



JS Investments Limited

Annual Report 2008



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JS Investments Limited

Founded in 1995, JS Investment Limited is the oldest and largest private sector asset management company in Pakistan with approximately PKR 39 billion assets under management, spread across various mutual funds, pension funds and separately managed accounts. JS Investments is to date the best rated asset manager in Pakistan with a rating of AM2+ and credit rating of AA-/ A1+ (long/ short term) awarded by Pakistan Credit Rating Agency. The company is listed on the Karachi Stock Exchange and has a market capitalization of PKR 9.51 billion as at June 30, 2008. We are a part of JS Group, one of the leading financial services groups of Pakistan.

VISION

To be Industry Leaders in Financial Services

MISSION

Pursuit of Professional Excellence

CORE VALUES

- Shareholder Value
- Integrity
- Commitment



COMPANY INFORMATION

Board of Directors

Mr. Munawar Alam Siddiqui	Chairman
Mr. Muhammad Najam Ali	Chief Executive
Mr. Ali Raza Siddiqui	Executive Director
Mr. Sadeq Sayeed	Non-Executive Director
Mr. Siraj Ahmed Dadabhoy	Non-Executive Director
Mr. Nazar Mohammad Shaikh	Non-Executive Director
Lt. General (R) Masood Parwaiz	Non-Executive Director

Audit Committee

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

Chief Financial Officer & Company Secretary

Mr. Suleman Lalani

Auditors

**M/s A.F. Ferguson & Co.
Chartered Accountants**

Legal Advisors

Bawaney & Partners

Share Registrar

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

Registered Office

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



JS Investments Limited

BOARD OF DIRECTORS

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

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

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

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

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

Chief Executive Officer, Najam Ali

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

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

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

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

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

Executive Director, Ali Raza Siddiqui

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

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

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

Non-Executive Director, Sadeq Sayeed

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

JS Investments Limited

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

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

Non-Executive Director, Siraj Ahmed Dadabhoy

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

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

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

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

Non-Executive Director, Mr. Nazar Mohammad Sheikh

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

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

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

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

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

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

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



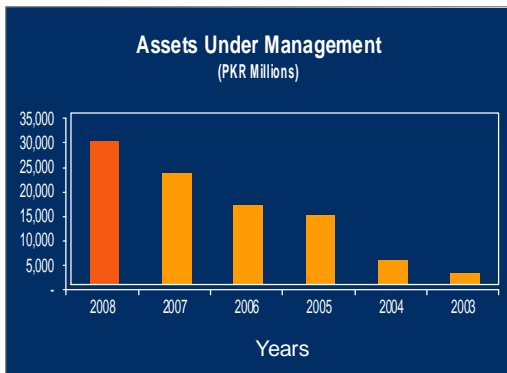
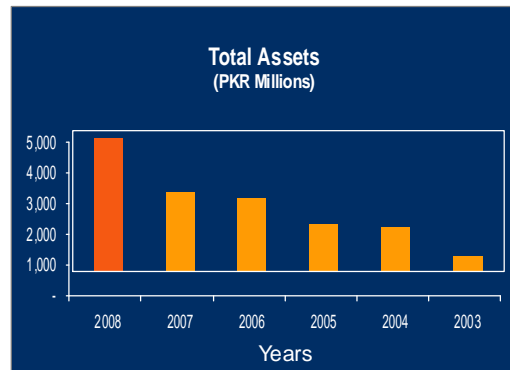
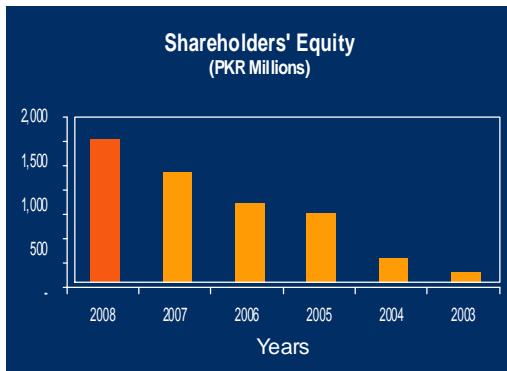
FINANCIAL AND BUSINESS HIGHLIGHTS

		2008	2007	2006	2005	2004	2003
KEY INDICATORS							
Performance							
Return on assets	%	16.04	21.24	27.57	9.90	16.78	7.20
Total assets turnover	Days	130	146	183	107	131	130
Receivables turnover	Days	35	198	167	193	252	358
Return on equity	%	28.56	32.64	44.90	25.50	23.85	10.11
Leverage							
Debt:Equity	%	112.71	48.75	79.97	139.34	101.03	108.76
Interest cover	times	3.72	6.43	8.60	4.94	11.07	4.52
Liquidity							
Current	times	2.28	15.34	2.01	2.74	5.65	1.05
Quick	times	2.27	15.22	2.00	2.73	5.65	1.05
Valuation							
Earnings per shares	Rs.	5.49	5.21	5.32	1.44	1.59	0.21
Breakup value per share	Rs.	19.24	15.95	23.68	11.33	30.58	16.99
Price earning ratio	times	17.31	14.20				
Market price to breakup value	times	4.94	4.63				
Market value per share - year end	Rs.	95.07	73.90	N/A	N/A	N/A	N/A
Market value per share - High *	Rs.	126.50	74.90				
Market value per share - Low	Rs.	53.50	61.40				
Market capitalization (Rs. in million)		9,507	7,390				
Historical trends							
Management fee (Rs. in million)		627	462	461	300	192	78
Operating profit (Rs. in million)		673	629	679	251	231	27
Profit before tax (Rs. in million)		574	537	602	200	210	33
Profit after tax (Rs. in million)		549	521	532	144	159	21
Assets under management (Rs. in million)		38,974	29,651	22,617	16,285	14,029	4,849
No. of funds under management **		16	12	9	9	8	15
Share capital (Rs. in million)		1,000	1,000	500	500	218	125
Shareholders equity (Rs. in million)		1,924	1,595	1,184	567	665	212
Total assets (Rs. in million)		4,302	2,547	2,353	1,503	1,416	475
Contribution to the national exchequer (Rs. in million)		69	67	41	80	8	7
Payouts							
Cash	%	15	-	-	-	-	-
Bonus	%	-	100	-	127.8	-	-

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

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

FINANCIAL AND BUSINESS HIGHLIGHTS





DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present to you the 14th Annual Report of the Company for the year ended June 30, 2008.

Asset Management Industry Performance

During the period under review, the political and economic turmoil prevailing in the country had its impact on the Asset Management industry as well. After recording an average growth rate of over 30 % per annum in the last 3 years, the Industry posted a modest growth of only 10.04 % during the period under review, with total assets under management increasing from approximately PKR 298 billion as of June 30, 2007 to about PKR 329 billion at the end of FY08. Falling equity markets, rising interest rates and shortage of liquidity had its impact on Equity as well as Fixed Income Funds. Despite these trying times, JS Investments managed to outperform the market. For 12 months period ending June 30, 2008, your company increased its assets under management by 32.8 %, from PKR 29.3 billion as at FY07 year end to PKR 38.9 billion as at end of FY08. On daily average basis, the Company's assets under management increased to PKR 35.7 billion compared to PKR 22.9 billion in the previous year, reflecting a growth of 55.9%.

Your Company continues to maintain its leadership position in the Industry both in terms of the product suite and assets under management. As of June 30, 2008, JS Investments' market share of assets under management was 12%, a growth of 20% compared to FY07 year end.

The upcoming year is expected to pose significant challenges to the Industry. Political uncertainty, burgeoning current and fiscal account deficits, rising interest rates, depreciating rupee, and violence will severely test the growth and viability of Asset Management Industry. Under these trying times, JS Investments will retain its focus on maintaining its leadership position by bringing innovative products to the market and further strengthening its sales and distribution channels. It is heartening to note that through a well thought out and professionally executed business development strategy, your Company was able to grow its customer base of open end funds to nearly 6,500 investors, a growth of 18 % over the previous year. Retail customers that accounted for 20 % of total funds under management in the previous year now account for nearly 24 % of the fund size.

Despite the prevailing testing times, there is no doubt about the long term viability and growth of the Asset Management industry in Pakistan. Our Asset Under Management to Banking Sector Deposits ratio is still hovering around 10%. Given low deposit rates generally available to consumers, the mutual fund industry is likely to continue penetrating the banking sector's deposit base. As a % of GDP, assets under management in Pakistan lag significantly behind both emerging and developed markets, with total assets under management accounting for just 3.14% of nominal GDP.

Equity Market Outlook

The volatile external environment was also reflected in the performance of the Karachi Stock Exchange. During the period under review, the KSE 100 Index recorded a low of 11,162.17 (June 23, 2008) and a high of 15,676.34 (April 18, 2008). On a period end to period end basis, the KSE-100 index fell from 13,772 at June 29, 2007 to 12,289.03 on June 30, 2008, down by 10.8%.

Global liquidity crises and uncertain domestic environment forced the foreign investors reduce their exposure in Pakistani stock market. The Special Convertible Rupee Account (SCRA) balances, released by the State Bank on a daily basis show that during FY 08, portfolio investment recorded a net outflow of \$233 mn (gross inflow of \$4.449bn and gross outflow of \$4.682bn).

Among the best performing sectors during the outgoing fiscal year were Investment Bank/Cos./Securities (up 52.7%), Refineries (up 29.1%) and Insurance (28.8%). On the flip side, among the worst performing sectors were Technology & Communication (down 30.8%), Automobile Assemblers (down 29.5%) and Tobacco (down 29.5%).

Fixed Income Market Outlook

The SBP continued to maintain its tight monetary stance in order to combat inflationary pressures, particularly in the second half of the current fiscal year. In order to curtail demand pressure, SBP initially increased its policy rate by 50 bps to 10% effective from Aug 01, 2007. However, to curb aggregate demand pressure further, SBP increased its policy rate by another 50 bps to 10.5% and raised the cash reserve requirement (CRR) by 100 bps effective from Feb 01, 2008. Despite these measures, inflation

continued to climb with overall CPI reaching a record high of 17.2% in April 2008, which was more than double from 6.4% in July 2007. The continuing demand and supply pressures resulted in SBP further raising its policy rate by 150bps and reserve requirements by 100bps effective from May 23, 2008. In maintaining its tight monetary policy SBP has managed to sterilize excess money supply through PIB auctions worth PKR 53.4bn (FY07: PKR 75bn). Furthermore as a result of the discount rate hikes, 6-month KIBOR has gone up by over 400 bps from 10.02% as at July 01, 2007 to 14.19% on June 30, 2008. In contrast to FY07, foreign investment up to May 2008 has declined by 30.2% YoY to USD 3.93bn compared to USD 5.6bn in the same period last year.

Average CFS rates fell during the year to 12% compared to 14% last year, due to the increase of fixed income mutual funds in the market. However CFS rates over June FY08 averaged around 16% reflecting a rising rate environment. Ready market future spreads have also contracted in FY08, averaging 5.8% compared to 7% last year, as arbitrage seekers have competed away the profitability from this source.

Performance Review

Your Company's profit after tax for the year ended June 30, 2008 amounted to Rs. 549.368 million compared to Rs. 520.543 million for the previous year showing an increase of 5.5%. The management fee income from funds under management increased sharply by 35.8% and reached Rs. 626.928 million compared to Rs. 461.647 million earned last year. Net after tax contribution from Investment Finance Services segment was Rs. 145.480 million. Administration expenses for the year were recorded at Rs. 441.246 million showing an increase of 26% over last year. Earning per share for the year was Rs. 5.49.

Share price of your Company also performed well on the stock market as the price appreciated by over 28% during the year and recorded at Rs. 95.07 on June 30, 2008 against Rs. 73.90 per share a year earlier.

Summary of appropriations for the year ended June 30, 2008 is provided below:

	Rs. `000
Profit after tax	549,368
Add: Un-appropriated profit brought forward	725,826
Add: Transfer from surplus on revaluation of fixed assets to accumulated profit	2,632
	<u>1,277,826</u>
Less: Cash Dividend	
Final cash dividend @ Re. 1.00 per share	100,000
Interim cash dividend @ Rs. 1.50 per share paid during the year	150,000
	<u>250,000</u>
	1,027,826
Less: Transferred to statutory reserve	109,874
Un-appropriated profit carried forward	<u>917,952</u>

New Products and Initiatives

Your Company launched two new Capital Protected Funds (JS CPF III & IV) in open end structure during the year in collaboration with Standard Chartered Bank (Pakistan) Limited. The above funds generated enormous response from the investors and contributed over PKR 1.725 billion in assets under management.

In January 2008, your Company launched JS Aggressive Income Fund which was the first of its kind fund in the domestic market and has since helped raise PKR 923.86 million rupees in assets under management.

In addition, your Company also launched JS Islamic Pension Savings Fund under the Voluntary Pension Systems Rules, 2005. JS Islamic Pension Savings Fund offers a very flexible savings cum investment plan in a Shariah Compliant manner to facilitate individuals to save for their retirement in a systematic way and at the same time receive significant tax rebate on their income tax liability under the Income Tax Ordinance, 2001.

During the year, Citibank N.A approved offering of mutual funds managed by JS Investments to their wealth management customers. In this regard a formal agreement with Citibank N.A has been signed. JS Investments has the honour of being the first asset management company to be accorded such approval. Over the course of the current year we are planning to further



help JS Investments in further deepening its retail customer base.

In view of the recent amendments in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company is required to incorporate a separate subsidiary for carrying on the business of Investment Finance Services. An extraordinary general meeting of the Company was held on September 2, 2008 for seeking shareholders approval for investing in the proposed subsidiary. The Company is the proponent of obtaining necessary approvals from the regulatory authorities in this regard.

Subsidiary Company

The Company has established a wholly owned subsidiary company with the name of JS ABAMCO Commodities Limited with paid up capital of Rs. 37.5 million. The subsidiary would be engaged in commodity market brokerage, advisory and consultancy services. The subsidiary company has not yet commenced commercial operations. Consolidated financial statements of the Group comprising the accounts of JS Investments Limited and the subsidiary are included in this Annual Report.

Entity Rating and Asset Manager Rating

The Pakistan Credit Rating Agency (PACRA) has assigned the long-term and the short-term ratings of "AA-" (Double AA minus) and "A1+" (A one plus) respectively to JS Investments Limited. These ratings denote very low expectation of credit risk emanating from very strong capacity for timely payment of financial commitments.

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

Parent Company

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

Directors Declaration

The Board of Directors of the Company states that:

- a. The financial statements, prepared by the management of JS Investments Limited present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and financial estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan have been followed in preparation of the financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations.
- h. A summary of key financial data of last six years is given on page 07 of this annual report.
- i. The Directors have signed the "Statement of Ethics and Business Practices."
- j. The number of shares of the Company held by the Chief Executive, directors and executives and their spouses as at June 30, 2008 are as follows:

Name	Designation	Shares Held
Suleman Lalani	CFO & Company Secretary	5,500
Mrs. Assad Hameed Khan	Vice President	1,000

- k. Summary of shares acquired / disposed during the year by the Chief Executive, directors and executives, their spouses and minor children is provided below:

JS Investments Limited

Name	Designation	Shares Acquired	Shares disposed
Ata ur Rahman	Vice President	1,900	1,900
Mrs. Assad Hameed Khan	Vice President	1,000	-

- l. The value of investments of the staff provident fund of JS Investments Limited, as per the audited accounts for the year ended June 30, 2008 was Rs. 23.063 million.
- m. The statement of the shareholding in the Company as on June 30, 2008 is given at page 91.

Meetings of the Directors

During the year 7 meetings of the Board of Directors were held. The attendance of each director for these meetings is as follows:

Name	Eligible to attend	Meetings attended
Mr. Munawar Alam Siddiqui	07	07
Mr. Muhammad Najam Ali	07	07
Mr. Ali Raza Siddiqui	07	06
Mr. Nazar Mohammad Shaikh	07	06
Lt. General (Retired) Masood Parvaiz	07	07
Mr. Sher Afgan Zuhair Siddiqui	03	02
Mr. Sadeq Sayeed	06	03
Mr. Siraj A. Dadabhoy	04	02

Auditors

The Company's statutory auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants, have expressed their willingness to continue as the Company's auditors for the ensuing year ending June 30, 2009. The Audit Committee has recommended appointment of the retiring auditors for the ensuing year ending June 30, 2009.

Acknowledgment

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

Karachi: September 15, 2008

Muhammad Najam Ali
Chief Executive



AUDIT COMMITTEE AND ITS TERMS OF REFERENCE

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

1.	Nazar Mohammad Shaikh	04
2.	Munawar Alam Siddiqui	04
3.	Lt. Gen (Retd) Masood Parwaiz (incoming member)	01
4.	Sher Afgan Zuhair Siddiqui (outgoing member)	03

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

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

COPORATE SOCIAL RESPONSIBILITY

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

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

The Mahvash & Jahangir Siddiqui Foundation

Established in 2003, The Mahvash & Jahangir Siddiqui foundation is a charitable, non-profit organization. The primary focus area of the foundation are health care, education and sustainable development through social enterprises.

The foundation supports the following organizations:

Health Care

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

Education

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

Social Enterprises and Sustainable Development

- Acumen Fund
- Karachi Vocational Training Centre



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of JS Investments Limited will be held at 10:30 a.m. on October 22, 2008 at Beach Luxury Hotel, M.T. Khan Road, Karachi to transact the following business:

1. To confirm the minutes of the Extraordinary General Meeting held on September 5, 2008.
2. To receive, consider and adopt the audited financial statements of the Company together with the report of the Directors and Auditors for the year ended June 30, 2008.
3. To approve payment of final dividend @ Re. 1 per share (i.e. 10%) for the year ended June 30, 2008.
4. To appoint Auditors of the Company and fix their remuneration for the year ending June 30, 2009. The present auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
5. To transact any other business with the permission of the Chair.

By Order of the Board

Suleman Lalani
Company Secretary

Karachi: September 23, 2008

Notes:

1. The Share Transfer Books of the Company will remain closed from October 15, 2008 to October 22, 2008 (both days inclusive). Transfer received in order by our Shares Registrar, Technology Trade (Pvt.) Ltd, Dagia House, 241-C, Block-2, PECHS, Karachi at the close of business on October 14, 2008 will be considered to attend and vote at the meeting.
2. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint another person as a proxy to attend, speak and vote instead of him/her. Proxies must be deposited at the Company's registered office not less than 48 hours before the time of holding the meeting. The proxy shall produce his/her original CNIC or passport to prove his/her identity.
3. CDC shareholders entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards/ Passport in original along with Participants ID Numbers and their Account Numbers to prove his/ her identity, and in case of Proxy, must enclose an attested copy of his/ her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Shareholders are requested to immediately notify the Company of the change in their addresses, if any.
5. Members who have not yet submitted photocopy of their Computerized NIC to the Company are requested to send the same at the earliest.
6. Form of proxy is attached with this Annual Report.

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 prepared by the Board of Directors of JS Investments Limited (formerly JS ABAMCO Limited) to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange, Limited where the company is listed.

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

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2008.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Date: September 18, 2008



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2008

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

JS Investments Limited (formerly JS ABAMCO Limited) has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. Presently, the Board includes five non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The election of directors of the Company was held on December 26, 2007 upon completion of the three years' term of the previous Board. No casual vacancy has arisen subsequent to the election of directors.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.
6. The Company has developed a vision / mission statement, overall corporate strategy and significant policies of the Company which have been approved by the Board. A complete record of particulars of significant policies has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter during the year. Written notices of the meetings of the Board of Directors, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Chairman of the Board of Directors has completed the Board Development Series Certificate Program conducted by the Pakistan Institute of Corporate Governance ("PICG"). The Company intends to nominate other directors to the above program as and when these are announced by PICG.
10. During the year, there was no change of Chief Financial Officer / Company Secretary, however, the Head of Internal Audit was appointed in the current year. Their remuneration and terms and conditions of employment have been approved by the Board.
11. The Directors' Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than those disclosed in the Directors' Report.

