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Founded in 1995, JS Investments Limited (formerly JS ABAMCO Limited) is the oldest and largest private sector asset management company in Pakistan with approximately PKR 30 billion assets under management, spread across various mutual funds, pension funds and separately managed accounts. JS Investments is to date the best rated asset manager in Pakistan with a rating of AM2+ and credit rating of AA-/ A1+ (long/ short term) awarded by Pakistan Credit Rating Agency. The company is listed on the Karachi Stock Exchange and has a market capitalization of PKR 7.44 billion as at June 30, 2007. We are a part of JS Group, one of the leading financial services groups of Pakistan and are proud to have International Finance Corporation and INVESCO PLC as our founding partners.

## Vision

To be Industry Leaders in Financial Services

## Mission

Pursuit of Professional Excellence

## Core Values

• Shareholder Value • Integrity • Commitment



## COMPANY INFORMATION

### Board of Directors

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

### Audit Committee

Mr. Nazar Mohammad Shaikh	Chairman
Mr. Munawar Alam Siddiqui	Member
Mr. Sher Afgan Zuhair Siddiqui	Member

### Chief Financial Officer & Company Secretary

Mr. Suleman Lalani

### Auditors

A.F. Ferguson & Co.

### Internal Auditors

M/s Anjum Asim Shahid Rahman

### Legal Advisors

Bawaney & Partners

### Share Registrar

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

### Registered Office

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

JS ABAMCO Limited

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



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

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

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

He serves on the boards of BSJS Balanced Fund Limited, Al Abbas Sugar Mills Limited, Siddiqui Foundation, JS Air (Pvt) Ltd and, Eye Television Networks.



## Mr. Najam Ali - Chief Executive Officer



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

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

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

He serves on the boards of Askari Commercial Bank Limited, Pakistan Oilfields Limited, Dadex Eternit Limited and BSJS Balanced Fund Limited and has also previously been a director of the National Clearing Company of Pakistan Limited and the Karachi Stock Exchange (Guarantee) Limited. He is currently serving as the chairman of Mutual Funds Association of Pakistan.

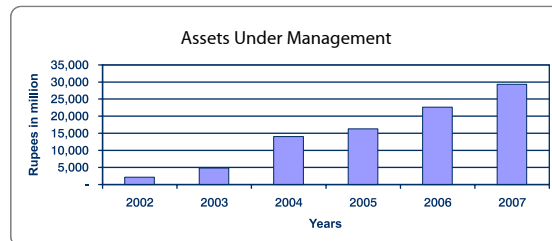
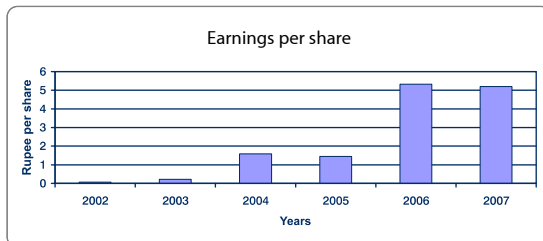
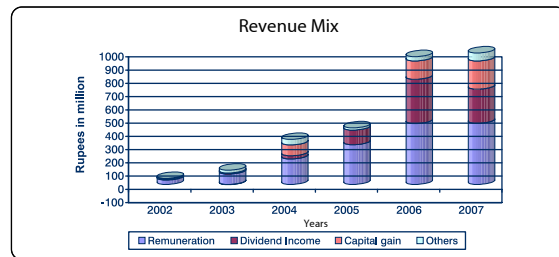
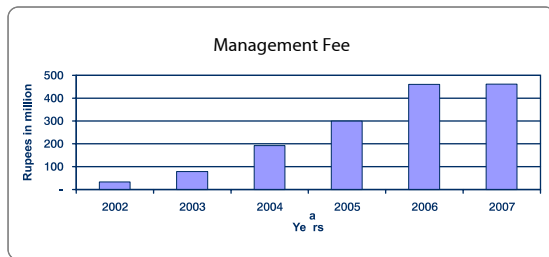
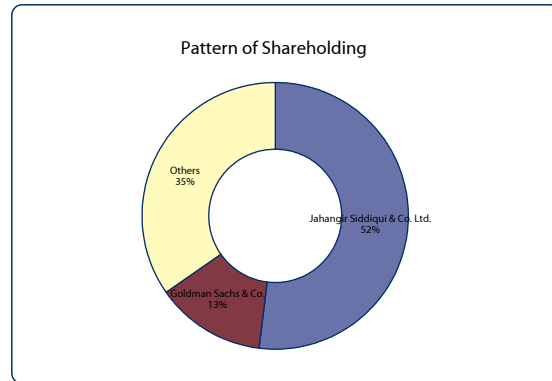
Mr. Najam Ali holds a Bachelors degree in Economics from the University of Michigan Ann Arbor, USA. He is a qualified Chartered Accountant and holds memberships of the Institute of Chartered Accountants in England & Wales and the Institute of Chartered Accountants of Ontario, Canada. He has also qualified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

**FINANCIAL AND BUSINESS HIGHLIGHTS**

		2007	2006	2005	2004	2003	2002
<u>KEY INDICATORS</u>							
<b>Operating</b>							
Pre tax margin	%	54.00	62.29	46.71	61.69	30.95	33.57
Net Margin	%	52.36	55.03	33.68	46.63	20.19	15.49
<b>Performance</b>							
Return on assets	%	21.24	27.57	9.90	16.78	7.20	6.24
Total assets turnover	Days	148	183	107	131	130	147
Receivables turnover	Days	198	167	193	252	358	382
Return on equity	%	32.64	44.90	25.50	23.85	10.11	6.72
<b>Leverage</b>							
Debt:Equity	%	48.75	79.97	139.34	101.03	108.76	2.36
Interest cover	times	6.43	8.60	4.94	11.07	4.52	155.23
<b>Liquidity</b>							
Current	times	15.34	2.01	2.74	5.65	1.05	2.62
Quick	times	15.22	2.00	2.73	5.65	1.05	2.60
<b>Valuation</b>							
Earnings per shares	Rs.	5.21	5.32	1.44	1.59	0.21	0.07
Breakup value per share	Rs.	15.95	23.68	11.33	30.58	16.99	12.92
Price earning ratio	times	14.20					
Market price to break up value	times	4.63					
Market value per share - year end	Rs.	73.90	N/A	N/A	N/A	N/A	N/A
Market value per share - High	Rs.	74.90					
Market value per share - Low	Rs.	61.40					
Market capitalization (Rs. in Million)		7,390					
<b>Historical trends</b>							
Management fee (Rs. in Million)		462	461	300	192	78	33
Operating profit (Rs. in Million)		632	679	251	231	27	22
Profit before tax (Rs. in million)		537	602	200	210	33	15
Profit after tax (Rs. in million)		521	532	144	159	21	7
Assets under management (Rs. in million)		29,333	22,617	16,285	14,029	4,849	2,179
No. of funds under management		12	9	9	8	15	13
share capital (Rs. in million)		1,000	500	500	218	125	82
shareholders equity (Rs. in million)		1,595	1,184	567	665	212	106
Total assets (Rs. in million)		2,547	2,353	1,503	1,416	475	121
No. of employees		189	132	93	67	46	19
Contribution to the national exchequer (Rs. in million)		67	41	80	8	7	3



## FINANCIAL AND BUSINESS HIGHLIGHTS



## DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company are pleased to present to you the 13<sup>th</sup> Annual Report of the Company for the year ended June 30, 2007.

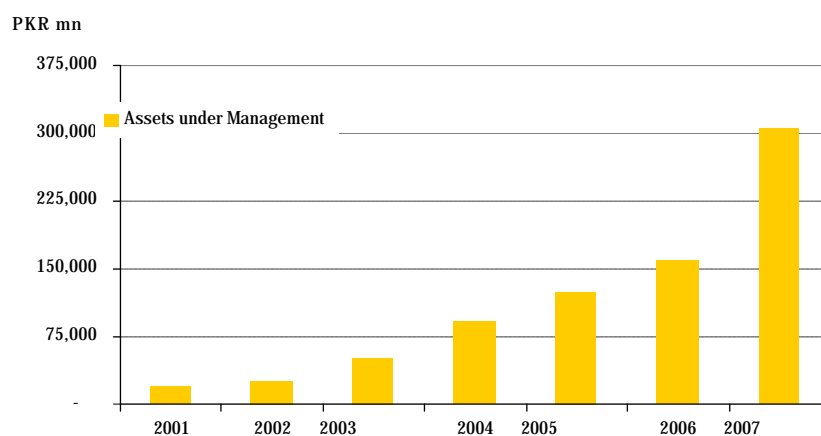
### Listing on the Stock Exchange

The shares of the Company were offered for sale to the general public by two individual shareholders of the Company on March 21, 2007. The shares were offered at an offer price of PKR 65/- per share (including a premium of PKR 55 per share). The Offer for Sale was oversubscribed as the investors, both local as well as foreign, showed keen interest in the Offer.

The Company was listed on the Karachi Stock Exchange on April 24, 2007.

### Asset Management Industry Performance

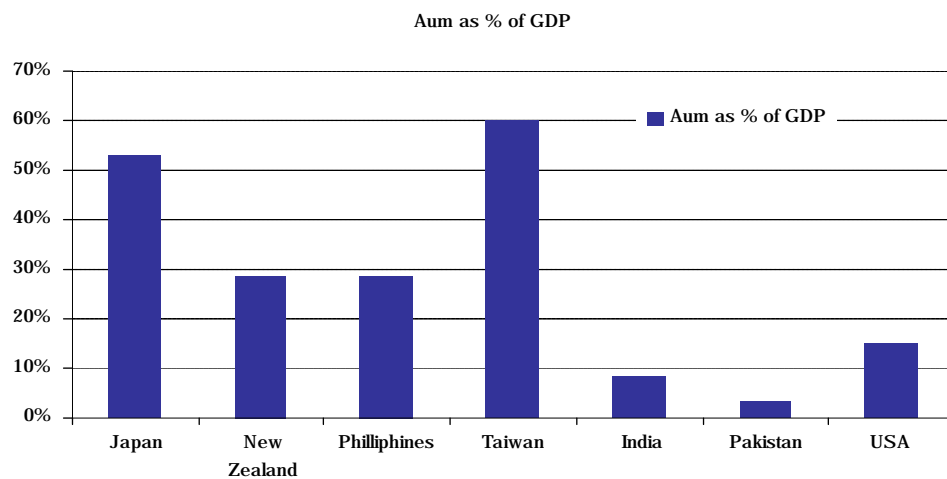
The year under review proved remarkable for the asset management industry in Pakistan. As shown below, total assets under management increased from PKR 159 billion in FY06 to PKR 305 billion at the end of FY07. Seventeen new funds were launched in the year; three in the closed-end category and fourteen in the open end category. Fixed income funds were the major winners, with their assets under management increasing from PKR 28 billion at the end of FY06 to PKR 107 billion at FY07 year end.



JS ABAMCO continued to perform well, with funds under management increasing to PKR 29.3 billion as on June 30, 2007, compared to PKR 22.6 billion on June 30, 2006. Your Company continues to be the largest private sector asset management company in the country.

The asset management industry is likely to maintain its exponential growth momentum as Pakistan's economy continues to grow, and financial sector liberalization results in increasing awareness of mutual funds. Assets under management in Pakistan are still just 10% of banking sector deposits. Given low deposit rates, the fund industry is likely to continue penetrating the banking sector's deposit base. As a % of GDP, assets under management in Pakistan lag significantly behind both emerging and developed markets, with total assets under management accounting for just 3.5% of GDP. In neighboring India, this ratio is 8%, whilst developed economies like Japan's assets under management account for 53% of GDP. This low penetration ratio augurs well for future growth.





### Equity Market Outlook

During the year under review, the KSE-100 index appreciated 37.9% from 9,989.41 at June 30, 2006 to 13,772.46 on June 30, 2007. Key drivers behind the rise were increased inflow of foreign investment and continuation of pro-business policies by the government. The market towards the end of the outgoing fiscal year rallied on the back of positive budgetary expectations. Key index drivers were banking and insurance while the index heavy weight, exploration and production (E&P) sector, was among the major laggards.

The banking sector continued to remain in favor during the outgoing fiscal year due to favorable sector policies by the government over the recent years (liberalization and deregulation) and increased foreign inflow of liquidity. The insurance sector outperformed the market due to strong economic growth and expectations of positive sector fundamentals going forward. The E&P sector was a major underperformer due to production concerns in E&P companies during the outgoing fiscal year.

