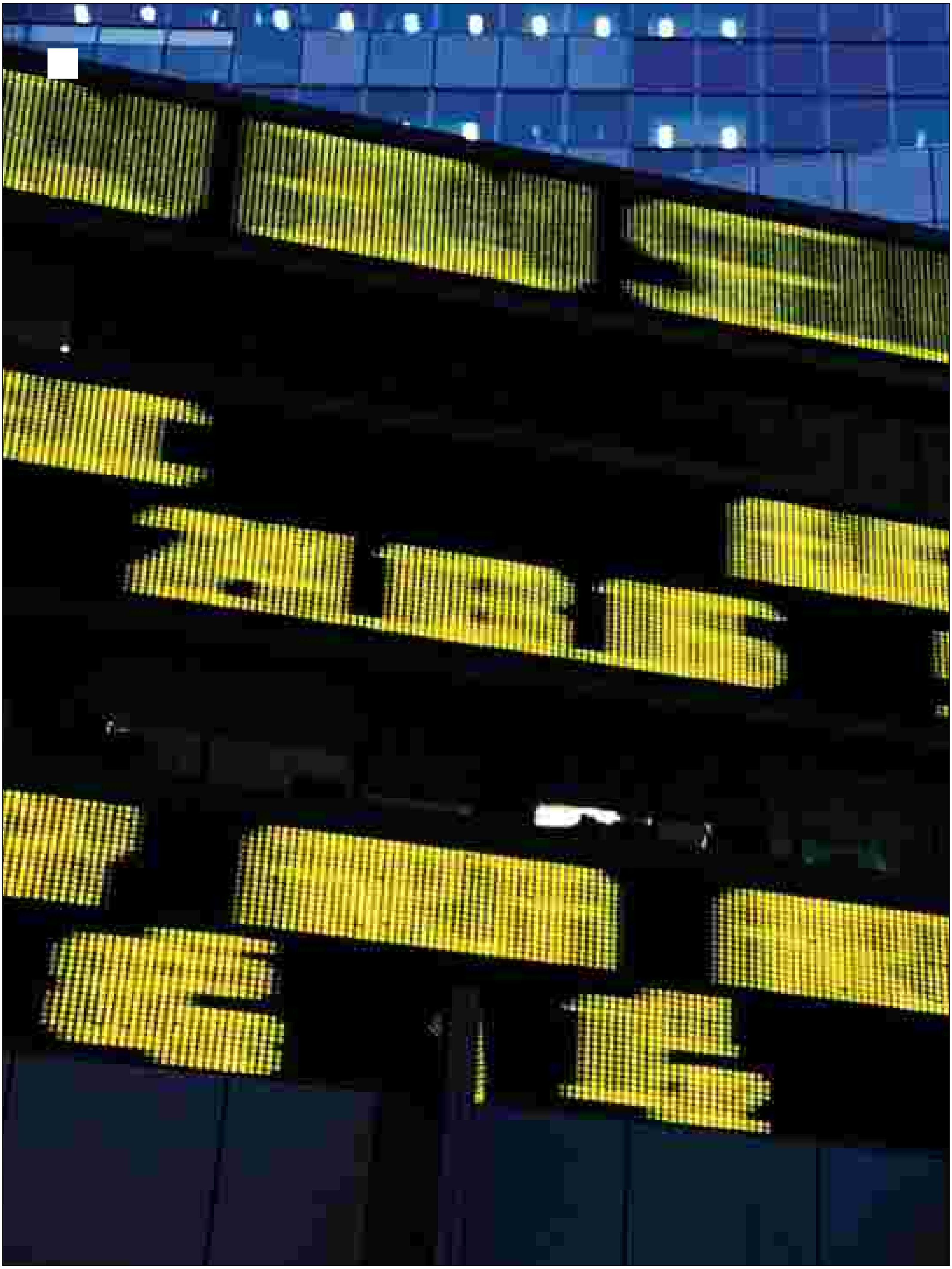
Annual Report 2008

Contents

Abbreviations

AEBL	American Express Bank Limited
CCPL	Credit Chex (Private) Limited
CODs	Certificate of Deposits
COIC	Citibank Overseas Investment Corporation Limited
COIs	Certificate of Investments
DSCs	Defence Saving Certificates
EIHPL	Energy Infrastructure Holding (Private) Limited
FRSCL	Financial Receivables Securitization Company Limitied
FRSH	Ford Rhodes Sidat Hyder & Co.
GDP	Gross Domestic Product
IFRSs	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretetions Committee
IASs	International Accounting Standards
IPO	Initial Public Offering
JACL	JS ABAMCO Commoditites Limited
JSBL	JS Bank Limited
JSCL	Jahangir Siddiqui & Co. Ltd.
JSGCL	JS Global Capital Limited
JSIBL	Jahangir Siddiqui Investment Bank Limited
JSIL	JS Investments Limited
KIBOR	Karachi Inter bank Offered Rate
NBFIs	Non Banking Financial Institutions
NBFCs	Non Banking Finance Companies
NCEL	National Commodity Exchange Limited
PACRA	The Pakistan Credit Rating Agency Limited
PIBs	Pakistan Investment Bonds
PRE-IPO	Pre-initial Public Offer
SBP	State Bank of Pakistan
SECP	Securities and Exchange Commission of Pakistan
TFCs	Term Finance Certificates
UTP	Unit Trust of Pakistan
WPL	Webdnaworks (Private) Limited



Mission

our mission is to build

the most diversified

and the highest

quality financial

services organisation

in Pakistan.

Vision

our vision is to

empower every

Pakistani with the

right financial

solutions.

1. Ali J. Siddiqui
2. Siraj Ahmed Dadabhoy
3. Ali Raza Siddiqui
4. Ali Hussain
5. Adil Matcheswalla
6. Chief Justice (R) Mahboob Ahmed
7. Munaf Ibrahim
8. Mazharul Haq Siddiqui
9. Syed Nizam Ahmed Shah

Company Information

Board Of Directors

Mazharul Haq Siddiqui	Chairman
Munaf Ibrahim	Chief Executive Officer
