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# **JS KSE-30 Index Fund**

(Formerly UTP-A30+ Fund)

**Annual Report 2010**



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In July 2010, the Board of Directors of JS Investments Limited adopted the sustainable growth initiative "JSIL 2010 Onwards ~" proposed by the newly appointed CEO. The revised Vision, Mission, and Statement of Broad Policy Objectives of JS Investments form the bedrock of "JSIL 2010 Onwards ~" and have been framed after a thorough S.W.O.T. Analysis of the Company and assessment of the Macro-economic and Financial Market Trends.

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## VISION

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

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## MISSION

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

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## BROAD POLICY OBJECTIVES

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

## ORGANIZATION

### Management Company

JS Investments Limited  
7<sup>th</sup> Floor, The Forum, G-20  
Khayaban-e-Jami, Block-9, Clifton  
Karachi-75600  
Tel: (92-21) 111-222-626 Fax: (92-21) 35361724  
E-mail: info@jsil.com  
Website: www.jsil.com

### Board of Directors

Munawar Alam Siddiqui	Chairman
Rashid Mansur	Chief Executive Officer
Suleman Lalani	
Nazar Mohammad Shaikh	
Fayaz Anwar	
Lt.General (R) Masood Parwaiz	
Sadeq Sayeed	

### Audit Committee

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

### Chief Financial Officer & Company Secretary

Suleman Lalani

### Trustee

MCB Financial Services Ltd.  
(formerly Muslim Commercial Financial Services Ltd)  
3rd Floor, Adamjee House  
I.I.Chundrigar Road,  
Karachi - 74000  
Tel: (92-21) 32419770  
Fax: (92-21) 32416371

### Auditors

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box, 15541  
Karachi-75530, Pakistan.

### Legal Adviser

Bawaney & Partners  
Room No.404, 4th floor,  
Beaumont Plaza,  
Beaumont Road, Civil Lines  
Karachi-75530.

### Transfer Agent

Technology Trade (Private) Limited  
241-C, Block 2, P.E.C.H.S, Karachi  
Tel: (92-21) 34391316-7  
Fax: (92-21) 34391318

## DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of JS Investments Limited, the Management Company of JS KSE-30 Index Fund (formerly UTP-A30+ Fund) (the Fund), is pleased to present the Annual Report for the year ended June 30, 2010.

### Market Review

The equity markets recovered considerably during the Fiscal Year 2010, as the KSE-30 Index surged 26.22% to close the FY10 at 9,556 points. The index rebounded sharply on the back of a lower base and continued economic improvements.

Despite a modest yet fragile economic growth, a major confidence boosting indicator has been the active injections due to foreigners' interest in Pakistan's bourse, as the net Foreign Portfolio Investment (FPI) was recorded at US\$ 556mn for FY10. Improved macroeconomic conditions, coupled with extremely attractive valuations, have been the prime drivers of the equity markets. In contrast, there exists a liquidity conundrum due to the absence of a leveraged product to cash-strapped investors, with consequent impact on average daily trading value of US\$ 84mn.

The local investors, however, still remain jittery while seeking clarity on the modalities of Capital Gains Tax (CGT) and viability of Value Added Tax's implementation. The latter's impact on already soaring inflation rates also remain a cause for concern. Nevertheless, astounding equity valuations – a 38% P/E discount to regional peers and 2010E P/E of 6.9x– packaged with possible reemergence of a keenly-awaited leveraged product are imminent key triggers to attract both foreign and local investors' interest in Fiscal Year 2011.

### Review of Fund Performance

The Fund posted a return of 28.52% against a benchmark return of 26.22%, outperforming the benchmark by 2.29%.

The Fund earned net income of Rs. 57.194 million during the year ended June 30, 2010, including unrealized gain on investment of Rs. 7.094 million. The net assets of the Fund declined by 31.28 percent from Rs. 101.569 million to Rs. 69.802 million during the year under review. The net assets value as on June 30, 2010 was Rs. 68.26 per unit compared to beginning net assets value of Rs. 53.12 (restated) per unit showing an increase of 28.50 percent.

The Board of Directors of the Management Company, on July 7, 2010, has declared a stock dividend of Rs. 44.40 per unit or 83.58% of the beginning net asset value per unit of Rs. 53.12. An investor holding 100 units as on June 30, 2010 will receive 186.0854 units on ex-stock dividend price of Rs. 23.86 per unit. As the above distribution is more than 90% of the realized income for the year, the income of the Fund will not be subject to tax under Clause 99 of Part I of the Second Schedule of Income Tax Ordinance, 2001.

### Fund and Asset Manager Rating

The matter of mutual funds performance ratings by a rating agency is presently under discussion between MUFAP, SECP and the country's two rating agencies. Updated Fund rating will be announced by the Management Company once a conclusion is reached on the same.

The asset manager rating for JS Investments Limited is in progress and has not yet been announced by JCR – VIS Credit Rating Co. Limited. The asset manager rating for JS Investments Limited last announced by PACRA was "AM2". The said rating was subsequently withdrawn by PACRA on March 16, 2010 pursuant to JS Investments' decision to discontinue its rating relationship with PACRA with immediate effect.

### Future Outlook

Mr. Rashid Mansur was appointed as the new Chief Executive Officer of your Management Company w.e.f April 01, 2010. The incoming CEO carried out a detailed SWOT Analysis of your Management Company and the Funds based on assessment of the prevailing Macroeconomic and Financial Market trends as well as their impact on the mutual fund industry, generally, and on your Management Company, specifically. Based on this, the CEO reviewed and revised the Vision, Mission, and Statement of Broad Policy Objectives of your Management Company to reposition it towards sustainable growth – This initiative has been branded as, "**JSIL 2010 Onwards ~**".

The CEO also reassessed the Organizational Structure and initiated certain desired changes to enhance the operational efficiency of your Management Company. These include creation of a separate and independent Risk Management, Research and Market Intelligence department; defining and augmenting the role and responsibilities of Investment Committee and Fund Managers.



We believe that a progressive and proactive approach to business will enhance the Brand Visibility of your Management Company and its products, yielding higher returns for all stakeholders. At the same time a strong Prudential Risk Management would play fundamental role in working of your Management Company.

We understand that Pakistan is passing through a challenging time on the economic front, yet we are confident that your Management Company will continue to achieve sustainable growth based on business model that aims to thrive on efficiency, innovation and transparency.