Average CFS rates during the year fell to 14% as compared to 16.16% last year. This has primarily been the result of greater availability of funds due to increase in fixed income funds in the market.

### Fixed Income Market Outlook

The SBP maintained a tight monetary posture in order to contain inflationary expectations from building up in the economy. The SBP had in July 2006 resorted to the twin tightening measures of raising the discount rate from 9% to 9.5% and enhancing the reserve requirements for commercial banks, which resulted in a rise in KIBOR of almost 100 basis points. Since July 06, SBP has not overtly tightened its monetary policy stance, but it has continued to mop up excess liquidity in the banking system through open market operations and T-bill auctions. Of late, there has been an influx of foreign liquidity due to record high foreign investment of USD 7 billion entering the country in FY07. This has resulted in M2 growth of 16.74%, compared to an initial target of 13.5%. The SBP has tried to sterilize this excess liquidity through selling more T-bills to the banks, but in the process it has had to raise the 6 month and 1 year T-bill rates by 10-15 basis points. Not all the liquidity has been successfully sterilized, however; as is evident from the fact that KIBOR has fallen from a high of 10.66% to 10.00% in the last four months.

A big positive for the local bond market was the resumption of regular PIB auctions in FY07, with five PIB auctions held during the year, with the MoF selling almost PKR 75 billion worth of PIBs in the market. For the first time in Pakistan, a thirty year PIB was also issued this year. Cut-offs on PIBs declined this year, owing to a combination of a reduction in inflationary expectations as well as an increase in liquidity.

## JS ABAMCO Limited

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Credit spreads in general also declined during the year; a function of greater foreign and local investor confidence in the sustainability of economic growth. The reduction in spreads can be gauged from the compression in spreads being offered on TFC issues, as well as the decline in the Eurobond sovereign spread to the tune of almost 50 basis points. This has resulted in excessive monetary overhang in the system which has led the TFC over-the-counter market to rally as low as 50 basis points over the 6 month KIBOR.

### Performance Review

The year proved to be another good year for the Company and the assets under management soared to over Rs. 29 billion. Despite the fact that there was a sharp increase in expenses due to our continued focus on inducting quality human resource, state of the art IT infrastructure and brand building, the Company was able to achieve a profit after tax of Rs. 520.543 million (EPS Rs. 5.21). Moreover, we were able to maintain our management fee at Rs. 461 million, despite over Rs. 3 billion institutional redemptions in our UTP-Aggressive Asset Allocation Fund.

The Company has taken major steps and achieved milestone in the areas of business promotion and product development and has improved its internal efficiency by successfully implementing the ERP system in the areas of unit management, settlement and finance in order to service its clients in a better and effective way. These efforts will result in sustaining and maintaining our growth trajectory in terms of fund size under management, profitability and retaining and attracting best talent. In view of expected privatization of NIT, Pakistan's largest open-end fund, we have decided to retain cash and not make any distribution. However, if privatization does not take place in the first quarter of the year, we will consider a payout in our October Board meeting.

### New Products and Initiatives

Your Company launched the following two new open-ended schemes during the year in collaboration with a foreign commercial bank:

- UTP – Capital Protected Fund; and
- UTP – Capital Protected Fund II

The above funds generated enormous response from the investors and contributed over PKR 2.6 billion in assets under management.

In addition your Company also launched JS Pension Savings Fund under the Voluntary Pension Systems Rules, 2005. JS Pension Savings Fund offers a very flexible savings cum investment plan to facilitate individuals save for their retirement in a systematic way and at the same time receive significant tax rebate on their income tax liability under the Income Tax Ordinance, 2001. The Fund is offered in joint collaboration with EFU Life Assurance Limited as insurance partner and Standard Chartered Bank (Pakistan) Limited as distributor.

The Company has also received the license for Investment Finance Services. We can now offer additional products and services to cater the varied needs of the investors and customers.

### Future Outlook

We are proud to state that we have developed an outstanding asset management company that thrives on efficiency, innovation and transparency. We would consolidate our existing operations and aggressively increase assets under management by launching some exciting new products with reputable banks and distributors. We are confident that Pakistan will do well on the economic front and your company will continue to experience rapid growth under this conducive environment.



## Entity Rating and Asset Manager Rating

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

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

## Parent Company

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

## Directors’ Declaration

The Board of Directors of the Company states that:

- a. The financial statements, prepared by the management of JS ABAMCO Limited present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and financial estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan have been followed in preparation of the financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company’s ability to continue as a going concern.
- g. There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations.
- h. A summary of key financial data of last six years is given on page 4 of this annual report.
- i. The Directors have signed the “Statement of Ethics and Business Practices.
- j. The number of shares of the Company held by the Chief Executive, directors and executives and their spouses as at June 30, 2007 are as follows:

Name	Designation	Shares Held
Suleman Lalani	CFO & Company Secretary	5,500
Shahbaz Islam	Head of Human Resource	500
Dr. Ali Akhter Ali	AVP, Investments	500
Rahim Khakiani	AVP, Finance	500

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

Name	Designation	Shares Acquired	Shares disposed
Suleman Lalani	CFO & Company Secretary	5,500	Nil
Shahbaz Islam	Head of Human Resource	500	Nil
Dr. Ali Akhter Ali	AVP, Investments	500	Nil

## JS ABAMCO Limited

- |  |                |              |     |     |
|--|----------------|--------------|-----|-----|
|  | Rahim Khakiani | AVP, Finance | 500 | Nil |
|--|----------------|--------------|-----|-----|
- l. The value of investments of the staff provident fund of JS ABAMCO Limited, as per the audited accounts for the year ended June 30, 2007 was Rs. 13.170 million.
- m. The statement of the shareholding in the Company as on June 30, 2007 is given at page 15.

### Meetings of the Directors

During the year 9 meetings of the Board of Directors were held. The attendance of each director for these meetings is as follows:

Name	Eligible to attend	Meetings attended
Mr. Munawar Alam Siddiqui	09	09
Mr. Muhammad Najam Ali	09	09
Mr. Ali Raza Siddiqui	09	06
Mr. Munaf Ibrahim	05	05
Mr. William H. Kleh	09	0
Mr. Sher Afgan Zuhair Siddiqui	03	03
Mr. Nazar Mohammad Shaikh	09	08
Lt. General (Retired) Masood Parvaiz	09	08

### Auditors

The Company's statutory auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants, have expressed their willingness to continue as the Company's auditors for the ensuing year ending June 30, 2008. The Audit Committee has recommended appointment of the retiring auditors for the ensuing year ending June 30, 2008.

### Acknowledgment

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

On behalf of the board

Karachi: August 18, 2007

Muhammad Najam Ali  
Chief Executive Office



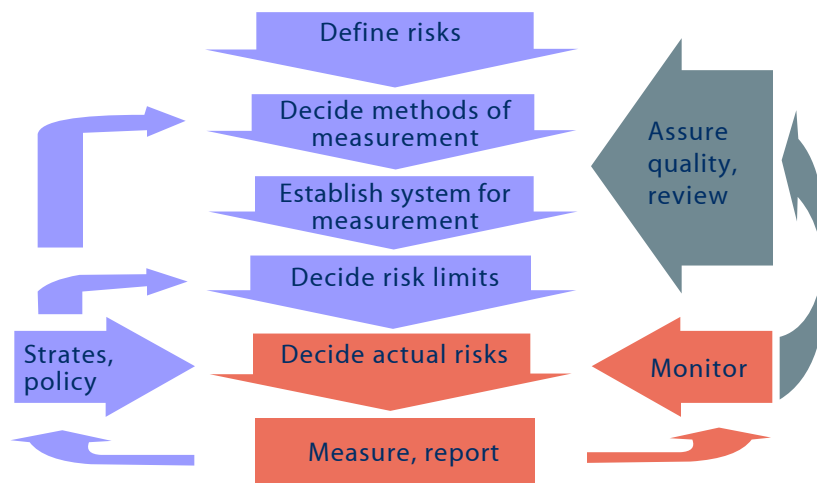
## RISK POLICY

Risk Management is defined as the “overall process of identifying and understanding the full spectrum of an organizations risk and taking informed actions to help it achieve its strategic objectives, reduce the likelihood of failure and decrease the uncertainty of overall business performance”.

JS ABAMCO Limited views risk management as integral to its objective of (i) effective management of Company Assets and (ii) Creating and Maintaining Shareholder Value(iii) Enhancement of Competitive Advantage (iv) Recognition of Potential Opportunities and Threats (v) Reduction of Management time on firefighting and (vi)Increased Confidence of Stakeholders.

JS ABAMCO Risk Management Policy provides the framework to manage risks associated with its activities. It is designed to identify, assess, monitor and manage risk. The risk policies at JS Investment Ltd are distinctly divided on the basis of diverse risks emanating from various functions performed by the Company. The Risk Policies are divided into five categories namely, Market Risk, Liquidity Risk, Credit Risk, Operational Risk and Other Risks.

### The Risk Management Process



JS ABAMCO has become a pioneer in setting up of the first Compliance & Risk Management Department in the asset management industry and has adopted the internationally recognized Value at Risk (VaR) Model to monitor and manage market risk at portfolio level, individual securities and to keep track of the overall market risk.

JS ABAMCO believes that risk should be managed on a continuous basis. The Company optimizes its ability to achieve business objectives by maintaining a risk system that assists appropriate management and provides early warning of risks.

## AUDIT COMMITTEE AND ITS TERMS OF REFERENCE

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

1. Nazar Mohammad Shaikh	07
2. Munawar Alam Siddiqui	07
3. Munaf Ibrahim (outgoing member)	04
4. Sher Afgan Zuhair Siddiqui (incoming member)	03

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

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



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 13<sup>th</sup> Annual General Meeting of JS Investments Limited (formerly JS ABAMCO Ltd.) will be held at 12:00 p.m. on Saturday, September 29<sup>th</sup>, 2007 at Grand Mercure, Karachi Airport Hotel, Star Avenue Terminal 1, Jinnah International Airport Karachi to transact the following business:

1. To confirm the minutes of the Extraordinary General Meeting held on July 5<sup>th</sup>, 2007.
2. To receive, consider and adopt the audited financial statements of the Company together with the report of the Directors and Auditors for the year ended June 30<sup>th</sup>, 2007.
3. To appoint Auditors of the Company and fix their remuneration for the year ending June 30<sup>th</sup>, 2008. The present auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

### Special Business

4. To approve the bonus shares already declared by the Board of Directors of the Company in their meeting held on October 14<sup>th</sup>, 2006.
5. To transact any other business with the permission of the Chair.

By Order of the Board

Suleman Lalani  
Company Secretary

Karachi: August 28<sup>th</sup>, 2007

### Notes:

1. The Share Transfer Books of the Company will remain closed from September 22<sup>nd</sup>, 2007 to September 29<sup>th</sup>, 2007 (both days inclusive). Transfer received in order by our Shares Registrar, Technology Trade (Pvt.) Ltd, Dagia House, 241-C, Block-2, PECHS, Karachi at the close of business on September 21<sup>st</sup>, 2007 will be considered to attend and vote at the meeting.
2. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint another person as a proxy to attend, speak and vote instead of him/her. Proxies must be deposited at the Company's registered office not less than 48 hours before the time of holding the meeting. The proxy shall produce his/her original CNIC or passport to prove his/her identity.
3. Attested copies of CNIC or passport of the beneficial owner of the shares of the Company in the Central Depository System of the Central Depository Company of Pakistan Limited (CDC) and the proxy, entitled to attend and vote at this meeting, shall be furnished with the proxy form to the Company.
4. The beneficial owner of the shares of the Company in the Central Depository System of the CDC or his/her proxy entitled to attend and vote at this meeting, shall produce his /her original NIC or passport to prove his/her identity.

5. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.
6. Shareholders are requested to immediately notify the Company of the change in their addresses, if any.
7. Members who have not yet submitted photocopy of their Computerized NIC to the Company are requested to send the same at the earliest.
8. Form of proxy is attached with the Notice to be dispatched to the Shareholders.





## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2007

This Statement is being presented in compliance with the Code of Corporate Governance ('the Code') contained in Regulation 37 of the Listing Regulations of the Karachi Stock Exchange. The purpose of the Code is to establish a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

JS ABAMCO Limited (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. Presently, the Board includes five independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year under review two casual vacancies occurred in the Board, both of which were duly filled in by the other directors within 30 days of their respective occurrence.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company which have been approved by the Board. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive director have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter during the year. Written notices of the meetings of the Board of Directors, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Company arranged an orientation course for the directors of the Company during the year to apprise them of their roles and responsibilities.
10. During the year, there was no change of CFO / Company Secretary. His remuneration and terms and conditions of employment as determined by the CEO have been approved by the board.

