Changes in Equity For the year ended June 30, 2010

Attributable to equity holders of the parent
Reserves

Note	Capital		Revenue			Others			Sub-total	Non-Controlling Interest	Total	
	Ordinary share capital	Ordinary share premium	General	Foreign exchange translation	Unappropriated profit / (accumulated loss)	Unrealized (loss)/gain on revaluation of available for sale investments - net	Statutory	Hedging				Preference share redemption
	2,220,200	11,395,668	10,000,000	7,461	13,858,166	(2,802,182)	61,514	49,125	25,589	34,815,541	4,637,669	39,453,210
Loss for the period	-	-	-	-	(16,436,707)	-	-	-	-	(16,436,707)	(1,126,879)	(17,563,586)
Other comprehensive income / (loss)	-	(35,533)	-	21,591	-	2,699,546	-	(32,702)	85,841	2,738,723	93,105	2,831,828
Statutory reserve	-	-	-	-	-	-	7,712	-	-	7,712	-	7,712
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	(60,287)	(60,287)
Proceeds from issue of Right Shares	84	3,918	-	-	-	-	-	-	-	4,002	-	4,002
Issue of bonus shares @ 43.7782003%	5,412,569	(5,412,569)	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2009	7,632,853	5,951,464	10,000,000	29,052	(2,578,541)	(102,636)	69,226	16,423	111,430	21,129,271	3,543,608	24,672,879
Balance as at July 1, 2009	7,632,853	5,951,464	10,000,000	29,052	(2,578,541)	(102,636)	69,226	16,423	111,430	21,129,271	3,543,608	24,672,879
loss for the period	-	-	-	-	(11,136,381)	-	-	-	-	(11,136,381)	(35,995)	(11,172,376)
Other comprehensive income / (loss)	-	(666,718)	-	(5,980)	-	700,750	-	(16,423)	(111,430)	(99,801)	37,409	(62,392)
Appropriations during the period: Interim dividend @ Rs. 1 per Ordinary share	-	-	-	-	(763,285)	-	-	-	-	(763,285)	-	(763,285)
Statutory reserve	-	-	-	-	-	-	(385)	-	-	(385)	-	(385)
Acquisition of non-controlling interest	6.1	-	-	-	(16,272)	-	-	-	-	(16,272)	18,217	1,945
Balance as at June 30, 2010	7,632,853	5,284,746	10,000,000	23,072	(14,494,479)	598,114	68,841	-	-	9,113,147	3,563,239	12,676,386

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Notes to the Consolidated Financial Statements

For the year ended June 30, 2010

1. THE GROUP AND ITS OPERATIONS

- 1.1** Jahangir Siddiqui & Co. Ltd. (the Holding Company) and its subsidiary companies (together the Group) are involved in trading of securities, maintaining strategic investments, investment advisory, asset management, agency telecommunication, commercial banking and other business. The Group is mainly operating in Pakistan but also provides services in United Kingdom, Cayman Islands and Mauritius.

The Holding Company was incorporated under the Companies Ordinance, 1984 on May 04, 1991 as a public unquoted company. The Holding Company is presently listed on Karachi Stock Exchange (Guarantee) Limited. The Holding Company is also a corporate member of Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited. The registered office of the Holding Company is situated at 6th Floor, Faysal House, Main Shahra-e-Faisal, Karachi. The principal activities of the Holding Company are trading of securities, maintaining strategic investments, consultancy services, underwriting, etc.

- 1.2** The Group comprises of the Holding Company and the following subsidiary companies that have been consolidated in these financial statements on a line by line basis. All material inter company balances, transactions and resulting unrealised profits / losses have been eliminated:

<u>Subsidiary Companies</u>	Note	Holding (including indirect holding)	
		2010 %	2009 %
JS Investments Limited (JSIL)	1.2.1	52.02	52.02
JS Infocom Limited	1.2.2	100.00	100.00
JS International Limited	1.2.3	100.00	100.00
JS International LLP (Sub-subsidiary)	1.2.4	100.00	100.00
JS Bank Limited (JSBL)	1.2.5	64.49	64.49
Credit Chex (Private) Limited	1.2.6	82.84	75.00
JS ABAMCO Commodities Limited (Sub-subsidiary)	1.2.7	52.02	52.02
MOBEX Limited (Sub-subsidiary)		-	70.00
Energy Infrastructure Holding (Private) Limited	1.2.8	100.00	100.00
Network Microfinance Bank Limited	1.2.9	70.82	70.82
JS Fund Management (Mauritius) Limited (Sub-subsidiary)	1.2.10	100.00	100.00

1.2.1 JS Investments Limited

JS Investments Limited (JSIL) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The Company was listed on Karachi Stock Exchange on April 24, 2007. The registered office of the Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi.

The Company is registered with the Securities and Exchange Commission of Pakistan (SECP) as an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

As per the NBFC regulation, all AMCs were required to separate their Investment Finance Services (IFS) operations by November 30, 2008. The board of directors decided to transfer the operations by incorporating a subsidiary in their meeting held on July 9, 2008. Subsequently the board had decided to wind down the existing operations and inform SECP on June 23, 2009 to grant extension of six months to dispose off investments. SECP vide its letter dated September 18, 2009 confirmed the cancellation of license and instructed to wind down the investments upto February 28, 2010 which was further extended to June 30, 2010. Further, SECP, has extended the time period for asset management companies to achieve compliance with regulation 37(7)(k) of the NBFC and Notified Entities Regulations, 2008 for not maintaining its own equity portfolio by June 30, 2011.

The Company is an investment adviser, asset management company and pension fund manager for the following:

Investment adviser of the following closed-end funds:

- JS Value Fund Limited
- JS Large Capital Fund
- JS Growth Fund

Asset management company of the following open-end funds:

- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund (formerly UTP - Islamic Fund)
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- JS KSE-30 Index Fund (formerly UTP - A30+ Fund)
- JS Capital Protected Fund IV
- JS Aggressive Income Fund
- JS Principal Secure Fund I
- JS Principal Secure Fund II
- JS Cash Fund

Pension fund manager of the following fund:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund



1.2.2 JS Infocom Limited

JS Infocom Limited (JS Infocom) was incorporated on August 25, 2003 as a public limited unlisted company under the Companies Ordinance, 1984. The registered office of JS Infocom is situated at 6th Floor, Faysal House, Main Shahra-e-Faisal, Karachi. JS Infocom was established to undertake telecommunication business or invest in companies engaged in providing telecommunication services. JS Infocom is presently seeking business ventures in the Telecommunication sector.

1.2.3 JS International Limited

JS International Limited was incorporated in Cayman Islands B.W.I. on July 14, 2005. The primary objective for which the company has been established includes inward investment from non-resident Pakistanis and international institutional investors, financial advisory services to Pakistani companies expanding overseas and to foreign companies interested in investing or setting up joint ventures in Pakistan. Jahangir Siddiqui & Co. Ltd. have remitted US \$ 4.90 million to JS International Limited (wholly owned subsidiary) as equity investment after obtaining permission from the State Bank of Pakistan. Jahangir Siddiqui & Co. Ltd. holds 10,000 shares of US \$ 1/- each and paid US \$ 489/- per share as a share premium.

1.2.4 JS International LLP

JS International LLP was incorporated as limited liability partnership in the United Kingdom on April 11, 2006 as a wholly owned subsidiary of JS International Limited. (Cayman Islands, B.W.I.) i.e. a sub-subsidiary of the Holding Company. The purpose of setting up JS International LLP is to develop international strategic alliances and joint ventures, developing business and JS brands awareness internationally and providing administrative and operational support to the Group for its international activities.

1.2.5 JS Bank Limited

JS Bank Limited (JSBL) was incorporated on March 15, 2006 as a public limited company under the Companies Ordinance 1984. The bank is engaged in conducting banking business and related services permissible under the Banking Companies Ordinance, 1962. Its shares are listed on the Karachi Stock Exchange. The registered office of JSBL is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi and it operates with one hundred and two branches in Pakistan.

1.2.6 Credit Chex (Private) Limited

Credit Chex (Private) Limited (CCPL) was incorporated in Pakistan as a private limited company on May 16, 2006 under the Companies Ordinance, 1984. The purpose of setting up of CCPL is to provide credit information and credit rating services. The registered office of the Company is situated at 9th floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi. (Also refer note 6.1).

1.2.7 JS ABAMCO Commodities Limited

JS ABAMCO Commodities Limited (JACL) was incorporated on September 25, 2007 as a public unlisted company under the Companies Ordinance, 1984 and is a subsidiary company of JSIL (subsidiary of the Holding Company). The principal activities of JACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National

Commodity Exchange Limited. (NCEL) and to carry on the business as brokers, dealers and representatives of all kinds of commodity contracts and commodity backed securities. The registered office of the Company is situated at 7th floor, The Forum, Block-9, Clifton, Karachi.

1.2.8 Energy Infrastructure Holding (Private) Limited

Energy Infrastructure Holding (Private) Limited (EIHPL) was incorporated under the Companies Ordinance, 1984 on April 15, 2008 as a private limited company. The registered office of the EIHPL is situated at 7th Floor, The Forum, Khayaban-e-Jami, Clifton, Block-9, Karachi. The principal activities of EIHPL, after commencement of operations, will be to design, construct, acquire, own, operate and maintain power generation complexes and to carry on the business of electricity generation, power transmission and distribution services, over hauling and re-powering of power plants etc. EIHPL is in start-up phase and has not commenced its operations.

1.2.9 Network Microfinance Bank Limited

Network Microfinance Bank Limited (NMBL) was incorporated on May 08, 2003 as public limited company under the Companies Ordinance, 1984 and was granted a certificate of commencement of business on December 28, 2004. Its operations started from January 01, 2005. NMBL's principal business is to provide microfinance services to the poor and under served segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The registered office of NMBL is situated at 202, Azayam Plaza, S.M.C.H.S., Shakra-e-Faisal, Karachi.

1.2.10 JS Fund Management (Mauritius) Limited

JS Fund Management (Mauritius) Limited was incorporated in Mauritius on April 4, 2007, as a private company with limited liability by shares. The main activity of the company is to provide investment advisory services and investment management services to certain funds operated by the Group outside Pakistan.

2. BASIS OF PREPERATION ■

These consolidated financial statements have been prepared on a historical cost basis, except for certain investments and derivative financial instruments that have been measured at fair value as described in notes 5.5 and 5.6 below.

2.1 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 (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:



IFRS 2 – Share Based Payment – Amendments regarding Vesting Conditions and Cancellations

IFRS 3 – Business Combinations (Revised)

IFRS 7 – Financial Instruments: Disclosures (Amendments)

IFRS 8 – Operating Segments

IAS 1 - Presentation of Financial Statements (Revised)

IAS 23 - Borrowing Costs (Revised)

IAS 27 - Consolidated and Separate Financial Statements (Amendment)

IAS 32 - Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements -
Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)

IAS 39 – Financial Instruments: Recognition and Measurement – Eligible hedged items

IFRIC 15 – Agreements for the Construction of Real Estate

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

IFRIC 17 - Distributions of Non-cash Assets to owners

IFRIC 18 – Transfers of Assets from Customers

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements other than as described below:

IFRS 3 – Business Combinations (Revised)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. The changes by IFRS 3 (Revised) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

IFRS 7 - FINANCIAL INSTRUMENTS: DISCLOSURES

The amended standard requires additional disclosures about fair value measurements and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy, by class, for all financial instruments recognised at fair value. The fair value measurement disclosures are presented in Note 48 to the financial statements. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 46.2 to the financial statements.

IFRS 8 - OPERATING SEGMENTS

IFRS 8 replaced IAS 14 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 disclosures are shown in Note 51, including the related revised comparative information.

IAS - 1 PRESENTATION OF FINANCIAL STATEMENTS (REVISED)

The Group has adopted IAS - 1 "Presentation of Financial Statements (Revised)" which became effective during the year. The revised standard separates owner and non-owner changes in equity. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IAS - 27 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (AMENDED)


IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

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

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective revised standard and interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)	February 01, 2010
IAS 24 - Related Party Disclosures (Revised)	January 01, 2011
IFRS 2 - Share-based Payments: Amendments relating to Group Cash-settled Share-based Payment Transactions	January 01, 2010
IFRIC 14 - IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments)	January 01, 2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments Measurement (Amended)	July 01, 2010

The Group expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Group's financial statements in the period of initial application.



In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after January 10 2010. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

3. BASIS OF CONSOLIDATION ■

The consolidated financial statements comprise the financial statements of Jahangir Siddiqui & Co. Ltd. and its subsidiaries as at June 30 each year. The financial statements of the subsidiaries are prepared, using consistent accounting policies, for the same reporting year as of the Holding Company except for JS International Limited and JS International LLP whose audited financial statements as at March 31 have been considered for the purpose of consolidation.

Subsidiaries are consolidated from the date on which control is transferred to the Group and ceases from the date on which control is transferred out of the Group.

All material intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the interests in JS Bank Limited, JS Investments Limited, Credit Chex (Private) Limited, JS ABAMCO Commodities Limited and Network Microfinance Bank Limited not held by the Group.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES ■

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Group's accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

- (a) determining the residual values and useful lives of property and equipment (Note 5.1);
- (b) classification of investments (Note 5.5);
- (c) recognition of taxation and deferred tax (Note 5.14);
- (d) accounting for post-employment benefits (Note 5.22);
- (e) impairment of financial assets (Note 5.25); and
- (f) Contingencies (Note 29.1)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ■

5.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 7 to the financial statements. In respect of additions depreciation is charged from the month in which asset is put to use and on disposal up to the month immediately preceding the deletion.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

The asset's residual values, useful lives methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized only when it increases the future economic benefit embodied in the item of property and equipment.