14. The Company has complied with all other corporate and financial reporting requirements of the Code with respect to the Company.
15. The Board has formed an Audit Committee. It comprises of three non-executive directors.
16. The meetings of the Audit Committee are held every quarter prior to approval of interim and annual results of the Company as required by the Code. The Board has approved terms of reference of the Audit Committee.
17. The Board has set-up an effective internal audit function headed by the Head of Internal Audit and Compliance. Prior to his appointment, the internal audit function was performed by a firm of Chartered Accountants.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services to the Company except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board

Karachi: September 15, 2008

Muhammad Najam Ali
Chief Executive



FINANCIAL STATEMENTS



JS Investments Limited



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of JS Investments Limited (formerly JS ABAMCO Limited) as at June 30, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Date: September 18, 2008

JS Investments Limited

BALANCE SHEET AS AT JUNE 30, 2008

	Note	2008	2007
		Rupees	
ASSETS			
Non-current assets			
Fixed assets			
Property and equipment	4	247,556,004	312,740,110
Intangible assets	4	121,357,109	121,530,689
Long-term receivables from related parties	5	3,085,601	6,975,750
Long-term loans	6	18,147,019	21,754,867
Investment in subsidiary company	7	37,500,000	–
Current assets			
Investments - available for sale	8	2,773,359,815	1,590,112,873
Loans and advances	9	4,338,191	4,730,487
Deposits, prepayments and other receivables	10	44,652,159	129,237,186
Balances due from funds under management	11	60,713,125	250,014,275
Taxation recoverable		66,224,391	29,519,210
Cash and bank balances	12	20,433,232	80,595,932
		2,969,720,913	2,084,209,963
Assets relating to the disposal group	30.4	904,414,580	–
		3,874,135,493	2,084,209,963
Total assets		4,301,781,226	2,547,211,379
EQUITY AND LIABILITIES			
Share capital	13	1,000,000,000	1,000,000,000
Unrealised loss on remeasurement of available for sale investments to fair value - net	8	(204,057,068)	(131,055,123)
Statutory reserve	14	109,873,728	–
Accumulated profit		1,017,952,970	725,826,274
		1,923,769,630	1,594,771,151
Surplus on revaluation of fixed assets - net of tax	15	42,270,935	44,902,721
LIABILITIES			
Non current liabilities			
Other long-term financing		–	25,000,000
Securitisation of management fee receivables - debt	16	600,567,465	689,606,080
Deferred tax liability - net	17	48,742,628	57,104,968
		649,310,093	771,711,048
Current liabilities			
Current maturity of securitisation of management fee receivables - debt	16	91,690,000	280,000
Short-term borrowings - secured	30.7	716,741,553	–
Current maturity of other long-term financing		–	62,499,996
Accrued and other liabilities	18	108,078,758	68,450,528
Accrued mark-up	19	17,216,061	4,595,935
		933,726,372	135,826,459
Liabilities and other balances relating to the disposal group	30.5	752,704,196	–
		1,686,430,568	135,826,459
Total liabilities		2,335,740,661	907,537,507
Total equity and liabilities		4,301,781,226	2,547,211,379
Commitments			
	20		

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

Chief Executive

Director



**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2008**

	Note	2008	2007
		Rupees	
CONTINUING OPERATIONS			
INCOME			
Remuneration from funds under management	22	626,928,164	461,647,227
Commission from open end funds under management	23	24,492,527	7,549,757
Dividend		147,385,788	258,520,452
Underwriting commission		–	734,941
Gain on sale of investments - net		164,232,481	213,351,344
Income on Continuous Funding System (CFS) transactions		–	3,140,637
Mark-up on term finance certificates		–	24,642,122
Return on bank deposits		3,499,805	8,877,699
		966,538,765	978,464,179
OPERATING EXPENSES			
Administrative and marketing expenses	25	441,245,563	349,737,377
OPERATING PROFIT			
Other operating expenses	26	11,206,920	12,299,665
Financial charges	27	111,057,966	99,094,235
		403,028,316	517,332,902
Other operating income	28	23,234,754	19,462,544
		426,263,070	536,795,446
Profit before taxation from continuing operations			
Taxation - net	29	22,374,724	16,251,959
		403,888,346	520,543,487
OPERATIONS RELATING TO THE DISPOSAL GROUP - INVESTMENT FINANCE SERVICES			
Net profit after taxation from the disposal group	30 & 30.1	145,480,292	–
		549,368,638	520,543,487
Profit for the year			
Earnings per share for the year	31	5.49	5.21

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

Chief Executive

Director

JS Investments Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008	2007
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		573,593,767	536,795,446
Adjustment for non-cash and other items:			
Remuneration from funds under management		(626,928,164)	(461,647,227)
Commission from open end funds under management		(24,492,527)	(7,549,757)
Dividend		(153,704,538)	(258,520,452)
Depreciation		45,211,247	40,244,532
Amortisation of intangible assets		6,873,863	4,083,040
Financial charges		211,194,387	99,094,235
Interest / mark-up income		(4,959,647)	(8,877,699)
Provision for bonus		52,339,272	42,007,071
Liabilities no longer required written back		(5,619,424)	-
Gain on disposal of fixed assets		(1,504,614)	(1,020,439)
		<u>72,003,622</u>	<u>(15,391,250)</u>
(Increase) / decrease in assets			
Loans and advances		4,000,144	(3,362,968)
Long-term receivable from related parties		3,982,000	6,324,250
Deposits, prepayments and other receivables		(17,485,865)	(1,419,482)
Accrued and other liabilities		36,515,534	3,253,427
		<u>27,011,813</u>	<u>4,795,227</u>
Taxes paid		99,015,435	(10,596,023)
Bonus paid		(69,293,224)	(67,305,684)
Financial charges paid		(53,019,848)	(58,007,071)
Remuneration and commission received from funds under management		(187,424,377)	(32,940,566)
Net cash inflow from operating activities		<u>629,999,827</u>	<u>261,667,620</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - net		(2,146,452,972)	(622,178,163)
Investment in subsidiary		(37,500,000)	-
Fixed capital expenditure incurred		(15,243,740)	(93,184,617)
Dividend received		230,146,976	182,054,980
Return on bank deposits		5,222,943	8,456,720
Proceeds from disposal of fixed assets		27,320,930	7,234,175
Net cash inflow on investing activities		<u>(1,936,505,863)</u>	<u>(517,616,905)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short-term borrowings		-	(15,602,199)
Repayment of principal amount relating to the securitised management fee		(280,000)	-
Dividend paid		(140,587,304)	-
Money market borrowings		523,000,000	-
Repayment of short-term redeemable capital		-	(577,428,551)
Proceeds from long-term finances		-	628,678,104
Repayments of long-term financing		(87,499,996)	(301,285,530)
Net cash inflow on financing activities		<u>294,632,700</u>	<u>(265,638,176)</u>
Net decrease in cash and cash equivalents		<u>(1,011,873,336)</u>	<u>(521,587,461)</u>
Cash and cash equivalents at beginning of the year		80,595,932	602,183,393
Cash and cash equivalents at end of the year	34	<u>(931,277,404)</u>	<u>80,595,932</u>

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

Chief Executive

Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2008

	Share capital	Reserve for issue of bonus share	Accumulated profit	Statutory reserve	Unrealised loss on re-measurement of investments classified as available for sale	Total
----- Rupees -----						
Balance as at June 30, 2006	500,000,000	-	701,034,158	-	(17,085,136)	1,183,949,022
Gain realised on disposal of investments	-	-	-	-	(44,137,575)	(44,137,575)
Unrealised loss on re-measurement of investments - net	-	-	-	-	(69,832,412)	(69,832,412)
Transferred to reserve for issue of bonus shares	-	500,000,000	(500,000,000)	-	-	-
Bonus shares issued	500,000,000	(500,000,000)	-	-	-	-
Transferred from surplus on revaluation of fixed assets to accumulated profit	-	-	4,248,629	-	-	4,248,629
Profit after taxation for the year ended June 30, 2007	-	-	520,543,487	-	-	520,543,487
Balance as at June 30, 2007	<u>1,000,000,000</u>	<u>-</u>	<u>725,826,274</u>	<u>-</u>	<u>(131,055,123)</u>	<u>1,594,771,151</u>
Gain realised on disposal of investments	-	-	-	-	(86,164,489)	(86,164,489)
Unrealised gain on re-measurement of investments - net	-	-	-	-	13,162,544	13,162,544
Interim dividend for the period ended December 31, 2007 @ Rs. 1.5 per share	-	-	(150,000,000)	-	-	(150,000,000)
Transferred from surplus on revaluation of fixed assets to accumulated profit	-	-	2,631,786	-	-	2,631,786
Profit after taxation for the year ended June 30, 2008	-	-	549,368,638	-	-	549,368,638
Transfer to statutory reserve	-	-	(109,873,728)	109,873,728	-	-
Balance as at June 30, 2008	<u>1,000,000,000</u>	<u>-</u>	<u>1,017,952,970</u>	<u>109,873,728</u>	<u>(204,057,068)</u>	<u>1,923,769,630</u>

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

Chief Executive

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 JS Investments Limited (formerly JS ABAMCO Limited) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the company are quoted on the Karachi Stock Exchange since April 24, 2007. The registered office of the company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The company is a subsidiary of Jahangir Siddiqui and Company Limited (which has 52.02 percent direct holding in the company). The name of company has been changed from JS ABAMCO Limited to JS Investments Limited on August 21, 2007.

The company has obtained the licence of an "Investment Adviser" and "Asset Management Company" under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations). In addition, the company has also obtained licence to undertake Investment Finance Services and registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

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

1.2.1 Investment adviser of the following closed-end funds:

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

1.2.2 Asset management company of the following open-end funds:

- Unit Trust of Pakistan
- JS Income Fund (formerly UTP-Income Fund)
- UTP - Islamic Fund
- JS Aggressive Asset Allocation Fund (formerly UTP - Aggressive Asset Allocation Fund)
- JS Fund of Funds (formerly UTP - Fund of Funds)
- UTP - A-30+ Fund
- JS Capital Protected Fund (formerly UTP - Capital Protected Fund)
- JS Capital Protected Fund II (formerly UTP - Capital Protected Fund II)
- JS Capital Protected Fund III
- JS Capital Protected Fund IV
- JS Aggressive Income Fund

1.2.3 Pension fund manager of the following funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

1.3 During the year, the company has floated three new open end funds. The units of these funds were offered to the public on the following dates :

Name of open-end funds	From	To
JS Capital Protected Fund III	20-Sep-07	21-Sep-07
JS Aggressive Income Fund	22-Jan-08	23-Jan-08
JS Capital Protected Fund IV	17-Apr-08	18-Apr-08



- 1.4 These financial statements are the separate financial statements of JS Investments Limited (formerly JS ABAMCO Limited). In addition to these financial statements, consolidated financial statements of JS Investments Limited and its subsidiary company, JS ABAMCO Commodities Limited, have also been prepared.
- 1.5 The Board of Directors of the company in its meeting held on July 9, 2008 has decided to transfer its existing operations of Investment Finance Services to a subsidiary company proposed to be incorporated for undertaking the business of Investment Finance Services. The details of this arrangement are disclosed in note 30 to these financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 to Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered on transactions relating to investment finance services.

Amendments to published standards and new interpretations effective in 2007

Amendments to International Accounting Standard (IAS) 1 - 'Presentation of financial statements - Capital Disclosures', introduces certain new disclosures about the level of the company's capital and how the company manages its capital. Adoption of this amendment has only resulted in additional disclosures which have been set out in note 36 to these financial statements.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2007 and are not considered relevant or do not have any significant effect on the company's operations, are not detailed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards, are effective for the company's accounting periods beginning on or after July 1, 2008 are either not relevant to the company's operations or are not expected to have a significant impact on the company's financial statements other than increased disclosures in certain cases:

IAS 1 - Presentation of Financial Statements (Revised September 2007)	effective from January 1, 2009
IAS 23 - Borrowing Costs (Revised March 2007)	effective from January 1, 2009
IAS 27 (Revised) - Consolidation and Separate Financial Statements	effective from July 1, 2009
IFRS 3 (Revised) - Business Combinations	effective from July 1, 2009
IFRS 7 - Financial Instruments: Disclosures	effective from April 28, 2008
IFRS 8 - Operating Segments	effective from January 1, 2009
IFRIC 12 - Service Concession Arrangements	effective from January 1, 2008
IFRIC 13 - Customer Loyalty Programmes	effective from July 1, 2008
IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	effective from January 1, 2008

IFRIC 15 - Agreements for the Construction of Real Estate
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

effective from January 1, 2009
effective from October 1, 2008

2.2 Critical accounting estimates and judgements

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

- i) Amortisation of intangible assets (notes 3.1.2 and 4.6)
- ii) Provision for taxation (notes 3.6, 29 and 30.2)
- iii) Classification and valuation of investments (notes 3.4, 8 and 30.6)
- iv) Determination and measurement of useful life and residual value of property and equipment (notes 3.1.1, 4.1 and 30.4)
- v) Valuation of property and equipment (notes 3.1.1 and 4.1)
- vi) Recognition and measurement of deferred tax assets and liabilities (notes 3.6, 17 and 30.2)

2.3 Accounting convention

These financial statements have been prepared under the historical cost convention, except that certain items of property and equipment (referred to in notes 3.1.1 and 4.1) are stated at revalued amounts and investments (referred to in notes 3.4, 8 and 30.6) classified as available for sale have been marked to market and carried at fair value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Fixed assets

3.1.1 Property and equipment

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

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

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

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

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

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



3.1.2 Intangible assets

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

3.2 Trade debts and other receivables

These are stated at original invoice amount less an estimate for doubtful balance. Provision is made against impaired debts based on management's assessment regarding their recoverability.

3.3 Investment in subsidiary company

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

3.4 Investments

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the company commits to purchase or sell an asset.

The management determines the appropriate classification of its investments for the purpose of subsequent measurement in accordance with the requirements of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement', at the time of purchase.

As at June 30, 2008, investments of the company are categorised as follows:

Available for sale

These are non-derivative financial assets that are not classified as (a) loans and receivables (b) held to maturity investments or (c) financial assets at fair value through profit or loss. These are initially recognized at fair value including transaction costs associated with these investments. Subsequent to initial recognition, these investments are measured at fair value using the closing quoted prices. Surplus / deficit arising due to the movement in fair values of the investments (other than those relating to Investment Finance Services) is transferred directly to equity. Surplus / deficit arising due to movement in fair value of investments relating to Investment Finance Services is transferred to a separate account which is shown below equity.

Investments are de-recognized when the right to receive the cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Impairment of investments is recognized when there is a permanent diminution in their value.

3.5 Securities under resale agreements – Continuous Funding System (CFS) Transactions

Securities purchased under an agreement to resell (reverse repo) are included as receivable against CFS transactions at the fair value of the consideration given. The CFS transactions are accounted for on the settlement date. The difference between the purchase and sale price is treated as income from CFS transactions in the profit and loss account and is recognised over the term of the respective transaction.

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3.6 Taxation

Current

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

Deferred

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

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

3.7 Cash and cash equivalents

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

3.8 Assets and liabilities relating to the disposal group

Assets and liabilities relating to the disposal group are stated at the lower of their carrying amount and fair value less cost to sell.

3.9 Borrowings / debt

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

3.10 Trade and other payables

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

3.11 Defined Contribution Scheme

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

3.12 Employees' compensated absences

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

3.13 Provisions

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



reliable estimate of the outflow can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.14 **Proposed dividend and transfer between reserves**

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

3.15 **Impairment**

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

3.16 **Revenue recognition**

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

3.17 **Segment reporting**

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

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

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

3.18 **Functional and presentation currency**

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

3.19 **Foreign currency transactions**

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

3.20 Financial instruments

3.20.1 Financial assets and liabilities

Financial assets include balances due from funds, loans and advances, investments, deposits, long-term receivables, other receivables and cash and bank balances.

Financial liabilities include short-term borrowings, money market borrowings, securitisation of management fee receivable (debt), long-term financing, accrued expenses and other liabilities.

At the time of initial recognition, all financial assets and financial liabilities are measured at the fair value of the consideration given or received for it. The particular recognition method adopted for recognition of financial assets and financial liabilities subsequent to initial recognition is disclosed in the policy statements associated with each item.

3.20.2 Offsetting of financial assets and financial liabilities

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

4	FIXED ASSETS	Note	2008	2007
		Rupees		
	Tangible - property and equipment			
	Operating fixed assets	4.1	246,409,491	298,145,931
	Capital work-in-progress	4.5	1,146,513	14,594,179
			<u>247,556,004</u>	<u>312,740,110</u>
	Intangible assets	4.6	121,357,109	121,530,689
			<u>368,913,113</u>	<u>434,270,799</u>



4.1 The following is the statement of operating fixed assets:

	Year ended June 30, 2008					Total
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	
	Rupees					
At July 1, 2007						
Cost / revaluation	212,078,521	28,684,201	26,659,774	96,389,941	34,667,700	398,480,137
Accumulated depreciation	(31,240,264)	(5,816,866)	(7,256,432)	(43,638,837)	(12,381,807)	(100,334,206)
Net book value	<u>180,838,257</u>	<u>22,867,335</u>	<u>19,403,342</u>	<u>52,751,104</u>	<u>22,285,893</u>	<u>298,145,931</u>
Year ended June 30, 2008:						
Opening net book value	180,838,257	22,867,335	19,403,342	52,751,104	22,285,893	298,145,931
Additions	-	1,076,964	644,534	6,417,911	11,125,464	19,264,873
Disposals:						
Cost / revaluation	-	(3,451,624)	(400,168)	(1,845,020)	(33,471,517)	(39,168,329)
Depreciation	-	1,481,506	81,268	1,639,258	10,176,231	13,378,263
	-	(1,970,118)	(318,900)	(205,762)	(23,295,286)	(25,790,066)
Depreciation charge for the year	(10,603,926)	(5,711,709)	(2,705,391)	(24,363,730)	(1,826,491)	(45,211,247)
Closing net book value	<u>170,234,331</u>	<u>16,262,472</u>	<u>17,023,585</u>	<u>34,599,523</u>	<u>8,289,580</u>	<u>246,409,491</u>
At June 30, 2008:						
Cost / revaluation	212,078,521	26,309,541	26,904,140	100,962,832	12,321,647	378,576,681
Accumulated depreciation	(41,844,190)	(10,047,069)	(9,880,555)	(66,363,309)	(4,032,067)	(132,167,190)
Net book value	<u>170,234,331</u>	<u>16,262,472</u>	<u>17,023,585</u>	<u>34,599,523</u>	<u>8,289,580</u>	<u>246,409,491</u>
Depreciation rate % per annum	5	20	10	25	20	
	Year ended June 30, 2007					
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
	Rupees					
At July 1, 2006						
Cost / revaluation	212,137,019	9,544,898	27,777,302	62,601,420	25,757,550	337,818,189
Accumulated depreciation	(21,213,310)	(2,163,855)	(7,120,995)	(29,623,595)	(8,561,273)	(68,683,028)
Net book value	<u>190,923,709</u>	<u>7,381,043</u>	<u>20,656,307</u>	<u>32,977,825</u>	<u>17,196,277</u>	<u>269,135,161</u>
Year ended June 30, 2007:						
Opening net book value	190,923,709	7,381,043	20,656,307	32,977,825	17,196,277	269,135,161
Additions	4,828,502	19,139,303	1,806,711	38,691,022	11,003,500	75,469,038
Disposals:						
Cost / revaluation	(4,887,000)	-	(2,924,239)	(4,902,501)	(2,093,350)	(14,807,090)
Depreciation	692,325	-	2,462,710	4,774,242	664,077	8,593,354
	(4,194,675)	-	(461,529)	(128,259)	(1,429,273)	(6,213,736)
Depreciation charge for the year	(10,719,279)	(3,653,011)	(2,598,147)	(18,789,484)	(4,484,611)	(40,244,532)
Closing net book value	<u>180,838,257</u>	<u>22,867,335</u>	<u>19,403,342</u>	<u>52,751,104</u>	<u>22,285,893</u>	<u>298,145,931</u>
At June 30, 2007:						
Cost / revaluation	212,078,521	28,684,201	26,659,774	96,389,941	34,667,700	398,480,137
Accumulated depreciation	(31,240,264)	(5,816,866)	(7,256,432)	(43,638,837)	(12,381,807)	(100,334,206)
Net book value	<u>180,838,257</u>	<u>22,867,335</u>	<u>19,403,342</u>	<u>52,751,104</u>	<u>22,285,893</u>	<u>298,145,931</u>
Depreciation rate % per annum	5	20	10	25	20	

4.2 The office premises of the company were last revalued as at April 18, 2005 by Akbani & Javid Associates on the basis of professional assessment of the market values. The revaluation resulted in a surplus of Rs. 83.876 million. Out of the total revaluation surplus, Rs.64.903 million (June 30, 2007: Rs. 68.952 million) remains undepreciated as at June 30, 2008.

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

	2008	2007
	Rupees	
Office Premises	<u>104,901,701</u>	<u>111,886,187</u>

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

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyers
----- Rupees -----						
Motor vehicles						
Suzuki Cultus	555,000	416,250	138,750	306,000	Company Policy	Changez M Khan (ex employee)
Suzuki Cultus	560,000	376,444	183,556	357,750	Negotiation	Changez M Khan (ex employee)
Suzuki Cultus	568,500	296,094	272,406	347,250	Company Policy	Malik Zafar Javaid (employee)
Suzuki Cultus	588,100	279,348	308,752	360,000	Company Policy	Mansoor Sadiq (employee)
Mitsubishi Lancer	999,000	474,525	524,475	485,000	Company Policy	Iftikhar Ahmad (employee)
Suzuki Cultus	568,700	296,198	272,502	410,000	Negotiation	Mehboob Ali Kalyar
Suzuki Cultus	568,700	296,198	272,502	403,000	Negotiation	Changez M Khan (ex employee)
Mitsubishi Lancer	1,149,000	545,775	603,225	546,250	Company Policy	Shafiq ur Rehman (employee)
Suzuki Cultus	560,000	266,000	294,000	415,000	Negotiation	Farhan Ataulah
Honda City	835,000	434,896	400,104	602,300	Negotiation	Changez M Khan (ex employee)
Toyota Corolla	1,119,000	531,525	587,475	650,000	Company Policy	Suleman Lalani (employee)
Honda Civic	1,142,500	542,688	599,812	678,000	Company Policy	Noman Sarosh Alvi (employee)
Suzuki Cultus	560,000	266,000	294,000	408,750	Company Policy	Adnan ur Rehman (ex-employee)
Suzuki Cultus	560,000	266,000	294,000	410,000	Company Policy	Aga Hasan Qizilbash (ex-employee)
Suzuki Cultus	560,000	266,000	294,000	410,000	Negotiation	Mahboob Kalyar
Toyota Corolla	879,000	241,725	637,275	725,000	Company Policy	Sidra Iftikhar (ex-employee)
Toyota Corolla	879,000	241,725	637,275	721,250	Company Policy	Ali Akhter (ex employee)
Honda City	835,000	229,625	605,375	622,500	Company Policy	Shafqat Ali (ex employee)
Toyota Corolla	879,000	120,863	758,137	765,000	Negotiation	Akhter Abbas
Toyota Corolla	879,000	120,863	758,137	765,000	Company Policy	Hussain Haider (ex employee)
Honda Civic	1,330,500	149,681	1,180,819	1,192,500	Negotiation	Rameez Raja
Toyota Corolla	879,000	87,900	791,100	743,750	Company Policy	Rahim Khakiani (ex employee)
Honda City	846,000	112,800	733,200	713,000	Company Policy	Adeel Shakir (ex employee)
Honda City	901,000	90,100	810,900	661,250	Company Policy	Shahab Mazhar (ex employee)
Honda City	846,000	84,600	761,400	692,000	Company Policy	Farrukh Karim (employee)
Suzuki Cultus	560,000	35,000	525,000	485,000	Company Policy	Irfan Ali Lotia (ex employee)
Suzuki Cultus	569,000	71,125	497,875	486,250	Company Policy	Nadeem Mahmood (employee)
Honda Civic	1,376,000	86,000	1,290,000	1,136,250	Company Policy	Iffat Mankani (ex employee)
Toyota Corolla	969,000	60,563	908,437	925,900	Company Policy	Daud Dard (ex employee)
Suzuki Cultus	560,000	–	560,000	503,750	Company Policy	M Ali (employee)
Toyota Corolla	879,000	–	879,000	879,000	Company Policy	Syed Naveed Ahmed (ex employee)
Toyota Corolla	969,000	–	969,000	868,500	Company Policy	Aly Osman (ex employee)
Toyota Corolla	969,000	–	969,000	868,500	Company Policy	Rehan Ally Agha (employee)
Honda City	1,389,500	–	1,389,500	1,389,500	Company Policy	Saad Hashmey (employee)
Mercedes Benz	5,124,917	2,845,396	2,279,521	3,000,000	Negotiation	Sohaib Riaz Chaudry
Office equipment						
IBM Server	714,920	625,555	89,365	348,386	Negotiation	JS Bank Limited *
Branch set-up						
Peshawar Branch	870,983	667,754	203,229	203,229	Negotiation	JS Global Capital Limited *
Hyderabad Branch	859,299	280,328	578,971	578,971	Negotiation	JS Global Capital Limited *
Year ended June 30, 2008	35,857,619	11,705,544	24,152,075	26,063,786		
Year ended June 30, 2007	14,807,090	(8,593,354)	6,213,736	7,234,175		

* related parties

4.5 Capital work-in-progress - at cost	Note	2008	2007
		Rupees	
Advances to suppliers against:			
Civil works		–	3,866,020
Acquisition of vehicles		–	4,753,000
Acquisition of office and computer equipment		1,108,013	3,714,513
Acquisition of software		38,500	1,260,646
Advance against membership of National Commodity Exchange Limited (NCEL)	4.5.1	–	1,000,000
		<u>1,146,513</u>	<u>14,594,179</u>



4.5.1 During the current year, the company has incorporated a subsidiary company namely JS ABAMCO Commodities Limited for the purposes of carrying out commodity operations in which the membership of NCEL has been transferred by the NCEL Board.

