

JS Islamic Pension Savings Fund

Annual Report 2009

 **JS investments**

Directors Report to the Participants

The Board of Directors of JS Investments Limited, the Pension Fund Manager of JS Islamic Pension Savings Fund (the Fund), is pleased to present the Annual Report for the year ended June 30, 2009.

1. Review of Fund Performance

The fund was launched on June 16, 2008 for contributions by eligible participants, under the Voluntary Pension System Rules, 2005 (VPS Rules, 2005), with the objective of assisting and facilitating them to plan for their retirement. The fund presently has three sub-funds that are Equity Sub-Fund, Debt Sub-Fund, and Money Market Sub-Fund. Profit/(loss) for the year ended June 30, 2009 of each of the sub funds and the net assets as on June 30, 2009 are provided below:-

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
Profit for the period (Rs. in million)	(2.925)	3.203	1.868
Net assets (Rs. in million)	27.419	33.758	32.214
NAV per unit (Rupees)	90.84	111.69	106.72

2. Benefits of investing in JS Islamic Pension Savings Fund

JS Islamic Pension Savings Fund provides following benefits to its participants:-

- Expert advice in planning your retirement.
- Shariah Compliance monitored regularly by the Shariah Advisory Council.
- Tax credit on contributions up to PKR 500,000/- p.a. or 20% of taxable income.
- Tax and Riba free returns on investments.
- Contribution frequency of your choice.
- Minimum investment of only PKR 12,000/- p.a.
- Option to withdraw all of your savings at any time, subject to tax and zakat deductions.

3. Asset Manager Rating

PACRA has awarded an "AM2+" asset manager rating to JS Investments Limited. 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.

4. Compliance

The Board of Directors of the Pension Fund Manager states that:

- a. The financial statements, prepared by the Pension Fund Manager, present fairly the state of affairs of the Fund, the results of its operations, cash flows and movement in net assets of the Fund.
- b. Proper books of accounts of the Fund 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 Financial Reporting Standards, as applicable in Pakistan, provisions of the Voluntary Pension Systems Rules, 2005, requirements of the Trust Deed and directives of the Securities and Exchange Commission of 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.

At

- f. There are no significant doubts upon the Fund's ability to continue as a going concern.
g. A performance table / key financial data is given on page xx of this annual report.
h. The Directors have signed the "Statement of Ethics and Business Practices."

5. Meetings of the Directors

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

Name of Directors	Meetings attended	Meetings Attended					
		9-Jul-08	15-Sep-08	06-Oct-08	24-Oct-08	26-feb-09	22-Apr-09
Mr. Munawar Alam Siddiqui	6	1	1	1	1	1	1
Mr. Muhammad Najam Ali	6	1	1	1	1	1	1
Mr. Ali Raza Siddiqui	5	-	1	1	1	1	1
Mr. Nazar Mohammad Shaikh	6	1	1	1	1	1	1
Lt. General (Retd.) Masood Parwaiz	4	1	-	1	1	1	-
Mr. Sadeq Sayeed	1	-	-	-	-	1	-
Mr. Siraj A. Dadabhoy	-	-	-	-	-	-	-
Members attended		4	4	5	5	6	4

6. Auditors

The external auditors of the Fund Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible offer themselves for reappointment. The Audit Committee of the Board of the Management Company has recommended reappointment of KPMG Taseer Hadi & Co., Chartered Accountants, as the Fund's auditors for the year ending June 30, 2010.

7. 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 Pension Fund Manager and the Trustee for their dedication and hard work and the participants for their confidence in the Management.

Karachi: August 21, 2009


Muhammad Najam Ali
Chief Executive Officer

JUSTICE MUHAMMAD TAQI USMANI

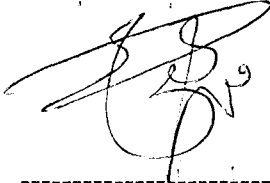
Ex-Member Shariat Appellate Bench
Supreme Court of Pakistan
Permanent Member, Islamic Fiqh Academy (OIC) Jeddah
Vice President Darul-Uloom Karachi

Darul Uloom Karachi
Korangi, Karachi-75180, Pakistan
Ph: 92-21-512-3100, Fx: 5040234
E.Mail: mohdtaqi@cyber.net.pk

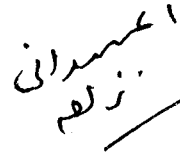
In the name of Allah

10th August 2009

The Shariah Supervisory Council (SSC), through its two members, has gone through the financial statement for the period from 1st July to 30th June 2009 of JS Islamic Pension Savings Fund which indicates that the Fund has made investment with Alfalah Islamic Bank and Shariah compliant stocks during this period. Therefore we confirm having examined the financial statement of the Fund as of 30th June 2009 and found that the investment was made as per Shariah requirements.



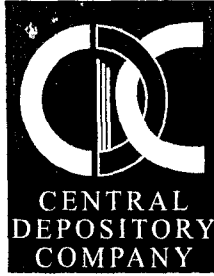
MUHAMMAD TAQI USMANI
CHAIRMAN



DR. AIJAZ AHMED SAMDANI
MEMBER



MOLANA HASSAN ASHRAF USMANI
MEMBER



TRUSTEE REPORT TO THE PARTICIPANTS

JS ISLAMIC PENSION SAVINGS FUND

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

JS Islamic Pension Savings Fund (Fund), a pension fund established under a trust deed executed between JS Investments Limited as the pension fund manager and Central Depository Company of Pakistan Limited as trustee on January 08, 2008.

In our opinion, JS Investments Limited has in all material respects managed the Fund during the year ended June 30, 2009 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Muhammad Hanif
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 26, 2009



KPMG Taseer Hadi & Co.
Chartered Accountants
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Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530 Pakistan

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Internet www.kpmg.com.pk

Auditors report to the participants of the JS Islamic Pension Savings Fund

We have audited the annexed financial statements comprising:

- i) Balance Sheet;
- ii) Income Statement;
- iii) Cash Flow Statement; and
- iv) Statement of Movement in Participants Fund,

of **JS Islamic Pension Savings Fund** as at 30 June 2009 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Pension Fund Manager to establish and maintain a system of internal controls; and prepare and present the financial statements of the Fund in conformity with the International Accounting Standards notified under sub-section (3) of section 234 of the Companies Ordinance, 1984, and technical releases issued by Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pensions System Rules, 2005 and 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion: -

- (a) the financial statements prepared for the year have been properly drawn in accordance with the relevant provisions of the trust deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- (b) a true and fair view is given of the disposition of the pension fund at the end of the year and of the transactions of the Fund of the year then ended;
- (c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- (d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;
- (e) proper books and records have been kept by the pension fund;



KPMG Taseer Hadi & Co.