Ali J. Siddiqui	Director
Ali Raza Siddiqui	Director
Syed Nizam Ahmed Shah	Independent Director
Chief Justice (R) Mahboob Ahmed	Independent Director
Siraj Ahmed Dadabhoy	Independent Director
Adil Matcheswalla*	Independent Director
Stephen Christopher Smith	Director
Ali Hussain*	Director

*Mr. Adil Matcheswalla, Director has resigned from the office of the Director of the Company and Mr. Ali Hussain has been appointed as Director of the Company in his place on August 16, 2008.

Audit Committee

Syed Nizam Ahmed Shah	Chairman
Chief Justice (R) Mahboob Ahmed	Member
Ali J. Siddiqui	Member
Farah Qureshi	Secretary

Executive Committee

Munaf Ibrahim
Ali J. Siddiqui
Ali Raza Siddiqui

Executive Compensation Committee

Syed Nizam Ahmed Shah
Chief Justice (R) Mahboob Ahmed

Company Secretary

Farah Qureshi

Chief Financial Officer

Kamran Qadir

Auditors

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Advisors

Bawaney & Partners
Sayeed & Sayeed

Share Registrar

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

Registered Office

6th Floor, Faysal House Shahra-e-Faisal
Karachi-75530, Pakistan

Website

www.js.com

Chairman's Message

On behalf of the Board of Directors, I would like to present you with the Annual Report 2008 for Jahangir Siddiqui & Co. Ltd.

Jahangir Siddiqui & Co. Ltd. began as a securities broker in 1970 and has achieved many milestones along its journey to 2008. During the last 38 years we have grown and diversified tremendously within financial services to become a banking, insurance, asset management and securities brokerage business.

I would like to express my gratitude to all of our clients and shareholders for their patronage, and long term support of the company and to our management team and employees for their dedication and hard work.