### **Corporate Governance and Financial Reporting Framework**

The Board of Directors of the Management Company states that:

- a. The financial statements, prepared by the Management Company, 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 Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, 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.
- f. There are no significant doubts upon the Fund'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 performance table / key financial data is given on page 07 of this annual report.
- i. The Directors have signed the "Statement of Ethics and Business Practices".
- j. No units of the Fund were held by the Chief Executive, directors and executives and their spouses as at June 30, 2010.
- k. No units were acquired / redeemed during the year by the Chief Executive, directors and executives, their spouses and minor children
- l. The value of investments of the staff provident fund of JS Investments Limited, as per the audited accounts for the year ended June 30, 2010 was Rs. 15.978 million.

### **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 disclosed in the notes to the financial statements.

### **Auditors**

The external auditors of the Fund Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, have completed their term and therefore, retire from the office. The Audit Committee of the Board of the Management Company has recommended appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants, as the Fund's auditors for the ensuing year ending June 30, 2011.

### **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 Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

Karachi: August 17, 2010

**Rashid Mansur**  
Chief Executive Officer

# JS KSE-30 Index Fund (formerly UTP A30+ Fund)

## FUND MANAGER'S REPORT

### Investment philosophy

JS KSE-30 Index Fund (Formerly UTP A30+ Fund) is an index fund that aims to track the performance of the KSE-30 Index by investing in constituent companies of the index in proportion to their weighting. The fund targets sophisticated investors who can time their entry and exit from the fund in accordance with the expected performance of the equity market or for investors who seek long term exposure to the equity market. To ensure liquidity, the fund may invest up to fifteen percent of its portfolio in fixed income instruments.

### Key information

Fund type	Open end
Category	Index Tracker Scheme
Fund launch date	29 May, 2006
Net Assets (PKR mn)	69.80
Management fee	1.50%
Trustee	MCB Financial Services Ltd
Auditor	Ernst & Young Ford Rhodes Sidat Hyder
Risk profile	High
Listing	Lahore Stock Exchange
Benchmark	KSE30 Index

### Market Review

The equity markets recovered considerably during the Fiscal Year 2010, as the KSE-100 Index surged 36% to close the FY10 at 9721 points. The index rebounded sharply on the back of a lower base and continued economic improvements.

Despite a modest –yet fragile– economic growth, a major confidence boosting indicator has been the active injections due to foreigners' interest in Pakistan's bourse, as the net Foreign Portfolio Investment (FPI) was recorded at US\$ 556mn for FY10. Improved macroeconomic conditions, coupled with extremely attractive valuations, have been the prime drivers of the equity markets. In contrast, there exists a liquidity conundrum due to the absence of a leveraged product to cash-strapped investors, with consequent impact on average daily trading value of US\$ 84mn.

The local investors, however, still remain jittery while seeking clarity on the modalities of Capital Gains Tax (CGT) and viability of Value Added Tax's implementation. The latter's trickle down impact on already soaring inflation rates also remain a cause for concern. Nevertheless, astounding equity valuations –a 38% P/E discount to regional peers and 2010E P/E of 6.9x– packaged with possible reemergence of a keenly-awaited leveraged product are imminent key triggers to attract both foreign and local investors' interest in Fiscal Year 2011.

### Fund vs Benchmark Comparison

	1M	1Y	2Y	3Y	Launch
Fund	3.50	28.52	-27.57	-39.57	-14.06
Benchmark	3.39	26.22	-33.30	-43.77	-20.39
Difference	0.11	2.29	5.72	4.20	6.33

### Distribution for the Year Ended June 30, 2009

The Fund has not paid any distribution for the year ended June 30, 2009.

### Distribution for the Year Ended June 30, 2010

**Stock dividend of Rs. 44.40** per unit has been announced for **JS KSE-30 Index Fund**

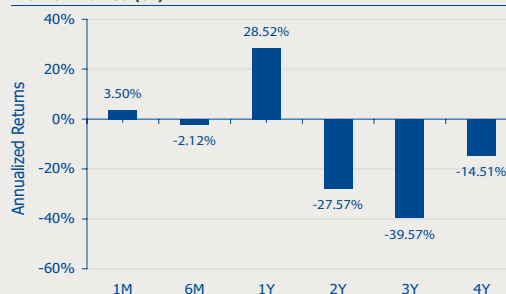
### Effects on the NAV after Distribution

#### NAV per unit as on June 30, 2010

Cum NAV (PKR)	68.26
Ex-NAV (PKR)	23.86

**Disclaimer :** This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

### Performance (%)



### Asset allocation (%)

	Jun-10
Cash	0.75
Equity	98.44
Other including receivables	0.81
<b>Total</b>	<b>100.00</b>

### Equity sector breakdown (%)

	Jun-10
Oil & Gas	38.27
Banks	28.73
Chemicals	14.59
Electricity	6.66
Construction & Materials	2.47
Others	7.72
<b>Total</b>	<b>98.44</b>

### Statistical analysis

	Fund	Benchmark
Beta	1.0	1.0
Standard Deviation	36.1%	35.8%
Largest Month Gain	25.5%	25.2%
Largest Month Loss	-43.9%	-45.1%
% Positive Months	60.0%	56.0%

### Investment Committee Members

Mr. Rashid Mansur - Chief Executive Officer  
Mr. Suleman Lalani - Executive Director & CFO  
Mr. Arslan Asif Soomro - Fund Manager

### Split of Units

	Before	After
Par Value (PKR)	50	100

Due to Par Value change, existing 1 (one) JS-KSE-30 Index fund unit was subdivided into 0.5 (half) JS-KSE-30 Index fund unit.

### Effects on the NAV after Split (Dated: 21 Feb 2010)

NAV Before Split	36.37
NAV After Split	72.74

### Other Disclosures

The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

**PERFORMANCE TABLE / KEY FINANCIAL DATA**

	2010	2009	2008	2007	2006
Net Assets	69,802,287	101,569,676	189,626,251	335,672,668	190,376,215
Net (Loss) / Income	57,193,621	(78,102,347)	(46,878,856)	97,800,113	1,909,039
Net asset value per unit	68.26	53.12	94.26	122.94	100.52
(Loss) / Earning per unit	55.93	(40.84)	(23.30)	35.82	1.01
Net asset value per unit (Ex-dividend)	23.86	-	-	112.94	100.02
Interim distribution per unit	-	-	-	15.00	-
Interim distribution date	-	-	-	20-Feb-07	-
Final distribution per unit	44.40	-	-	10.00	0.50
Final distribution date	7-Jul-10	-	-	7-Jul-07	8-Jul-06
Total Distribution as % of par value	44.40%	-	-	25.00%	0.50%
Highest offer price per unit	80.00	90.78	126.52	126.20	105.00
Lowest offer price per unit	55.20	31.04	85.88	97.22	92.06
Highest repurchase price per unit	78.43	89.00	124.02	123.70	102.92
Lowest repurchase price per unit	54.10	30.42	84.18	95.31	90.24
Number of Units in issue	1,022,644	1,912,254	2,011,796	2,730,429	1,893,937

Notes:

- JS KSE-30 Index Fund (formerly UTP A30+ Fund) was launched on 29-May-06
- Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.
- All previous years' figures have been restated due to change in par value from Rs. 50 to Rs. 100 with effect from February 20, 2010.
- The income distribution have been shown against the year to which they relate although these were declared and distributed subsequently to the year end.