- (f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of the audit; and
- (g) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 21 AUG 2009

Karachi

KPMG

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants
Amin Pirani

JS Islamic Pension Savings Fund

Balance Sheet

As at 30 June 2009

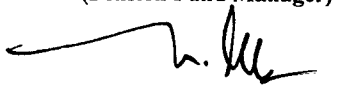
Note	30 June 2009				30 June 2008				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
Assets									
Bank balances	4	753,094	3,320,573	31,712,062	35,785,729	30,076,032	30,051,587	30,041,402	90,169,021
Receivable on sale of investments		1,303,213	-	-	1,303,213	-	-	-	-
Investments	5	25,112,008	29,664,870	-	54,776,878	-	-	-	-
Dividend receivable		156,000	-	-	156,000	-	-	-	-
Profit receivable on bank balances and investment		12,580	685,539	413,695	1,111,814	111,466	111,466	111,466	334,398
Deposit with Central Depository Company of Pakistan Limited		100,000	100,000	100,000	300,000	100,000	100,000	100,000	300,000
Deferred formation cost	6	85,520	85,520	85,520	256,560	135,520	135,520	135,520	406,560
Total assets		27,522,415	33,856,502	32,311,277	93,690,194	30,423,018	30,398,573	30,388,388	91,209,979
Liabilities									
Remuneration payable to the Pension Fund Manager	7	33,832	40,514	39,517	113,863	36,472	36,472	36,472	109,416
Remuneration payable to Trustee	8	7,327	8,773	8,558	24,658	8,196	8,196	8,196	24,588
Payable to auditors	9	33,333	33,334	33,333	100,000	16,667	16,667	16,666	50,000
Annual fee payable to Securities and Exchange Commission of Pakistan	10	8,997	10,522	10,372	29,891	2,896	2,896	2,896	8,688
Accrued expenses and other liabilities	11	19,824	5,217	5,002	30,043	181,050	160,000	160,000	501,050
Total liabilities		103,313	98,360	96,782	298,455	245,281	224,231	224,230	693,742
Net assets	<i>Rupees</i>	27,419,102	33,758,142	32,214,495	93,391,739	30,177,737	30,174,342	30,164,158	90,516,237
Participants' Sub-Funds (as per statement attached)	<i>Rupees</i>	27,419,102	33,758,142	32,214,495	93,391,739	30,177,737	30,174,342	30,164,158	90,516,237
Number of units in issue	14	301,837	302,253	301,853		300,169	300,135	300,034	
Net assets value per unit	<i>Rupees</i>	90.84	111.69	106.72		100.54	100.54	100.54	

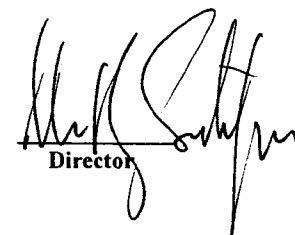
The annexed notes from 1 to 20 form an integral part of these financial statements.

KPMG


Chief Executive Officer

For JS Investments Limited
(Pension Fund Manager)


Chairman


Director

JS Islamic Pension Savings Fund

Income Statement

For the year ended 30 June 2009

	Note	30 June 2009				30 June 2008			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Income									
Profit on sukuk certificates		-	2,578,112	-	2,578,112	-	-	-	-
Amortisation of discount on investment		-	66,862	-	66,862	-	-	-	-
Capital loss on sale of held for trading investments-net		(2,823,517)	-	-	(2,823,517)	-	-	-	-
Dividend income on held for trading investments		1,031,732	-	-	1,031,732	-	-	-	-
Profit on deposit accounts with banks		947,983	1,252,707	2,558,781	4,759,471	355,369	355,369	355,369	1,066,107
Element of income and capital gains included in prices of units issued less those in units redeemed-net		(32)	15,841	11,651	27,460	68	54	14	136
		<u>(843,834)</u>	<u>3,913,522</u>	<u>2,570,432</u>	<u>5,640,120</u>	<u>355,437</u>	<u>355,423</u>	<u>355,383</u>	<u>1,066,243</u>
Unrealised loss on revaluation of held for trading investments - net		(1,372,624)	-	-	(1,372,624)	-	-	-	-
		<u>(2,216,458)</u>	<u>3,913,522</u>	<u>2,570,432</u>	<u>4,267,496</u>	<u>355,437</u>	<u>355,423</u>	<u>355,383</u>	<u>1,066,243</u>
Expenses									
Remuneration to the Pension Fund Manager	7	402,338	470,837	464,113	1,337,288	128,602	128,602	128,602	385,806
Remuneration to the Trustee	8	90,183	105,657	104,159	299,999	28,961	28,961	28,961	86,883
Annual fee to Securities and Exchange Commission of Pakistan	10	8,997	10,522	10,372	29,891	2,896	2,896	2,896	8,688
Auditors' remuneration	9	65,736	65,736	65,738	197,210	16,667	16,667	16,666	50,000
Securities' transaction cost		75,118	-	-	75,118	-	-	-	-
Custody and settlement charges		7,418	6,512	6,500	20,430	500	500	500	1,500
Bank charges		9,211	860	1,135	11,206	2,501	2,501	2,501	7,503
Amortization of formation cost	6	50,000	50,000	50,000	150,000	14,480	14,480	14,480	43,440
		<u>709,001</u>	<u>710,124</u>	<u>702,017</u>	<u>2,121,142</u>	<u>194,607</u>	<u>194,607</u>	<u>194,606</u>	<u>583,820</u>
Net loss / income	<i>Rupees</i>	<u>(2,925,459)</u>	<u>3,203,398</u>	<u>1,868,415</u>	<u>2,146,354</u>	<u>160,830</u>	<u>160,816</u>	<u>160,777</u>	<u>482,423</u>
(Loss) / earnings per unit	<i>Rupees</i>	<u>(9.69)</u>	<u>10.60</u>	<u>6.19</u>		<u>0.54</u>	<u>0.54</u>	<u>0.54</u>	

The annexed notes from 1 to 20 form an integral part of these financial statements.

For JS Investments Limited
(Pension Fund Manager)


Chief Executive Officer


Chairman


Director

JS Islamic Pension Savings Fund

Cash Flow Statement

For the year ended 30 June 2009

CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / income for the period

Adjustments for:

Net loss on sale of held for trading investments

Amortization of formation cost

Amortization of premium on investments

Unrealised loss on investment in held for trading securities - net

Element of income and capital gains included in prices of units issued less those in units redeemed - net

Operating assets

Dividend receivable

Deposit and other receivables

Receivable on Sale of Investments

Operating Liabilities

Remuneration payable to the pension fund manager

Remuneration payable to the trustee

Payable to auditor

Annual fee payable to Securities and Exchange Commission of Pakistan

Accrued expenses and other liabilities

Sale of investments

Purchase of investments

Cash used in operating activities

NET CASH FLOWS FROM FINANCING ACTIVITIES

Cash Received on issue of units

Effect of reallocation

Net (decrease) / increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period

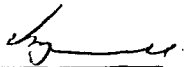
Cash and cash equivalents at end of the period