Mazharul Haq Siddiqui

CEO's Message

In the past year, Jahangir Siddiqui & Co. Ltd. has continued to grow as one of Pakistan's leading companies. We are very pleased to report a year of record profitability for the company.

Equally important, we continue to build on our internal infrastructure to manage our increasingly complex business in a volatile and challenging business environment. We have had a great focus on risk management and internal controls during the year. For the 2009 financial year, we hope to build on our enhanced risk management and compliance framework.

The JS brand continues to be one that clients relate with high performance and we work very hard to deliver results in a difficult business climate.

Thank you for your continued support.

Munaf Ibrahim

Group at a Glance

Jahangir Siddiqui & Co. Ltd. (the Holding Company) and its subsidiary companies and associates (together the Group) are involved in banking, insurance, assets management, securities brokerage and principal investments.

Jahangir Siddiqui & Co. Ltd.

Jahangir Siddiqui & Co. Ltd. (the Holding Company) was incorporated under the Companies Ordinance, 1984 on May 4, 1991 as a public unquoted company. The Holding Company is presently listed on Karachi Stock Exchange.

	June 30, 2008 PKR Billion
Total Assets	37.5
Total Liabilities	6.5
Equity	31.0
Profit after tax	17.2

JS Investments Limited

52.02%

JS Investments Limited (JSIL) was incorporated in 1995 and has grown to become Pakistan's largest private sector asset management company. JSIL is listed on Karachi Stock Exchange. JSIL is today a market leader in asset management serving both domestic and international institutional clients as well as a large base of domestic retail clients.

JSIL is currently investment adviser of three closed-end funds, pension fund manager of two funds and asset management company for eleven open-end funds.

	June 30, 2008 PKR Billion
Total Assets	4.3
Total Liabilities	2.3
Equity	2.0
Profit after tax	0.5
Total assets under management	39.0

JS Bank Limited

57.43%

JS Bank Limited (JSBL) was incorporated on March 15, 2006 as a public limited company under the Companies Ordinance 1984. JSBL is a commercial bank offering a quality and innovative range of products and services and complete financial solutions to its clients. JS Bank was formed from the amalgamation of Jahangir Siddiqui Investment Bank Limited and American Express Bank Limited's Pakistan operations in December 2006. JSBL is listed on the Karachi Stock Exchange.

	June 30, 2008 PKR Billion
Total Assets	24.2
Total Advances	9.6
Total deposits	14.1
Equity	5.4
Profit after tax	0.2

Credit Chex (Private) Limited

75%

Credit Chex (Private) Limited is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 on May 16, 2006. Credit Chex is the exclusive licensee of Experian in Pakistan. Based on Experian's world-leading technology platform, Credit Chex offers robust risk management solutions to enable Pakistani institutions extending consumer credit to take well-informed and confident credit decisions. Credit Chex is well-placed to enjoy significant growth as the consumer finance market continues its fast-paced development in Pakistan.

JS ABAMCO Commodities Limited 52.02%

JS ABAMCO Commodities Limited (JACL) was incorporated in 2007 as a public unlisted company and is a subsidiary company of JSIL (subsidiary of the Holding Company). The principal activities of JACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National Commodity Exchange Limited and to carry on the business as brokers, dealers and representatives of all kinds of commodity contracts and commodity backed securities.

Webdnaworks (Private) Limited 51%

Webdnaworks (WPL) was established in 2003. WPL is an independent service provider working with commercial banks to install and maintain Automated Teller Machines ("ATMs") at strategic off-branch locations. WPL is positioned to enjoy the forecast growth in ATM access points as banks compete to increase ease of service provision for their retail customers.

MOBEX Limited 50%

MOBEX was established in 2008. Mobex offers a low-cost, high availability retail banking solution based around mobile handsets, yet independent of mobile network operators. Most Pakistanis currently have limited or no access to traditional banking channels. Amongst a population of over 160 million there are only 26 million bank accounts but there are 70 million mobile phone users. Mobex has a scalable solution to extend banking services to the wider, unbanked population.