## **REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of the Management Company of JS KSE-30 Index Fund (formerly UTP A30+ Fund) (the Fund) to comply with the Listing Regulations of the Lahore Stock Exchanges where the Fund is listed.

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

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

Further, Sub-Regulations (xiii a) of Listing Regulation 35 of the Lahore Stock Exchange require the Management Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using, such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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

Karachi: August 17, 2010

**Ernst & Young Ford Rhodes Sidat Hyder.**  
Chartered Accountants

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2010

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

JS Investments Limited (Management Company) which manages the affairs of the Fund has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. Presently, the Board of Directors (the Board) includes five non-executive directors.
2. The directors of the Management Company have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company.
3. All the directors of the Management Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year Mr. Muhammad Najam Ali, CEO, Mr. Ali Raza Siddiqui, Executive Director and Mr. Siraj Ahmed Dadabhoy, Director tendered their resignation and Mr. Rashid Mansur, CEO, Mr. Suleman Lalani, Executive Director and Mr. Fayaz Anwar, Director were appointed to fill the casual vacancies after obtaining prior approval from Securities & Exchange Commission of Pakistan.
5. The Management Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Management Company.
6. The Management Company has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund which have been approved by the Board. A complete record of particulars of significant policies has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter during the year. Written notices of the meetings of the Board, 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 Management Company has established adequate procedures and systems for related party transactions vis-à-vis the pricing method for related party transactions. All the related party transactions are placed before the Audit Committee and the Board of Directors for their review and approval.
10. The Board of Directors is well aware of the requirements of the Code. However arrangements will also be made shortly for an orientation session.
11. During the year, there was no change of Chief Financial Officer / Company Secretary. His remuneration and terms and conditions of employment have been approved by the Board. The Head of Internal Audit resigned on 11 June 2010 and the Management Company is in the process to fill the said vacancy.
12. The Directors' Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

## JS KSE-30 Index Fund (formerly UTP A30+ Fund)

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

Karachi: August 17, 2010

**Rashid Mansur**  
Chief Executive Officer



## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

JS KSE – 30 Index (formerly: UTP A30 + Fund), an open end scheme established under a Trust Deed dated December 26, 2005 executed between JS Investments Limited, as the Management Company and MCB Financial Services Limited (formerly: Muslim Commercial Financial Services Limited), as the Trustee.

1. JS Investments Limited, the Management Company of JS KSE-30 Index Fund (formerly: UTP A30 + Fund), has, in all material respects, managed JS KSE-30 Index Fund (formerly: UTP A30 + Fund), during the year ended 30th June, 2010 in accordance with the provisions of the following:
  - (i) the limitations imposed on the investment powers of the Management Company under the Constitutive Documents;
  - (ii) the valuation and pricing of units are carried out in accordance with the requirements of the Trust Deed and the Offering Document;
  - (iii) the creation and cancellation of units are carried out in accordance with the requirements of the Trust Deed and the Offering Document;
  - (iv) the Non-Banking Finance Companies (Establishment and Regulation ) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008; and the constitutive documents.

Karachi: August 20, 2010

**Khawaja Anwar Hussain**  
Chief Executive Officer  
MCB Financial Services Limited  
(formerly: Muslim Commercial Financial Services Limited)

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of JS KSE-30 Index Fund [formerly UTP A30+ Fund] (the Fund), which comprise the statement of assets and liabilities as at 30 June 2010, and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2010 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

### *Other Matters*

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, the NBFC Rules and the NBFC Regulations.

Karachi: August 17, 2010

**Ernst & Young Ford Rhodes Sidat Hyder**  
Chartered Accountants  
Audit Engagement Partner: **Arslan Khalid**



# FINANCIAL STATEMENT

JS KSE-30 Index Fund  
(formerly UTP A30+ Fund)

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**STATEMENT OF ASSETS AND LIABILITIES  
AS AT 30 JUNE 2010**

	Note	2010	2009
		-----Rupees-----	
<b>Assets</b>			
Bank balances	7	540,013	6,982,314
Investments	8	70,893,949	99,602,192
Dividend receivable		302,800	775,778
Deposits and other receivable	9	100,892	104,741
Deferred formation cost	10	177,453	378,021
<b>Total assets</b>		<b>72,015,107</b>	<b>107,843,046</b>
<b>Liabilities</b>			
Remuneration payable to the Management Company		8,627	121,024
Remuneration payable to the Trustee		57,535	57,535
Payable against purchase of securities		-	5,643,957
Payable against redemption of units		420,469	-
Accrued and other liabilities	11	1,726,189	450,854
<b>Total liabilities</b>		<b>2,212,820</b>	<b>6,273,370</b>
<b>Net assets</b>		<b>69,802,287</b>	<b>101,569,676</b>
<b>Unit holders' fund</b>		<b>69,802,287</b>	<b>101,569,676</b>
			<b>( Restated )</b>
<b>Number of units in issue</b>	1.3	<b>1,022,644</b>	<b>1,912,254</b>
<b>Net asset value per unit</b>		<b>68.26</b>	<b>53.12</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For JS Investments Limited**  
(Management Company)

**Rashid Mansur**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman



JS KSE-30 Index Fund  
(formerly UTP A30+ Fund)

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010	2009
		-----Rupees-----	
<b>Income</b>			
Return on bank balances		208,220	364,909
Dividend income		6,824,601	6,764,290
Net gain / (loss) on investments at fair value through income statement			
Net gain / (loss) on sale of investments		21,132,119	(8,740,197)
Net unrealised gain / (loss) on revaluation of investments		7,094,238	(75,030,082)
		28,226,357	(83,770,279)
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed - net		26,372,211	1,843,669
		61,631,389	(74,797,411)
<b>Expenses</b>			
Remuneration of the Management Company	12	1,522,115	1,614,624
Remuneration of the Trustee	13	700,000	700,000
Annual fee of Securities and Exchange Commission of Pakistan	14	96,401	105,754
Securities transaction cost		27,736	22,872
Listing fee		20,000	25,000
Legal and professional charges		25,000	-
Mutual fund rating fee		100,000	100,000
Bank charges		4,214	3,754
Auditors' remuneration	15	411,584	420,000
Printing and stationery		110,333	112,912
Advertisement		52,600	-
Amortisation of deferred formation cost		200,568	200,020
Provision for contribution to Workers' Welfare Fund	16	1,167,217	-
		(4,437,768)	(3,304,936)
<b>Net income / (loss) for the year</b>		<b>57,193,621</b>	<b>(78,102,347)</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For JS Investments Limited**  
(Management Company)