	30 June 2009				30 June 2008			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Loss) / income for the period	(2,925,459)	3,203,398	1,868,415	2,146,354	160,830	160,816	160,777	482,423
Adjustments for:								
Net loss on sale of held for trading investments	2,823,517	-	-	2,823,517	-	-	-	-
Amortization of formation cost	50,000	50,000	50,000	150,000	14,480	14,480	14,480	43,440
Amortization of premium on investments	-	(66,862)	-	(66,862)	-	-	-	-
Unrealised loss on investment in held for trading securities - net	1,372,624	-	-	1,372,624	-	-	-	-
Element of income and capital gains included in prices of units issued less those in units redeemed - net	32	(15,841)	(11,651)	(27,460)	(68)	(54)	(14)	(136)
	1,320,714	3,170,695	1,906,764	6,398,173	175,242	175,242	175,243	525,727
Operating assets								
Dividend receivable	(156,000)	-	-	(156,000)	-	-	-	-
Deposit and other receivables	98,886	(574,073)	(302,229)	(777,416)	(211,466)	(211,466)	(211,466)	(634,398)
Receivable on Sale of Investments	(1,303,213)	-	-	(1,303,213)	(150,000)	(150,000)	(150,000)	(450,000)
	(1,360,327)	(574,073)	(302,229)	(2,236,629)	(361,466)	(361,466)	(361,466)	(1,084,398)
Operating Liabilities								
Remuneration payable to the pension fund manager	(2,640)	4,042	3,045	4,447	217,522	196,472	196,472	610,466
Remuneration payable to the trustee	(869)	577	362	70	8,196	8,196	8,196	24,588
Payable to auditor	16,666	16,667	16,667	50,000	16,667	16,667	16,666	50,000
Annual fee payable to Securities and Exchange Commission of Pakistan	6,101	7,626	7,476	21,203	2,896	2,896	2,896	8,688
Accrued expenses and other liabilities	(161,226)	(154,783)	(154,998)	(471,007)	-	-	-	-
	(141,968)	(125,871)	(127,448)	(395,287)	245,281	224,231	224,230	693,742
	(181,581)	2,470,751	1,477,087	3,766,257	59,057	38,007	38,007	135,071
Sale of investments	15,572,356	-	-	15,572,356	-	-	-	-
Purchase of investments	(44,880,505)	(29,429,400)	-	(74,309,905)	-	-	-	-
Cash used in operating activities	(29,308,149)	(29,429,400)	-	(58,737,549)	-	-	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES								
Cash Received on issue of units	160,000	234,000	194,000	588,000	30,016,975	30,013,580	30,003,395	90,033,950
Effect of reallocation	6,792	(6,365)	(427)	-	-	-	-	-
Net (decrease) / increase in cash and cash equivalents	(29,322,938)	(26,731,014)	1,670,660	(54,383,292)	30,076,032	30,051,587	30,041,402	90,169,021
Cash and cash equivalents at beginning of the period	30,076,032	30,051,587	30,041,402	90,169,021	-	-	-	-
Cash and cash equivalents at end of the period	<u>753,094</u>	<u>3,320,573</u>	<u>31,712,062</u>	<u>35,785,729</u>	<u>30,076,032</u>	<u>30,051,587</u>	<u>30,041,402</u>	<u>90,169,021</u>

Rupees

The annexed notes from 1 to 20 form an integral part of these financial statements.

Khan

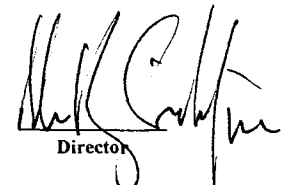


Chief Executive Officer

For JS Investments Limited
(Pension Fund Manager)



Chairman



Director

JS Islamic Pension Savings Fund
Statement of Movement in Participants' Sub-Funds
For the year ended 30 June 2009

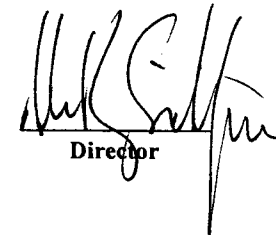
	30 June 2009				30 June 2008			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Net assets at beginning of the period	30,177,737	30,174,342	30,164,158	90,516,237	-	-	-	-
Amount received on issue of units	160,000	234,000	194,000	588,000	30,016,975	30,013,580	30,003,395	90,033,950
Effect of reallocation	6,792	(6,365)	(427)	-	-	-	-	-
Element of income and capital gains in prices of units sold less those of units redeemed - net	32	(15,841)	(11,651)	(27,460)	(68)	(54)	(14)	(136)
Unrealised gain during the year in the market value of investments classified as available-for-sale	-	168,608	-	168,608	-	-	-	-
(Loss) / income for the period	(2,925,459)	3,203,398	1,868,415	2,146,354	160,830	160,816	160,777	482,423
Total recognised (loss) / income for the year	(2,925,459)	3,372,006	1,868,415	2,314,962	160,830	160,816	160,777	482,423
Net assets at end of the period	<u>Rupees 27,419,102</u>	<u>33,758,142</u>	<u>32,214,495</u>	<u>93,391,739</u>	<u>30,177,737</u>	<u>30,174,342</u>	<u>30,164,158</u>	<u>90,516,237</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

For JS Investments Limited
(Pension Fund Manager)


Chief Executive Officer


Chairman


Director

JS Islamic Pension Savings Fund

Notes to the Financial Statements

For the year ended 30 June 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

JS Islamic Pension Savings Fund ("the Fund") has been established under the Voluntary Pension System Rules, 2005 (VPS Rules) and has been approved as a pension fund by the Securities and Exchange Commission of Pakistan (SECP) on 29 February 2008. It has been constituted under a Trust Deed, dated 8 January 2008, between JS Investments Limited as the Pension Fund Manager, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984. Accordingly, title to the assets of the Fund is held in the name of the Trustee.

The Fund is an open end mutual fund and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in Voluntary Pension System Rules, 2005 and can be redeemed by surrendering to the Fund. Further as per the offering document it cannot distribute any income from the Fund whether in cash or otherwise.

The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on shariah. The pension fund manager has appointed Shariah Advisory Council to ensure that the activities of the Fund are in compliance with the principles of shariah.

The Fund consists of three sub-funds namely, JS Islamic Pension Savings Fund Equity Sub-Fund ("Equity Sub-Fund"), JS Islamic Pension Savings Fund Debt Sub-Fund ("Debt Sub-Fund") and JS Islamic Pension Savings Fund Money Market Sub-Fund ("Money Market Sub-Fund") (collectively the "Sub-Funds"). The investment policy for each of the sub-funds are as follows:

- The Equity Sub-Fund shall have a minimum investment in listed shares of ninety percent (90%) of its Net Asset Value. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the Sub-Fund not exceeding ten years and at least fifty percent (50%) of the assets in the Sub-Fund shall be invested in bank deposits with scheduled Islamic Banks or with Islamic windows of commercial Banks and Shariah-Compliant bonds / sukuks / certificates / securities issued by Federal Government. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Money Market Sub-Fund consists of short term debt instruments with average duration not exceeding one year. There is no restriction on the amount of investment in shariah compliant securities issued by the Federal Government. Money market instruments as per offering document comprises of deposits with scheduled Islamic Banks and Islamic windows of commercial Banks, Shariah- compliant spread transactions, certificates of investment and other instruments structured on the basis of musharakah, mudarabah, murabahah, ijarah, salam, istisna' and wakalah, or any other Shariah- Compliant Investment instrument; Shariah- Compliant commercial papers or any other money market debt security that may or may not be listed on the Stock Exchange(s).