4.6 **Intangible assets**

	-----2008-----		
	Software	Management Rights of ICP Mutual Funds	Total
	----- Rupees -----		
At July 1, 2007			
Cost	21,153,315	175,000,000	196,153,315
Accumulated amortisation	(4,622,626)	(70,000,000)	(74,622,626)
Net book value	<u>16,530,689</u>	<u>105,000,000</u>	<u>121,530,689</u>
Year ended June 30, 2008:			
Opening net book value	16,530,689	105,000,000	121,530,689
Additions	6,426,533	-	6,426,533
Disposals	(26,250)	-	(26,250)
Amortisation charge for the year	(6,573,863)	-	(6,573,863)
Closing net book value	<u>16,357,109</u>	<u>105,000,000</u>	<u>121,357,109</u>
At June 30, 2008:			
Cost	27,553,598	175,000,000	202,553,598
Accumulated amortisation	(11,196,489)	(70,000,000)	(81,196,489)
Net book value	<u>16,357,109</u>	<u>105,000,000</u>	<u>121,357,109</u>
Amortisation rate % per annum	20 - 50	-	
	-----2007-----		
	Software	Management Rights of ICP Mutual Funds	Total
	----- Rupees -----		
At July 1, 2006			
Cost	12,575,418	175,000,000	187,575,418
Accumulated amortisation	(539,586)	(70,000,000)	(70,539,586)
Net book value	<u>12,035,832</u>	<u>105,000,000</u>	<u>117,035,832</u>
Year ended June 30, 2007:			
Opening net book value	12,035,832	105,000,000	117,035,832
Additions	8,577,897	-	8,577,897
Amortisation charge for the year	(4,083,040)	-	(4,083,040)
Closing net book value	<u>16,530,689</u>	<u>105,000,000</u>	<u>121,530,689</u>
At June 30, 2007:			
Cost	21,153,315	175,000,000	196,153,315
Accumulated amortisation	(4,622,626)	(70,000,000)	(74,622,626)
Net book value	<u>16,530,689</u>	<u>105,000,000</u>	<u>121,530,689</u>
Amortisation rate % per annum	20 - 50	-	

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

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

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5	LONG-TERM RECEIVABLES FROM RELATED PARTIES - UNSECURED-CONSIDERED GOOD	Note	2008	2007
			Rupees	
	Outstanding balances of preliminary expenses incurred on and floatation of:			
	UTP Large Cap Fund		6,000,000	12,000,000
	JS Capital Protected Fund II (formerly UTP-Capital Protected Fund II)		-	1,062,500
	JS Growth Fund (formerly UTP - Growth Fund)		977,000	1,301,000
	JS Aggressive Income Fund		1,229,500	-
	JS Capital Protected Fund IV		1,000,000	-
	JS Islamic Pension Savings Fund		175,000	-
	JS Principal Secured Fund		1,000,000	-
			10,381,500	14,363,500
	Less: Receivable within one year from:			
	UTP Large Cap Fund		6,000,000	6,000,000
	JS Capital Protected Fund II (formerly UTP-Capital Protected Fund II)		-	1,062,500
	JS Growth Fund (formerly UTP - Growth Fund)		325,000	325,250
	JS Aggressive Income Fund		245,900	-
	JS Capital Protected Fund IV		333,333	-
	JS Islamic Pension Savings Fund		58,333	-
	JS Principal Secured Fund		333,333	-
		10	7,295,899	7,387,750
			<u>3,085,601</u>	<u>6,975,750</u>

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

5.2 During the year, the company has received an amount of Rs 8.511 million (2007: Rs 7.324 million) from the funds under management on account of reimbursement of preliminary expenses incurred by the company on incorporation and floatation of the funds.

6	LONG-TERM LOANS - considered good	Note	2008	2007
			Rupees	
	Due from related parties - secured			
	Chief Executive Officer	6.1 & 6.2	17,849,838	20,000,000
	Due from others - secured			
	Executives	6.1 & 6.3	308,243	403,700
	Other employees	6.3	3,469,202	2,127,364
			<u>21,627,283</u>	<u>22,531,064</u>
	Less: receivable within one year	9	<u>(3,480,264)</u>	<u>(776,197)</u>
			<u>18,147,019</u>	<u>21,754,867</u>

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

	Chief Executive		Executives	
	2008	2007	2008	2007
	----- Rupees -----			
Opening balance	20,000,000	20,000,000	403,700	-
Disbursements	-	-	334,000	445,000
Repayments	<u>(2,150,162)</u>	-	<u>(429,457)</u>	<u>(41,300)</u>
Closing balance	<u>17,849,838</u>	<u>20,000,000</u>	<u>308,243</u>	<u>403,700</u>

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



- 6.3 This represents loans given to employees and executives for purchase of motor vehicles and general purpose cash loans. These loans are recovered through deduction from salaries over varying periods upto a maximum period of 60 months and 30 months respectively. These loans are granted in accordance with their terms of employment. The motor vehicle loans are secured by way of title to the motor vehicles being held in the name of the company, whereas the general purpose cash loans are secured against the relevant employees. Motor vehicle loans and general purpose cash loans carry mark-up at rates ranging from 8 percent to 12 percent per annum (2007: 8 percent to 12 percent per annum).
- 6.4 The maximum aggregate amount due from the Chief Executive at the end of any month during the year was Rs 20 million (2007: Rs 20 million).
- 6.5 The maximum aggregate amount due from executives at the end of any month during the year was Rs 0.557 million (2007: Rs 0.203 million).

	Percentage holding	2008 Rupees	2007
7 INVESTMENT IN SUBSIDIARY COMPANY - at cost			
3,750,000 (2007: Nil) unquoted ordinary shares of Rs 10 each held in JS ABAMCO Commodities Limited (Net assets value as at June 30, 2008 Rs 36.844 million 2007: Nil)	99.99	37,500,000	-
		<u>37,500,000</u>	<u>-</u>

- 7.1 During the year, the company has made investment of Rs 37.5 million in JS ABAMCO Commodities Limited, a public unlisted company incorporated in Pakistan under the Companies Ordinance 1984, through subscription of 3,750,000 ordinary shares of Rs 10 each.

	Note	2008 Rupees	2007
8 INVESTMENTS - AVAILABLE FOR SALE			
Investments - related parties - note 8.3			
JS Value Fund Limited (formerly BSJS Balanced Fund Limited)	22.2	415,575,515	300,879,497
UTP Large Cap Fund	22.2	556,964,100	351,312,975
JS Growth Fund (formerly UTP-Growth Fund)	22.2	439,164,332	501,736,368
JS Income Fund (formerly UTP-Income Fund)	22.2	-	278,632,848
JS Pension Savings Fund - Equity		28,194,000	30,000,000
JS Pension Savings Fund - Debt		31,521,000	30,000,000
JS Pension Savings Fund - Money Market		31,518,000	30,000,000
JS Fund of Funds (formerly UTP Fund of Funds)		982,403,829	12,679,704
JS Capital Protected Fund (formerly UTP-Capital Protected Fund)	8.1	16,371,735	14,078,711
JS Capital Protected Fund II (formerly UTP Capital Protected Fund II)	8.1	30,740,938	25,323,200
JS Capital Protected Fund III	8.1	535,783	-
JS Capital Protected Fund IV	8.1	97,110,000	-
JS Islamic Pension Savings Fund - Equity		30,147,000	-
JS Islamic Pension Savings Fund - Debt		30,147,000	-
JS Islamic Pension Savings Fund - Money Market		30,147,000	-
JS Aggressive Income Fund		52,819,583	-
		<u>2,773,359,815</u>	<u>1,574,643,303</u>
Other investments			
MCB Dynamic Cash Fund		-	10,335,570
HBL Income Fund		-	5,134,000
		-	15,469,570
Investments at market value		<u>2,773,359,815</u>	<u>1,590,112,873</u>
Less : cost of investments		<u>(2,977,416,883)</u>	<u>(1,721,167,996)</u>
Unrealised loss on re-measurement of investments		<u>(204,057,068)</u>	<u>(131,055,123)</u>

JS Investments Limited

8.1 Maturity of Capital Protected Funds

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

Name of fund	Duration
JS Capital Protected Fund (formerly UTP-Capital Protected Fund)	Three years and six weeks
JS Capital Protected Fund II (formerly UTP-Capital Protected Fund II)	Two years and six weeks
JS Capital Protected Fund III	Eighteen months and six weeks
JS Capital Protected Fund IV	Three years and six weeks

8.2 Certificates / shares pledged against running finance

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

Name of fund	Pledged with	As at June 30, 2008 Number of certificates / shares
JS Value Fund Limited (formerly BSJS Balanced Fund Limited)	National Bank of Pakistan	21,498,500
UTP Large Cap Fund	National Bank of Pakistan	62,510,000
JS Growth Fund (formerly UTP Growth Fund)	National Bank of Pakistan	36,080,000
		120,088,500

8.3 This represents investment made in collective investment schemes managed by the company. The matter relating to the classification of these funds (i.e. associates or subsidiary) has been referred by the various fund managers to the Professional Standard and Technical Advisory Committee and Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and Mutual Funds Association of Pakistan (MUFAP). Pending outcome of the matter referred as above, the investments of the company in the collective investment schemes have been classified as available for sale in these financial statements.

	Note	2008	2007
Rupees			
9 LOANS AND ADVANCES - considered good			
Current portion of long-term loan to chief executive, executive and employees	6	3,480,264	776,197
Unsecured advances to			
- executives	9.1	372,080	442,132
- employees	9.1	333,488	278,428
- suppliers		152,359	3,233,730
		4,338,191	4,730,487

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

	Note	2008	2007
Rupees			
10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES CONSIDERED GOOD - Unsecured			
Current maturity of long-term receivables from related parties	5	7,295,899	7,387,750
Mark-up receivable on long term loan to Chief Executive Officer - related party		183,387	2,537,392
Dividend receivable		50,035	76,492,473
Receivable from FRSC		24,558,860	21,129,779
Deposits		3,977,697	3,410,287
Prepayments		5,423,673	16,403,893
Others	10.1	3,162,608	1,875,612
		44,652,159	129,237,186

10.1 This includes Rs 1.348 million (June 30, 2007: Rs 1.066 million) due from related parties on account of expenses incurred on behalf of the funds.



11 BALANCES DUE FROM FUNDS UNDER MANAGEMENT - related parties	Note	2008	2007
		Rupees	
11.1 Remuneration due from funds under management			
Closed end funds			
JS Value Fund Limited (formerly BSJS Balanced Fund Limited)	22.1	4,150,066	38,009,679
UTP Large Cap Fund	22.1	6,313,395	72,763,604
JS Growth Fund (formerly UTP-Growth Fund)	22.1	8,147,706	116,605,348
		18,611,167	227,378,631
Open end funds			
UTP A-30+ Fund	22.1	243,296	818,216
Unit Trust of Pakistan	22.1	9,657,813	6,445,753
JS Income Fund (formerly UTP-Income Fund)	22.1	13,813,165	8,718,511
UTP - Islamic Fund	22.1	1,323,239	2,298,631
JS Aggressive Asset Allocation Fund (formerly UTP - Aggressive Asset Allocation Fund)	22.1	1,558,819	1,980,594
JS Fund of Funds (formerly UTP - Fund of Funds)	22.1	566,083	123,325
JS Capital Protected Fund (formerly UTP - Capital Protected Fund)	22.1	1,209,368	1,116,115
JS Capital Protected Fund II (formerly UTP - Capital Protected Fund II)	22.1	1,963,528	931,326
JS Capital Protected Fund III	22.1	1,708,747	-
JS Capital Protected Fund IV	22.1	1,096,547	-
JS Pension Savings Fund	22.1	113,290	-
JS Islamic Pension Savings Fund	22.1	109,416	-
JS Aggressive Income Fund	22.1	1,227,937	-
		34,591,248	22,432,471
11.2 Commission			
Open end funds			
UTP A-30+ Fund	23.1	42,541	15,956
Unit Trust of Pakistan	23.1	2,209,611	93,546
JS Income Fund (formerly UTP-Income Fund)	23.1	481,972	-
UTP - Islamic Fund	23.1	216,186	30,754
JS Aggressive Asset Allocation Fund (formerly UTP - Aggressive Asset Allocation Fund)	23.1	423,662	62,917
JS Fund of Funds (formerly UTP - Fund of Funds)	23.1	438,659	-
JS Capital Protected Fund IV	23.1	3,667,117	-
JS Aggressive Income Fund	23.1	30,962	-
		7,510,710	203,173
		<u>60,713,125</u>	<u>250,014,275</u>
12 CASH AND BANK BALANCES			
Cash in hand		140,036	77,119
Cash at bank in:			
Current accounts	12.1	831,163	6,384,211
Saving accounts	12.2 & 12.3	19,462,033	74,134,602
		20,293,196	80,518,813
		<u>20,433,232</u>	<u>80,595,932</u>

12.1 Current accounts include a foreign currency frozen account balance of Rs Nil (2007: 0.252 million).

12.2 These carry mark-up at rates ranging from 6 percent to 12 percent (2007: 8.5 percent to 10 percent) per annum.

12.3 This includes Rs 4.239 million (2007: Rs 0.720 million) held with JS Bank Limited (a related party).

JS Investments Limited

13 SHARE CAPITAL

2008		2007		2008		2007	
Number of shares		Number of shares		Rupees		Rupees	
				Authorised capital			
200,000,000	100,000,000	200,000,000	100,000,000	2,000,000,000	1,000,000,000	2,000,000,000	1,000,000,000
50,000,000	50,000,000	50,000,000	50,000,000	500,000,000	500,000,000	500,000,000	500,000,000
<u>250,000,000</u>	<u>150,000,000</u>	<u>250,000,000</u>	<u>150,000,000</u>	<u>2,500,000,000</u>	<u>1,500,000,000</u>	<u>2,500,000,000</u>	<u>1,500,000,000</u>
				Issued, subscribed and paid-up capital			
21,250,000	21,250,000	21,250,000	21,250,000	212,500,000	212,500,000	212,500,000	212,500,000
700,000	700,000	700,000	700,000	7,000,000	7,000,000	7,000,000	7,000,000
78,050,000	78,050,000	78,050,000	78,050,000	780,500,000	780,500,000	780,500,000	780,500,000
<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>

13.1 The following shares were held by the related parties of the company as at June 30, 2008

Name of related party	2008		2007	
	Shares held (in million)	Percentage	Shares held (in million)	Percentage
Jahangir Siddiqui & Company Limited	52.024	52.02%	52.024	52.02%
Goldman Sachs and Company Limited	13.28	13.28%	13.28	13.28%

14 STATUTORY RESERVE

	Note	2008	2007
		Rupees	
Statutory reserve	14.1	109,873,728	-
		<u>109,873,728</u>	<u>-</u>

14.1 Statutory reserve represents amount set aside as per the requirements of clause 14 of the Non-Banking Finance Companies and Notified Entities Regulations, 2007 issued by the Securities and Exchange Commission of Pakistan.

15 SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax

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

	2008	2007
	Rupees	
Surplus on revaluation of fixed assets as at July 1	68,952,070	75,488,422
Transferred to accumulated profit:		
Surplus relating to incremental depreciation transferred to accumulated profit during the year - net of deferred tax	(2,631,786)	(2,631,786)
Related deferred tax liability	(1,417,115)	(1,417,115)
	(4,048,901)	(4,048,901)
Surplus realised on disposal of fixed assets transferred to accumulated profit - net of deferred tax	-	(1,616,843)
Related deferred tax liability	-	(870,608)
	-	(2,487,451)
	64,903,169	68,952,070
Less: related deferred tax liability on:		
- revaluation	24,049,349	26,337,072
- incremental depreciation charged during the year transferred to profit and loss account	(1,417,115)	(1,417,115)
- surplus realised on disposal	-	(870,608)
	22,632,234	24,049,349
	<u>42,270,935</u>	<u>44,902,721</u>



16 SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT

	Repayment period		Price	2008	2007
	From	To		Rupees	
Financial Receivables Securitisation Company Limited (Class "A" TFC and Class "B" TFC)	Jan-07	Jan-14	6 months KIBOR plus 2% with floor of 8% and cap of 16% (repayable in fourteen semi annual installments including markup)	700,000,000	700,000,000
Financial Receivables Securitisation Company Limited (Class "C" TFC)	Jan-07	Jan-14	Subordinate to Class "A" TFC and Class "B" TFC (repayable on maturity)	2,500,000	2,500,000
				<u>702,500,000</u>	<u>702,500,000</u>
Less: principal redemption made during the year				(280,000)	-
Less: unamortised transaction cost				(9,962,535)	(12,613,920)
				<u>692,257,465</u>	<u>689,886,080</u>
Less: current maturity				(91,690,000)	(280,000)
Total				<u><u>600,567,465</u></u>	<u><u>689,606,080</u></u>

16.1 The company obtained funds aggregating to Rs 702.5 million against securitisation of its future management fee receivables from a few funds under management (as disclosed in note 22.2). Under the arrangement, the company has assigned a portion of its future management fee receivables to Financial Receivables Securitisation Company Limited (FRSCL), which is a SPV set up for this purpose for the tenor of the facility. Under the arrangement, the entire cash flows arising to the company from management fee receivables relating to these funds is deposited with a Trustee. Subsequently, the Trustee deducts therefrom the amount payable under the related agreements entered into by FRSCL in respect of issuance of Term Finance Certificates (TFC) with the TFC holders and returns the balance amount to the company. The amount retained by the Trustee is passed on to FRSCL for meeting its obligations towards the relevant TFC holders and its other operating and administrative expenses. This securitisation transaction has been classified as a debt by the management.

16.2 Put option

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

16.3 Class "C" TFC

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

17 DEFERRED TAX LIABILITY - NET

Taxable temporary differences on:

Accelerated tax depreciation
Surplus on revaluation of fixed assets

Deductible temporary differences on:

Short-term provisions

	2008	2007
	Rupees	
	26,780,482	34,296,683
	22,632,234	24,049,349
	49,412,716	58,346,032
	(670,088)	(1,241,064)
	<u>48,742,628</u>	<u>57,104,968</u>

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	Note	2008	2007
Rupees			
18 ACCRUED AND OTHER LIABILITIES			
Staff bonus		37,700,000	44,000,000
Audit fee		800,000	500,000
Accrued expenses		12,196,109	7,257,427
Payable to broker against transaction in securities		-	1,039,819
Retention money		-	958,719
Unclaimed dividend		9,412,696	-
Provision for staff compensated absences		1,472,881	3,159,085
Fee and commission payable	23.1	32,228,194	7,128,731
Donations payable		9,200,000	-
Advance rent		810,863	2,178,014
Rent payable		122,046	-
Royalty payable to Jahangir Siddiqui - a related party	25.2	2,500,000	-
Others		1,635,969	2,228,733
		<u>108,078,758</u>	<u>68,450,528</u>
19 ACCRUED MARK-UP			
Mark-up accrued on:			
- Long-term borrowing		-	3,910,819
- Short-term borrowings		15,946,913	27,371
- Securitisation of management fee receivables		1,269,148	657,745
		<u>17,216,061</u>	<u>4,595,935</u>
20 COMMITMENTS			
20.1 Commitments in respect of:			
Capital expenditure contracted but not incurred		699,823	963,818
Royalty and advisory payment		10,000,000	10,000,000
Asset acquired under operating lease			
2007-2008		-	1,800,000
2008-2009		700,000	700,000
		<u>700,000</u>	<u>2,500,000</u>
20.2			
The company has given guarantee to the seed capital investors of JS Aggressive Income Fund for lock-in-period of 2 years from the respective date of issuance of seed capital, ranging from November 6, 2007 to November 28, 2009. The initial investment amount of Rs 100 million and a minimum return thereon of eight percent (8%) per annum is covered under the above guarantee.			