JS Global Capital Limited 43.47%

JS Global Capital Limited is one of the leading investment banking and securities firms in Pakistan. Global Investment house KSCC, the leading investment bank in the Middle East is a 43% shareholder of the company. The principal activities of JS Global are Equity, Fixed Income and Foreign Exchange Brokerage, Fixed Income and Money Market Sales, Equity Sales and Investment Advisory, Corporate Finance Advisory and Research.

JS Global has received many awards since its inception, including:

- Asiamoney "Best Debt House 2007 for Pakistan" in its June 2007 issue
- CFA Association "Best Equity Brokerage House for Pakistan" for 2005
- Winner of Best Equity House & Best Bond House for Pakistan from Asiamoney in 2004
- Euromoney Award for Excellence 2000 for "Best Domestic Securities House" in Pakistan

Bankislami Pakistan Limited 18.75%

JSCL established an Islamic commercial bank under the brand of Bank Islami in 2006. Pakistan represents a growing market for Shariah-compliant Islamic banking and finance services. Bank Islami was launched in equal partnership between JSCL, Dubai Bank PJSC, and the DCD Group. Bank Islami offers a full range of Shariah-compliant commercial banking products and services. Bank Islami aims to become Pakistan's first Islamic bank to focus on wealth management as a core business.

EFU General Insurance Limited 16.24%

EFU General is Pakistan's second-largest non-life insurance company and its client base comprises many leading business houses and multinational companies. EFU General was incorporated as a Public Limited Company in 1932 and is quoted on the Karachi and Lahore Stock Exchanges. The company has a very close relationship, of over 50 years, with its main re-insurer, 'Munich Re', one of the largest reinsurance companies in the world.

EFU Life Assurance Limited 21.92%

EFU Life Assurance Ltd was incorporated in November 1992 as the first private sector life insurance company. In 1993, EFU Life commenced writing group life insurance business and, in 1994, the company began writing individual life policies. EFU Life continues to be the largest private sector life insurer in Pakistan and has pioneered the introduction of a number of life assurance products in Pakistan.

As a first mover and largest player in the sector, the company is ideally placed to benefit from the growth of this sector due to the unique demographics of the country and new legislation for Islamic insurance products (Takaful), tax-advantaged retirements saving plans and other initiatives.

Allianz-EFU Health Insurance Limited 9%

In 2000, EFU Insurance Group formed a joint venture with Allianz AG to incorporate Allianz-EFU Health Insurance, Pakistan's only specialised health insurer. Allianz EFU Health is a joint venture between the leading insurer in the world, Allianz Group, and the most experienced local insurer, EFU Insurance Group. It was the first company in Pakistan to offer health insurance to individuals and families, and companies with as few as five employees. To ensure quality, Allianz-EFU is implementing an Integrated HealthCare delivery system.

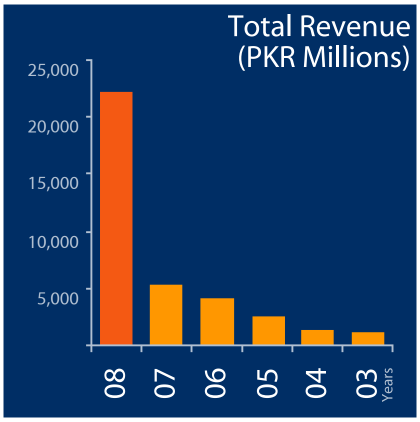
JAHANGIR SIDDIQUI & CO. LTD. FINANCIAL HIGHLIGHTS

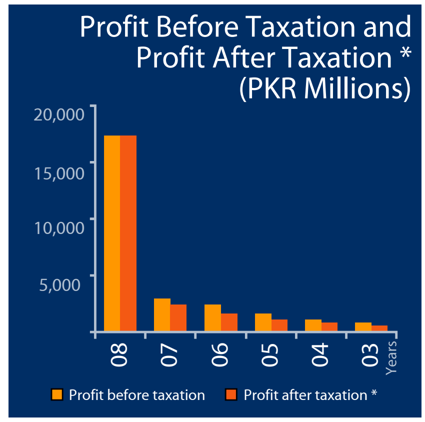
(BASED ON CONSOLIDATED FINANCIAL STATEMENTS)