11. The directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and Executives of the Company do not hold any interest in the Shares of the Company other than those disclosed in the directors' report.
14. The Company has complied with all the corporate and financial reporting requirements of the Code with respect to the Company.
15. The Board has formed an Audit Committee comprising of three non-executive directors including the chairman of the Committee. The meetings of the Audit Committee are held every quarter prior to approval of interim and annual results of the Company as required by the Code. The Board has approved terms of reference of the Audit Committee.
16. The Company has outsourced the Internal Audit function to M/s Anjum Asim Shahid Rehman, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and their representatives are involved in the internal audit function on a full time basis.
17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
18. 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.
19. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board

Muhammad Najam Ali  
Chief Executive Officer

Karachi: August 18, 2007



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

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

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

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

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2007.

Chartered Accountants  
Karachi  
Dated: August 18, 2007



JS ABAMCO Limited

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# FINANCIAL STATEMENTS

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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of JS ABAMCO Limited as at June 30, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied ;
  - ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2007 and of the profit, 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, 1980.

Chartered Accountants  
Karachi: August 18, 2007

## JS ABAMCO Limited

### BALANCE SHEET AS AT JUNE 30, 2007

	Note	2007	2006
Amount in Rupees			
Non-current assets			
Fixed assets			
Tangible fixed assets	3	312,740,110	274,591,658
Intangible assets	3	121,530,689	117,035,832
Long-term receivables from related parties	4	6,975,750	13,300,000
Long-term loans and advances	5	21,754,867	1,847,366
Current assets			
Investments - available for sale	6	1,590,112,873	1,081,904,697
Loans and advances	7	4,730,487	21,275,020
Deposits, prepayments and other receivables	8	129,237,186	29,801,474
Balances due from funds under management	9	250,014,275	211,334,255
Taxation recoverable		29,519,210	-
Cash and bank balances	10	80,595,932	602,183,393
		2,084,209,963	1,946,498,839
Current liabilities			
Current maturity of securitisation of management fee receivables - debt	17	280,000	-
Short-term borrowings - secured	11	-	15,602,199
Short-term redeemable capital	12	-	542,433,431
Current maturity of other long-term financing	16	62,499,996	288,785,534
Accrued expenses and other liabilities	13	68,450,528	81,197,101
Accrued mark-up	14	4,595,935	13,515,583
Taxation payable		-	25,719,008
		135,826,459	967,252,856
Net current assets		1,948,383,504	979,245,983
Total assets less current liabilities		2,411,384,920	1,386,020,839
Represented by:			
Share capital	15	1,000,000,000	500,000,000
Unrealised loss on remeasurement of available for sale investments to fair value - net	6	(131,055,123)	(17,085,136)
Accumulated profit		725,826,274	701,034,158
Shareholders' equity		1,594,771,151	1,183,949,022
Other long-term financing	16	25,000,000	99,999,992
Securitisation of management fee receivables - debt	17	689,606,080	-
Deferred taxation	18	57,104,968	52,920,475
Surplus on revaluation of fixed assets - net of tax	19	44,902,721	49,151,350
		2,411,384,920	1,386,020,839
Commitments	20		

The annexed notes 1 to 33 form an integral part of these financial statements.

Chief Executive

Director



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2007**

	Note	2007	2006
		Amount in Rupees	
<b>INCOME</b>			
Remuneration from funds under management	21	461,647,227	461,143,525
Commission from open ended funds under management	22	7,549,757	13,713,590
Dividend		258,520,452	333,535,961
Underwriting commission		734,941	546,735
Gain on sale of investments - net		213,351,344	139,335,104
Income on Continuous Funding System (CFS) transactions		3,140,637	3,638,792
Mark-up on Term Finance Certificates		24,642,122	-
Return on bank deposits		8,877,699	302,047
Return on Certificates of Deposit		-	118,356
Rental income		13,554,730	13,084,495
Gain on sale of fixed assets		1,020,439	295,100
Liabilities no longer required written back		1,039,028	376,674
		994,078,376	966,090,379
<b>OPERATING EXPENSES</b>			
Administrative expenses	23	362,037,042	287,153,237
		632,041,334	678,937,142
<b>OPERATING PROFIT</b>			
Financial charges	24	99,094,235	79,420,162
		532,947,099	599,516,980
Other operating income	25	3,848,347	2,254,440
		536,795,446	601,771,420
<b>Profit before tax</b>			
Taxation - Current - for the year	26	19,044,129	76,960,545
Taxation - Current - for prior years		(6,976,662)	(7,730,664)
Taxation - Deferred		4,184,492	928,204
		16,251,959	70,158,085
		520,543,487	531,613,335
<b>Profit after taxation</b>			
Earnings per share - basic and diluted	27	5.21	5.32

The annexed notes 1 to 33 form an integral part of these financial statements.

**Chief Executive**

**Director**

JS ABAMCO Limited

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2007**

	Note	2007 Amount in Rupees	2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit for the year before taxation		536,795,446	601,771,420
<b>Adjustment for non-cash and other items:</b>			
Remuneration income		(461,647,227)	(461,143,525)
Commission income		(7,549,757)	(13,713,590)
Dividend		(258,520,452)	(333,535,961)
Depreciation		40,244,532	30,869,675
Amortisation of intangible assets		4,083,040	18,039,586
Financial charges		99,094,235	79,420,162
Interest / mark-up income		(8,877,699)	(2,518,917)
Provision for Bonus		42,007,071	60,000,000
Gain on sale of fixed assets		(1,020,439)	(295,100)
		(15,391,250)	(21,106,250)
<b>(Increase) / decrease in assets</b>			
Long term loans and advances		(19,907,501)	19,243,508
Long term receivable from related parties		6,324,250	3,375,000
Loans and advances		16,544,533	(20,617,870)
Deposits, prepayments and other receivables		(1,419,482)	(11,154,868)
Accrued expenses and other liabilities		3,253,427	4,649,046
		4,795,227	(4,505,184)
Net cash used in operating activities		(10,596,023)	(25,611,434)
Taxes paid		(67,305,684)	(41,206,857)
Bonus paid		(58,007,071)	(12,702,620)
Financial charges paid		(32,940,566)	(78,855,739)
Remuneration and commission received		430,516,964	421,768,697
<b>Net cash (outflow) / inflow from operating activities</b>		261,667,620	263,392,047
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments - net		(622,178,163)	(145,236,792)
Fixed capital expenditure incurred		(93,184,617)	(31,696,613)
Dividend received		182,054,980	333,517,098
Return on bank deposits received		8,456,720	575,948
Proceeds from sale of fixed assets		7,234,175	469,100
<b>Net cash (outflow) / inflow on investing activities</b>		(517,616,905)	157,628,741
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short-term borrowings		(15,602,199)	15,602,199
Short-term redeemable capital		(577,428,551)	541,841,300
Long term finances obtained		628,678,104	-
Repayments against long term financing		(301,285,530)	(400,630,949)
<b>Net cash (outflow) / inflow on financing activities</b>		(265,638,176)	156,812,550
<b>Net (decrease) / increase in cash and cash equivalents</b>		(521,587,461)	577,833,338
Cash and cash equivalents at beginning of the year		602,183,393	24,350,055
<b>Cash and cash equivalents at end of the year</b>	10	80,595,932	602,183,393

The annexed notes 1 to 33 form an integral part of these financial statements.

Chief Executive

Director





STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2007

	Share capital	Accumulated profit	Reserve on amalgamation	Unrealised gain / (loss) on remeasurement of available for sale investments to fair value - net	Total
	----- (Amount in Rupees) -----				
<b>Balance as at June 30, 2005</b>	500,000,000	168,778,729	(2,000,000)	(100,251,180)	566,527,549
Gain realised on disposal of available for sale investments	-	-	-	(15,113,967)	(15,113,967)
Reserve on amalgamation adjusted against accumulated profit	-	(2,000,000)	2,000,000	-	-
Unrealised gain on revaluation of available for sale investments - net	-	-	-	98,280,011	98,280,011
Incremental depreciation - net of deferred tax	-	2,642,094	-	-	2,642,094
Profit after taxation for the year ended June 30, 2006	-	531,613,335	-	-	531,613,335
<b>Balance as at June 30, 2006</b>	<u>500,000,000</u>	<u>701,034,158</u>	<u>-</u>	<u>(17,085,136)</u>	<u>1,183,949,022</u>
Gain realised on disposal of investments	-	-	-	(44,137,575)	(44,137,575)
Unrealised loss on revaluation of available for sale investments - net	-	-	-	(69,832,412)	(69,832,412)
Bonus shares issued	500,000,000	(500,000,000)	-	-	-
Incremental depreciation - net of deferred tax	-	4,248,629	-	-	4,248,629
Profit after taxation for the year ended June 30, 2007	-	520,543,487	-	-	520,543,487
<b>Balance as at June 30, 2007</b>	<u>1,000,000,000</u>	<u>725,826,274</u>	<u>-</u>	<u>(131,055,123)</u>	<u>1,594,771,151</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

Chief Executive

Director

## JS ABAMCO Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

#### 1 STATUS AND NATURE OF BUSINESS

1.1 JS ABAMCO Limited is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. During the year, the company was listed on the Karachi Stock Exchange by way of an offer for sale of shares by a few of the existing shareholders of the company to the general public. The registered office of the company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The company is a subsidiary of Jahangir Siddiqui and Company Limited (which has 52.02 percent direct holding in the company).

The company is registered with the Securities and Exchange Commission of Pakistan (SECP) as an "Investment Adviser" and "Asset Management Company" under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. In addition, the company has also obtained licence from SECP to undertake Investment Finance Services and registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

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

1.2.1 Investment adviser of the following closed-end funds:

- BSJS Balanced Fund Limited
- UTP Large Cap Fund (formerly ABAMCO Composite Fund)
- UTP Growth Fund

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

- Unit Trust of Pakistan
- UTP - Income Fund
- UTP - Islamic Fund
- UTP - Aggressive Asset Allocation Fund
- UTP - Fund of Funds
- UTP - A-30+ Fund
- UTP - Capital Protected Fund
- UTP - Capital Protected Fund II

1.2.3 Pension fund manager of the following fund:

- JS Pension Savings Fund

1.3 During the year, UTP - Capital Protected Fund and UTP - Capital Protected Fund II were floated by the company. The units of these funds were offered to the public on the following dates :

Open-end Funds	From	To
UTP Capital Protected Fund	20-Feb-07	22-Feb-07
UTP Capital Protected Fund II	18-Jun-07	19-Jun-07

#### 2 SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 or the requirements of the said directives take precedence.



## Initial Application of a standard or an Interpretation

### Amendments to published standards and new interpretations effective in 2006

IAS 19 (Amendment), Employee Benefits, is mandatory for the company's accounting periods beginning on or after January 1, 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements.

IFRIC 4, Determining whether an Arrangement contains a Lease, is applicable to the company's financial statements covering accounting periods beginning on or after January 1, 2006. IFRIC 4 requires the determination that whether an arrangement is or contains a lease to be based on the substance of the arrangement. In addition, it requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. The company has assessed its Arrangements with its suppliers and customers and is of the view that these Arrangements do not contain arrangements which meet the criteria for recognition as Lease, as laid down in IFRIC 4.

### Standards, amendments and interpretations effective in 2006 but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2006 but are considered not to be relevant or have any significant effect on the company's operations are not detailed here.

### Standard or an Interpretation not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods specified below. These standards 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 increase in disclosures in certain cases:

IAS 1 - Presentation of financial statements - amendments relating to capital disclosures	effective from accounting period beginning on or after January 1, 2007
IFRS 2 - Share-based payment	effective from accounting period beginning on or after January 1, 2007
IFRS 3 - Business combinations	effective from accounting period beginning on or after January 1, 2007
IFRS 5 - Non-current assets held for sale and discontinued operations	effective from accounting period beginning on or after January 1, 2007
IFRS 6 - Exploration for and evaluation of mineral resources	effective from accounting period beginning on or after January 1, 2007
IFRIC 10 - Interim financial reporting and impairment	effective from accounting period beginning on or after November 1, 2006
IFRIC 11 - Group and treasury share transactions	effective from accounting period beginning on or after March 1, 2007
IFRIC 12 - Services concession arrangements	effective from accounting period beginning on or after January 1, 2008

## 2.2 Critical accounting estimates and judgements

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

- i) Amortisation of Intangible assets (notes 2.6.2 and 3.6)
- ii) Provision for taxation (notes 2.16 and 26)
- iii) Classification and valuation of investments (notes 2.7 and 6)
- iv) Determination and measurement of useful life and residual value of operating fixed assets (notes 2.6.1 and 3.1)
- v) Valuation of operating fixed assets (notes 2.6.1 and 3.1)
- vi) Recognition and measurement of deferred tax assets and liabilities (notes 2.16 and 18)

### 2.3 Accounting convention

These financial statements have been prepared under the historical cost convention, except as follows:

- available for sale investments (referred to in notes 2.7 and 6) are carried at market value; and
- certain items of tangible fixed assets (referred to in notes 2.6 and 3.1) are stated at revalued amounts.