21 SEGMENT INFORMATION

	Note	Asset management & investment advisory services		Investment finance services		Total	
		2008	2007	2008	2007	2008	2007
INCOME							
Remuneration from the funds under management	22	626,928,164	461,647,227	-	-	626,928,164	461,647,227
Commission from open end funds under management	23	24,492,527	7,549,757	-	-	24,492,527	7,549,757
Dividend		147,385,788	258,520,452	6,318,750	-	153,704,538	258,520,452
Underwriting commission		-	734,941	687,500	-	687,500	734,941
Gain on sale of investments - net		164,232,481	213,351,344	189,395,079	-	353,627,560	213,351,344
Income on Continuous Funding System (CFS) transactions		-	3,140,637	51,155	-	51,155	3,140,637
Mark-up on term finance certificates		-	24,642,122	32,157,918	-	32,157,918	24,642,122
Mark up on letter of placement		-	-	3,291,015	-	3,291,015	-
Mark up on financing against shares		-	-	5,363,397	-	5,363,397	-
Markup on commercial papers		-	-	1,123,711	-	1,123,711	-
Return on bank deposits		3,499,805	8,877,699	1,459,842	-	4,959,647	8,877,699
Commission income and share of profit from management of discretionary client portfolios	24	-	-	11,503,536	-	11,503,536	-
		<u>966,538,765</u>	<u>978,464,179</u>	<u>251,351,903</u>	<u>-</u>	<u>1,217,890,668</u>	<u>978,464,179</u>
OPERATING EXPENSES							
Administrative expenses		441,245,563	349,737,377	3,884,785	-	445,130,348	349,737,377
Other operating expenses		11,206,920	12,299,665	-	-	11,206,920	12,299,665
Financial charges		111,057,966	99,094,235	100,136,421	-	211,194,387	99,094,235
Other operating income		23,234,754	19,462,544	-	-	23,234,754	19,462,544
Segment results		<u>426,263,079</u>	<u>536,795,446</u>	<u>147,330,697</u>	<u>-</u>	<u>573,593,767</u>	<u>536,795,446</u>
Segment assets		<u>3,397,366,646</u>	<u>2,547,211,379</u>	<u>904,414,580</u>	<u>-</u>	<u>4,301,781,226</u>	<u>2,547,211,379</u>
Segment liabilities		<u>1,583,036,465</u>	<u>907,537,507</u>	<u>752,704,196</u>	<u>-</u>	<u>2,335,740,661</u>	<u>907,537,507</u>
Fixed capital expenditure		<u>12,243,740</u>	<u>93,184,617</u>	<u>3,000,000</u>	<u>-</u>	<u>15,243,740</u>	<u>93,184,617</u>
Depreciation / amortisation		<u>51,785,110</u>	<u>44,327,572</u>	<u>300,000</u>	<u>-</u>	<u>52,085,110</u>	<u>44,327,572</u>



22	REMUNERATION FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES	Note	2008	2007
		Rupees		
Closed end funds				
	JS Value Fund Limited (formerly BSJS Balanced Fund Limited)	22.1	50,942,794	38,009,679
	UTP Large Cap Fund	22.1	80,633,292	72,763,604
	JS Growth Fund (formerly UTP-Growth Fund)	22.1	116,533,751	116,605,348
			248,109,837	227,378,631
Open end funds				
	Unit Trust of Pakistan	22.1	94,289,876	73,297,398
	JS Income Fund (formerly UTP - Income Fund)	22.1	167,793,374	61,873,632
	UTP - Islamic Fund	22.1	22,279,646	26,297,272
	JS Aggressive Asset Allocation Fund (formerly UTP - Aggressive Asset Allocation Fund)	22.1	20,061,612	57,623,652
	JS Fund of Funds (formerly UTP - Fund of Funds)	22.1	2,585,869	1,629,709
	UTP A 30+ Fund	22.1	5,383,177	7,822,171
	JS Capital Protected Fund (formerly UTP - Capital Protected Fund)	22.1	14,042,530	4,793,436
	JS Capital Protected Fund II (formerly UTP - Capital Protected Fund II)	22.1	23,201,455	931,326
	JS Capital Protected Fund III	22.1	15,755,837	-
	JS Capital Protected Fund IV	22.1	2,474,582	-
	JS Pension Savings Fund	22.1	1,410,592	-
	JS Islamic Pension Savings Fund	22.1	385,808	-
	JS Aggressive Income Fund	22.1	9,153,969	-
			<u>378,818,327</u>	<u>234,268,596</u>
			<u>626,928,164</u>	<u>461,647,227</u>

22.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2007 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the management company / investment adviser of the Fund is entitled to a remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. During the year ended June 30, 2008 the company has charged management fee at the rates ranging from 1 to 3 percent (2007: 1 to 3 percent). The rates charged to each open end and closed end funds during the year ended June 30, 2007 and 2008 are as under:

	2008	2007
	Remuneration for services rendered as an asset management company	
	-----Percentage-----	
Closed end funds		
JS Value Fund Limited (formerly BSJS Balanced Fund Limited)	2	2
UTP Large Cap Fund	2	2
JS Growth Fund (formerly UTP-Growth Fund)	2	2
Open end funds		
UTP A 30+ Fund	1.50 - 3	3
Unit Trust of Pakistan	2	2
JS Income Fund (formerly UTP-Income Fund)	1.50	1.50
UTP - Islamic Fund	2 - 3	3
JS Aggressive Asset Allocation Fund (formerly UTP - Aggressive Asset Allocation Fund)	3	3
JS Fund of Funds (formerly UTP - Fund of Funds)	1	1
JS Capital Protected Fund (formerly UTP - Capital Protected Fund)	1.25	1.25
JS Capital Protected Fund II (formerly UTP - Capital Protected Fund II)	1.50	1.50
JS Capital Protected Fund III	1.50	-
JS Capital Protected Fund IV	1.75	-
JS Pension Savings Fund	1.50	-
JS Islamic Pension Savings Fund	1.50	-
JS Aggressive Income Fund	1.25 - 1.50	-

JS Investments Limited

22.2 Securitisation of management fee receivables

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

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

Open end funds:

- Unit Trust of Pakistan
- UTP - Islamic Fund
- JS Income Fund (formerly UTP - Income Fund)

Closed end funds:

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

	2008	2007
	Rupees	
23 COMMISSION FROM OPEN END FUNDS UNDER MANAGEMENT - RELATED PARTIES		
Unit Trust of Pakistan	12,108,770	3,945,217
JS Income Fund (formerly UTP - Income Fund)	2,993,773	819,984
UTP - Islamic Fund	1,623,202	772,497
JS Aggressive Asset Allocation Fund (Formerly UTP - Aggressive Asset Allocation Fund)	978,741	1,795,910
JS Fund of Funds (formerly UTP - Fund of Funds)	1,086,680	477
UTP A 30+ Fund	388,635	211,488
JS Capital Protected Fund (formerly UTP - Capital Protected Fund)	-	4,184
JS Capital Protected Fund II (formerly UTP - Capital Protected Fund II)	189,662	-
JS Capital Protected Fund III	499,108	-
JS Capital Protected Fund IV	4,472,799	-
JS Aggressive Income Fund	151,157	-
	24,492,527	7,549,757

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

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

This represents commission income and share of profit earned by the company from management of six (2007: three) discretionary client portfolios. The total cost and total market value of the unsettled client portfolios as at June 30, 2008 was Rs 841.195 million (2007: 249.874 million) and Rs 853.469 million (2007: 314.645 million) respectively.



25 ADMINISTRATIVE AND MARKETING EXPENSES	Note	2008	2007
		Rupees	
Salaries and benefits		180,984,387	125,978,929
Staff retirement benefits	25.1	6,605,617	5,186,556
Amortisation of intangible asset	4.6	6,573,863	4,083,040
Advertisement		25,085,493	48,737,057
Depreciation	4.1	45,211,247	40,244,532
Printing and stationery		7,427,261	3,805,398
Rent, rates, taxes and maintenance		23,723,614	23,601,019
Travelling, conveyance and vehicle maintenance		15,982,744	17,849,585
Transfer agent remuneration		8,345,681	6,052,489
Postage and telephone		9,496,502	9,396,748
Legal and professional		14,599,804	11,406,972
Fees and subscription		4,699,325	5,026,736
IT services		16,232,615	14,725,500
Utilities		6,547,010	6,211,707
Office security		3,747,011	4,029,532
Entertainment		1,391,250	1,143,824
Insurance		3,978,078	3,674,511
Newspaper		279,555	230,189
Directors' fee		3,915,000	1,200,000
Royalty and advisory fee	25.2	10,000,000	10,000,000
Office supplies		1,009,291	860,389
Miscellaneous expenses		426,284	287,924
		<u>396,261,632</u>	<u>343,732,637</u>
Fee and commission		<u>44,983,931</u>	<u>6,004,740</u>
		<u><u>441,245,563</u></u>	<u><u>349,737,377</u></u>

25.1 Staff retirement benefits include contributions to defined contribution plan of Rs 6.214 million (2007: Rs 4.649 million).

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

26 OTHER OPERATING EXPENSES	Note	2008	2007
		Rupees	
Auditors' remuneration	26.1	1,206,920	1,385,794
Donations	26.2	10,000,000	5,785,335
Expenses of Proposed Equity Fund -written off		-	5,128,536
		<u>11,206,920</u>	<u>12,299,665</u>

26.1 **Auditors' remuneration**

Annual audit fee	800,000	500,000
Fee for review of half yearly financial statements	225,000	200,000
Out of pocket expenses	131,920	175,794
Fee for the review of the statement of compliance on code of corporate governance	50,000	-
Special certification and other services	-	510,000
	<u>1,206,920</u>	<u>1,385,794</u>

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26.2 This includes donations made to Mahvash and Jahangir Siddiqui Foundation, a related party of the company, amounting to Rs. 0.5 million (2007: Rs 5.485 million).

	2008	2007
	Rupees	
27 FINANCIAL CHARGES		
Mark-up on long-term financing	2,728,408	21,072,312
Mark-up on short-term borrowings	15,984,614	2,706,275
Bank charges	133,740	242,331
Mark-up and other charges of securitisation of management fee receivables	92,211,204	40,078,197
Amortisation of transaction cost of commercial paper	-	34,995,120
	<u>111,057,966</u>	<u>99,094,235</u>
28 OTHER OPERATING INCOME		
Income from non-financial assets		
Rental income	13,365,589	13,554,730
Gain on disposal of fixed assets	1,504,614	1,020,439
Income from financial assets		
Liabilities no longer required written back	5,619,424	1,039,028
Mark-up earned on loans to chief executive, executive and employees	2,741,359	2,609,308
Commission income	-	1,157,573
Others	3,768	81,466
	<u>23,234,754</u>	<u>19,462,544</u>
29 TAXATION		
Current - for the year	30,737,064	19,044,129
- for the prior years	-	(6,976,662)
Deferred - for the year	(8,362,340)	4,184,492
	<u>22,374,724</u>	<u>16,251,959</u>
29.1 The income tax assessments of the company have been finalised upto and including the assessment year 2001-2002 (financial year ended June 30, 2001). The income tax assessments for tax year 2003 to tax year 2007 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.		
	Note	
29.2 Relationship between accounting profit and tax expense is as follows:	2008	2007
	Rupees	
Accounting profit before taxation from continuing operations	426,263,070	536,795,446
Accounting profit before taxation from operations relating to the disposal group - Investment Finance Services	147,330,697	-
Net accounting profit before taxation	<u>573,593,767</u>	<u>536,795,446</u>
Tax @ 35% (2007: 35%)	200,757,818	187,878,406
Tax impact of income under FTR and differential in tax rates	(51,436,316)	(82,885,835)
Tax impact of exempt capital gains	(121,050,322)	(74,672,970)
Prior year's taxation	-	(6,976,662)
Tax amortisation of management rights	(6,125,000)	(6,125,000)
Tax impact of provision for donations	2,816,632	-
Others	(737,683)	(965,980)
	<u>24,225,129</u>	<u>16,251,959</u>
Tax charge for the year relating to:		
Continuing operations	29 22,374,724	16,251,959
Disposal group	30.2 1,850,405	-
	<u>24,225,129</u>	<u>16,251,959</u>



30 OPERATIONS RELATING TO THE DISPOSAL GROUP - INVESTMENT FINANCE SERVICES

As mentioned in note 1.5 to the financial statements, the Board of Directors of the company in its meeting held on July 9, 2008 has decided to transfer its existing operations of Investment Finance Services to a subsidiary company for undertaking the business of Investment Finance Services under the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 ("NBFC Rules") and Non-Banking Finance Companies and Notified Entities Regulations, 2007. Subsequent to the incorporation of the subsidiary company, the entire present operations of the company relating to Investment Finance Services will be transferred to it. The company intends to subscribe to more than 50% of the total share capital of this subsidiary.

The decision for the transfer of existing Investment Finance Services operations of the company to a separate subsidiary has been taken by the company consequent to the amendment made in Sub-Rule 2 of Rule 5 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities Exchange Commission of Pakistan which states that an NBFC seeking licence for undertaking investment advisory or asset management services or both shall not be eligible for seeking licence for any other form of business.

Consequent to the above decision, the existing operations, assets, liabilities and other balances of the Investment Finance Services have been separately classified as "Disposal Group as held for sale" in accordance with the requirements of International Financial Reporting Standard (IFRS) 5 "Non-current assets held for sale and Discontinued Operations".

The analysis of the results of the disposal group are as follows:

	Note	2008	2007
		Rupees	
30.1 Analysis of the profit after tax			
Income		251,351,903	-
Expenses		104,021,206	-
Profit before tax		147,330,697	-
30.2 Taxation			
Current	29.1	1,850,979	-
Deferred		(574)	-
Profit after taxation		1,850,405	-
		145,480,292	-
30.3 Analysis of the cash flows:			
Operating cash flows		134,046,453	-
Investing cash flows		(886,885,335)	-
30.4 Analysis of the assets			
Intangible assets		2,700,000	-
Investments - available for sale	30.6	875,214,446	-
Deposits, prepayments and other receivables		25,273,307	-
Deferred tax asset		574	-
Cash and bank balances	30.4.1	1,226,253	-
		904,414,580	-

30.4.1 This includes Rs 0.541 million (2007: Rs Nil) held with JS Bank Limited (a related party).

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30.5 Analysis of liabilities and other balances directly associated with the disposal group

	Note	2008	2007
		Rupees	
Short term borrowing - secured	30.7	236,195,336	-
Money market borrowing	30.8	523,000,000	-
Accrued markup		8,498,499	-
		767,693,835	-
Unrealised loss on investments classified as available for sale - net		(14,989,639)	-
		752,704,196	-

30.6 Investments - available for sale

Investments - related parties

JS Income Fund (formerly UTP Income Fund)	150,000,000	-
JS Aggressive Income Fund	80,583,740	-
	230,583,740	-

Other investments

EFU General Insurance Limited	1,407,354	-
Pakistan International Container Terminal Limited	117,297,504	-
Escort Investment Bank Limited	41,514,320	-
Adamjee Insurance Company Limited	70,387,200	-
Attock Refinery Limited	12,743,880	-
Nishat Mills Limited	2,149,250	-
Pakistan State Oil Company Limited	41,724,000	-
	287,223,508	-

Term finance certificates

Optimus Limited	125,387,500	-
Pak American Fertilizer Limited	50,080,000	-
United Bank Limited	117,848,250	-
	293,315,750	-

Commercial paper

Azgard Nine Limited	64,091,448	-
Investments at market value	875,214,446	-
Less: cost of investments	(890,204,085)	-
Unrealised loss on re-measurement of investments	(14,989,639)	-

30.7 Short-term borrowings - secured

National Bank of Pakistan		
- relating to continuing operations		716,741,553
- relating to the disposal group		236,195,336
	30.7.1	952,936,889

30.7.1 This represents running finance facility amounting to Rs 1,000 million (2007: Nil) obtained from National Bank of Pakistan. The facility carries mark-up at a rate of 10.92% (2007: Nil) per annum and is repayable by October 31, 2008. The facility is secured by way of pledge of certificates of various funds managed by the company.

30.8 Money market borrowings

	Note	2008	2007
		Rupees	
From commercial bank and financial institutions	30.8.1	523,000,000	-

30.8.1 These represent borrowings from commercial banks and financial institutions. These are repayable over various dates by July 2008. Mark-up rate on these borrowings ranges between 10% per annum to 18% per annum.



31 EARNINGS PER SHARE

	2008			2007		
	Continuing operations	Disposal group	Total	Continuing operations	Disposal group	Total
	-----Rupees-----					
Profit for the year after taxation	403,888,346	145,480,292	549,368,638	520,543,487	-	520,543,487
Weighted average number of ordinary shares outstanding during the year	100,000,000	100,000,000	100,000,000	100,000,000	-	100,000,000
Earnings per share (Rupees)	4.04	1.45	5.49	5.21	-	5.21

31.1 Diluted earnings per share has not been presented as the company does not have any convertible instruments in issue as at June 30, 2007, and 2008 which would have any effect on the earnings per share if the option to convert is exercised.

31.2 Earnings per share relating to continuing operations and disposal group have been calculated using the outstanding weighted average number of ordinary shares of the company, as the company has not specifically designated the amount of capital between continuing operations and disposal group.

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2008	2007	2008	2007	2008	2007
	-----Amount in Rupees-----					
Managerial remuneration	7,920,000	4,615,380	6,324,000	7,898,503	30,333,213	19,702,569
Consultancy fee	-	-	-	870,000	-	-
House rent allowance	1,584,000	-	-	472,350	8,595,964	5,828,131
Utilities allowance	792,000	461,544	632,400	789,846	3,033,321	1,970,261
Car Allowance	-	-	-	-	8,200,148	-
Performance bonus	38,156,135	31,624,308	-	-	10,803,000	11,163,333
Retirement benefits	792,000	461,532	632,400	740,500	2,837,455	1,573,990
Medical Allowance	792,000	461,544	631,200	788,651	3,033,321	1,970,261
Other reimbursable expenses	-	-	-	48,604	138,447	76,111
	50,036,135	37,624,308	8,220,000	11,608,454	66,974,869	42,284,656
Number of persons	1	1	1	2	26	34

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

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

32.3 In addition, meeting fee of Rs 15,000 per meeting was paid to non-executive directors for meetings attended during the year.

33 TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

33.1 Transaction with related parties

33.1.1 Transactions with associates

JS Value Fund Limited (formerly BSJS Balanced Fund Limited)

	2008	2007
Remuneration income	50,942,794	38,009,679
Dividend income	69,971,976	58,309,980
Other expenses incurred on behalf of the fund	28,720	-
Reimbursement of other expenses incurred on behalf of the fund	22,880	-

JS Growth Fund (formerly UTP Growth Fund)

	2008	2007
Remuneration income	116,533,751	116,605,348
Dividend income	35,838,312	117,370,472
Preliminary expenses incurred on behalf of the fund	324,000	-

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	2008	2007
	Rupees	
UTP-Large Cap Fund		
Remuneration income	80,633,292	72,763,604
Dividend income	41,575,500	82,840,000
Amount received against long-term receivable	6,000,000	6,000,000
UTP-Islamic Fund		
Remuneration income	22,279,646	26,297,272
Commission income	1,623,202	772,497
JS Income Fund (formerly UTP-Income Fund)		
Remuneration income	167,793,374	61,873,632
Commission income	2,993,773	819,984
Unit Trust of Pakistan		
Remuneration income	94,289,876	73,297,398
Commission income	12,108,770	3,945,217
JS Aggressive Asset Allocation Fund (formerly UTP-Aggressive Asset Allocation Fund)		
Remuneration income	20,061,612	57,623,652
Commission income	978,741	1,795,910
Reimbursement of other expenses incurred on behalf of the fund	321,665	321,665
JS Fund of Funds (formerly UTP-Fund of Funds)		
Remuneration income	2,585,869	1,629,709
Commission income	1,086,680	477
Expenses incurred on behalf of the Fund	50,000	177,622
Reimbursement of other expenses incurred on behalf of the fund	-	56,134
UTP - A 30+ Fund		
Remuneration income	5,383,177	7,822,171
Commission income	388,635	211,488
Other expenses incurred on behalf of the Fund	50,000	92,220
Reimbursement of other expenses incurred on behalf of the fund	50,000	279,720
Reimbursement of preliminary expenses incurred on behalf of the fund	-	1,000,000
JS Capital Protected Fund (formerly UTP-Capital Protected Fund)		
Remuneration income	14,042,530	4,793,436
Commission income	-	4,184
Preliminary expenses incurred and received	-	1,496,547
Other receivable against expenses	-	21,868
Reimbursement of expenses incurred on behalf of the fund	1,868	20,000
JS Capital Protected Fund II (formerly UTP-Capital Protected Fund II)		
Remuneration income	23,201,455	931,326
Commission income	189,662	-
Preliminary expenses incurred on behalf of the fund	-	1,062,500
Reimbursement of preliminary expenses incurred on behalf of the fund	1,062,500	-
Other expenses incurred on behalf of the fund	-	135,000
Reimbursement of other expenses incurred on behalf of the fund	135,000	-
JS Capital Protected Fund III		
Remuneration income	15,755,837	-
Commission income	499,108	-
Preliminary expenses incurred on behalf of the fund	1,125,000	-
Reimbursement of preliminary expenses incurred on behalf of the fund	1,125,000	-
JS Capital Protected Fund IV		
Remuneration income	2,474,582	-
Commission income	4,472,799	-
Preliminary expenses incurred on behalf of the fund	1,000,000	-
Other expenses incurred on behalf of the fund	187,500	-



