

# Annual Report | 2015



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## VISION

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

## MISSION

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





## BROAD POLICY OBJECTIVES

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

# COMPANY INFORMATION

## Board of Directors

### **Mr. Nazar Mohammad Shaikh**

Chairman

### **Mr. Ali Akhtar Ali**

Chief Executive Officer

### **Mr. Muhammad Khalil Ur Rehman**

Non-Executive Director

### **Mr. Suleman Lalani**

Non-Executive Director

### **Mr. Muhammad Raza Dyer**

Non-Executive Director

### **Mr. Kamran Jafar**

Non-Executive Director

### **Mr. Ahsen Ahmed**

Non-Executive Director

### **Mr. Asif Reza Sana**

Non-Executive Director

## **Chief Financial Officer & Company Secretary**

Mr. Muhammad Khawar Iqbal

## Statutory Auditors

Deloitte Yousuf Adil

## Legal Advisors

Bawaney and Partners

## BOARD COMMITTEES

### **Audit Committee**

Mr. Asif Reza Sana (Chairman)

Mr. Muhammad Khalil Ur Rehman

Mr. Suleman Lalani

### **HR Committee**

Mr. Nazar Mohammad Shaikh (Chairman)

Mr. Kamran Jafar

Mr. Ali Akhtar Ali

### **Executive Committee**

Mr. Suleman Lalani (Chairman)

Mr. Kamran Jafar

Mr. Ali Akhtar Ali

### **Share Registrar**

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

### **Registered Office**

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

Tel: (92-21) 111-222-626

Fax: (92-21) 35361724

Email: info@jsil.com

Website: www.jsil.com



## BOARD OF DIRECTORS

### **Mr. Nazar Mohammad Shaikh - Chairman**

Mr. Nazar Mohammad Shaikh, law graduate, is a former senior civil servant of the Government Pakistan. He started his career in the Pakistan Audit Department in 1966 and held different assignments. He was then inducted in the Secretariat Group of the Federal Government in 1975 and posted as Deputy Financial Advisor.

He was then assigned to the Government of Sindh where he served as Member Finance SRTC, Director Industries and Additional Secretary Finance. On promotion, he held various posts such as Secretary Finance, Education, Housing Town and Local Government Departments in Government of Sindh.

Mr. Shaikh was later posted as Additional Secretary, Social Sector, Prime Minister's Secretariat, Vice Chairman PNSC, Chairman PQA and finally retired in 2001 as Secretary Ministry of Communications. He was re-employed as Member, Federal Service Tribunal on a three-year contract ending 2004.

In the year 2005, he joined JSIL as a Member of the Board of Directors, JS Investments Limited.

### **Mr. Ali Akhtar Ali - Chief Executive Officer**

Dr. Ali is currently serving as the Chief Executive Officer at JS Investments Limited. He has over 14 years of active experience in both Fixed Income and Equity markets of Pakistan. He earned his MBBS from Baqai Medical College and MBA with majors in Finance from PAF-KIET. Prior to becoming Chief Executive Officer, Dr Ali was serving in JS Investments Ltd. as Chief Investment Officer for about 3 years.

He joined JS Investments as Senior Vice President in Investments. Before joining JS Investments Limited he remained associated with KASB Capital Ltd. for 2 years as Chief Dealer in the Treasury Department. He was then deputed as the Head of Money Market, Forex and Financial Advisory at KASB Securities. Prior to KASB Capital he worked with JS Investments Limited from 2006 till 2008 in the capacity of Assistant Vice President, Investments Department. He also worked two and a half years (2004-2006) at Jahangir Siddiqui Capital Markets as Senior Dealer Fixed Income Desk and was later promoted to the position of Head of Fixed Income. He also served 3 years (2000-2004) at BMA Capital Management as a Senior Dealer on the Fixed Income Desk.

### **Mr. Suleman Lalani**

Mr. Suleman Lalani joined Jahangir Siddiqui & Co. Ltd. ("JSCL") on March 1, 2012 as Chief Executive Officer. Prior to joining JSCL he was Executive Director Finance & Operations and Company Secretary of JS Investments Limited where he served as CFO and Company Secretary for seven years. Mr. Lalani started his career with JSCL in 1992 where he worked for over eight years. In year 2000 he was promoted to the position of Chief Operating Officer of Jahangir Siddiqui Investment Bank Limited, a subsidiary of JSCL. In January 2002, he joined The First MicroFinanceBank Limited as its Chief Financial Officer and Company Secretary. Mr. Lalani is a Fellow member of the Institute of Chartered Accountants of Pakistan and has over 20 years of experience in the financial services sector. He has also completed the Board Development Series Certificate Program conducted by the Pakistan Institute of Corporate Governance. Mr. Lalani is also serving as a director on the board of Al-Abbas Sugar Mills Limited and CEO of Jahangir Siddiqui & Co. Ltd.

### **Mr. Asif Reza Sana**

Mr. Asif Reza Sana is a senior banker. He previously worked with world-leader multinationals in field of Finance, General Management and Marketing. He remained posted in Switzerland, Europe, US, and Middle East in various executive positions during his 23 years multinational career. He holds an MBA and has been trained at Institute of Management Development in Lausanne, Switzerland and INSEAD, France.

In 2000, he returned to Pakistan was as advisor to Board of Directors of Union Bank. He conceived , negotiated and closed the acquisitions of Emirates Bank in Pakistan and Mashreq Bank in Sri Lanka. The acquisition resulted in two-fold increase in the bank's earning assets and doubled its balance sheet footing to US\$ 2.2 billion. He was then appointed SEVP and elected to the Board of Directors to assume the crucial role of Executive Director of the bank, having fiduciary and management roles simultaneously. He was a member of management committee and ALCO as well as director of Union Leasing Ltd. He was one of the key leaders in making Union Bank a premium financial services brand, ranked as a 6th largest bank, by profitability, in 2005. The majority shareholders then gave him the mandate to develop and implement an exit strategy. He conceived , negotiated and closed the sale of Union Bank to Standard Chartered at a landmark price of PKR 29 billion (US \$ 485 million) - the highest in Pakistan banking industry . Mr. Asif is also serving as director of Askari Bank Limited.

### **Mr. Ahsen Ahmed**

Mr. Ahsen Ahmed is serving on the Boards of Abid Industries and Sind Industries since 2003. He had contributed significantly towards expansion of these industries and supported their research and technical development. With his efforts and commitment the companies took an international perspective to their growth with increased exports and improved their supply chains. He also served for seven years on the Board of JS Global Capital Limited as a Non Executive Board Member.

Mr. Ahsen holds degree in Bachelor of Arts and Economics from Denison University, Granville, Ohio

### **Mr. Kamran Jafar**

A seasoned Banker with seventeen years of a proven track record in Banking, Mr. Kamran Jafar began his career with JS Bank Limited in February 2008 and is currently heading the Corporate and Retail Banking functions of the Bank. He has since then been the driving force of the effort to ensure that the Corporate and Retail Banking Group continues with its expansion and successful drive towards countrywide profitability of the Bank.

Mr. Jafar holds diversified experience in number of banking functions such as Retail, Corporate, Branch Banking etc and also has a sound knowledge of Banking Operations including Branch Operations, Credit Administration and Trade Finance. Prior to joining JS Bank he has worked with a number of prominent banks including PICIC Commercial Bank, MyBank and the AlBaraka Islamic Bank in a variety of roles.

Mr. Kamran is a graduate in business administration from the University of Houston, University Park, Texas.



### **Mr. Muhammad Khalil Ur Rehman**

Mr. Rehman is a senior executive at JS Bank Limited with over 43 years of diversified experience in banking (Operations, Risk and reengineering). He has been associated with American Express Bank since 1993 and has held various senior positions in Operations, and credit administration in different cities. Prior to this, he has worked at Mashreq Bank Limited and United Bank Limited.

Mr. Rehman is a Certified Business Process Reengineer from the United States and is also a Diploma Associate of the Institute of Bankers in Pakistan. He is a certified Director from Pakistan Institute of Corporate Governance.

Mr. Rehman received his Bachelors (Hons) in Commerce from the University of Punjab and completed his Masters in Commerce from Hailey College of Commerce.

### **Mr. Muhammad Raza Dyer**

Mr. Muhammad Raza Dyer is serving as Head of Operations at JS Bank Limited and has 29 years of diversified experience in commercial banking operations. He started his professional career in 1985 from Bank of America in Visa Card Department. Thereafter, he worked for Mashreq bank PSC in Foreign Trade, Treasury Back Officer and Branch Operations. He worked for three years in Crescent Commercial Bank Ltd., as Head of Operations - South Region. Prior to joining JS Bank, he was working with Arif Habib Bank as Head of Country Operations.



## CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen strive to support CSR initiatives that support economic growth, social progress and environmental protection.

### Partner Activities

JS Investments carries out major philanthropic activities in partnership with the Mahvash & Jahangir Siddiqui Foundation (MJSF). We support MJSF with both financial and human resources.

The following is an overview of MJSF's activities:

### Education

MJSF's educational programs focus on grant making to:

- Higher education
- Mainstream education including schools for children with special needs
- Vocational training
- Specialized programs

MJSF has provided grants to leading educational institutions of Pakistan including Lahore University of Management Sciences, Karachi School for Business and Leadership and the Institute of Business Administration. MJSF also offers interest-free education loans to students.

During 2015, the first batch of Bachelors of Arts students graduated from the JS Academy for the Deaf and the first class graduated from a new program for young professionals who are selected from across the country to attend the European Academy of Diplomacy's Summer Programs held in Poland.

### Healthcare

MJSF has a deep commitment to public health and supports the existing hospitals and medical facilities by:

- Upgrading and adding specialist wards at existing hospitals
- Developing healthcare facilities in rural areas
- Providing mobile health care and surgical services in difficult-to-access areas
- Running medical camps in rural areas

MJSF is linked with numerous projects and organizations in the healthcare sector including Sindh Institute of Urology and Transplantation, Karachi National Hospital, National Institute of Cardiovascular Diseases and National Institute of Child Health.

MJSF's mobile healthcare and surgical services programs in 2015 treated 9,519 patients with regard to various matters, eye care specialist's performed 2,761 cataract surgeries, and 3,307 gastro treatments, 1,158 gynecology treatments and 1,418 skin treatments were conducted.

MJSF also collaborated with Adaptive Eyewear to provide adjustable eyeglasses to various eye care charities and organization in Pakistan. To ensure access and distribution, free camps were set up nationwide and adjustable eyeglasses were distributed as a field trial for this promising technology.



## **Social Enterprise & Sustainable Development (SESD)**

The SESD program funds projects that are economically productive and sustainable which remove or reduce the need for ongoing grants.

MJSF has a long established partnership with Acumen (formerly known as Acumen Fund). Through this partnership, the foundation, to date, has contributed the equivalent of US\$2,000,000 to Acumen. Since 2001, Acumen has actively invested in Pakistan in building social enterprises. MJSF is also a sponsor of the Acumen Pakistan Fellows Program, a one-year program designed to train individuals leading social change initiatives dedicated to addressing Pakistan's most critical poverty problems.

MJSF's interest-free micro-finance program in Chitral in Northern Pakistan for farmers that produce high quality onion seeds entered its second successful year.

## **Humanitarian Relief**

MJSF has a strong focus on humanitarian relief. Its activities focus on immediate relief in disasters as well as long-term rehabilitation. The Foundation has contributed with a significant humanitarian response in the following crises:

- 2005 - Earthquake in Azad Jammu & Kashmir (AJK) and Khyber-Pakhtunkhwa Province
- 2008 - Swat Conflict and related Internally Displaced Persons crisis
- 2010 - Super Floods
- 2014 - Thar Drought crisis
- 2015 - Earthquake in Khyber Pakhtunkhwa and Gilgit-Baltistan provinces

MJSF is committed to providing a rapid response to natural disaster and emergencies by mobilizing its financial resources in coordination with the human resources of JS Investments and related companies to provide immediate food aid, shelter and healthcare services.

During 2015, MJSF contributed hundreds of family size tents and 1,000 winterized blankets to the Pakistan Air Force which were airlifted to the earthquake affected areas.

MJSF also provided relief goods for hundreds of earthquake-affected families through the Pakistan Army.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty first (21st) Annual General Meeting of JS Investments Limited will be held at 10:30 a.m. on Thursday, April 07, 2016 at Defence Authority Creek Club, Phase VIII, DHA Karachi, to transact the following business:

### Ordinary Business

1. To receive and consider the audited financial statements of the company for the year ended December 31, 2015 together with Directors' report and Auditors' report thereon.
2. To appoint Auditors of the Company and fix their remuneration for the ensuing year ending December 31, 2016. The Board of Directors, on the recommendation of Audit Committee of the Board has proposed the appointment of Messrs Ernst & Young, Ford Rhodes Sidat Hyder & Co. Chartered Accountants as the Auditors of the Company for the year ending December 31, 2016 in place of retiring auditors M/s Deloitte Yousuf Adil, Chartered Accountants.

A notice under Section 253(1) of the Companies Ordinance, 1984 has also been received from one of the shareholders of the Company proposing the appointment of M/s Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants as auditor of the Company in place of retiring auditors.

By Order of the Board

Date: March 16, 2016  
Place: Karachi

**Muhammad Khawar Iqbal**  
Company Secretary

### NOTES:

- (i) The Share transfer books of the Company will remain closed from April 01, 2016 to April 07, 2016 (both days inclusive) for determining the entitlement of the shareholders for attending the Annual General Meeting.
- (ii) Physical transfers and deposit requests under Central Depository System received at the close of business on March 31, 2016 by the Registrar of the Company, Technology Trade (Pvt.) Limited, having their office at Dagia House, 241-C, Block 2, P.E.C.H.S, off Shahrah-e-Quaideen, Karachi, will be treated as being in time for entitlement to attend the meeting.
- (iii) A Member of the Company entitled to attend and vote may appoint another person as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company.
- (iv) Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- (v) Beneficial owners of physical shares and the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies are required to produce their original Computerized National Identity Cards (CNICs) or passports for identification purpose at the time of attending the meeting. The Proxy Form(s) must be submitted with the Company within the time stipulated in para (iv) above, duly signed and witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the Proxy Form(s), along with attested copy(ies) of the CNICs or the passport(s) of the beneficial owners and the proxy(ies). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the Proxies Form(s) to the Company.
- (vi) Shareholders are requested to notify immediately of any change in their address to the Registrar of the Company, M/S Technology Trade (Pvt) Limited, Dagia House 241-C, Block-2, PECHS, Karachi before book closure.



**(vii) Mandate for e-Dividend**

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged when shareholders can get amount of the dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No.8(4) SM/CDC 2008 dated April 05, 2013 has advised all listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. You are encouraged to provide a dividend mandate in favor of e-dividend by providing duly filled in and signed dividend mandate form available at Company's website: [www.jsil.com](http://www.jsil.com)

**(viii) Submission of valid CNIC (Mandatory)**

In accordance with the SECP's directives the dividend warrant of the shareholders, whose valid CNICs, are not available with the share Registrar could be withheld.

While the Company has not declared dividend for the year ended December 31, 2015, for future purposes, all shareholders having physical shareholding are therefore advised to submit a copy of their valid CNICs, if already not provided, to the Share Registrar, Technology Trade (Pvt) Limited, Dagia House, 241-C, Block 2, PECHS Off: Sharah-e-Quaideen, Karachi.

**(ix) Electronic Transmission of Annual Financial Statement and Notices (Optional)**

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) under S.R.O 787 (I)/2014, the SECP has allowed companies to circulate annual Audited Financial Statements, along with the notice of annual general meeting (Notice) to its members through e-mail subject to compliance with the conditions outlined in the referred SRO of of SECP.

The transmission of annual Audited Financial Statements with Notice to members through e-mail shall be considered compliance with the relevant requirements of section 50, 158 and 233 of the Companies Ordinance subject to certain conditions, prescribed in the said notification.

For the convenience of its members, the Company has placed a Standard Request Form on the Company's website ([www.jsil.com](http://www.jsil.com)), so that the members may use it to communicate their e-mail address and consent for electronic transmission of annual Audited Financial Statement and Notice thereon.

**(x) Deduction of withholding tax on the amount of Dividend u/s 150 of the Income Tax Ordinance, 2001 (Mandatory)**

Pursuant to the Finance Act 2015, effective from July 01, 2015, the withholding tax rates on the amount of dividend payments by the companies, under the Income Tax Ordinance, 2001, have been revised as follows:

- a) Rate of withholding tax deduction for filer of income tax return is 12.5%
- b) Rate of withholding tax deduction for non-filer of income tax return is 17.5%

While the Company has not declared the dividend for the year ended December 31, 2015, for future purposes, to enable the Company to make withholding tax deduction on the amount of cash dividend @12.5% instead of 17.5%, all the shareholders whose names are not entered into the Active Taxpayer List-Income Tax (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are included into ATL for future payment of dividend if any.

The corporate shareholders having CDC account are required to have their National Tax Numbers (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to our Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be must quote company name and their respective folio numbers.

**(xi) The Company has placed the Audited Financial Statements for the year ended 31 December 2015 along with Auditors and Directors Reports thereon on its website: [www.jsil.com](http://www.jsil.com)**

## FINANCIAL AND BUSINESS HIGHLIGHTS

		2015	2014	2013	2012*	2011	2010
<b>KEY INDICATORS</b>							
<b>Performance</b>							
Return on assets	%	6.34	26.03	29.24	10.72	1.37	2.42
Total assets turnover	Days	53.87	127.17	178.78	125.67	79.50	96.87
Receivables turnover	Days	216.04	120.29	26.34	24.61	3.56	2.65
Return on equity	%	7.65	30.58	39.51	20.56	4.09	12.72
<b>Leverage</b>							
Debt:Equity	%	-	-	-	46.90	107.05	248.71
Interest cover	times	13,626.04	1,279.60	14.00	2.31	1.19	1.25
<b>Liquidity</b>							
Current	times	10.93	14.06	14.72	2.88	2.24	1.71
Quick	times	10.91	14.03	14.67	2.87	2.23	1.70
<b>Valuation</b>							
Earnings per shares	Rs.	1.75	6.49	5.98	2.03	0.24	0.45
Breakup value per share	Rs.	26.29	24.50	17.98	12.30	7.42	4.28
Price earning ratio	times	9.88	1.93	1.83	4.01	21.31	16.41
Market price to break up value	times	0.66	0.51	0.61	0.66	0.69	1.74
Market value per share - year end	Rs.	17.30	12.56	10.92	8.12	5.10	7.46
Market value per share - High	Rs.	18.64	14.22	11.47	15.13	8.47	20.45
Market value per share - Low	Rs.	12.04	10.32	6.34	2.47	4.61	6.45
Market capitalization (Rs. in Million)		1,386.97	1,256.00	1,092.00	812.00	510.00	746.00
<b>Historical trends</b>							
Management fee (Rs. in Million)		159.72	201.68	222.74	306.47	244.68	361.25
Operating profit (Rs. in Million)		170.38	641.49	776.86	327.32	153.42	212.19
Profit before tax (Rs. in million)		199.30	660.82	624.54	195.47	26.64	46.14
Profit after tax (Rs. in million)		174.27	649.48	598.18	202.73	23.93	45.45
Assets under management (Rs. in million)		9,548.00	10,867.94	12,854.00	12,331.57	12,812.00	16,508.32
No. of funds under management		11	13	13	13	15	16
Share capital (Rs. in million)		801.72	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Shareholders equity (Rs. in million)		2,107.58	2,449.70	1,797.66	1,230.21	742.26	428.07
Total assets (Rs. in million)		2,586.12	2,915.53	2,074.08	2,017.62	1,763.02	1,734.61
Contribution to the national exchequer (Rs. in million)		27.34	15.12	39.00	29.00	6.00	13.14
<b>Payouts</b>							
Cash dividend	%	-	-	10	10	-	-

\* The FY 2012 was of eighteen months due to change of accounting year.



## **Report of the Directors to the Members For the year ended December 31, 2015**

The Directors of your Company feel pleasure in presenting the annual audited unconsolidated and consolidated financial statement of the Company along with auditors' report thereon for the year ended December 31, 2015.

### **Macro Economic Highlights**

Pakistan's economy showed improvement during CY15 with a helping hand from lower global commodity prices, increasing remittances and general optimism on the back of the China Pakistan Economic Corridor (CPEC). Foreign exchange reserves increased significantly during CY15 from USD 15.20 billion in January 2015 to USD 20.80 billion by the end of the year and Pakistan remained under the IMF program of a USD 6.60 billion Extended Fund Facility (EFF). Pakistan's credit ratings improved during the year as Moody's and Standard & Poor's raised Pakistan's outlook to Positive from Stable in May 2015.

During the CY15, State Bank of Pakistan (SBP) reduced the discount rate from 9.50% to 6.00% on the back of improving reserves and timid inflation which remained at historically low levels. CPI during CY15 averaged at 2.50% against 7.20% during the corresponding period last year mainly on the back of lower commodity prices. The Current Account deficit showed improvement during the second half of the year and clocked in at USD 1.00 billion from July-November against USD 2.45 billion for the corresponding period last year. The Pak Rupee remained under pressure during 2HCY15 and depreciated by approximately 3.00% in CY15 in line with currencies of other developing markets.

### **Equity Market Performance**

Looking at performance for CY15, the KSE 30 Index posted a return of -7.20% in the year against a return of 10.40% in the same period last year. After years of stellar performance at the bourse, returns turned negative mainly on the back of negative returns from index heavy oil companies as oil prices declined. Concerns on earnings from the banking sector as interest rates declined also dragged down index heavy banks during the year. Investors reduced some risk due to the upcoming budget towards the end of 1HCY15 and foreign outflows during the second half of the year kept returns in check. Total foreign outflows stood at USD 315 million in CY15 against inflows of USD 382 million during CY14.