### 2.4 Staff retirement benefits - Defined Contribution Scheme

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

### 2.5 Employees' compensated absences

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

### 2.6 Fixed assets

#### 2.6.1 Tangible fixed assets

Tangible fixed assets 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. 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 appropriate, at each balance sheet date. Depreciation on all fixed assets is charged from the month in which an asset is acquired. No depreciation is charged for the month in which an asset is disposed of.

Gains or losses on sale of assets are included in income currently.

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

#### 2.6.2 Intangible assets

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

### 2.7 Investments

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention such as 'T+3' purchases and sales are recognised at the trade date. Trade date is the date on which the company commits to purchase or sell an asset.

The management determines the appropriate classification of its investments for the purpose of subsequent measurement in accordance with the requirements of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement', at the time of purchase and re-evaluates this classification as at each balance sheet date. As at June 30, 2007, investments of the company are categorised as follows:



#### 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 equity prices, are classified as 'available for sale'. Subsequent to initial measurement, 'available for sale' investments are revalued and are remeasured at fair value. Net gains or losses arising on changes in fair values of these investments are taken to shareholder's equity.

#### 2.8 Securities under resale agreements - Continuous Funding System (CFS) Transactions

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

#### 2.9 Trade debts

These are stated net of provision for impaired debts. Provision is made against impaired debts based on management's assessment regarding their recoverability.

#### 2.10 Provisions

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

#### 2.11 Proposed dividend and transfer between reserves

Dividends declared and transfer between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared or transfers between reserves are made.

#### 2.12 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment in any asset or a group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised in the profit and loss account.

#### 2.13 Trade and other payables

Short-term liabilities for trade and other amounts payable are stated at amortised cost.

#### 2.14 Borrowings / Debt

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

#### 2.15 Revenue recognition

- Remuneration for investment advisory and asset management services are recognised on an accrual basis.
- Gains and losses on sale of shares and units/certificates of mutual funds is recognised at the time of sale.
- Dividend income is recorded when the right to receive the dividend is established.
- Return on bank deposits is recognised on an accrual basis.
- Underwriting commission is recognised on an accrual basis.
- Commission income is recognised at the time of sale of units.

## 2.16 Taxation

### Current

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

### Deferred

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

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

## 2.17 Functional and presentation currency

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

## 2.18 Foreign currency transactions

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

## 2.19 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost except for foreign currency accounts which are valued at the closing foreign exchange rate. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and current account and savings account balances with banks.

## 2.20 Financial instruments

### 2.20.1 Financial assets and liabilities

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

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

At the time of initial recognition, all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and financial liabilities except for transaction costs that may be incurred on disposal. The particular recognition method adopted for recognition of financial assets and financial liabilities subsequent to initial recognition is disclosed in the policy statements associated with each item.

### 2.21 Offsetting of financial assets and financial liabilities

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



3	FIXED ASSETS	Note	2007	2006
			Amount in Rupees	
	Tangible fixed assets			
	Operating fixed assets	3.1	298,145,931	269,135,161
	Capital work-in-progress	3.5	14,594,179	5,456,497
			<u>312,740,110</u>	<u>274,591,658</u>
	Intangible assets	3.6	<u>121,530,689</u>	<u>117,035,832</u>
			<u><u>434,270,799</u></u>	<u><u>391,627,490</u></u>

3.1 The following is the statement of operating fixed assets:

Year ended June 30, 2007						
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
Amount in Rupees						
At July 1, 2006						
Cost / revaluation	212,137,019	9,544,898	27,777,302	62,601,420	25,757,550	337,818,189
Accumulated depreciation	(21,213,310)	(2,163,855)	(7,120,995)	(29,623,595)	(8,561,273)	(68,683,028)
Net book value	<u>190,923,709</u>	<u>7,381,043</u>	<u>20,656,307</u>	<u>32,977,825</u>	<u>17,196,277</u>	<u>269,135,161</u>
Year ended June 30, 2007:						
Opening net book value	190,923,709	7,381,043	20,656,307	32,977,825	17,196,277	269,135,161
Additions	4,828,502	19,139,303	1,806,711	38,691,022	11,003,500	75,469,038
Disposals :						
Cost / revaluation	4,887,000	-	2,924,239	4,902,501	2,093,350	14,807,090
Depreciation	(692,325)	-	(2,462,710)	(4,774,242)	(664,077)	(8,593,354)
	4,194,675	-	461,529	128,259	1,429,273	6,213,736
Depreciation charge for the year	(10,719,279)	(3,653,011)	(2,598,147)	(18,789,484)	(4,484,611)	(40,244,532)
Closing net book value	<u>180,838,257</u>	<u>22,867,335</u>	<u>19,403,342</u>	<u>52,751,104</u>	<u>22,285,893</u>	<u>298,145,931</u>
At June 30, 2007:						
Cost / revaluation	212,078,521	28,684,201	26,659,774	96,389,941	34,667,700	398,480,137
Accumulated depreciation	(31,240,264)	(5,816,866)	(7,256,432)	(43,638,837)	(12,381,807)	(100,334,206)
Net book value	<u>180,838,257</u>	<u>22,867,335</u>	<u>19,403,342</u>	<u>52,751,104</u>	<u>22,285,893</u>	<u>298,145,931</u>
Depreciation rate (% per annum)	5%	20%	10%	25%	20%	
Year ended June 30, 2006						
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
Amount in Rupees						
At July 1, 2005						
Cost / revaluation	212,137,019	3,229,415	25,982,955	49,367,750	22,833,550	313,550,689
Accumulated depreciation	(10,606,459)	(645,883)	(4,652,119)	(16,533,499)	(5,840,393)	(38,278,353)
Net book value	<u>201,530,560</u>	<u>2,583,532</u>	<u>21,330,836</u>	<u>32,834,251</u>	<u>16,993,157</u>	<u>275,272,336</u>
Year ended June 30, 2006:						
Opening net book value	201,530,560	2,583,532	21,330,836	32,834,251	16,993,157	275,272,336
Additions	-	6,315,483	1,794,347	13,317,670	3,479,000	24,906,500
Disposals :						
Cost	-	-	-	84,000	555,000	639,000
Depreciation	-	-	-	(21,000)	(444,000)	(465,000)
	-	-	-	63,000	111,000	174,000
Depreciation charge for the year	(10,606,851)	(1,517,972)	(2,468,876)	(13,111,096)	(3,164,880)	(30,869,675)
Closing net book value	<u>190,923,709</u>	<u>7,381,043</u>	<u>20,656,307</u>	<u>32,977,825</u>	<u>17,196,277</u>	<u>269,135,161</u>
At June 30, 2006:						
Cost / revaluation	212,137,019	9,544,898	27,777,302	62,601,420	25,757,550	337,818,189
Accumulated depreciation	(21,213,310)	(2,163,855)	(7,120,995)	(29,623,595)	(8,561,273)	(68,683,028)
Net book value	<u>190,923,709</u>	<u>7,381,043</u>	<u>20,656,307</u>	<u>32,977,825</u>	<u>17,196,277</u>	<u>269,135,161</u>
Depreciation rate (% per annum)	5%	20%	10%	25%	20%	

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3.2 The office premises of the company were revalued as at April 18, 2005 by Akbani & Javid Associates on the basis of professional assessment of its market value. The revaluation resulted in a surplus of Rs. 83.876 million. Out of the total revaluation surplus, Rs. 68.952 million (June 30, 2006: Rs. 75.488 million) remains undepreciated as at June 30, 2007.

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

	2007	2006
	Amount in Rupees	
Office Premises	111,886,187	114,951,774

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

Description	Cost / revaluation	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyers
	----- Amount in Rupees -----					
Motor vehicles						
Suzuki Cultus	400,000	(144,167)	255,833	320,000	Quotation	Sheraz Masood (ex-employee)
Honda City	807,350	(309,485)	497,865	700,000	Insurance Claim	EFU General Insurance Ltd
Honda City	886,000	(210,425)	675,575	675,575	Quotation	Wasim Jalbani (ex-employee)
Office Premises including furniture fixture and office equipment	12,713,740	(7,929,277)	4,784,463	5,538,600	Negotiation	M/s Ithaca Capital (Pvt) Ltd
Year ended June 30, 2007	<u>14,807,090</u>	<u>(8,593,354)</u>	<u>6,213,736</u>	<u>7,234,175</u>		
Year ended June 30, 2006	<u>639,000</u>	<u>(465,000)</u>	<u>174,000</u>	<u>468,000</u>		

	Note	2007	2006
		Amount in Rupees	
3.5 Capital work-in-progress - at cost			
Advances to suppliers against:			
civil works		3,866,020	2,500,000
acquisition of vehicles		4,753,000	879,000
acquisition of office and computer equipment		3,714,513	785,000
acquisition of software		1,260,646	1,292,497
Advance against membership of National Commodity Exchange Limited (NCEL)	3.5.1	<u>1,000,000</u>	-
		<u>14,594,179</u>	<u>5,456,497</u>

3.5.1 During the year ended June 30, 2003, the company had entered into an agreement with Crosby Asset Management International Limited (CAMIL) whereby the company was required to acquire membership of National Commodity Exchange Limited (NCEL) held by Crosby Asset Management Limited (CAML), a subsidiary of CAMIL and a former subsidiary of the company, for Rs. 1.0 million within a period of three years from March 22, 2003. However, after the expiry of three years, if the company is not able to legally acquire the membership of NCEL, then the company was required to pay Rs. 1.0 million to CAML. In this case, CAML was to hold the membership in trust for the company until such time, irrespective of the non-transferability of the membership, that the membership becomes legally transferable to the company. The three year period mentioned in the agreement expired on March 22, 2006.

Accordingly, the company has made the above-mentioned payment of Rs. 1.0 million to CAML. However, the membership of NCEL has not been transferred to the company so far as the Securities and Exchange Commission of Pakistan (SECP) extended the period of restriction on transfer of membership for a further period of six months, which expired on September 30, 2006. Subsequent to year end, the SECP has removed the restriction on transfer of membership and the NCEL board has placed few conditions on transfer of existing NCEL memberships. Accordingly, the company is in the process of incorporating a subsidiary company, namely JS ABAMCO Commodities Limited for the purpose of transfer of membership to the subsidiary company, being one of the above mentioned conditions.





3.6 Intangible assets

		-----2007-----		
	Note	Software	Management Rights of ICP Mutual Funds	Total
----- Amount in Rupees -----				
At July 1, 2006				
Cost	3.7	12,575,418	175,000,000	187,575,418
Accumulated amortisation		(539,586)	(70,000,000)	(70,539,586)
Net book value		<u>12,035,832</u>	<u>105,000,000</u>	<u>117,035,832</u>
Year ended June 30, 2007:				
Opening net book value		12,035,832	105,000,000	117,035,832
Additions		8,577,897	-	8,577,897
Amortisation charge for the year	3.7	<u>(4,083,040)</u>	<u>-</u>	<u>(4,083,040)</u>
Closing net book value		<u>16,530,689</u>	<u>105,000,000</u>	<u>121,530,689</u>
At June 30, 2007:				
Cost		21,153,315	175,000,000	196,153,315
Accumulated amortisation		(4,622,626)	(70,000,000)	(74,622,626)
Net book value		<u>16,530,689</u>	<u>105,000,000</u>	<u>121,530,689</u>
Amortisation rate per annum		20% - 50%		
		-----2006-----		
		Software	Management Rights of ICP Mutual Funds	Total
----- Amount in Rupees -----				
At July 1, 2005				
Cost		-	175,000,000	175,000,000
Accumulated amortisation		-	(52,500,000)	(52,500,000)
Net book value		<u>-</u>	<u>122,500,000</u>	<u>122,500,000</u>
Year ended June 30, 2006:				
Opening net book value		-	122,500,000	122,500,000
Additions		12,575,418	-	12,575,418
Amortisation charge for the year		<u>(539,586)</u>	<u>(17,500,000)</u>	<u>(18,039,586)</u>
Closing net book value		<u>12,035,832</u>	<u>105,000,000</u>	<u>117,035,832</u>
At June 30, 2006:				
Cost		12,575,418	175,000,000	187,575,418
Accumulated amortisation		(539,586)	(70,000,000)	(70,539,586)
Net book value		<u>12,035,832</u>	<u>105,000,000</u>	<u>117,035,832</u>
Amortisation rate per annum		20%	10%	

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

During the year, the company carried out a review of the useful life of the above management rights of ICP mutual funds. In addition, the company revisited and revised its future plans with respect to these funds which have now been merged to form the UTP - Growth Fund. Consequently, keeping in view the revised future plans, and opinion from its legal advisor in respect of the company's rights and obligations under the above mentioned Management Rights Transfer Agreement and an analysis of all of the relevant factors, the management now considers that this intangible asset has an indefinite useful life. Accordingly, the amortisation of the management rights acquired by the company has been discontinued with effect from July 1, 2006. Previously, the useful life was considered to be definite and cost incurred for acquisition of management rights was being amortised on a straight line basis over a period of ten years with effect from the year ended June 30, 2003. Had the estimate not been revised, the amortisation charge for the year would have been higher by Rs 17.5 million and profit before taxation would have been lower by the same amount.