	2008	2007
	Rupees	
JS Pension Savings Fund		
Remuneration income	1,410,592	-
Reimbursement of preliminary expenses incurred on behalf of the fund	50,000	-
JS Islamic Pension Savings Fund		
Remuneration income	385,808	-
Preliminary expenses incurred on behalf of the fund	175,000	-
Other expenses incurred on behalf of the fund	50,000	-
JS Aggressive Income Fund		
Remuneration income	9,153,969	-
Commission income	151,157	-
Preliminary expenses incurred on behalf of the fund	1,229,500	-
Other expenses incurred on behalf of the fund	1,165,000	-
Reimbursement of other expenses incurred on behalf of the fund	1,165,000	-
JS Principal Secured Fund		
Preliminary expenses incurred on behalf of the fund	1,000,000	-
33.1.2 Transactions with other related parties		
JS Air (Pvt) Ltd		
Other expenses incurred on behalf of the fund	2,000	443
Reimbursement of other expenses incurred on behalf of the fund	2,443	-
Private Equity Fund		
Expenses incurred	-	899,033
Reimbursement of other expenses incurred on behalf of the fund	-	5,128,536
JS Global Capital Limited (JSGCL) - associate of JSCL		
Rental income earned	1,445,400	-
Rent received	1,742,400	4,083,145
Rent expense	6,899,917	5,880,000
Expenses incurred by the company on behalf of JSGCL	1,028,090	1,038,853
Reimbursement of expenses incurred on behalf of JSGCL	812,206	1,033,967
JS Bank Limited (JSBL) - subsidiary of JSCL		
Purchase of term finance certificates	274,016,644	-
Expenses incurred by the company on behalf of JSBL	-	43,705
Reimbursement of expenses incurred on behalf of JSBL	6,002	47,586
Mahvash and Jahangir Siddiqui Foundation (formerly Siddiqui Foundation)		
Donations paid	500,000	5,485,335
Staff Provident Fund		
Contributions during the year	6,213,898	4,648,896
Dividend paid	15,000	-
33.1.3 Transactions with holding company		
Jahangir Siddiqui & Company Limited (JSCL) - holding company		
Repayment made in respect of borrowing	-	72,118,862
Mark-up expense on long-term financing	-	3,438,221
Rent received	5,980,356	5,823,141
Rental income earned	6,240,372	-
Dividend paid	78,035,418	-
Expenses incurred on behalf of JSCL	1,990,634	1,445,974
Reimbursement of expenses incurred on behalf of JSCL	1,759,514	1,356,422

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	2008	2007
	Rupees	
33.1.4 Transactions with subsidiary company		
JS ABAMCO Commodities Limited (JSACL) - subsidiary of JSIL		
Expenses incurred by the company on behalf of JSACL	4,965,350	-
Reimbursement of expenses incurred by the company on behalf of JSACL	4,965,350	-
Issue of share capital (Number of shares 3,750,000)	37,500,000	-
Refund of advance against office premises	2,500,000	-
Amount received against transfer of National Commodity Exchange Limited membership	1,000,000	-
33.1.5 Transactions with key management personnel		
Mr. Ali Jehangir Siddiqui - director of holding company		
Consultancy fees paid	2,100,000	-
Mr. Najam Ali - CEO		
Mark-up income earned on long-term loan	2,696,600	2,537,392
Remuneration of key management personnel	101,185,521	77,161,855
33.2 Balances outstanding at the year end		
33.2.1 Balances outstanding with associates		
Receivable from JS Value Fund Limited	5,840	-
Receivable from JS Aggressive Asset Allocation Fund (Formerly UTP - Aggressive Asset Allocation Fund)	-	321,665
Receivable from JS Fund of Funds (Formerly UTP - Fund of Funds)	-	177,622
Receivable from JS Capital Protected Fund (Formerly UTP - Capital Protected Fund)	-	1,868
Receivable from JS Capital Protected Fund II (Formerly UTP - Capital Protected Fund II)	-	135,000
Receivable from JS Capital Protected Fund IV	187,500	-
Receivable from JS Pension Savings Fund	-	50,000
Receivable from JS Islamic Pension Savings Fund	50,000	-
Outstanding balance of expenses incurred on behalf of different funds	264,675	169,070
33.2.2 Balances outstanding with other related parties		
Receivable from JS Bank Limited	-	6,002
Receivable from JS Global Capital Limited	212,737	39,599
Receivable from JS Air (Private) Limited	-	443
Receivable from JS Private Equity	-	28,309
33.2.3 Balances outstanding with holding company		
Receivable from Jahangir Siddiqui & Company Limited	627,657	136,521
33.3	Other balances outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes.	
33.4	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. The management considered all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.	
33.5	There are no transactions with key management personnel other than under their terms of employment.	
33.6	Details of the remuneration relating to Chief Executive officer and directors are disclosed in note 32 to the financial statements.	



	Note	2008	2007
		Rupees	
34 CASH AND CASH EQUIVALENTS			
- Cash and bank balances	12 & 30.4	21,659,485	80,595,932
- Short term borrowings - secured	30.7	(952,936,889)	-
		<u>(931,277,404)</u>	<u>80,595,932</u>

35 FINANCIAL ASSETS AND LIABILITIES

	2008						Total
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	Rupees						
Long-term receivable from related parties	-	-	-	-	3,085,601	3,085,601	3,085,601
Long-term loans and advances	-	18,147,019	18,147,019	-	-	-	18,147,019
Investment in subsidiary	-	-	-	-	37,500,000	37,500,000	37,500,000
Investments - available for sale	-	-	-	2,773,359,815	-	2,773,359,815	2,773,359,815
Loans and advances	3,480,264	-	3,480,264	857,927	-	857,927	4,338,191
Deposits and other receivables	183,387	-	183,387	39,045,099	-	39,045,099	39,228,486
Balances due from funds under management	-	-	-	60,713,125	-	60,713,125	60,713,125
Cash and bank balances	19,462,033	-	19,462,033	971,199	-	971,199	20,433,232
Asset relating to the disposal group	357,956,211	-	357,956,211	543,591,128	-	543,591,128	901,547,339
	381,081,895	18,147,019	399,228,914	3,418,538,293	40,585,601	3,459,123,894	3,858,352,808
Securitisation of management fee receivable	91,690,000	600,567,465	692,257,465	-	-	-	692,257,465
Accrued and other liabilities	-	-	-	106,297,567	-	106,297,567	106,297,567
Short term borrowing	716,741,553	-	716,741,553	-	-	-	716,741,553
Accrued mark-up	-	-	-	17,216,061	-	17,216,061	17,216,061
Liabilities relating to the disposal group	759,195,336	-	759,195,336	8,498,499	-	8,498,499	767,693,835
	1,567,626,889	600,567,465	2,168,194,354	132,012,127	-	132,012,127	2,300,206,481
Net Gap	(1,186,544,994)	(582,420,446)	(1,768,965,440)	3,286,526,166	40,585,601	3,327,111,767	1,558,146,327

	2007						Total
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	Rupees						
Long term receivable from related parties	-	-	-	-	6,975,750	6,975,750	6,975,750
Long term loans and advances	-	21,754,867	21,754,867	-	-	-	21,754,867
Investments - available for sale	-	-	-	1,590,112,873	-	1,590,112,873	1,590,112,873
Loans and advances	776,197	-	776,197	3,954,290	-	3,954,290	4,730,487
Deposits and other receivables	2,537,392	-	2,537,392	110,295,901	-	110,295,901	112,833,293
Balances due from funds under management	-	-	-	250,014,275	-	250,014,275	250,014,275
Cash and bank balances	74,134,602	-	74,134,602	6,461,330	-	6,461,330	80,595,932
	77,448,191	21,754,867	99,203,058	1,960,838,669	6,975,750	1,967,814,419	2,067,017,477
Securitisation of management fee receivable	280,000	689,606,080	689,886,080	-	-	-	689,886,080
Accrued and other liabilities	-	-	-	65,090,515	-	65,090,515	65,090,515
Accrued mark-up	-	-	-	4,595,935	-	4,595,935	4,595,935
Long term financing	62,499,996	25,000,000	87,499,996	-	-	-	87,499,996
	62,779,996	714,606,080	777,386,076	69,686,450	-	69,686,450	847,072,526
Net Gap	14,668,195	(692,851,213)	(678,183,018)	1,891,152,219	6,975,750	1,898,127,969	1,219,944,951

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

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

35.1 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. All the financial assets of the company except Rs 0.14 million (2007: Rs 0.077 million) are exposed to credit risk. The company controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties, obtaining collaterals and continually assessing the credit worthiness of counter parties.

JS Investments Limited

35.2 **Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The company believes that it is not exposed to any significant level of liquidity risk.

35.3 **Foreign exchange risk management**

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The financial assets and liabilities of the company are not exposed to foreign exchange risk.

35.4 **Interest rate risk**

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches in the amounts of interest based assets and liabilities that mature in a given period. The company has adopted appropriate policies to minimise its exposure to this risk.

35.5 **Market Risk**

Market risk arises where the value of a financial instrument fluctuates due to changes in market prices. The company has made investments in listed/unlisted equity and debt securities. The company manages its market risk exposure by diversifying its investment portfolio.

35.6 **Fair value of financial instruments**

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

36 **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.

37 **NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the company in their meeting held on September 15, 2008 have proposed a final cash dividend in respect of the year ended June 30, 2008 of Re 1 per share (2007: Nil). The financial statements for the year ended June 30, 2008 do not include the effect of this dividend which will be accounted for subsequent to the year end.

38 **CORRESPONDING FIGURES**

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

- Liabilities no longer required written back amounting to Rs 1,039,028 have been reclassified from revenue and shown as part of other operating income.
- Auditor's remuneration, donations and expenses of proposed equity fund - written off amounting to Rs 1,385,794, Rs 5,785,335 and Rs 5,128,536 respectively have been reclassified from administrative expenses to other operating expenses.

39 **GENERAL**

These financial statements were authorised for issue on September, 15 2008 by the Board of Directors of the company.

Chief Executive

Director



CONSOLIDATED FINANCIAL STATEMENTS



JS Investments Limited



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of JS Investments Limited (formerly JS ABAMCO Limited) and its subsidiary company, JS ABAMCO Commodities Limited as at June 30, 2008 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed a separate opinion on the financial statements of JS Investments Limited (formerly JS ABAMCO Limited) while the financial statements of the subsidiary company, JS ABAMCO Commodities Limited, were audited by another firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of JS Investments Limited (formerly JS ABAMCO Limited) and its subsidiary company as at June 30, 2008 and the results of their operations for the year then ended.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Date: September 18, 2008

JS Investments Limited

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2008

	Note	2008	2007
		Rupees	
ASSETS			
Non-current assets			
Fixed assets			
Property and equipment	5	250,056,004	312,740,110
Intangible assets	5	125,057,109	121,530,689
Long-term receivables from related parties	6	3,085,601	6,975,750
Long-term loans	7	18,147,019	21,754,867
Current assets			
Investments	8	3,681,441,739	1,590,112,873
Loans and advances	9	4,338,191	4,730,487
Deposits, prepayments and other receivables	10	69,939,974	129,237,186
Balances due from funds under management	11	60,713,125	250,014,275
Taxation recoverable		66,238,531	29,519,210
Cash and bank balances	12	22,147,153	80,595,932
		3,904,818,713	2,084,209,963
Total assets		4,301,164,446	2,547,211,379
EQUITY AND LIABILITIES			
Share capital	13	1,000,000,000	1,000,000,000
Unrealised loss on remeasurement of available for sale investments to fair value - net		(204,057,068)	(131,055,123)
Statutory reserve	14	109,873,728	–
Accumulated profit		1,017,296,464	725,826,274
		1,923,113,124	1,594,771,151
Unrealised loss on remeasurement of available for sale investments to fair value relating to Investment Finance Services - net		(14,989,639)	–
Surplus on revaluation of fixed assets - net of tax	15	42,270,935	44,902,721
LIABILITIES			
Non current liabilities			
Other long-term financing		–	25,000,000
Securitisation of management fee receivables - debt	16	600,567,465	689,606,080
Deferred tax liability - net	17	48,742,054	57,104,968
		649,309,519	771,711,048
Current liabilities			
Current maturity of securitisation of management fee receivables - debt	16	91,690,000	280,000
Short-term borrowings - secured	30	952,936,889	–
Money market borrowings	31	523,000,000	–
Current maturity of other long-term financing		–	62,499,996
Accrued and other liabilities	18	108,119,058	68,450,528
Accrued mark-up	19	25,714,560	4,595,935
		1,701,460,507	135,826,459
Total liabilities		2,350,770,026	907,537,507
Total equity and liabilities		4,301,164,446	2,547,211,379
Commitments	20		

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008	2007
		Rupees	
INCOME			
Remuneration from funds under management	22	626,928,164	461,647,227
Commission from open end funds under management	23	24,492,527	7,549,757
Dividend		153,704,538	258,520,452
Underwriting commission		687,500	734,941
Gain on sale of investments - net		353,975,697	213,351,344
Income on Continuous Funding System (CFS) transactions		51,155	3,140,637
Mark-up on term finance certificates		32,157,918	24,642,122
Mark up on Letters of Placement		3,291,015	-
Mark up on lending on financing against shares		5,363,397	-
Markup on Commercial Papers		1,123,711	-
Return on bank deposits		5,103,061	8,877,699
Unrealised gain on remeasurement of investments at fair value through profit or loss		735,863	-
		<u>1,207,614,546</u>	<u>978,464,179</u>
OPERATING EXPENSES			
Administrative and marketing expenses	25	447,014,268	349,737,377
OPERATING PROFIT		<u>760,600,278</u>	<u>628,726,802</u>
Other operating expenses	26	11,206,920	12,299,665
Financial charges	27	211,194,387	99,094,235
		<u>538,198,971</u>	<u>517,332,902</u>
Other operating income	28	34,738,290	19,462,544
Profit before taxation		<u>572,937,261</u>	<u>536,795,446</u>
Taxation - net	29	24,225,129	16,251,959
Profit after taxation		<u>548,712,132</u>	<u>520,543,487</u>
Earnings per share	32	<u>5.49</u>	<u>5.21</u>

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

JS Investments Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008	2007
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		572,937,261	536,795,446
Adjustment for non-cash and other items:			
Remuneration from funds under management		(626,928,164)	(461,647,227)
Commission from open end funds under management		(24,492,527)	(7,549,757)
Dividend		(153,704,538)	(258,520,452)
Depreciation		45,211,247	40,244,532
Amortisation of intangible assets		6,873,863	4,083,040
Financial charges		211,194,387	99,094,235
Interest / mark-up income		(5,103,061)	(8,877,699)
Provision for bonus		52,339,272	42,007,071
Liabilities no longer required written back		(5,619,424)	-
Gain on disposal of fixed assets		(1,504,614)	(1,020,439)
Gain on redemption of securities		(348,137)	-
Unrealised gain on remeasurement of investments at fair value through profit or loss		(735,863)	-
		70,119,702	(15,391,250)
(Increase) / decrease in assets			
Loans and advances		4,000,144	(3,362,968)
Long-term receivable from related parties		3,982,000	6,324,250
Deposits, prepayments and other receivables		(17,500,373)	(1,419,482)
Accrued and other liabilities		36,555,834	3,253,427
		27,037,605	4,795,227
		97,157,307	(10,596,023)
Taxes paid		(69,307,364)	(67,305,684)
Bonus paid		(53,019,848)	(58,007,071)
Financial charges paid		(187,424,377)	(32,940,566)
Remuneration and commission received from funds under management		840,721,841	430,516,964
Net cash inflow from operating activities		628,127,559	261,667,620
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - net		(2,198,584,587)	(622,178,163)
Fixed capital expenditure incurred		(18,743,740)	(93,184,617)
Dividend received		230,146,976	182,054,980
Return on bank deposits		5,366,357	8,456,720
Proceeds from disposal of fixed assets		27,320,930	7,234,175
Redemption of securities		20,348,137	-
Net cash outflow on investing activities		(1,934,145,927)	(517,616,905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short-term borrowings		-	(15,602,199)
Repayment of principal amount relating to the securitised management fee		(280,000)	-
Dividend paid		(140,587,304)	-
Money market borrowings		523,000,000	-
Repayment of short-term redeemable capital		-	(577,428,551)
Proceeds from long-term finances		-	628,678,104
Repayments of long-term financing		(87,499,996)	(301,285,530)
Net cash inflow from / (outflow on) financing activities		294,632,700	(265,638,176)
Net decrease in cash and cash equivalents		(1,011,385,668)	(521,587,461)
Cash and cash equivalents at beginning of the year		80,595,932	602,183,393
Cash and cash equivalents at end of the year	35	(930,789,736)	80,595,932

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2008

	Share capital	Reserve for issue of bonus share	Accumulated profit	Statutory reserve	Unrealised loss on re-measurement of investments classified as available for sale	Total
----- Rupees -----						
Balance as at June 30, 2006	500,000,000	-	701,034,158	-	(17,085,136)	1,183,949,022
Gain realised on disposal of investments	-	-	-	-	(44,137,575)	(44,137,575)
Unrealised loss on re-measurement of investments - net	-	-	-	-	(69,832,412)	(69,832,412)
Transferred to reserve for issue of bonus shares	-	500,000,000	(500,000,000)	-	-	-
Bonus shares issued	500,000,000	(500,000,000)	-	-	-	-
Transferred from surplus on revaluation of fixed assets to accumulated profit	-	-	4,248,629	-	-	4,248,629
Profit after taxation for the year ended June 30, 2007	-	-	520,543,487	-	-	520,543,487
Balance as at June 30, 2007	<u>1,000,000,000</u>	<u>-</u>	<u>725,826,274</u>	<u>-</u>	<u>(131,055,123)</u>	<u>1,594,771,151</u>
Gain realised on disposal of investments	-	-	-	-	(86,164,489)	(86,164,489)
Unrealised gain on re-measurement of investments - net	-	-	-	-	13,162,544	13,162,544
Interim dividend for the period ended December 31, 2007 @ Rs. 1.5 per share	-	-	(150,000,000)	-	-	(150,000,000)
Transferred from surplus on revaluation of fixed assets to accumulated profit	-	-	2,631,786	-	-	2,631,786
Profit after taxation for the year ended June 30, 2008	-	-	548,712,132	-	-	548,712,132
Transfer to statutory reserve	-	-	(109,873,728)	109,873,728	-	-
Balance as at June 30, 2008	<u>1,000,000,000</u>	<u>-</u>	<u>1,017,296,464</u>	<u>109,873,728</u>	<u>(204,057,068)</u>	<u>1,923,113,124</u>

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1 THE GROUP AND ITS OPERATIONS

The group consists of:

Holding company

- JS Investments Limited (formerly JS ABAMCO Limited)

**"Percentage holding of
JS Investments Limited"**

Subsidiary company

- JS ABAMCO Commodities Limited

*99.99%

* The remaining shares of the subsidiary company are held by the directors of the subsidiary company.

- 1.1 JS Investments Limited (formerly JS ABAMCO Limited) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the company are quoted on the Karachi Stock Exchange since April 24, 2007. The registered office of the company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The company is a subsidiary of Jahangir Siddiqui and Company Limited (which has 52.02 percent direct holding in the company). The name of company has been changed from JS ABAMCO Limited to JS Investments Limited on August 21, 2007.

JS ABAMCO Commodities Limited (JSACL) was incorporated in Pakistan as a public limited company on September 25, 2007 under the Companies Ordinance, 1984. The registered office of the company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The company would be engaged in commodity market brokerage, advisory and consultancy services. The company has not commenced its commercial operations as at the balance sheet date. JS Investments Limited (formerly JS ABAMCO Limited) holds 99.99% share capital of JSACL.

The holding company has obtained the licence of an "Investment Adviser" and "Asset Management Company" under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations). In addition, the company has also obtained licence to undertake Investment Finance Services and registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

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

- 1.2.1 Investment adviser of the following closed-end funds:

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

- 1.2.2 Asset management company of the following open-end funds:

- Unit Trust of Pakistan
- JS Income Fund (formerly UTP-Income Fund)
- UTP - Islamic Fund
- JS Aggressive Asset Allocation Fund (formerly UTP - Aggressive Asset Allocation Fund)
- JS Fund of Funds (formerly UTP - Fund of Funds)
- UTP - A 30+ Fund
- JS Capital Protected Fund (formerly UTP - Capital Protected Fund)
- JS Capital Protected Fund II (formerly UTP - Capital Protected Fund II)
- JS Capital Protected Fund III
- JS Capital Protected Fund IV
- JS Aggressive Income Fund

- 1.2.3 Pension fund manager of the following funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund



- 1.3 During the year, the holding company has floated three new open end funds. The units of these funds were offered to the public on the following dates:

Name of open-end funds	From	To
JS Capital Protected Fund III	20-Sep-07	21-Sep-07
JS Aggressive Income Fund	22-Jan-08	23-Jan-08
JS Capital Protected Fund IV	17-Apr-08	18-Apr-08

- 1.4 The Board of Directors of the holding company in its meeting held on July 9, 2008 has decided to transfer its existing operations of Investment Finance Services to a subsidiary company proposed to be incorporated for undertaking the business of Investment Finance Services.

2 BASIS OF PRESENTATION AND CONSOLIDATION

- a) The consolidated financial statements include the financial statements of JS Investments Limited (formerly JS ABAMCO Limited) and JS ABAMCO Commodities Limited.
- b) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the audited financial statements for the year ended June 30, 2008 and the carrying value of investment held by the Company is eliminated against the subsidiary shareholders' equity in these consolidated financial statements. Material intra-Group balances and transactions have been eliminated.
- c) Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 to Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered on transactions relating to investment finance services.

Amendments to published standards and new interpretations effective in 2007

Amendments to International Accounting Standard (IAS) 1 - 'Presentation of financial statements - Capital Disclosures', introduces certain new disclosures about the level of the group's capital and how the group manages its capital. Adoption of this amendment has only resulted in additional disclosures which have been set out in note 37 to these consolidated financial statements.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2007 and are not considered relevant or do not have any significant effect on the group's operations, are not detailed in these consolidated financial statements.