Gains and losses on disposal of fixed assets, if any, are taken to income currently.

5.2 Intangible assets

Intangible assets having definite life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. In respect of additions and deletions during the year, amortisation is charged from the month of acquisition and upto the month preceding the deletion, respectively.

Intangible assets having indefinite life are stated at cost. However, these are tested for impairment / recoverable amount annually and more frequently when indication of impairment exist.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the fair values of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquiree's cash-generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of the whether other assets or liabilities of the acquiree are assigned to those units or groups of units.



5.3 Investment properties

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. In respect of additions and deletions of property during the year, depreciation is charged from the month of acquisition and upto the month preceding the deletion respectively.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

5.4 Membership cards and room

These are stated at cost less accumulated impairment losses, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

5.5 Investments

The management of the Group determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, at fair value through profit or loss, available for sale and held to maturity.

When investments are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

For investments in government securities, fair value is determined by reference to quotations obtained from PKRV Reuters page. In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market prices at the close of business day. For term finance certificates, fair value is determined by reference to rates issued by the Financial Market Association through Reuters.

Unquoted investments, where active market does not exist and fair value cannot be reasonably calculated, are carried at cost. Provision for impairment in value, if any, is taken to income currently.

Associates and joint ventures

Associates are entities in which the Group has significant influence and which are neither a subsidiary nor a joint venture. The Group determines the significant influence by reference to its extent of voting interest in the investee company and other relevant factors which indicate the Group's ability to participate in the financial and operating policy decisions of the investee company.

A joint venture is a contractual arrangement where the Company has joint control over the economic activities undertaken with the other venturers.

Investments in associates and joint ventures that are not held exclusively with a view to its disposal in near future are accounted for under the equity method, less accumulated impairment losses, if any. Such investments are carried in the balance sheet at cost, plus post – acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The profit and loss account reflects the Group's share of the results of its associates and joint ventures.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss.

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains or losses recognised directly in the profit and loss account.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any unrealized gains or losses being taken directly to equity until the investment is disposed or determined to be impaired. At the time of disposal, the cumulative gain or loss previously recorded in equity is recognized in the profit and loss account. Impairment loss, if any, on Available for Sale investments is charged to profit and loss account in accordance with the requirements of IAS - 39 " Financial Instruments: Recognition and measurement ".

Held to maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised cost. Provision for impairment in value, if any, is taken to income currently .

Premiums and discounts on investments are amortised using the effective interest rate method and taken to income from investments.

5.6 Derivative financial instruments

Derivative instruments held by the Group generally comprise future and forward contracts in the capital and money markets. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The fair value of the derivative is equivalent to the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses are recognised in the profit and loss account.

The fair value of unquoted derivatives, if any, is determined by discounted cash flows using appropriate interest rates applicable to the underlying asset.



5.7 Securities sold under repurchase / purchased under resale agreements

The Group enters into transactions of repos and reverse repos at contracted rates for a specified period of time as under:

(a) Repurchase agreement borrowings

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognised in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as securities sold under repurchase agreements. The difference between sale and repurchase price is treated as mark-up / interest expense using the effective yield method.

(b) Repurchase agreement lendings

Investments purchased under agreement to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these agreements are included in fund placements. The difference between purchase and realise price is treated as mark-up/return/interest earned and accrued over the period of the reverse repo agreement using effective yield method.

5.8 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently (for regular way purchases and sales of financial instruments refer to note 5.10).

5.9 Offsetting of financial assets and financial liabilities


A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet, when there is a legal 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. Income and expenses arising from such assets and liabilities are also accordingly offset.

5.10 Trade date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

5.11 Foreign currency translations

Foreign currency transactions are recorded at the exchange rates approximating those ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains / (losses) on translation are taken to income currently.



When the reporting date of the foreign subsidiary is different from that of Holding Company but not greater than three months, adjustments are made for effect of significant transactions. Other significant events that occur between different dates upto the balance sheet date of Holding Company of foreign operations are translated at the exchange rate at the balance sheet date of the foreign operation.

The functional currencies of the foreign operations of JS International Limited and JS Fund Management (Mauritius) Limited are United States Dollars and JS International LLP is Great Britain Pound. At the reporting date, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Holding Company at the rate of exchange ruling at the balance sheet date and their income are translated at the date of transaction exchange rates using for the year. The exchange difference arising of a foreign entity is taken directly to equity. On disposal of a foreign entity the deferred cumulative exchange difference recognized in equity, is recognized in the profit and loss account of that year, relating to that foreign entity.

5.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

5.13 Financial liabilities through profit and loss

Financial liabilities through profit and loss includes the obligation to deliver securities borrowed by a short seller (i.e. securities sold that are not yet owned).

All financial liabilities – held for trading are initially measured at its cost, which is the fair value of the consideration received for the same. Subsequently, these are re-measured to fair value with any resulting gains or losses recognised directly in the profit and loss account.

5.14 Taxation

Current

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

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.



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

5.15 Revenue recognition

- (a) Return on Defence Saving Certificates (DSCs) and Special Saving Certificates (SSCs) have been accounted for using the effective interest rate method.
- (b) Income / return on Term Finance Certificates (TFCs), government securities, reverse repurchase transactions, certificate of deposits and loans and advances is recognised at rate of return implicit in the instrument / arrangement on a time proportion basis.
- (c) Dividend income on equity investments is recognised, when the Company's right to receive the same is established.
- (d) Capital gains or losses on sale of investments are recognised in the period in which they arise.
- (e) Underwriting commission is recognised when the agreement is executed. Take-up commission is recognised at the time commitment is fulfilled.
- (f) Brokerage, consultancy and advisory fee, commission on foreign exchange dealings and government securities, etc. are recognised as and when earned.
- (g) Rental income from investment properties, commission on portfolio trading services and return on bank deposits is recognised on accrual basis.
- (h) Trusteeship fee is recognized on an accrual basis in proportion to the provision of service.

5.16 Long term finances, loans and advances

All long term finances and loans are initially recognised at cost being the fair value of consideration received together with the associated transaction costs. Subsequently, these are carried at amortised cost using effective interest rate method.

Transaction costs relating to long term finance are being amortised over the period of agreement using the effective interest rate method.

Loans, term finance and advances originated by the Group are stated at cost less any amount written off and provision for impairment, if any.

5.17 Trade debts and other receivables

Trade debts and other receivable are recognized at cost. A provision for impairment of trade and other receivable is established where there is objective evidence that the group will not be able to collect the amount due according to the original terms of receivable.

5.18 Trade and other payables

Trade and other payables are recognized at cost, which is the fair value of the consideration received.



5.19 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand, bank balances and balances with SBP, net of bank overdrafts repayable on demand and short term running finance, if any.

5.20 Segment reporting

A business segment is a distinguishable component within the Group that is engaged in providing individual products or services or a group of related products or services and under a common control environment (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

The group's geographical segments are based on location of group's assets.

5.21 Staff retirement benefits

Defined contribution plan

The Holding Company and its certain subsidiaries operate an approved funded contributory provident fund scheme for all its employees eligible to the scheme. Equal monthly contributions are made by the group and the employees to the fund at the rate of 10% per annum of basic pay.

Defined benefit plan

JS Bank Limited (a subsidiary company) operates an unfunded gratuity scheme covering all employees, which requires contribution to be made in accordance with the actuarial recommendations. The most recent valuation in this regard was carried out as at December 31, 2009, using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

5.22 Compensated absences

Accrual is made for employees compensated absences on the basis of accumulated leaves and the last drawn pay.

5.23 Dividend and other appropriations to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.



5.24 Non-current assets held for sale

Non-current assets held for sale that are expected to be sold within a period of one year from the balance sheet date are classified as 'held for sale' and are measured at lower of carrying amount and fair value less cost to sell.

5.25 Impairment

Financial assets

The company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (as incurred loss event) and that loss event (or events) has impact on the estimated future cashflows of the financial asset or the group of financial assets that can be reliably estimated.

If, in a subsequent period, the fair value of an impaired available for sale security increases and the increase can be objectively related to an event occurring after the impairment loss recognised in profit and loss, the impairment loss is reversed, with the amount of reversal recognised in other comprehensive income.

Non-financial assets

Assets are reviewed for impairment whatever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of impairment at each reporting date.

6. BUSINESS COMBINATION ■

6.1 Acquisition of Minority Interest in Credit Chex (Private) Limited

During the year, the Group acquired an additional 7.84% of the voting shares of Credit Chex (Private) Limited through investment in unsubscribed right shares in accordance with the approval of the Holding Company's Board of Directors meeting and special resolution passed by the shareholders of the Holding Company in their Extra Ordinary General Meeting held on May 19, 2008, taking its ownership to 82.84%. The difference of Rs. 16.28 million between the consideration and the book value of the interest acquired, has been recognized as acquisition of minority interest.



6.2 Disposal of sub-subsiidiary

On June 15, 2010, the Group disposed off its entire equity interest in its sub-subsiidiary Mobex Limited. Mobex Limited requested its holding company (JS Infocom) to inject further equity in the company which the company did not subscribe and decided to dispose the entire holding at a nominal value of Rs. 1. The carrying amount of net assets held immediately prior to date of disposal were as follows:

	Rupees in '000
Assets	
Fixed assets	
Operating fixed assets	39,755
Long term deposits	320
Advances and other receivables	967
Cash and bank balances	7,062
	48,104
Liabilities	
Loan from director - unsecured	1,714
Accrued and other liabilities	2,026
	3,740
Net assets	44,364
Share of net assets disposed off	31,055
Goodwill recognized at the time of acquisition	15,000
	46,055
Consideration received	-
Loss on disposal	46,055

	Note	2010 (Rupees in '000)	2009
7. PROPERTY AND EQUIPMENT			
Operating assets	7.1	1,631,114	1,512,869
Capital work-in-progress	7.2	17,195	84,173
		<u>1,648,309</u>	<u>1,597,042</u>

7.1 Operating assets

	C O S T			Depreciation Rate Per-annum %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2009	Additions / (disposals)/ others	As at June 30, 2010		As at July 1, 2009	For the year / (on disposals) / others	As at June 30, 2010	As at June 30, 2010
	(Rupees in '000)				(Rupees in '000)			
June 30, 2010								
Owned:								
Office premises - freehold	630,414	53,768 (7,412) (1,162)	675,608	1.5 - 20	62,718	21,472 (4,064) (159)	79,967	595,641
Leasehold Improvements	371,516	120,955 (28,591)	463,880	33	64,169	43,907 (14,577)	93,499	370,381
Office equipment	654,503	188,445 (27,910) (14,264)	800,774	25	265,695	141,605 (23,612) (6,426)	377,262	423,512
Office furniture and fixtures	157,921	38,842 (8,581) (1,423)	186,759	10-20	43,794	20,027 (4,293) (201)	59,327	127,432
Motor vehicles	209,054	26,968 (14,950)	221,072	20	74,163	40,939 (8,178)	106,924	114,148
	2,023,408	428,978 (87,444) (16,849)	2,348,093		510,539	267,950 (54,724) (6,786)	716,979	1,631,114

	C O S T			Depreciation Rate Per-annum %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2008	Additions / (disposals)/ others	As at June 30, 2009		As at July 1, 2008	For the year / (on disposals) / others	As at June 30, 2009	As at June 30, 2009
	(Rupees in '000)				(Rupees in '000)			
June 30, 2009								
Owned:								
Office premises - leasehold	480,857	159,591 (10,034)	630,414	1.5 - 20	45,220	22,501 (5,003)	62,718	567,696
Leasehold Improvements	118,729	253,037 (3,984) 3,734	371,516	33	38,482	28,755 (3,342) 274	64,169	307,347
Office equipment	345,481	321,265 (17,893) 5,650	654,503	25	180,271	95,062 (13,778) 4,140	265,695	388,808
Office furniture and fixtures	88,203	69,735 (3,075) 3,058	157,921	10-20	31,981	12,078 (968) 703	43,794	114,127
Motor vehicles	138,401	62,766 (7,041) 14,928	209,054	20	38,882	32,746 (4,097) 6,632	74,163	134,891
Leased:								
ATM machines	19,225	- - (19,225)	-	15	5,767	1,923 - (7,690)	-	-
	1,190,896	866,394 (42,027) 8,145	2,023,408		340,603	193,065 (27,188) 4,059	510,539	1,512,869

7.1.2 Details of disposal of fixed assets having written down value exceeding Rs.50,000 each

Particulars	Acquisition cost	Accumulated depreciation	Written down value (Rupees in '000)	Sale proceeds	Profit / (Loss)	Mode of disposal	Buyer's particulars
Motor vehicles:							
Toyota Land Cruiser	3,575	2,205	1,370	4,000	2,630	Negotiation	Mr. M. Amin Zakaria Gulshan-e-Iqbal, Karachi
Toyota Vitz	620	331	289	500	211	Negotiation	Mr. Imran Haleem Shaikh (Ex employee) Gulshan-e-Faisal Bath Island, Karachi
Honda Civic	1,524	762	762	1,350	588	Negotiation	Optimus Limited Hasrat Mohani Road Karachi
Toyota Land Cruiser	3,342	877	2,465	2,415	(50)	Negotiation	Mr. M. Najam Ali (Ex-CEO of JS Investments)
Honda Civic	1,275	956	319	532	213	Negotiation	Mr. M. Najam Ali (Ex-CEO of JS Investments)
Building:							
Leasehold improvements	702	76	626	110	(516)	Negotiation	Akram Thekedar Karachi
Furniture and fixtures:							
Various furniture	1,766	883	883	600	(283)	Negotiation	Spud Energy Limited Karachi.
Chairs/Seaters	693	294	399	73	(326)	Negotiation	Usama Steel Works Karachi.
Other Furniture	3,182	546	2,636	643	(1,993)	Negotiation	Al Karam House Karachi.
Cabinets	170	23	147	10	(137)	Negotiation	Usama Steel Works Karachi.
Office equipment:							
Generator	1,425	327	1,098	1,380	282	Negotiation	Agrow (Pvt) Ltd Karachi.