**Rashid Mansur**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b>	<b>2009</b>
	----- Rupees -----	
<b>Net income / (loss) for the year</b>	<b>57,193,621</b>	(78,102,347)
Other comprehensive income	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b><u>57,193,621</u></b>	<b><u>(78,102,347)</u></b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For JS Investments Limited**  
(Management Company)

**Rashid Mansur**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman

JS KSE-30 Index Fund  
(formerly UTP A30+ Fund)

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	-----Rupees-----	
<b>Cash flows from operating activities</b>		
Net Income / (loss) for the year	57,193,621	(78,102,347)
<b>Adjustments for:</b>		
Return on bank balances	(208,220)	(364,909)
Dividend income	(6,824,601)	(6,764,290)
Net (gain) / loss on sale of investments	(21,132,119)	8,740,197
Net unrealised (gain) / loss on revaluation of investments	(7,094,238)	75,030,082
Amortisation of deferred formation cost	200,568	200,020
Provision for contribution to Workers' Welfare Fund	1,167,217	-
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed - net	(26,372,211)	(1,843,669)
	<u>(3,069,983)</u>	<u>(3,104,916)</u>
<b>Decrease in assets</b>		
Deposits and other receivable	-	12,235
<b>(Decrease) / increase in liabilities</b>		
Remuneration payable to the Management Company	(112,397)	(122,272)
Remuneration payable to the Trustee	-	158
Payable against purchase of securities	(5,643,957)	5,643,957
Payable against redemption of units	420,469	-
Accrued and other liabilities	108,118	(324,833)
	<u>(5,227,767)</u>	<u>5,197,010</u>
	<u>(8,297,750)</u>	<u>2,104,329</u>
Sale of investments	114,947,222	23,386,055
Purchase of investments	(58,012,622)	(20,152,340)
Return on bank balances received	212,069	398,839
Dividend received	7,297,579	7,156,018
<b>Net cash inflow from operating activities</b>	<u>56,146,498</u>	<u>12,892,901</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	35,739,478	19,849,828
Payments on redemption of units	(98,328,277)	(27,960,387)
<b>Net cash used in financing activities</b>	<u>(62,588,799)</u>	<u>(8,110,559)</u>
<b>Net (decrease) / increase in cash and cash equivalent</b>	<u>(6,442,301)</u>	<u>4,782,342</u>
Cash and cash equivalent at the beginning of the year	6,982,314	2,199,972
<b>Cash and cash equivalent at the end of the year</b>	<u>540,013</u>	<u>6,982,314</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For JS Investments Limited**  
(Management Company)

**Rashid Mansur**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman

**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	-----Rupees-----	
<b>Net assets as at the beginning of the year</b> <b>[Rs.53.12/- (2009: Rs.94.26/-) per unit] - as restated</b>	<b>101,569,676</b>	189,626,251
Issue of 862,050 (2009:750,976) units of Rs. 50/- each	<b>30,977,804</b>	19,849,828
Issue of 62,453 units of Rs. 100/- each	<b>4,761,674</b>	-
	<b>35,739,478</b>	19,849,828
Redemption of 1,374,092 (2009: 950,060) units of Rs. 50/- each	<b>(45,885,188)</b>	(27,960,387)
Redemption of 696,042 units of Rs. 100/- each	<b>(52,443,089)</b>	-
	<b>(98,328,277)</b>	(27,960,387)
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed - net	<b>(26,372,211)</b>	(1,843,669)
Net Income / (loss) for the year	<b>57,193,621</b>	(78,102,347)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	<b>57,193,621</b>	<b>(78,102,347)</b>
<b>Net assets as at the end of the year</b> <b>[Rs.68.26/- (2009: Rs.53.12/- as restated) per unit]</b>	<b>69,802,287</b>	<b>101,569,676</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For JS Investments Limited**  
(Management Company)

**Rashid Mansur**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman

**DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	-----Rupees-----	
<b>Accumulated loss brought forward</b>		
Realised	13,403,451	26,313,853
Unrealised	<u>(102,132,657)</u>	<u>(36,940,712)</u>
	<b>(88,729,206)</b>	<b>(10,626,859)</b>
Net income / (loss) for the year	<b>57,193,621</b>	<b>(78,102,347)</b>
<b>Accumulated loss carried forward</b>		
Realised	<b>(8,718,420)</b>	13,403,451
Unrealised	<b>(22,817,164)</b>	<b>(102,132,657)</b>
	<b><u>(31,535,584)</u></b>	<b><u>(88,729,206)</u></b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For JS Investments Limited**  
(Management Company)

**Rashid Mansur**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

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

- 1.1** JS KSE-30 Index Fund [formerly UTP-A30+ Fund] (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open end unit trust scheme. It was constituted under a Trust Deed, dated 26 December 2005 between JS Investments Limited as its Management Company and MCB Financial Services Limited as its Trustee, also incorporated under the ordinance.
- 1.2** The Fund offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund. The units are listed on the Lahore Stock Exchange. As per the offering document, the Fund shall invest in most or all of the common scrips that comprise the Karachi Stock Exchange (KSE) 30 index.
- 1.3** Effective 20 February 2010, the Management Company of the Fund with the approval of the Trustee and after necessary amendments in the Trust Deed, has changed the name of the Fund from UTP A-30+ Fund to JS KSE-30 Index Fund, and has also increased the par value of the units from Rs. 50/- to Rs. 100/- per unit. Accordingly, 3,312,467 outstanding units as of that date were consolidated into 1,656,233 units and thereafter the units are being issued with a par value of Rs. 100/- each.

In view of the above, number of units in issue and Net Asset Value per unit as of 30 June 2010 have been restated on the basis of revised par value of the units for the purpose of comparison.