	Note	2007	2006
Amount in Rupees			
4	LONG-TERM RECEIVABLES FROM RELATED PARTIES - unsecured, considered good		
Preliminary expenses incurred on incorporation and floatation of:			
	UTP Large Cap Fund (formerly ABAMCO Composite Fund)	18,000,000	24,000,000
	UTP - A-30+ Fund	1,000,000	1,000,000
	UTP-Capital Protected Fund II	1,062,500	-
	UTP - Growth Fund	1,625,000	1,625,000
		21,687,500	26,625,000
	Less : Recovered during the year	(7,324,000)	(6,000,000)
		14,363,500	20,625,000
Less: Receivable within one year from:			
	UTP Large Cap Fund (formerly ABAMCO Composite Fund)	6,000,000	6,000,000
	UTP-Capital Protected Fund II	1,062,500	-
	UTP A-30+ Fund	-	1,000,000
	UTP Growth Fund	325,250	325,000
		7,387,750	7,325,000
		6,975,750	13,300,000

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

	Note	2007	2006
Amount in Rupees			
5	LONG-TERM LOANS AND ADVANCES - considered good		
	Due from related parties - secured		
	Chief Executive Officer	20,000,000	20,000,000
	Due from others - secured		
	Executives	403,700	-
	Other employees	2,127,364	2,604,765
		22,531,064	22,604,765
	Less: Receivable within one year	(776,197)	(20,757,399)
		21,754,867	1,847,366



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

	Chief Executive		Directors		Executives	
	2007	2006	2007	2006	2007	2006
	----- Amount in Rupees -----					
Opening balance	20,000,000	20,000,000	-	-	-	-
Disbursements	-	-	-	-	445,000	-
Repayments	-	-	-	-	41,300	-
Closing balance	<u>20,000,000</u>	<u>20,000,000</u>	-	-	<u>403,700</u>	-

5.2 This represents loan given to the Chief Executive Officer (CEO) of the company with the prior approval of the Securities and Exchange Commission of Pakistan under section 195 of the Companies Ordinance, 1984 for the construction of a dwelling house. The loan is secured by way of second equitable mortgage over the said property and was initially repayable by June 30, 2007. The Board has extended the repayment of loan for further two years. The loan carries mark-up equivalent to the average cost of funds to the company determined on the basis of six month's average funded liabilities, which is 12 percent per annum for the period July to December 2006 (based on average funded liabilities for the period from January to June 2006). This rate remained constant at 12 percent per annum for the next six months from January to June 2007 (based on average funded liabilities for the period from July to December 2006).

5.3 This represents loans given to employees for purchase of motor vehicles and general purpose cash loans. These loans are recovered through deduction from salaries over varying periods upto a maximum period of 60 months and 30 months respectively. These loans are granted to employees in accordance with their terms of employment. The motor vehicle loans are secured by way of title of the motor vehicles being held in the name of the company, whereas the general purpose cash loans are secured against staff retirement benefits of the relevant employees. Motor vehicle loans do not carry any mark-up while the general purpose cash loans carry mark-up at rates ranging from 8 percent to 12 percent per annum.

5.4 The maximum aggregate amount due from the Chief Executive at the end of any month during the year ended June 30, 2007 was Rs 20 million (2006: Rs 20 million).

5.5 The maximum aggregate amount due from executives at the end of any month during the year ended June 30, 2007 was Rs 0.203 million (2006: Rs Nil).

	Note	2007	2006
Amount in Rupees			
6	INVESTMENTS - Available for sale		
	Investments - related parties		
	BSJS Balanced Fund Limited	300,879,497	260,301,503
	UTP Large Cap Fund (formerly ABAMCO Composite Fund)	351,312,975	350,157,500
	UTP-Growth Fund	501,736,368	464,598,056
	UTP-Income Fund	278,632,848	-
	JS Pension Savings Fund Equity	30,000,000	-
	JS Pension Savings Fund Debt	30,000,000	-
	JS Pension Savings Fund Money Market	30,000,000	-
	UTP Fund of Funds	12,679,704	-
	UTP-Capital Protected Fund	14,078,711	-
	UTP-Capital Protected Fund II	25,323,200	-
		<u>1,574,643,303</u>	<u>1,075,057,059</u>
	Others		
	MCB Dynamic Cash Fund	10,335,570	-
	Eye Television Network	-	6,847,638
	HBL Income Fund	5,134,000	-
		<u>15,469,570</u>	<u>6,847,638</u>
		<u>1,590,112,873</u>	<u>1,081,904,697</u>
	Less : Cost of investments	(1,721,167,996)	(1,098,989,833)
	Unrealised loss on investment	<u>(131,055,123)</u>	<u>(17,085,136)</u>

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### 6.1 Details of investment of the company are as follows:

Name of the Investee Company / Institution	Note	As at June 30, 2007					As at June 30, 2006					
		As at the beginning of the year	Purchases	Sales	As at June 30, 2007	% holding	Cost	Market value	Unrealised appreciation / (diminution)	Cost	Market value	Unrealised appreciation / (diminution)
		Number of certificates/shares					Amount in Rupees					
BSJS Balanced Fund Limited	6.3 and 6.4	21,423,992	23,900,000	22,000,000	23,323,992	19.67%	294,122,356	300,879,497	6,757,141	244,904,080	260,301,503	15,397,423
UTP Large Cap Fund (formerly ABAMCO Composite Fund)	6.3	41,195,000	380,500	-	41,575,500	12.61%	414,484,229	351,312,975	(63,171,254)	411,380,211	350,157,500	(61,222,711)
UTP Growth Fund	6.3 and 6.4	35,738,312	35,938,000	35,838,000	35,838,312	11.26%	576,036,040	501,736,368	(74,299,672)	432,923,202	464,598,056	31,674,854
UTP Income Fund	6.3	-	1,516,274	1,017,486	498,788	-	278,084,183	278,632,848	548,665	-	-	-
UTP Capital Protected Fund	6.2	-	141,637	-	141,637	-	14,217,617	14,078,711	(138,906)	-	-	-
UTP Capital Protected Fund II	6.2	-	266,000	-	266,000	-	26,600,000	25,323,200	(1,276,800)	-	-	-
JS Pension Savings Fund Equity	-	-	300,000	-	300,000	-	30,000,000	30,000,000	-	-	-	-
JS Pension Savings Fund Debt	-	-	300,000	-	300,000	-	30,000,000	30,000,000	-	-	-	-
JS Pension Savings Fund Money Market	-	-	300,000	-	300,000	-	30,000,000	30,000,000	-	-	-	-
UTP Fund of Funds	-	-	215,898	-	215,898	-	12,623,571	12,679,704	56,133	-	-	-
UTP Islamic Fund	6.3	-	34,603	34,603	-	-	-	-	-	-	-	-
UTP A30+ Fund	-	-	1,015,132	1,015,132	-	-	-	-	-	-	-	-
MCB Dynamic Cash Fund	-	-	100,000	-	100,000	-	10,000,000	10,335,570	335,570	-	-	-
HBL Income Fund	-	-	50,000	-	50,000	-	5,000,000	5,134,000	134,000	-	-	-
Faysal Bank Limited	-	-	200,000	200,000	-	-	-	-	-	-	-	-
MCB Bank Limited	-	-	100,000	100,000	-	-	-	-	-	-	-	-
Adamjee Insurance Limited	-	-	300,000	300,000	-	-	-	-	-	-	-	-
Pakistan Oilfield Limited	-	-	500,000	500,000	-	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	-	375,000	375,000	-	-	-	-	-	-	-	-
Eye Television Network	-	978,234	-	978,234	-	-	-	-	-	9,782,340	6,847,638	(2,934,702)
KASB Bank Limited	-	-	9,363,500	9,363,500	-	-	-	-	-	-	-	-
TRG Pakistan	-	-	7,349,412	7,349,412	-	-	-	-	-	-	-	-
		<u>99,335,538</u>	<u>82,645,956</u>	<u>79,071,367</u>	<u>102,910,127</u>		<u>1,721,167,996</u>	<u>1,590,112,873</u>	<u>(131,055,123)</u>	<u>1,098,989,833</u>	<u>1,081,904,697</u>	<u>(17,085,136)</u>

### 6.2 Maturity of UTP Capital Protected Fund and UTP Capital Protected Fund II

The duration of UTP Capital Protected Fund and UTP Capital Protected Fund II is specified in their respective offering documents as three years and six weeks and two years and six weeks respectively from the last day of initial public offer. After this period these funds shall stand dissolved automatically.

### 6.3 Securitisation of Management fee receivable

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

#### Open End Funds:

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

#### Closed End Funds:

- UTP-Growth Fund
- UTP - Large Cap Fund (formerly ABAMCO Composite Fund)
- BSJS Balanced Fund Limited



6.4 Certificates pledged against long-term finance and running finance

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

	Pledged with	As at June 30, 2007 Number of certificates / shares
BSJS Balanced Fund Limited	MCB Bank Limited	8,500,000
	Bank of Punjab	1,300,000
	Bank Alfalah Limited	13,500,000
		23,300,000
UTP Growth Fund	Bank of Punjab	5,000,000
	Soneri Bank Limited	25,000,000
	MCB Bank Limited	5,800,000
		35,800,000

	Note	2007 Amount in Rupees	2006
7 LOANS AND ADVANCES - considered good			
Current portion of long-term loans to employees	5	776,197	20,757,399
Unsecured advances to			
- Directors - related party	7.1	-	48,737
- Executives	7.1	442,132	150,000
- Employees	7.1	278,428	318,884
- Suppliers		3,233,730	-
		<u>4,730,487</u>	<u>21,275,020</u>

7.1 The advances are provided to Chief Executive, directors, executives and other employees to meet personal expenses. In addition, advances are also given to executives against their salaries. These advances are recovered through deduction from salaries.

7.2 The maximum aggregate amount of advances due from the Chief Executive at the end of any month during the year ended June 30, 2007 was Rs 0.346 million (2006: Rs 0.417 million).

7.3 The maximum aggregate amount of advances due from directors at the end of any month during the year ended June 30, 2007 was Rs. 2.074 million (2006: 0.049 million).

7.4 The maximum aggregate amount of advances due from executives at the end of any month during the year ended June 30, 2007 was Rs. 0.679 million (2006: 0.150 million).