2 0 1 0 **2 0 0 9**
(Rupees in '000)

7.2 Capital work-in-progress

Advances to suppliers against:

Civil works	991	67,659
Furniture and fixture	2,828	700
Acquisition of software and equipment	13,376	15,814
	17,195	84,173

8. INTANGIBLE ASSETS ■

Note	C O S T			Rate	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at July 1, 2009	Additions / (disposal)/ others	As at June 30, 2010		As at July 1, 2009	For the year / (on disposal) / Impairment	As at June 30, 2010	As at June 30, 2010
	(Rupees in '000)			%	(Rupees in '000)			
June 30, 2010								
Software	190,026	22,870	212,896	20 - 33.33	41,596	28,751	70,347	142,549
Managements rights	8.1	3,050,865	3,050,865	-	6,812	10,589	2,249,816	801,049
						2,232,415		
Goodwill	6 & 8.2	2,679,147	2,664,147	-	42,220	-	2,114,096	550,051
			(15,000)					
						2,071,876		
Non-compete fee	8.3	126,683	126,683	33.33	105,676	21,007	126,683	-
Technical know how		150,000	150,000	100	150,000	-	150,000	-
		6,196,721	6,204,591		346,304	60,347	4,710,942	1,493,649
			(15,000)			-		
						4,304,291		



	Note	C O S T			Rate	ACCUMULATED AMORTISATION			WRITTEN
		As at July 1, 2 0 0 8	Additions / (disposal)/ others	As at June 30, 2 0 0 9		As at July 1, 2 0 0 8	For the year / (on disposal) / Impairment	As at June 30, 2 0 0 9	DOWN VALUE As at June 30, 2 0 0 9
		----- (Rupees in '000)-----			%	----- (Rupees in '000)-----			
June 30, 2009									
Software		131,350	59,199 (523)	190,026	20 - 33.33	18,750	22,756 90	41,596	148,430
Managements rights	8.1	3,050,865	-	3,050,865	-	-	-	6,812	3,044,053
Goodwill	8.2	2,634,303	52,574 (7,730)	2,679,147	-	-	-	42,220	2,636,927
			-				42,220		
Non-compete fee	8.3	126,683	-	126,683	33.33	63,452	42,224	105,676	21,007
Technical know how		150,000	-	150,000	100	150,000	-	150,000	-
		6,093,201	111,773 (8,253)	6,196,721		232,202	64,980 6,902 42,220	346,304	5,850,417

8.1 Cost represents the fair value of the management rights of a subsidiary's mutual funds on the date of its acquisition.

8.2 Goodwill and Management Right impairment testing

Goodwill acquired through business combinations has been allocated to two cash-generating units for impairment testing as follows:

- Network Microfinance Bank Limited
- JS Investments Limited.

The Company performed its annual impairment test as at 30 June 2010. The Company considers the relationship between market capitalisation and carrying value of these cash-generating units, among other factors, when reviewing for indicators of impairment. As at 30 June 2010, the market capitalisation of these cash-generating units was below their carrying values indicating a potential impairment of goodwill and impairment of the assets of the cash generating units.

Goodwill

The recoverable amount of Network Microfinance Bank Limited has been determined on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a 25 year period, which management considers to be appropriate taking into account the current stage of operations. The projected cash flows have been updated to reflect the decreased demand for products and services. The pre-tax discount rate applied to the cash flow projections is 31.6%. As a result of this analysis, management has recognized an impairment loss of Rs 52.57 million against the entire goodwill being carried in the financial statements.

The recoverable amount of JS Investments Limited has been determined based on fair value less cost to sell reflecting on market value of the company. This analysis has resulted in impairment of the entire goodwill arising on acquisition amounting to Rs 2,061.52 million.

Management rights

The recoverable amount of management rights of JS Investments Limited have been determined through value in use calculations using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect reduction in fund sizes and decreased demand of products and services.

The cash flow projections have been discounted using pre-tax discount rates ranging between 21% and 26%. The discount rates applied are based on management estimates of the rate of return of respective funds using the Capital Asset Pricing Model. As a result of this analysis, management has recognised an impairment loss of Rs 2,232.42 million against management rights previously being carried at Rs 3,050.86 million.

Key assumptions used in value in use calculations

The calculations of value in use are most sensitive to the following assumptions:

a) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated by using the Capital Asset Pricing Model for computing cost of equity.

b) Key business assumptions

For JS Investments Limited, these assumptions are important because, by using industry data, historical performance, judgment for growth rates, management assesses how the AUM position might change over the projected period. Management expects AUM growth to be comparatively lower than historical performance due to adverse economic conditions and lack of liquidity in the market.

For Network Microfinance Bank Limited, the assumptions are important because, by using industry data, historical performance, judgment for market penetration, interest rate spreads and timing for scaling from a district to national level bank, management assesses how profitability might change over the projected period.

c) Sensitivity to changes in key assumptions

Management is of the view that any adverse change in a key assumption would result in a further impairment loss particularly if AUM growth or incremental sales targets are not met.

- 8.3** This represents non-compete fee paid to American Express Bank Limited, New York (AMEX) on the amalgamation of American Express Bank Ltd., Pakistan Operations with and into JS Bank Limited.

9. INVESTMENT PROPERTY ■

Note	C O S T			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2009	Additions / (disposal)	As at June 30, 2010		As at July 1, 2009	For the year	As at June 30, 2010	As at June 30, 2010	
June 30, 2010									
Office premises - leasehold	9.1	12,599	-	12,599	5	9,547	641	10,188	2,411

Note	C O S T			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2008	Additions / (disposal)	As at June 30, 2009		As at July 1, 2008	For the year	As at June 30, 2009	As at June 30, 2009	
June 30, 2009									
Office premises - leasehold	9.1	12,599	-	12,599	5	8,907	640	9,547	3,052

9.1 The fair value of the investment property aggregating to Rs. 88.86 million (2009: Rs. 92.39 million) was arrived at on the basis of the valuation carried out by M/s. Consultancy Support and Services, an independent valuer on July 14, 2010 but was not incorporated in the books of accounts as the company applies cost model for accounting investments properties. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

10. MEMBERSHIP CARDS AND ROOM ■

Stock Exchange Membership cards

	Note	2010 (Rupees in '000)	2009
Karachi Stock Exchange (Guarantee) Limited		100	100
Islamabad Stock Exchange (Guarantee) Limited		32,101	32,101
National Commodity Exchange Membership card		2,500	2,500
Room - Islamabad Stock Exchange (Guarantee) Limited		1,000	1,000
		<u>35,701</u>	<u>35,701</u>

11. LONG TERM INVESTMENTS ■

Related parties

Investment in associates	11.1	1,295,460	7,768,612
Investment in joint venture	11.3	67,087	69,687
Other related parties - Available for sale	11.4	7,688,911	6,340,922
		<u>9,051,458</u>	<u>14,179,221</u>
Other investments	11.5	440,654	1,111,670
		<u>9,492,112</u>	<u>15,290,891</u>



2010 **2009**
(Rupees in '000)

11.1 Investment in associates

Quoted

JS Global Capital Limited	1,208,022	4,020,110
JS Value Fund Limited	87,438	207,543
Azgard Nine Limited	-	3,540,959
	<u>1,295,460</u>	<u>7,768,612</u>

11.1.1 Included in investment in associates are equity securities costing Rs. 398.69 million (2009: Rs. 754.36 million) and having market value of Rs. 164.05 million (2009: Rs. 460.68 million) as at June 30, 2010, pledged with various commercial banks.

11.1.2 All investments in associates are in companies which are incorporated in Pakistan.

11.2 Summarised financial information of the associates of the Group along with their respective share is as follows:

Name of Associate	Interest held		Revenues / (Losses)	Total Assets	Total Liabilities	Net Assets
	2010	2009				
Quoted	%	%	----- (Rupees in '000) -----			
JS Global Capital Limited Market value Rs. 795.71 (2009: Rs. 1,489.05) million	43.47	43.47	(77,357)	3,078,232	317,919	2,760,313
JS Value Fund Limited Net asset value Rs. 101.04 (2009: Rs. 292.74 million)	23.67	23.67	(115,852)	1,021,358	16,885	1,004,473
Azgard Nine Limited Market value Rs. Nil (2009: Rs. 2,527.94 million) (see note 11.4.4)	-	25.41	-	-	-	-
			<u>(193,209)</u>	<u>4,099,590</u>	<u>334,804</u>	<u>3,764,786</u>

11.3 Investment in joint venture

Summarised financial information of the joint venture of the Group along with its respective share is as follows:

Name of Joint Venture	Country of incorporation	Revenues	Total Assets	Total Liabilities	Net Assets	Share of net assets 2010	Share of net assets 2009	Interest held %
----- (Rupees in '000) -----								
Un-quoted								
Gujranwala Energy Limited	Pakistan	(5,199)	132,829	26,970	105,859	67,087	69,687	50
		<u>(5,199)</u>	<u>132,829</u>	<u>26,970</u>	<u>105,859</u>	<u>67,087</u>	<u>69,687</u>	



11.3.1 The principal business activity of the Joint venture is to generate and supply the electricity to PEPCO. During financial year 2007, the proposed project of 200 MW was approved by Private Power & Infrastructure Board (PIIB) as a fast track project and the Venture was assigned to achieve its Commercial Operation Date (COD) latest by March 31, 2009. Meanwhile, the Venture Tariff was also notified by National Electric Power Regulatory Authority (NEPRA) on 18, April 2007. However, the Venture could not finalize certain related arrangements requisite for COD including availability of finance and engines on timely basis. Recently, the Venture got extension in achieving its COD from PIIB by December 2010 and June 2011. Simultaneously, the Venture also filed a petition for revised tariff which was notified by NEPRA on July 08, 2008.

11.4 Other related parties - Available for sale

These shares are ordinary shares of Rs.10 each unless stated otherwise.

Number of shares		Note	Activity	Holding		2010	2009
2010	2009			2010	2009		
				%	%	(Rupees in '000)	
Quoted at fair value							
7,000,000	9,000,000		Eye Television Network Limited	14.00	18.00	162,540	258,750
111,256,116*	111,256,116	11.4.3	BankIslami Pakistan Limited	21.07	21.07	357,132	708,701
20,299,455	18,675,500		EFU General Insurance Limited	16.24	16.24	997,515	1,645,125
17,040,552	15,838,400	11.4.3	EFU Life Assurance Limited	20.58	21.12	1,327,629	1,582,890
25,040,389	-		Lucky Cement Limited	7.74	-	1,556,010	-
405,000	3,708,000		Attock Petroleum Limited	0.70	6.44	117,349	1,181,035
24,000,000	17,909,800	11.4.3	Pakistan International Container Terminal Limited	21.99	19.69	1,800,000	956,921
5,933,780	-		Singer Pakistan Limited	17.39	-	111,555	-
112,157,863	-	11.4.4	Azgard Nine Limited	24.96	-	1,251,681	-
Un-quoted at cost							
750,000	750,000	11.4.3	EFU Services (Private) Limited	37.50	37.50	7,500	7,500
						7,688,911	6,340,922

* These represent sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

11.4.1 Included herein are equity securities costing Rs. 4,115.65 million (2009: Rs. 1,447.22 million) and having market value of Rs. 3,504.90 million (2009: Rs. 1,447.22 million) as at June 30, 2010, pledged with various commercial banks.

11.4.2 The cost of investments in related parties amounts to Rs. 7,682.27 million (2009: Rs. 6,340.92 million).

11.4.3 The management of the Group does not regard these companies/bank as associates as it does not exercise significant control over these entities.

11.4.4 During the year, the Company reviewed its relationship with its associate and as a result it has reclassified the investment as 'available for sale' as the Company does not exercise significant influence over it.



	Note	2010 (Rupees in '000)	2009
11.5 Other investments			
Available for sale			
Equity securities quoted (at fair value)	11.5.1	-	641,009
Term Finance / Sukuk Certificates			
unquoted (at cost)	11.5.2	89,928	89,964
Provision held		(9,000)	-
		80,928	89,964
Held-to-maturity			
Special Saving Certificates (at amortised cost)	11.5.3	359,726	313,030
Government Securities - Treasury Bills		-	67,667
		440,654	1,111,670

11.5.1 Included herein are equity securities costing Rs. Nil (2009: Rs. 189.16) million and having market value of Rs. Nil (2009: Rs. 189.16) million as at June 30, 2010, pledged with various commercial banks.

11.5.2 This represents investment in TFC issued by Agritech Limited formerly Pak American Fertilizers Limited (a subsidiary of Azgard Nine Limited - a related party of the Holding Company) having a tenure of five years i.e. 2009-2014. The profit on these TFCs is payable quarterly, based on the three months KIBOR average rate plus 325 basis points per annum.

Agritech Limited and its holding company Azgard Nine Limited failed to meet their financial obligations during the year. Pursuant to their adverse financial conditions, are in the process of rescheduling/restructuring their financial obligations. Therefore, under these circumstances, the fair values of the above investment and sub-ordinated loan as disclosed in note 12.5 have been valued at present values using discounted cash flow method which, in aggregate, is less by Rs. 60 million as against their carrying values. Hence, keeping this view and the fact that economic benefits associated with the transactions have a lesser probability to flow to the company, interest/profit has not been accrued to the extent of Rs. 62 million.