**2. STATEMENT OF COMPLIANCE**

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

**3. BASIS OF MEASUREMENT**

- 3.1** These financial statements have been prepared under the historical cost convention except for investments and derivatives which are valued as stated in notes 4.2 and 4.3 below.
- 3.2** These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

IFRS 3 – Business Combinations (Revised)

IFRS 7 – Financial Instruments: Disclosures (Amendments)

IFRS 8 – Operating Segments

IAS 1 - Presentation of Financial Statements (Revised)

IAS 23 - Borrowing Costs (Revised)

IAS 27 - Consolidated and Separate Financial Statement - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)

IAS 27 - Consolidated and Separate Financial Statements (Amendment)

## JS KSE-30 Index Fund (formerly UTP A30+ Fund)

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- IAS 32 - Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)
- IAS 39 – Financial Instruments: Recognition and Measurement – Eligible hedged items (Amendments)
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 - Distributions of Non-cash Assets to owners
- IFRIC 18 – Transfers of Assets from Customers

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements except for the following:

### **IAS - 1 "Presentation of Financial Statements (Revised)"**

The Fund has adopted IAS - 1 "Presentation of Financial Statements (Revised)" which became effective during the year. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity / unit holders' fund includes only details of transactions with owners, with non-owner changes in equity presented as a single line item in the statement of changes in equity / unit holders' fund. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Fund has elected to present two statements. However, the Fund does not have any items of income and expenses representing other comprehensive income. Therefore, comprehensive income is equal to the net income / (loss) reported for all periods presented.

### **IFRS 7 - "Financial Instruments: Disclosures (Amendments)"**

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurement is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity management. The fair value measurement disclosures are presented in note 18.5 to the financial statements. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 18.3 to the financial statements.

## **4.2 Investments**

The investments of the Fund, upon initial recognition, are classified as investment at fair value through income statement or available-for-sale investment, as appropriate.

All investments, are initially measured at fair value plus, in the case of investments not at fair value through income statement, transaction costs that are directly attributable to acquisition.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within two days after transaction date as per the stock exchange regulations.

### **Investments at fair value through income statement**

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement.

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

Investments which are not classified in the above category are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gain or loss recognised directly in the statement of comprehensive income until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in the statement of comprehensive income is taken to the income statement.

## **4.3 Derivatives**

These are initially recognised at cost and are subsequently remeasured at their fair value. Derivatives with positive fair values



(unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities. The resultant gain and loss is included in the income currently.

#### **4.4 Deferred formation cost**

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorisation of the Fund, as deferred formation cost which are amortised by the Fund over a period of five years in accordance with the Trust Deed. These expenses were paid for by the Management Company and have been reimbursed to them by the Fund.

#### **4.5 Issue and redemption of units**

Units are issued at the offer price determined at the close of business when funds in respect of purchase of units are realised. The offer price represents the net asset value of units at the close of the business day plus the allowable sales load. The sales load is payable to the distribution company and the Management Company as processing fee. Issue of units is recorded upon realisation of related funds.

Units redeemed are recorded at the redemption price prevalent during the day in which the units are redeemed. The redemption price represents the net asset value per unit at the close of the business day. Redemption of units is recorded on acceptance of application for redemption.

#### **4.6 Revenue recognition**

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

Gain or loss on sale of securities and settlement of derivatives is accounted for in the period in which the sales / settlement occur.

Return on bank balances is recognised on accrual basis.

#### **4.7 Element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed - net**

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalisation account called "element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed" is created.

The "element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed" account is credited with the amount representing net income / (loss) and capital gain / (loss) accounted for in the last announced net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed" account is debited with the amount representing net income / (loss) and capital gain / (loss) accounted for in the last announced net asset value and included in the redemption price.

The net "element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed" during an accounting period is transferred to the income statement.

#### **4.8 Taxation**

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income as reduced by the realised and unrealised capital gain for the year is distributed amongst the Fund's unit holders. The Fund has availed such exemption in the past and intends to continue the same in future periods. Accordingly, no provision is required for current and deferred taxation in these financial statements.

#### **4.9 Financial instruments**

All financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

#### **4.10 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 recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.



## JS KSE-30 Index Fund (formerly UTP A30+ Fund)

### 4.11 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the Board of Directors of the Management Company.

### 4.12 Net asset value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

### 4.13 Cash and cash equivalent

Cash and cash equivalent comprise bank balances.

## 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment mainly pertain to classification and valuation of investments as explained in the relevant accounting policies / notes in the financial statements.

## 6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard, interpretation or amendment		Effective date (accounting periods beginning on or after)
IAS - 24	Related Party Disclosures (Revised)	01 January 2011
IAS - 32	Financial Instruments: Presentation - Classification of Right Issues (Amendment)	01 February 2010
IFRS - 2	Share based payment - Amendments relating to Group Cash-settled Share-based payment transactions	01 January 2010
IFRIC - 14	IAS - 19 - The limit on a defined benefit asset, Minimum Funding Requirements and their Interaction (Amendments)	01 January 2011
IFRIC - 19	Extinguishing Financial Liabilities with Equity Instruments	01 July 2010

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

In addition to the above, amendments to various accounting standards have also been issued by IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after 1 January 2010. The Fund expects that such improvements to the standards will not have any material impact on the Fund's financial statements in the period of initial application.

	Note	2010	2009
-----Rupees-----			
<b>7. BANK BALANCES</b>			
In PLS saving accounts	7.1	<u>540,013</u>	<u>6,982,314</u>
<b>7.1</b>	These accounts carry markup rates ranging from 9% to 12.75% (2009: 10% to 12.75%) per annum and include balance of Rs. 65,710/- (2009: 743,248/-) with JS Bank Limited (a related party).		

JS KSE-30 Index Fund  
(formerly UTP A30+ Fund)