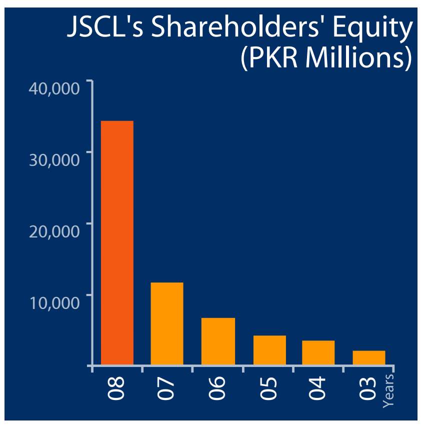
(PKR Millions)
Except as indicated

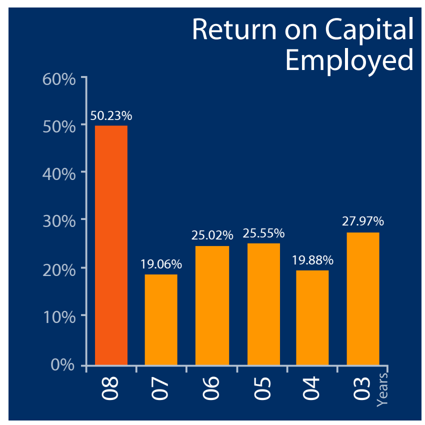
	08	07	06	05	04	03
Operating Results						
Total revenue	22,132	5,394	4,178	2,485	1,488	1,096
Operating & administrative expenses	2,334	1,412	902	576	343	283
Finance cost	2,299	1,149	956	409	131	107
Profit before taxation	17,499	2,831	2,321	1,499	1,015	705
Profit after taxation *	17,250	2,251	1,672	1,117	689	551
Pay outs						
- Cash (% of Face Value)	-	25	25	25	15	15
- Bonus %	159.740260	100	-	-	-	-
Assets & Liabilities						
Total assets	65,234	36,959	20,660	13,982	8,902	6,872
Current assets	35,197	27,804	15,393	11,152	7,198	5,658
Current liabilities	23,185	17,983	10,631	6,715	3,392	3,859
Financial Position						
Equity attributable to equity holders' of the parent	34,343	11,807	6,683	4,372	3,466	1,970
Ordinary share capital ('000)	2,220,200	350,000	350,000	350,000	350,000	250,000
Preference share class 'A'	-	700	-	-	-	-
Reserves *	32,123	10,757	6,333	4,022	3,116	1,720
Ordinary shares outstanding ('000)	222,020	35,000	35,000	35,000	35,000	25,000
Ratios						
Return on capital employed	50.23%	19.06%	25.02%	25.55%	19.88%	27.97%
Return on total assets	26.44%	6.09%	8.09%	7.99%	7.74%	8.02%
Current ratio	1.52	1.55	1.45	1.66	2.12	1.47
Interest cover ratio	8.50	2.96	2.75	3.73	6.26	6.15

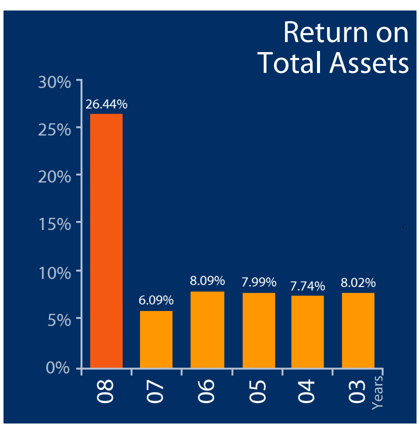
* excluding minority interests.