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The Fund offers four types of allocation schemes, as prescribed by the SECP under VPS rules, to the contributors of the Fund namely Aggressive, Balanced, Conservative and Very Conservative. The contributor has the option to suggest a minimum percentage of allocation to the above allocation schemes (subject to the minimum percentages prescribed in the offering document). Based on the minimum allocation, the funds are allocated to the above stated sub-funds. The allocation to the sub-funds has to be done at the date of opening of contributor's pension account and on an anniversary date thereafter. The contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis within 5 days of the close of the period.

As per part VIII of offering document of the Fund, approved by the Securities and Exchange Commission of Pakistan, investment in listed shares of any one company shall not exceed 10% of the Net Assets of the Fund (although under rule 24(3) of the Voluntary Pension System Rules, 2005 investment in listed shares of any one company shall not exceed 5% of the Net Asset value of the sub fund).

The registered office of JS Investments Limited is situated at 7th Floor, The Forum, Clifton, Karachi, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed and Voluntary Pension System Rule, 2005. In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the Trust Deed and Voluntary Pension System Rules shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the functional and presentation currency of the Fund and rounded to the nearest Rupees.

2.4 Initial application of a standard or an interpretation

The following standards, amendments and interpretations become effective during the current year:

IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 – Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 – Financial Instruments: Disclosure and Presentation. The application of the standard did not have any impact on the Fund's financial statements other than increase in disclosures.

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IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). Application of the standard did not have any effect on the Fund's financial statements.

IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) The application of IFRIC 13 did not have any effect on the Fund's financial statements.

IFRIC 14 IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008). The interpretation has no effect on Fund's financial statements for the year ended 30 June 2009.

Standards, Interpretations and Amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than increase in disclosures in certain cases:

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009)

Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009)

IAS 27 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 January 2009)

Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009) - Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to IAS 39 and IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009)

The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvement project. The effective dates for these amendments vary by standard and most will be applicable to the Fund's 2010 financial statements.

Amendments to IAS 39 Financial Instruments: Recognition and measurement - Eligible hedged items (effective for annual periods beginning on or after 1 July 2009)

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009)

Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010)

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Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009)

IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 1 January 2009)

Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009)

IFRS 8 'Operating segments' (effective for annual periods beginning on or after 1 January 2009) introduces the "management approach" to segment reporting

IFRIC 15-Agreement for Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009)

IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008)

IFRIC-17 Distributions of Non-cash Assets to Owners (effective annual periods beginning on or after 1 July 2009)

IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009)

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Impairment of investment

The Fund determines that investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Fund evaluates among other factors, the normal volatility in prices. In addition the impairment may be appropriate when there is an evidence of deterioration in the financial health of the invested industry and sector performance, changes in technology and operational financial cash flows.

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Valuation of investment

Management has determined fair value of certain investments by using quotation from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matter of judgment (e.g. valuation, etc.) and therefore, can not be determined with precision.

Other assets

Judgment is involved in assessing the realisability of other assets balances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Investments

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

3.1.2 The Fund classifies its investments in the following categories:

Held for trading

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

After initial recognition, the investments in listed equity instruments are remeasured at fair value determined with reference to Stock Exchange quoted market prices at the close of period end.

Gains or losses on investments on remeasurement of these investments are recognized in income.

Available-for-sale

Investments which do not fall under the above category are classified as available-for-sale. After initial recognition, investments classified as available-for-sale are remeasured at fair value, determined with reference to the quoted rates. Gains or losses on remeasurement of these investments are recognized directly in the certificate holders' funds until the investment is sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in certificate holders' funds is included in income.

3.1.3 *Basis of valuation of Sukuk certificates*

Investments in Sukuk Certificates have been valued on the basis of period end rates quoted by the Mutual Fund Association of Pakistan.

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Basis of valuation of equity securities

Investments in equity securities have been valued on the basis of period end rates quoted by the Karachi Stock Exchange.

3.1.4 All regular way purchases and sales of investments are recognised on the trade date i.e. the date the Fund commits to purchase / sell the investments. Regular way purchase and sale of investments require delivery of securities within two days after the transaction, as required by the Stock Exchange Regulations.

3.2 Formation cost

This represents expenses incurred on the formation of the Fund. The offering document of the Fund, approved by the Securities and Exchange Commission of Pakistan, permits the deferral of the expenses over a period not exceeding three years. Accordingly, the said expenses are being amortized over a period of three years effective from 17 March 2008, the date of the receipt of the initial investment in the Fund.

3.3 Issue and redemption of units

Units are allocated at the offer price of each of the Sub-Fund prevalent on the day on which applications for the purchase of units are received (however units are issued on the realisation of funds). The offer price represents the net assets value of units at the end of the day plus the allowable front end fee. Front end fee and life insurance premium, if any, is deducted from the contribution amount and the net amount is used for the purchase of units. The front end fee is payable to the Distribution Companies and the Pension Fund Manager as processing fee.

In case of withdrawal before retirement, units are redeemed at the net asset value of each of the Sub- Fund as of the close of the business day on which such request is received by the distributor before the cut off time. Redemption of units is recorded on acceptance of application for redemption.

In case of retirement of the participant, units are redeemed at the net asset value of each of the Sub- Fund as of the close of the business day on which retirement age is reached.

In case of change of Pension Fund Manager, units are redeemed at the net asset value of each of the Sub-Fund as of the close of the business day corresponding to the date of change specified by the participant.

3.4 Revenue recognition

Gains or loss on sale of marketable and government securities is recognised in the year in which the transaction takes place.

Dividend income is recognised when the right to receive the dividend is established.

Return on government securities, sukuk certificates and the bank balances is recognized at effective profit rate on a time proportion basis.

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3.5 Element of income / (loss) and capital gains / (losses) in prices of units sold less those in units redeemed

An equalisation account called the "element of income / (loss) and capital gains included in prices of units sold less those in units redeemed" is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. This is recognised in the Income Statement currently.

3.6 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income directly.

3.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognized amount and the Fund intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.8 Net asset value per unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of each of the Sub-Fund by the number of units in issue of that Sub-Fund at the end of the period.

3.9 Earning per unit

Earning per unit (EPU) is calculated based on the number of units outstanding at the year end as the management is of the opinion that determination of weighted average units for calculating EPU is not practicable.

3.10 Expenses

The Pension Fund Manager's remuneration and the Trustee's remuneration is charged to the Sub-Funds in proportion to the net assets of the Sub-Funds. Basis of determination of remunerations is discussed in notes 7 and 8 to these financial statements.

Formation cost and audit fee is divided equally among all the Sub-Funds.

Bank, custody and settlement charges are charged to the pertinent Sub-Fund (on actual basis).

Annual fees payable to the Commission is divided in proportion to the net assets of the Sub-Funds.

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3.11 Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In addition the impairment may be appropriate when there is an evidence of deterioration in the financial health of the invested industry and sector performance, changes in technology and operational financial cash flows.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in income statement.

3.12 Provisions

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

3.13 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including term deposits with banks (that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value).

3.14 Transactions with connected persons / related parties

The transactions with related parties are recognized in the normal course of business, at contracted rates and terms.