11.5.3 This represents investment in Special Saving Certificates having a term of 3 years with effective rate of profit of 15.01% per annum and will mature on March 11, 2012 and are pledged with a commercial bank.

	Note	2010 (Rupees in '000)	2009 (Rupees in '000)
12. LONG TERM LOANS, ADVANCES AND OTHER RECEIVABLES			
Long-term loans - considered good			
Secured			
Due from:			
Chief Executive Officer	12.1	-	15,000
Executives	12.2 & 12.3	1,699	2,670
Employees		2,503	2,661
		4,202	20,331
Loans advanced by JS Bank Limited		2,505,125	2,447,128
Un-secured			
Micro credit advanced by NMBL	12.4	107,288	79,328
Micro lease advanced by NMBL	12.4	1,160	2,639
Provision held for micro credit and leases		(5,823)	(4,584)
		102,625	77,383
Long-term advances - considered good, unsecured			
Advance against a room at National Commodity Exchange Limited		2,500	2,500
Long-term receivable from related party			
Unsecured, considered good	12.5	340,000	340,000
Unsecured, considered good		-	3,864
		2,954,452	2,891,206
Provision held for long term receivable from related party		(51,000)	-
		2,903,452	2,891,206
Current maturity of long term loans and receivables		(93,003)	(28,610)
		2,810,449	2,862,596

12.1 The maximum aggregate amount due from the Chief Executive at the end of any month during the year was Rs. 12.36 (2009: Rs. 17.85) million.

	2010 (Rupees in '000)	2009 (Rupees in '000)
12.2 Reconciliation of the carrying amount of loans to executives		
Balance at the beginning of the year	2,670	2,306
Disbursement	1,400	812
Repayments	(2,371)	(448)
Balance at the end of the year	1,699	2,670

12.3 Represents loans to executives and employees of the Group given for housing and for purchase of home appliances and motor vehicles at rates ranging from 10.50% to 15.00% (2009: 7.75% to 15.00%) per annum in accordance with the Group's employee loan policy and their terms of employment. These loans are secured against provident fund balances and salaries of the employees, title documents of vehicles, equitable mortgage and personal guarantees and are repayable over a period of one to five years. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 2.78 (2009: Rs. 1.99) million.

12.4 These carry mark-up at the rate ranging from 27.00 % to 43.34% (2009: 30.00% to 43.34%) per annum.

12.5 This represents subordinated loan given to Agritech Limited formerly Pak-American Fertilizers Limited (a subsidiary of Azgard Nine Limited - a related party of the Holding Company) convertible into ordinary shares of Agritech Limited at Rs. 10/- or break up value whichever is less. The mark up is payable semi annually at the rate of six months KIBOR + 3.25% p.a. and is reset on semi annual basis. During the year the Group has waived the aforesaid conversion option in lieu of Rs. 70 million. (Also refer note 11.5.2)

	2010	2009
	(Rupees in '000)	
13. DEFERRED TAXATION		
Taxable temporary difference		
Differences in account and tax bases of:		
- Property and equipment	(173,739)	-
- Intangible assets	(179,434)	-
Deductible temporary differences		
Unused tax losses	1,236,271	119,711
Provision against investments and loans	179,130	-
Deferred cost	708	-
Deficit on revaluation of investments	11,596	-
	<u>1,074,532</u>	<u>119,711</u>

13.1 The Holding Company has not recorded deferred tax assets in view of uncertainty with respect to the availability of taxable profits in the future against which such losses can be utilised. Further, the Holding Company has assessed and un-assessed carry forward tax losses amounting to Rs. 1,499.20 (2009: Rs. 1,438.35) million. The amount of deferred tax asset not recognised in these financial statements amounts to Rs. 524.72 (2009: Rs. 249.27) million.

	Note	2010	2009
		(Rupees in '000)	
14. SHORT TERM INVESTMENTS			
Assets at fair value through profit or loss			
Listed equity securities			
- Related parties	14.2	52,979	279,351
- Others	14.2	1,834,478	922,818
Government securities		48,832	49,745
Term Finance Certificates		-	603
Open-end fund units (at redemption price)		33,649	945,123
		<u>1,969,938</u>	<u>2,197,640</u>
Available for sale			
Equity securities			
- quoted	14.2	731,446	1,115,999
- unquoted - stated at cost		63,829	-
Term Finance / Sukuk Certificates			
- quoted		1,257,136	808,496
- unquoted - stated at cost		825,513	1,011,102
US Dollar Bonds		237,113	-
Government securities		10,656,535	6,347,833
Open-end fund units (at redemption price)		506,517	655,219
		<u>14,278,089</u>	<u>9,938,649</u>
Held to maturity			
Government Securities - Treasury Bills	14.3	72,689	-
		<u>16,320,716</u>	<u>12,136,289</u>

- 14.1** The above investments are carried at market value except where mentioned specifically. The cost of the above investments amounts to Rs. 16,792.57 (2009: Rs. 13,388.17) million.
- 14.2** This includes investments in equity securities of related parties having market value of Rs. 571.72 (2009: Rs. 1,044.78) million.
- 14.3** This includes investments pledged with banks having market value of Rs. 1,455.56 (2009: Rs. 707.90) million costing Rs. 1,985.09 (2009: Rs. 1,676.70) million.

	Note	2010 (Rupees in '000)	2009
15. TRADE DEBTS - Unsecured considered good			
Receivable against sale of shares		-	21,781
Trade debts for advisory and other services		261	-
		261	21,781
16. LOANS AND ADVANCES			
Current maturity of long term loans	12	93,003	28,610
Term loans advanced by JSBL - considered good	16.1	9,146,565	7,373,766
Provision against non-performing loans	16.2	(500,548)	(335,222)
		8,646,017	7,038,544
Advances - considered good			
Unsecured			
Contractor and suppliers		126	46
Staff	16.3	1,859	1,019
		1,985	1,065
Assets held for sale		-	3,350
		8,741,005	7,071,569

- 16.1** These carry mark-up ranging from 5% to 20% (2009: 1.50% to 20.00%) per annum and are secured by pledge of shares of listed companies, property of the borrowers and hypothecation of assets.

	2010 (Rupees in '000)	2009
16.2 Particulars of provision for non-performing loan		
Opening balance	335,222	122,075
Charge for the year	165,326	213,147
Closing balance	500,548	335,222

- 16.3** The advances are provided to executives and other employees to meet personal expenses. In addition, advances are also given to executives against their salaries. These advances are recovered through deduction from salaries.



	Note	2010 (Rupees in '000)	2009
17. ACCRUED MARK-UP			
Loans, advances and fund placements		-	37,852
Reverse repurchase transactions		-	218
Bank deposits		516,361	381,832
Interest receivable from CEO		-	401
Term Finance Certificates		4,057	16,381
		520,418	436,684

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposits	1,901	5,837	
Prepayments		159,248	208,245
Other receivables			
Dividend receivable		-	9,548
Remuneration from related parties	18.1	2,618	29,688
Others	18.2	123,630	122,067
		126,248	161,303
		287,397	375,385

18.1 This represents remuneration receivable from various Funds for services rendered as an asset management company. Remuneration for the period ended June 30, 2010 has been calculated from 1.00% to 3.00% (2009: 1.00% to 3.00%) of the net asset value of these Funds.

18.2 Included herein is a sum of Rs. 2.51 (2009. Rs. 0.27) million receivable from related parties.

		2010 (Rupees in '000)	2009
19. FUND PLACEMENTS			
Securities purchased under resale agreement:			
Secured and considered good			
Listed equity securities		-	1,406,642
Government securities		2,828,271	40,855
		2,828,271	1,447,497
Call money lending		1,187,481	1,315,000
Term Deposit Receipts		614,546	190,520
		4,630,298	2,953,017

19.1 These carry mark-up at the rate ranging from 2% to 13.84% (2009: 11.00% to 15.90%) per annum.

	Note	2010 (Rupees in '000)	2009
20. CASH AND BANK BALANCES			
Cash in hand		121	458,607
Balances with banks on:			
Current accounts			
local currency		1,733,739	1,095,865
foreign currency		4,428	681,969
		1,738,167	1,777,834
Deposit accounts			
local currency		546,851	190,373
foreign currency		25,552	2,303,694
	20.1	572,403	2,494,067
		2,310,691	4,730,508



20.1 These carry mark-up ranging from 4.00% to 12.00% (2009: 5.00% to 16.00%) per annum.

21. SHARE CAPITAL ■

		2010	2009		
		(Rupees in '000)			
		2010	2009		
		Number of shares			
6,000,000,000	6,000,000,000	Ordinary shares of Rs.10/- each	60,000,000	60,000,000	
500,000,000	500,000,000	Preference shares of Rs.10/- each	5,000,000	5,000,000	
<u>6,500,000,000</u>	<u>6,500,000,000</u>		<u>65,000,000</u>	<u>65,000,000</u>	

21.2 Issued, subscribed and paid-up capital

		2010	2009		
		Number of shares			
Ordinary shares of Rs.10/- each:					
52,415,925	52,415,925	Fully paid in cash	524,159	524,159	
710,869,398	710,869,398	Fully paid bonus shares	7,108,694	7,108,694	
<u>763,285,323</u>	<u>763,285,323</u>		<u>7,632,853</u>	<u>7,632,853</u>	

22. RESERVES ■

Capital reserve

Premium on the issue of ordinary shares

Note
2010
2009
(Rupees in '000)

5,284,746 5,951,464

Revenue reserves

General reserve

Foreign exchange translation reserve

Accumulated loss

10,000,000	10,000,000
23,072	29,052
(14,494,479)	(2,578,541)
<u>(4,471,407)</u>	<u>7,450,511</u>

Other

Unrealised gain / (loss) on revaluation of available for sale investments- net

Statutory reserve

Hedging reserve

Preference shares redemption reserve

598,114	(102,636)
68,841	69,226
-	16,423
-	111,430
<u>1,480,294</u>	<u>13,496,418</u>

23. LONG TERM FINANCING ■

Long term loans	23.1	5,136	1,714
Term Finance Certificates	23.2	2,839,287	3,212,313
Liability against Class A, B & C TFC	23.3	384,868	511,523
		<u>3,229,291</u>	<u>3,725,550</u>



	Note	2010 (Rupees in '000)	2009
23.1 Long term loans - Unsecured			
Director	23.1.1	5,136	-
Chief Executive Officer		-	1,714
		<u>5,136</u>	<u>1,714</u>

23.1.1 This represents interest free unsecured loan from a director. This loan is repayable on demand and carry an option to be converted into ordinary shares of Credit Chex (Private) Limited - a subsidiary company.

	Note	2010 (Rupees in '000)	2009
23.2 Term Finance Certificates (TFCs)			
Secured			
Second issue	23.2.1	498,800	499,000
Fifth issue	23.2.2	1,096,314	1,095,634
Sixth issue	23.2.3	1,245,313	1,244,667
Unsecured			
Third issue		-	248,774
Fourth issue	23.2.4	374,530	436,590
		<u>3,214,957</u>	<u>3,524,665</u>
Less: Current portion shown under current liability		<u>375,670</u>	<u>312,352</u>
		<u>2,839,287</u>	<u>3,212,313</u>

23.2.1 The profit on these TFCs is payable semi-annually, based on the Six month KIBOR average rate plus 150 basis points per annum for first 5 years, and thereafter, an increase of 0.10% a year for next 3 years and a further 0.10% a year for the last 2 years. The TFCs have a tenor of ten years i.e. 2004-2014 with a call option exercisable by the Group at any time during the tenor of the TFCs after the first 2 years by giving a 3 months notice. These TFCs are secured against lien over a designated account with the Central Depository Company. The account contains marketable securities having a market value of Rs. 802.801 million (2009: 805.24 million) equal to the issue size with the regulatory margin as prescribed by the State Bank of Pakistan's Prudential Regulations. In the event of any sale and repurchase of marketable securities, the lead arranger will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

23.2.2 The profit on these TFCs is payable semi-annually, based on a Six months average KIBOR plus 250 basis points. These TFCs have a tenor of five and half years i.e. 2006 – 2012 with a call option exercisable by the Group anytime after the expiration of one year from the date of issue upon giving to the TFC holders not less than 30 days irrevocable notice in writing at a premium equal to 1.00% of the outstanding issue price.

These TFCs are secured against first ranking charge on all present and future movable assets, but excluding pledge of listed securities offered as security along with the requisite margin on existing secured TFC of Rs. 500 million and current and future overdraft / short term borrowing



limits upto Rs. 4,000 million at any time outstanding. However, the trustee will be authorised to issue No Objection Certificate for creation of pari passu floating charges in favour of other creditors, so long as and to the extent that the value of the movable assets of the Group included in the floating charge exceeds 133% of the total liabilities secured by the floating charge in favour of the TFC holders.

23.2.3 The profit on these TFCs is payable semi-annually, based on a Six months average KIBOR plus 170 basis points. These TFCs have a tenor of six years i.e. 2007 - 2013 with a call option exercisable by the Holding Company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value.

These TFCs are secured against first ranking charge on all present and future movable assets including book debts, receivables and investments, but excluding pledge of listed securities offered as security along with the requisite margin on existing secured TFC of Rs. 500 million and current and future overdraft / short term borrowing limits upto Rs. 4,000 million at any time outstanding. However, the trustee will be authorised to issue the No Objection Certificate for the creation of pari passu floating charges in favour of other creditors, so long as and to the extent that the value of movable assets of the Holding Company included in the floating charges exceeds 133% of the total liabilities secured by the floating charges in favour of the TFC holders.

23.2.4 The profit on these TFCs is payable semi-annually, based on a six months average KIBOR plus 175 basis points. These TFCs have a tenor of five years i.e. 2005 – 2010 with a call option exercisable by the Group any time from the 30th month to the 54th month by giving a 30 days notice.