### **Money Market Performance**

During CY15, the State Bank of Pakistan (SBP) decreased its policy rate from 9.50% to 6.00%. The SBP reduced the width of "Interest Rate Corridor" (IRC) from 250 bps to 200 bps with an objective to minimize volatility in the money market by ensuring the movement of short term interest rates within a reasonable range. In Monetary Policy Decision of May, 2015 SBP introduced target rate at 50 bps below the ceiling rate of the IRC and making this target rate the new Policy Rate, furthermore SBP reduced the ceiling rate of the IRC from 8.00% to 7.00%. SBP expansionary policy during the CY15 is evident by favorable macroeconomic indicators from falling inflation, narrowing of fiscal deficit coupled with improvement in external accounts.

During CY15, the financial institutions aggressively participated in the PIBs auctions where the government raised Rs.747.70 billion. During the 4th quarter, the SBP borrowed funds worth of Rs. 1,171 billion through T-bill auctions against a target of Rs. 1,100 billion where the cut off yield for 3 month, 6 month and 12 month T-bill averaged at 6.30%, 6.28% and 6.28% respectively.

The average 3M, 6M and 12M KIBOR clocked in at 6.50%, 6.52% and 6.81% for FY15 decreasing by 340bps, 340bps and 341bps YoY respectively, as against 9.90%, 9.92% and 10.22% during the same period last year.

### The AMC Industry

For CY15 period, the local mutual fund industry experienced a growth of 6.07% in AUM's which increased to Rs. 485.80 billion from Rs. 458 billion during the year. Market share for closed ended funds in CY15 was 3.50% with a total AUM of Rs. 16.90 billion. Overall twenty three (23) new funds were launched during CY15 including 2 pension funds.

The Fund of Funds category witnessed strong growth in CY15 of 945% and total AUM's for the segment reached Rs. 1.75 billion as at 31 December 2015 from a mere Rs. 0.17 billion in Dec-14. Five (5) new funds were launched under this fund category in CY15. AUM size for the conventional equity fund category reached Rs. 105 billion, up 0.78% in CY15. The money market fund category recorded a decline of 49% in the 12 months period at the end of CY15, with total AUM's reaching Rs.54.70 billion.

### Performance Review

The Company earned a net profit of Rs. 174.27 million during the year ended December 31, 2015 showing earnings per share of Rs. 1.75. The assets under management were Rs.9.55 billion as on December 31, 2015 compared to Rs. 10.87 billion as on December 31, 2014 depicting a decrease of 12.14% on year to date (YTD) basis. The Company earned Rs. 159.72 million management remuneration from funds under management compared to Rs. 201.68 million during last year. Administration and marketing expenses were increased by 3.48% to Rs. 235.63 million during the year compared to Rs. 227.70 million during the previous year.

### Summary of operating results for the year

	Year ended December 31, 2015	Year ended December 31, 2014
	Rs. (000)	
Shareholders' Equity	2,107,579	2,449,703
<b>Financial Performance</b>		
Income	406,012	869,190
Operating expenses	(235,631)	(227,696)
<b>Operating profit</b>	<b>170,381</b>	<b>641,494</b>
Other expenses	(4,067)	(13,486)
Financial charges	(15)	(517)
Other operating income	32,996	33,325
<b>Profit before tax</b>	<b>199,295</b>	<b>660,816</b>
Taxation-net	(25,023)	(11,341)
<b>Profit after tax</b>	<b>174,272</b>	<b>649,475</b>
<b>Earnings per share - basic and diluted</b>	<b>1.75</b>	<b>6.49</b>



## Future Prospects

The assets managed by the Company are spread across various mutual funds, pension funds and separately managed accounts. Subsequent to the significant changes in tax regime, which was not favorable for the corporate clients, the market experienced a paradigm shift and now the industry is more focused on the retail sector instead of the corporate sector. The Company has been aggressively building the strength of its sales team since June 2015 with a focused approach to tap the retail sector. Outreach of JSIL is also increasing to those cities and towns where we were not present earlier through selected branch network of our parent company, JS Bank Limited. The current lower interest rate scenario and the uncertainty prevailing in the local and global equity markets along with their negative returns in the second half of 2015 acts as a hurdle in attracting investors, however over the longer term and with proper awareness and education to the retail masses we are confident that we would be able to achieve the broader objectives of the Company

## Asset Manager and Entity Rating

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

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and the short-term entity ratings of JS Investments Limited at "A+" (Single A Plus) and "A1" (A one), respectively. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

## Corporate Governance and Financial Reporting Framework

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

- a. The financial statements, prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and financial estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of the financial statements any departures therefrom has been adequately disclosed and explained;
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of the Corporate Governance, as detailed in the listing regulations.
- h. A summary of key financial data of last six years is given on page 12 of this annual report.
- i. The Code of Conduct has been disseminated throughout the company along with supporting policies and procedures.
- j. The value of investments of the staff provident fund of JS Investments Limited, as per the audited accounts as at June 30, 2015 was Rs. 10.56 million.
- k. During the year ended December 31, 2015 Company earned operating profit of Rs.170.38 million as compared to Rs. 641.49 million during the period ended December 31, 2014 the reduction in profit was mainly due to downward trend of stock market which resulted in reduced AUMs, resultantly led to decrease management remuneration coupled with less gain on sale of investments made by the Company.
- l. Company did not declare dividend mainly due to buy back of shares during the period.



### Meetings of the Directors

During the year eight meetings of the Board of Directors were held, the attendance of each director for these meetings is as follows:

<b>Name</b>	<b>Meetings attended</b>
Mr. Nazar Mohammad Shaikh	08
Mr. Ali Akhtar Ali	08
Mr. Suleman Lalani	06
Mr. Asif Reza Sana	04
Mr. Muhammad Khalil Ur Rehman	05
Mr. Kamran Jafar	07
Mr. Muhammad Raza Dyer	08
Mr. Ahsen Ahmed	04

### Meetings of the Audit Committee of the Board

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

<b>Name</b>	<b>Meetings attended</b>
Mr. Asif Reza Sana	02
Mr. Suleman Lalani	04
Mr. Muhammad Khalil Ur Rehman	04

### Meetings of the HR & R Committee of the Board

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

<b>Name</b>	<b>Meetings attended</b>
Mr. Nazar Mohammad Shaikh	06
Mr. Kamran Jafar	06
Mr. Ali Akhtar Ali	06

### Meetings of the Executive Committee of the Board

During the year, four meetings of the Executive Committee were held. The attendance of each director for these meetings is as follows:

<b>Name</b>	<b>Meetings attended</b>
Mr. Kamran Jafar	03
Mr. Suleman Lalani	04
Mr. Ali Akhtar Ali	04



### **Buy Back of shares**

The Board of Directors of the Company in their meeting held on October 22, 2015 recommended buyback of shares up to a maximum of 25 million of its own issued ordinary shares at the nominal value of Rs. 10/- each at a purchase price of Rs. 18/- per share under section 95A of the Companies Ordinance 1984, read with the Companies (Buy-Back of Shares) Rules, 1999 subject to the approval by the Company's shareholders through special resolution.

The said scheme was approved by the Company's shareholders in Extraordinary General Meeting held on November 18, 2015. Accordingly the Company, in compliance with the requisite legal formalities, bought back 19,828,182 ordinary shares at a price of Rs.18 per share in December 2015. Consequently the paid up capital of the Company has been reduced to Rs. 801,718,180 divided into 80,171,818 ordinary shares at the face value of Rs.10.

### **Creation of capital repurchase reserve**

The Company executed buyback share transaction during the year. In this respect, section 95A (10) of the Companies Ordinance, 1984 requires that the amount by which the Company's paid up share capital is diminished on cancellation of the shares purchased is to be transferred from the distributable profits to an account to be called "Capital Repurchase Reserve Account".

Accordingly, the Company, in view of the above said requirement of section 95 A of the Companies Ordinance, 1984, has created a " Capital Re-purchase Reserve " amounting to Rs. 198,281,820 representing face value of 19,828,182 number of ordinary shares purchased/bought back during the year.

### **Merger of Funds**

During the period, the SECP vide its letter dated September 11, 2015 has granted its approval under regulation 58(1) (m) of the Non Banking Finance Companies and Notified Entities Regulations, 2008 read with Circular No. 20 of 23 June 2009 for the merger of the JS Aggressive Asset Allocation Fund & JS KSE 30 Index Fund with and into JS Large Cap. Fund in terms of the Scheme of Merger as approved by the Board of Directors of JS Investments Limited, and the unit holders of the Fund in its general meetings held on July 23, 2014 and August 05, 2015. Accordingly the funds have been merged with and into JS Large Cap. Fund on the basis of the swap ratio calculated on the basis of net assets values (NAVs) at the close of the business day on October 01, 2015 (the day immediately preceding the effective date of merger).

### **Directors' Training Program**

During the year Mr. Ahsen Ahmed has completed certification from Pakistan Institute of Corporate Governance (PICG) under the criteria given in Clause (xi) of the Code.

### **Parent Company**

JS Bank Limited is the holding company of JS Investments Limited and holds 65.16% of the equity.

### **Pattern of Shareholding**

A statement showing pattern of shareholding in the Company and additional information as at December 31, 2015 is given on page 114 of this annual report.

The Directors, CEO, CFO and their spouses and minor children carry out following transactions in the shares of the Company during the year ended December 31, 2015.

<b>Name</b>	<b>Designation</b>	<b>Shares Sold</b>
Mr. Ahsen Ahmed	Director	2,053,500

### **Auditors**

The Board of Directors of JSIL, upon recommendation of the Audit Committee, has proposed the appointment of M/s Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants as the auditors of the Company in place of retiring auditors M/s Deloitte Yousuf Adil, Chartered Accountants.

### **Acknowledgment**

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

Date: February 17, 2016  
Place: Karachi

**ALI AKHTAR ALI**  
CHIEF EXECUTIVE OFFICER



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of JS Investments Limited (the Company) for the year ended December 31, 2015 to comply with the respective requirements of the Pakistan Stock Exchange (Formally known as Karachi Stock Exchange), where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance with the Code of Corporate Governance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended December 31, 2015.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph 23 of the Statement of Compliance:

- i. Level of materiality was determined by the Board subsequent to year end in its meeting held on February 17, 2016.; and
- ii. One of the independent directors of the Company did not inform the Company Secretary regarding his trading in shares of the Company, within the time specified by the Code. Furthermore, such matter was not placed by the Company Secretary in the immediate next meeting of the Board.

Chartered Accountants

Date : February 17, 2016  
Place : Karachi

Engagement Partner:  
**Naresh Kumar**

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

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

At present the Board includes:

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

The independent directors meets the criteria of independence under clause 5.19.I(b) of the CCG

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



11. The Directors Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than those disclosed in the Pattern of Shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee which comprises of three members, two of them are non-executive directors and one is independent director. Chairman of the committee, Mr. Asif Reza Sana is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee which comprises of three members. Two of them are non-executive directors.
18. The Board has set up an effective internal audit function and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period" prior to the announcement of interim / final results, and business decisions, which may materially affect the share price of Company was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other applicable material principles enshrined in the Code have been complied with except for the following:
  - a. In accordance with the clause 5.19.4 (vii) of the Rule Book of Pakistan Stock Exchange, The Board approved the materiality policy, subsequent to the year end, in its meeting held on February 17, 2016.
  - b. In accordance with the clause 5.19.15 of the Rule Book of Pakistan Stock Exchange, where any director, CEO or executive of a listed company sell, buy or transact, in share of listed company of which he is a director, CEO or executive, he shall immediately notify in writing to the Company Secretary, along with filing a written record of the transactions within two days of effecting the transaction. Such statements shall also be presented by the Company Secretary at Board meeting immediately subsequent to such transaction. However, Mr. Ahsen Ahmed, who is also the independent director, sold 2,053,500 shares at a price of Rs. 13.06 each on April 29, 2015, which was informed to the Company Secretary on June 10, 2015. Further, this matter was not placed by the Company Secretary in the immediate next meeting of the Board.

Date : February 17, 2016  
Place : Karachi,

**ALI AKHTAR ALI**  
CHIEF EXECUTIVE OFFICER

## AUDIT COMMITTEE AND ITS TERMS OF REFERENCES

The board of directors of JS Investments Limited has established an Audit Committee, comprising three non-executive directors.

The Audit Committee meets at least once every quarter of the financial year. During the year under review four meetings of the Committee were held which were attended by the members as follows:

Mr, Asif Reza Sana (Chairman).....	2
Mr. Suleman Lalani (Member).....	4
Mr. Khalil-Ur-Rehman (Member).....	4

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

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

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



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# FINANCIAL STATEMENTS



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of JS Investment Limited (the Company) as at December 31, 2015 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the unconsolidated balance sheet and unconsolidated 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 unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, (XVIII of 1980).

Chartered Accountants

Date : February 17, 2016  
Place : Karachi

Engagement Partner:  
**Naresh Kumar**



## UNCONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2015

ASSETS	Note	2015 -----Rupees-----	2014
<b>Non - current assets</b>			
<b>Fixed Assets</b>			
Property and equipment	4	359,859,663	374,781,788
Intangible assets	5	1,734,992	1,492,160
Long-term investment in a subsidiary	6	37,500,000	37,500,000
Long-term loans - considered good	7	902,887	989,595
		<b>399,997,542</b>	414,763,543
<b>Current assets</b>			
Balances due from funds under management - related parties	8	94,536,339	66,463,427
Loans and advances - considered good	9	2,077,719	2,505,706
Trade deposits, short term prepayments and other receivables	10	12,551,657	20,139,262
Other financial assets - investments	11	1,942,367,635	2,270,762,708
Advance income tax - net		121,849,376	127,712,759
Cash and bank balances	12	12,743,292	13,178,360
		<b>2,186,126,018</b>	2,500,762,222
<b>Total assets</b>		<b>2,586,123,560</b>	2,915,525,765
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Share capital</b>			
<b>Authorized capital</b>			
		<b>2,500,000,000</b>	2,500,000,000
Issued, subscribed and paid-up capital	13	801,718,180	1,000,000,000
Unappropriated profit		491,901,151	666,591,018
Capital repurchase reserve account		198,281,820	
Unrealised gain on re-measurement of available for sale investments - net of tax		615,677,768	783,111,599
		<b>2,107,578,919</b>	2,449,702,617
Surplus on revaluation of fixed assets - net of tax	14	200,170,871	193,819,917
<b>LIABILITIES</b>			
<b>Non - current liabilities</b>			
Deferred tax liability - net	15	78,367,529	94,155,252
<b>Current liabilities</b>			
Accrued and other liabilities	16	200,006,241	177,847,979
		<b>278,373,770</b>	272,003,231
<b>Total liabilities</b>		<b>278,373,770</b>	272,003,231
<b>Total equity and liabilities</b>		<b>2,586,123,560</b>	2,915,525,765
<b>Contingencies and commitments</b>			
	17		

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## UNCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2015

		2015	2014
	Note	-----Rupees-----	
<b>Income</b>			
Remuneration from funds under management - net	18	<b>159,721,956</b>	201,675,478
Commission from open end funds under management	19	<b>3,736,341</b>	610,676
Dividend income	20	<b>18,981,897</b>	-
Gain on sale of investments - net		<b>213,847,149</b>	648,565,141
Return on bank deposits		<b>2,377,871</b>	6,936,222
Mark up on Term Finance Certificates (TFCs)		<b>2,107,083</b>	2,164,405
Return on Government Securities		-	211,667
Commission income and share of profit from management of discretionary client portfolios	21	<b>5,239,429</b>	9,026,578
		<b>406,011,726</b>	869,190,167
Administrative and marketing expenses	22	<b>(235,630,824)</b>	(227,695,718)
<b>Operating profit</b>		<b>170,380,902</b>	641,494,449
Other expenses	23	<b>(4,067,208)</b>	(13,486,352)
Financial charges	24	<b>(14,625)</b>	(516,826)
		<b>166,299,069</b>	627,491,271
Other income	25	<b>32,996,404</b>	33,324,966
<b>Profit before taxation</b>		<b>199,295,473</b>	660,816,237
Taxation - net	26	<b>(25,022,933)</b>	(11,341,024)
<b>Profit for the year</b>		<b>174,272,540</b>	649,475,213
Earnings per share for the year - basic and diluted	27	<b>1.75</b>	6.49

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
	-----Rupees-----	
Profit for the year	174,272,540	649,475,213
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit and loss</b>	-	-
<b>Items that may be reclassified subsequently to profit and loss:</b>		
<b>Available-for-sale investments</b>		
Unrealised gain on re-measurement of available-for-sale investments to fair value	38,349,353	633,850,651
Transfer to profit and loss account on sale of investments	(199,091,378)	(633,987,959)
Related tax	(6,691,806)	(4,682,501)
<b>Total items that may be reclassified subsequently to profit and loss</b>	(167,433,831)	(4,819,809)
<b>Total comprehensive income for the year</b>	<b>6,838,709</b>	<b>644,655,404</b>

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

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
Note	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	199,295,473	660,816,237
<b>Adjustment for non-cash and other items:</b>		
Remuneration from funds under management	18 (159,721,956)	(201,675,478)
Commission from open end funds under management	19 (3,736,341)	(610,676)
Dividend income	(18,981,897)	-
Depreciation	4.1 23,362,126	22,480,746
Amortization of intangible assets	5 412,668	295,368
Financial charges	24 14,625	516,826
Return on bank deposits	(2,377,871)	(6,936,222)
Gain on sale of investments - net	(213,847,149)	(648,565,141)
Unrealised gain on revaluation of investments classified as HFT	(6,747,467)	(6,374,193)
Gain on disposal of property and equipment	25 (100,035)	(5,607,265)
	<b>(182,427,824)</b>	<b>(185,659,798)</b>
<b>Increase / decrease in assets and liabilities</b>		
Loans and advances	<b>514,695</b>	(613,871)
Trade deposits, short term prepayments and other receivables	<b>8,105,092</b>	(4,630,440)
Accrued and other liabilities	<b>22,185,424</b>	61,731,921
	<b>30,805,211</b>	56,487,610
	<b>(151,622,613)</b>	(129,172,188)
Taxes paid	<b>(27,343,256)</b>	(15,124,584)
Remuneration and commission received from funds under management	<b>135,385,385</b>	151,895,461
<b>Net cash (used in) / generated from operating activities</b>	<b>(43,580,484)</b>	7,598,689
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment	<b>(1,230,261,093)</b>	(1,538,716,198)
Proceeds from disposal of investment	<b>1,618,508,757</b>	1,506,202,908
Dividend income received	<b>18,981,897</b>	-
Payment for purchase of property and equipment	<b>(8,742,713)</b>	(8,245,754)
Payment for purchase of intangible assets	<b>(655,500)</b>	(1,407,490)
Return on bank deposits	<b>1,860,382</b>	7,053,872
Proceeds from disposal of property and equipment	<b>402,747</b>	7,045,001
<b>Net cash generated from / (used in) investing activities</b>	<b>400,094,477</b>	(28,067,661)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(27,160)</b>	(3,940,191)
Payment for buy back of shares	13.3 (356,907,276)	-
Financial charges paid	<b>(14,625)</b>	(640,317)
<b>Net cash used in financing activities</b>	<b>(356,949,061)</b>	(4,580,508)
<b>Net decrease in cash and cash equivalents</b>	<b>(435,068)</b>	(25,049,480)
Cash and cash equivalents at beginning of the year	<b>13,178,360</b>	38,227,840
<b>Cash and cash equivalents at end of the year</b>	30 <b>12,743,292</b>	13,178,360

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



## UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015

	Issued, subscribed and paid up share capital	Capital reserve Capital repurchase reserve Account	Revenue reserve Unappropriated profit	Unrealized gain / (loss) on remeasurement of available for sale investment	Total
----- Rupees -----					
<b>Balance as at December 31, 2013</b>	1,000,000,000	-	9,731,642	787,931,408	1,797,663,050
<b>Total comprehensive income:</b>					
Profit for the year	-	-	649,475,213	-	649,475,213
Other comprehensive income - net of tax	-	-	-	(4,819,809)	(4,819,809)
<b>Total comprehensive income for the year</b>	-	-	649,475,213	(4,819,809)	644,655,404
Surplus on revaluation of fixed assets realized during the year on account of incremental depreciation charged thereon - net of tax	-	-	7,384,163	-	7,384,163
<b>Balance as at December 31, 2014</b>	<b>1,000,000,000</b>	<b>-</b>	<b>666,591,018</b>	<b>783,111,599</b>	<b>2,449,702,617</b>
<b>Total comprehensive income</b>					
Profit for the year	-	-	174,272,540	-	174,272,540
Other comprehensive income - net of tax	-	-	-	(167,433,831)	(167,433,831)
<b>Total comprehensive income for the year</b>	-	-	174,272,540	(167,433,831)	6,838,709
Surplus on revaluation of fixed assets realized during the year on account of incremental depreciation charged thereon - net of tax	-	-	7,944,869	-	7,944,869
Amount paid in excess of face value of 19,828,182 shares buyback @ Rs. 18/ share (note 13.3)	-	-	(158,625,456)	-	(158,625,456)
Transfer of amount of share capital cancelled through buy back of shares (note 13.3)	-	198,281,820	(198,281,820)	-	-
Buy back of 19,828,182 shares having face value of Rs. 10/- each at a purchase price of Rs. 18/- each (note 13.3)	(198,281,820)	-	-	-	(198,281,820)
<b>Balance as at December 31, 2015</b>	<b>801,718,180</b>	<b>198,281,820</b>	<b>491,901,151</b>	<b>615,677,768</b>	<b>2,107,578,919</b>

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **1. STATUS AND NATURE OF BUSINESS**

JS Investments Limited (the Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange Limited (Formerly known as "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 JS Bank Limited (which acquired 52.24 % direct holding in the Company from Jahangir Siddiqui & Company Limited and other shareholders of the Company in November, 2012).

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

**1.1** The Company is an asset management company and pension fund manager for the following at year end:

**1.1.1** Asset management company of the following funds:

Open end:

- JS Growth Fund
- JS Value Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Government Securities Fund
- JS Cash Fund
- JS Large Cap Fund

**1.1.2** Pension fund manager of the following funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

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

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

These unconsolidated 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 International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP will prevail.

## **2.2 Basis of measurement**

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

## **2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is also the functional and presentation currency of the Company and rounded off to the nearest rupee.