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4. BANK BALANCES

		30 June 2009				30 June 2008				
		Equity	Debt	Money Market	Total	Equity	Debt	Money Market	Total	
		Sub-Fund	Sub-Fund	Sub-Fund		Sub-Fund	Sub-Fund	Sub-Fund		
In profit / loss sharing accounts	4.1	503,104	3,310,573	23,802,062	27,615,739	30,066,032	30,041,587	30,031,402	90,139,021	
In current account	4.2	249,990	10,000	10,000	269,990	10,000	10,000	10,000	30,000	
Term deposit receipts	4.3	-	-	7,900,000	7,900,000	-	-	-	-	
		<u>Rupees</u>	<u>753,094</u>	<u>3,320,573</u>	<u>31,712,062</u>	<u>35,785,729</u>	<u>30,076,032</u>	<u>30,051,587</u>	<u>30,041,402</u>	<u>90,169,021</u>

4.1 These profit / loss sharing accounts carry profit rates ranging from 3% to 12% (30 June 2008: 2.75% to 8.5%) per annum.

4.2 This represents bank balances with JS Bank Limited (a related party).

4.3 Term deposit accounts carry profit rate of 10.25% per annum maturing in July 2009.

5. INVESTMENTS

		30 June 2009				30 June 2008			
		Equity	Debt	Money Market	Total	Equity	Debt	Money Market	Total
		Sub-Fund	Sub-Fund	Sub-Fund		Sub-Fund	Sub-Fund	Sub-Fund	
Investments by category									
At fair value through profit or loss - held for trading									
Listed equity securities	5.1	25,112,008	-	-	25,112,008	-	-	-	-
Available for sale investments									
Government securities	5.2	-	29,664,870	-	29,664,870	-	-	-	-
Investments at fair value		<u>Rupees</u>	<u>25,112,008</u>	<u>29,664,870</u>	<u>-</u>	<u>54,776,878</u>	<u>-</u>	<u>-</u>	<u>-</u>

5.1 Quoted equity securities - held by Equity Sub-Fund

Sectors / companies	Number of holdings at the beginning of the year	Acquired during the year	Bonus / rights received during the year	Disposed / rights exercised during the year	Number of holdings at the end of the year	Cost of holdings	Market value of holdings	% of net assets of the Sub-Fund	% of paid up capital of the company
						(Rupees)			
Commercial Banks									
Meezan Bank Limited	-	10,000	4,661	-	14,661	305,410	161,271	0.59	0.00
Power generation & Distribution									
The Hub Power Company Limited	-	80,000	-	-	80,000	2,009,112	2,167,200	7.90	0.02
Chemicals									
ICI Pakistan Limited	-	9,500	-	1,500	8,000	1,069,000	1,122,000	4.09	0.08
Textile composite									
Nishat Mills Limited	-	30,000	12,500	5,000	37,500	1,624,549	1,418,250	5.17	0.09
Cement									
Lucky Cement Limited	-	40,000	-	-	40,000	2,349,452	2,341,200	8.54	0.09
Attock Cement Pakistan Limited	-	26,900	-	-	26,900	1,834,749	1,888,918	6.89	0.26
Oil & gas marketing companies									
Pakistan State Oil Company Limited	-	22,500	-	10,000	12,500	3,022,854	2,670,625	9.74	0.16
Attock Petroleum Limited	-	7,000	-	7,000	-	-	-	-	-
Oil & gas exploration companies									
Oil and Gas Development Company Limited	-	35,000	-	-	35,000	3,166,769	2,752,400	10.04	0.01
Pakistan Petroleum Limited	-	18,800	950	19,750	-	-	-	-	-
Pakistan Oilfields Limited (Related Party)	-	8,000	1,400	9,400	-	-	-	-	-
Automobile assembler									
Pak Suzuki Motors Company Limited	-	35,000	-	-	35,000	2,341,861	2,376,500	8.67	0.29
Paper and board									
Packages Limited	-	10,000	-	-	10,000	2,065,824	1,570,400	5.73	0.19
Technology and communication									
Pakistan Telecommunication Company Limited	-	35,000	-	35,000	-	-	-	-	-
Fertilizer									
Engro Chemical Pakistan Limited	-	17,600	4,400	22,000	-	-	-	-	-
Fauji Fertilizer Company Limited	-	36,250	5,750	15,000	27,000	2,284,811	2,347,650	8.56	0.05
Glass and ceramics									
Ghani Glass Company Limited	-	25,500	-	-	25,500	1,616,544	1,453,500	5.30	0.16
Pharmaceuticals									
Glaxo Smithkline Pakistan Limited	-	12,400	-	-	12,400	1,296,977	1,485,644	5.42	0.09
Searle Pakistan Limited	-	9,000	-	-	9,000	540,620	400,950	1.46	0.15
Food and Personal Care Products									
Rafhan Maize Products Limited	-	700	-	-	700	956,100	955,500	3.48	1.03
						<u>26,484,632</u>	<u>25,112,008</u>	<u>91.59</u>	

5.2 Available for sale investments

		Number of holdings at the beginning of the year	Acquired during the year	Matured / disposed during the year	Number of holdings at the end of the year	Cost of holdings	Market value of holdings	% of Net Assets of the Sub-Fund
						(Rupees)		
Sukuk certificate issued by the Government owned entity								
Karachi Shipyard & Eng Works Ltd	5.2.1	-	6,000	-	6,000	29,429,400	29,664,870	87.87

5.2.1 These Sukuk certificates carry rate of mark-up of six months Karachi Inter Bank Offer Rate plus 0.4% per annum with no floor or cap receivable semi annually in arrears and will mature in November 2015. These Sukuk certificates are guaranteed by the Government of Pakistan.

K. Arif

6. DEFERRED FORMATION COST

		30 June 2009			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Total formation cost at 1 July	6.1	150,000	150,000	150,000	450,000
Amortization :					
At 1 July		(14,480)	(14,480)	(14,480)	(43,440)
For the year		(50,000)	(50,000)	(50,000)	(150,000)
		(64,480)	(64,480)	(64,480)	(193,440)
Balance as at 30 June	Rupees	85,520	85,520	85,520	256,560

		30 June 2008			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Total formation cost		150,000	150,000	150,000	450,000
Amortization of formation cost for the year and to - date		(14,480)	(14,480)	(14,480)	(43,440)
	Rupees	135,520	135,520	135,520	406,560

6.1 This represents expenses incurred on the formation of the Fund. As per the offering document approved by the Securities and Exchange Commission of Pakistan, formation costs not exceeding 0.5% of the seed capital of each Sub-fund or Rs.750,000 in total, whichever is lower, has to be amortized over a period of not more than 3 years in equal instalments.

7. REMUNERATION PAYABLE TO THE PENSION FUND MANAGER

As per rule 11 of the Voluntary Pension System Rules, 2005, JS Investments Limited the Pension Fund Manager of the Fund is allowed to charge an annual management fee of 1.5% of the average of the values of the net assets of each of the Sub-Fund calculated during the period for determining the net asset values of the units of the Sub-Funds. Accordingly, the management fee has been accrued at 1.5% per annum of the average daily net assets of the Sub-Funds.