JS Investments Limited

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

The following standards, amendments and interpretations of approved accounting standards, are effective for the group's accounting periods beginning on or after July 1, 2008 are either not relevant to the group's operations or are not expected to have a significant impact on the group's consolidated financial statements other than increased disclosures in certain cases:

IAS 1 - Presentation of Financial Statements (Revised September 2007)	effective from January 1, 2009
IAS 23 - Borrowing Costs (Revised March 2007)	effective from January 1, 2009
IAS 27 (Revised) - Consolidation and Separate Financial Statements	effective from July 1, 2009
IFRS 3 (Revised) - Business Combinations	effective from July 1, 2009
IFRS 7 - Financial Instruments: Disclosures	effective from April 28, 2008
IFRS 8 - Operating Segments	effective from January 1, 2009
IFRIC 12 - Service Concession Arrangements	effective from January 1, 2008
IFRIC 13 - Customer Loyalty Programmes	effective from July 1, 2008
IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	effective from January 1, 2008
IFRIC 15 - Agreements for the Construction of Real Estate	effective from January 1, 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	effective from October 1, 2008

3.2 **Critical accounting estimates and judgements**

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

- i) Amortisation of intangible assets (notes 4.1.2 and 5.6)
- ii) Provision for taxation (notes 4.5 and 29)
- iii) Classification and valuation of investments (notes 4.3 and 8)
- iv) Determination and measurement of useful life and residual value of property and equipment (notes 4.1.1 and 5.1)
- v) Valuation of property and equipment (notes 4.1.1 and 5.1)
- vi) Recognition and measurement of deferred tax assets and liabilities (notes 4.5 and 17)

3.3 **Accounting convention**

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



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Fixed assets

4.1.1 Property and equipment

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

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

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

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

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

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

4.1.2 Intangible assets

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

4.2 Trade debts and other receivables

These are stated at original invoice amount less an estimate for doubtful balance. Provision is made against impaired debts based on management's assessment regarding their recoverability.

4.3 Investments

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the company commits to purchase or sell an asset.

The management determines the appropriate classification of its investments for the purpose of subsequent measurement in accordance with the requirements of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement', at the time of purchase.

As at June 30, 2008, investments of the group are categorised as follows:

JS Investments Limited

Available for sale

These are non-derivative financial assets that are not classified as (a) loans and receivables (b) held to maturity investments or (c) financial assets at fair value through profit or loss. These are initially recognized at fair value including transaction costs associated with these investments. Subsequent to initial recognition, these investments are measured at fair value using the closing quoted prices. Surplus / deficit arising due to the movement in fair values of the investments (other than those relating to Investment Finance Services) is transferred directly to equity. Surplus / deficit arising due to movement in fair value of investments relating to Investment Finance Services is transferred to a separate account which is shown below equity.

Investments are de-recognized when the right to receive the cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Impairment of investments is recognized when there is a permanent diminution in their value.

At fair value through profit or loss account

Investments classified as held-for-trading and those which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements of the securities included in the portfolio in which a pattern of short-term profit making exists.

Subsequent to initial recognition, these investments are measured at fair value, using the closing quoted prices. Surplus / deficit arising due to movement in fair values of the investments (other than those relating to Investment Finance Services) is taken to the profit and loss account. Surplus / deficit arising due to movement in fair value of investments relating to Investment Finance Services is transferred to a separate account which is shown below equity.

4.4 Securities under resale agreements – Continuous Funding System (CFS) Transactions

Securities purchased under an agreement to resell (reverse repo) are included as receivable against CFS transactions at the fair value of the consideration given. The CFS transactions are accounted for on the settlement date. The difference between the purchase and sale price is treated as income from CFS transactions in the profit and loss account and is recognised over the term of the respective transaction.

4.5 Taxation

Current

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

Deferred

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

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

4.6 Cash and cash equivalents

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



4.7 **Borrowings / debt**

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

4.8 **Trade and other payables**

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

4.10 **Defined Contribution Scheme**

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

4.11 **Employees' compensated absences**

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

4.12 **Provisions**

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

4.13 **Proposed dividend and transfer between reserves**

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

4.14 **Impairment**

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

4.15 **Revenue recognition**

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

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4.16 Segment reporting

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

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

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

4.17 Functional and presentation currency

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

4.18 Foreign currency transactions

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

4.19 Pre-operating expenses

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

4.20 Financial instruments

4.20.1 Financial assets and liabilities

Financial assets include balances due from funds, loans and advances, investments, deposits, long-term receivables, other receivables and cash and bank balances.

Financial liabilities include short-term borrowings, money market borrowings, securitisation of management fee receivable (debt), long-term financing, accrued expenses and other liabilities.

At the time of initial recognition, all financial assets and financial liabilities are measured at the fair value of the consideration given or received for it. The particular recognition method adopted for recognition of financial assets and financial liabilities subsequent to initial recognition is disclosed in the policy statements associated with each item.

4.20.2 Offsetting of financial assets and financial liabilities

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

	Note	2008	2007
		Rupees	
5 FIXED ASSETS			
Tangible - property and equipment			
Operating fixed assets	5.1	246,409,491	298,145,931
Capital work-in-progress	5.5	3,646,513	14,594,179
		<u>250,056,004</u>	<u>312,740,110</u>
Intangible assets	5.6	125,057,109	121,530,689
		<u>375,113,113</u>	<u>434,270,799</u>

5.1 The following is the statement of operating fixed assets:

	Year ended June 30, 2008					Total
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	
	----- Rupees -----					
At July 1, 2007						
Cost / revaluation	212,078,521	28,684,201	26,659,774	96,389,941	34,667,700	398,480,137
Accumulated depreciation	(31,240,264)	(5,816,866)	(7,256,432)	(43,638,837)	(12,381,807)	(100,334,206)
Net book value	<u>180,838,257</u>	<u>22,867,335</u>	<u>19,403,342</u>	<u>52,751,104</u>	<u>22,285,893</u>	<u>298,145,931</u>
Year ended June 30, 2008:						
Opening net book value	180,838,257	22,867,335	19,403,342	52,751,104	22,285,893	298,145,931
Additions	-	1,076,964	644,534	6,417,911	11,125,464	19,264,873
Disposals:						
Cost / revaluation	-	(3,451,624)	(400,168)	(1,845,020)	(33,471,517)	(39,168,329)
Depreciation	-	1,481,506	81,268	1,639,258	10,176,231	13,378,263
	-	(1,970,118)	(318,900)	(205,762)	(23,295,286)	(25,790,066)
Depreciation charge for the year	(10,603,926)	(5,711,709)	(2,705,391)	(24,363,730)	(1,826,491)	(45,211,247)
Closing net book value	<u>170,234,331</u>	<u>16,262,472</u>	<u>17,023,585</u>	<u>34,599,523</u>	<u>8,289,580</u>	<u>246,409,491</u>
At June 30, 2008:						
Cost / revaluation	212,078,521	26,309,541	26,904,140	100,962,832	12,321,647	378,576,681
Accumulated depreciation	(41,844,190)	(10,047,069)	(9,880,555)	(66,363,309)	(4,032,067)	(132,167,190)
Net book value	<u>170,234,331</u>	<u>16,262,472</u>	<u>17,023,585</u>	<u>34,599,523</u>	<u>8,289,580</u>	<u>246,409,491</u>
Depreciation rate % per annum	5	20	10	25	20	
	----- Year ended June 30, 2007 -----					
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
	----- Rupees -----					
At July 1, 2006						
Cost / revaluation	212,137,019	9,544,898	27,777,302	62,601,420	25,757,550	337,818,189
Accumulated depreciation	(21,213,310)	(2,163,855)	(7,120,995)	(29,623,595)	(8,561,273)	(68,683,028)
Net book value	<u>190,923,709</u>	<u>7,381,043</u>	<u>20,656,307</u>	<u>32,977,825</u>	<u>17,196,277</u>	<u>269,135,161</u>
Year ended June 30, 2007:						
Opening net book value	190,923,709	7,381,043	20,656,307	32,977,825	17,196,277	269,135,161
Additions	4,828,502	19,139,303	1,806,711	38,691,022	11,003,500	75,469,038
Disposals:						
Cost / revaluation	(4,887,000)	-	(2,924,239)	(4,902,501)	(2,093,350)	(14,807,090)
Depreciation	692,325	-	2,462,710	4,774,242	664,077	8,593,354
	(4,194,675)	-	(461,529)	(128,259)	(1,429,273)	(6,213,736)
Depreciation charge for the year	(10,719,279)	(3,653,011)	(2,598,147)	(18,789,484)	(4,484,611)	(40,244,532)
Closing net book value	<u>180,838,257</u>	<u>22,867,335</u>	<u>19,403,342</u>	<u>52,751,104</u>	<u>22,285,893</u>	<u>298,145,931</u>
At June 30, 2007:						
Cost / revaluation	212,078,521	28,684,201	26,659,774	96,389,941	34,667,700	398,480,137
Accumulated depreciation	(31,240,264)	(5,816,866)	(7,256,432)	(43,638,837)	(12,381,807)	(100,334,206)
Net book value	<u>180,838,257</u>	<u>22,867,335</u>	<u>19,403,342</u>	<u>52,751,104</u>	<u>22,285,893</u>	<u>298,145,931</u>
Depreciation rate % per annum	5	20	10	25	20	

5.2 The office premises were last revalued as at April 18, 2005 by Akbani & Javaid Associates on the basis of professional assessment of the market values. The revaluation resulted in a surplus of Rs. 83.876 million. Out of the total revaluation surplus, Rs.64.903 million (June 30, 2007: Rs. 68.952 million) remains undepreciated as at June 30, 2008.

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

	2008	2007
	Rupees	
Office Premises	<u>104,901,701</u>	<u>111,886,187</u>

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

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyers
----- Rupees -----						
Motor vehicles						
Suzuki Cultus	555,000	416,250	138,750	306,000	Company Policy	Changez M Khan (ex employee)
Suzuki Cultus	560,000	376,444	183,556	357,750	Negotiation	Changez M Khan (ex employee)
Suzuki Cultus	568,500	296,094	272,406	347,250	Company Policy	Malik Zafar Javaid (employee)
Suzuki Cultus	588,100	279,348	308,752	360,000	Company Policy	Mansoor Sadiq (employee)
Mitsubishi Lancer	999,000	474,525	524,475	485,000	Company Policy	Iftikhar Ahmad (employee)
Suzuki Cultus	568,700	296,198	272,502	410,000	Negotiation	Mehboob Ali Kalyar
Suzuki Cultus	568,700	296,198	272,502	403,000	Negotiation	Changez M Khan (ex employee)
Mitsubishi Lancer	1,149,000	545,775	603,225	546,250	Company Policy	Shafiq ur Rehman (employee)
Suzuki Cultus	560,000	266,000	294,000	415,000	Negotiation	Farhan Ataulah
Honda City	835,000	434,896	400,104	602,300	Negotiation	Changez M Khan (ex employee)
Toyota Corolla	1,119,000	531,525	587,475	650,000	Company Policy	Suleman Lalani (employee)
Honda Civic	1,142,500	542,688	599,812	678,000	Company Policy	Noman Sarosh Alvi (employee)
Suzuki Cultus	560,000	266,000	294,000	408,750	Company Policy	Adnan ur Rehman (ex-employee)
Suzuki Cultus	560,000	266,000	294,000	410,000	Company Policy	Aga Hasan Qizilbash (ex-employee)
Suzuki Cultus	560,000	266,000	294,000	410,000	Negotiation	Mahboob kalyar
Toyota Corolla	879,000	241,725	637,275	725,000	Company Policy	Sidra Iftikhar (ex-employee)
Toyota Corolla	879,000	241,725	637,275	721,250	Company Policy	Ali Akhter (ex employee)
Honda City	835,000	229,625	605,375	622,500	Company Policy	Shafqat Ali (ex employee)
Toyota Corolla	879,000	120,863	758,137	765,000	Negotiation	Akhter Abbas
Toyota Corolla	879,000	120,863	758,137	765,000	Company Policy	Hussain Haider (ex employee)
Honda Civic	1,330,500	149,681	1,180,819	1,192,500	Negotiation	Rameez Raja
Toyota Corolla	879,000	87,900	791,100	743,750	Company Policy	Rahim Khakiani (ex employee)
Honda City	846,000	112,800	733,200	713,000	Company Policy	Adeel Shakir (ex employee)
Honda City	901,000	90,100	810,900	661,250	Company Policy	Shahab Mazhar (ex employee)
Honda City	846,000	84,600	761,400	692,000	Company Policy	Farrukh Karim (employee)
Suzuki Cultus	560,000	35,000	525,000	485,000	Company Policy	Irfan Ali Lotia (ex employee)
Suzuki Cultus	569,000	71,125	497,875	486,250	Company Policy	Nadeem Mahmood (employee)
Honda Civic	1,376,000	86,000	1,290,000	1,136,250	Company Policy	Iffat Mankani (ex employee)
Toyota Corolla	969,000	60,563	908,437	925,900	Company Policy	Daud Dard(ex employee)
Suzuki Cultus	560,000	-	560,000	503,750	Company Policy	M Ali (employee)
Toyota Corolla	879,000	-	879,000	879,000	Company Policy	Syed Naveed Ahmed (ex employee)
Toyota Corolla	969,000	-	969,000	868,500	Company Policy	Aly Osman (ex employee)
Toyota Corolla	969,000	-	969,000	868,500	Company Policy	Rehan Ally Agha (employee)
Honda City	1,389,500	-	1,389,500	1,389,500	Company Policy	Saad Hashmey (employee)
Mercedes Benz	5,124,917	2,845,396	2,279,521	3,000,000	Negotiation	Sohaib Riaz Chaudry
Office equipment						
IBM Server	714,920	625,555	89,365	348,386	Negotiation	JS Bank Limited *
Branch set-up						
Peshawar Branch	870,983	667,754	203,229	203,229	Negotiation	JS Global Capital Limited *
Hyderabad Branch	859,299	280,328	578,971	578,971	Negotiation	JS Global Capital Limited *
Year ended June 30, 2008	35,857,619	11,705,544	24,152,075	26,063,786		
Year ended June 30, 2007	14,807,090	(8,593,354)	6,213,736	7,234,175		

* related parties

	Note	2008	2007
		Rupees	
5.5 Capital work-in-progress - at cost			
Advances to suppliers against:			
Civil works		-	3,866,020
Acquisition of vehicles		-	4,753,000
Acquisition of office and computer equipment		1,108,013	3,714,513
Acquisition of software		38,500	1,260,646
Advance against membership of National Commodity Exchange Limited (NCEL)		-	1,000,000
Advance for office premises		2,500,000	-
		<u>3,646,513</u>	<u>14,594,179</u>



5.6 Intangible assets

	2008			
	Membership of National Commodity Exchange Limited	Software	Management Rights of ICP Mutual Funds	Total
	Rupees			
At July 1, 2007				
Cost	-	21,153,315	175,000,000	196,153,315
Accumulated amortisation	-	(4,622,626)	(70,000,000)	(74,622,626)
Net book value	<u>-</u>	<u>16,530,689</u>	<u>105,000,000</u>	<u>121,530,689</u>
Year ended June 30, 2008:				
Opening net book value	-	16,530,689	105,000,000	121,530,689
Additions	1,000,000	9,426,533	-	10,426,533
Disposals	-	(26,250)	-	(26,250)
Amortisation charge for the year	-	(6,873,863)	-	(6,873,863)
Closing net book value	<u>1,000,000</u>	<u>19,057,109</u>	<u>105,000,000</u>	<u>125,057,109</u>
At June 30, 2008:				
Cost	1,000,000	30,553,598	175,000,000	206,553,598
Accumulated amortisation	-	(11,496,489)	(70,000,000)	(81,496,489)
Net book value	<u>1,000,000</u>	<u>19,057,109</u>	<u>105,000,000</u>	<u>125,057,109</u>
Amortisation rate % per annum	-	20 - 50	-	
	2007			
	Membership of National Commodity Exchange Limited	Software	Management Rights of ICP Mutual Funds	Total
	Rupees			
At July 1, 2006				
Cost	-	12,575,418	175,000,000	187,575,418
Accumulated amortisation	-	(539,586)	(70,000,000)	(70,539,586)
Net book value	<u>-</u>	<u>12,035,832</u>	<u>105,000,000</u>	<u>117,035,832</u>
Year ended June 30, 2007:				
Opening net book value	-	12,035,832	105,000,000	117,035,832
Additions	-	8,577,897	-	8,577,897
Amortisation charge for the year	-	(4,083,040)	-	(4,083,040)
Closing net book value	<u>-</u>	<u>16,530,689</u>	<u>105,000,000</u>	<u>121,530,689</u>
At June 30, 2007:				
Cost	-	21,153,315	175,000,000	196,153,315
Accumulated amortisation	-	(4,622,626)	(70,000,000)	(74,622,626)
Net book value	<u>-</u>	<u>16,530,689</u>	<u>105,000,000</u>	<u>121,530,689</u>
Amortisation rate % per annum	-	20 - 50	-	

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

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

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6	LONG-TERM RECEIVABLES FROM RELATED PARTIES - UNSECURED-CONSIDERED GOOD	Note	2008	2007
			Rupees	
	Outstanding balances of preliminary expenses incurred on and floatation of:			
	UTP Large Cap Fund		6,000,000	12,000,000
	JS Capital Protected Fund II (formerly UTP-Capital Protected Fund II)		-	1,062,500
	JS Growth Fund (formerly UTP - Growth Fund)		977,000	1,301,000
	JS Aggressive Income Fund		1,229,500	-
	JS Capital Protected Fund IV		1,000,000	-
	JS Islamic Pension Savings Fund		175,000	-
	JS Principal Secured Fund		1,000,000	-
			10,381,500	14,363,500
	Less: Receivable within one year from:			
	UTP Large Cap Fund		6,000,000	6,000,000
	JS Capital Protected Fund II (formerly UTP-Capital Protected Fund II)		-	1,062,500
	JS Growth Fund (formerly UTP - Growth Fund)		325,000	325,250
	JS Aggressive Income Fund		245,900	-
	JS Capital Protected Fund IV		333,333	-
	JS Islamic Pension Savings Fund		58,333	-
	JS Principal Secured Fund		333,333	-
		10	7,295,899	7,387,750
			<u>3,085,601</u>	<u>6,975,750</u>

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

6.2 During the year, the holding company has received an amount of Rs 8.511 million (2007: Rs 7.324 million) from the funds under management on account of reimbursement of preliminary expenses incurred by the company on incorporation and floatation of the funds.

7	LONG-TERM LOANS - considered good	Note	2008	2007
			Rupees	
	Due from related parties - secured			
	Chief Executive Officer	7.1 & 7.2	17,849,838	20,000,000
	Due from others - secured			
	Executives	7.1 & 7.3	308,243	403,700
	Other employees	7.3	3,469,202	2,127,364
			<u>21,627,283</u>	<u>22,531,064</u>
	Less: receivable within one year	9	<u>(3,480,264)</u>	<u>(776,197)</u>
			<u>18,147,019</u>	<u>21,754,867</u>

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

	Chief Executive		Executives	
	2008	2007	2008	2007
	----- Rupees -----			
Opening balance	20,000,000	20,000,000	403,700	-
Disbursements	-	-	334,000	445,000
Repayments	(2,150,162)	-	(429,457)	(41,300)
Closing balance	<u>17,849,838</u>	<u>20,000,000</u>	<u>308,243</u>	<u>403,700</u>

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



- 7.3 This represents loans given to employees and executives of the holding company for purchase of motor vehicles and general purpose cash loans. These loans are recovered through deduction from salaries over varying periods upto a maximum period of 60 months and 30 months respectively. These loans are granted in accordance with their terms of employment. The motor vehicle loans are secured by way of title to the motor vehicles being held in the name of the company, whereas the general purpose cash loans are secured against the relevant employees. Motor vehicle loans and general purpose cash loans carry mark-up at rates ranging from 8 percent to 12 percent per annum (2007: 8 percent to 12 percent per annum).
- 7.4 The maximum aggregate amount due from the Chief Executive of the holding company at the end of any month during the year was Rs 20 million (2007: Rs 20 million).
- 7.5 The maximum aggregate amount due from executives of the holding company at the end of any month during the year was Rs 0.557 million (2007: Rs 0.203 million).