23.3 Liability against Class A, B & C TFC

JSIL has sold and assigned Rs. 702.5 million of its present and future management fee from few funds (listed below) under its management to Financial Receivables Securitization Company Ltd. (FRSCL), a special purpose vehicle, incorporated for this purpose in accordance with Companies (Asset Backed Securitisation) Rules, 1999.

Unit Trust of Pakistan
 JS Income Fund
 JS Islamic Fund
 JS Growth Fund
 JS Large Cap Fund
 JS Value Fund Limited

As per the terms of agreement between FRSCL and the Group, FRSCL raised finances by issuing TFCs to various investors with the following features.

Total Issue Size	Rs. 702.5 million
Private Placement / Pre-IPO	Rs. 502.5 million
Initial Public Offering (IPO)	Rs. 200 million
Tenor	7 years
Rate	6 month KIBOR plus 200 bps (payable semi-annually)
Floor	8.00%
Ceiling	16.00%



24. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits
Savings deposits
Current accounts - Non-remunerative
Margin accounts

Note	2010	2009
	(Rupees in '000)	

24.1	9,638,259	11,746,551
	8,534,241	4,360,189
	5,902,320	3,021,196
	46,402	50,733
	24,121,222	19,178,669
28	24,087,068	18,960,840
	34,154	217,829
	22,265,795	17,485,874
	1,759,950	1,692,795
	24,025,745	19,178,669

Current Maturity

Particulars of deposits

In local currency
In foreign currencies

24.1 This represent deposits received from customers. The maturity period ranges from three months to five years. The rate of return payable on these deposits ranging from 0.25% to 16.00% (2009: 0.50% to 17.50%) per annum.

25. TRADE AND OTHER PAYABLES

Payable against purchase of shares
Accrued expenses
Bills payable

Note	2010	2009
	(Rupees in '000)	

11,926	-
248,861	320,863
517,683	484,852
778,470	805,715

Other liabilities

Security deposits
Unclaimed dividend
Unrealised loss on forward foreign exchange contracts - net
Branch adjustment account
Disputed tax liability
Provision against off-balance sheet obligation - net
Others

25.1

818	689
10,527	6,971
2,471	-
-	429
49,293	49,293
-	14,976
74,800	165,052
137,909	237,410
916,379	1,043,125

25.1 Citibank Overseas Investment Corporation (COIC) had on February 1, 1999 entered into an agreement to sell 6.00 million shares of Jahangir Siddiqui Investment Bank Limited (JSIBL) (formerly Citicorp Investment Bank Limited) to the holding company and in that agreement it was agreed by the parties that the purchase consideration of Rs.123.90 million (representing 6.00 million shares at the rate of Rs.20.65 per share) would be adjusted to the extent of 70.00% if there is any subsequent reduction in total disputed tax liability as of December 31, 1998 amounting to Rs.68.65 million as confirmed by a Chartered Accountant firm. Therefore as and when this disputed tax liability is resolved in favour of JSIBL, the holding company would pay to the COIC the above amount to the extent of 70.00% which would be adjusted against the purchase consideration for the investment in JSIBL. It should be noted that even if the matter is decided in favour of JSIBL, the matter is most likely to be referred to a higher forum.



	Note	2010 (Rupees in '000)	2009
26. ACCRUED INTEREST / MARK-UP ON BORROWINGS			
Long term financing		126,027	151,495
Deposits		386,800	223,470
Short term borrowings		114,455	18,729
		<u>627,282</u>	<u>393,694</u>

27. SHORT TERM BORROWINGS

Securities sold under repurchase agreements secured against:

Government securities		4,050,225	1,977,008
Borrowing from banks/ NBFCs - unsecured	27.1	1,734,224	1,954,000
Short term running finance under mark-up arrangements	27.2	1,865,517	418,530
		<u>7,649,966</u>	<u>4,349,538</u>

27.1 Represents amount borrowed from banks / NBFCs having mark-up rates ranging from 7.75% to 13.84% (2009: 7.50% to 15.90%) per annum.

27.2 The Group has short term running finance facilities under mark-up arrangements aggregating to Rs. 7,800 (2009: Rs. 5,400) million from various commercial banks having mark-up ranging from 13.84% to 17.77% (2009: 13.93% to 17.49%) per annum calculated on a daily product basis. The facilities utilised against these arrangements are secured against shares of listed companies and special saving certificates having an aggregate fair value of Rs. 4,252.32 (2009: Rs. 4,981.80) million.

	Note	2010 (Rupees in '000)	2009
28. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing			
Term finance certificates	23.2	375,670	312,352
Liability against Class A, B & C TFCs	23.3	129,086	91,690
Deposits and other accounts	24	24,087,068	18,960,840
		<u>24,591,824</u>	<u>19,364,882</u>

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 Contingency in respect of Joint Venture - Gujranwala Energy Limited (GEL)

- (a) GEL in order to achieve the financial close, had mandated National Bank of Pakistan ("NBP") to arrange PKR 14,135 million. The aforesaid mandate was executed on April 14, 2008. However, due to deteriorating law and order situation, circular debt issue, etc., the financial close could not be achieved within the envisaged time period. The Venture, as a result thereof, approached Private Power and Infrastructure Board ("PPIB") with the request to make certain amendments in the power purchase agreement to facilitate the financial close but PPIB did not respond positively towards the Venture's request and as consequence thereof the Company has filed a petition in the Honorable High Court of Sindh to protect itself from the repercussions of non achieving the financial close within the stipulated time

period including encashment of performance guarantee amounting to US \$ 1,000,000 extended to PPIB. The Honorable High Court of Sindh has ordered the plaintiff (the Company) to keep the guarantee alive and have restricted PPIB from encashing the guarantee till the adjudication of the application filed by the Company. The stay order is still filed and the case is pending for adjudication. Accordingly, no related adjustment has been made in these financial statements.

- (b) With reference to Note 29.1.1 (a) and 11.3.1, the Joint Venture has also extended commitment bank guarantee amounting to 3,000,000 Euro in favour of Wartsila Finland (supplier of engines). During last year, the Venture could not raise the requisite funds and deposit initial mobilization advance with Wartsila and accordingly, Wartsila had approached the concerned bank for encashment of guarantee. However, the Company filed a petition in Honourable High Court of Sindh to protect encashment of such guarantee. The Honorable High Court of Sindh has restricted Wartsila from en-cashing the guarantee till the adjudication of the application filed by the Venture. The stay order is still in filed and the case is pending for adjudication. Accordingly, no related adjustment has been made in these financial statements.

2 0 1 0 **2 0 0 9**
(Rupees in '000)

29.1.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.

i) Government	510,776	244,681
ii) Banking companies and other financial institutions	18,866	11,527
iii) Others	632,664	400,585
	<u>1,162,306</u>	<u>656,793</u>

29.1.3 Other contingencies

Claims not acknowledged as debts	<u>66,463</u>	<u>69,171</u>
Trade related contingent Liabilities documentary credits	<u>1,750,888</u>	<u>2,033,327</u>

29.2 Commitments

Forward purchase of government securities	<u>153,567</u>	<u>425,000</u>
Forward sale commitments	<u>-</u>	<u>420,000</u>
Future purchase transaction of equity securities	<u>211,429</u>	<u>-</u>
Commitments in respect of forward exchange contracts:		
Purchase	<u>3,762,253</u>	<u>1,768,604</u>
Sale	<u>3,438,680</u>	<u>3,441,470</u>
Commitments in respect of capital expenditure	<u>5,564</u>	<u>164,984</u>
Underwriting commitments	<u>-</u>	<u>203,643</u>
Assets acquired under operating lease	<u>9,889</u>	<u>1,920</u>

	Note	2010 (Rupees in '000)	2009
30. RETURN ON INVESTMENTS			
Mark-up / interest income from:			
At fair value through profit or loss			
Government securities		8,544	6,313
Term Finance Certificates		1	69
		<u>8,545</u>	<u>6,382</u>
Available for sale			
Term Finance / Sukuk Certificates		12,834	9,104
Government securities		1,080,562	703,755
Held to maturity			
Defence and Special Saving Certificates		46,696	13,648
		<u>1,148,637</u>	<u>732,889</u>
Dividend income on:			
At fair value through profit or loss		153,168	6,537
Available for sale investments		400,846	417,090
		<u>554,014</u>	<u>423,627</u>
		<u>1,702,651</u>	<u>1,156,516</u>
31. GAIN ON SALE OF INVESTMENTS - net			
Subsidiary, associates and joint ventures		(35,248)	2,903,189
At fair value through profit or loss		278,936	(1,029,030)
Available for sale		216,640	(121,062)
		<u>460,328</u>	<u>1,753,097</u>
32. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS			
Interest on loans to staff		252	248
Interest on loans and advances		1,636,709	1,585,226
Interest on deposits with financial institutions		10,565	-
Return on reverse repurchase transactions of:			
Listed equity securities		-	70,201
Government securities		215,036	868
		<u>215,036</u>	<u>71,069</u>
Return on term deposit receipts		12,480	142,307
		<u>1,875,042</u>	<u>1,798,850</u>
33. FEE, COMMISSION AND BROKERAGE			
Consultancy and advisory fee		-	36,955
Underwriting commission		811	5,506
Commission income		167,096	112,906
Remuneration from funds under management	33.1	361,248	439,880
Other services		107,032	6,282
		<u>636,187</u>	<u>601,529</u>

2010 2009
(Rupees in '000)

33.1 Remuneration from funds under management

Closed-end funds

JS Value Fund Limited	24,801	31,127
JS Large Cap Fund	47,561	46,490
JS Growth Fund	66,425	62,198
	138,787	139,815

Open-end funds

Unit Trust of Pakistan	61,838	71,245
JS Income Fund	58,984	116,811
JS Islamic Fund	9,001	8,758
JS Aggressive Asset Allocation Fund	5,685	8,175
JS Fund of Funds	4,697	5,475
JS KSE - 30 Index Fund (Formerly UTP - A - 30 + Fund)	1,522	1,615
JS Capital Protected Fund	6,337	10,831
JS Capital Protected Fund II	3,020	23,000
JS Capital Protected Fund III	-	17,354
JS Capital Protected Fund IV	11,671	12,734
JS Pension Savings Fund	2,421	1,307
JS Islamic Pension Savings Fund	1,541	1,337
JS Aggressive Income Fund	2,409	9,026
JS Principal Secure Fund I	45,351	12,397
JS Principal Secure Fund II	4,809	-
JS Cash Fund	3,175	-
	222,461	300,065
	361,248	439,880

34. OTHER INCOME

Gain / (loss) on sale of property and equipment	2,224	(3,518)
Rental income	13,804	12,918
Return on bank deposit accounts	13,114	88,867
Income from dealing in foreign currency	53,337	106,700
Liability written back	79,891	92,173
Other income	23,240	35,267
	185,610	332,407



	Note	2010 (Rupees in '000)	2009
35. OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and benefits		982,659	822,475
Telephone, fax, telegram and postage		122,972	23,536
Vehicle running		10,831	13,896
Directors' meeting fee		4,795	4,795
Utilities		16,634	20,227
Newspapers and periodicals		328	1,707
Conveyance and travelling		20,475	97,502
Repairs and maintenance		182,735	103,057
Computer expenses		21,427	45,365
Auditors' remuneration	35.1	20,446	10,998
Royalty fee	35.2	19,900	19,900
Consultancy fee		26,933	14,366
Advisory fee	35.3	13,440	13,320
Legal and professional charges		42,233	56,455
Printing and stationery		48,087	45,778
Rent, rates and taxes		412,649	309,278
Insurance		9,466	11,066
Entertainment		1,284	2,069
Advertisement		69,518	53,412
Office supplies		202	1,295
Depreciation	35.4	268,591	190,796
Amortisation of intangible assets		38,738	61,964
Provision against non-performing loans, advances and receivables		223,365	214,194
Fees and subscription		40,267	131,072
Brokerage and commission expense		56,150	76,037
Clearing fees		11,734	16,598
Subsidiary incorporation expense		-	8,205
Office security		12,710	23,574
Exchange loss		-	1,347
Workers' welfare fund		1,821	-
Others		140,902	55,683
		<u>2,821,292</u>	<u>2,449,967</u>

35.1 Auditors' remuneration

Auditors' remuneration includes the following:

	Ernst & Young Ford Rhodes Sidat Hyder		Other Auditors	2010	2009
	Holding company	Subsidiary companies	Subsidiary companies		
	----- (Rupees in '000) -----				
Annual audit fee	1,500	1,875	2,339	5,714	5,516
Half-yearly review fee	200	400	-	600	410
Certifications and other services	5,653	6,737	986	13,376	4,836
Out of pocket expenses	153	603	-	756	236
	7,506	9,615	3,325	20,446	10,998

35.2 This represents the royalty payable under agreements approved by the Board of Directors of the respective companies.

35.3 Represents amount paid / payable to an individual and a director for advisory services rendered in terms of their respective agreements duly approved by the Board of Directors.