## **2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant effect on the financial statements are as follows:

- i) Amortisation of intangible assets (note 3.2 and 5);
- ii) Provision for taxation (note 3.12 and 26);
- iii) Classification and valuation of investments (notes 3.3 and 11);
- iv) Determination and measurement of useful life and residual value of property and equipment (note 3.1 and 4.1);
- v) Valuation of office premises (note 3.1 and 4.2); and
- vi) Recognition and measurement of deferred tax assets and liabilities (note 3.12 and 15).



## 2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2015

2.5.1 The following standards, amendments and interpretations are effective for the year ended December 31, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective for accounting periods beginning on or after
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
Amendments to IAS 19 Employee Benefits: Employee contributions	July 01, 2014
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015

As a result of first time application of 'IFRS 13 - Fair Value Measurement, certain additional disclosures have been made in note 4.2 to the financial statements in respect of 'Office premises' for which the Company follows revaluation model.

The Company, currently, does not consolidate mutual funds managed and controlled by it in view of exemption provided by the Securities and Exchange Commission (SECP) vide S.RO.56(I)/2016 dated January 28, 2016 .

Certain annual improvements have also been made to a number of IFRSs which did not have material effect on the financial statements of the Company.

## 2.6 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.



Effective for accounting periods beginning on or after

Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 - Disclosure initiative	January 01, 2016
Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	January 01, 2016
Amendments to IAS 27 - Equity method in separate financial statements	January 01, 2016
Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture	January 01, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the consolidation exception	January 01, 2016

Certain annual improvements have also been made to a number of IFRSs which are not expected to have material effect on the financial statements of the Company.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 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 less impairment, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. The revaluation model, as described in IAS 16 'Property Plant and Equipment', is followed in respect of 'Office premises'. In estimating the fair value of an asset, the Company engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial

Officer reports any related findings to the Board of Directors every year to explain the cause of fluctuations in the fair value of office premises.

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 reporting date.

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

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

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

### **3.2 Intangible assets**

"Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method taking into account residual value, if any, at the rate specified in note 5 to these financial statements. Amortisation is charged from the date the asset is available for use while in the case of assets disposed off, it is charged till the date of disposal. The useful lives and amortisation method are reviewed and adjusted, if appropriate, at each reporting date.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

### **3.3 Investments**

All investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged to the profit and loss account.



The Company classifies its investments in the following categories:

#### **Financial assets at fair value through profit or loss - held for trading**

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trading'. Subsequent to initial recognition, these investments are marked to market and are carried on the balance sheet at fair value, except for investments in unquoted debt securities which are carried at cost. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

#### **Held-to-maturity investments**

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

#### **Available-for-sale**

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices or which are not classified as 'at fair value through profit and loss - held for trading' and 'held to maturity' are classified as 'available for sale'. Subsequent to initial measurement, available for sale' investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to other comprehensive income. When securities are disposed off or impaired, the related fair value adjustments previously taken to other comprehensive income are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of units of open end mutual funds and government securities are determined on the basis of relevant redemption prices for the open-end mutual funds and quotations obtained from the PKRV sheets for government securities respectively. Unquoted securities are valued at cost.

#### **Investment in subsidiary**

Investment in a subsidiary, where control exist are stated at cost. Subsequently, the recoverable amount is estimated to determine the extent of impairment losses, if any, and carrying amounts are adjusted accordingly. Impairment losses are recognized as expense in the profit and loss account. Where impairment losses are subsequently reversed, the carrying amount of the investments are increased to the revised recoverable amount but limited to the extent of initial cost of investments.

Investments are derecognized when the right to receive cash flows from the investments has expired, realised or transferred and the Company has transferred substantially all risk and rewards of ownership.

### **3.4 Trade and other receivables**

Trade and other receivables are recognized at original invoice value less provision for impairment, if any. Provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and other receivables are written off when considered irrecoverable.

### **3.5 Operating Lease / Ijarah**

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

### **3.6 Trade and other payables**

Liabilities for trade and other amounts payable are recognized initially at cost which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Company. These are subsequently measured at amortized cost.

### **3.7 Revenue recognition**

- Remuneration for management services and asset investment advisory services are recognized on an accrual basis by applying pre-defined remuneration percentage on daily net asset value of the respective funds.
- Realized gains / losses on sale of investments is recognized in the profit and loss account at the time of sale.
- Dividend income is recorded when the right to receive the dividend is established.
- Return on bank deposits, mark-up on term finance certificate, mark-up on letter of placements and mark-up on commercial papers are recognized on time proportionate basis by using effective rate of interest.
- Commission income from open end funds is recognized at the time of sale of units.
- Commission income and share of profit from management of discretionary client portfolios is recognized as services are rendered.

### **3.8 Defined contribution scheme**

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

### **3.9 Employees' compensated absences**

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

### **3.10 Provisions**

Provisions are recognized 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 reporting date and adjusted to reflect the current best estimate.



### 3.11 Impairment

#### Financial assets

The Company assesses at each reporting date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated. In case of quoted equity securities, impairment is also assessed based on significant or prolonged decline in market prices of securities.

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

#### Non-financial assets

The carrying amount of the Company's non-financial assets other than deferred tax asset is reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount which is determined as higher of value-in-use and fair value less cost to sell. Impairment losses are recognized in profit and loss account immediately. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 3.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income respectively.

#### Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

#### Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is charged or credited to the profit and loss account.

### 3.13 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and saving accounts held with banks, running finance facilities availed by the Company (if any), which are payable on demand and form an integral part of the Company's cash management.

### 3.14 Financial instruments

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

"The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit and loss account.

The Company derecognizes a financial liability when, and only when, the Company's obligation is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit and loss account.

### 3.15 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 recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

### 3.16 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

### 3.17 Dividend and other appropriation to reserves

Dividend and appropriation to reserves are recognized in financial statements in the periods in which these are approved.

	Note	2015 -----Rupees-----	2014
<b>4. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	4.1	359,859,663	374,524,680
Advance for capital expenditure		-	257,108
		<b>359,859,663</b>	<b>374,781,788</b>



## 4.1 Operating fixed assets

	2015					Total
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	
	----- Rupees -----					
<b>At January 1, 2015</b>						
Cost / revalued amount	372,660,000	3,430,894	23,610,445	99,420,806	6,950,007	506,072,152
Accumulated depreciation	(10,869,250)	(3,377,289)	(22,737,362)	(90,872,572)	(3,690,999)	(131,547,472)
Net book value	361,790,750	53,605	873,083	8,548,234	3,259,008	374,524,680
<b>Year ended December 31, 2015:</b>						
Opening net book value	361,790,750	53,605	873,083	8,548,234	3,259,008	374,524,680
Additions	-	-	737,749	8,262,072	-	8,999,821
Disposals:						
Cost / revalued amount	-	-	-	(531,904)	(1,028,100)	(1,560,004)
Depreciation	-	-	-	486,217	771,075	1,257,292
Depreciation charge for the year	(18,633,000)	(53,605)	(267,030)	(3,970,226)	(438,265)	(23,362,126)
Closing net book value	343,157,750	-	1,343,802	12,794,393	2,563,718	359,859,663
<b>At December 31, 2015:</b>						
Cost / revalued amount	372,660,000	3,430,894	24,348,194	107,150,974	5,921,907	513,511,969
Accumulated depreciation	(29,502,250)	(3,430,894)	(23,004,392)	(94,356,581)	(3,358,189)	(153,652,306)
Net book value	343,157,750	-	1,343,802	12,794,393	2,563,718	359,859,663
Depreciation rate % per annum	5%	20%	10%	25%	20%	



## Operating fixed assets

	2014					Total
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	
----- Rupees -----						
<b>At January 1, 2014</b>						
Cost / revalued amount	331,254,000	3,430,894	23,343,100	96,018,253	4,981,095	459,027,342
Accumulated depreciation	(75,912,374)	(3,235,424)	(21,467,660)	(88,850,321)	(3,326,546)	(192,792,325)
Net book value	255,341,626	195,470	1,875,440	7,167,932	1,654,549	266,235,017
<b>Year ended December 31, 2014:</b>						
Opening net book value	255,341,626	195,470	1,875,440	7,167,932	1,654,549	266,235,017
Additions	-	-	267,345	4,314,653	3,406,648	7,988,646
Revaluation:						
Cost / revalued amount	41,406,000	-	-	-	-	41,406,000
Reversal of accumulated depreciation	82,813,499	-	-	-	-	82,813,499
	124,219,499					124,219,499
Disposals:						
Cost / revalued amount	-	-	-	(912,100)	(1,437,736)	(2,349,836)
Depreciation	-	-	-	912,100	-	912,100
	-	-	-	-	(1,437,736)	(1,437,736)
Depreciation charge for the year	(17,770,375)	(141,865)	(1,269,702)	(2,934,351)	(364,453)	(22,480,746)
Closing net book value	361,790,750	53,605	873,083	8,548,234	3,259,008	374,524,680
<b>At December 31, 2014:</b>						
Cost / revalued amount	372,660,000	3,430,894	23,610,445	99,420,806	6,950,007	506,072,152
Accumulated depreciation	(10,869,250)	(3,377,289)	(22,737,362)	(90,872,572)	(3,690,999)	(131,547,472)
Net book value	361,790,750	53,605	873,083	8,548,234	3,259,008	374,524,680
Depreciation rate % per annum	5%	20%	10%	25%	20%	

**4.2** The Company follows the revaluation model for its office premises. The fair value measurement as at May 31, 2014 was performed by KG Traders (Private) Limited, independent valuer not related to the Company. KG Traders (Private) Limited is on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of the office premises was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of the office premises, the highest and best use of these premises is their current use.

The revaluation resulted in a further surplus of Rs. 124.20 million. Out of the total revaluation surplus of Rs. 378.84 million, Rs. 200.17 million net of tax (December 2014: Rs. 193.82 million) remains undepreciated as at December 31, 2015.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of office premises approximate its fair market value.

Details of the Company's office premises and information about fair value hierarchy, explained in note 33, as at December 31, 2015 are as follows.



	2015			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Office premises, at Forum Shopping Mall, Karachi	-	343,157,750	-	343,157,750

	2014			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Office premises, at Forum Shopping Mall, Karachi	-	361,790,750	-	361,790,750

There were no transfers between levels of fair value hierarchy during the year.

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

	2015	2014
	-----Rupees-----	
Office premises	57,241,273	63,735,302

**4.4 Disposal of property and equipment**

The following is a statement of property and equipment disposed off during the year:

Asset	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyers
----- Rupees -----							
<b>Office equipment</b>							
Items with written down value below Rs. 50,000 each	531,904	486,217	45,687	80,747	35,060	Tender	Various
<b>Vehicles</b>							
Toyota Corolla	969,000	726,750	242,250	310,000	67,750	Tender	Syed Faisal Hussain
Items with written down value below Rs. 50,000	59,100	44,325	14,775	12,000	(2,775)	Tender	Various
<b>2015</b>	<b>1,560,004</b>	<b>1,257,292</b>	<b>302,712</b>	<b>402,747</b>	<b>100,035</b>		
2014	2,349,836	912,100	1,437,736	7,045,001	5,607,265		

5. INTANGIBLE ASSET	COST			AMORTIZATION		Written down value as at December 31		
	As at January 01	Additions	As at December 31	As at January 01	For the year		As at December 31	
Computer software	2015	32,693,915	655,500	33,349,415	31,201,755	412,668	31,614,423	1,734,992
	2014	31,286,424	1,407,491	32,693,915	30,906,387	295,368	31,201,755	1,492,160

	Note	2015	2014
-----Rupees-----			
<b>6. LONG-TERM INVESTMENT IN A SUBSIDIARY</b>			
3,750,000 (2014: 3,750,000) unquoted ordinary shares of Rs. 10 each held in JS ABAMCO Commodities Limited (Net assets value as at December 31, 2015 Rs. 53.40 million, (2014: Rs. 50.51 million))			
		<b>37,500,000</b>	37,500,000
<b>7. LONG-TERM LOANS - CONSIDERED GOODS</b>			
Loans to employees	7.1	<b>1,745,140</b>	1,313,424
Less: current maturity	9	<b>(842,253)</b>	(323,829)
		<b>902,887</b>	989,595

**7.1** This represents loans given to employees for purchase of motor vehicles, house loans and general purpose cash loans. These loans are recovered through deduction from salaries over varying periods upto a maximum period of three years, five years and fifteen years respectively. These loans are granted in accordance with the terms of employment. The motor vehicle loans are secured by way of title to the motor vehicles being held in the name of the company and house loans are secured by way of equitable mortgage. Motor vehicle loans, house loans and general purpose cash loans carry mark-up at rates ranging from 6.46% per annum to 8.92% per annum (2014: 4.79% per annum to 9.95% per annum). The company has not discounted these loans at market interest rates as effect of such discounting is not material to these financial statements.

The maximum aggregate amount due from employees outstanding at the end of any month during the year was Rs. 1.75 million (2014: Rs. 1.69 million).



**8. BALANCES DUE FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES**

	Note	2015 -----Rupees-----	2014
<b>8.1 Balances due from funds under management</b>			
<b>Open end Funds</b>			
JS Value Fund	18.1	<b>14,262,106</b>	10,874,080
JS Growth Fund	18.1	<b>33,305,869</b>	25,278,680
JS KSE 30 Index Fund	18.1	-	239,313
JS Large Cap Fund	18.1	<b>11,452,440</b>	6,043,477
Unit Trust of Pakistan	18.1	<b>15,526,522</b>	10,165,118
JS Income Fund	18.1	<b>3,677,800</b>	2,475,267
JS Islamic Fund	18.1	<b>5,557,529</b>	2,729,383
JS Aggressive Asset Allocation Fund	18.1	-	803,834
JS Fund of Funds	18.1	<b>531,973</b>	275,204
JS Pension Savings Fund	18.1	<b>3,139,978</b>	1,944,826
JS Islamic Pension Savings Fund	18.1	<b>1,680,058</b>	1,037,076
JS Islamic Government Securities Fund	18.1	<b>954,162</b>	789,604
JS Cash Fund	18.1	<b>4,447,902</b>	3,807,565
		<b>94,536,339</b>	66,463,427
		<b>94,536,339</b>	66,463,427

**8.2** Balances due from funds under management primarily represent accrual of management fee, sales tax and federal excise duty. Management fee is received within next month from the date of accrual.

**8.3** During the year, JS KSE 30 Index Fund and JS Aggressive Asset Allocation Fund were merged into JS Large Cap Fund.

9. LOANS AND ADVANCES - CONSIDERED GOODS	Note	2015 -----Rupees-----	2014
Current portion of long-term loans to employees	7	842,253	323,829
Unsecured advances to:			
- executives		-	1,692,063
- employees		1,205,990	434,364
- suppliers		29,476	55,450
		<b>1,235,466</b>	2,181,877
		<b>2,077,719</b>	2,505,706
<b>10. TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES</b>			
Deposits		1,220,506	1,129,400
Prepayments		4,846,782	5,578,417
Markup receivable		-	669,069
Others	10.1	6,484,369	12,762,376
		<b>12,551,657</b>	20,139,262

**10.1** This includes Rs. 3.574 million (December 2014: Rs. 3.482 million) due from related parties on account of expenses incurred on their behalf.

#### 11. OTHER FINANCIAL ASSETS - INVESTMENTS

	Note	2015 -----Rupees-----	2014
<b>Investments classified as Available for Sale</b>			
Units of mutual funds - related parties	11.1	1,720,727,885	1,882,487,273
Term Finance Certificate	11.2	-	24,821,239
<b>Investments classified as Fair value through Profit and Loss Held for Trading (HFT)</b>			
Units of mutual funds - related parties	11.3	221,639,750	363,454,196
		<b>1,942,367,635</b>	2,270,762,708



## 11.1 Units of mutual funds - related parties

Number of units		Name of fund	Note	2015		2014
2015	2014			Average cost	Fair value	Fair value
				-----Rupees-----		
2,732,054	2,683,692	JS Value Fund		355,992,873	515,866,344	489,800,588
4,727,934	4,705,607	JS Growth Fund		517,647,323	749,661,179	746,121,010
240,000	240,000	JS Pension Savings Fund - Equity		14,776,800	94,190,400	98,282,400
177,761	177,761	JS Pension Savings Fund - Debt		17,776,120	37,904,020	35,536,240
177,463	177,463	JS Pension Savings Fund - Money Market		17,746,342	30,834,268	29,251,295
2,160,949	2,088,869	JS Fund of Funds		107,950,852	109,149,510	104,297,220
200,000	200,000	JS Islamic Pension Savings Fund - Equity		18,170,000	107,810,000	102,062,000
213,852	213,852	JS Islamic Pension Savings Fund - Debt		21,385,170	39,312,357	37,190,948
222,303	222,303	JS Islamic Pension Savings Fund - Money Market		22,230,337	35,999,807	34,174,696
-	1,866,852	JS Income fund		-	-	171,713,020
-	334,163	JS Islamic Government Securities Fund		-	-	34,057,856
				1,093,675,817	1,720,727,885	1,882,487,273
Unrealized gain on remeasurement at fair value				627,052,068	-	-
				1,720,727,885	1,720,727,885	1,882,487,273

## 11.2 Term Finance Certificate - related party

Number of units		Name of fund	Note	2015		2014
2015	2014			Average cost	Fair value	Fair value
-	5,000	Term Finance Certificates	11.4	-	-	24,821,239

## 11.3 Units of mutual funds - related parties

Number of units		Name of fund	Note	2015		2014
2015	2014			Average cost	Fair value	Fair value
1,113,672	3,403,767	JS Cash Fund		113,884,087	117,347,606	363,454,196
1,073,185	-	JS Income Fund		101,008,198	104,292,144	-
				214,892,285	221,639,750	363,454,196

11.4 During the year, the Company sold 5000 TFCs having face value of Rs. 5,000 each issued by Jahangir Siddiqui & Co. Ltd (ultimate parent) amounting to Rs. 21.562 million (2014: Rs. 24.062 million). The TFC had a tenure of five years and carried markup at the rate of 6 months KIBOR + 1.75%.

## 12. CASH AND BANK BALANCES

	Note	2015	2014
		-----Rupees-----	
Cash in hand		94,299	83,366
Cheques in hand		429,165	-
Cash at bank in:			
Current accounts	12.1	169,048	487,507
Saving accounts		12,050,780	12,607,487
		12,219,828	13,094,994
		12,743,292	13,178,360

- 12.1** These carry mark-up at rates ranging from 4 percent to 6.5 percent (2014: 5 percent to 9.5 percent) per annum. It includes Rs. 10.19 million (2014: Rs. 10.8 million) held with JS Bank Limited (parent company) and Rs. nil (2014: Rs. 0.024 million) held with Bank Islami Pakistan Limited (related party).

### 13. SHARE CAPITAL

2015	2014		Note	2015	2014
Number of shares				-----Rupees-----	
<b>Authorised capital</b>					
<b>200,000,000</b>	200,000,000	Ordinary shares of Rs. 10 each		<b>2,000,000,000</b>	2,000,000,000
<b>50,000,000</b>	50,000,000	Convertible preference shares of Rs. 10 each		<b>500,000,000</b>	500,000,000
<b>250,000,000</b>	250,000,000			<b>2,500,000,000</b>	2,500,000,000
<b>Issued, subscribed and paid-up capital</b>					
<b>21,250,000</b>	21,250,000	Ordinary shares of Rs. 10 each issued as fully paid in cash		<b>212,500,000</b>	212,500,000
<b>700,000</b>	700,000	Fully paid ordinary shares of Rs. 10 each issued on amalgamation with CFSL		<b>7,000,000</b>	7,000,000
<b>78,050,000</b>	78,050,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		<b>780,500,000</b>	780,500,000
<b>(19,828,182)</b>	-	Shares repurchased	13.3	<b>(198,281,820)</b>	-
<b>80,171,818</b>	100,000,000			<b>801,718,180</b>	1,000,000,000

- 13.1** As at year end, JS Bank Limited, Parent company, holds 52,236,978 (2014: 52,236,978) shares in the Company.

- 13.2** There is only one class of ordinary shares issued.

- 13.3** Consequent to approval by the Company's shareholders in extraordinary general meeting held on November 18, 2015 and in compliance of requisite legal formalities, the Company executed buy back transaction of its 19,828,182 number of ordinary shares at a price of Rs.18 per share during December 22, 2015 to December 29, 2015. Appropriate adjustments have been made in the statement of changes in equity in compliance of requirements of section 95A of the Companies Ordinance, 1984.