8 INVESTMENTS	Note	2008	2007
		Rupees	
Available for sale	8.1	3,648,574,261	1,590,112,873
At fair value through profit or loss account	8.2	32,867,478	-
		<u>3,681,441,739</u>	<u>1,590,112,873</u>
8.1 Available for sale			
Investments - related parties - note 8.3			
JS Value Fund Limited (formerly BSJS Balanced Fund Limited)	22.2	415,575,515	300,879,497
UTP Large Cap Fund	22.2	556,964,100	351,312,975
JS Growth Fund (formerly UTP-Growth Fund)	22.2	439,164,332	501,736,368
JS Income Fund (formerly UTP-Income Fund)	22.2	150,000,000	278,632,848
JS Pension Savings Fund - Equity		28,194,000	30,000,000
JS Pension Savings Fund - Debt		31,521,000	30,000,000
JS Pension Savings Fund - Money Market		31,518,000	30,000,000
JS Fund of Funds (formerly UTP Fund of Funds)		982,403,829	12,679,704
JS Capital Protected Fund (formerly UTP-Capital Protected Fund)	8.3	16,371,735	14,078,711
JS Capital Protected Fund II (formerly UTP-Capital Protected Fund II)	8.3	30,740,938	25,323,200
JS Capital Protected Fund III	8.3	535,783	-
JS Capital Protected Fund IV	8.3	97,110,000	-
JS Islamic Pension Savings Fund - Equity		30,147,000	-
JS Islamic Pension Savings Fund - Debt		30,147,000	-
JS Islamic Pension Savings Fund - Money Market		30,147,000	-
JS Aggressive Income Fund		133,403,323	-
		<u>3,003,943,555</u>	<u>1,574,643,303</u>
Other investments			
EFU General Insurance Limited		1,407,354	-
Pakistan International Container Terminal Limited		117,297,504	-
Escort Investment Bank Limited		41,514,320	-
Adamjee Insurance Company Limited		70,387,200	-
Attock Refinery Limited		12,743,880	-
Nishat Mills Limited		2,149,250	-
Pakistan State Oil Company Limited		41,724,000	-
MCB Dynamic Cash Fund		-	10,335,570
HBL Income Fund		-	5,134,000
		<u>287,223,508</u>	<u>15,469,570</u>
Term finance certificates			
Optimus Limited		125,387,500	-
Pak American Fertilizer Limited		50,080,000	-
United Bank Limited		117,848,250	-
		<u>293,315,750</u>	<u>-</u>
Commercial paper			
Azgard Nine Limited		64,091,448	-
		<u>3,648,574,261</u>	<u>1,590,112,873</u>
Investments at market value		(3,867,620,968)	(1,721,167,996)
Less: cost of investments		<u>(219,046,707)</u>	<u>(131,055,123)</u>
Unrealised loss on re-measurement of investments		<u>(219,046,707)</u>	<u>(131,055,123)</u>

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		2008	2007
		Rupees	
8.2	At fair value through profit or loss account		
	JS Income Fund (formerly UTP Income Fund)		
	Investment at market value	32,867,478	-
	Less : cost of investments	(32,131,615)	-
	Unrealised gain on re-measurement of investments	735,863	-

8.3 Maturity of Capital Protected Funds

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

Name of fund	Duration
JS Capital Protected Fund (formerly UTP-Capital Protected Fund)	Three years and six weeks
JS Capital Protected Fund II (formerly UTP-Capital Protected Fund II)	Two years and six weeks
JS Capital Protected Fund III	Eighteen months and six weeks
JS Capital Protected Fund IV	Three years and six weeks

8.4 Certificates / shares pledged against running finance

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

Name of fund	Pledged with	As at June 30, 2008 Number of certificates / shares
JS Value Fund Limited (formerly BSJS Balanced Fund Limited)	National Bank of Pakistan	21,498,500
UTP Large Cap Fund	National Bank of Pakistan	62,510,000
JS Growth Fund (formerly UTP Growth Fund)	National Bank of Pakistan	36,080,000
		120,088,500

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

		Note	2008	2007
			Rupees	
9	LOANS AND ADVANCES - considered good			
	Current portion of long-term loan to chief executive, executive and employees	7	3,480,264	776,197
	Unsecured advances to			
	- executives	9.1	372,080	442,132
	- employees	9.1	333,488	278,428
	- suppliers		152,359	3,233,730
			4,338,191	4,730,487

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



10	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES CONSIDERED GOOD - Unsecured	Note	2008	2007
		Rupees		
	Current maturity of long-term receivables from related parties	6	7,295,899	7,387,750
	Mark-up receivable on long term loan to Chief Executive Officer - related party		183,387	2,537,392
	Dividend receivable		50,035	76,492,473
	Receivable from FRSC		24,558,860	21,129,779
	Deposits		6,477,697	3,410,287
	Prepayments		5,602,840	16,403,893
	Share of profit and management fee receivable on management of discretionary client portfolios		11,666,947	-
	Mark-up receivable on term finance certificates and bank account		10,576,769	-
	Others	10.1	3,527,540	1,875,612
			<u>69,939,974</u>	<u>129,237,186</u>

10.1 This includes Rs 1.348 million (June 30, 2007: Rs 1.066 million) due from related parties on account of expenses incurred on behalf of the funds.

11	BALANCES DUE FROM FUNDS UNDER MANAGEMENT - related parties	Note	2008	2007
		Rupees		

11.1 Remuneration due from funds under management

Closed end funds

JS Value Fund Limited (formerly BSJS Balanced Fund Limited)	22.1	4,150,066	38,009,679
UTP Large Cap Fund	22.1	6,313,395	72,763,604
JS Growth Fund (formerly UTP-Growth Fund)	22.1	8,147,706	116,605,348
		<u>18,611,167</u>	<u>227,378,631</u>

Open end funds

UTP A-30+ Fund	22.1	243,296	818,216
Unit Trust of Pakistan	22.1	9,657,813	6,445,753
JS Income Fund (formerly UTP-Income Fund)	22.1	13,813,165	8,718,511
UTP - Islamic Fund	22.1	1,323,239	2,298,631
JS Aggressive Asset Allocation Fund (formerly UTP - Aggressive Asset Allocation Fund)	22.1	1,558,819	1,980,594
JS Fund of Funds (formerly UTP - Fund of Funds)	22.1	566,083	123,325
JS Capital Protected Fund (formerly UTP - Capital Protected Fund)	22.1	1,209,368	1,116,115
JS Capital Protected Fund II (formerly UTP - Capital Protected Fund II)	22.1	1,963,528	931,326
JS Capital Protected Fund III	22.1	1,708,747	-
JS Capital Protected Fund IV	22.1	1,096,547	-
JS Pension Savings Fund	22.1	113,290	-
JS Islamic Pension Savings Fund	22.1	109,416	-
JS Aggressive Income Fund	22.1	1,227,937	-
		<u>34,591,248</u>	<u>22,432,471</u>

11.2 Commission

Open end funds

UTP A-30+ Fund	23.1	42,541	15,956
Unit Trust of Pakistan	23.1	2,209,611	93,546
JS Income Fund (formerly UTP-Income Fund)	23.1	481,972	-
UTP - Islamic Fund	23.1	216,186	30,754
JS Aggressive Asset Allocation Fund (formerly UTP - Aggressive Asset Allocation Fund)	23.1	423,662	62,917
JS Fund of Funds (formerly UTP - Fund of Funds)	23.1	438,659	-
JS Capital Protected Fund IV	23.1	3,667,117	-
JS Aggressive Income Fund	23.1	30,962	-
		<u>7,510,710</u>	<u>203,173</u>
		<u>60,713,125</u>	<u>250,014,275</u>

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12 CASH AND BANK BALANCES	Note	2008	2007
Rupees			
Cash in hand		140,036	77,119
Cash at bank in:			
Current accounts	12.1	1,508,403	6,384,211
Saving accounts	12.2 & 12.3	20,498,714	74,134,602
		22,007,117	80,518,813
		22,147,153	80,595,932

12.1 Current accounts include a foreign currency frozen account balance of Rs Nil (2007: 0.252 million).

12.2 These carry mark-up at rates ranging from 6 percent to 12 percent (2007: 8.5 percent to 10 percent) per annum.

12.3 This includes Rs 4.239 million (2007: Rs 0.720 million) held with JS Bank Limited (a related party).

13 SHARE CAPITAL

2008	2007		2008	2007
Number of shares			Rupees	
Authorised capital				
200,000,000	100,000,000	Ordinary shares of Rs. 10 each	2,000,000,000	1,000,000,000
50,000,000	50,000,000	Convertible preference shares of Rs. 10 each	500,000,000	500,000,000
250,000,000	150,000,000		2,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital				
21,250,000	21,250,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	212,500,000	212,500,000
700,000	700,000	Fully paid ordinary shares of Rs. 10 each issued on amalgamation with CFSL	7,000,000	7,000,000
78,050,000	78,050,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	780,500,000	780,500,000
100,000,000	100,000,000		1,000,000,000	1,000,000,000

13.1 The following shares were held by the related parties of the company as at June 30, 2008

Name of related party	2008		2007	
	Shares held (in million)	Percentage	Shares held (in million)	Percentage
Jahangir Siddiqui & Company Limited	52.024	52.02%	52.024	52.02%
Goldman Sachs and Company Limited	13.28	13.28%	13.28	13.28%

14 STATUTORY RESERVE	Note	2008	2007
Rupees			
Statutory reserve	14.1	109,873,728	-
		109,873,728	-

14.1 Statutory reserve represents amount set aside out of the profits of the holding company as per the requirements of clause 14 of the Non-Banking Finance Companies and Notified Entities Regulations, 2007 issued by the Securities and Exchange Commission of Pakistan.



15 SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax

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

	2008	2007
	Rupees	
Surplus on revaluation of fixed assets as at July 1	68,952,070	75,488,422
Transferred to accumulated profit:		
Surplus relating to incremental depreciation transferred to accumulated profit during the year - net of deferred tax	(2,631,786)	(2,631,786)
Related deferred tax liability	(1,417,115)	(1,417,115)
	(4,048,901)	(4,048,901)
Surplus realised on disposal of fixed assets transferred to accumulated profit - net of deferred tax	-	(1,616,843)
Related deferred tax liability	-	(870,608)
	-	(2,487,451)
	<u>64,903,169</u>	<u>68,952,070</u>
Less: related deferred tax liability on:		
- surplus on revaluation as at July 1	24,049,349	26,337,072
- incremental depreciation charged during the year transferred to profit and loss account	(1,417,115)	(1,417,115)
- surplus realised on disposal	-	(870,608)
	<u>22,632,234</u>	<u>24,049,349</u>
	<u>42,270,935</u>	<u>44,902,721</u>

16 SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT

	Repayment period		Price	2008	2007
	From	To		Rupees	
Financial Receivables Securitisation Company Limited (Class "A" TFC and Class "B" TFC)	Jan-07	Jan-14	6 months KIBOR plus 2% with floor of 8% and cap of 16% (repayable in fourteen semi annual instalments including markup)	700,000,000	700,000,000
Financial Receivables Securitisation Company Limited (Class "C" TFC)	Jan-07	Jan-14	Subordinate to Class "A" TFC and Class "B" TFC (repayable on maturity)	2,500,000	2,500,000
				<u>702,500,000</u>	<u>702,500,000</u>
Less: principal redemption made during the year				(280,000)	-
Less: unamortised transaction cost				(9,962,535)	(12,613,920)
				<u>692,257,465</u>	<u>689,886,080</u>
Less: current maturity				(91,690,000)	(280,000)
Total				<u>600,567,465</u>	<u>689,606,080</u>

16.1 The holding company obtained funds aggregating to Rs 702.5 million against securitisation of its future management fee receivables from a few funds under management (as disclosed in note 22.2). Under the arrangement, the company has assigned a portion of its future management fee receivables to Financial Receivables Securitisation Company Limited (FRSCL), which is a SPV set up for this purpose for the tenor of the facility. Under the arrangement, the entire cash flows arising to the company from management fee receivables relating to these funds is deposited with a Trustee. Subsequently, the Trustee deducts therefrom the amount payable under the related agreements entered into by FRSCL in respect of issuance of Term Finance Certificates (TFC) with the TFC holders and returns the balance amount to the company. The amount retained by the Trustee is passed on to FRSCL for meeting its obligations towards the relevant TFC holders and its other operating and administrative expenses. This securitisation transaction has been classified as a debt by the management.

16.2 Put option

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

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16.3 Class "C" TFC

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

	Note	2008	2007
		Rupees	
17 DEFERRED TAX LIABILITY - NET			
Taxable temporary differences on:			
Accelerated tax depreciation		26,780,482	34,296,683
Surplus on revaluation of fixed assets		22,632,234	24,049,349
		49,412,716	58,346,032
Deductible temporary differences on:			
Short-term provisions		(670,088)	(1,241,064)
Excess of tax written down value of intangible asset over the book value of these assets		(574)	-
		(670,662)	(1,241,064)
		<u>48,742,054</u>	<u>57,104,968</u>
18 ACCRUED AND OTHER LIABILITIES			
Staff bonus		37,700,000	44,000,000
Audit fee		840,000	500,000
Accrued expenses		12,196,109	7,257,427
Payable to broker against transaction in securities		-	1,039,819
Retention money		-	958,719
Unclaimed dividend		9,412,696	-
Provision for staff compensated absences		1,472,881	3,159,085
Fee and commission payable	23.1	32,228,194	7,128,731
Donations payable		9,200,000	-
Advance rent		810,863	2,178,014
Rent payable		122,046	-
Royalty payable to Jahangir Siddiqui - a related party	25.2	2,500,000	-
Others		1,636,269	2,228,733
		<u>108,119,058</u>	<u>68,450,528</u>
19 ACCRUED MARK-UP			
Mark-up accrued on:			
- Long-term borrowing		-	3,910,819
- Short-term borrowings		24,445,412	27,371
- Securitisation of management fee receivables		1,269,148	657,745
		<u>25,714,560</u>	<u>4,595,935</u>
20 COMMITMENTS			
20.1 Commitments in respect of:			
Capital expenditure contracted but not incurred		699,823	963,818
Royalty and advisory payment		10,000,000	10,000,000
Asset acquired under operating lease			
2007-2008		-	1,800,000
2008-2009		700,000	700,000
		<u>700,000</u>	<u>2,500,000</u>
20.2			

The holding company has given guarantee to the seed capital investors of JS Aggressive Income Fund for lock-in-period of 2 years from the respective date of issuance of seed capital, ranging from November 6, 2007 to November 28, 2009. The initial investment amount of Rs 100 million and a minimum return thereon of eight percent (8%) per annum is covered under the above guarantee.

21 SEGMENT INFORMATION

Note		Asset management & investment advisory services		Investment finance services		Commodity operations		Total	
		2008	2007	2008	2007	2008	2007	2008	2007
		Rupees							
	INCOME								
22	Remuneration from the funds under management	626,928,164	461,647,227	-	-	-	-	626,928,164	461,647,227
23	Commission from open end funds under management	24,492,527	7,549,757	-	-	-	-	24,492,527	7,549,757
	Dividend	147,385,788	258,520,452	6,318,750	-	-	-	153,704,538	258,520,452
	Underwriting commission	-	734,941	687,500	-	-	-	687,500	734,941
	Gain on sale of investments - net	164,232,481	213,351,344	189,395,079	-	348,137	-	353,975,697	213,351,344
	Income on Continuous Funding System (CFS) transactions	-	3,140,637	51,155	-	-	-	51,155	3,140,637
	Mark-up on term finance certificates	-	24,642,122	32,157,918	-	-	-	32,157,918	24,642,122
	Mark up on letter of placement	-	-	3,291,015	-	-	-	3,291,015	-
	Mark up on financing against shares	-	-	5,363,397	-	-	-	5,363,397	-
	Markup on commercial papers	-	-	1,123,711	-	-	-	1,123,711	-
	Return on bank deposits	3,499,805	8,877,699	1,459,842	-	143,414	-	5,103,061	8,877,699
	Unrealised gain on remeasurement of investments	-	-	-	-	735,863	-	735,863	-
		966,538,765	978,464,179	239,848,367	-	1,227,414	-	1,207,614,546	978,464,179
	OPERATING EXPENSES								
	Administrative expenses	441,245,563	349,737,377	3,884,785	-	-	-	445,130,348	349,737,377
	Other operating expenses	11,206,920	12,299,665	-	-	-	-	11,206,920	12,299,665
	Financial charges	111,057,966	99,094,235	100,136,421	-	-	-	211,194,387	99,094,235
	Pre-operating expenses	-	-	-	-	1,883,920	-	1,883,920	-
24 & 28	Other operating income	23,234,754	19,462,544	11,503,536	-	-	-	34,738,290	19,462,544
	Segment results	426,263,070	536,795,446	147,330,697	-	(656,506)	-	572,937,261	536,795,446
	Segment assets	3,359,866,072	2,547,211,379	904,414,580	-	36,883,794	-	4,301,164,446	2,547,211,379
	Segment liabilities	1,598,025,830	907,537,507	752,704,196	-	40,000	-	2,350,770,026	907,537,507
	Fixed capital expenditure	12,243,740	93,184,617	3,000,000	-	3,500,000	-	18,743,740	93,184,617
	Depreciation / amortisation	51,785,110	44,327,572	300,000	-	-	-	52,085,110	44,327,572

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22	REMUNERATION FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES	Note	2008	2007
		Rupees		
Closed end funds				
	JS Value Fund Limited (formerly BSJS Balanced Fund Limited)	22.1	50,942,794	38,009,679
	UTP Large Cap Fund	22.1	80,633,292	72,763,604
	JS Growth Fund (formerly UTP-Growth Fund)	22.1	116,533,751	116,605,348
			248,109,837	227,378,631
Open end funds				
	Unit Trust of Pakistan	22.1	94,289,876	73,297,398
	JS Income Fund (formerly UTP - Income Fund)	22.1	167,793,374	61,873,632
	UTP - Islamic Fund	22.1	22,279,646	26,297,272
	JS Aggressive Asset Allocation Fund (formerly UTP - Aggressive Asset Allocation Fund)	22.1	20,061,612	57,623,652
	JS Fund of Funds (formerly UTP - Fund of Funds)	22.1	2,585,869	1,629,709
	UTP A 30+ Fund	22.1	5,383,177	7,822,171
	JS Capital Protected Fund (formerly UTP - Capital Protected Fund)	22.1	14,042,530	4,793,436
	JS Capital Protected Fund II (formerly UTP - Capital Protected Fund II)	22.1	23,201,455	931,326
	JS Capital Protected Fund III	22.1	15,755,837	-
	JS Capital Protected Fund IV	22.1	2,474,582	-
	JS Pension Savings Fund	22.1	1,410,592	-
	JS Islamic Pension Savings Fund	22.1	385,808	-
	JS Aggressive Income Fund	22.1	9,153,969	-
			378,818,327	234,268,596
			626,928,164	461,647,227

- 22.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2007 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the management company / investment adviser of the Fund is entitled to a remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. During the year ended June 30, 2008 the holding company has charged management fee at the rates ranging from 1 to 3 percent (2007: 1 to 3 percent). The rates charged to each open end and closed end funds during the year ended June 30, 2007 and 2008 are as under:

	2008	2007
	Remuneration for services rendered as an asset management company	
	-----Percentage-----	
Closed end funds		
JS Value Fund Limited (formerly BSJS Balanced Fund Limited)	2	2
UTP Large Cap Fund	2	2
JS Growth Fund (formerly UTP-Growth Fund)	2	2
Open end funds		
UTP A 30+ Fund	1.50 - 3	3
Unit Trust of Pakistan	2	2
JS Income Fund (formerly UTP-Income Fund)	1.50	1.50
UTP - Islamic Fund	2 - 3	3
JS Aggressive Asset Allocation Fund (formerly UTP - Aggressive Asset Allocation Fund)	3	3
JS Fund of Funds (formerly UTP - Fund of Funds)	1	1
JS Capital Protected Fund (formerly UTP - Capital Protected Fund)	1.25	1.25
JS Capital Protected Fund II (formerly UTP - Capital Protected Fund II)	1.50	1.50
JS Capital Protected Fund III	1.50	-
JS Capital Protected Fund IV	1.75	-
JS Pension Savings Fund	1.50	-
JS Islamic Pension Savings Fund	1.50	-
JS Aggressive Income Fund	1.25 - 1.50	-



22.2 Securitisation of management fee receivables

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

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

Open end funds:

- Unit Trust of Pakistan
- UTP - Islamic Fund
- JS Income Fund (formerly UTP - Income Fund)

Closed end funds:

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

	2008	2007
	Rupees	
23 COMMISSION FROM OPEN END FUNDS UNDER MANAGEMENT - RELATED PARTIES		
Unit Trust of Pakistan	12,108,770	3,945,217
JS Income Fund (formerly UTP - Income Fund)	2,993,773	819,984
UTP - Islamic Fund	1,623,202	772,497
JS Aggressive Asset Allocation Fund (Formerly UTP - Aggressive Asset Allocation Fund)	978,741	1,795,910
JS Fund of Funds (formerly UTP - Fund of Funds)	1,086,680	477
UTP A 30+ Fund	388,635	211,488
JS Capital Protected Fund (formerly UTP - Capital Protected Fund)	-	4,184
JS Capital Protected Fund II (formerly UTP - Capital Protected Fund II)	189,662	-
JS Capital Protected Fund III	499,108	-
JS Capital Protected Fund IV	4,472,799	-
JS Aggressive Income Fund	151,157	-
	24,492,527	7,549,757

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

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

This represents commission income and share of profit earned by the holding company from management of six (2007: three) discretionary client portfolios. The total cost and total market value of the unsettled client portfolios as at June 30, 2008 was Rs 841.195 million (2007: 249.874 million) and Rs 853.469 million (2007: 314.645 million) respectively.

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	Note	2008	2007
		Rupees	
25 ADMINISTRATIVE AND MARKETING EXPENSES			
Salaries and benefits		182,679,747	125,978,929
Staff retirement benefits	25.1	6,671,614	5,186,556
Amortisation of intangible asset	5.6	6,873,863	4,083,040
Advertisement		25,085,493	48,737,057
Depreciation	5.1	45,211,247	40,244,532
Printing and stationery		7,427,261	3,805,398
Rent, rates, taxes and maintenance		23,723,614	23,601,019
Travelling, conveyance and vehicle maintenance		16,007,314	17,849,585
Transfer agent remuneration		8,345,681	6,052,489
Postage & telephone		9,507,866	9,396,748
Legal and professional		14,735,304	11,406,972
Fees and subscription		5,063,244	5,026,736
IT services		17,065,948	14,725,500
Utilities		6,547,010	6,211,707
Office security		3,747,011	4,029,532
Entertainment		1,391,250	1,143,824
Insurance		3,978,078	3,674,511
Newspaper		281,609	230,189
Directors' fee		3,915,000	1,200,000
Brokerage Expenses		452,688	-
Royalty and advisory fee	25.2	10,000,000	10,000,000
Pre-operating expenses of the subsidiary company	25.3	1,883,920	-
Office supplies		1,009,291	860,389
Miscellaneous expenses		426,284	287,924
		<u>402,030,337</u>	<u>343,732,637</u>
Fee and commission		44,983,931	6,004,740
		<u>447,014,268</u>	<u>349,737,377</u>

25.1 Staff retirement benefits include contributions to defined contribution plan of Rs 6.214 million (2007: Rs 4.649 million).