	Note	2007 Amount in Rupees	2006
8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Current maturity of long-term receivables	4	7,387,750	7,325,000
Preliminary expenses incurred on Private Equity Fund - related party		-	4,229,503
Interest receivable from Chief Executive - related party		2,537,392	2,706,533
Dividend receivable		76,492,473	-
Receivable from FRSC		21,129,779	-
Deposits		3,410,287	2,711,700
Prepayments		16,403,893	10,397,041
Others	8.1	1,875,612	2,431,697
		<u>129,237,186</u>	<u>29,801,474</u>

## JS ABAMCO Limited

8.1 This amount includes Rs 1.066 million (June 30, 2006: Rs 0.856 million) due from related parties.

	Note	2007	2006
Amount in Rupees			
9			
9.1			
Remuneration			
Closed end funds			
BSJS Balanced Fund Limited	9.1.1	38,009,679	37,481,372
UTP Large Cap Fund	9.1.1	72,763,604	80,725,915
UTP Growth Fund	9.1.1	116,605,348	70,045,230
		<u>227,378,631</u>	<u>188,252,517</u>
Open ended funds			
UTP A-30+ Fund	9.1.2	818,216	-
Unit Trust of Pakistan	9.1.3	6,445,753	7,027,197
UTP - Income Fund	9.1.4	8,718,511	4,207,128
UTP - Islamic Fund	9.1.5	2,298,631	2,007,543
UTP - Aggressive Asset Allocation Fund	9.1.6	1,980,594	8,086,046
UTP - Fund of Funds	9.1.7	123,325	169,823
UTP - Capital Protected Fund	9.1.8	1,116,115	-
UTP - Capital Protected Fund II	9.1.9	931,326	-
		<u>22,432,471</u>	<u>21,497,737</u>
9.2			
Commission			
Open ended funds			
UTP A-30+ Fund	9.2.1	15,956	212
Unit Trust of Pakistan	9.2.1	93,546	532,271
UTP - Income Fund	9.2.1	-	220,600
UTP - Islamic Fund	9.2.1	30,754	333,383
UTP - Aggressive Asset Allocation Fund	9.2.1	62,917	496,194
UTP - Fund of Funds	9.2.1	-	1,341
		<u>203,173</u>	<u>1,584,001</u>
		<u>250,014,275</u>	<u>211,334,255</u>

9.1.1 Remuneration for services rendered as an investment adviser has been calculated at 2 percent (2006: 2 percent) of the average annual net assets of the fund determined on a monthly basis in accordance with the provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.

9.1.2 This represents remuneration receivable from UTP A-30+ Fund for services rendered as an asset management company. Remuneration for the year ended June 30, 2007 has been calculated at 3 percent (2006: 3 percent) of the average annual net assets of the scheme determined on a daily basis as per the provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.

9.1.3 This represents remuneration receivable from Unit Trust of Pakistan (UTP) for services rendered as an asset management company. Remuneration for the year ended June 30, 2007 has been calculated at 2 percent (2006: 2 percent) of the average annual net assets of the scheme determined on a daily basis as per the provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.

9.1.4 This represents remuneration receivable from UTP - Income Fund for services rendered as an asset management company. Remuneration for the year ended June 30, 2007 has been calculated at 1.5 percent (2006: 1.5 percent) of the average annual net assets of the scheme determined on a daily basis as per the provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.

9.1.5 This represents remuneration receivable from UTP - Islamic Fund for services rendered as an asset management company. Remuneration for the year ended June 30, 2007 has been calculated at 3 percent (2006: 3 percent) per annum on the average annual net assets of the scheme determined on a daily basis as per the provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.



- 9.1.6 This represents remuneration receivable from UTP - Aggressive Asset Allocation Fund for services rendered as an asset management company. Remuneration for the year ended June 30, 2007 has been calculated at 3 percent (2006: 3 percent) per annum on the average annual net assets of the scheme determined on a daily basis as per the provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.
- 9.1.7 This represents remuneration receivable from UTP - Fund of Funds for services rendered as an asset management company. Remuneration for the year ended June 30, 2007 has been calculated at 1 percent (2006: 1 percent) per annum on the average annual net assets of the scheme determined on a daily basis as per the provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.
- 9.1.8 This represents remuneration receivable from UTP - Capital Protected Fund for services rendered as an asset management company. Remuneration for the year ended June 30, 2007 has been calculated at 1.25 percent (2006: nil) per annum on the average annual net assets of the scheme determined on a daily basis as per the provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.
- 9.1.9 This represents remuneration receivable from UTP - Capital Protected Fund II for services rendered as an asset management company. Remuneration for the year ended June 30, 2007 has been calculated at 1.5 percent (2006: nil) per annum on the average annual net assets of the scheme determined on a daily basis as per the provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.

- 9.2.1 This represents commission receivable on sale of units by the company.

	Note	2007	2006
Amount in Rupees			
10 CASH AND BANK BALANCES			
Cash in hand		77,119	84,375
Cash at bank in:			
Current accounts	10.1	6,384,211	780,025
Savings accounts	10.2	74,134,602	601,318,993
		<u>80,518,813</u>	<u>602,099,018</u>
		<u>80,595,932</u>	<u>602,183,393</u>

- 10.1 Current accounts include a foreign currency frozen account balance of Rs 0.252 million (2006: 0.252 million).

- 10.2 At June 30, 2007, the rates of mark-up on savings accounts range from 8.5 percent to 10 percent (2006: 2.43 percent to 8.5 percent) per annum.

	Note	2007	2006
Amount in Rupees			
11 SHORT-TERM BORROWINGS - secured			
Soneri Bank Limited	11.1	-	6,326,235
The Bank of Punjab	11.2	-	9,275,964
		<u>-</u>	<u>15,602,199</u>

- 11.1 This represents running finance available from Soneri Bank Limited. The total facility amounted to Rs 200 million, and expired on March 31, 2008. The facility was availed at a mark-up of 1.5% over 3 months KIBOR rate with no floor and cap. Mark-up was payable on a quarterly basis. The facility was secured by way of pledge of shares of Funds under management as disclosed in note 6.4.

- 11.2 This represents running finance available from The Bank of Punjab. The total facility amounts to Rs 300 million, and expires on July 31, 2007. The facility carries mark-up of 3% over 3 months KIBOR rate with no floor and cap. Mark-up is payable on a quarterly basis. The facility is secured by way of pledge of shares of Funds under management as disclosed in note 6.4.

- 11.3 As at June 30, 2007 the company has unavailed running finance facility from Bank Alfalah Limited and MCB Bank Limited. The total facility available from Bank Alfalah Limited amounts to Rs 200 million, and expires on October 31, 2007. The facility carries mark-up of 2% over 3 months KIBOR rate with no floor and cap. Mark-up is payable on a quarterly basis. The facility is secured by way of pledge of shares of Funds under management as disclosed in note 6.4.

The total facility available from MCB Bank Limited amounts to Rs 200 million, and expires on October 31, 2007. The facility carries mark-up of 3% over 3 months KIBOR rate floor of 10% and no cap. Mark-up is payable on a quarterly basis. The facility is secured by way of pledge of shares of Funds under management as disclosed in note 6.4.

**JS ABAMCO Limited**

	Note	2007	2006
Amount in Rupees			
12			
<b>SHORT-TERM REDEEMABLE CAPITAL</b>			
Commercial Papers	12.1	-	560,000,000
Less: Unamortised discount		-	(17,566,569)
		<u>-</u>	<u>542,433,431</u>

12.1 The balance was fully paid during the year. Interest was paid on maturity at the rate of 3 months KIBOR plus 2.5 percent.

	Note	2007	2006
Amount in Rupees			
13			
<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Staff bonus		44,000,000	60,000,000
Audit fee		500,000	400,000
Accrued expenses		7,257,427	6,894,753
Payable to broker against transaction in securities		1,039,819	-
Retention money		958,719	4,225,947
Payable to contractors		-	2,689,476
Provision for compensated absences		3,159,085	1,382,552
Commission payable		7,128,731	310,308
Provision for donations		-	4,514,665
Advance rent		2,178,014	-
Others		2,228,733	779,400
		<u>68,450,528</u>	<u>81,197,101</u>

**14 ACCRUED MARK-UP**

Mark-up accrued on:

- Long term borrowing	14.1	3,910,819	8,910,561
- Short term borrowing		27,371	4,605,021
- Securitisation of management fee receivables		657,745	-
		<u>4,595,935</u>	<u>13,515,582</u>

14.1 Mark-up due to Jahangir Siddiqui & Company Limited (related party) at June 30, 2007 is NIL (June 30, 2006: Rs. 1.145 million).

**15 SHARE CAPITAL**

2007		2006			
Number of shares		Number of shares		Amount in Rupees	
<b>Authorised</b>					
100,000,000	100,000,000	Ordinary shares of Rs. 10 each	1,000,000,000	1,000,000,000	
50,000,000	50,000,000	Convertible Preference Shares of Rs. 10 each	500,000,000	500,000,000	
<u>150,000,000</u>	<u>150,000,000</u>		<u>1,500,000,000</u>	<u>1,500,000,000</u>	
<b>Issued, subscribed and paid-up</b>					
21,250,000	21,250,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	212,500,000	212,500,000	
	700,000	Fully paid ordinary shares of Rs. 10 each issued on amalgamation with CFSL	7,000,000	7,000,000	
700,000					
78,050,000	28,050,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	780,500,000	280,500,000	
<u>100,000,000</u>	<u>50,000,000</u>		<u>1,000,000,000</u>	<u>500,000,000</u>	

At June 30, 2007 Jahangir Siddiqui & Company Limited, the holding company, held 52.024 million (2006: 26.012 million) ordinary shares of Rs. 10 each of the company.





## 16 OTHER LONG-TERM FINANCING

	Amount borrowed in rupees	Repayment period		Price	2007	2006
		From	To		Amount in Rupees Principal outstanding	
From related parties						
- Unsecured						
Jahangir Siddiqui & Company Limited (Long term advance)	200,000,000	May-04	Apr-07	9.5% (principal repayable in six equal semi annual installments alongwith mark-up)	-	72,118,862
From others						
- Secured						
Faysal Bank Limited (Morabaha facility)	200,000,000	Jan-05	Jan-07	6 months KIBOR + 3.25% with floor of 9% and cap of 12.5% (principal repayable in six equal quarterly installments and mark-up in eight equal quarterly instalments)	-	66,666,668
MCB Bank Limited (Demand Finance)	150,000,000	Oct-02	Sep-08	12 months treasury bill rate + 1.5% with floor of 5% (principal repayable annually in six equal installments and mark-up semi annually)	50,000,000	75,000,000
The Bank of Punjab (Demand Finance)	200,000,000	Apr-05	Apr-07	6 months KIBOR + 3.0% (principal repayable in quarterly installments alongwith mark-up)	-	75,000,000
Bank Alfalah Limited (Term Finance)	150,000,000	Jul-05	Jun-08	6 months KIBOR + 2.0% with floor of 8% (principal repayable in 36 equal monthly installments and mark-up repayable in 12 quarterly installments)	37,499,996	99,999,996
					87,499,996	388,785,526
Less: Current maturity					(62,499,996)	(288,785,534)
	<u>900,000,000</u>				<u>25,000,000</u>	<u>99,999,992</u>

16.1 Long term financing from MCB Bank Limited (MCB) is secured by way of pledge of shares of the closed end funds managed by the company.

16.2 Long term financing from Bank Alfalah Limited is secured against first equitable mortgage charge over the company's office premises on 7th floor of "The Forum" situated on plot # G-20, Block # 9, KDA Scheme No. 5, Khayaban-e-Jami, Clifton, Karachi.

## 17 SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT

	Repayment period		Price	2007	2006
	From	To		Amount in Rupees	
Financial Receivables Securitization Company Limited (Class "A" TFC and Class "B" TFC)	Jan-07	Jul-14	6 months KIBOR plus 2% with floor of 8% and cap of 16% (repayable in fourteen semi annual installments including markup)	700,000,000	-
Financial Receivables Securitization Company Limited (Class "C" TFC)	Jan-07	Jul-14	Subordinate to Class "A" TFC and Class "B" TFC. (repayable on maturity)	2,500,000	-
				702,500,000	-
Less: Unamortised transaction cost				(12,613,920)	-
				689,886,080	-
Less: Current maturity				(280,000)	-
Total				<u>689,606,080</u>	<u>-</u>

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17.1 The company obtained funds aggregating to Rs. 702.5 million against securitisation of its future management fee receivables from a few funds under management (as disclosed in note 6.3). Under the arrangement, the company has assigned a portion of its future management fee receivables to Financial Receivables Securitisation Company Limited (FRSCL), which is a SPV set up for this purpose for the tenor of the facility. Under the arrangement, the entire cash flows arising to the company from management fee receivables relating to these funds is deposited with a Trustee. Subsequently, the Trustee deducts there from the amount payable under the related agreements entered into by FRSCL in respect of issuance of Term Finance Certificates (TFC) with the TFC holders and returns the balance amount to the company. The amount retained by the Trustee is passed on to FRSCL for meeting its obligations towards the relevant TFC holders and its other operating and administrative expenses. This securitisation transaction has been classified as a debt by the management.