**14. SURPLUS ON REVALUATION OF FIXED ASSETS  
- NET OF TAX**

	2015	2014
	-----Rupees-----	
Surplus on revaluation of fixed assets as at 1st January	298,055,529	185,196,201
Surplus arising on revaluation of fixed assets during the year	-	124,219,499
	<b>298,055,529</b>	309,415,700
Transferred to unappropriated profit:		
Surplus relating to incremental depreciation transferred to unappropriated profit during the year - net of deferred tax	(7,944,869)	(7,384,163)
Related deferred tax liability	(4,194,183)	(3,976,008)
	<b>(12,139,052)</b>	(11,360,171)
	<b>285,916,477</b>	298,055,529
Less: related deferred tax liability on:		
- revaluation reserves from last year	(104,235,612)	(64,734,795)
- revaluation during the year	-	(43,476,825)
- restatement of opening value due to changes in applicable tax rates	14,295,823	-
- incremental depreciation charged during the year transferred to profit and loss account	4,194,183	3,976,008
	<b>(85,745,606)</b>	(104,235,612)
	<b>200,170,871</b>	193,819,917

2015

Opening	Charge / (reversal) to profit and loss account	Charge to surplus on revaluation of fixed assets / OCI	Closing
-----Rupees-----			

**15. DEFERRED TAX LIABILITY - NET**

**Taxable temporary differences on:**

Accelerated tax depreciation	11,666,493	(2,011,826)	-	9,654,667
Surplus on revaluation of fixed assets	104,235,612	(4,194,183)	(14,295,823)	85,745,606
Revaluation on investments - HFT	796,774	215,346	-	1,012,120
Unrealised gain on available for sale investments	4,682,501	-	6,691,806	11,374,307

**Deductible temporary differences on:**

Short term provisions	(222,914)	(90,759)	-	(313,673)
Provision for Workers' Welfare Fund	(20,166,670)	1,660,794	-	(18,505,876)
Provision for donation	(4,639,360)	3,572,181	-	(1,067,179)

**Deferred tax asset on carried forward tax losses** (2,197,184) (7,335,259) - (9,532,443)

<b>94,155,252</b>	<b>(8,183,706)</b>	<b>(7,604,017)</b>	<b>78,367,529</b>
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	2014			
	Opening	Charge / (reversal) to profit and loss account	Charge to surplus on revaluation of fixed assets / OCI	Closing
	-----Rupees-----			
<b>DEFERRED TAX LIABILITY - NET</b>				
<b>Taxable temporary differences on:</b>				
Accelerated tax depreciation	11,936,807	(270,314)	-	11,666,493
Surplus on revaluation of fixed assets	64,734,795	(3,976,008)	43,476,825	104,235,612
Revaluation on investments - HFT	-	796,774	-	796,774
Unrealised gain on available for sale investments	-	-	4,682,501	4,682,501
<b>Deductible temporary differences on:</b>				
Short term provisions	(402,371)	179,457	-	(222,914)
Provision for Workers' Welfare Fund	(16,760,101)	(3,406,569)	-	(20,166,670)
Provision for donation	-	(4,639,360)	-	(4,639,360)
<b>Deferred tax asset on carried forward tax losses</b>	<b>(23,736,267)</b>	<b>21,539,083</b>	<b>-</b>	<b>(2,197,184)</b>
	<u>35,772,863</u>	<u>10,223,063</u>	<u>48,159,326</u>	<u>94,155,252</u>

- 15.1** The Company has an aggregate amount of Rs.31.77 million (2014:Rs.6.277 million) in respect of unabsorbed tax losses as at December 31, 2015 on which a deferred tax asset has been recognised.

	Note	2015	2014
		-----Rupees-----	
<b>16. ACCRUED AND OTHER LIABILITIES</b>			
Salary payable		<b>415,066</b>	620,219
Staff bonus accrued		<b>10,000,000</b>	15,000,000
Accrued expenses		<b>25,629,046</b>	19,918,649
Fee and commission payable		<b>3,577,066</b>	1,299,699
Unclaimed dividend		<b>3,119,509</b>	3,146,671
Provision for compensated absences		<b>1,045,578</b>	636,897
Sales tax payable		<b>12,311,717</b>	9,756,891
Provision for Workers' Welfare Fund	23	<b>30,375,813</b>	26,308,605
Federal Excise Duty payable	16.1	<b>79,943,601</b>	53,550,140
Provision for Workers' Welfare Fund on behalf of funds under management	16.2	<b>31,310,453</b>	31,310,453
Other liabilities		<b>2,278,392</b>	16,299,755
		<u><b>200,006,241</b></u>	<u>177,847,979</u>



- 16.1** This represents amount payable against Federal Excise Duty (FED) on management fees received/receivable from the funds under management. The amount is being held for payment to Federal Board of Revenue on the basis of stay order of the Honorable High Court of Sindh dated September 4, 2013. The stay order was granted a result of petition filed by asset management companies on the forum of MUFAP against the amendment in Finance Act, 2013 which levied FED on the fees received by asset management companies from funds under management.
- 16.2** This represents liability recognized to indemnify the unit holders of JS Income Fund and JS Cash Fund, against the charge of Workers' Welfare Fund for the period up to June 30, 2013.

## **17. CONTINGENCIES AND COMMITMENTS**

### **17.1 Contingencies**

In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs.162 million and 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of above said order of CIR (Appeals) for tax year 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses, which is currently pending for adjudication.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax year 2006 and 2009 whereby demands for these tax years were reduced at Rs 77.33 million and Rs 59.93 million respectively. As the allocation of expenditure in the said appeal effect orders were not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

In respect of second appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax year 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

The Company has filed second appeal for tax year 2006 in the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenditure made by tax authorities in appeal effect order earlier confirmed by CIR (Appeals). The said appeal before ATIR is currently pending for adjudication.

The CIR (Appeals) also rectified the order passed by his predecessor for tax Year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs. 29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend, which is pending for adjudication.

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal

before the Appellate Tribunal Inland Revenue in this respect which is pending for adjudication.

Management, based on views of its legal counsel, is confident of a favorable outcome in respect of above matters.

- 17.2** The Company has filed an appeal before the Appellate Tribunal, Sindh Revenue Board against the order of Commissioner (Appeals), Sindh Revenue Board in respect of levy of Sindh Sales tax amounting to Rs. 1.288 million on certain disallowance of input taxes and Rs. 0.054 million on levy of sales tax on certain heads of income, for the tax periods from July, 2011 to December, 2012. However, the appeal is pending before Honorable Tribunal, SRB is not formed.

Management and tax advisors are confident that good grounds exist to contest these disallowances and other points at appellate forums and these additions cannot be maintainable and eventually outcome will come in favor of the Company. Hence no provisions have been made in the financial statements.

<b>17.3 Commitments in respect of:</b>	<b>2015</b>	<b>2014</b>
	-----Rupees-----	
Royalty and advisory payment	<u><u>10,000,000</u></u>	<u><u>10,000,000</u></u>

<b>18. REMUNERATION FROM FUNDS UNDER MANAGEMENT - NET</b>	<b>2015</b>	<b>2014</b>
	-----Rupees-----	
<b>Open end Funds</b>		
JS Value Fund	<b>26,143,287</b>	47,196,547
JS Growth Fund	<b>65,756,091</b>	108,598,853
Unit Trust of Pakistan	<b>40,063,495</b>	39,578,015
JS Income Fund	<b>8,128,916</b>	9,061,455
JS Islamic Fund	<b>16,135,133</b>	10,122,748
JS Aggressive Asset Allocation Fund	<b>2,212,734</b>	3,143,049
JS Fund of Funds	<b>1,494,027</b>	1,095,732
JS KSE 30 Index Fund	<b>663,195</b>	942,453
JS Pension Savings Fund	<b>8,745,476</b>	7,448,336
JS Islamic Pension Savings Fund	<b>4,628,978</b>	3,909,351
JS Cash Fund	<b>8,046,003</b>	14,609,735
JS Islamic Government Securities Fund	<b>1,668,527</b>	3,294,411
JS Large Cap Fund	<b>28,468,126</b>	21,354,977
	<b>212,153,988</b>	270,355,662
	<b>212,153,988</b>	270,355,662
Less: Sindh Sales Tax	<b>(26,876,882)</b>	(36,412,108)
Less: Federal Excise Duty	<b>(25,555,150)</b>	(32,268,076)
	<b>159,721,956</b>	201,675,478



- 18.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the management company / investment advisor of the Fund is entitled to an accrued remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund that has been verified by the trustee and is paid in arrears on monthly basis and thereafter of an amount equal to two percent of such assets of the Fund. During the year ended December 31, 2015 the Company has charged management fee at the rates ranging from 0.50 to 2 percent (2014: 0.50 to 2 percent).
- 18.2** Total net asset value of the funds under management (excluding discretionary client portfolios) as at December 31, 2015, amounts to Rs. 9,073 million (2014: Rs 10,349 million).

<b>19. COMMISSION FROM OPEN END FUNDS UNDER MANAGEMENT</b>	<b>Note</b>	<b>2015</b> -----Rupees-----	<b>2014</b>
Unit Trust of Pakistan		<b>100,333</b>	125,984
JS Islamic Fund		<b>1,374,760</b>	109,344
JS Fund of Funds		<b>556,177</b>	61,738
JS Value Fund		<b>1,511</b>	2,477
JS Growth Fund		<b>1,336</b>	22,495
JS Islamic Government Securities Fund		<b>480</b>	272
JS Income Fund		<b>422,628</b>	-
JS Pension Savings Fund		<b>3,938</b>	-
JS Islamic Pension Savings Fund		<b>240</b>	34,219
JS Cash Fund		<b>78,570</b>	43,937
JS Aggressive Asset Allocation Fund		<b>101</b>	-
JS Large Cap Fund		<b>1,196,267</b>	210,210
	19.1	<b>3,736,341</b>	610,676

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

<b>20. DIVIDEND INCOME</b>	<b>2015</b> -----Rupees-----	<b>2014</b>
JS Value Fund	<b>9,902,822</b>	-
JS Growth Fund	<b>4,093,878</b>	-
JS Large Cap Fund	<b>47,861</b>	-
JS Fund of Funds	<b>4,937,336</b>	-
	<b>18,981,897</b>	-

## 21. COMMISSION INCOME AND SHARE OF PROFIT FROM MANAGEMENT OF DISCRETIONARY CLIENT PORTFOLIOS

This represents commission income and share of profit earned by the Company from management of discretionary portfolios. Currently, the Company is managing sixteen discretionary portfolios (2014: twelve). The total cost and total market value of the unsettled client portfolios as at year end was Rs. 424.59 million (2014: Rs.448.78 million) and Rs. 415.73 million (2014: Rs. 474.13 million) respectively.

	Note	2015 -----Rupees-----	2014
<b>22. ADMINISTRATIVE AND MARKETING EXPENSES</b>			
Salaries and benefits		<b>90,043,208</b>	75,779,140
Directors' fee		<b>1,100,000</b>	875,000
Staff retirement benefits	22.1	<b>4,661,596</b>	3,652,721
Staff bonus		<b>10,000,000</b>	15,000,000
Amortisation of intangible assets	5	<b>412,668</b>	295,368
Advertisement		<b>10,536,229</b>	7,353,987
Depreciation	4.1	<b>23,362,126</b>	22,480,718
Printing and stationery		<b>4,006,190</b>	3,249,427
Rent, rates, taxes and maintenance		<b>14,366,522</b>	13,249,895
Travelling, conveyance and vehicle maintenance		<b>6,014,142</b>	5,491,830
Transfer agent remuneration		<b>7,858,803</b>	6,802,994
Postage and telephone		<b>3,608,140</b>	3,254,607
Legal and professional		<b>12,362,364</b>	14,082,203
Fees and subscription		<b>6,002,913</b>	4,647,582
IT services		<b>4,058,607</b>	3,664,528
Utilities		<b>8,764,997</b>	9,399,246
Office security		<b>1,506,341</b>	3,019,820
Entertainment		<b>994,353</b>	944,031
Insurance		<b>4,178,948</b>	3,899,981
Newspaper		<b>146,029</b>	131,083
Royalty and advisory fee	22.5	<b>10,000,000</b>	10,000,000
Shariah advisory fee	22.6	<b>2,400,000</b>	1,920,000
Ijarah rentals		-	303,940
Auditors' remuneration	22.7	<b>1,413,000</b>	1,301,500
Fees and commission		<b>1,816,056</b>	1,137,882
Donation	22.8	<b>3,556,536</b>	13,255,315
Training and development		<b>1,417,550</b>	1,578,305
Miscellaneous expenses		<b>1,043,506</b>	924,615
		<b>235,630,824</b>	227,695,718



**22.1** Staff retirement benefits include contributions to defined contribution plan of Rs. 4.16 million (2014: Rs. 3.25 million).

	<b>2015</b>	2014
<b>22.2</b> Number of employees at the end of the year	<u><b>119</b></u>	<u>92</u>
<b>22.3</b> Average number of employees during the year	<u><b>103</b></u>	<u>85</u>

**22.4** The Company's staff retirement benefits includes provident fund - a defined contribution plan. The Company has established a separate provident fund. The audited information related to provident fund as at June 30, 2015 (which is accounting year of the fund) is as follows:

	<b>June 30, 2015</b>	June 30, 2014
Number of employees	<b>75</b>	70
Size of provident fund (Rupees)	<b>18,749,862</b>	15,544,725
Percentage of investments	<b>97%</b>	95%
Fair value of investment (Rupees)	<b>18,102,311</b>	14,811,190
<b>Break-up of investments</b>		
- Balance in National Saving Scheme		
Amount of investment (Rupees)	-	1,300,000
Percentage of size of investment	-	9%
- Balance in JS Islamic Government Securities Fund, a related party		
Amount of investment (Rupees)	-	3,251,809
Percentage of size of investment	-	21%
- Balance in JS Islamic Fund, a related party		
Amount of investment (Rupees)	<b>3,224,925</b>	2,613,827
Percentage of size of investment	<b>17%</b>	17%
- Balance in other listed securities		
Amount of investment (Rupees)	<b>7,332,205</b>	4,065,193
Percentage of size of investment	<b>39%</b>	26%
Total investments in listed securities	<b>10,557,130</b>	9,930,829
Percentage of size of investment	<b>56%</b>	64%
- Balance in scheduled banks		
Amount of investment (Rupees)	<b>7,545,181</b>	3,580,361
Percentage of size of investment	<b>42%</b>	24%

**22.4.1** Based on un-audited financial statements of the Fund, the investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the Rules formulated for this purpose.

**22.5** Royalty and advisory fee represents amounts payable to Mr. Jahangir Siddiqui on account of his name and advisory services, respectively.

**22.6** This represents shariah advisory payment being made for consultation for JS Islamic Pension Savings Fund, JS Islamic Fund and JS Islamic Government Securities Fund.

	2015	2014
	-----Rupees-----	
<b>22.7 Auditors' remuneration</b>		
Annual audit fee	800,000	800,000
Fee for review of the statement of compliance on Code of Corporate Governance	50,000	50,000
Out of pocket expenses	300,000	165,000
Fee for review of half yearly financial statements	200,000	200,000
Sindh sales tax	63,000	86,500
	<b>1,413,000</b>	<b>1,301,500</b>

**22.8** This represents donation to Future Trust, wherein Mr. Ali Jahangir Siddiqui & Mr. Suleman Lalani are trustees who are Director and Chief Executive Officer respectively of the Jahangir Siddiqui & Co. Ltd, the ultimate Parent Company of JSIL Mr. Suleman Lalani is also the Director of the company ( 2014: Donation for Mahvash & Jahangir Siddiqui Foundation wherein Ms. Mahvash Jahangir Siddiqui is chairperson who is spouse of Mr. Jahangir Siddiqui, Chairman of Board of the JS Bank Limited (Parent Company)).

		2015	2014
		-----Rupees-----	
<b>23 OTHER EXPENSES</b>	<b>Note</b>		
Provision for Workers' Welfare Fund (WWF)	23.1	4,067,208	13,486,352
		<b>4,067,208</b>	<b>13,486,352</b>

**23.1** Prior to certain amendments made through the Finance Acts of 2006 & 2008, Worker Welfare Fund (WWF) was levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). Through Finance Act, 2008, an amendment was made in Section 4(5) of the WWF Ordinance, 1971 (the Ordinance) whereby WWF liability is applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return.

Aggrieved by the amendments made through the Finance Act, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the WWF Ordinance in 2011. However, some stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against stakeholders. Although Management believes that the Company would not be liable to pay WWF levy, it has on prudent basis recognized aggregate provision amounting to Rs. 30.06 million as at December 31, 2015 (2014: Rs. 30.06 million) in respect of the Ordinance.



In view of promulgation of Sindh Workers Welfare Fund Act, 2014 wherein the financial institutions have also been brought into definition of Industrial establishments, the Company has recognized a provision of Rs. 4 million for the year though the Company's management is also considering to contest this at an appropriate legal forum.

	2015	2014
	-----Rupees-----	
<b>24. FINANCIAL CHARGES</b>		
Mark-up and other charges of securitisation of management fee receivables	-	405,196
Bank charges	<b>14,625</b>	111,630
	<b>14,625</b>	516,826
<b>25. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Mark-up earned on loans to executives and employees	<b>55,099</b>	95,094
Unrealised gain on revaluation of investments classified as HFT	<b>6,747,467</b>	6,374,193
Others	<b>7,196,727</b>	4,908,652
<b>Income from non-financial assets</b>		
Rental income	<b>18,897,076</b>	16,339,762
Gain on disposal of property and equipment	<b>100,035</b>	5,607,265
	<b>32,996,404</b>	33,324,966

	2015	2014
	-----Rupees-----	
<b>26. TAXATION - NET</b>		
Current	<b>33,170,283</b>	3,422,362
Prior years	<b>36,356</b>	(2,304,401)
Deferred	<b>(8,183,706)</b>	10,223,063
	<b>25,022,933</b>	11,341,024

**26.1** The income tax assessments of the company has been finalized upto and including the assessment year 2002-2003 (financial year ended June 30, 2002). The income tax assessments for the tax years 2003 to 2005, 2007, 2008 and 2010 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax ordinance 2001. The details of tax years 2006 and 2009 have been described in note 17.1 above.



**26.2** Relationship between accounting profit and tax expense is as follows:

	2015	2014
	-----Rupees-----	
Accounting profit before taxation	<b>199,295,473</b>	660,816,237
Tax at applicable rate of 32% (2014: 33%)	<b>63,774,551</b>	218,069,358
Tax impact of income under FTR and differential in tax rates	<b>(3,831,570)</b>	(140,455)
Tax impact of exempt capital gains	<b>(55,361,996)</b>	(203,634,475)
Tax impact of minimum tax	<b>12,792,805</b>	-
Tax impact of unrecognized losses adjusted in current year	-	(10,392,021)
Tax impact of permanent differences	<b>1,050,691</b>	4,763,849
Tax impact of prior year	<b>(36,356)</b>	(2,304,401)
Tax impact of expenses allocated to FTR income	<b>5,153,208</b>	4,416,385
Deferred tax recognised at higher rate	<b>545,580</b>	589,125
Others	<b>936,020</b>	(26,341)
	<b>25,022,933</b>	11,341,024

**27. EARNINGS PER SHARE - Basic and diluted**

	2015	2014
	-----Rupees-----	
Profit for the year after taxation	<b>174,272,540</b>	649,475,213
	Number of Shares	
Weighted average number of ordinary shares outstanding during the year	<b>99,528,997</b>	100,000,000
Earnings per share (Rupees)	<b>1.75</b>	6.49

**27.1** Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2015 and December 31, 2014 which would have any effect on the earnings per share if the option to convert is exercised.



## 28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Executives	
	2015	2014	2015	2014
	----- Rupees -----			
Managerial remuneration	5,000,000	6,150,000	23,009,038	24,194,635
House rent allowance	1,500,000	1,845,000	6,902,713	7,258,405
Utilities allowance	500,000	440,100	2,300,898	2,419,452
Bonus paid	1,500,000	-	5,594,643	1,500,570
Car allowance	-	142,560	7,169,571	7,527,365
Retirement benefits	500,000	552,000	2,128,025	1,843,136
Medical Allowance	500,000	615,000	2,300,898	2,419,452
Other benefits	21,000	15,750	290,250	1,077,115
	<b>9,521,000</b>	<b>9,760,410</b>	<b>49,696,036</b>	<b>48,240,130</b>
Number of persons	<b>1</b>	<b>1</b>	<b>22</b>	<b>26</b>

- 28.1** The Chief Executive Officer of the Company is provided with free use of company owned and maintained vehicle during the year.
- 28.2** The Company may provide performance bonus to the Chief Executive Officer and executives. The individual entitlements are being reported on paid basis.
- 28.3** In addition, meeting fee of Rs. 50,000 (2014: Rs. 50,000) per meeting was paid to three non-executive directors for meetings attended during the year. The non-executive directors are not entitled to any remuneration except meeting fee.
- 28.4** The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

## 29. TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

Related parties comprise of JS Bank Limited (parent company), Jahangir Siddiqui & Co. Ltd. (ultimate parent company), JS Abamco Commodities Limited (subsidiary company), funds under management and other companies with common directorship, staff provident fund and key management employees. Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms. Transactions and balances with related parties can be summarised below:

29.1 Transaction with related parties	Note	2015 -----Rupees-----	2014
<b>29.1.1 Transactions with - funds under management</b>			
Remuneration - net of taxes		<b>159,721,956</b>	201,675,487
Commission income		<b>3,736,341</b>	610,676
Investments made		<b>1,230,261,093</b>	1,538,716,198
Investments disposed off / matured		<b>1,594,427,279</b>	1,370,603,173
Expenses incurred by the Company on behalf of funds		<b>4,969,696</b>	7,044,941
Reimbursements of expenses by the funds		<b>4,969,696</b>	7,580,266
Dividend income		<b>18,981,897</b>	-
Bonus / additional shares / units (in numbers)		-	2,237,357
<b>29.1.2 Transactions with ultimate parent - Jahangir Siddiqui &amp; Co. Ltd</b>			
Expenses incurred on behalf of company		<b>60,821</b>	64,096
Reimbursements of expenses by the company		<b>124,917</b>	16,905
Markup Income on term finance certificate		<b>2,107,083</b>	2,164,405
Investments made in term finance certificates		-	25,000,000
Principal redemption of TFCs		<b>2,500,000</b>	937,500
<b>29.1.3 Transactions with parent company - JS Bank Limited (JSBL)</b>			
Rent income		<b>2,542,946</b>	1,387,368
Rent expense		<b>2,787,365</b>	2,260,378
Management fee sharing on distribution of mutual funds		<b>273,956</b>	195,554
Expenses incurred on behalf of company		<b>641,210</b>	613,695
Reimbursements of expenses by the company		<b>1,036,265</b>	746,336
Return on bank deposits		<b>2,291,357</b>	6,909,438
<b>29.1.4 Transactions with other related parties</b>			
Rent income		<b>16,354,134</b>	14,952,393
Rent expense		-	398,588
Ijarah rental expense		-	303,940
Acquisition of ijarah leased vehicle		-	1,437,736
Insurance premium paid		<b>3,163,862</b>	3,011,799
Provident fund contributions made		<b>4,166,316</b>	3,247,521
Management fee sharing on distribution of mutual funds		<b>1,738</b>	10,133
Donation paid		<b>13,255,315</b>	12,545,988
Expenses incurred on behalf of companies		<b>6,879,361</b>	6,347,632
Reimbursements of expenses by the companies		<b>7,902,588</b>	5,514,874
Purchase of vehicle		-	1,900,000
Payment against Buy Back of own Shares		<b>1,313,316</b>	-
Other payments made	29.1.4.1	<b>66,666,600</b>	222,222,200



**29.1.4.1** This amount was received by the Company on behalf of Jahangir Siddiqui Securities Services Limited and the Company paid the same to Jahangir Siddiqui Securities Services Limited.