					Note	2010 -----Rupees-----	2009	
<b>8. INVESTMENTS</b>								
At fair value through income statement (held-for-trading)					8.1	<u>70,893,949</u>	<u>99,602,192</u>	
		<b>Number of shares</b>						
	Note	At the beginning of the year	Acquired during the year	Bonus shares	Disposed during the year	At the end of the year	Carrying value (Rupees)	% of total investments
<b>8.1 Listed shares</b>								
(Ordinary shares of Rs. 10/- each)								
<b>Oil and Gas</b>								
Attock Petroleum Limited		-	3,895	-	2,135	1,760	<b>509,960</b>	<b>0.72</b>
Attock Refinery Limited		9,020	2,205	-	6,652	4,573	<b>368,401</b>	<b>0.52</b>
National Refinery Limited		-	7,859	-	7,859	-	-	-
Oil and Gas Development Company Limited		190,900	50,222	-	144,932	96,190	<b>13,629,161</b>	<b>19.22</b>
Pakistan Oilfields Limited		32,460	8,735	-	24,704	16,491	<b>3,560,407</b>	<b>5.02</b>
Pakistan Petroleum Limited		52,060	16,587	7,198	44,342	31,503	<b>5,800,332</b>	<b>8.18</b>
Pakistan State Oil Company Limited		21,900	6,759	-	17,386	11,273	<b>2,933,235</b>	<b>4.14</b>
Mari Gas Company Limited		-	2,843	-	559	2,284	<b>295,504</b>	<b>0.42</b>
Shell Pakistan Limited		-	4,414	-	2,398	2,016	<b>462,894</b>	<b>0.65</b>
							<b>27,559,894</b>	<b>38.87</b>
<b>Chemicals</b>								
Engro Corporations Limited		26,645	23,204	2,417	36,356	15,910	<b>2,761,658</b>	<b>3.90</b>
Fauji Fertilizer Bin Qasim Limited		99,300	24,485	-	73,828	49,957	<b>1,300,880</b>	<b>1.83</b>
Fauji Fertilizer Company Limited		110,717	28,957	-	82,526	57,148	<b>5,890,244</b>	<b>8.31</b>
ICI Pakistan Limited		-	10,394	-	5,705	4,689	<b>555,928</b>	<b>0.78</b>
							<b>10,508,710</b>	<b>14.82</b>
<b>Construction and Materials</b>								
D. G. Khan Cement Limited	8.2	43,600	12,860	-	33,162	23,298	<b>550,299</b>	<b>0.78</b>
Lucky Cement Limited		26,400	17,563	-	24,213	19,750	<b>1,227,265</b>	<b>1.73</b>
							<b>1,777,564</b>	<b>2.51</b>
<b>General Industrials</b>								
Packages Limited		6,800	1,436	-	8,236	-	-	-
<b>Personal Goods</b>								
Nishat Mills Limited	8.2	24,282	12,008	-	17,761	18,529	<b>798,970</b>	<b>1.13</b>
Azgard Nine Limited - related party		66,120	46,820	-	68,330	44,610	<b>497,848</b>	<b>0.70</b>
							<b>1,296,818</b>	<b>1.83</b>
<b>Fixed Line Telecommunication</b>								
Pakistan Telecommunication Company Limited		176,300	46,499	-	133,524	89,275	<b>1,589,095</b>	<b>2.24</b>
<b>Electricity</b>								
The Hub Power Company Limited		228,400	60,240	-	173,706	114,934	<b>3,673,291</b>	<b>5.18</b>
Kot Addu Power Company Limited		-	59,576	-	32,598	26,978	<b>1,126,062</b>	<b>1.59</b>
							<b>4,799,353</b>	<b>6.77</b>
<b>Banks</b>								
Askari Bank Limited		57,625	-	-	57,625	-	-	-
Bank Alfalah Limited		89,875	168,266	-	155,000	103,141	<b>975,714</b>	<b>1.38</b>
Habib Bank Limited		24,580	8,326	2,145	19,666	15,385	<b>1,496,191</b>	<b>2.11</b>
MCB Bank Limited		92,220	26,801	7,326	73,785	52,562	<b>10,207,015</b>	<b>14.40</b>
National Bank of Pakistan		58,520	31,951	14,470	55,861	49,080	<b>3,146,028</b>	<b>4.43</b>
NIB Bank Limited		302,400	-	-	302,400	-	-	-
The Bank of Punjab		62,400	75,987	-	100,543	37,844	<b>381,468</b>	<b>0.54</b>
Bank AlHabib Limited		-	122,520	15,812	76,542	61,790	<b>1,946,385</b>	<b>2.75</b>
United Bank Limited		82,480	23,487	7,864	67,047	46,784	<b>2,536,160</b>	<b>3.58</b>
							<b>20,688,961</b>	<b>29.19</b>
<b>Non Life Insurance</b>								
Adamjee Insurance Company Limited		20,090	6,447	1,562	16,676	11,423	<b>912,469</b>	<b>1.28</b>
EFU General Insurance - related party		12,660	-	-	12,660	-	-	-
Pakistan Reinsurance Company Limited		-	29,037	-	6,819	22,218	<b>380,372</b>	<b>0.54</b>
							<b>1,292,841</b>	<b>1.82</b>
<b>Financial Services</b>								
Arif Habib Securities Limited		29,400	8,481	-	20,651	17,230	<b>572,208</b>	<b>0.81</b>
Arif Habib Limited		2,200	-	-	2,200	-	-	-
Jahangir Siddiqui & Company Limited - related party		105,913	35,204	-	77,153	63,964	<b>808,505</b>	<b>1.14</b>
Parvaiz Ahmed Securities Limited		9,500	-	-	9,500	-	-	-
							<b>1,380,713</b>	<b>1.95</b>
<b>Software and Computer Services</b>								
NetSol Technologies Limited		8,380	-	-	8,380	-	-	-
<b>Carrying value of investments as at 30 June 2010</b>							<b>70,893,949</b>	<b>100</b>
<b>Cost of investments as at 30 June 2010</b>							<b>93,711,113</b>	

JS KSE-30 Index Fund  
(formerly UTP A30+ Fund)

**8.2 Right shares options:**

Companies	Number of option shares		
	Options received	Options disposed	At the end of the year
Nishat Mills Limited	7,206	7,206	-
D. G. Khan Cement Limited	12,924	12,924	-
	<b>Note</b>	<b>2010</b>	<b>2009</b>
		-----Rupees-----	

**9. DEPOSITS AND OTHER RECEIVABLE**

Security deposit with Central Depository Company of Pakistan Limited		<b>100,000</b>	100,000
Accrued return on bank balances	9.1	<b>892</b>	4,741
		<b>100,892</b>	<b>104,741</b>

**9.1** Includes Rs. 892/- (2009: Rs. 3,794/-) due from JS Bank Limited (a related party).

**10. DEFERRED FORMATION COST**

Deferred formation cost		<b>1,000,000</b>	1,000,000
Amortisation of deferred formation cost		<b>(822,547)</b>	(621,979)
		<b>177,453</b>	<b>378,021</b>

**11. ACCRUED AND OTHER LIABILITIES**

SECP annual fee payable	14	<b>96,401</b>	105,754
Sales load payable	11.1	<b>2,425</b>	8,857
Accrued expenses	11.2	<b>440,432</b>	316,529
Unclaimed dividend		<b>19,714</b>	19,714
Provision for contribution to Workers' Welfare Fund	16	<b>1,167,217</b>	-
		<b>1,726,189</b>	<b>450,854</b>

**11.1** Includes Rs. 855/- (2009: Rs.2,077/-) payable to the Management Company.

**11.2** Includes settlement charges of Rs. 1,920/- (2009: Rs. 1,500/-) payable to Central Depository Company of Pakistan Limited.

**12. REMUNERATION OF THE MANAGEMENT COMPANY**

According to the provisions of the Trust Deed of the Fund, the Management Company has charged its remuneration at the rate of 1.50% (2009: 1.50%) per annum of the net assets of the Fund computed on a daily basis.