### 17.2 Put Option

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

### 17.3 Class "C" TFC

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

18 DEFERRED TAXATION	2007	2006
	Amount in Rupees	
This is composed of the following:		
Deferred tax liability arising in respect of tax depreciation allowances	34,296,683	27,229,028
Deferred tax (asset) / liability in respect of short-term provisions	(1,241,064)	(645,624)
Taxable temporary differences on surplus on revaluation of fixed assets	24,049,349	26,337,071
	<u>57,104,968</u>	<u>52,920,475</u>

### 19 SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax

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

	2007	2006
	Amount in Rupees	
Surplus on revaluation of fixed assets as at July 1	75,488,422	79,682,222
Transferred to unappropriated profit:		
Surplus relating to incremental depreciation transferred to retained earning during the year - net of deferred tax	(2,631,786)	(2,642,094)
Related deferred tax liability	(1,417,115)	(1,551,706)
	(4,048,901)	(4,193,800)
Surplus realised on disposal of fixed assets - net of tax	(1,616,843)	-
Related deferred tax liability	(870,608)	-
	(2,487,451)	-
	<u>68,952,070</u>	<u>75,488,422</u>
Less: related deferred tax liability on:		
- revaluation	26,337,072	27,888,778
- incremental depreciation charged during the year transferred to profit and loss account	(1,417,115)	(1,551,706)
- surplus realised in disposal	(870,608)	-
	<u>24,049,349</u>	<u>26,337,072</u>
	<u>44,902,721</u>	<u>49,151,350</u>

### 20 COMMITMENTS

#### 20.1 Commitments in respect of:

Capital expenditure	963,818	2,000,000
Consultancy services from JS Global Capital Limited (formerly Jahangir Siddiqui Capital Market Limited)	-	6,300,000
Asset acquired under operating lease	1,800,000	1,680,000
Royalty and advisory payment	10,000,000	-



	2007	2006	
	Amount in Rupees		
21	REMUNERATION FROM FUNDS UNDER MANAGEMENT - related parties		
	Closed end funds		
	BSJS Balanced Fund Limited	38,009,679	37,481,372
	ABAMCO Stock Market Fund	-	32,645,396
	ABAMCO Growth Fund	-	19,416,452
	ABAMCO Capital Fund	-	69,014,172
	UTP Large Cap Fund (Formerly ABAMCO Composite Fund)	72,763,604	80,725,915
	UTP Growth Fund	116,605,348	7,589,417
		<u>227,378,631</u>	<u>246,872,724</u>
	Open ended funds		
	Unit Trust of Pakistan	73,297,398	74,140,954
	UTP - Income Fund	61,873,632	30,004,009
	UTP - Islamic Fund	26,297,272	22,942,659
	UTP - Aggressive Asset Allocation Fund	57,623,652	85,750,416
	UTP - Fund of Funds	1,629,709	1,432,763
	UTP - A-30+ Fund	7,822,171	-
	UTP - Capital Protected Fund	4,793,436	-
	UTP - Capital Protected Fund II	931,326	-
		<u>234,268,596</u>	<u>214,270,801</u>
		<u>461,647,227</u>	<u>461,143,525</u>
22	COMMISSION FROM OPEN ENDED FUNDS UNDER MANAGEMENT - related parties		
	Unit Trust of Pakistan	3,945,217	4,066,897
	UTP - Income Fund	819,984	1,268,144
	UTP - Islamic Fund	772,497	1,385,069
	UTP - Aggressive Asset Allocation Fund	1,795,910	6,595,153
	UTP - Fund of Funds	477	398,115
	UTP - A-30+ Fund	211,488	212
	UTP - Capital Protected Fund	4,184	-
		<u>7,549,757</u>	<u>13,713,590</u>
23	ADMINISTRATIVE EXPENSES		
	Salaries and benefits	125,978,929	127,704,533
	Staff retirement benefits	23.1 5,186,556	4,234,251
	Amortisation of intangible asset	3.6 4,083,040	18,039,586
	Advertisement	48,737,057	19,484,679
	Depreciation	3.1 40,244,532	30,869,675
	Printing and stationery	3,805,398	9,853,542
	Rent, rates, taxes and maintenance	23,601,019	12,489,203
	Travelling, conveyance and vehicle maintenance	17,849,585	10,537,980
	Transfer agent remuneration	6,052,489	5,597,330
	Postage	3,984,768	2,332,748
	Telephone	5,411,980	4,957,102
	Legal and professional	12,276,972	10,199,211
	Fees and subscription	5,026,736	2,808,201
	IT services	14,725,500	6,711,440
	Utilities	6,211,707	4,845,518
	Donations	23.4 5,785,335	8,069,928
	Office security	4,029,532	2,759,423
	Entertainment	1,143,824	1,031,696
	Insurance	3,674,511	3,012,937
	Auditors' remuneration	23.2 1,385,794	454,875
	Custody charges	-	9,000
	Newspaper	230,189	161,296
	Directors meeting fee	330,000	-
	Expenses of Proposed Equity Fund -written off	23.5 5,128,536	-
	Fee and commission	6,004,740	310,308
	Royalty and advisory fee	23.3 10,000,000	-
	Office supplies	860,389	631,531
	Miscellaneous expenses	287,924	47,244
		<u>362,037,042</u>	<u>287,153,237</u>

## JS ABAMCO Limited

23.1	Staff retirement benefits includes contributions to defined contribution plan of Rs 4.649 million (2006: Rs 3.989 million).		
23.2	Auditors' remuneration	2007	2006
		Amount in Rupees	
	Annual Audit fee	500,000	400,000
	Fee for review of half yearly financial statements	200,000	-
	Out of pocket expenses	175,794	54,875
	Special Certification and other services	510,000	-
		<u>1,385,794</u>	<u>454,875</u>
23.3	Royalty and advisory fee represents amounts payable to Mr. Jahangir Siddiqui on account of use of name and advisory services, respectively.		
23.4	This amount includes donations made to Siddiqui Foundation amounting to Rs 5.485 million (2006: Rs 3 million) which is a related party of the company due to common directorship of one of the director.		
23.5	Represents expenses incurred on behalf of a proposed equity fund which was subsequently not launched.		
24	FINANCIAL CHARGES	2007	2006
		Amount in Rupees	
	Mark-up on long term financing	21,072,312	65,235,752
	Mark-up on running finance	2,706,275	13,216,435
	Income on Continuous Funding System (CFS) transactions	-	180,775
	Bank charges	242,331	195,069
	Mark-up and other charges of securitisation of management fee receivables	40,078,197	-
	Amortisation of transaction cost of commercial paper	34,995,120	592,131
		<u>99,094,235</u>	<u>79,420,162</u>
25	OTHER OPERATING INCOME		
	Commission income	1,157,573	-
	Mark-up on loans and advances	2,609,308	2,231,606
	Others	81,466	22,834
		<u>3,848,347</u>	<u>2,254,440</u>
26	TAXATION		
	Current - for the year	19,044,129	76,960,545
	- for prior years	(6,976,662)	(7,730,664)
	Deferred	4,184,492	928,204
		<u>16,251,959</u>	<u>70,158,085</u>
26.1	The income tax assessments of the company have been finalised upto and including the assessment year 2001-2002 (financial year ended June 30, 2001). The income tax assessments for tax year 2003, tax year 2004, tax year 2005 and tax year 2006 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.		
26.2	Relationship between accounting profit and tax expense is as follows:	2007	2006
		Amount in Rupees	
	Accounting profit for the year	<u>536,795,446</u>	<u>601,771,420</u>
	Tax @ 35% (2006: 37%)	187,878,406	222,655,425
	Tax effect of differential in tax rates	(82,885,835)	(98,426,483)
	Tax impact of exempt capital gains	(74,672,970)	(44,579,378)
	Prior year's taxation	(6,976,662)	(7,730,664)
	Tax amortisation of management rights	(6,125,000)	-
	Others	(965,980)	(1,760,815)
		<u>16,251,959</u>	<u>70,158,085</u>



		2007	2006
		Amount in Rupees	
27	EARNINGS PER SHARE - basic and diluted		
	Net profit for the year after taxation	<u>520,543,487</u>	<u>531,613,335</u>
		Number of shares	
	Weighted average number of ordinary shares outstanding during the year	<u>100,000,000</u>	<u>100,000,000</u>
		Amount in Rupees	
	Earnings per share - basic and diluted	<u>5.21</u>	<u>5.32</u>

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year ended June 30, 2007 in respect of remuneration, including all benefits to the Chief Executive, directors and executives of the company are as follows:

	Chief Executive		Directors		Executives	
	2007	2006	2007	2006	2007	2006
	----- Amount in Rupees -----					
Managerial remuneration	4,615,380	4,615,380	7,898,503	8,204,004	19,702,569	14,477,264
Consultancy fee	-	-	870,000	-	-	-
House rent allowance	-	-	472,350	616,600	5,828,131	4,343,179
Utilities allowance	461,544	461,544	789,846	767,592	1,970,261	1,447,727
Performance bonus	31,624,308	5,133,943	-	-	11,163,333	4,399,900
Retirement benefits	461,532	461,532	740,500	820,404	1,573,990	1,208,527
Medical Allowance	461,544	461,538	788,651	819,404	1,970,261	1,447,727
Other reimbursable expenses	-	-	48,604	6,096	76,111	78,039
	<u>37,624,308</u>	<u>11,133,937</u>	<u>11,608,454</u>	<u>11,234,100</u>	<u>42,284,656</u>	<u>27,402,363</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>34</u>	<u>17</u>

28.1 The Chief Executive, directors and certain executives of the company are provided with free use of company owned and maintained vehicles, residential telephones and certain items of household appliances. The company has also provided rent free furnished accommodation to the Chief Executive.

28.2 The company provides performance bonus to the Chief Executive and executives. The individual entitlements are determined after the year end and therefore are being reported on paid basis.

28.3 In addition, meeting fee of Rs 15,000 per meeting was paid to each non-executive director for meetings held during the year.

29 TRANSACTIONS WITH RELATED PARTIES

		2007	2006
		Amount in Rupees	

29.1 The details of transactions with related parties during the year are as follows:

Transactions with BSJS Balanced Fund Limited			
Remuneration income		38,009,679	37,481,372
Dividend Income		58,309,980	64,271,976
Transactions with ABAMCO Growth Fund			
Remuneration income		-	19,416,452
Transactions with ABAMCO Stock Market Fund			
Remuneration income		-	32,645,396

**JS ABAMCO Limited**

	2007	2006
	Amount in Rupees	
Transactions with ABAMCO Capital Fund		
Remuneration income	-	69,014,172
Transactions with UTP Growth Fund		
Remuneration income	116,605,348	7,589,417
Dividend Income	117,370,472	125,084,097
Preliminary expenses incurred on behalf of the fund	-	1,625,000
Transactions with UTP-Large Cap Fund (formerly ABAMCO Composite Fund)		
Remuneration income	72,763,604	80,725,915
Dividend Income	82,840,000	144,182,500
Received against long term receivable	6,000,000	6,000,000
Transactions with UTP-Islamic Fund		
Remuneration income	26,297,272	22,942,659
Commission income	772,497	1,385,069
Transactions with UTP-Income Fund		
Remuneration income	61,873,632	30,004,009
Commission income	819,984	1,268,144
Transactions with Unit Trust of Pakistan		
Remuneration income	73,297,398	74,140,954
Commission income	3,945,217	4,066,897
Transactions with UTP - Aggressive Asset Allocation Fund		
Remuneration income	57,623,652	85,750,416
Commission income	1,795,910	6,595,153
Preliminary expenses incurred on behalf of the fund	-	1,000,000
Other receivable against expenses	321,665	-
Transactions with UTP - Fund of Funds		
Remuneration income	1,629,709	1,432,763
Commission income	477	398,115
Other receivable against expenses	177,622	-
Preliminary expenses incurred on behalf of the fund	-	1,135,000
Transactions with UTP - A 30+ Fund		
Remuneration income	7,822,171	-
Commission income	211,488	-
Other receivable against expenses	92,220	187,500
Other expenses reimbursed	279,720	-
Preliminary expenses incurred on behalf of the fund	-	1,000,000
Preliminary expenses incurred on behalf of the fund -reimbursed	1,000,000	-



	2007	2006
	Amount in Rupees	
Transaction with UTP - Capital Protected Fund		
Remuneration income	4,793,436	-
Commission income	4,184	-
Preliminary expenses incurred and received	1,496,547	-
Other receivable against expenses	21,868	-
Other expenses reimbursed	20,000	-
Transaction with UTP - Capital Protected Fund-II		
Remuneration income	931,326	-
Preliminary expenses incurred on behalf of the fund	1,062,500	-
Other receivable against expenses	135,000	-
Transactions with Jahangir Siddiqui & Company Limited (JSCL) - holding company		
Repayment made in respect of borrowing	72,118,862	67,297,613
Mark-up expense on long term financing	3,438,221	9,818,016
Rent Received	5,823,141	5,641,875
Rent Receivable	-	226,288
Rent Paid	-	19,935
Expenses Paid	-	46,969
Expenses incurred on behalf of JSCL	1,445,974	-
Expenses incurred on behalf of JSCL -reimbursed	1,356,422	-
Transactions with JS Global Capital Limited (JSGCL) formerly Jahangir Siddiqui Capital Markets Limited - associate of JSCL		
Custody charges incurred	-	9,000
Receivable against expenses	-	34,713
Rent Receivable	-	241,875
Rent received	4,083,145	6,658,288
Rent expense	5,880,000	-
Expenses incurred by the company on behalf of JSGCL	1,038,853	-
Expenses incurred by the the company on behalf of JSGCL -reimbursed	1,033,967	490,622
Transactions with JS Bank Limited (JSBL) - subsidiary of JSCL		
Expenses incurred by the the company on behalf of JSBL	43,705	9,883
Expenses incurred by the the company on behalf of JSBL -reimbursed	47,586	-
Transactions with Mr. Ali Jehangir Siddiqui - major shareholder *		
Consultancy fees paid	-	5,100,000
Transactions with Mr. Najam Ali - CEO		
Mark-up income on loan	2,537,392	2,216,870

\* Consequent to offer for sale of shares to general public Mr. Ali Jehangir Siddiqui's shareholding reduced from 13,000,000 to 7,000,000 and therefore he is no longer a major shareholder of the Company.