8. REMUNERATION PAYABLE TO THE TRUSTEE

The Trustee (Central Depository Company of Pakistan Limited) is entitled to remuneration of Rs. 300,000 or 0.15% per annum of the net assets value of the Fund, whichever is higher, up to Net Assets of Rs. 1 billion. The rates applicable for Trustee's Remuneration on Net Assets exceeding Rs. 1 billion are as follows:

Net assets	Tariff
Above Rs. 1 billion to Rs. 3 billion	Rs. 1.5 million plus 0.10% per annum of net assets, on amount exceeding Rs. 1 billion
Above Rs. 3 billion to Rs. 6 billion	Rs. 3.5 million plus 0.08% per annum of net assets, on amount exceeding Rs. 3 billion
Above Rs. 6 billion	Rs. 5.9 million plus 0.06% per annum of net assets, on amount exceeding Rs. 6 billion

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9. AUDITORS' REMUNERATION

	30 June 2009			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Annual audit fee payable	33,333	33,333	33,334	100,000
Fee paid for the review of half yearly financial statements	16,667	16,667	16,666	50,000
Out of pocket expenses paid	15,736	15,736	15,738	47,210
<i>Rupees</i>	<u>65,736</u>	<u>65,736</u>	<u>65,738</u>	<u>197,210</u>

	30 June 2008			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Annual audit fee	16,667	16,667	16,666	50,000
Fee for the review of half yearly financial statements	-	-	-	-
Out of pocket expenses	-	-	-	-
<i>Rupees</i>	<u>16,667</u>	<u>16,667</u>	<u>16,666</u>	<u>50,000</u>

10. ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with rule 36 of the Voluntary Pension System Rules, 2005 whereby the Fund is required to pay SECP an amount equal to one thirtieth of 1% of the average annual net assets of each of the Sub-Funds.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2009			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Front end fee payable	3,831	4,717	4,502	13,050
Settlement fee payable	500	500	500	1,500
Others	15,493	-	-	15,493
<i>Rupees</i>	<u>19,824</u>	<u>5,217</u>	<u>5,002</u>	<u>30,043</u>

	30 June 2008			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Formation cost payable	150,000	150,000	150,000	450,000
Front end fee payable	1,050	-	-	1,050
Settlement fee payable	-	-	-	-
Others	30,000	10,000	10,000	50,000
<i>Rupees</i>	<u>181,050</u>	<u>160,000</u>	<u>160,000</u>	<u>501,050</u>

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12. TAXATION

No provision for taxation for the period ended 30 June 2009 has been made in view of the exemption available under clause 57 (3) (viii) of Part-I of the 2nd Schedule to the Income Tax Ordinance, 2001.

13. CONTRIBUTION TABLE

Contribution (net of front end fee) received during the period.

	30 June 2009						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total
	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	(Rupees)
From:							
Individuals	1,593	160,000	2,178	234,000	1,823	194,000	588,000
Pension Fund Manager	-	-	-	-	-	-	-
	<u>1,593</u>	<u>160,000</u>	<u>2,178</u>	<u>234,000</u>	<u>1,823</u>	<u>194,000</u>	<u>588,000</u>
	30 June 2008						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total
	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	(Rupees)
From:							
Individuals	169	16,975	135	13,580	34	3,395	33,950
Pension Fund Manager	300,000	30,000,000	300,000	30,000,000	300,000	30,000,000	90,000,000
	<u>300,169</u>	<u>30,016,975</u>	<u>300,135</u>	<u>30,013,580</u>	<u>300,034</u>	<u>30,003,395</u>	<u>90,033,950</u>

13.1 The Pension Fund Manager (JS Investments Limited) is required to invest or arrange the investment of seed capital of 30 million rupees for each Sub-Fund for a minimum period of three years.

14. NUMBER OF UNITS IN ISSUE

	30 June 2009			30 June 2008		
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
	(Number)					
Total units outstanding at the beginning of the period	300,169	300,135	300,034	-	-	-
Units issued during the period /3	1,593	2,178	1,823	300,169	300,135	300,034
Effect of reallocation	75	(60)	(4)	-	-	-
Total units in issue at the end of the period	<u>301,837</u>	<u>302,253</u>	<u>301,853</u>	<u>300,169</u>	<u>300,135</u>	<u>300,034</u>

14.1 At 30 June 2009, the Pension Fund Manager had investments of Rs. 30 million (2008: Rs. 30 million) in each Sub Fund.

15. FINANCIAL PERFORMANCE

	30 June 2009			30 June 2008		
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
	(Rupees)					
Net (loss)/income as per income statement	(2,925,459)	3,203,398	1,868,415	160,830	160,816	160,777
Capital loss on sale of investments	(2,823,517)	-	-	-	-	-
Unrealised loss on remeasurement of held for trading investments - net	(1,372,624)	-	-	-	-	-
Dividend income	1,031,732	-	-	-	-	-
Profit on bank balances / deposits	947,983	1,252,707	2,558,781	355,369	355,369	355,369
Profit on debt securities	-	2,578,112	-	-	-	-
Net asset value per unit	90.84	111.69	106.72	100.54	100.54	100.54
Transaction in securities						
Purchases	(44,880,505)	(29,429,400)	-	-	-	-
Sales	15,572,356	-	-	-	-	-
Contribution received	160,000	234,000	194,000	30,016,975	30,013,580	30,003,395

16. HIGHEST AND LOWEST ISSUE PRICE OF UNITS DURING THE PERIOD

Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price
70.52	106.10	99.19	111.69	100.54	106.73

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17. TRANSACTIONS WITH RELATED PARTIES

Transactions with connected persons are in the normal course of business at the agreed rates.

17.1 Related parties comprise the following:

Related party	Relationship	Details of transactions and balances <i>Note</i>
JS Investments Limited	Pension Fund Manager	7,17.2 & 17.3
Key Management Personnel	Directors and Executives of the Management Company	-
Jahangir Siddiqui & Company Limited	Holding Company of the Pension Fund Manager	-
JS Global Capital Limited	Associate Company of Holding Company of the Pension Fund Manager	-
Pakistan International Container Terminal Limited	----- do-----	-
Azgard Nine Limited	----- do-----	-
EFU Life Assurance Limited	----- do-----	-
EFU General Insurance Limited	----- do-----	-
Pak American Fertilizer Limited	----- do-----	-
Network Microfinance Bank Limited	----- do-----	-
JS Bank Limited	Subsidiary of Holding Company of the Pension Fund Manager	4.2
JS ABAMCO Commodities Limited	Subsidiary of the Pension Fund Manager	-
Central Depository Company of Pakistan Limited	Trustee of the Fund	17.3
JS Value Fund Limited	Fund managed by JS Investments Limited	-
Unit Trust of Pakistan	----- do-----	-
UTP - Islamic Fund	----- do-----	-
JS Income Fund	----- do-----	-
JS Large Cap Fund (formerly UTP Large Cap. Fund)	----- do-----	-
JS Growth Fund	----- do-----	-
UTP - A 30+ Fund	----- do-----	-
JS Fund of Funds	----- do-----	-
JS Aggressive Asset Allocation Fund	----- do-----	-
JS Capital Protected Fund	----- do-----	-
JS Capital Protected Fund II	----- do-----	-
JS Capital Protected Fund III	----- do-----	-
JS Capital Protected Fund IV	----- do-----	-
JS Pension Savings Fund	----- do-----	-
JS Islamic Pension Savings Fund	----- do-----	-
JS Aggressive Income Fund	----- do-----	-
JS Aggressive Income Fund	----- do-----	-
JS Principal Secured Fund I	----- do-----	-