**13. REMUNERATION OF THE TRUSTEE**

According to the provisions of the Trust Deed of the Fund, the Trustee is entitled to monthly remuneration for services rendered to the Fund as follows:

On net assets:

- up to Rs.1 billion Maximum of 0.2% per annum of the net assets of the Fund computed on a daily basis or Rs. 0.7 million whichever is higher.
- exceeding Rs.1 billion Rs. 2 million plus 0.1% per annum of the net assets of the Fund computed on a daily basis exceeding Rs.1 billion.

**14. ANNUAL FEE OF SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

Represents annual fee of SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP at the rate of 0.095% (2009: 0.095%) per annum of the net assets of the Fund computed on a daily basis.

**15. AUDITORS' REMUNERATION**

	2010	2009
	-----Rupees-----	
Audit fee	<b>175,000</b>	175,000
Other services	<b>190,000</b>	215,000
Out of pocket expenses	<b>46,584</b>	30,000
	<b>411,584</b>	<b>420,000</b>

#### 16. PROVISION FOR CONTRIBUTION TO WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers Welfare Fund (WWF) Ordinance, 1971, whereby the definition of "industrial establishment" was amended to include therein any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, the WWF Ordinance apparently has become applicable to all Collective Investment Schemes (CIS) whose income exceeds Rs. 0.5 million in a tax year, thus rendering them liable to pay contribution to WWF at the rate of 2% of the accounting income or declared income, whichever is higher. The Mutual Fund Association of Pakistan (MUFAP) had filed a constitutional petition in the High Court of Sindh (the Court) challenging the applicability of WWF to the CIS, which was dismissed by the Court vide its order dated 25 May 2010 on the main ground that the MUFAP (petitioner) cannot be held to be entitled to maintain a petition in respect of its member as MUFAP is not the aggrieved party in respect of its members. Subsequently, Central Depository Company of Pakistan Limited (CDC) on behalf of certain CIS under its trusteeship along with few investors has filed constitution petition in this regard before the Court on the same matter which is pending adjudication. However, without prejudice to the above, the Management Company, as a matter of abundant caution, has made a provision for WWF in the financial statements for the current year amounting to Rs. 1,167,217/-.

#### 17. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons include JS Investments Limited being the Management Company, MCB Financial Services Limited being the Trustee, Jahangir Siddiqui and Company Limited being the holding company of the Management Company, associates of the Management Company and its holding company, other funds being managed by the Management Company and Key Management Personnel.

	2010	2009
	-----Rupees-----	
<b>JS Investments Limited</b>		
Remuneration of the Management Company	1,522,115	1,614,624
Sales load	91,837	8,047
Reimbursement of expenses	74,488	-
<b>MCB Financial Services (Private) Limited</b>		
Remuneration of the Trustee	700,000	700,000
<b>JS Bank Limited</b>		
Return on bank balances	84,992	33,896
<b>JS Fund of Funds</b>		
Issue of units	3,500,000	9,000,000
Redemption of units	8,207,313	1,854,639
Outstanding 103,452 (2009: 168,982) units	7,061,660	8,975,531
<b>Jahangir Siddiqui &amp; Company Limited</b>		
Dividend income	83,479	-

17.1 The transactions with related parties / connected persons are in the normal course of business at contracted rates.

17.2 The outstanding balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

#### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

18.1 The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities. In accordance with the Fund's constitutive documents, the Fund invests in most or all of the scrips that comprise JS KSE 30 Index. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

##### 18.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

##### (i) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. As of 30 June 2010, the Fund is exposed to such risk in respect of bank balances. The bank balances are subject to interest rates as declared by the respective bank on periodic basis. Management of the Fund estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Fund's income by Rs. 5,400/- and a 1% decrease would result in a decrease in the Fund's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

##### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## JS KSE-30 Index Fund (formerly UTP A30+ Fund)

### (iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, its business sector, industry and / or the economy in general. Management of the Fund estimates that 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Fund's income by Rs. 7,089,395/- and a 10% decrease would result in decrease in the Fund's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

The Management Company manages the above market risk through diversification of investment portfolio and placing limits on individual and aggregate exposures in accordance with the internal risk management policies and regulations laid down by the SECP.

### 18.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, for equity securities at fair value through income statement, the period in which those assets are assumed to mature is taken as the expected date on which these assets will be realised.

	Within 1 month	1 to 3 months	3 to 12 months	Over 1 year	Total
<b>2010</b>					
<b>Assets</b>					
Bank balances	540,013	-	-	-	540,013
Investments	-	70,893,949	-	-	70,893,949
Dividend receivable	302,800	-	-	-	302,800
Deposit and other receivable	892	-	-	100,000	100,892
	<b>843,705</b>	<b>70,893,949</b>	-	<b>100,000</b>	<b>71,837,654</b>
<b>Liabilities</b>					
Remuneration payable to the Management Company	8,627	-	-	-	8,627
Remuneration payable to the Trustee	57,535	-	-	-	57,535
Payable against redemption of units	420,469	-	-	-	420,469
Accrued and other liabilities	-	1,706,475	-	19,714	1,726,189
	<b>(486,631)</b>	<b>(1,706,475)</b>	-	<b>(19,714)</b>	<b>(2,212,820)</b>
<b>Net assets</b>	<b>357,074</b>	<b>69,187,474</b>	-	<b>80,286</b>	<b>69,624,834</b>
<b>2009</b>					
<b>Assets</b>					
Bank balances	6,982,314	-	-	-	6,982,314
Investments	-	99,602,192	-	-	99,602,192
Dividend receivable	-	775,778	-	-	775,778
Deposit and other receivable	4,741	-	-	100,000	104,741
	<b>6,987,055</b>	<b>100,377,970</b>	-	<b>100,000</b>	<b>107,465,025</b>
<b>Liabilities</b>					
Remuneration payable to the Management Company	121,024	-	-	-	121,024
Remuneration payable to the Trustee	57,535	-	-	-	57,535
Payable against purchase of securities	5,643,957	-	-	-	5,643,957
Accrued and other liabilities	450,854	-	-	-	450,854
	<b>(6,273,370)</b>	-	-	-	<b>(6,273,370)</b>
<b>Net assets</b>	<b>713,685</b>	<b>100,377,970</b>	-	<b>100,000</b>	<b>101,191,655</b>



**18.4 Credit risk**

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfil their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The table below analyses the Fund's maximum exposure to credit risk:

	2010	2009
	-----Rupees-----	
Bank balances	540,013	6,982,314
Dividend receivable	302,800	775,778
Deposits and other receivable	100,892	104,741
	<u>943,705</u>	<u>7,862,833</u>

**18.5 Fair value of financial instruments**

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

**18.6 Fair value hierarchy**

Following hierarchy is used in determining and disclosing the fair value of financial instruments by the following valuation technique:

Level 1 : quoted prices in active markets for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As the Fund only invests in scrips that comprise of KSE 30 Index, the fair value of the investments in based on level 1 valuation technique.