	Note	2010 (Rupees in '000)	2009
35.4 Depreciation			
Operating assets	7.1.1	267,950	190,156
Investment property	9	641	640
		268,591	190,796

36. FINANCE COST ■

Mark-up on:

Short term running finance	346,285	258,752
Long term financing	570,334	664,852
Borrowing from banks/ NBFCs	159,661	-
Deposits	1,605,983	1,175,211
Repurchase transactions of securities	324,728	150,047
Markup on finance lease	-	1,025
	3,006,991	2,249,887
Amortisation of transaction costs	3,470	4,390
Bank charges	16,949	843
	3,027,410	2,255,120



37. IMPAIRMENT ON INVESTMENTS ■

	2010	2009
	(Rupees in '000)	
Associate	4,117,816	448,934
Available for sale investments	<u>2,277,132</u>	<u>17,210,395</u>
	<u>6,394,948</u>	<u>17,659,329</u>

38. SHARE OF PROFIT/ (LOSS) OF ASSOCIATES AND JOINT VENTURE ■

	2010		2009	
	Profit / (loss) after tax	Share of Profit / (loss) after tax (Rupees in '000)	Profit / (loss) after tax	Share of Profit / (loss) after tax
Associates				
Network Microfinance Bank Limited	-	-	-	20,742
JS Global Capital Limited	(77,357)	(37,129)	206,240	96,486
JS Value Fund Limited	(115,852)	(27,422)	(1,296,844)	(306,963)
Azgard Nine Limited	779,351	304,276	923,115	234,564
	<u>586,142</u>	<u>239,725</u>	(167,489)	44,829
Joint Venture				
Gujranwala Energy Limited	(5,199)	(2,600)	(10,626)	(5,313)
	<u>580,943</u>	<u>237,125</u>	(178,115)	<u>39,516</u>

39. TAXATION ■

	Note	2010			2009		
		Current	Prior	Deferred	Current	Prior	Deferred
----- (Rupees in '000) -----							
Jahangir Siddiqui & Co. Ltd.	39.1	7,393	534	-	913	-	-
JS Investments Limited	39.2	4,059	(3,370)	3,356	4,157	-	(56,574)
JS Bank Limited	39.3	24,790	-	(963,444)	6,760	1,620	(38,513)
JS Infocom Limited	39.4	15,009	(22,794)	-	18,900	7,775	-
Credit Chex (Private) Limited	39.5	7	-	-	-	-	-
Network Microfinance Bank Limited	39.6	434	-	-	71	-	-
Energy Infrastructure Holding (Pvt) Ltd	39.7	3,394	752	-	-	-	-
MOBEX Limited		367	-	-	1,258	-	-
Webdnaworks (Private) Ltd.		-	-	-	29	-	-
		<u>55,453</u>	<u>(24,878)</u>	<u>(960,088)</u>	<u>32,088</u>	<u>9,395</u>	<u>(95,087)</u>
Total Taxation				<u>(929,513)</u>			<u>(53,604)</u>



- 39.1** The income tax assessments of the Holding Company upto tax year 2004 corresponding to accounting year ended June 30, 2002 have been finalised. Income tax returns for the tax years 2005 to 2009 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.
- 39.2** The income tax assessments of the JS Investments Limited 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 2009 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.
- 39.3** The income tax assessments of the JS Bank Limited for tax year 2006 to 2009 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.
- 39.4** The income tax assessments of JS Infocom Limited for the tax years 2004, 2005, 2006, 2007, 2008 and 2009 have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.
- 39.5** The income tax assessments of Credit Chex (Private) Limited for the tax years 2006, 2007, 2008 and 2009 have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes. The net deferred tax asset at the year end amounting to Rs. 82.55 (2009: Rs. 73.68) million has not been recognised.
- 39.6** The income of Network Microfinance Bank Limited is exempt from tax under clause 66 (XVIII) of Part I of the Second Schedule of the Income Tax Ordinance, 2001, for a period of five years starting from first day of July 2007, subject to the condition that NMBL shall not distribute its profits to its shareholders and that profits are utilised for microfinance operations only. However, section 113 "minimum tax on income of certain persons" of the Income Tax Ordinance, 2001, has been reintroduced for the tax year 2010, therefore provision for minimum taxation amounting to Rs. 0.30 (2009: Rs. 0.13) million has been made during the year ended June 30, 2010.
- 39.7** The income tax assessments of Energy Infrastructure Limited for the tax year 2009 has been filed and is deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.

40. DISCONTINUED OPERATION RELATING TO THE INVESTMENT FINANCE SERVICES BUSINESS ■

Consequent to the reason explained in note 1.2.1 to the financial statements, the income and expenses of the Investment Finance Services have been separately classified as " Discontinued Operations " in accordance with the requirements of International Financial Reporting Standards (IFRS) - 5 "Non-current assets held for sale and Discontinued Operations".

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



	Note	2010 (Rupees in '000)	2009
40.1 Analysis of the profit / (loss) after tax			
Return on Investments		34,664	62,168
Fee commission and brokerage income		1,936	130
Other income		1,314	165
Gain / (loss) on sale of investments - net		43,940	(122,620)
Impairment against investments		-	(111,117)
		81,854	(171,274)
Operating and administrative expenses		3,408	4,746
Financial cost		60,485	97,493
		63,893	102,239
Profit / (loss) before taxation		17,961	(273,513)
Taxation - Current		194	1,236
Profit / (loss) after taxation		17,767	(274,749)
40.2 Analysis of the cash flows:			
Operating cash flows		24,662	(177,631)
Investing cash flows		325,329	44,126
40.3 Non current and current assets relating to IFS-discontinued operations			
Intangible assets		1,500	2,100
Investments - available for sale		9,462	336,089
Deposits, prepayments and other receivables		4,057	17,596
Deferred tax asset		1	1
Cash and bank balances	40.3.1	910	1,016
		15,930	356,802

40.3.1 This includes nil (2009: Rs.0.059 million) held with JS Bank Limited (a related party).

40.3.2 The Holding Company assumed the liabilities of IFS operations as an asset management company.

	2010 (Rupees in '000)	2009
41. BASIC (LOSS) / EARNINGS PER SHARE ■		
Attributable to equity holders' of the parent:		
Loss from continuing operations	(11,145,623)	(16,293,784)
Profit / (loss) after taxation for the year from discontinued operations	9,242	(142,923)
Loss after taxation attributable to Ordinary shareholders	(11,136,381)	(16,436,707)
	(Numbers in '000)	
Number of Ordinary shares outstanding during the year	763,285	763,285
(Loss) / earnings per share:	----- (Rupees) -----	
Basic		
Continuing operations	(14.60)	(21.35)
Discontinued operations	0.01	(0.18)
	(14.59)	(21.53)

41.1 There is no dilution effect on the basic loss per share. Accordingly, diluted loss per share is not reported.



	2 0 1 0	2 0 0 9
	(Rupees in '000)	
42. REVALUATION OF AVAILABLE FOR SALE INVESTMENTS ■		
Loss during the year	(1,339,970)	(14,537,155)
Reclassification adjustments included in the profit and loss account for:		
- Gain on sale of investments - net	(216,640)	121,062
- Impairment on investments	2,277,132	17,210,395
	<u>720,522</u>	<u>2,794,302</u>
43. SHARE OF OTHER COMPREHENSIVE (LOSS) / INCOME OF ASSOCIATES ■		
AFS financial assets		
Gain / (loss) arising during the year	17,112	(1,651)
Reclassification adjustment for profit included in the profit and loss account	525	-
	<u>17,637</u>	<u>(1,651)</u>
Share premium		
Loss arising during the year	(96,455)	(35,553)
Reclassification adjustment for losses included in the profit and loss account	(570,263)	-
	<u>(666,718)</u>	<u>(35,553)</u>
Hedging		
Loss arising during the year	(2,307)	(32,702)
Reclassification adjustment for losses included in the profit and loss account	(14,116)	-
	<u>(16,423)</u>	<u>(32,702)</u>
Foreign exchange translation		
Gain / (loss) arising during the year	13,399	(15,312)
Reclassification adjustment for profit included in the profit and loss account	1,912	-
	<u>15,311</u>	<u>(15,312)</u>
Preference share redemption		
Movement arising during the year	20,582	85,841
Reclassification adjustment for losses included in the profit and loss account	(132,012)	-
	<u>(111,430)</u>	<u>85,841</u>
	<u>(761,623)</u>	<u>623</u>
44. CASH AND CASH EQUIVALENTS ■		
Cash and bank balances	2,310,691	4,730,508
Short-term running finance utilised under mark-up arrangement	(1,865,517)	(418,530)
Borrowing from bank / NBFCs	(5,784,449)	(3,931,008)
	<u>(5,339,275)</u>	<u>380,970</u>



45. DEFINED BENEFIT PLAN ■

45.1 General description

JS Bank Limited operates a unfunded gratuity scheme for all employees who opted for the new staff retirement benefit scheme introduced by the management with effect from January 01, 2007.

45.2 Number of employees under the schemes

The number of employees covered under the following defined benefit scheme 820 (2009: 280)

45.3 Principal actuarial assumptions

The actuarial valuations were carried out on December 31, 2009 based on the Projected Unit Credit Method, using the following significant assumptions:

	December 31, 2009	December 31, 2008	Source of estimation
Discount rate	14%	15%	Yield on government bonds.
Expected rate of salary increase	14%	15%	Linked to seniority, promotion, future salary increase and supply and demand in employment market

	December 31, 2009	December 31, 2008	
(Rupees in '000)			
Current service cost	15,851	8,364	
Interest cost	2,886	976	
Transitional liability	486	486	
	<u>19,223</u>	<u>9,826</u>	
Present Value of Defined benefit obligation	36,247	19,242	
Net actuarial losses not recognised	1,012	(720)	
Unrecognised transitional liability	(971)	(1,457)	
	<u>36,288</u>	<u>17,065</u>	
Opening net liability	17,065	7,239	
Expense for the year	19,223	9,826	
	<u>36,288</u>	<u>17,065</u>	
Three year data on plans and experience adjustments			
	December 31, 2009	December 31, 2008	December 31, 2007
Present value of defined benefit obligation	36,247	19,242	9,694
Experience adjustment on obligation - gain /(loss)	1,732	(141)	(572)
	<u>37,979</u>	<u>19,101</u>	<u>9,122</u>

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES ■

The Group is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Group's net assets or a reduction in the profits available for dividends.

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.

The Executive Risk Committee, ultimately responsible for the management of risk associated with the Group's activities, have established Statement of Investment and Operating Policy (SIOP), risk management guidelines and other internal guidelines for the management and assessment of the aforesaid financial risks.

46.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available for sale investments and derivative financial instruments.

The following discussion includes sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable. Financial instruments affected by market risk include bank overdrafts, term finance certificates, investments and cash and bank balances.

The sensitivity has been prepared for years ended June 30, 2010 and 2009 using the amounts of financial assets and liabilities held as at those balance sheet dates.

46.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cashflows of financial instruments will fluctuate because of changes in market interest rates.

The Group has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Group while dealing in financial instruments negotiates attractive fixed interest rates, which reduce the interest rate price risk.

The Group's interest rate exposure on financial instruments is disclosed as follows:



	2010						
	Interest / mark up bearing						
	Effective yield / interest rate %	Up to one year	Over one year to five years	Over five years	Total	Non-interest / Markup bearing	Total
----- (Rupees in '000) -----							
June 30, 2010							
Financial assets							
Investments	2.95-15.09	10,514,667	1,963,870	1,094,663	13,573,200	12,239,628	25,812,828
Loans, advances and receivables	5.00-20.00	8,749,635	2,646,245	149,226	11,545,106	6,348	11,551,454
Long term security deposits	-	-	-	-	-	31,926	31,926
Trade debts	-	-	-	-	-	261	261
Accrued markup and other receivables	-	-	-	-	-	646,666	646,666
Fund placements	2.00-13.84	4,630,298	-	-	4,630,298	-	4,630,298
Cash and bank balances	5.00-13.00	499,945	-	-	499,945	1,810,746	2,310,691
		<u>24,394,545</u>	<u>4,610,115</u>	<u>1,243,889</u>	<u>30,248,549</u>	<u>14,735,575</u>	<u>44,984,124</u>
Financial liabilities							
Long term financing	8.29-17.38	504,756	3,224,155	-	3,728,911	61,335	3,790,246
Deposits and other accounts	0.25-16.00	24,081,932	39,290	-	24,121,222	-	24,121,222
Trade and other payables	-	-	-	-	-	916,379	916,379
Accrued interest / mark-up	-	-	-	-	-	627,282	627,282
Short term borrowings	7.75-12.15	7,649,966	-	-	7,649,966	-	7,649,966
		<u>32,236,654</u>	<u>3,263,445</u>	<u>-</u>	<u>35,500,099</u>	<u>1,604,996</u>	<u>37,105,095</u>

	2009						
	Interest / mark up bearing						
	Effective yield / interest rate %	Up to one year	Over one year to five years	Over five years	Total	Non-interest / Markup bearing	Total
----- (Rupees in '000) -----							
June 30, 2009							
Financial assets							
Investments	8.95-18.73	4,171,172	3,972,286	-	8,143,458	20,082,046	28,225,504
Loans, advances and receivables	1.50-28.50	7,056,932	2,711,586	154,870	9,923,388	9,374	9,932,762
Long term security deposits	-	-	-	-	-	2,191	2,191
Trade debts	-	-	-	-	-	21,781	21,781
Accrued markup and other receivables	12.50	27,151	-	-	27,151	574,734	601,885
Fund placements	12.25-15.80	2,953,017	-	-	2,953,017	-	2,953,017
Cash and bank balances	5.00-13.00	2,497,979	-	-	2,497,979	2,232,529	4,730,508
		<u>16,706,251</u>	<u>6,683,872</u>	<u>154,870</u>	<u>23,544,993</u>	<u>22,922,655</u>	<u>46,467,648</u>
Financial liabilities							
Long term financing	8.29-17.38	404,042	3,723,836	-	4,127,878	1,714	4,129,592
Deposits and other accounts	0.50-17.50	15,861,947	285,298	9,546	16,156,791	3,021,878	19,178,669
Trade and other payables	-	-	-	-	-	1,105,866	1,105,866
Accrued interest / mark-up	-	-	-	-	-	393,694	393,694
Short term borrowings	7.50-16.93	4,349,538	-	-	4,349,538	-	4,349,538
		<u>20,615,527</u>	<u>4,009,134</u>	<u>9,546</u>	<u>24,634,207</u>	<u>4,523,152</u>	<u>29,157,359</u>

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax and equity:

	Increase / (decrease) in basis points	Effect on profit after tax	Effect on other components of equity
		----- (Rupees in '000) -----	
2010	100	(83,924)	(83,695)
	(200)	156,105	174,772
2009	100	7,955	-
	(200)	(15,911)	-

46.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investments in foreign subsidiaries and to foreign exchange bank accounts.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit after tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of foreign subsidiary).