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Related party	Relationship	Details of transactions and balances
		<i>Note</i>
Pakistan Oilfields Limited	Company with common directors of the Pension Fund Manager	17.3
Eye Television Network Limited	----- do-----	-
Al Abbas Sugar Mills Limited	----- do-----	-
Bankislami Pakistan Limited	----- do-----	-
Silk Bank Limited	----- do-----	-

17.2 Details of transactions and balances of units with related parties during the year are as follows:

		30 June 2009			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
JS Investments Limited					
Units sold by the Fund	<i>Number</i>	-	-	-	-
Amount of unit sold by the Fund	<i>Rupees</i>	-	-	-	-
		30 June 2008			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Units sold by the Fund	<i>Number</i>	300,000	300,000	300,000	900,000
Amount of unit sold by the Fund	<i>Rupees</i>	30,000,000	30,000,000	30,000,000	90,000,000
		30 June 2009			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Units held by the pension fund manager	<i>Number</i>	300,000	300,000	300,000	900,000
Amount of units held by the pension fund manager	<i>Rupees</i>	27,252,000	33,507,000	32,016,000	92,775,000
		30 June 2008			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Units held by the pension fund manager	<i>Number</i>	300,000	300,000	300,000	900,000
Amount of units held by the pension fund manager	<i>Number</i>	30,162,000	30,162,000	30,162,000	90,486,000

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17.3 Details of other transactions with related parties during the period are as follows:

		30 June 2009			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
JS Investments Limited - pension fund manager					
Front end fee for the year	<i>Rupees</i>	<u>1,233</u>	<u>1,518</u>	<u>1,449</u>	<u>4,200</u>
Front end fee payable	<i>Rupees</i>	<u>1,511</u>	<u>1,860</u>	<u>1,774</u>	<u>5,145</u>
		30 June 2008			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Front end fee for the year	<i>Rupees</i>	<u>350</u>	<u>350</u>	<u>350</u>	<u>1,050</u>
Front end fee payable	<i>Rupees</i>	<u>350</u>	<u>350</u>	<u>350</u>	<u>1,050</u>
		30 June 2009			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Pakistan Oilfields Limited					
Dividend income	<i>Rupees</i>	<u>179,200</u>	<u>-</u>	<u>-</u>	<u>179,200</u>
		30 June 2008			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Dividend income	<i>Rupees</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		30 June 2009			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
JS Global Capital Limited					
Brokerage Expense	<i>Rupees</i>	<u>15,318</u>	<u>-</u>	<u>-</u>	<u>15,318</u>
		30 June 2008			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
JS Global Capital Limited					
Brokerage Expense	<i>Rupees</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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		30 June 2009			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Central Depository Company of Pakistan					
Custody and settlement charges	<i>Rupees</i>	<u>7,418</u>	<u>6,512</u>	<u>6,500</u>	<u>20,430</u>
Settlement fee payable	<i>Rupees</i>	<u>500</u>	<u>500</u>	<u>500</u>	<u>1,500</u>
		30 June 2008			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Central Depository Company of Pakistan					
Custody and settlement charges	<i>Rupees</i>	<u>500</u>	<u>500</u>	<u>500</u>	<u>1,500</u>
Settlement fee payable	<i>Rupees</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Remuneration of the management company and the trustee is determined in accordance with the term disclosed in notes 7 & 8 respectively. Other transactions are in accordance with the agreed terms.

18. FINANCIAL INSTRUMENTS

Financial risk management

The Fund's objective in managing risk is the creation and protection of participants' sub fund. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund.

The Fund primarily invests in debt instruments and equity securities.

The Fund has exposure to following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

18.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The risk is generally limited to principal amounts and accrued interest thereon, if any. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of Voluntary Pension System Rules.

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In summary, compared to the maximum amount included in statement of assets and liabilities, the maximum exposure to credit risk as at 30 June 2009 is as follows:

	30 June 2009					
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub -Fund	
	Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure
Bank balances	753,094	753,094	3,320,573	3,320,573	31,712,062	31,712,062
Investments - held for trading	25,112,008	-	-	-	-	-
Investments - available-for-sale	-	-	29,664,870	-	-	-
Receivable against sale of investment	1,303,213	1,303,213	-	-	-	-
Dividend receivable on held for trading investments	156,000	156,000	-	-	-	-
Profit receivable	12,580	12,580	685,539	685,539	413,695	413,695
Security deposits	100,000	100,000	100,000	100,000	100,000	100,000

	30 June 2008					
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub -Fund	
	Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure
Bank balances	30,076,032	30,076,032	30,051,587	30,051,587	30,041,402	30,041,402
Investments in held for trading	-	-	-	-	-	-
Investments in available-for-sale	-	-	-	-	-	-
Receivable against sale of investment	-	-	-	-	-	-
Dividend receivable on held for trading investments	-	-	-	-	-	-
Profit receivable	111,466	111,466	111,466	111,466	111,466	111,466
Security deposits	100,000	100,000	100,000	100,000	100,000	100,000

Differences in the balances as per the statement of assets & liabilities and maximum exposures in investments is due to the fact that equity securities amounting Rs. 25,112,008 (2008: Nil) and debt security amounting to Rs. 29,664,870 (2008: Nil) are not exposed to credit risk. The security is guaranteed by the Government of Pakistan.

Fund's credit risk is managed in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default (in respect of investment securities exposed to credit risk).
- Investment transactions are carried out with a of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by periodic review of trade reports. In addition, the investment Committee is to trade only in the securities of entities with credit rating approved by external rating agencies.
- Cash is held only with reputable banks with high quality external credit enhancements.

None of the Fund's financial assets exposed to credit risk are past due or impaired.

18.1.1 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Details of Fund's concentration of credit risk of the financial instruments by business segments are as follows:

	30 June 2009			30 June 2008		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
	%	%	%	%	%	%
Oil and Gas exploration	3.01	-	-	-	-	-
Fertilizer	59.75	-	-	-	-	-
Banks	32.93	81.30	99.69	99.59	99.67	99.67
Miscellaneous	4.30	18.7	0.31	0.41	0.33	0.33
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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18.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities higher than expected. The Management Company manages liquidity risk by following internal guidelines of the Investment Committee such as monitoring maturities of financial assets and financial liabilities and investing in highly liquid financial assets.

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six days from the date of the redemption request.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

Details of the undiscounted contractual financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date are given in note 18.3.1 to the financial statements. Liabilities payable on demand / currently payable are included in the earliest time band.

18.3 Market risk

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

The Fund manages market risk by monitoring exposure on securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair value.

The Fund is exposed to markup rate risk and equity rate risk only.

18.3.1 Markup rate risk

Markup rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market markup rates. Majority of the markup rate exposure arises on investment in debt securities, profit and loss sharing bank balances. The Fund monitors the markup rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. Other risk management procedures are the same as those mentioned in the credit risk management.

At the balance sheet date the markup rate profile of the Fund's markup-bearing financial instrument was as follows:

	30 June 2009			30 June 2008		
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund
Fixed rate instruments						
Financial assets	-	-	7,900,000	-	-	-
Variable rate instruments						
Financial assets	503,104	32,975,443	23,802,062	30,066,032	30,041,587	30,031,402

Fair value sensitivity analysis for fixed rate instruments

The Fund does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in markup rates at the reporting date would not affect income statement and participant's sub fund.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in markup rates at the year end would not have material impact on the income statement and participant's sub fund.