2015                      2014  
-----Rupees-----

**29.1.5 Transactions made with Subsidiary Company:**

Expenses incurred on behalf of Company	<b>419,675</b>	222,550
Reimbursements of expenses by the Company	<b>402,775</b>	381,550

**29.1.6 Transactions made with companies - Common Directorship:**

Expenses incurred on behalf of Company	<b>186,279</b>	182,574
Reimbursements of expenses by the Company	-	117,741

**29.1.7 Transactions with Key Management personnel**

Remuneration	<b>47,726,902</b>	36,701,919
Sale of vehicle	-	7,000,000
Directors' meeting fee	<b>1,100,000</b>	875,000
Disbursements of personal loans and advances	<b>1,185,000</b>	1,717,913
Repayments of loans and advances	<b>1,823,736</b>	965,299
Markup / interest income earned	-	11,620

**29.2 Balance outstanding with related parties**

**29.2.1 Balances outstanding from Ultimate Parent company:**

**Jahangir Siddiqui & Co. Limited - Ultimate Parent company**

Receivable against expenses incurred on behalf of companies	-	64,096
Markup receivable on TFCs	-	669,069

**29.2.2 Balances outstanding from Parent company:**

**JS Bank Limited - Parent company**

Receivable against expenses incurred on behalf of companies	<b>138,275</b>	533,329
Rent payable	<b>1,968,347</b>	1,595,097
Rent receivable	<b>19,714</b>	354,907
Other payables	-	1,273,505
Profit on bank deposits	<b>550,132</b>	32,644

**29.2.3 Balances outstanding from other related parties:**

Receivable against expenses incurred on behalf of companies	<b>1,741,233</b>	2,764,460
Payables against expenses incurred by the company	-	325,006
Payable against contribution to Provident Fund	<b>752,540</b>	-
Rent receivable	<b>801,044</b>	934,862
Rent payable	<b>2,289,734</b>	2,983,402
Advance rent received	-	801,989

**29.2.4 Balances outstanding from related parties under common directorship**

Receivable against expenses incurred on behalf of companies	<b>306,568</b>	120,289
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**29.2.5 Balances outstanding from Subsidiary :**

Receivable against expenses incurred on behalf of the Company	<b>16,900</b>	-
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**29.2.6 Balances outstanding from Key Management personnel :**

Balance as at	<b>637,249</b>	1,275,985
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**29.3** Other balances outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes.

**29.4** 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.

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

**29.6** Details of the remuneration relating to Chief Executive officer and directors are disclosed in note 27 to the financial statements.

30. CASH AND CASH EQUIVALENTS	Note	2015 -----Rupees-----	2014
- Cash and bank balances	12	<b>12,743,292</b>	13,178,360
		<b>12,743,292</b>	13,178,360

**31. FINANCIAL INSTRUMENTS BY CATEGORY**

	2015			
	Loans and receivables	Available for Sale	FVTPL - Held for trading	Total
	-----Rupees-----			
<b>Assets</b>				
<b>Non-current assets</b>				
Long-term loans - considered good	<b>902,887</b>	-	-	<b>902,887</b>
	<b>902,887</b>	-	-	<b>902,887</b>
<b>Current assets</b>				
Balances due from funds under management - related parties	<b>94,536,339</b>	-	-	<b>94,536,339</b>
Loans and advances - considered good	<b>2,077,719</b>	-	-	<b>2,077,719</b>
Trade deposits and other receivables - unsecured	<b>7,704,875</b>	-	-	<b>7,704,875</b>
Other financial assets - investments, available-for sale	-	<b>1,720,727,885</b>	<b>221,639,750</b>	<b>1,942,367,635</b>
Cash and bank balances	<b>12,743,292</b>	-	-	<b>12,743,292</b>
	<b>117,062,225</b>	<b>1,720,727,885</b>	<b>221,639,750</b>	<b>2,059,429,860</b>
	<b>117,965,112</b>	<b>1,720,727,885</b>	<b>221,639,750</b>	<b>2,060,332,747</b>



	2015	
	At Amortized Cost	Total
	----- Rupees -----	
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accrued and other liabilities	45,019,079	45,019,079

	2014			
	Loans and receivables	Available for sale	At fair value through profit or loss	Total
	----- Rupees -----			
<b>Assets</b>				
<b>Non-current assets</b>				
Long-term loans - considered good	989,595	-	-	989,595
<b>Current assets</b>				
Balances due from funds under management - related parties	66,463,427	-	-	66,463,427
Loans and advances - considered good	2,505,706	-	-	2,505,706
Trade deposits and other receivables - unsecured	14,560,845	-	-	14,560,845
Other financial assets - investments, available-for sale	-	1,907,308,512	363,454,196	2,270,762,708
Cash and bank balances	13,178,360	-	-	13,178,360
	96,708,338	1,907,308,512	363,454,196	2,367,471,046
	97,697,933	1,907,308,512	363,454,196	2,368,460,641

	2014	
	At Amortized Cost	Total
	----- Rupees -----	
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accrued and other liabilities	56,284,993	56,284,993
Accrued mark-up	-	-
	56,284,993	56,284,993
	56,284,993	56,284,993

## 32. FINANCIAL RISK MANAGEMENT

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

### 32.1 Market risk

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

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

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

### 32.1.1 Currency risk

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

### 32.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets except saving accounts.

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the profit for the year as follows. This analysis assumes that all other variables remain constant.

	<u>Impact on profit and loss account</u>	
	<u>100 bps increase</u>	<u>100 bps decrease</u>
	------(Rupees)-----	
<b>As at December 31, 2015</b>		
Profit and loss savings account	<u>339,696</u>	<u>(339,696)</u>
<b>As at December 31, 2014</b>		
Profit and loss savings account	<u>770,691</u>	<u>(770,691)</u>

### 32.1.3 Price Risk

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

The Company's investment in units of mutual funds managed by it, are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company manages the equity price risk through diversification of its investment portfolio.

#### **Fair value sensitivity analysis for variable / fixed rate interest**

The Company is exposed to other price risk on investments in open ended mutual funds. The Company manages the risk through portfolio diversification, as per recommendation of Investment Committee of the Company. The Committee regularly monitors the performance of investees and assess their financial performance on an on-going basis. As at year end the Company has a exposure of Rs. 1,942.37 million in open end units of mutual funds.

The 10% increase / (decrease) in market value of these instruments with all other variable held constant will have following impact on other comprehensive income (gross of tax) and profit and loss account (gross of tax) as follows:



<b>Available for sale units</b>	<b>Impact on other comprehensive income - gross</b>	
	<b>10% increase</b>	<b>10% decrease</b>
	----- <b>(Rupees)</b> -----	
<b>As at December 31, 2015</b>		
Units of mutual funds	<u>172,072,788</u>	<u>(172,072,788)</u>
<b>As at December 31, 2014</b>		
Units of mutual funds	<u>188,248,727</u>	<u>(188,248,727)</u>
<b>Held for trading units</b>	<b>Impact on profit or loss</b>	
	<b>10% increase</b>	<b>10% decrease</b>
	----- <b>(Rupees)</b> -----	
<b>As at December 31, 2015</b>		
Units of mutual funds	<u>22,163,975</u>	<u>(22,163,975)</u>
<b>As at December 31, 2014</b>		
Units of mutual funds	<u>36,345,420</u>	<u>(36,345,420)</u>

### 32.2 Credit risk

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

#### Exposure to credit risk

The maximum exposure to credit risk at reporting date is:

	<b>2015</b>	2014
	----- <b>Rupees</b> -----	
Long-term loans - considered good	<b>902,887</b>	989,595
Balances due from funds under management	<b>94,536,339</b>	66,463,427
Loans and advances - considered good	<b>2,077,719</b>	2,505,706
Trade deposits and other receivables - unsecured	<b>7,704,875</b>	14,560,845
Other financial assets - investments	<b>1,942,367,635</b>	2,270,762,708
Bank balances	<b>12,648,993</b>	13,094,994
	<u><b>2,060,238,448</b></u>	<u>2,368,377,275</u>



The ageing of balance due from funds under management is as follows:

	Not yet past due	Past due			
		1-30 days	31-180 days	181 days - 1 year	More than one year
2015	17,081,803	2,389,292	11,993,220	15,057,557	48,012,199
2014	18,425,367	2,368,172	14,878,354	17,511,769	13,279,765

### 32.2.1 Investments

The Company's investment includes investment in units of open end mutual funds. These mutual funds have rating ranging from AAA to A+ at reporting date.

### 32.2.2 Bank balances

The analysis below summarizes the credit quality of the Company's bank balance: 2015  
-----Rupees-----  
2014

AA +	-	29,489
AA -	1,863,437	1,874,270
AA	22,827	21,854
A	-	24,655
AAA	58,526	215,579
A+	10,211,179	10,869,963
	<b>12,155,969</b>	<b>13,035,810</b>

### 32.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities:

	2015					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	----- Rupees -----					
Accrued and other liabilities	45,019,079	45,019,079	45,019,079	-	-	-
	<b>45,019,079</b>	<b>45,019,079</b>	<b>45,019,079</b>	<b>-</b>	<b>-</b>	<b>-</b>
	2014					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	----- Rupees -----					
Accrued and other liabilities	41,284,993	41,284,993	41,284,993	-	-	-
	<b>41,284,993</b>	<b>41,284,993</b>	<b>41,284,993</b>	<b>-</b>	<b>-</b>	<b>-</b>



### 32.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

### 33. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has access at the remeasurement date.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2015			
	Level 1	Level 2	Level 3	Total
Units of mutual funds - related parties	1,942,367,635	-	-	1,942,367,635
	1,942,367,635	-	-	1,942,367,635

	2014			
	Level 1	Level 2	Level 3	Total
Units of mutual funds - related parties	2,245,941,469	-	-	2,245,941,469
Term Finance Certificates	-	24,821,239	-	24,821,239
	2,245,941,469	24,821,239	-	2,270,762,708

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

There have been transfers between various levels of fair value hierarchy during the year.

### 34. 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 maximize 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.

### 35. GENERAL

**35.1** These financial statements were authorized for issue on February 17, 2016 by the Board of Directors of the company.

**35.2** Corresponding figures have been reclassified wherever necessary for the purpose of better presentation.

**35.3** The figures have been rounded off to nearest rupee.

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Chief Executive

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Director



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# CONSOLIDATED FINANCIAL STATEMENTS

## Report of the Directors to the Members on Consolidated Financial Statements For the year ended December 31, 2015

The Directors of your Company feel pleasure in presenting the annual audited consolidated financial statement of the Company along with auditors' report thereon for the year ended December 31, 2015.

### Summary of operating results for the year

	Year ended December 31, 2015	Year ended December 31, 2014
	Rs. (000)	
<b>Shareholders' Equity</b>	<b>2,123,530</b>	2,462,708
<b>Financial Performance</b>		
Income	408,194	869,210
Operating expenses	(236,205)	(228,015)
<b>Operating profit</b>	<b>171,989</b>	<b>641,195</b>
Other expenses	(4,130)	(13,573)
Financial charges	(15)	(517)
Other operating income	34,583	37,970
<b>Profit before tax</b>	<b>202,428</b>	<b>665,076</b>
Taxation-net	(25,210)	(11,375)
<b>Profit after tax</b>	<b>177,218</b>	<b>653,701</b>
<b>Earnings per share - basic and diluted</b>	<b>1.78</b>	<b>6.54</b>

### Subsidiary Company

#### JS ABAMCO Commodities Limited

JS ABAMCO Commodities Limited (the Company) was incorporated in Pakistan as a public limited company on September 25, 2007 under the Companies Ordinance, 1984 and is a wholly owned subsidiary of JS Investments Limited (the holding company).

### Pattern of Shareholding

The pattern of shareholding as at December 31, 2015 is annexed in Annual Report.

Date : February 17, 2016  
Place : Karachi

**Ali Akhtar Ali**  
Chief Executive Officer



## DRAFT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising of balance sheet of JSInvestments Limited (the Holding Company) and its subsidiary company JS ABAMCO Commodities Limited as at December 31, 2015, and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed a separate opinion on the financial statements of the Holding Company and its subsidiary company. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of JS Investments Limited and its subsidiary company as at December 31, 2015, and the results of the operations for the year then ended.

Chartered Accountants

Date: February 17, 2016  
Place : Karachi

Engagement partner:  
**Naresh Kumar**

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2015

		2015	2014
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>Non - current assets</b>			
<b>Fixed Assets</b>			
Property and equipment	5	359,859,663	374,781,788
Intangible assets	6	2,734,992	2,492,160
Deposit for office premises	7	2,500,000	2,500,000
Long-term loans - considered good	8	902,887	989,595
		<b>365,997,542</b>	<b>380,763,543</b>
<b>Current assets</b>			
Balances due from funds under management - related parties	9	94,536,339	66,463,427
Loans and advances - considered good	10	2,077,719	2,505,706
Trade deposits, short term prepayments and other receivables	11	12,551,970	20,156,775
Other financial assets - investments	12	1,992,758,186	2,317,877,262
Advance income tax - net		121,855,791	127,715,554
Cash and bank balances	13	12,819,975	13,313,819
		<b>2,236,599,980</b>	<b>2,548,032,543</b>
<b>Total assets</b>		<b>2,602,597,522</b>	<b>2,928,796,086</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Share capital</b>			
Authorized capital		2,500,000,000	2,500,000,000
Issued, subscribed and paid-up capital	14	801,718,180	1,000,000,000
Unappropriated profit		507,852,240	679,596,309
Capital repurchase reserve account		198,281,820	
Unrealised gain on re-measurement of available for sale investments - net of tax	12	615,677,768	783,111,599
		<b>2,123,530,008</b>	<b>2,462,707,908</b>
Surplus on revaluation of fixed assets - net of tax	15	200,170,871	193,819,917
<b>LIABILITIES</b>			
<b>Non - current liabilities</b>			
Deferred tax liability - net	16	78,535,732	94,188,458
<b>Current liabilities</b>			
Accrued and other liabilities	17	200,360,911	178,079,803
		<b>278,896,643</b>	<b>272,268,261</b>
<b>Total liabilities</b>		<b>278,896,643</b>	<b>272,268,261</b>
<b>Total equity and liabilities</b>		<b>2,602,597,522</b>	<b>2,928,796,086</b>
<b>Contingencies and commitments</b>			
	18		

The annexed notes 1 to 36 form an integral part of these consolidated financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 -----Rupees-----	2014
<b>Income</b>			
Remuneration from funds under management - net	19	159,721,956	201,675,478
Commission from open end funds under management	20	3,736,341	610,676
Dividend income	21	18,981,898	-
Gain on sale of investments - net		216,000,587	648,577,809
Return on bank deposits		2,406,952	6,943,337
Mark up on Term Finance Certificates (TFC's)		2,107,083	2,164,405
Return on Government Securities		-	211,667
Commission income and share of profit from management of discretionary client portfolios	22	5,239,429	9,026,578
		<b>408,194,246</b>	869,209,950
Administrative and marketing expenses	23	(236,205,025)	(228,015,295)
<b>Operating profit</b>		<b>171,989,221</b>	641,194,655
Other expenses	24	(4,129,855)	(13,573,275)
Financial charges	25	(14,625)	(516,826)
		<b>167,844,741</b>	627,104,554
Other income	26	34,583,100	37,970,907
<b>Profit before taxation</b>		<b>202,427,841</b>	665,075,461
Taxation - net	27	(25,209,503)	(11,374,230)
<b>Profit for the year</b>		<b>177,218,338</b>	653,701,231
Earnings per share for the year - basic and diluted	28	<b>1.78</b>	6.54

The annexed notes 1 to 36 form an integral part of these consolidated financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
	-----Rupees-----	
Profit for the year	<b>177,218,338</b>	653,701,231
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit and loss</b>	-	-
<b>Items that may be reclassified subsequently to profit and loss</b>		
<b>Available-for-sale investments:</b>		
Unrealised gain on re-measurement of available-for-sale investments to fair value	<b>38,349,353</b>	633,850,651
Transfer to profit and loss account on sale of investments	<b>(199,091,378)</b>	(633,987,959)
Related tax	<b>(6,691,806)</b>	(4,682,501)
<b>Total items that may be reclassified subsequently to profit and loss</b>	<b>(167,433,831)</b>	(4,819,809)
<b>Total comprehensive income for the year</b>	<b>9,784,507</b>	648,881,422

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

The annexed notes 1 to 36 form an integral part of these consolidated financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015	2014
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		202,427,841	665,075,461
<b>Adjustment for non-cash and other items:</b>			
Remuneration from funds under management	19	(159,721,956)	(201,675,478)
Commission from open end funds under management	20	(3,736,341)	(610,676)
Dividend income		(18,981,898)	-
Depreciation	5.1	23,362,126	22,480,746
Amortisation of intangible assets	6	412,668	295,368
Financial charges	25	14,625	516,826
Return on bank deposits		(2,406,952)	(6,943,337)
Gain on sale of investments - net		(216,000,587)	(648,577,809)
Gain on disposal of property and equipment	26	(100,035)	(5,607,265)
Unrealised gain on revaluation of investments classified as HFT		(8,334,163)	(10,981,811)
		(183,064,672)	(186,027,975)
<b>Increase / decrease in assets and liabilities</b>			
Loans and advances		514,695	(613,871)
Trade deposits, short term prepayments and other receivables		8,122,293	(4,789,453)
Accrued and other liabilities		22,308,269	61,785,844
		30,945,257	56,382,520
		(152,119,415)	(129,645,455)
Taxes paid		(27,398,449)	(15,125,223)
Remuneration and commission received from funds under management		135,385,385	151,895,461
<b>Net cash (used in) / generated from operating activities</b>		<b>(44,132,479)</b>	<b>7,124,783</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Investments		(1,279,261,093)	(1,538,716,198)
Proceeds from disposal of investments		1,667,972,895	1,506,602,908
Payment for purchase of property and equipment		(8,742,713)	(8,245,754)
Payment for purchase of intangible assets		(655,500)	(1,407,490)
Dividend received		18,981,898	-
Return on bank deposits		1,889,464	7,060,987
Proceeds from disposal of property and equipment		402,747	7,045,001
<b>Net cash generated from / (used in) investing activities</b>		<b>400,587,698</b>	<b>(27,660,546)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment for buy back of shares	14.3	(356,907,276)	-
Dividend paid		(27,162)	(3,940,191)
Financial charges paid		(14,625)	(640,317)
<b>Net cash used in financing activities</b>		<b>(356,949,063)</b>	<b>(4,580,508)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(493,844)</b>	<b>(25,116,271)</b>
Cash and cash equivalents at beginning of the year		13,313,819	38,430,090
<b>Cash and cash equivalents at end of the year</b>	31	<b>12,819,975</b>	<b>13,313,819</b>

The annexed notes 1 to 36 form an integral part of these consolidated financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015

	Issued, subscribed and paid up share capital	Capital reserve Capital Repurchase Reserve Account	Revenue reserve Unappropriated profit	Unrealized gain / (loss) on remeasurement of available for sale investment	Total
----- Rupees -----					
<b>Balance as at December 31, 2013</b>	1,000,000,000	-	18,510,915	787,931,408	1,806,442,323
<b>Total Comprehensive income :</b>					
Profit for the year	-	-	653,701,231	-	653,701,231
Other comprehensive income - net of tax	-	-	-	(4,819,809)	(4,819,809)
<b>Total Comprehensive income for the year</b>	-	-	653,701,231	(4,819,809)	648,881,422
Surplus on revaluation of fixed assets realized during the year on account of incremental depreciation charged thereon - net of tax	-	-	7,384,163	-	7,384,163
<b>Balance as at December 31, 2014</b>	<b>1,000,000,000</b>	<b>-</b>	<b>679,596,309</b>	<b>783,111,599</b>	<b>2,462,707,908</b>
<b>Total Comprehensive income</b>					
Profit for the year	-	-	177,218,338	-	177,218,338
Other comprehensive income - net of tax	-	-	-	(167,433,831)	(167,433,831)
<b>Total Comprehensive income for the year</b>	-	-	177,218,338	(167,433,831)	9,784,507
Surplus on revaluation of fixed assets realized during the year on account of incremental depreciation charged thereon - net of tax	-	-	7,944,869	-	7,944,869
Amount paid in excess of face value of 19,828,182 shares buyback @ Rs. 18/ share (note 14.3)	-	-	(158,625,456)	-	(158,625,456)
Transfer of amount of share capital cancelled through buy back of shares (note 14.3)	-	198,281,820	(198,281,820)	-	-
Buy back of 19,828,182 shares having face value of Rs. 10/- each at a purchase price of Rs. 18/- each (note 14.3)	(198,281,820)	-	-	-	(198,281,820)
<b>Balance as at December 31, 2015</b>	<b>801,718,180</b>	<b>198,281,820</b>	<b>507,852,240</b>	<b>615,677,768</b>	<b>2,123,530,008</b>

The annexed notes 1 to 36 form an integral part of these consolidated financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### 1 THE GROUP AND ITS OPERATIONS

The group consists of:

- JS Investments Limited (JSIL) - holding company
- JS ABAMCO Commodities Limited (JSACL) - wholly owned subsidiary company

#### 1.1 Holding company

JS Investments Limited (the Holding Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the Holding Company are quoted on the Pakistan Stock Exchange since April 24, 2007. The registered office of the Holding Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Holding Company is subsidiary of JS Bank Limited (which has acquired 52.24 % direct holding in the Company from Jahangir Siddiqui & Company Limited and other shareholders of the Company on November 01, 2012).

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

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

##### 1.1.1 Asset management company of the following funds:

###### Open end:

- JS Growth Fund
- JS Value Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Government Securities Fund
- JS Cash Fund
- JS Large Cap Fund

##### 1.1.2 Pension fund manager of the following funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

## **1.2 Subsidiary company**

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

The JSACL has not commenced its core operations of commodity, brokerage and related advisory services upto the balance sheet date.

## **2 BASIS OF PREPARATION AND CONSOLIDATION**

**2.1** The consolidated financial statements include the financial statements of JS Investments Limited and its subsidiary company together - "the Group".