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

	2008	2007
	Rupees	
25.3 Pre-operating expenses of the subsidiary company		
Company incorporation expenses	1,275,350	-
Membership fee	12,500	-
Membership transfer fee	300,000	-
Legal and professional charges	200,000	-
Printing and stationery	7,500	-
Auditors' remuneration	88,445	-
Bank charges	125	-
	<u>1,883,920</u>	<u>-</u>

26 OTHER OPERATING EXPENSES

Auditors' remuneration	26.1	1,206,920	1,385,794
Donations	26.2	10,000,000	5,785,335
Expenses of Proposed Equity Fund -written off		-	5,128,536
		<u>11,206,920</u>	<u>12,299,665</u>
26.1 Auditors' remuneration			
Annual audit fee		800,000	500,000
Fee for review of half yearly financial statements		225,000	200,000
Out of pocket expenses		131,920	175,794
Fee for the review of the statement of compliance on code of corporate governance		50,000	-
Special certification and other services		-	510,000
		<u>1,206,920</u>	<u>1,385,794</u>

26.2 This includes donations made to Mahvash and Jahangir Siddiqui Foundation, a related party of the company, amounting to Rs 0.5 million (2007: Rs 5.485 million).



	2008	2007
	Rupees	
27 FINANCIAL CHARGES		
Mark-up on long-term financing	2,728,408	21,072,312
Mark-up on short-term borrowings	19,863,440	2,706,275
Mark-up on money market borrowings	96,244,400	-
Bank charges	146,935	242,331
Mark-up and other charges of securitisation of management fee receivables	92,211,204	40,078,197
Amortisation of transaction cost of commercial paper	-	34,995,120
	<u>211,194,387</u>	<u>99,094,235</u>
28 OTHER OPERATING INCOME		
Income from non-financial assets		
Rental income	13,365,589	13,554,730
Gain on disposal of fixed assets	1,504,614	1,020,439
Income from financial assets		
Liabilities no longer required written back	5,619,424	1,039,028
Mark-up earned on loans to chief executive, executive and employees	2,741,359	2,609,308
Commission income	11,503,536	1,157,573
Others	3,768	81,466
	<u>34,738,290</u>	<u>19,462,544</u>
29 TAXATION		
Current - for the year	32,588,043	19,044,129
- for prior years	-	(6,976,662)
Deferred - for the year	(8,362,914)	4,184,492
	<u>24,225,129</u>	<u>16,251,959</u>
29.1	The income tax assessments of the holding company have been finalised upto and including the assessment year 2001-2002 (financial year ended June 30, 2001). The income tax assessments for tax year 2003 to tax year 2007 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.	
29.2	Note	2008
		2007
		Rupees
Relationship between accounting profit and tax expense is as follows:		
Accounting profit before taxation from continuing operations		572,937,261
Tax @ 35% (2007: 35%)		200,528,041
Tax impact of income under FTR and differential in tax rates		(51,436,316)
Tax impact of exempt capital gains		(121,050,322)
Prior year's taxation		-
Tax amortisation of management rights		(6,125,000)
Tax impact of provision for donations		2,816,632
Others		(507,906)
		<u>24,225,129</u>
		<u>16,251,959</u>
30 Short-term borrowings - secured		
National Bank of Pakistan	30.1	952,936,889
		-
30.1	This represents running finance facility amounting to Rs 1,000 million (2007: Nil) obtained from National Bank of Pakistan. The facility carries mark-up at a rate of 10.92% (2007: Nil) per annum and is repayable by October 31, 2008. The facility is secured by way of pledge of certificates of various funds managed by the company.	
	Note	2008
		2007
		Rupees
31 Money market borrowings		
From commercial bank and financial institutions	31.1	523,000,000
		-
31.1	These represent borrowings from commercial banks and financial institutions. These are repayable over various dates by July 2008. Mark-up rate on these borrowings ranges between 10% per annum to 18% per annum.	

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32 EARNINGS PER SHARE	2008	2007
	Rupees	
Profit for the year after taxation	548,712,132	520,543,487
Weighted average number of ordinary shares outstanding during the year	100,000,000	100,000,000
Earnings per share (Rupees)	<u>5.49</u>	<u>5.21</u>

32.1 Diluted earnings per share has not been presented as the company does not have any convertible instruments in issue as at June 30, 2007, and 2008 which would have any effect on the earnings per share if the option to convert is exercised.

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2008	2007	2008	2007	2008	2007
	-----Amount in Rupees-----					
Managerial remuneration	7,920,000	4,615,380	6,324,000	7,898,503	30,333,213	19,702,569
Consultancy fee	-	-	-	870,000	-	-
House rent allowance	1,584,000	-	-	472,350	8,595,964	5,828,131
Utilities allowance	792,000	461,544	632,400	789,846	3,033,321	1,970,261
Car Allowance	-	-	-	-	8,200,148	-
Performance bonus	38,156,135	31,624,308	-	-	10,803,000	11,163,333
Retirement benefits	792,000	461,532	632,400	740,500	2,837,455	1,573,990
Medical Allowance	792,000	461,544	631,200	788,651	3,033,321	1,970,261
Other reimbursable expenses	-	-	-	48,604	138,447	76,111
	<u>50,036,135</u>	<u>37,624,308</u>	<u>8,220,000</u>	<u>11,608,454</u>	<u>66,974,869</u>	<u>42,284,656</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>26</u>	<u>34</u>

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

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

33.3 In addition, meeting fee of Rs 15,000 per meeting was paid to non-executive directors for meetings attended during the year.

34 TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

The group has related party relationship with its associated undertakings, employee benefit plans, and its directors and executive officers (including their associates).

	2008	2007
	Rupees	
34.1 Transaction with related parties		
34.1.1 Transactions with associates		
JS Value Fund Limited (formerly BSJS Balanced Fund Limited)		
Remuneration income	50,942,794	38,009,679
Dividend income	69,971,976	58,309,980
Other expenses incurred on behalf of the fund	28,720	-
Reimbursement of other expenses incurred on behalf of the fund	22,880	-



	2008	2007
	Rupees	
JS Growth Fund (formerly UTP Growth Fund)		
Remuneration income	116,533,751	116,605,348
Dividend income	35,838,312	117,370,472
Preliminary expenses incurred on behalf of the fund	324,000	-
UTP-Large Cap Fund		
Remuneration income	80,633,292	72,763,604
Dividend income	41,575,500	82,840,000
Amounted received against long-term receivable	6,000,000	6,000,000
Transactions with UTP-Islamic Fund		
Remuneration income	22,279,646	26,297,272
Commission income	1,623,202	772,497
JS Income Fund (formerly UTP-Income Fund)		
Remuneration income	167,793,374	61,873,632
Commission income	2,993,773	819,984
Unit Trust of Pakistan		
Remuneration income	94,289,876	73,297,398
Commission income	12,108,770	3,945,217
JS Aggressive Asset Allocation Fund (formerly UTP-Aggressive Asset Allocation Fund)		
Remuneration income	20,061,612	57,623,652
Commission income	978,741	1,795,910
Reimbursement of other expenses incurred on behalf of the fund	321,665	321,665
JS Fund of Funds (formerly UTP-Fund of Funds)		
Remuneration income	2,585,869	1,629,709
Commission income	1,086,680	477
Expenses incurred on behalf of the Fund	50,000	177,622
Reimbursement of other expenses incurred on behalf of the fund	-	56,134
UTP - A 30+ Fund		
Remuneration income	5,383,177	7,822,171
Commission income	388,635	211,488
Other expenses incurred on behalf of the Fund	50,000	92,220
Reimbursement of other expenses incurred on behalf of the fund	50,000	279,720
Reimbursement of preliminary expenses incurred on behalf of the fund	-	1,000,000
JS Capital Protected Fund (formerly UTP-Capital Protected Fund)		
Remuneration income	14,042,530	4,793,436
Commission income	-	4,184
Preliminary expenses incurred and received	-	1,496,547
Other receivable against expenses	-	21,868
Reimbursement of expenses incurred on behalf of the fund	1,868	20,000
JS Capital Protected Fund II (formerly UTP-Capital Protected Fund II)		
Remuneration income	23,201,455	931,326
Commission income	189,662	-
Preliminary expenses incurred on behalf of the fund	-	1,062,500
Reimbursement of preliminary expenses incurred on behalf of the fund	1,062,500	-
Other expenses incurred on behalf of the fund	-	135,000
Reimbursement of other expenses incurred on behalf of the fund	135,000	-

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	2008	2007
	Rupees	
JS Capital Protected Fund III		
Remuneration income	15,755,837	-
Commission income	499,108	-
Preliminary expenses incurred on behalf of the fund	1,125,000	-
Reimbursement of preliminary expenses incurred on behalf of the fund	1,125,000	-
JS Capital Protected Fund IV		
Remuneration income	2,474,582	-
Commission income	4,472,799	-
Preliminary expenses incurred on behalf of the fund	1,000,000	-
Other expenses incurred on behalf of the fund	187,500	-
JS Pension Savings Fund		
Remuneration income	1,410,592	-
Reimbursement of preliminary expenses incurred on behalf of the fund	50,000	-
JS Islamic Pension Savings Fund		
Remuneration income	385,808	-
Preliminary expenses incurred on behalf of the fund	175,000	-
Other expenses incurred on behalf of the fund	50,000	-
JS Aggressive Income Fund		
Remuneration income	9,153,969	-
Commission income	151,157	-
Preliminary expenses incurred on behalf of the fund	1,229,500	-
Other expenses incurred on behalf of the fund	1,165,000	-
Reimbursement of other expenses incurred on behalf of the fund	1,165,000	-
JS Principal Secured Fund		
Preliminary expenses incurred on behalf of the fund	1,000,000	-
34.1.2 Transactions with other related parties		
JS Air (Pvt) Ltd		
Other expenses incurred on behalf of the fund	2,000	443
Reimbursement of other expenses incurred on behalf of the fund	2,443	-
Private Equity Fund		
Expenses incurred	-	899,033
Reimbursement of other expenses incurred on behalf of the fund	-	5,128,536
JS Global Capital Limited (JSGCL) - associate of JSCL		
Rental income earned	1,445,400	-
Rent received	1,742,400	4,083,145
Rent expense	6,899,917	5,880,000
Expenses incurred by the company on behalf of JSGCL	1,028,090	1,038,853
Reimbursement of expenses incurred on behalf of JSGCL	812,206	1,033,967
JS Bank Limited (JSBL) - subsidiary of JSCL		
Purchase of term finance certificates	274,016,644	-
Expenses incurred by the company on behalf of JSBL	-	43,705
Reimbursement of expenses incurred on behalf of JSBL	6,002	47,586
Mahvash and Jahangir Siddiqui Foundation (formerly Siddiqui Foundation)		
Donations paid	500,000	5,485,335
Staff Provident Fund		
Contributions during the year	6,213,898	4,648,896
Dividend paid	15,000	-



	2008	2007
	Rupees	
34.1.3 Transactions with holding company		
Jahangir Siddiqui & Company Limited (JSCL) - holding company		
Repayment made in respect of borrowing	-	72,118,862
Mark-up expense on long-term financing	-	3,438,221
Rent received	5,980,356	5,823,141
Rental income earned	6,240,372	-
Dividend paid	78,035,418	-
Expenses incurred on behalf of JSCL	1,990,634	1,445,974
Reimbursement of expenses incurred on behalf of JSCL	1,759,514	1,356,422
34.1.4 Transactions with key management personnel		
Mr. Ali Jehangir Siddiqui - director of holding company		
Consultancy fees paid	2,100,000	-
Mr. Najam Ali - CEO		
Mark-up income earned on long-term loan	2,696,600	2,537,392
Remuneration of key management personnel	101,185,521	77,161,855
34.2 Balances outstanding at the year end		
34.2.1 Balances outstanding with associates		
Receivable from JS Value Fund Limited	5,840	-
Receivable from JS Aggressive Asset Allocation Fund (Formerly UTP - Aggressive Asset Allocation Fund)	-	321,665
Receivable from JS Fund of Funds (Formerly UTP - Fund of Funds)	-	177,622
Receivable from JS Capital Protected Fund (Formerly UTP - Capital Protected Fund)	-	1,868
Receivable from JS Capital Protected Fund II (Formerly UTP - Capital Protected Fund II)	-	135,000
Receivable from JS Capital Protected Fund IV	187,500	-
Receivable from JS Pension Savings Fund	-	50,000
Receivable from JS Islamic Pension Savings Fund	50,000	-
Outstanding balance of expenses incurred on behalf of different funds	264,675	169,070
34.2.2 Balances outstanding with other related parties		
Receivable from JS Bank Limited	-	6,002
Receivable from JS Global Capital Limited	212,737	39,599
Receivable from JS Air (Private) Limited	-	443
Receivable from JS Private Equity	-	28,309
34.2.3 Balances outstanding with holding company		
Receivable from Jahangir Siddiqui & Company Limited	627,657	136,521
34.3	Other balances outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes.	
34.4	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. The management considered all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.	
34.5	There are no transactions with key management personnel other than under their terms of employment.	
34.6	Details of the remuneration relating to Chief Executive officer and directors are disclosed in note 33 to the consolidated financial statements.	

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	Note	2008	2007
		Rupees	
35 CASH AND CASH EQUIVALENTS			
- Cash and bank balances	12	22,147,153	80,595,932
- Short term borrowings - secured	30	(952,936,889)	-
		<u>(930,789,736)</u>	<u>80,595,932</u>

36 FINANCIAL ASSETS AND LIABILITIES

	2008						Total
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	----- Rupees -----						
Long-term receivable from related parties	-	-	-	-	3,085,601	3,085,601	3,085,601
Long-term loans and advances	-	18,147,019	18,147,019	-	-	-	18,147,019
Investments	357,407,198	-	357,407,198	3,324,034,541	-	3,324,034,541	3,681,441,739
Loans and advances	3,480,264	-	3,480,264	857,927	-	857,927	4,338,191
Deposits and other receivables	185,395	-	185,395	64,151,739	-	64,151,739	64,337,134
Balances due from funds under management	-	-	-	60,713,125	-	60,713,125	60,713,125
Cash and bank balances	20,498,714	-	20,498,714	1,648,439	-	1,648,439	22,147,153
	381,571,571	18,147,019	399,718,590	3,451,405,771	3,085,601	3,454,491,372	3,854,209,962
Securitisation of management fee receivable	91,690,000	600,567,465	692,257,465	-	-	-	692,257,465
Accrued and other liabilities	-	-	-	106,337,867	-	106,337,867	106,337,867
Accrued mark-up	-	-	-	25,714,560	-	25,714,560	25,714,560
Short term borrowing	952,936,889	-	952,936,889	-	-	-	952,936,889
Money market borrowing	523,000,000	-	523,000,000	-	-	-	523,000,000
	1,567,626,889	600,567,465	2,168,194,354	132,052,427	-	132,052,427	2,300,246,781
Net Gap	(1,186,055,318)	(582,420,446)	(1,768,475,764)	3,319,353,344	3,085,601	3,322,438,945	1,553,963,181

	2007						Total
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	----- Rupees -----						
Long term receivable from related parties	-	-	-	-	6,975,750	6,975,750	6,975,750
Long term loans and advances	-	21,754,867	21,754,867	-	-	-	21,754,867
Investments - available for sale	-	-	-	1,590,112,873	-	1,590,112,873	1,590,112,873
Loans and advances	776,197	-	776,197	3,954,290	-	3,954,290	4,730,487
Deposits and other receivables	2,537,392	-	2,537,392	110,295,901	-	110,295,901	112,833,293
Balances due from funds under management	-	-	-	250,014,275	-	250,014,275	250,014,275
Cash and bank balances	74,134,602	-	74,134,602	6,461,330	-	6,461,330	80,595,932
	77,448,191	21,754,867	99,203,058	1,960,838,669	6,975,750	1,967,814,419	2,067,017,477
Securitisation of management fee receivable	280,000	689,606,080	689,886,080	-	-	-	689,886,080
Accrued and other liabilities	-	-	-	65,090,515	-	65,090,515	65,090,515
Accrued mark-up	-	-	-	4,595,935	-	4,595,935	4,595,935
Long term financing	62,499,996	25,000,000	87,499,996	-	-	-	87,499,996
	62,779,996	714,606,080	777,386,076	69,686,450	-	69,686,450	847,072,526
Net Gap	14,668,195	(692,851,213)	(678,183,018)	1,891,152,219	6,975,750	1,898,127,969	1,219,944,951

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

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

36.1 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. All the financial assets of the group except Rs 0.14 million (2007: Rs 0.077 million) are exposed to credit risk. The group controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties, obtaining collaterals and continually assessing the credit worthiness of counter parties.



36.2 **Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The group believes that it is not exposed to any significant level of liquidity risk.

36.3 **Foreign exchange risk management**

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The financial assets and liabilities of the group are not exposed to foreign exchange risk.

36.4 **Interest rate risk**

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches in the amounts of interest based assets and liabilities that mature in a given period. The group has adopted appropriate policies to minimise its exposure to this risk.

36.5 **Market Risk**

Market risk arises where the value of a financial instrument fluctuates due to changes in market prices. The group has made investments in listed/ unlisted equity and debt securities. The group manages its market risk exposure by diversifying its investment portfolio.

36.6 **Fair value of financial instruments**

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

37 **CAPITAL RISK MANAGEMENT**

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

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

38 **NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the company in their meeting held on September 15, 2008 have proposed a final cash dividend in respect of the year ended June 30, 2008 of Re 1 per share (2007: Nil). The consolidated financial statements for the year ended June 30, 2008 do not include the effect of this dividend which will be accounted for subsequent to the year end.

39 **CORRESPONDING FIGURES**

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

- Liabilities no longer required written back amounting to Rs 1,039,028 have been reclassified from revenue and shown as part of other operating income.
- Auditor's remuneration, donations and expenses of proposed equity fund - written off amounting to Rs 1,385,794, Rs 5,785,335 and Rs 5,128,536 respectively have been reclassified from administrative expenses to other operating expenses.

40 **GENERAL**

These consolidated financial statements were authorised for issue on September 15, 2008 by the Board of Directors of the holding company.

Chief Executive

Director



JS Investments Limited



PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2008

No. of shareholders	Shareholding		Total shares held
	From	To	
268	1	100	22,369
1220	101	500	534,072
520	501	1,000	493,983
519	1,001	5,000	1,400,984
87	5,001	10,000	695,080
23	10,001	15,000	296,260
20	15,001	20,000	375,300
6	20,001	25,000	145,500
7	25,001	30,000	207,000
1	30,001	35,000	34,480
3	35,001	40,000	112,417
3	40,001	45,000	134,800
6	45,001	50,000	297,100
1	50,001	55,000	55,000
1	65,001	70,000	70,000
2	70,001	75,000	146,162
1	90,001	95,000	90,000
2	95,001	100,000	200,000
2	110,001	115,000	223,900
1	150,001	155,000	152,700
1	195,001	200,000	200,000
1	200,001	205,000	200,800
1	205,001	210,000	210,000
1	220,001	225,000	225,000
1	295,001	300,000	300,000
1	350,001	355,000	351,300
1	410,001	415,000	411,900
1	415,001	420,000	416,400
1	630,001	635,000	632,900
1	1,340,001	1,345,000	1,342,800
1	2,565,001	2,570,000	2,569,000
1	4,100,001	4,105,000	4,100,226
1	5,375,001	5,380,000	5,379,900
1	6,150,001	6,155,000	6,150,340
1	6,515,001	6,520,000	6,518,463
1	13,280,001	13,285,000	13,280,252
1	52,020,001	52,025,000	52,023,612
2710			100,000,000

Categories of shareholders	No.	Shares held	Percentage
Individual	2602	5,119,930	5.12
Investment Companies	-	-	-
Insurance Companies	2	122,962	0.12
Joint Stock Companies	79	60,236,689	60.24
Financial Institutions	6	181,997	0.18
Modarba & Mutual Funds	11	2,548,204	2.55
Others	10	31,790,218	31.79
	2710	100,000,000	100.00

DISCLOSURE TO PATTERN OF SHARE HOLDING

	Shares held
1 Associated Companies, undertaking and related parties:	
- Jahangir Siddiqui & Co. Ltd	<u>52,023,612</u>
2 NIT AND ICP	
- National Bank of Pakistan, Trustee Deptt.	<u>34,480</u>
- NBP Trustee - NI (U) T (LOC) Fund	<u>35,517</u>
3 Directors, CEO, their spouses and minor children:	<u>10</u>
4 Public sector companies & corporations:	<u>-</u>
5 Banks, DFIs, NBFCs, Insurance companies modarabas and mutual funds	<u>2,783,166</u>
6 Shareholders holding 10% or more voting interest in the listed companies:	
- Goldman Sachs & Co.	<u>13,280,252</u>
7 Executives	
Mr. Suleman Lalani	<u>5,500</u>



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

I/We _____ of _____ being Shareholder (s) of _____, holding _____ shares as per Registered Folio No./ CDC A/c No. (For those who have shares in CDS) _____ hereby appoint Mr. / Ms _____ of (full address) _____ or failing him / her Mr. / Ms. _____ of (full address) _____ who is / are also Shareholder of the Company, as my proxy to attend, and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on October 22, 2008 and / or any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2008. Signed by _____ in the presence of _____ (name and address) _____

Witness:

1. Name _____
 Signature _____
 Address _____

 NIC or _____
 Passport No. _____

Signature on Rs. 5/-
 Revenue Stamp

2. Name _____
 Signature _____
 Address _____

 NIC or _____
 Passport No. _____

The Signature should agree with the specimen registered with the Company

Important:

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

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

AFFIX
CORRECT
POSTAGE



JS Investments Limited

7th Floor, The Forum,
G-20 Khayaban-e-Jami,
Block-9, Clifton, Karachi-75600

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