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Information about the Fund's exposures to mark-up / profit rate risk based on contractual repricing and maturity dates, whichever is earlier, is as follows:

	30 June 2009												
	Equity Sub-fund				Debt Sub-fund					Money Market Sub-fund			
	Mark-up/ profit (%)	Profit bearing up to three months	Non profit bearing up to three months	Total	Mark-up/ profit (%)	Profit bearing up to three months	Profit bearing more than one year	Non profit bearing up to three months	Total	Mark-up/ profit (%)	Profit bearing up to three months	Non profit bearing up to three months	Total
On-balance sheet financial instruments													
Financial assets													
Bank balances	3 to 12	753,094	-	753,094	3 to 12	3,320,573	-	-	3,320,573	3 to 12	31,712,062	-	31,712,062
Receivable on Sale of Investments		-	1,303,213	1,303,213		-	-	-	-		-	-	-
Investments		-	25,112,008	25,112,008	13.75	-	29,664,870	-	29,664,870		-	-	-
Dividend receivable		-	156,000	156,000		-	-	-	-		-	-	-
Profit receivable		-	12,580	12,580		-	-	685,539	685,539		-	413,695	413,695
Deposit with Central Depository Company of Pakistan Limited		-	100,000	100,000		-	-	100,000	100,000		-	100,000	100,000
		753,094	26,683,801	27,436,895		3,320,573	29,664,870	785,539	33,770,982		31,712,062	513,695	32,225,757
Financial liabilities													
Remuneration payable to Pension Fund Manager		-	33,832	33,832		-	-	40,514	40,514		-	39,517	39,517
Remuneration payable to the Trustee		-	7,327	7,327		-	-	8,773	8,773		-	8,558	8,558
Annual fee payable to Securities and Exchange Commission of Pakistan		-	8,997	8,997		-	-	10,522	10,522		-	10,372	10,372
Payable to Auditors		-	33,333	33,333		-	-	33,334	33,334		-	33,333	33,333
Accrued expenses and other liabilities		-	19,824	19,824		-	-	5,217	5,217		-	5,002	5,002
		-	103,313	103,313		-	-	98,360	98,360		-	96,782	96,782
On-balance sheet gap (a)	<i>Rupees</i>	<u>753,094</u>	<u>26,580,488</u>	<u>27,333,582</u>		<u>3,320,573</u>	<u>29,664,870</u>	<u>687,179</u>	<u>33,672,622</u>		<u>31,712,062</u>	<u>416,913</u>	<u>32,128,975</u>

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

* Please refer 5.2.1 for details

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30 June 2008

	Equity Sub-fund				Debt Sub-fund				Money Market Sub-fund			
	Mark-up/ profit (%)	Profit bearing up to three months	Non profit bearing up to three months	Total	Mark-up/ profit (%)	Profit bearing up to three months	Non profit bearing up to three months	Total	Mark-up/ profit (%)	Profit bearing up to three months	Non profit bearing up to three months	Total
On-balance sheet financial instruments												
Financial assets												
Bank balances	2.75 to 8.5	30,076,032	-	30,076,032	2.75 to 8.5	30,051,587	-	30,051,587	2.75 to 8.5	30,041,402	-	30,041,402
Profit receivable		-	111,466	111,466		-	111,466	111,466		-	111,466	111,466
Deposit with Central Depository Company of Pakistan Limited		-	100,000	100,000		-	100,000	100,000		-	100,000	100,000
		<u>30,076,032</u>	<u>211,466</u>	<u>30,287,498</u>		<u>30,051,587</u>	<u>211,466</u>	<u>30,263,053</u>		<u>30,041,402</u>	<u>211,466</u>	<u>30,252,868</u>
Financial liabilities												
Remuneration payable to Pension Fund Manager		-	217,522	217,522		-	196,472	196,472		-	196,472	196,472
Remuneration payable to the Trustee		-	8,196	8,196		-	8,196	8,196		-	8,196	8,196
Annual fee payable to Securities and Exchange Commission of Pakistan		-	2,896	2,896		-	2,896	2,896		-	2,896	2,896
Payable to Auditors		-	16,667	16,667		-	16,667	16,667		-	16,666	16,666
Accrued expenses and other liabilities		-	-	-		-	-	-		-	-	-
		-	<u>245,281</u>	<u>245,281</u>		-	<u>224,231</u>	<u>224,231</u>		-	<u>224,230</u>	<u>224,230</u>
On-balance sheet gap (a)	<i>Rupees</i>	<u><u>30,076,032</u></u>	<u><u>(33,815)</u></u>	<u><u>30,042,217</u></u>		<u><u>30,051,587</u></u>	<u><u>(12,765)</u></u>	<u><u>30,038,822</u></u>		<u><u>30,041,402</u></u>	<u><u>(12,764)</u></u>	<u><u>30,028,638</u></u>

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

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18.3.2 Equity price risk

Equity price risk is the risk of unfavorable changes in the fair value of equity securities in equity sub fund as a result of changes in the levels of KSE-Index and the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities for which prices in the future are uncertain. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines and the requirements of Voluntary Pension System Rules, 2005.

The Fund manages those risk by limiting exposure to any single investee company to the extent of 5% of paid up capital of that company with overall limit of 20% to a single industry sector (the limit set by Voluntary Pension System Rules). The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation.

A summary analysis of investments by industry sector and the percentage in relation to Fund's own investment is presented in Note 5.2.

		Equity Sub Fund	
		30 June 2009	30 June 2008
Held for trading	<i>Rupees</i>	<u>25,112,008</u>	<u>-</u>

The following table illustrates the sensitivity of the profit for the year and the participants' sub fund to an increase or decrease of 10% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Funds' equity securities at each statement of assets and liabilities date, with all other variables held constant.

		Equity Sub Fund	
		30 June 2009	30 June 2008
Income statement	<i>Rupees</i>	<u>2,511,201</u>	<u>-</u>
Participant's sub fund	<i>Rupees</i>	<u>2,511,201</u>	<u>-</u>

18.4 Participant's sub fund risk management

Management's objective when managing Participant's sub fund is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its participants and to ensure reasonable safety of participants' sub funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units and the Fund is not subject to externally imposed minimum Fund maintenance requirement.

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19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

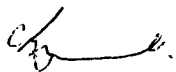
The Fund is of the view that the fair market value of the financial assets and liabilities are not significantly different from their carrying values.

20. DATE OF AUTHORIZATION FOR ISSUE

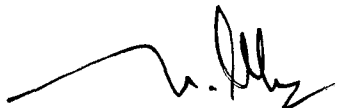
These financial statement were authorized for issue by the Board of Directors of the Management Company on 21 AUG 2009.

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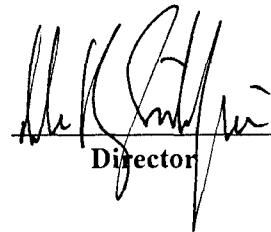
For JS Investments Limited
(Management Company)



Chief Executive Officer



Chairman



Director