- The financial statements of the subsidiary is prepared for the same reporting year as the holding company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary company have been consolidated on a line by line basis.
- Non-Controlling Interest, if any, in equity of the subsidiary company is measured at proportionate share of net assets of the acquiree as of the acquisition date
- Material intra-group balances and transactions have been eliminated.

## **3 BASIS OF PREPARATION**

### **3.1 Statement of compliance**

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

### **3.2 Basis of measurement**

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



### **3.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is also the functional and presentation currency of the Company and rounded off to the nearest rupee.

### **3.4 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

- i) Amortisation of intangible assets (note 4.2 and 6);
- ii) Provision for taxation (note 4.12 and 27);
- iii) Classification and valuation of investments (notes 4.3 and 12);
- iv) Determination and measurement of useful life and residual value of property and equipment (note 4.1 and 5.1);
- v) Valuation of premises (note 4.1 and 5.2); and
- vi) Recognition and measurement of deferred tax assets and liabilities (note 4.12 and 16).

### **3.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2015**

- 3.5.1** The following standards, amendments and interpretations are effective for the year ended December 31, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective for accounting periods beginning on or after</b>
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
Amendments to IAS 19 Employee Benefits: Employee contributions	July 01, 2014
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015

As a result of first time application of 'IFRS 13 - Fair Value Measurement, certain additional disclosures have been made in note 5.2 to the financial statements in respect of 'Office premises' for which the Company follows revaluation model.

The Company, currently, does not consolidate mutual funds managed and controlled by it in view of exemption provided by the Securities and Exchange Commission (SECP) vide S.RO.56(I)/2016 dated January 28, 2016.

Certain annual improvements have also been made to a number of IFRSs which did not have material effect on the financial statements of the Company.

### **3.6 New accounting standards / amendments and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 - Disclosure initiative	January 01, 2016
Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	January 01, 2016
Amendments to IAS 27 - Equity method in separate financial statements	January 01, 2016
Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture	January 01, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the consolidation exception	January 01, 2016



Certain annual improvements have also been made to a number of IFRSs which are not expected to have material effect on the financial statements of the Company.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

## **4 SIGNIFICANT ACCOUNTING POLICIES**

### **4.1 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 less impairment, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. The revaluation model, as described in IAS 16 'Property Plant and Equipment', is followed in respect of 'Office premises'. In estimating the fair value of an asset, the Company engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports any related findings to the Board of Directors every year to explain the cause of fluctuations in the fair value of office premises.

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 reporting date.

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

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

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



## 4.2 Intangible assets

"Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method taking into account residual value, if any, at the rates specified in note 6 to these financial statements. Amortization is charged from the date the asset is available for use while in the case of assets disposed off, it is charged till the date of disposal. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

## 4.3 Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

The Company classifies its investments in the following categories:

### **Financial assets at fair value through profit or loss - held for trading**

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trading'. Subsequent to initial recognition, these investments are marked to market and are carried on the balance sheet at fair value, except for investments in unquoted debt securities which are carried at cost. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

### **Held-to-maturity investments**

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

### **Available-for-sale**

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices or which are not classified as 'at fair value through profit and loss' and 'held to maturity' are classified as 'available for sale'. Subsequent to initial measurement, 'available for sale' investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to other comprehensive income. When securities are disposed off or impaired, the related fair value adjustments previously taken to other comprehensive income are transferred to the profit and loss account.



Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of units of open end mutual funds and government securities are determined on the basis of relevant redemption prices for the open-end mutual funds and quotations obtained from the PKRV sheets for government securities respectively. Unquoted securities are valued at cost.

#### **Investment in subsidiary**

Investment in a subsidiary, where control exist are stated at cost. Subsequently, the recoverable amount is estimated to determine the extent of impairment losses, if any, and carrying amounts are adjusted accordingly. Impairment losses are recognized as expense in the profit and loss account. Where impairment losses are subsequently reversed, the carrying amount of the investments are increased to the revised recoverable amount but limited to the extent of initial cost of investments.

Investments are derecognized when the right to receive cash flows from the investments has expired, realised or transferred and the Company has transferred substantially all risk and rewards of ownership.

#### **4.4 Trade and other receivables**

Trade and other receivables are recognized at original invoice value less provision for impairment, if any. Provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and receivables are written off when considered irrecoverable.

#### **4.5 Operating Lease / Ijarah**

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

#### **4.6 Trade and other payables**

Liabilities for trade and other amounts payable are recognized initially at cost which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Company. These are subsequently measured at amortized cost.

#### **4.7 Revenue recognition**

- Remuneration for management services and asset investment advisory services are recognised on an accrual basis by applying pre-defined remuneration percentage on daily net asset value of the respective funds.
- Realised gains / losses on sale of investments is recognised in the profit and loss account at the time of sale.
- Dividend income is recorded when the right to receive the dividend is established.
- Return on bank deposits, mark-up on term finance certificate, mark-up on letter of placements and mark-up on commercial papers are recognised on time proportionate basis by using effective rate of interest.
- Commission income from open end funds is recognised at the time of sale of units.
- Commission income and share of profit from management of discretionary client portfolios is recognised as services are rendered.

#### **4.8 Defined Contribution Scheme**

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

#### **4.9 Employees' compensated absences**

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

#### **4.10 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 reporting date and adjusted to reflect the current best estimate.

#### **4.11 Impairment**

##### **Financial assets**

The company assesses at each reporting date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated. In case of quoted equity securities, impairment is also assessed based on significant or prolonged decline in market prices of securities.

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

##### **Non-financial assets**

The carrying amount of the Company's non-financial assets other than deferred tax asset is reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount which is determined as higher of value-in-use and fair value less cost to sell. Impairment losses are recognized in profit and loss account immediately. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



#### **4.12 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

##### **Current**

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

##### **Deferred**

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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 reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account.

#### **4.13 Cash and cash equivalents**

Cash and cash equivalents for cash flow purposes include cash in hand, current and saving accounts held with banks, running finance facilities availed by the Company (if any), which are payable on demand and form an integral part of the Company's cash management.

#### **4.14 Financial instruments**

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

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit and loss account.

The Company derecognizes a financial liability when, and only when, the Company's obligation is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit and loss account.

#### 4.15 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

#### 4.16 Dividend and other appropriation to reserves

Dividend and appropriation to reserves are recognized in financial statements in the periods in which these are approved.

	2015	2014
Note	-----Rupees-----	

### 5 PROPERTY AND EQUIPMENT

Operating fixed assets	5.1	<b>359,859,663</b>	374,524,680
Capital work in progress	5.5	-	257,108
		<b>359,859,663</b>	<b>374,781,788</b>

#### 5.1 Operating fixed assets

	2015					Total
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	
	----- Rupees -----					
<b>At January 1, 2015</b>						
Cost / revalued amount	372,660,000	3,430,894	23,610,445	99,420,806	6,950,007	506,072,152
Accumulated depreciation	(10,869,250)	(3,377,289)	(22,737,362)	(90,872,572)	(3,690,999)	(131,547,472)
Net book value	<b>361,790,750</b>	<b>53,605</b>	<b>873,083</b>	<b>8,548,234</b>	<b>3,259,008</b>	<b>374,524,680</b>
<b>Year ended December 31, 2015:</b>						
Opening net book value	361,790,750	53,605	873,083	8,548,234	3,259,008	374,524,680
Additions	-	-	737,749	8,262,072		8,999,821
Disposals:						
Cost / revalued amount	-	-	-	(531,904)	(1,028,100)	(1,560,004)
Depreciation	-	-	-	486,217	771,075	1,257,292
Depreciation charge for the year	(18,633,000)	(53,605)	(267,030)	(3,970,226)	(438,265)	(23,362,126)
Closing net book value	<b>343,157,750</b>	<b>-</b>	<b>1,343,802</b>	<b>12,794,393</b>	<b>2,563,718</b>	<b>359,859,663</b>
<b>At December 31, 2015:</b>						
Cost / revalued amount	372,660,000	3,430,894	24,348,194	107,150,974	5,921,907	513,511,969
Accumulated depreciation	(29,502,250)	(3,430,894)	(23,004,392)	(94,356,581)	(3,358,189)	(153,652,306)
Net book value	<b>343,157,750</b>	<b>-</b>	<b>1,343,802</b>	<b>12,794,393</b>	<b>2,563,718</b>	<b>359,859,663</b>
Depreciation rate % per annum	<b>5%</b>	<b>20%</b>	<b>10%</b>	<b>25%</b>	<b>20%</b>	



	2014					Total
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	
----- Rupees -----						
<b>At January 1, 2014</b>						
Cost / revalued amount	331,254,000	3,430,894	23,343,100	96,018,253	4,981,095	459,027,342
Accumulated depreciation	(75,912,374)	(3,235,424)	(21,467,660)	(88,850,321)	(3,326,546)	(192,792,325)
Net book value	255,341,626	195,470	1,875,440	7,167,932	1,654,549	266,235,017
<b>Year ended December 31, 2014:</b>						
Opening net book value	255,341,626	195,470	1,875,440	7,167,932	1,654,549	266,235,017
Additions	-	-	267,345	4,314,653	3,406,648	7,988,646
Revaluation:						
Cost / revalued amount	41,406,000	-	-	-	-	41,406,000
Reversal of accumulated depreciation	82,813,499	-	-	-	-	82,813,499
	124,219,499	-	-	-	-	124,219,499
Disposals :						
Cost / revalued amount	-	-	-	(912,100)	(1,437,736)	(2,349,836)
Depreciation	-	-	-	912,100	-	912,100
Depreciation charge for the year	(17,770,375)	(141,865)	(1,269,702)	(2,934,351)	(364,453)	(22,480,746)
Closing net book value	361,790,750	53,605	873,083	8,548,234	3,259,008	374,524,680
<b>At December 31, 2014:</b>						
Cost / revalued amount	372,660,000	3,430,894	23,610,445	99,420,806	6,950,007	506,072,152
Accumulated depreciation	(10,869,250)	(3,377,289)	(22,737,362)	(90,872,572)	(3,690,999)	(131,547,472)
Net book value	361,790,750	53,605	873,083	8,548,234	3,259,008	374,524,680
Depreciation rate % per annum	5%	20%	10%	25%	20%	

**5.2** The Company follows the revaluation model for its office premises. The fair value measurement as at May 31, 2014 was performed by KG Traders (Private) Limited, independent valuer not related to the Company. KG Traders (Private) Limited is on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of the office premises was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of the office premises, the highest and best use of these premises is their current use.

The revaluation resulted in a further surplus of Rs. 124.20 million. Out of the total revaluation surplus of Rs. 378.84 million, Rs. 200.17 million net of tax (December 2014: Rs. 193.82 million) remains undepreciated as at December 31, 2015.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of office premises approximate its fair market value.

Details of the Company's office premises and information about fair value hierarchy, explained in note 34, as at December 31, 2015 are as follows.

	2015			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Office premises, at Forum Shopping Mall, Karachi	-	343,157,750	-	343,157,750

	2014			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Office premises, at Forum Shopping Mall, Karachi	-	361,790,750	-	361,790,750

There were no transfers between levels of fair value hierarchy during the year.

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

	2015	2014
	-----Rupees-----	
Office premises	<b>57,325,177</b>	63,735,302

#### 5.4 Disposal of property and equipment

The following is a statement of property and equipment disposed off during the year:

Asset	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyers
	-----Rupees-----						
<b>Office equipments</b>							
Items with written down value below Rs. 50,000 each	531,904	486,217	45,687	80,747	35,060	Tender	Various
<b>Vehicle</b>							
Items with written down value value below Rs. 50,000	59,100	44,325	14,775	12,000	(2,775)	Tender	Various
Toyota Corolla	969,000	726,750	242,250	310,000	67,750	Tender	Syed Faisal Hussain
<b>December 31, 2015</b>	<b>1,560,004</b>	<b>1,257,292</b>	<b>302,712</b>	<b>402,747</b>	<b>100,035</b>		
December 31, 2014	2,349,836	912,100	1,437,736	7,045,001	5,607,265		



	2015	2014
	-----Rupees-----	
<b>5.5 Capital work in progress</b>		
Advance for Capital expenditure	-	257,108
	-	257,108

## 6 Intangible assets

	-----2015-----		
	Membership of Pakistan Mercantile Exchange	Software	Total
	-----Rupees-----		
<b>At January 1, 2015</b>			
Cost	1,000,000	32,693,915	33,693,915
Accumulated amortisation	-	(31,201,755)	(31,201,755)
Net book value	1,000,000	1,492,160	380,037
<b>Year ended December 31, 2015:</b>			
Opening net book value	1,000,000	1,492,160	2,492,160
Additions during the year	-	655,500	655,500
Amortisation for the year	-	(412,668)	(412,668)
Closing net book value	1,000,000	1,734,992	2,734,992
<b>At December 31, 2015:</b>			
Cost	1,000,000	33,349,415	34,349,415
Accumulated amortisation	-	(31,614,423)	(31,614,423)
Net book value	1,000,000	1,734,992	2,734,992
Amortisation rate % per annum	<b>Indefinite life</b>	20%	



	-----2014-----		
	Membership of Pakistan Mercantile Exchange	Software	Total
	-----Rupees-----		
<b>At January 1, 2014</b>			
Cost	1,000,000	31,286,424	32,286,424
Accumulated amortisation	-	(30,906,387)	(30,906,387)
Net book value	1,000,000	380,037	1,380,037
<b>Year ended December 31, 2014:</b>			
Opening net book value	1,000,000	380,037	1,380,037
Amortisation for the year	-	1,407,491	1,407,491
Impairment during the year	-	(295,368)	(295,368)
Closing net book value	1,000,000	1,492,160	2,492,160
<b>At December 31, 2014:</b>			
Cost	1,000,000	32,693,915	33,693,915
Accumulated amortisation	-	(31,201,755)	(31,201,755)
Net book value	1,000,000	1,492,160	2,492,160
Amortisation rate % per annum	Indefinite life	20%	

## 7 DEPOSIT FOR OFFICE PREMISES

Represents deposit for office space paid to Pakistan Mercantile Exchange Limited (formerly National Commodities Exchange Limited).

The amount is paid for having a permanent space for business when the company will commence its core business operations of brokerage, commodity and related advisory services.

	Note	2015	2014
		-----Rupees-----	
<b>8 LONG-TERM LOANS - CONSIDERED GOOD</b>			
Loans to employees	8.1	1,745,140	1,313,424
Less: current maturity	10	(842,253)	(323,829)
		902,887	989,595



- 8.1** This represents loans given to employees for purchase of motor vehicles, house loans and general purpose cash loans. These loans are recovered through deduction from salaries over varying periods upto a maximum period of three years, five years and fifteen years respectively. These loans are granted in accordance with the terms of employment. The motor vehicle loans are secured by way of title to the motor vehicles being held in the name of the company and house loans are secured by way of equitable mortgage. Motor vehicle loans, house loans and general purpose cash loans carry mark-up at rates ranging from 6.46% per annum to 8.92% per annum (2014: 4.79% per annum to 9.95% per annum). The company has not discounted these loans at market interest rates as effect of such discounting is not material to these financial statements.

The maximum aggregate amount due from employees outstanding at the end of any month during the year was Rs. 1.75 million (2014 : Rs. 1.69 million).

<b>9</b>	<b>BALANCES DUE FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
			-----Rupees-----	
<b>9.1</b>	<b>Balances due from funds under management</b>			
	<b>Open End Funds</b>			
	JS Value Fund	19.1	<b>14,262,106</b>	10,874,080
	JS Growth Fund	19.1	<b>33,305,869</b>	25,278,680
	JS KSE 30 Index Fund	19.1	-	239,313
	JS Large Cap Fund	19.1	<b>11,452,440</b>	6,043,477
	Unit Trust of Pakistan	19.1	<b>15,526,522</b>	10,165,118
	JS Income Fund	19.1	<b>3,677,800</b>	2,475,267
	JS Islamic Fund	19.1	<b>5,557,529</b>	2,729,383
	JS Aggressive Asset Allocation Fund	19.1	-	803,834
	JS Fund of Funds	19.1	<b>531,973</b>	275,204
	JS Pension Savings Fund	19.1	<b>3,139,978</b>	1,944,826
	JS Islamic Pension Savings Fund	19.1	<b>1,680,058</b>	1,037,076
	JS Islamic Government Securities Fund	19.1	<b>954,162</b>	789,604
	JS Cash Fund	19.1	<b>4,447,902</b>	3,807,565
			<b>94,536,339</b>	66,463,427
			<b>94,536,339</b>	66,463,427

- 9.2** Balances due from funds under management primarily represent accrual of management fee, sales tax and federal excise duty. Management fee is received within next month from the date of accrual.

- 9.3** During the year, the Company merged JS KSE 30 Index Fund and JS Aggressive Asset Allocation Fund into JS Large Cap Fund.

	Note	2015 -----Rupees-----	2014
<b>10 LOANS AND ADVANCES - CONSIDERED GOOD</b>			
Current portion of long-term loans to employees	8	842,253	323,829
Unsecured advances to			
- executives		-	1,692,063
- employees		1,205,990	434,364
- suppliers		29,476	55,450
		1,235,466	2,181,877
		2,077,719	2,505,706

	Note	2015 -----Rupees-----	2014
<b>11 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES</b>			
Deposits		1,220,506	1,129,400
Prepayments		4,864,295	5,595,930
Markup Receivable		-	669,069
Others	11.1	6,467,169	12,762,376
		12,551,970	20,156,775

**11.1** This includes Rs. 3.574 million (December 2014: Rs. 3.482 million) due from related parties on account of expenses incurred on their behalf.

	Note	2015 -----Rupees-----	2014
<b>12 OTHER FINANCIAL ASSETS - INVESTMENTS</b>			
<b>Investments classified as Available for Sale</b>			
Units of mutual funds - related parties	12.1	1,720,727,885	1,882,487,273
Term Finance Certificate	12.2	-	24,821,239
<b>Investments classified as Fair value through Profit and Loss Held for Trading</b>			
Units of mutual funds - related parties	12.3	272,030,301	410,568,750
		1,992,758,186	2,317,877,262

## 12.1 Units of mutual funds - related parties

Number of units		Name of fund	2015		2014
2015	2014		Average cost	Fair value Rupees	Fair value
2,732,054	2,683,692	JS Value Fund	355,992,873	515,866,344	489,800,588
4,727,934	4,705,607	JS Growth Fund	517,647,323	749,661,179	746,121,010
240,000	240,000	JS Pension Savings Fund - Equity	14,776,800	94,190,400	98,282,400
177,761	177,761	JS Pension Savings Fund - Debt	17,776,120	37,904,020	35,536,240
177,463	177,463	JS Pension Savings Fund - Money Market	17,746,342	30,834,268	29,251,295
2,160,949	2,088,869	JS Fund of Funds	107,950,852	109,149,510	104,297,220
200,000	200,000	JS Islamic Pension Savings Fund - Equity	18,170,000	107,810,000	102,062,000
213,852	213,852	JS Islamic Pension Savings Fund - Debt	21,385,170	39,312,357	37,190,948
222,303	222,303	JS Islamic Pension Savings Fund - Money Market	22,230,337	35,999,807	34,174,696
-	1,866,852	JS Income fund	-	-	171,713,020
-	334,163	JS Islamic Government Securities Fund	-	-	34,057,856
			<b>1,093,675,817</b>	<b>1,720,727,885</b>	1,882,487,273
Unrealized gain on remeasurement at fair value			<b>627,052,068</b>	-	-
			<b>1,720,727,885</b>	<b>1,720,727,885</b>	1,882,487,273

## 12.2 Term Finance Certificate - related party

Number of units		Name of fund	Tenure	2015		2014
2015	2014			Average cost	Fair value Rupees	Fair value
-	5,000	Term Finance Certificates	12.4	-	-	24,821,239
				<b>-</b>	<b>-</b>	24,821,239

## 12.3 Units of mutual funds - related parties

Number of units		Name of fund	2015		2014
2015	2014		Average cost	Fair value Rupees	Fair value
1,592,013	512,226	JS Income Fund	149,812,053	154,682,695	47,114,554
1,113,672	3,403,767	JS Cash Fund	113,884,087	117,347,606	363,454,196
			<b>263,696,140</b>	<b>272,030,301</b>	410,568,750

12.4 During the year, the Company sold 5000 TFCs having face value of Rs. 5,000 each issued by Jahangir Siddiqui & Co. Ltd (ultimate parent) amounting to Rs. 21.562 million (2014: Rs. 24.062 million). The TFC had a tenure of five years and carried markup at the rate of 6 months KIBOR + 1.75%.

13 CASH AND BANK BALANCES	Note	2015		2014
		-----Rupees-----		
Cash in hand		94,299		83,366
Cheques in hand		429,165		-
Cash at bank in:				
Current accounts	13.1	189,248		487,507
Saving accounts		12,107,263		12,742,946
		<b>12,296,511</b>		13,230,453
		<b>12,819,975</b>		13,313,819

- 13.1** These carry mark-up at rates ranging from 4 percent to 6.5 percent (2014: 5 percent to 9.5 percent) per annum. It includes Rs. 10.19 million (2014: Rs. 10.8 million) held with JS Bank Limited (parent company) and Rs. nil (2014: Rs. 0.024 million) held with Bank Islami Pakistan Limited (related party).