**18.7 Capital management**

The Fund's objective when managing unit holder's funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. 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 market's conditions. The capital structure depends on the issuance and redemption of units.

**19. SUBSEQUENT EVENT-DISTRIBUTION TO THE UNIT HOLDERS**

The Board of Directors of the Management Company on 7 July 2010 has approved distribution to unit holders at the rate of Rs. 44.4/- (2009: Nil) per unit.

**20. SUPPLEMENTARY NON FINANCIAL INFORMATION**

The information regarding unit holding pattern, members of the Investment Committee, Fund manager, meeting of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

**21. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 17, 2010.

**For JS Investments Limited**  
(Management Company)

Rashid Mansur  
Chief Executive Officer

Munawar Alam Siddiqui  
Chairman

**SUPPLEMENTARY NON FINANCIAL INFORMATION  
AS REQUIRED UNDER SECTION 6(D), (G), (H), (I), AND (J)  
OF THE FIFTH SCHEDULE TO THE NBFC REGULATIONS**

(i) UNIT HOLDING PATTERN OF THE FUND

Category	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	290	429,614	42,961,400	42.01
Associated company	1	103,452	10,345,200	10.12
Banks / DFIs	1	50,250	5,025,000	4.91
NBFC	-	-	-	-
Retirement funds	13	436,255	43,625,500	42.66
Others	3	3,073	307,300	0.30
<b>2010</b>	<b>308</b>	<b>1,022,644</b>	<b>102,264,400</b>	<b>100</b>

Category	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	342	542,038	54,203,800	28.35
Associated company	1	168,982	16,898,250	8.84
Banks / DFI's	3	336,595	33,659,500	17.60
NBFC	1	40,850	4,084,950	2.14
Retirement funds	20	820,717	82,071,700	42.92
Others	3	3,072	307,200	0.16
<b>2009</b>	<b>370</b>	<b>1,912,254</b>	<b>191,225,400</b>	<b>100</b>

## ANNEXURE I

### (iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Mr. Rashid Mansur  
Mr. Suleman Lalani  
Mr. Arsalan Asif Soomro

#### **MR. RASHID MANSUR - CHIEF EXECUTIVE OFFICER**

Mr. Rashid Mansur joined the Management Company on 01 April 2010 as Chief Executive Officer. Prior to joining, he was President and CEO of Escort Investment Bank Limited and also served as the Chairman of the Investment Banks Association of Pakistan. He is a qualified Associate of the Chartered Institute of Bankers London with specialization in International Banking Operations, Practice and Law of International Banking and International Finance & Investment.

He is a fellow of the Institute of Bankers in Pakistan with over 26 years of domestic and international banking experience. He started his career with Habib Bank Limited in 1974 and served for 18 years on various management positions including 10 years in Turkey. In Pakistan, he has held various Board-level positions in both Private and Public Sector, such as President and CEO - Fidelity Investment Bank Limited, CEO - Fidelity Leasing Modaraba, Director - Security General Insurance Company Limited and Chairman and CEO - Board of Investment and Trade Punjab.

During his tenure as Chairman and CEO of The Board of Investment and Trade, Government of Punjab and as Secretary General of Turkish-Pakistan Business Council (Lahore Chapter), he is credited with hosting and organizing various investment conferences abroad and rendered valuable services for the promotion of economic relations between Turkey and Pakistan.

Besides English and Urdu, he speaks French and Turkish fluently.

#### **MR. SULEMAN LALANI - EXECUTIVE DIRECTOR**

Mr. Lalani joined the Management Company as CFO and Company Secretary in January 2005. He is a fellow member of the Institute of Chartered Accountants of Pakistan and has 18 years of experience in the financial services sector. Prior to joining the Management Company, Mr. Lalani has also served as CFO and Company Secretary of a regulated microfinance institution for the three years. Earlier he worked as Chief Operating Officer for Jahangir Siddiqui Investment Bank Limited and as a Vice President - Finance and Legal with the Jahangir Siddiqui & Company Limited.

Mr. Lalani has also passed the Board Development Certificate Program conducted by Pakistan Institute of Corporate Governance. He is serving as a member of the Board of Director of Al-Abbas Sugar Mills Limited.

#### **MR. ARSALAN ASIF SOOMRO - FUND MANAGER**

Mr. Arsalan Asif Soomro graduated from Cass Business School, London in May 2008 with a B.Sc. (Honors) in Investment and Financial Risk Management and he is also a candidate for CFA level II. Mr. Soomro joined JS Investments in September 2009 as Research Analyst and currently working as Fund Manager and looking after the JS Islamic Pension Savings Fund, JS Principal Secure Fund-II and JS KSE 30 Index Fund.



JS KSE-30 Index Fund  
(formerly UTP A30+ Fund)

**(iv) MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Following is the analysis of the attendance in the meetings of the Board of Directors of the Management Company during the year:

Name of Directors	Meetings attended	Meetings held on					
		07 July 2009	21 Aug 2009	29 Aug 2009	23 Oct 2009	26 Feb 2010	24 Apr 2010
Mr. Munwar Alam Siddiqui	6	1	1	1	1	1	1
Mr. Rashid Mansur - Incoming CEO	1	-	-	-	-	-	1
Mr. Suleman Lalani - Incoming Executive Director	1	-	-	-	-	-	1
Mr. Muhammad Najam Ali - Out going CEO	5	1	1	1	1	1	-
Mr. Ali Raza Siddiqui - Out going director	5	1	1	1	1	1	-
Mr. Nazar Mohammad Shaikh	6	1	1	1	1	1	1
Lt. General (Retd.) Masood Parwaiz	6	1	1	1	1	1	1
Mr. Sadeq Sayeed	2	-	1	1	-	-	-
Mr. Fayaz Anwar	1	-	-	-	-	-	1
		<b>5</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>6</b>

**(v) RATING OF THE FUND AND THE MANAGEMENT COMPANY**

The asset manager rating for the Management Company is in progress and has not yet been announced by JCR – VIS Credit Rating Company Limited. The asset manager rating for the Management Company last announced by PACRA was "AM2". The said rating was withdrawn by PACRA on 16 March 2010 pursuant to the Management Company's decision to discontinue its rating relationship with PACRA with immediate effect.

The matter of mutual funds' performance rating by a rating agency is presently under discussion between MUFAP, SECP and the country's two rating agencies. Updated Fund's rating will be announced by the Management Company once a conclusion is reached on the same.



**JS Investments Limited**

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

Phone: +92 21 111 222 626  
Fax: +92 21 353 617 24  
E-mail: [info@jsil.com](mailto:info@jsil.com)  
Website: [www.jsil.com](http://www.jsil.com)