	Change in foreign currency rate	Effect on profit after tax	Effect on other components of equity
	(Rupees)	----- (Rupees in '000) -----	
2010	2.50	6,027	17,742
	(2.50)	(6,027)	(17,742)
2009	2.50	1,065	13,784
	(2.50)	(1,065)	(13,784)

46.1.3 Equity price risk

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

The following table summarizes the Group's equity price risk as of June 30, 2010 and 2009. It shows the effects of an estimated increase of 10% in the equity market prices as on those dates. A decrease of 10% in the fair values of the quoted securities would effect profit and equity of the Group in a similar but opposite manner.

	Price change	Fair Value	Effect on profit for the year	Effect on shareholders' equity
			(Rs. in million)	
June 30, 2010	10% increase	9,005.13	767.34	180.09
June 30, 2009	10% increase	9,651.16	810.96	10.48

46.2 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Group has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to insure adequate liquidity is maintained.

The table below summarises the maturity profile of the Group's financial liabilities. The contractual maturities of liabilities at the year-end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which the liabilities will be settled.

	2010			Total
	Up to one year	Over one year to five years	Over five years	
	(Rupees in '000)			
June 30, 2010				
Financial liabilities				
Long term financing	560,955	3,229,291	-	3,790,246
Deposits and other accounts	24,087,068	34,154	-	24,121,222
Trade and other payables	916,379	-	-	916,379
Accrued interest / mark-up	627,282	-	-	627,282
Short term borrowings	7,649,966	-	-	7,649,966
	33,841,650	3,263,445	-	37,105,095



	2009			Total
	Up to one year	Over one year to five years	Over five years	
	----- (Rupees in '000) -----			
June 30, 2009				
Financial liabilities				
Long term financing	404,042	3,725,550	-	4,129,592
Deposits and other accounts	18,883,825	285,298	9,546	19,178,669
Trade and other payables	1,105,866	-	-	1,105,866
Accrued interest / mark-up	393,694	-	-	393,694
Short term borrowings	4,349,538	-	-	4,349,538
	<u>25,136,965</u>	<u>4,010,848</u>	<u>9,546</u>	<u>29,157,359</u>

46.3 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of the same.

Concentration of credit risk and credit exposure of the financial instruments

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of a Group's performance to developments affecting a particular industry.

The Group is exposed to credit risk on loans, funds placements and certain advances. The Group seeks to minimise its credit risk exposure through having exposures only to customers considered creditworthy by obtaining adequate collateral.

	2010	2009
	(Rupees in '000)	
Trade debts	261	21,781
Loans and advances	11,551,454	9,932,762
Long term security deposits	31,926	2,191
Interest accrued and other receivables	646,666	601,885
Fund placements	4,630,298	2,953,017

47. 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 Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and fund placements. Capital signifies equity as shown in the balance sheet plus net debt.

During 2010, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2010 and 2009 were as follows:

	2 0 1 0	2 0 0 9
	(Rupees in '000)	
Long term financing	27,821,115	23,090,432
Deposits and other accounts	34,154	217,829
Trade and other payables	972,578	1,072,765
Accrued interest / mark-up on borrowings	627,282	393,694
Short term borrowings	7,649,966	4,349,538
Total debt	37,105,095	29,124,258
Cash and bank balances	2,310,691	4,730,508
Fund Placements	4,630,298	2,953,017
	6,940,989	7,683,525
Net debt	30,164,106	21,440,733
Share Capital	7,632,853	7,632,853
Reserves	1,480,294	13,496,418
Equity	9,113,147	21,129,271
Capital	39,277,253	42,570,004
Gearing ratio	77%	50%

The Group finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

48. FAIR VALUE OF FINANCIAL INSTRUMENTS ■

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. 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 value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:



	June 30, 2010			
	Level 1	Level 2	Level 3	Total
 (Rupees in '000)			
At fair value through profit or loss				
Open end mutual funds	-	33,650	-	33,650
Government securities	48,839	-	-	48,839
Listed equited securities	1,593,152	-	-	1,593,152
				-
				-
Available for sale investments				
Open end mutual funds	-	506,517	-	506,517
Close end mutual funds	621,439	-	-	621,439
Listed equited securities	6,902,108	-	-	6,902,108
Term finance certificates	-	1,347,064	-	1,347,064
Government securities	10,893,641	-	-	10,893,641
	20,059,179	1,887,231	-	21,946,410

49. RELATED PARTY TRANSACTIONS ■

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions. Related parties comprise of associated companies, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amount due from and to these related parties are shown under receivables and payables, reverse repos are shown under fund placements and the remuneration of chief executive and executives are disclosed in note 50. The relationship and transactions with the related parties are given below:

	2010	2009
	(Rupees in '000)	
Associates		
Brokerage expense	24,642	6,310
Sub-lease rental income	26,130	22,030
Rent Expense	5,028	-
Dividend income including preferred dividend	230,000	100,146
Dividend paid	50	-
Subscription against right shares	-	257,878
Markup income	5,338	-
Markup income received	7,761	-
Principal redemptions against TFCs	20	-
Proceed from sale of NCEL card and room	5,000	-
Reimbursement of expenses	603	-
Other expenses	785	-
Right shares received during the year Nil (2009: 19,102,063) shares	-	257,878
Common Directorship		
Subscription against right shares	-	325,061
Consultancy and advisory fee received	105,581	32,141
Dividend income	-	197,159
Rent Expense	7,280	-
Right shares received during the year Nil (2009: 32,506,116) shares	-	325,061



2010 2009
(Rupees in '000)

Common Directorship & Key Management Personnel

Donation paid during the year	-	238,379
Staff Provident Fund	9,480	12,409
Dividend paid	1,181	-

Director / Chief Executive Officer (CEO)

Royalty and advisory fee paid	9,900	31,900
Markup income from CEO of a subsidiary company	1,706	2,256
Repayment of long term loan by CEO of a subsidiary company	15,000	2,850

Investment Advisor / Asset Manager

Remuneration income	361,248	336,628
Dividend Income	40,077	21,499
Commission Income	3,634	545
Preliminary expenses incurred on behalf of the fund	2,870	-
Preliminary expenses incurred on behalf of the fund -reimbursed	5,745	324
Other expenses incurred on behalf of the fund	967	244
Reimbursement of other expenses incurred on behalf of the fund	1,124	207
Received against long term receivable	-	6,000

Other Related Parties

Investment disposed off - at cost	126,007	-
Other expenses incurred	552	-
Investment made in fund under management	70,000	-
Dividend income	-	9,193
Interest / markup paid	-	13,154
Insurance premium paid	-	3,928
Bonus/ additional shares / units (in numbers)	72,953	-

The Group continues to have a policy whereby all transactions with related parties are entered into at arm's length prices using admissible valuation method.

50. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVES AND EXECUTIVES ■

The aggregate amount charged in the accounts for remuneration, including certain benefits to directors, chief executives and executives of the Group is as follows:

	Directors		Chief Executives		Executives	
	2010	2009	2010	2009	2010	2009
 (Rupees in '000)					
Managerial remuneration	13,793	12,706	56,190	48,094	249,457	223,732
House rent allowance	5,125	3,735	10,420	11,745	103,890	93,685
Utilities allowance	1,346	1,270	2,890	3,216	24,084	22,372
Car Allowance	1,531	-	560	-	8,447	-
Sub-brokerage, commission and performance bonus	5	7,000	-	22,693	27	49,092
Advisory fee	6,000	6,000	-	-	-	-
Retirement benefits	2,728	918	6,040	3,279	53,505	19,292
Medical	630	675	1,062	880	4,989	4,087
Reimbursable expenses	13	880	945	2,772	3,747	13,744
	31,171	33,184	78,107	92,679	448,146	426,004
Number of persons	5	3	6	7	239	245

50.1 The Group also provides the chief executives and certain executives with Group maintained cars.

51. OPERATING SEGMENT INFORMATION ■

For management purposes the Group is organised into following major business segments:

Capital market operations	Principally engaged in trading of equity securities and maintaining strategic and trading portfolios.
Banking	Principally engaged in providing investment, commercial banking and microfinancing services.
Investment advisor / assets manager	Principally providing investment advisory and asset management services to different mutual funds and unit trusts.
Others	Other operations of the Group comprise of telecommunication and information technology, underwriting and consultancy services, research and corporate finance, credit information and credit rating services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.



	Continuing operations			Discontinued operations	Total	
	Capital market operations	Banking	Investment advisor / asset manager	Investment finance services		
..... (Rupees in '000)						
June 30, 2010						
Return on investments	513,184	1,121,708	40,078	27,681	35,978	1,738,629
Gain on sale of investments - net	468,817	41,046	10,448	(59,983)	43,940	504,268
Income from long-term loans and fund placements	252	1,860,745	-	14,045	-	1,875,042
Fee and commission	811	163,462	364,882	107,032	1,936	638,123
Gain/(loss) on revaluation of investments carried at fair value through profit and loss account - net	(679,768)	(763)	-	11,873	-	(668,658)
Unallocated revenue	-	-	-	-	-	185,610
	303,296	3,186,198	415,408	100,648	81,854	4,273,014
Share of profit / (loss) - net :						
Associates	239,725	-	-	-	-	239,725
Joint ventures	(2,600)	-	-	-	-	(2,600)
	540,421	3,186,198	415,408	100,648	81,854	4,510,139
Operating and administrative expenses	98,868	2,091,092	272,983	278,033	3,408	2,744,384
Finance cost	793,110	2,106,799	127,403	98	60,485	3,087,895
Impairment against investments	6,216,612	178,336	-	-	-	6,394,948
Impairment of intangibles	-	52,574	4,251,717	-	-	4,304,291
	7,108,590	4,428,801	4,652,103	278,131	63,893	16,531,518
Segment results	(6,568,169)	(1,242,603)	(4,236,695)	(177,483)	17,961	(12,021,379)
Unallocated expenditure	-	-	-	-	-	80,316
Loss before taxation	(6,568,169)	(1,242,603)	(4,236,695)	(177,483)	17,961	(12,101,695)
Taxation:						
Segment	7,393	25,224	4,059	18,777	194	55,647
Prior period	534	-	(3,370)	(22,042)	-	(24,878)
Deferred	-	(963,444)	3,356	-	-	(960,088)
	7,927	(938,220)	4,045	(3,265)	194	(929,319)
Loss after taxation	(6,576,096)	(304,383)	(4,240,740)	(174,218)	17,767	(11,172,376)
Non-controlling interest	-	50,428	(17,068)	11,160	(8,525)	35,995
Loss attributable to holding company	(6,576,096)	(253,955)	(4,257,808)	(163,058)	9,242	(11,136,381)
Segment assets	11,189,327	35,123,165	2,366,185	1,063,924	15,929	49,758,530
Unallocated assets						22,951
Total assets						49,781,481
Segment liabilities	5,292,575	30,925,865	811,262	67,442	-	37,097,144
Unallocated liabilities						7,951
Total liabilities						37,105,095
Depreciation						268,591
Capital Expenditure						866,394



	Continuing operations				Discontinued operations	Total
	Capital market operations	Banking	Investment advisor / asset manager	Others	Investment finance services	
..... (Rupees in '000)						
June 30, 2009						
Return on investments	412,922	717,463	10,314	15,816	56,792	1,213,307
Gain on sale of investments - net	1,888,989	104,675	(232,531)	(8,036)	(122,620)	1,630,477
Income from long-term loans and fund placements	159,206	1,594,082	-	45,562	5,376	1,804,226
Fee and commission	5,506	108,692	444,633	42,697	130	601,658
(loss) on revaluation of investments carried at fair value through profit and loss account - net	(391,044)	(570)	-	(226,106)	-	(617,720)
Unallocated revenue	-	-	-	-	166	332,573
	2,075,579	2,524,342	222,416	(130,067)	(60,156)	4,964,521
Share of profit / (loss) - net :						
Associates	44,829	-	-	-	-	44,829
Joint ventures	(5,313)	-	-	-	-	(5,313)
	2,115,095	2,524,342	222,416	(130,067)	(60,156)	5,004,037
Operating and administrative expenses	112,859	1,599,009	349,086	272,883	4,746	2,338,583
Finance cost	571,954	1,486,089	193,930	3,147	97,493	2,352,613
Impairment against investments	16,133,335	323,016	1,202,977	-	111,117	17,770,445
Impairment of goodwill	-	-	42,220	-	-	42,220
	16,818,148	3,408,114	1,788,213	276,030	213,356	22,503,861
Segment results	(14,703,053)	(883,772)	(1,565,797)	(406,097)	(273,512)	(17,499,824)
Unallocated expenditure	-	-	-	-	-	116,130
Loss before taxation	(14,703,053)	(883,772)	(1,565,797)	(406,097)	(273,512)	(17,615,954)
Taxation:						
Segment	550	6,831	3,757	20,950	1,236	33,324
Prior period	-	1,620	-	7,775	-	9,395
Deferred	-	(38,513)	(56,574)	-	-	(95,087)
	550	(30,062)	(52,817)	28,725	1,236	(52,368)
Loss after taxation	(14,703,603)	(853,710)	(1,512,980)	(434,822)	(274,748)	(17,563,586)
Non-controlling interest	-	(267,417)	(701,139)	(26,498)	(131,825)	(1,126,879)
Loss attributable to holding company	(14,703,603)	(586,293)	(811,841)	(408,324)	(142,923)	(16,436,707)
Segment assets	15,402,940	28,191,402	6,842,604	1,207,651	356,802	52,001,399
Unallocated assets						2,115,161
Total assets						54,116,560
Segment liabilities	3,835,156	23,550,889	1,555,214	58,380	551,914	29,551,553
Unallocated liabilities						127,240
Total liabilities						29,678,793
Depreciation						253,360
Capital Expenditure						870,676



2010 2009
(Rupees in '000)

52. GEOGRAPHIC INFORMATION ■

Revenues from external customers

Pakistan	4,325,384	5,027,191
Cayman Islands Section B.W.I	112,283	38,673
United Kingdom	28,532	60,794
	4,466,199	5,126,658

Non-current assets

Pakistan	3,166,407	7,472,017
United Kingdom	13,663	14,195
	3,180,070	7,486,212

Non-current assets consist of property and equipment, investment properties, intangible assets and membership cards and rooms.