#### 14 SHARE CAPITAL

2015	2014		2015	2014
Number of shares			-----Rupees-----	
<b>Authorised capital</b>				
<b>200,000,000</b>	200,000,000	Ordinary shares of Rs. 10 each	<b>2,000,000,000</b>	2,000,000,000
<b>50,000,000</b>	50,000,000	Convertible preference shares of Rs. 10 each	<b>500,000,000</b>	500,000,000
<b>250,000,000</b>	250,000,000		<b>2,500,000,000</b>	2,500,000,000
<b>Issued, subscribed and paid-up capital</b>				
<b>21,250,000</b>	21,250,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	<b>212,500,000</b>	212,500,000
<b>700,000</b>	700,000	Fully paid ordinary shares of Rs. 10 each issued on amalgamation with CFSL	<b>7,000,000</b>	7,000,000
<b>78,050,000</b>	78,050,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>780,500,000</b>	780,500,000
<b>(19,828,182)</b>	-	Shares repurchased	<b>(198,281,820)</b>	
<b>80,171,818</b>	100,000,000		<b>801,718,180</b>	1,000,000,000

- 14.1** As at year end, JS Bank Limited, parent company, holds 52,236,978 (2014: 52,236,978) shares in the company.
- 14.2** There is only one class of ordinary shares issued.
- 14.3** Consequent to approval by the Company's shareholders in extraordinary general meeting held on November 18, 2015 and in compliance of requisite legal formalities, the Company executed buy back transaction of its 19,828,182 number of ordinary shares at a price of Rs.18 per share during December 22, 2015 to December 29, 2015. Appropriate adjustments have been made in the statement of changes in equity in compliance of requirements of section 95A of the Companies Ordinance, 1984.



**15 SURPLUS ON REVALUATION OF FIXED ASSETS  
- NET OF TAX**

	2015	2014
	-----Rupees-----	
Surplus on revaluation of fixed assets as at 1st January	<b>298,055,529</b>	185,196,201
Surplus arising on revaluation of fixed assets during the year	-	124,219,499
	<b>298,055,529</b>	309,415,700
Transferred to unappropriated profit:		
Surplus relating to incremental depreciation transferred to unappropriated profit during the year - net of deferred tax	<b>(7,944,869)</b>	(7,384,163)
Related deferred tax liability	<b>(4,194,183)</b>	(3,976,008)
	<b>(12,139,052)</b>	(11,360,171)
	<b>285,916,477</b>	298,055,529
Less: related deferred tax liability on:		
- revaluation reserves from last year	<b>(104,235,612)</b>	(64,734,795)
- revaluation during the year	-	(43,476,825)
- restatement of opening value due to changes in applicable tax rates	<b>14,295,823</b>	-
- incremental depreciation charged during the year transferred to profit and loss account	<b>4,194,183</b>	3,976,008
	<b>(85,745,606)</b>	(104,235,612)
	<b>200,170,871</b>	193,819,917

	2015			
	Opening	Charge / (reversal) to profit and loss account	Charge to surplus on revaluation of fixed assets / OCI	Closing
	----- Rupees -----			
<b>16 DEFERRED TAX LIABILITY - NET</b>				
<b>Taxable temporary differences on:</b>				
Accelerated tax depreciation	<b>11,666,493</b>	(2,011,826)	-	<b>9,654,667</b>
Surplus on revaluation of fixed assets	<b>104,235,612</b>	(4,194,183)	(14,295,823)	<b>85,745,606</b>
Revaluation on investments - HFT	<b>829,980</b>	420,144	-	<b>1,250,124</b>
Unrealised gain on available for sale investments	<b>4,682,501</b>	-	6,691,806	<b>11,374,307</b>
<b>Deductible temporary differences on:</b>				
Short term provisions	(222,914)	(90,759)	-	(313,673)
Provision for Workers' Welfare Fund (WWF)	(20,166,670)	1,590,993	-	(18,575,677)
Provision for donation	(4,639,360)	3,572,181	-	(1,067,179)
<b>Deferred tax asset on carried forward losses</b>	<b>(2,197,184)</b>	<b>(7,335,259)</b>	-	<b>(9,532,443)</b>
	<b>94,188,458</b>	<b>(8,048,709)</b>	<b>(7,604,017)</b>	<b>78,535,732</b>

	2014			
	Opening	Charge / (reversal) to profit and loss account	Charge to surplus on revaluation of fixed assets / OCI	Closing
	----- Rupees -----			
<b>DEFERRED TAX LIABILITY - NET</b>				
<b>Taxable temporary differences on:</b>				
Accelerated tax depreciation	11,936,807	(270,314)	-	11,666,493
Surplus on revaluation of fixed assets	64,734,795	(3,976,008)	43,476,825	104,235,612
Revaluation on investments - HFT	-	829,980	-	829,980
Unrealised gain on available for sale investments	-	-	4,682,501	4,682,501
<b>Deductible temporary differences on:</b>				
Short term provisions	(402,371)	179,457	-	(222,914)
Provision for Workers' Welfare Fund (WWF)	(16,760,101)	(3,406,569)	-	(20,166,670)
Provision for Donation	-	(4,639,360)	-	(4,639,360)
<b>Deferred Tax asset on carried forward losses</b>	(23,736,267)	21,539,083	-	(2,197,184)
	35,772,863	10,256,269	48,159,326	94,188,458

**16.1** The Company has an aggregate amount of Rs. 31.77 million (2014: Rs. 6.277 million) in respect of unabsorbed tax losses as at December 31, 2015 on which a deferred tax asset has been recognised.

	Note	2015	2014
		----- Rupees -----	
<b>17 ACCRUED AND OTHER LIABILITIES</b>			
Salary payable		<b>415,066</b>	620,219
Staff bonus accrued		<b>10,000,000</b>	15,000,000
Creditors and accrued expenses		<b>25,629,046</b>	19,918,649
Fee and commission payable		<b>3,577,066</b>	1,299,699
Unclaimed dividend		<b>3,119,509</b>	3,146,671
Provision for compensated absences		<b>1,045,578</b>	636,897
Sales tax payable		<b>12,311,717</b>	9,756,891
Provision for Workers' Welfare Fund	24	<b>30,608,483</b>	26,478,629
Federal Excise Duty payable	17.1	<b>79,943,601</b>	53,550,140
Provision for Workers' Welfare Fund on behalf of funds under management	17.2	<b>31,310,453</b>	31,310,453
Others liabilities		<b>2,400,391</b>	16,361,555
		<b>200,360,911</b>	178,079,803

**17.1** This represents amount payable against Federal Excise Duty (FED) on management fees received/receivable from the funds under management. The amount is being held for payment to Federal Board of Revenue on the basis of stay order of the Honorable High Court of Sindh dated September 4, 2013. The stay order was granted as a result of petition filed by asset management companies on the forum of MUFAP against the amendment in Finance Act, 2013 which levied FED on the fees received by asset management companies from funds under management.

**17.2** This represents liability recognized to indemnify the unit holders of JS Income Fund and JS Cash Fund, against the charge of Worker's Welfare Fund for the period up to June 30, 2013.



## 18 CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs.162 million and 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of above said order of CIR (Appeals) for tax year 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses, which is currently pending for adjudication.

The tax authorities issued orders giving effect (hereinafter referred collectively as ‘appeal effect orders’) to the order of CIR (Appeals) for both tax year 2006 and 2009 whereby demands for these tax years were reduced at Rs 77.33 million and Rs 59.93 million respectively. As the allocation of expenditure in the said appeal effect orders were not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

In respect of second appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax year 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

The Company has filed second appeal for tax year 2006 in the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenditure made by tax authorities in appeal effect order earlier confirmed by CIR (Appeals). The said appeal before ATIR is currently pending for adjudication.

The CIR (Appeals) also rectified the order passed by his predecessor for tax Year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs. 29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend, which is pending for adjudication.

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue in this respect which is pending for adjudication.

Management, based on views of its legal counsel, is confident of a favorable outcome in respect of above matters.

**18.2** The Company has filed an appeal before the Appellate Tribunal, Sindh Revenue Board against the order of Commissioner (Appeals), Sindh Revenue Board in respect of levy of Sindh Sales tax amounting to Rs. 1.288 million on certain disallowance of input taxes and Rs. 0.054 million on levy of sales tax on certain heads of income, for the tax periods from July, 2011 to December, 2012. However, the appeal is pending before Honorable Tribunal, SRB is not formed.

Management and tax advisors are confident that good grounds exist to contest these disallowances and other points at appellate forums and these additions cannot be maintainable and eventually outcome will come in favor of the Company. Hence no provisions have been made in the financial statements.

### 18.3 Commitments in respect of:

Royalty and advisory payment

2015	2014
-----Rupees-----	
<b>10,000,000</b>	10,000,000



**19 REMUNERATION FROM FUNDS UNDER MANAGEMENT - NET**

2015

2014

-----Rupees-----

**Open end Funds**

JS Value Fund	<b>26,143,287</b>	47,196,547
JS Growth Fund	<b>65,756,091</b>	108,598,853
Unit Trust of Pakistan	<b>40,063,495</b>	39,578,015
JS Income Fund	<b>8,128,916</b>	9,061,455
JS Aggressive Asset Allocation Fund	<b>2,212,734</b>	3,143,049
JS Fund of Funds	<b>1,494,027</b>	1,095,732
JS KSE 30 Index Fund	<b>663,195</b>	942,453
JS Pension Savings Fund	<b>8,745,476</b>	7,448,336
JS Islamic Pension Savings Fund	<b>4,628,978</b>	3,909,351
JS Islamic Fund	<b>16,135,133</b>	10,122,748
JS Cash Fund	<b>8,046,003</b>	14,609,735
JS Islamic Government Securities Fund	<b>1,668,527</b>	3,294,411
JS Large Cap Fund	<b>28,468,126</b>	21,354,977
	<b>212,153,988</b>	270,355,662
	<b>212,153,988</b>	270,355,662
Less: Sindh Sales Tax	<b>(26,876,882)</b>	(36,412,108)
Less: Federal Excise Duty	<b>(25,555,150)</b>	(32,268,076)
	<b>159,721,956</b>	201,675,478

**19.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the management company / investment advisor of the Fund is entitled to an accrued remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund that has been verified by the trustee and is paid in arrears on monthly basis and thereafter of an amount equal to two percent of such assets of the Fund. During the year ended December 31, 2015 the Company has charged management fee at the rates ranging from 0.50 to 2 percent (2014: 0.50 to 2 percent).

**19.2** Total net asset value of the funds under management (excluding discretionary client portfolios) as at December 31, 2015, amounts to Rs. 9,073 million (2014: Rs 10,349 million).



## 20 COMMISSION FROM OPEN END FUNDS UNDER MANAGEMENT

	Note	2015 -----Rupees-----	2014
Unit Trust of Pakistan		100,333	125,984
JS Islamic Fund		1,374,760	109,344
JS Fund of Funds		556,177	61,738
JS Value Fund		1,511	2,477
JS Growth Fund		1,336	22,495
JS Islamic Government Securities Fund		480	272
JS Income Fund		422,628	-
JS Pension Savings Fund		3,938	-
JS Islamic Pension Savings Fund		240	34,219
JS Cash Fund		78,570	43,937
JS Aggressive Asset Allocation Fund		101	-
JS Large Cap Fund		1,196,267	210,210
	20.1	<b>3,736,341</b>	610,676

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

	2015 -----Rupees-----	2014
<b>21 DIVIDEND INCOME</b>		
JS Value Fund	9,902,823	-
JS Growth Fund	4,093,878	-
JS Large Cap Fund	47,861	-
JS Fund of Fund	4,937,336	-
	<b>18,981,898</b>	-

## 22 COMMISSION INCOME AND SHARE OF PROFIT FROM MANAGEMENT OF DISCRETIONARY CLIENT PORTFOLIOS

This represents commission income and share of profit earned by the Company from management of discretionary portfolios. Currently, the Company is managing sixteen discretionary portfolios (2014: twelve). The total cost and total market value of the unsettled client portfolios as at year end was Rs. 424.59 million (2014: Rs.448.78 million) and Rs. 415.73 million (2014: Rs. 474.13 million) respectively.

		2015	2014
	Note	-----Rupees-----	
<b>23 ADMINISTRATIVE AND MARKETING EXPENSES</b>			
Salaries and benefits		<b>90,043,208</b>	75,779,140
Staff retirement benefits	23.1	<b>4,661,596</b>	3,652,721
Staff bonus		<b>10,000,000</b>	15,000,000
Amortisation of intangible assets	6	<b>412,668</b>	295,368
Advertisement		<b>10,536,229</b>	7,353,987
Depreciation	5.1	<b>23,362,126</b>	22,480,746
Printing and stationery		<b>4,039,490</b>	3,279,427
Rent, rates, taxes and maintenance		<b>14,386,522</b>	13,269,895
Travelling, conveyance and vehicle maintenance		<b>6,014,142</b>	5,491,830
Transfer agent remuneration		<b>7,858,803</b>	6,802,994
Postage and telephone		<b>3,638,140</b>	3,284,607
Legal and professional		<b>12,662,814</b>	14,100,203
Fees and subscription		<b>6,002,913</b>	4,653,582
IT services		<b>4,095,507</b>	3,694,528
Utilities		<b>8,794,997</b>	9,429,218
Office security		<b>1,506,341</b>	3,052,820
Entertainment		<b>994,353</b>	944,031
Insurance		<b>4,178,948</b>	3,899,981
Newspaper		<b>146,029</b>	131,083
Directors' fee		<b>1,100,000</b>	875,000
Royalty and advisory fee	23.5	<b>10,000,000</b>	10,000,000
Shariah Advisory fee	23.6	<b>2,400,000</b>	1,920,000
Ijarah rentals		-	303,940
Auditors Remuneration	23.7	<b>1,470,500</b>	1,358,500
Fee and commission		<b>1,816,056</b>	1,137,882
Donation	23.8	<b>3,556,536</b>	13,255,315
Training and development		<b>1,417,550</b>	1,578,305
Miscellaneous expenses		<b>1,044,531</b>	925,179
Membership fee - Pakistan Mercantile Exchange		<b>65,026</b>	65,013
		<b>236,205,025</b>	<b>228,015,295</b>

**23.1** Staff retirement benefits include contributions to defined contribution plan of Rs. 4.16 million (2014 :Rs. 3.25 million).

	2015	2014
<b>23.2</b> Number of employees at the end of the year	<b>119</b>	92
<b>23.3</b> Average number of employees during the year	<b>103</b>	85

**23.4** The Company's staff retirement benefits includes provident fund - a defined contribution plan. The Company has established a separate provident fund. The audited information related to provident fund as at June 30, 2015 (which is accounting year of the fund) is as follows:



	June 30, 2015	June 30, 2014
	-----Rupees-----	
Number of employees	75	70
Size of provident fund (Rupees)	18,749,862	15,544,725
Percentage of investments	97%	95%
Fair value of investment (Rupees)	18,102,311	14,811,190
<b>Break-up of investments:</b>		
- Balance in National Saving Scheme		
Amount of investment (Rupees)	-	1,300,000
Percentage of size of investment	-	9%
- Balance in JS Islamic Government Securities Fund, a related party		
Amount of investment (Rupees)	-	3,251,809
Percentage of size of investment	-	21%
- Balance in JS Islamic Fund, a related party		
Amount of investment (Rupees)	3,224,925	2,613,827
Percentage of size of investment	17%	17%
- Balance in other listed securities		
Amount of investment (Rupees)	7,332,205	4,065,193
Percentage of size of investment	39%	26%
Total investments in listed securities	10,557,130	9,930,829
Percentage of size of investment	56%	64%
- Balance in Government Securities		
Amount of investment (Rupees)	-	-
Percentage of size of investment	-	-
- Balance in scheduled banks		
Amount of investment (Rupees)	7,545,181	3,580,361
Percentage of size of investment	42%	24%

**23.4.1** Based on un-audited financial statements of the Fund, the investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the Rules formulated for this purpose.

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

**23.6** This represents shariah advisory payment being made for consultation for JS Islamic Pension Savings Fund, JS Islamic Fund and JS Islamic Government Securities Fund.

	2015	2014
	-----Rupees-----	
<b>23.7 Auditors' remuneration</b>		
Annual audit fee	<b>850,000</b>	857,000
Fee for review of the statement of compliance on Code of Corporate Governance	<b>50,000</b>	50,000
Out of pocket expenses	<b>305,000</b>	165,000
Fee for review of half yearly financial statements	<b>200,000</b>	200,000
Sindh sales tax	<b>65,500</b>	86,500
	<b>1,470,500</b>	1,358,500

**23.8** This represents donation to Future Trust, wherein Mr. Ali Jahangir Siddiqui & Mr. Suleman Lalani are trustees who are Director and Chief Executive Officer respectively of the Jahangir Siddiqui & Co. Ltd, the ultimate Parent Company of JSIL Mr. Suleman Lalani is also the Director of the company ( 2014: Donation for Mahvash & Jahangir Siddiqui Foundation wherein Ms. Mahvash Jahangir Siddiqui is chairperson who is spouse of Mr. Jahangir Siddiqui, Chairman of Board of the JS Bank Limited (Parent Company)).

## 24 OTHER EXPENSES

Provision for Workers' Welfare Fund (WWF)	24.1	<b>4,129,855</b>	13,573,275
		<b>4,129,855</b>	13,573,275

**24.1** Prior to certain amendments made through the Finance Acts of 2006 & 2008, Worker Welfare Fund (WWF) was levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). Through Finance Act, 2008, an amendment was made in Section 4(5) of the WWF Ordinance, 1971 (the Ordinance) whereby WWF liability is applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return.

Aggrieved by the amendments made through the Finance Act, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the WWF Ordinance in 2011. However, some stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against stakeholders. The Company has decided to file the petition with the Supreme Court against the changes. On prudent basis, the Company has recognized aggregate provision amounting to Rs. 30.608 million as at December 31, 2015 (December 31, 2014: Rs. 26.478 million) in respect of the ordinance.

In view of promulgation of Sindh Workers Welfare Fund Act, 2014 wherein the financial institutions have also been brought into definition of Industrial establishments, the Company has recognized a provision of Rs. 0.43 million for the year though the Company's management is also considering to contest this at an appropriate legal forum.



	2015	2014
	-----Rupees-----	
<b>25 FINANCIAL CHARGES</b>		
Mark-up and other charges of securitisation of management fee receivables	-	405,196
Bank charges	<b>14,625</b>	111,630
	<b>14,625</b>	516,826
<b>26 OTHER INCOME</b>		
<b>Income from financial assets</b>		
Mark-up earned on loans to executives and employees	<b>55,099</b>	95,094
Unrealised gain on revaluation of investments classified as HFT	<b>8,334,163</b>	10,981,811
Others	<b>7,196,727</b>	4,946,975
<b>Income from non-financial assets</b>		
Rental income	<b>18,897,076</b>	16,339,762
Gain on disposal of property and equipment	<b>100,035</b>	5,607,265
	<b>34,583,100</b>	37,970,907
	2015	2014
	-----Rupees-----	
<b>27 TAXATION - NET</b>		
Current	<b>33,221,856</b>	3,422,362
Prior years	<b>36,356</b>	(2,304,401)
Deferred	<b>(8,048,709)</b>	10,256,269
	<b>25,209,503</b>	11,374,230

**27.1** The income tax assessments of the company has been finalized upto and including the assessment year 2002-2003 (financial year ended June 30, 2002). The income tax assessments for the tax years 2003 to 2005, 2007, 2008 and 2010 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax ordinance 2001. The details of tax years 2006 and 2009 have been described in note 19.1 above.

2015                      2014

-----Rupees-----

**27.2** Relationship between accounting profit and tax expense is as follows:

Accounting profit before taxation	<b>202,427,841</b>	665,075,461
Tax at applicable rate of 32% (2014: 33%)	<b>64,776,909</b>	219,474,902
Tax impact of income under FTR and differential in tax rates	<b>(3,831,570)</b>	(140,455)
Tax impact of exempt capital gains	<b>(55,361,996)</b>	(205,121,783)
Tax impact of minimum tax	<b>12,792,805</b>	-
Tax impact of unrecognized losses adjusted in current year	-	(10,392,021)
Tax impact of permanent differences	<b>1,050,691</b>	4,763,849
Tax impact of prior year	<b>(36,356)</b>	(2,304,401)
Tax impact of expenses allocated to FTR income	<b>5,153,208</b>	4,416,385
Deferred tax recognised at higher rate	<b>545,580</b>	589,125
Others	<b>120,958</b>	88,629
	<b>25,210,229</b>	11,374,230

2015                      2014

-----Rupees-----

**28 EARNINGS PER SHARE - BASIC AND DILUTED**

Profit for the year after taxation	<b>177,218,338</b>	653,701,231
	<b>Number of Shares</b>	
Weighted average number of ordinary shares outstanding during the year	<b>99,528,997</b>	100,000,000
Earnings per share (Rupees)	<b>1.78</b>	6.54

**28.1** Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2015 and December 31, 2014 which would have any effect on the earnings per share if the option to convert is exercised.