**JS ABAMCO Limited**

	2007	2006
	Amount in Rupees	
Transactions with Eye Television Network - common directorship		
Take-up commission	-	146,735
Shares purchased	-	9,782,340
Transactions with MCB Bank Ltd - associated company **		
Repayments against long term financing	-	29,980,041
Mark-up expense on long term financing	-	4,980,841
Transactions with Private Equity Fund		
Expenses incurred	899,033	4,229,503
Receivable from fund written off	5,128,536	-
Transactions with BankIslami Pakistan Limited - associated company		
Rent Received	-	769,703
Remuneration of key management personnel	77,161,855	41,662,486
Transactions with Siddiqui Foundation - common directorship		
Donations paid	5,485,335	3,000,000
Transactions with Staff Provident Fund		
Contributions during the year	4,648,896	3,988,881

\*\* Last year the director representing MCB Bank Limited on the Board of Directors of the company resigned due to which MCB is no longer an associated company.

29.2 The transactions and balances with related parties that have been separately identified as related party transactions or balances in notes 4 - 9, 14, 16, 21 and 22 have not been included in this disclosure note for related party transactions.

	2007	2006
	Amount in Rupees	
29.3 Balances outstanding at the year end (Note 8)		
Receivable from Jahangir Siddiqui & Company Limited	136,521	273,257
Receivable from JS Bank Limited	6,002	9,882
Receivable from UTP - Growth Fund	-	18,863
Receivable from A - 30 + Fund	-	187,500
Receivable from JS Global Capital Limited (formerly Jahangir Siddiqui Capital Market Limited)	39,599	276,588
Out of pocket expenses receivable from different funds	169,070	90,127
Receivable from UTP - Aggressive Asset Allocation Fund	321,665	-
Receivable from UTP - Fund of Funds	177,622	-
Receivable from JS Air (Private) Limited	443	-
Receivable from JS Private Equity	28,309	-
Receivable from UTP - Capital Protected Fund	1,868	-
Receivable from UTP - Capital Protected Fund II	135,000	-
Receivable from JS Pension Savings Fund	50,000	-





## 30 FINANCIAL ASSETS AND LIABILITIES

	2007						
	Interest / mark-up bearing			Non interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	Amount in Rupees						
Long-term receivable from related parties	-	-	-	-	6,975,750	6,975,750	6,975,750
Long-term loans and advances	-	21,754,867	21,754,867	-	-	-	21,754,867
Investments - available for sale	-	-	-	1,590,112,873	-	1,590,112,873	1,590,112,873
Loans and advances	776,197	-	776,197	3,954,290	-	3,954,290	4,730,487
Deposits and other receivables	2,537,392	-	2,537,392	110,295,901	-	110,295,901	112,833,293
Balances due from funds under management	-	-	-	250,014,275	-	250,014,275	250,014,275
Cash and bank balances	74,134,602	-	74,134,602	6,461,330	-	6,461,330	80,595,932
	77,448,191	21,754,867	99,203,058	1,960,838,669	6,975,750	1,967,814,419	2,067,017,477
Securitisation of management fee receivable	280,000	689,606,080	689,886,080	-	-	-	689,886,080
Short-term borrowings	-	-	-	-	-	-	-
Short-term redeemable capital	-	-	-	-	-	-	-
Accrued expenses and other liabilities	-	-	-	65,090,515	-	65,090,515	65,090,515
Accrued mark-up	-	-	-	4,595,935	-	4,595,935	4,595,935
Long-term financing	62,499,996	25,000,000	87,499,996	-	-	-	87,499,996
	62,779,996	714,606,080	777,386,076	69,686,450	-	69,686,450	847,072,526
Net Gap	14,668,195	(692,851,213)	(678,183,018)	1,891,152,219	6,975,750	1,898,127,969	1,219,944,951
	2006						
	Interest / mark-up bearing			Non interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	Amount in Rupees						
Long term receivable from related parties	-	-	-	-	13,300,000	13,300,000	13,300,000
Long term loans and advances	-	1,847,366	1,847,366	-	-	-	1,847,366
Investments - available for sale	-	-	-	1,081,904,697	-	1,081,904,697	1,081,904,697
Loans and advances	20,757,399	-	20,757,399	517,621	-	517,621	21,275,020
Deposits and other receivables	2,706,533	-	2,706,533	16,697,900	-	16,697,900	19,404,433
Balances due from funds under management	-	-	-	211,334,255	-	211,334,255	211,334,255
Cash and bank balances	601,318,993	-	601,318,993	864,399	-	864,399	602,183,392
	624,782,925	1,847,366	626,630,291	1,311,318,872	13,300,000	1,324,618,872	1,951,249,163
Short term borrowings	15,602,199	-	15,602,199	-	-	-	15,602,199
Short term redeemable capital	542,433,431	-	542,433,431	-	-	-	542,433,431
Accrued expenses and other liabilities	-	-	-	81,197,101	-	81,197,101	81,197,101
Accrued mark-up	-	-	-	13,515,583	-	13,515,583	13,515,583
Long term financing	288,785,534	99,999,992	388,785,526	-	-	-	388,785,526
	846,821,164	99,999,992	946,821,156	94,712,684	-	94,712,684	1,041,533,840
Net Gap	(222,038,239)	(98,152,626)	(320,190,865)	1,216,606,189	13,300,000	1,229,906,189	909,715,323

The interest rate profile of interest / mark-up bearing assets are given in notes 5 and 10 of these financial statements.

The interest rate profile of interest / mark-up bearing liabilities are given in notes 11, 12, 16 and 17 of these financial statements.

### 30.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. All the financial assets of the company except Rs 0.077 million (2006: Rs 0.084 million) are exposed to credit risk. The company controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties, obtaining collaterals and continually assessing the credit worthiness of counter parties.

### 30.2 Liquidity risk

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

### 30.3 Foreign exchange risk management

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

## JS ABAMCO Limited

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### 30.4 Interest rate risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches in the amounts of interest based assets and liabilities that mature in a given period. The company is not exposed to interest rate risk as there are no material interest bearing financial assets and liabilities.

### 30.5 Market Risk

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

### 30.6 Fair value of financial instruments

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

### 31 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

No appropriation to revenue reserves was made by the Board of Directors in its meeting held on August 18, 2007.

### 32 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Significant reclassification during the year is as follows:

- EPS and weighted average number of shares for the prior year have been restated consequent to the issue of bonus shares during the current year.

### 33 GENERAL

These financial statements were authorised for issue on August 18, 2007 by the Board of Directors of the company.

Chief Executive

Director



PATTEN OF SHAREHOLDING  
AS AT JUNE 30, 2007

No. of shareholders	Shareholding		Total shares held
	From	To	
35	1	100	2,559
1432	101	500	702,126
328	501	1,000	324,672
301	1,001	5,000	776,652
48	5,001	10,000	379,640
16	10,001	15,000	203,455
5	15,001	20,000	89,700
5	20,001	25,000	111,668
6	25,001	30,000	165,300
8	30,001	35,000	273,361
1	35,001	40,000	35,517
1	40,001	45,000	41,300
1	45,001	50,000	50,000
2	50,001	55,000	106,000
1	55,001	60,000	58,000
3	70,001	75,000	218,188
1	90,001	95,000	91,700
1	95,001	100,000	100,000
1	125,001	130,000	129,300
1	140,001	145,000	140,223
1	270,001	275,000	275,000
1	435,001	440,000	438,000
1	860,001	865,000	860,052
1	1,575,001	1,580,000	1,575,496
1	4,100,001	4,105,000	4,100,226
1	4,650,001	4,655,000	4,655,000
1	5,640,001	5,645,000	5,642,661
1	6,150,001	6,155,000	6,150,340
1	6,995,001	7,000,000	7,000,000
1	13,280,001	13,285,000	13,280,252
1	52,020,001	52,025,000	52,023,612
<u>2208</u>			<u>100,000,000</u>

Categories of shareholders	No.	Shares held	Percentage
Individual	2163	13,349,955	13.35
Investment Companies	-	-	-
Insurance Companies	3	148,688	0.15
Joint Stock Companies	35	52,023,622	52.02
Financial Institutions	3	5,852,881	5.85
Modarba & Mutual Funds	-	-	-
Others	4	28,624,854	28.62
	<u>2208</u>	<u>100,000,000</u>	<u>100.00</u>

## DISCLOSURE TO PATTERN OF SHARE HOLDING

	<u>Shares held</u>
1 Associated Companies, undertaking and related parties:	
- Jahangir Siddiqui & Co. Ltd	<u>52,023,622</u>
2 NIT AND ICP	
- National Bank of Pakistan, Trustee Deptt.	<u>69,997</u>
3 Directors, CEO, their spouses and minor children:	<u>-</u>
4 Public sector companies & corporations:	<u>-</u>
5 Banks, DFIs, NBFCs, Insurance companies modarabas and mutual funds	<u>5,931,572</u>
6 Shareholders holding 10% or more voting interest in the listed companies:	
- Goldman Sachs & Co.	<u>13,280,252</u>
7 Executives	
Mr. Suleman Lalani	5,500
Mr. Shahbaz Islam	500
Mr. Ali Akhter Ali	500
Mr. Rahim Khakiani	<u>500</u>
	<u>7,000</u>

JS ABAMCO Limited

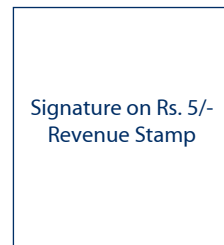
The Company Secretary  
JS ABAMCO Limited  
7<sup>th</sup> Floor, The Forum, Block – 9, Khayaban-e-Jami  
Clifton, Karachi

I/We \_\_\_\_\_ of \_\_\_\_\_ being Shareholder (s) of \_\_\_\_\_, holding \_\_\_\_\_ shares as per Registered Folio No. / CDC A/c No. (For those who have shares in CDS) \_\_\_\_\_ hereby appoint Mr. / Ms \_\_\_\_\_ of (full address) \_\_\_\_\_ or failing him / her Mr. / Ms. \_\_\_\_\_ of (full address) \_\_\_\_\_ who is / are also Shareholder of the Company, as my proxy to attend, and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on September 29, 2007 and / or any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2007. Signed by \_\_\_\_\_ in the presence of \_\_\_\_\_ (name and address) \_\_\_\_\_

Witness:

1. Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
NIC or \_\_\_\_\_  
Passport No. \_\_\_\_\_
2. Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
NIC or \_\_\_\_\_  
Passport No. \_\_\_\_\_



The Signature should agree with the specimen registered with the Company

Important:

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

The Company Secretary  
JS ABAMCO Limited  
7<sup>th</sup> Floor, The Forum, G-20  
Khayaban-e-Jami, Block-9, Clifton  
Karachi-75600

AFFIX  
CORRECT  
POSTAGE