52. INTERIM DIVIDEND ■

The Board of Directors of the Holding Company in their meeting held on October 24, 2009 had approved an interim dividend aggregating to Rs. 763.285 million on its ordinary shares. The said dividend had been declared based on the results of the first quarter ended September 30, 2009, which showed a profit of Rs. 892.599 million and had accumulated reserves of Rs. 8,065.23 million. However, according to the annual financial statements for the year ended June 30, 2010, the company has subsequently suffered losses due to impairment on its investments in subsidiaries, associates and available for sale investments. Due to the aforesaid impairment the company has an accumulated loss of Rs. 12,574 million. The company has obtained a legal opinion from its counsel who has stated that in making payment of interim dividend based on the profit for the quarter ended September 30, 2009, the Company has not violated the requirements of the Companies Ordinance, 1984 with regard to declaration /payment of dividend.

53. DATE OF AUTHORISATION FOR ISSUE ■

These consolidated financial statements were authorised for issue on October 07, 2010 by the Board of Directors of the Holding Company.

54. COMPARATIVE FIGURES ■

Prior year's figures have been reclassified as follows, for better presentation:

Item	From	To	Amount (Rs. '000)
Micro credit advanced by NMBL	Loans and advances	Long term loans, advances and other receivables	79,328
Micro leases advanced by NMBL	- do -	- do -	2,639
Provision held for micro credit and leases	- do -	- do -	(4,584)

55. GENERAL ■

Figures have been rounded off to nearest thousand rupee.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

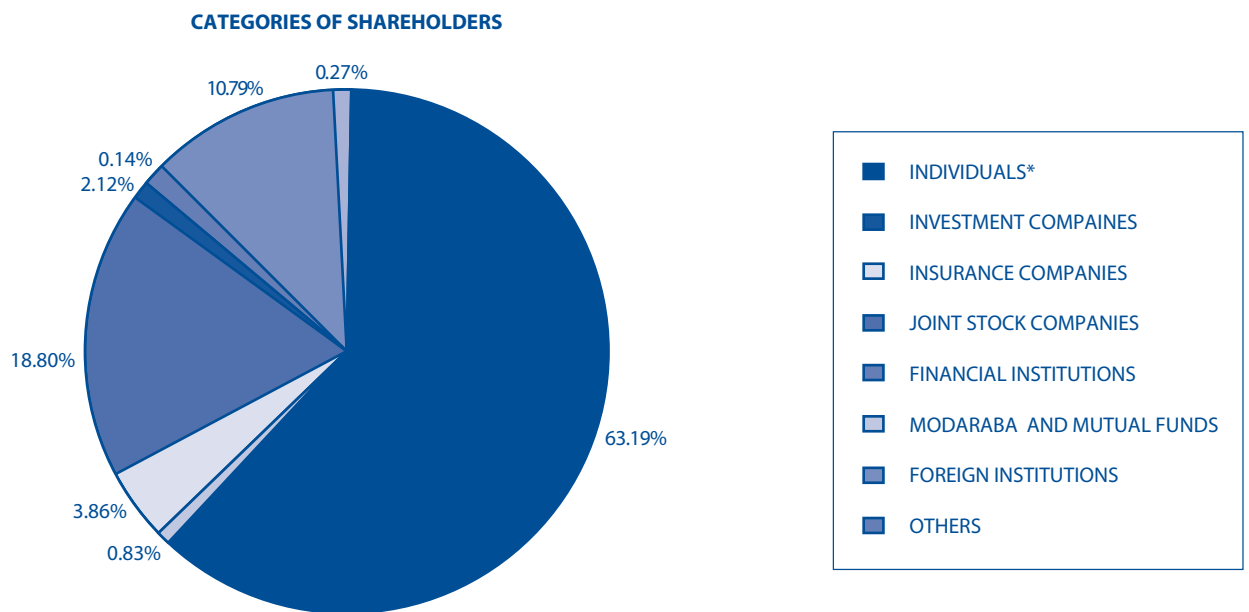
FORM 34
THE COMPANIES ORDINANCE, 1984 (SECTION 236(1) AND 464)
PATTERN OF SHAREHOLDING AS ON JUNE 30, 2010

No. of Shareholders	Shareholdings				Total Shares Held	
1,186	Shareholdings	From	1	To	100	67,716
3,173	Shareholdings	From	101	To	500	1,197,712
3,035	Shareholdings	From	501	To	1,000	2,722,860
5,924	Shareholdings	From	1,001	To	5,000	15,830,492
1,715	Shareholdings	From	5,001	To	10,000	13,084,960
573	Shareholdings	From	10,001	To	15,000	7,282,326
392	Shareholdings	From	15,001	To	20,000	7,128,766
244	Shareholdings	From	20,001	To	25,000	5,623,694
160	Shareholdings	From	25,001	To	30,000	4,483,639
100	Shareholdings	From	30,001	To	35,000	3,322,015
95	Shareholdings	From	35,001	To	40,000	3,645,949
68	Shareholdings	From	40,001	To	45,000	2,944,051
100	Shareholdings	From	45,001	To	50,000	4,896,453
82	Shareholdings	From	50,001	To	60,000	4,535,716
57	Shareholdings	From	60,001	To	70,000	3,717,592
60	Shareholdings	From	70,001	To	80,000	4,534,041
33	Shareholdings	From	80,001	To	90,000	2,792,835
63	Shareholdings	From	90,001	To	100,000	6,164,471
82	Shareholdings	From	100,001	To	150,000	10,282,551
50	Shareholdings	From	150,001	To	200,000	8,849,986
20	Shareholdings	From	200,001	To	245,000	4,466,989
23	Shareholdings	From	250,001	To	300,000	6,320,105
11	Shareholdings	From	300,001	To	350,000	3,506,384
20	Shareholdings	From	350,001	To	400,000	7,517,177
10	Shareholdings	From	400,001	To	450,000	4,373,955
6	Shareholdings	From	455,001	To	500,000	2,904,037
9	Shareholdings	From	515,001	To	620,000	5,054,221
13	Shareholdings	From	630,001	To	735,000	8,921,482
5	Shareholdings	From	735,001	To	850,000	3,944,954
6	Shareholdings	From	870,001	To	950,000	5,527,336
4	Shareholdings	From	950,001	To	1,100,000	4,053,673
10	Shareholdings	From	1,105,001	To	1,550,000	13,292,792
6	Shareholdings	From	1,595,001	To	2,105,000	11,007,161
5	Shareholdings	From	2,755,001	To	3,500,000	15,555,667
1	Shareholdings	From	3,995,001	To	4,000,000	4,000,000
1	Shareholdings	From	4,235,001	To	4,240,000	4,237,000
1	Shareholdings	From	4,600,001	To	4,605,000	4,601,093
1	Shareholdings	From	4,645,001	To	4,650,000	4,649,265
1	Shareholdings	From	7,135,001	To	7,140,000	7,136,869
1	Shareholdings	From	7,995,001	To	8,000,000	8,000,000
1	Shareholdings	From	14,345,001	To	14,350,000	14,348,886
1	Shareholdings	From	15,920,001	To	15,925,000	15,921,053
1	Shareholdings	From	17,805,001	To	17,810,000	17,809,897
1	Shareholdings	From	31,835,001	To	31,840,000	31,835,836
1	Shareholdings	From	43,365,001	To	43,370,000	43,367,582
1	Shareholdings	From	68,590,001	To	68,595,000	68,594,000
1	Shareholdings	From	329,230,001	To	329,235,000	329,230,084
17,353						763,285,323



S.No	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUALS*	17,030	482,330,994	63.19%
2	INVESTMENT COMPANIES	4	6,360,015	0.83%
3	INSURANCE COMPANIES	13	29,464,534	3.86%
4	JOINT STOCK COMPANIES	221	143,498,843	18.80%
5	FINANCIAL INSTITUTIONS	20	16,145,255	2.12%
6	MODARABA AND MUTUAL FUNDS	21	1,088,623	0.14%
7	FOREIGN INSTITUTIONS	23	82,376,463	10.79%
8	OTHERS	21	2,020,596	0.27%
	TOTAL	17,353	763,285,323	100%

*INCLUDES 16,615 CDC BENEFICIAL OWNERS AS PER LIST APPEARING ON CDS



1. DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSES AND MINOR CHILDREN

MAZHARUL HAQ SIDDIQUI	22,964	
SYED NIZAM AHMED SHAH	551,748	
CHIEF JUSTICE (R) MAHBOOB AHMED	732,439	
ALI J. SIDDIQUI	320,122	
ALI RAZA SIDDIQUI	13,747	
STEPHEN CHRISTOPHER SMITH	17	
MUNAF IBRAHIM	1,854,038	
NASEEM MAHBOOB AHMED	235,732	
AKHTER JABEEN SIDDIQUI	368,636	
	4,099,443	0.54%



2. ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

EFU LIFE ASSURANCE LTD.	7,136,869	
EFU GENERAL INSURANCE LTD.	17,809,897	
EFU SERVICES (PVT.) LTD.	94,539	
SAJ CAPITAL MANAGEMENT LTD.	43,367,582	
	<u>68,408,887</u>	8.96%

3. NIT AND ICP

IDBP (ICP UNIT)	4,324	
NATIONAL BANK OF PAKISTAN - TRUSTEE DEPT.	993,701	
	<u>998,025</u>	0.13%

4. BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES

BANKS	15,083,913	
DEVELOPMENT FINANCE INSTITUTIONS	5,666,690	
NON BANKING FINANCE COMPANIES	756,642	
	<u>21,507,245</u>	2.82%

5. INSURANCE COMPANIES

	<u>4,517,768</u>	0.59%
--	------------------	--------------

6. MODARABAS AND MUTUAL FUNDS

MODARABAS	222,700	
MUTUAL FUNDS	865,923	
	<u>1,088,623</u>	0.14%

7. SHAREHOLDERS HOLDING SHARES 10% OR MORE

JAHANGIR SIDDIQUI	329,230,084	
	<u>329,230,084</u>	43.13%

8. EXECUTIVES

MUHAMMAD KAMRAN NASIR	5,000	
RASHID RAZA	1,784	
	<u>6,784</u>	0.00%

9. TRADES CARRIED OUT BY DIRECTORS, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN

	SHARES SOLD DURING THE YEAR
SYED NIZAM AHMED SHAH	<u>100,000</u>
CHIEF JUSTICE (R) MAHBOOB AHMED	<u>200,000</u>
MUNAF IBRAHIM	<u>13,911,179</u>

NO SHARES WERE PURCHASED DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN



FORM OF PROXY

19th Annual General Meeting

The Company Secretary
Jahangir Siddiqui & Co. Ltd.
6th Floor, Faysal House, Shahra-e-Faisal
Karachi- 75530

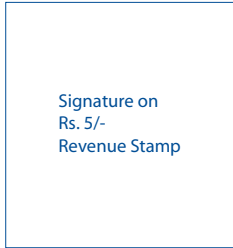
I/We _____ of _____ being member(s) of
Jahangir Siddiqui & Co. Ltd. holding _____ Ordinary Shares as per Registered Folio No./CDC
A/C No. (for members who have shares in CDS) _____ hereby appoint
Mr./ Ms. _____ of (full address) _____
_____ or failing him / her Mr./ Ms. _____ of (full address) _____
_____ as my / our proxy to attend, act and vote for me / us and on my / our
behalf at the 19th Annual General Meeting of the Company to be held on November 24, 2010 and / or any adjournment thereof.
As witness my / our hand / seal this _____ day of November 2010. Signed by _____.

Witness:

- 1. Name _____
Signature _____
Address _____

CNIC or _____
Passport No. _____
- 2. Name _____
Signature _____
Address _____

CNIC or _____
Passport No. _____



The Signature should agree with the specimen registered with the Company

Important:

- (i) A member of the Company entitled to attend and vote may appoint another member as his/ her proxy to attend and vote instead of him /her.
- (ii) This Proxy form, duly completed and signed, must be received at the Office of the Company situated at 6th floor, Faysal House, Shahra-e-Faisal, Karachi-75530 not less than 48 hours before the time of holding the meeting.
- (iii) No person shall act as proxy unless he / she himself/herself is a member of the Company, except that a Corporation may appoint a person who is not a member.
- (iv) If a member appoints more then one proxy and / or more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
- (v) Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and /or their proxies are required to produce their original Computerised National Identity Card (CNIC) or Passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with proxy form.



The Company Secretary
Jahangir Siddiqui & Co. Ltd.
6th Floor, Faysal House,
Shahra-e-Faisal
Karachi- 75530

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Annual Report 2010



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