**29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

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



	Chief Executive Officer		Executives	
	2015	2014	2015	2014
----- Rupees -----				
Managerial remuneration	5,000,000	6,150,000	23,009,038	24,194,635
House rent allowance	1,500,000	1,845,000	6,902,713	7,258,405
Utilities allowance	500,000	440,100	2,300,898	2,419,452
Bonus Paid	1,500,000	-	5,594,643	1,500,570
Car Allowance	-	142,560	7,169,571	7,527,365
Retirement benefits	500,000	552,000	2,128,025	1,843,136
Medical Allowance	500,000	615,000	2,300,898	2,419,452
Other benefits	21,000	15,750	290,250	1,077,115
	<b>9,521,000</b>	<b>9,760,410</b>	<b>49,696,036</b>	<b>48,240,130</b>
Number of persons	<b>1</b>	<b>1</b>	<b>22</b>	<b>26</b>

- 29.1** The Chief Executive Officer of the Company is provided with free use of company owned and maintained vehicle during the year.
- 29.2** The Company may provide performance bonus to the Chief Executive Officer and executives. The individual entitlements are being reported on paid basis.
- 29.3** In addition, meeting fee of Rs. 50,000 (2014: Rs. 50,000) per meeting was paid to three non-executive directors for meetings attended during the year. The non-executive directors are not entitled to any remuneration except meeting fee.
- 29.4** The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

### **30 TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES**

Related parties comprise of JS Bank Limited (parent company), Jahangir Siddiqui & Co. Ltd. (ultimate parent company), JS Abamco Commodities Limited (subsidiary company), funds under management and other companies with common directorship, staff provident fund and key management employees. Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms. Transactions and balances with related parties can be summarised below:



	2015	2014
	-----Rupees-----	
<b>30.1 Transaction with related parties</b>		
<b>30.1.1 Transactions with - funds under management</b>		
Remuneration - net of taxes	<b>159,721,956</b>	201,675,478
Commission income	<b>3,736,341</b>	610,676
Investments made	<b>1,279,261,093</b>	1,538,716,198
Investments disposed off / matured	<b>1,643,891,416</b>	1,371,003,173
Expenses incurred by the company on behalf of funds	<b>4,969,696</b>	7,044,941
Reimbursements of expenses by the funds	<b>4,969,696</b>	7,580,266
Dividend Income	<b>18,981,897</b>	-
Redemption of units in fund by JSACL (in numbers)	<b>514,310</b>	400,000
Purchase of units in fund by JSACL (in numbers)	<b>520,612</b>	-
Bonus / additional shares / units (in numbers)	-	2,264,686
<b>30.1.2 Transactions with ultimate parent - Jahangir Siddiqui &amp; Co. Ltd</b>		
Expenses incurred on behalf of company	<b>60,821</b>	64,096
Reimbursements of expenses by the company	<b>124,917</b>	16,905
Markup Income on term finance certificate	<b>2,107,083</b>	2,164,405
Investments made in term finance certificates	-	25,000,000
Principal redemption of TFC's	<b>2,500,000</b>	937,500
<b>30.1.3 Transactions with parent company - JS Bank Limited (JSBL)</b>		
Rent income	<b>2,542,946</b>	1,387,368
Rent expense	<b>2,787,365</b>	2,260,378
Management fee sharing on distribution of mutual funds	<b>273,956</b>	195,554
Expenses incurred on behalf of company	<b>641,210</b>	613,695
Reimbursements of expenses by the company	<b>1,036,265</b>	746,336
Return on bank deposits	<b>2,291,357</b>	6,909,438



<b>30.1.4 Transactions with other related parties</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
		-----Rupees-----	
Rent income		<b>16,354,134</b>	14,952,393
Rent expense		-	398,588
Ijarah rental expense		-	303,940
Acquisition of ijarah leased vehicle		-	1,437,736
Insurance premium paid		<b>3,163,862</b>	3,011,799
Provident fund contributions made		<b>4,166,316</b>	3,247,521
Management fee sharing on distribution of mutual funds		<b>1,738</b>	10,133
Donation Paid		<b>13,255,315</b>	12,545,988
Expenses incurred on behalf of companies		<b>6,879,361</b>	6,347,632
Reimbursements of expenses by the companies		<b>7,902,588</b>	5,514,874
Purchase of vehicle		-	1,900,000
Payment against Buy Back of own Shares		<b>1,313,316</b>	-
Other payments made	30.1.4.1	<b>66,666,600</b>	222,222,200

**30.1.4.1** This amount was received by the Company on behalf of Jahangir Siddiqui Securities Services Limited and the Company paid the same to Jahangir Siddiqui Securities Services Limited.

		<b>2015</b>	<b>2014</b>
		-----Rupees-----	
<b>30.1.5 Transactions made with companies - Common Directorship:</b>			
Expenses incurred on behalf of company		<b>186,279</b>	182,574
Reimbursements of expenses by the company		-	117,741
<b>30.1.6 Transactions with key management personnel</b>			
Remuneration		<b>47,726,902</b>	36,701,919
Sale of Vehicle		-	7,000,000
Directors Meeting Fee		<b>1,100,000</b>	875,000
Disbursements of personal loans and advances		<b>1,185,000</b>	1,717,913
Repayments of loans and advances		<b>1,823,736</b>	965,299
Markup / interest income earned		-	11,620

	2015	2014
	-----Rupees-----	
<b>30.2 Balance outstanding with related parties</b>		
<b>30.2.1 Balances outstanding from Ultimate Parent company:</b>		
<b>Jahangir Siddiqui &amp; Co. Limited - Ultimate Parent company</b>		
Receivable against expenses incurred on behalf of companies	-	64,096
Markup receivable on TFCs	-	669,069
<b>30.2.2 Balances outstanding from Parent company:</b>		
<b>JS Bank Limited - Parent company</b>		
Receivable against expenses incurred on behalf of companies	<b>138,275</b>	533,329
Rent payable	<b>1,968,347</b>	1,595,097
Rent receivable	<b>19,714</b>	354,907
Other payables	-	1,273,505
Profit on bank deposits	<b>550,132</b>	32,644
<b>30.2.3 Balances outstanding from Other Related Parties:</b>		
Receivable against expenses incurred on behalf of companies	<b>1,741,233</b>	2,764,460
Payables against expenses incurred by the company	-	325,006
Payable against contribution to Provident Fund	<b>752,540</b>	-
Rent receivable	<b>801,044</b>	934,862
Rent payable	<b>2,289,734</b>	2,983,402
Advance rent received	-	801,989
<b>30.2.4 Balances outstanding from related parties under common directorship</b>		
Receivable against expenses incurred on behalf of companies	<b>306,568</b>	120,289
<b>30.2.5 Balances outstanding from Key Management personnel :</b>		
Balance as at	<b>637,249</b>	1,275,985
<b>30.3</b> Other balances outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes.		
<b>30.4</b> 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.		
<b>30.5</b> There are no transactions with key management personnel other than under their terms of employment.		
<b>30.6</b> Details of the remuneration relating to Chief Executive officer and directors are disclosed in note 29 to the financial statements.		



	Note	2015 -----Rupees-----	2014
<b>31 CASH AND CASH EQUIVALENTS</b>			
- Cash and bank balances	13	12,819,975	13,313,819
		<b>12,819,975</b>	<b>13,313,819</b>

**32 FINANCIAL INSTRUMENTS BY CATEGORY**

	2015			
	Loans and receivables	Available for Sale	FVTPL - Held for trading	Total
	----- Rupees -----			
<b>Assets</b>				
<b>Non-current assets</b>				
Long-term loans - considered good	902,887	-	-	902,887
	<b>902,887</b>	<b>-</b>	<b>-</b>	<b>902,887</b>
<b>Current assets</b>				
Balances due from funds under management - related parties	94,536,339	-	-	94,536,339
Loans and advances - considered good	2,077,719	-	-	2,077,719
Trade deposits and other receivables - unsecured	7,687,675	-	-	7,687,675
Other financial assets - investments, available-for sale	-	1,720,727,885	272,030,301	1,992,758,186
Cash and bank balances	12,819,975	-	-	12,819,975
	<b>117,121,708</b>	<b>1,720,727,885</b>	<b>272,030,301</b>	<b>2,109,879,894</b>
	<b>118,024,595</b>	<b>1,720,727,885</b>	<b>272,030,301</b>	<b>2,110,782,781</b>

	2015	
	At Amortized Cost	Total
	----- Rupees -----	
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accrued and other liabilities	45,141,079	45,141,079
	<b>45,141,079</b>	<b>45,141,079</b>
	<b>45,141,079</b>	<b>45,141,079</b>

	2014			Total
	Loans and receivables	Available for sale	At fair value through profit or loss	
----- Rupees -----				
<b>Assets</b>				
Non-current assets				
Long-term loans - considered good	989,595	-	-	989,595
	989,595	-	-	989,595
<b>Current assets</b>				
Balances due from funds under management	66,463,427	-	-	66,463,427
Loans and advances - considered good	2,505,706	-	-	2,505,706
Trade deposits and other receivables - unsecured	14,560,845	-	-	14,560,845
Other financial assets - investments, available-for sale	-	1,907,308,512	410,568,750	2,317,877,262
Cash and bank balances	13,313,819	-	-	13,313,819
	96,843,797	1,907,308,512	410,568,750	2,414,721,059
	97,833,392	1,907,308,512	410,568,750	2,415,710,654

	2014		
	Fair value through profit or loss	At Amortized Cost	Total
----- Rupees -----			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities	-	56,346,793	56,346,793
	-	56,346,793	56,346,793
	-	56,346,793	56,346,793

### 33 FINANCIAL RISK MANAGEMENT

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

#### 33.1 Market risk

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

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

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



### 33.1.1 Currency risk

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

### 33.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets except saving accounts.

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the profit for the year as follows. This analysis assumes that all other variables remain constant.

	<b>Impact on profit and loss account</b>	
	<b>100 bps increase</b>	<b>100 bps decrease</b>
	-----Rupees-----	
<b>As at December 31, 2015</b>		
Savings accounts	<b>340,261</b>	<b>(340,261)</b>
<b>As at December 31, 2014</b>		
Savings accounts	770,691	(770,691)

### 33.1.3 Price Risk

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

The Company's investment in units of mutual funds managed by it, are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company manages the equity price risk through diversification of its investment portfolio.

#### **Fair value sensitivity analysis for variable / fixed rate interest**

The Company is exposed to other price risk on investments in open ended mutual funds. The Company manages the risk through portfolio diversification, as per recommendation of Investment Committee of the Company. The Committee regularly monitors the performance of investees and assess their financial performance on an on-going basis. As at year end the Company has an exposure of Rs. 1,992.758 million in open end units of mutual funds.

The 10% increase / (decrease) in market value of these instruments with all other variable held constant will have following impact on other comprehensive income (gross of tax) and profit and loss account (gross of tax) as follows:

Available for sale units	Impact on other comprehensive income	
	10% increase	10% decrease
	------(Rupees)-----	
<b>As at December 31, 2015</b>		
Units of mutual funds	<b>172,072,788</b>	<b>(172,072,788)</b>
<b>As at December 31, 2014</b>		
Units of mutual funds	188,248,727	(188,248,727)
Held for trading units	Impact on profit and loss account	
	10% increase	10% decrease
	------(Rupees)-----	
<b>As at December 31, 2015</b>		
Units of mutual funds	<b>27,203,030</b>	<b>(27,203,030)</b>
<b>As at December 31, 2014</b>		
Units of mutual funds	41,056,875	(41,056,875)

### 33.2 Credit risk

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

#### Exposure to credit risk

The maximum exposure to credit risk at reporting date is:

	2015	2014
	-----Rupees-----	
Long-term loans - considered good	<b>902,887</b>	989,595
Balances due from funds under management	<b>94,536,339</b>	66,463,427
Loans and advances - considered good	<b>2,077,719</b>	2,505,706
Trade deposits and other receivables - unsecured	<b>7,687,675</b>	14,560,845
Other financial assets - investments	<b>1,992,758,186</b>	2,317,877,262
Bank balances	<b>12,725,676</b>	13,230,453
	<b>2,110,688,482</b>	2,415,627,288



The ageing of balance due from funds under management is as follows:

	Not yet past due	Past due			
		1-30 days	31-180 days	181 days - 1 year	More than one year
2015	17,081,803	2,389,292	11,993,220	15,057,557	48,012,199
2014	18,425,367	2,368,172	14,878,354	17,511,769	13,279,765

### 33.2.1 Investments

The Company's investment includes investment in units of open end mutual funds. These mutual funds have rating ranging from AAA to A+ at reporting date.

### 33.2.2 Bank Balances

2015  
-----Rupees-----  
2014

The analysis below summarizes the credit quality of the Company's bank balance:

AA +	-	49,489
AA -	1,863,437	1,874,270
AA	43,027	137,313
A	-	24,655
AAA	115,009	215,579
A+	10,211,179	10,869,963
	<b>12,232,652</b>	<b>13,171,269</b>

### 33.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities:

	2015					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	----- Rupees -----					
Accrued and other liabilities	45,141,079	45,141,079	45,141,079	-	-	-
	<b>45,141,079</b>	<b>45,141,079</b>	<b>45,141,079</b>	<b>-</b>	<b>-</b>	<b>-</b>
	2014					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	----- Rupees -----					
Accrued and other liabilities	41,346,793	41,346,793	41,346,793	-	-	-
	<b>41,346,793</b>	<b>41,346,793</b>	<b>41,346,793</b>	<b>-</b>	<b>-</b>	<b>-</b>



### 33.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;"
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

## 34 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:



	2015			
	Level 1	Level 2	Level 3	Total
Units of mutual funds - related parties	1,992,758,186	-	-	1,992,758,186
	1,992,758,186	-	-	1,992,758,186
	2014			
	Level 1	Level 2	Level 3	Total
Units of mutual funds - related parties	2,317,877,262	-	-	2,317,877,262
	2,317,877,262	24,821,239	-	2,270,762,708

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

There have been transfers between various levels of fair value hierarchy during the year.

### 35 CAPITAL RISK MANAGEMENT

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

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

### 36 GENERAL

- 36.1 These financial statements were authorized for issue on February 17, 2016 by the Board of Directors of the company.
- 36.2 Corresponding figures have been reclassified wherever necessary for the purpose of better presentation.
- 36.3 The figures have been rounded off to nearest rupee.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

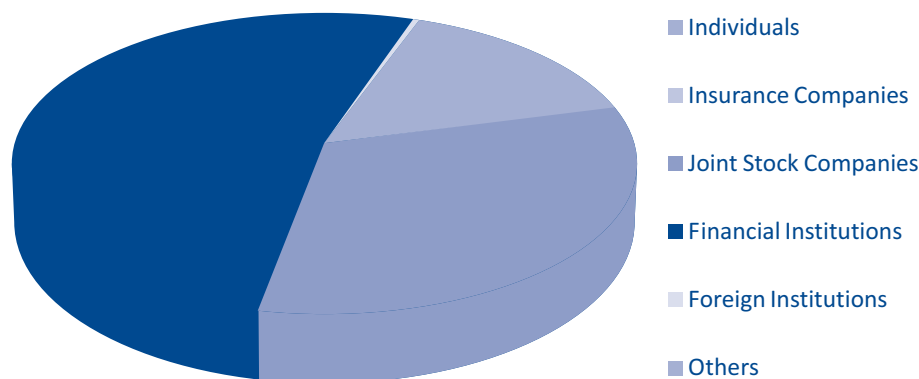
**PATTERN OF SHAREHOLDING**  
AS ON DECEMBER 31, 2015

No. of Shareholders	Shareholdings			Total Shares Held	
616	Shareholding From	1	To	100	11,192
698	Shareholding From	101	To	500	307,641
327	Shareholding From	501	To	1000	314,572
464	Shareholding From	1001	To	5000	1,331,139
145	Shareholding From	5001	To	10000	1,178,704
34	Shareholding From	10001	To	15000	452,997
38	Shareholding From	15001	To	20000	708,150
17	Shareholding From	20001	To	25000	410,100
11	Shareholding From	25001	To	30000	308,000
8	Shareholding From	30001	To	35000	262,605
11	Shareholding From	35001	To	40000	423,600
6	Shareholding From	40001	To	45000	258,500
17	Shareholding From	45001	To	50000	850,000
2	Shareholding From	50001	To	55000	105,868
2	Shareholding From	55001	To	60000	118,500
4	Shareholding From	60001	To	65000	256,500
5	Shareholding From	65001	To	70000	350,000
4	Shareholding From	70001	To	75000	294,945
3	Shareholding From	75001	To	80000	238,000
2	Shareholding From	90001	To	95000	186,000
6	Shareholding From	95001	To	100000	596,227
1	Shareholding From	110001	To	115000	113,100
1	Shareholding From	115001	To	120000	116,000
2	Shareholding From	120001	To	125000	248,000
2	Shareholding From	135001	To	140000	277,500
2	Shareholding From	145001	To	150000	297,500
2	Shareholding From	170001	To	175000	346,500
1	Shareholding From	185001	To	190000	190,000
1	Shareholding From	195001	To	200000	200,000
1	Shareholding From	200001	To	205000	202,000
1	Shareholding From	215001	To	220000	220,000
1	Shareholding From	220001	To	225000	222,000
1	Shareholding From	225001	To	230000	225,500
1	Shareholding From	230001	To	235000	233,000
2	Shareholding From	245001	To	250000	500,000
2	Shareholding From	270001	To	275000	550,000
1	Shareholding From	275001	To	280000	279,000
2	Shareholding From	295001	To	300000	600,000
1	Shareholding From	335001	To	340000	336,500
1	Shareholding From	390001	To	395000	394,000
1	Shareholding From	475001	To	480000	480,000
1	Shareholding From	495001	To	500000	500,000
1	Shareholding From	500001	To	505000	503,000
1	Shareholding From	750001	To	755000	751,000
1	Shareholding From	3155001	To	3160000	3,158,000
1	Shareholding From	3335001	To	3340000	3,336,500
1	Shareholding From	4695001	To	4700000	4,696,500
1	Shareholding From	19820001	To	19825000	19,824,182
1	Shareholding From	52235001	To	52240000	52,236,978
<b>2,455</b>					<b>100,000,000</b>



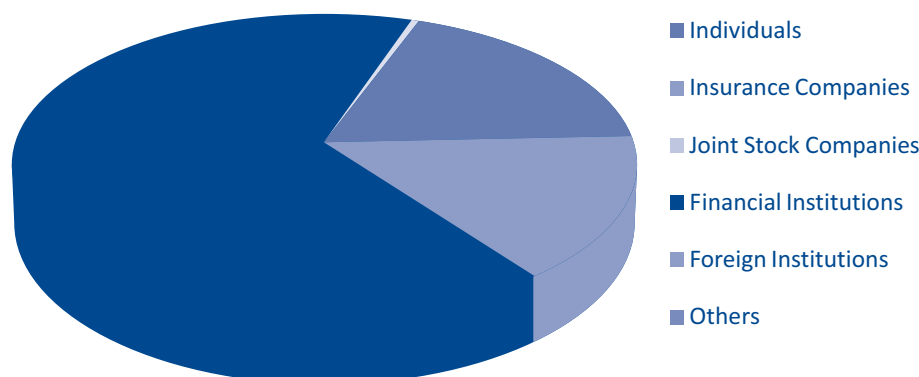
\* 19,824,182 shares in CDS and 4,000 shares in physical form were purchased by the Company. These shares were subsequently cancelled pursuant to Section 95A of the Companies Ordinance, 1984

S NO.	Category Of Shareholders	Number of Shareholders	Shares Held	Percentage
1	Individuals	2,414	15,142,165	15.14
2	Insurance Companies	1	5,215	0.01
3	Joint Stock Companies	33	32,268,346	32.27
4	Financial Institutions	2	52,236,997	52.24
5	Foreign Institutions	2	341,014	0.341
6	Others	3	6,263	0.01
	<b>Others</b>	<b>2,455</b>	<b>100,000,000</b>	<b>100.00</b>



**Category wise shareholding as of January 7, 2016, subsequent to the cancellation of shares by CDC**

S NO.	Category Of Shareholders	Number of Shareholders	Shares Held	Percentage
1	Individuals	2,400	15,127,665	18.87
2	Insurance Companies	1	5,215	0.01
3	Joint Stock Companies	34	12,454,664	15.53
4	Financial Institutions	2	52,236,997	65.16
5	Foreign Institutions	2	341,014	0.43
6	Others	3	6,263	0.01
		<b>2,442</b>	<b>80,171,818</b>	<b>100.00</b>



**PATTERN OF SHAREHOLDING  
AS ON 31-12-2015**

**1. DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN**

<b>Name</b>	<b>Shares Held</b>	<b>Percentage</b>
Nazar Mohammad Shaikh	1	
Muhammad Khalil ur Rehman	1	
Suleman Lalani	5,502	
Muhammad Raza Dyer	1	
Kamran Jafar	1	
Ahsen Ahmed	1	
Asif Reza Sana	1	
Dr. Ali Akhtar Ali	3	
<b>TOTAL</b>	<b>5,511</b>	<b>0.01</b>

**2. ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES.**

JS Bank Limited.	52,236,978	
Jahangir Siddiqui Securities Services Limited	4,696,500	
Jahangir Siddiqui & Sons Limited	3,336,500	
<b>TOTAL</b>	<b>60,269,978</b>	<b>60.27</b>

**3. NIT AND ICP**

<b>NIL</b>	<b>NIL</b>
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**4. BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS & NON BANKING FINANCE COMPANIES**

National Bank Of Pakistan	19	
<b>TOTAL</b>	<b>19</b>	<b>0.00</b>

**5. INSURANCE COMPANIES**

State Life Insurance Corp. Of Pakistan	5,215	
<b>TOTAL</b>	<b>5,215</b>	<b>0.01</b>

**6. MODARABAS AND MUTUAL FUNDS**

CDC - TRUSTEE AKD OPPORTUNITY FUND	3,158,000	
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	394,000	
<b>TOTAL</b>	<b>3,552,000</b>	<b>3.55</b>

**7. SHAREHOLDERS HOLDING SHARES 5% OR MORE**

JS Bank Limited	52,236,978	
<b>TOTAL</b>	<b>52,236,978</b>	<b>52.24</b>

**8. EXECUTIVES**

Employees of the Company other than CEO And Directors	2,032	
<b>TOTAL</b>	<b>2,032</b>	<b>0.00</b>



**FORM OF PROXY  
ANNUAL GENERAL MEETING**

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

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of JS Investments Limited, holding \_\_\_\_\_ ordinary shares as per Registered Folio No./ CDC A/c No. (for members who have shares in CDS) \_\_\_\_\_ hereby appoint Mr./ Mrs./ Miss \_\_\_\_\_ of \_\_\_\_\_ (Folio no. CDC A/c No.) \_\_\_\_\_ or failing him/her Mr./ Mrs./ Mss \_\_\_\_\_ of \_\_\_\_\_ (Folio no. CDC A/c No.) \_\_\_\_\_ being member of the company, as my / our proxy to attend, act and vote for me/ us and my/ our behalf at the Annual General Meeting of the Company to be held on 7th April, 2016 and / or any adjournment thereof.

As witness my / our hand seal this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Signed by \_\_\_\_\_

In the presence of

Witnesses:

1. Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC / Passport No. \_\_\_\_\_

2. Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC / Passport No. \_\_\_\_\_



The Signature should agree with the specimen registered with the Company

Important:








1. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
2. This proxy form, duly completed and signed, must be received at the office of Company situated at 7th Floor, The Forum, G-20, Khayaban-e-Jami, Clifton, Karachi not later than 48 hours before the scheduled time of the meeting.
3. No person shall act as proxy unless he / she himself / herself is a member with the Company, except that a Corporation may appoint a person who is not a member.
4. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
5. Beneficial Owner of physical shares and the shares registered in the name of Central Depository Company of Pakistan limited (CDC) and/or their proxy are required to produce their original CNIC or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution / power of attorney with specimen signature shall be submitted along with proxy form.












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