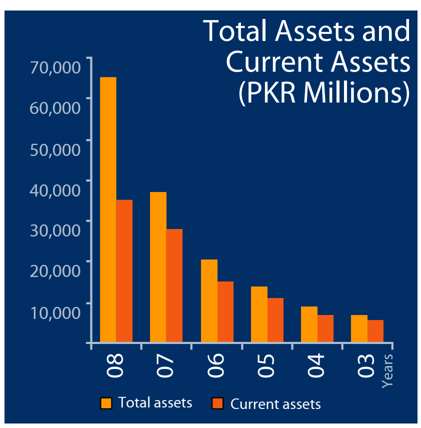

Total Revenue
(PKR Millions)
25,000
20,000
15,000
10,000
5,000
08
07
06
05
04
03
Years


Profit Before Taxation and
Profit After Taxation *
(PKR Millions)
20,000
15,000
10,000
5,000
08
07
06
05
04
03
Years
Profit before taxation
Profit after taxation *


JSCL's Shareholders' Equity
(PKR Millions)
40,000
30,000
20,000
10,000
08
07
06
05
04
03
Years


Return on Capital
Employed
60%
50%
40%
30%
20%
10%
0%
50.23%
19.06%
25.02%
25.55%
19.88%
27.97%
08
07
06
05
04
03
Years


Return on
Total Assets
30%
25%
20%
15%
10%
5%
0%
26.44%
6.09%
8.09%
7.99%
7.74%
8.02%
08
07
06
05
04
03
Years


Total Assets and
Current Assets
(PKR Millions)
70,000
60,000
50,000
40,000
30,000
20,000
10,000
08
07
06
05
04
03
Years
Total assets
Current assets

CSR at JS

Jahangir Siddiqui & Co. Ltd. and its subsidiaries and associates have a strong commitment to Corporate Social Responsibility (CSR).

We apply the same exacting standards to our CSR activities as we do to our financial services businesses and commercial investments. We measure the performance and impact of the various causes we support and have a great focus on supporting sustainable social enterprises.

Many subsidiaries, associates and affiliates of Jahangir Siddiqui & Co. Ltd. conduct their own CSR programs while others choose to contribute via the Mahvash and Jahangir Siddiqui Foundation.

The Mahvash & Jahangir Siddiqui Foundation

Established in 2003, The Mahvash & Jahangir Siddiqui Foundation is a charitable, non-profit organization run by several Board members and staff, on a gratis basis. The primary focus areas of this foundation are healthcare, education and sustainable development through social enterprises. This year, our financial businesses collectively contributed PKR 347 million to the foundation. Areas that the foundation has long-term committents to are:

- **Healthcare:** We donate to this sector through our Zakat Fund and are the single largest donors with continuous annual commitments to a number of large hospitals. Zakat Funds are used for the most underprivileged patients at these hospitals who cannot afford healthcare.
- **Education:** We have commitments to various education projects and are involved in running schools in rural areas and for handicapped and special children.
- **Social Enterprises and Sustainable Development:** We have a significant 5-year commitment to the Acumen Fund in Pakistan, which is an affiliate of the Acumen Fund, a leading global sustainable development organization. In Pakistan, the Acumen Fund has been responsible in providing support and capital to organizations such as Kashf Foundation and Khuda ki Basti.

We support the following organizations:

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

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

Social Enterprises and Sustainable Development
- Acumen Fund
- Karachi Vocational Training Centre

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholder,

We are pleased to present the audited financial statements and results of operations for Jahangir Siddiqui & Co. Ltd. ("JSCL" or the "Company") along with consolidated financial statements of Jahangir Siddiqui & Co. Ltd. (the "Holding Company") and its subsidiaries for the financial year ended June 30, 2008.

During the year, JSCL continued to consolidate its position as Pakistan's fastest growing financial services business.

The Economy

The economy of Pakistan remained under significant pressures during the Fiscal Year ending June 30th, 2008 (FY08). A tumultuous political transition along with the deterioration of law and order following the tragic assassination of the former Prime Minister and Chairperson of a leading political party, Benazir Bhutto, did not provide a conducive environment for the economy. The stress on the economy caused by political uncertainty was exacerbated by the continuous increases in international oil prices and the related escalation in food prices. Given Pakistan's reliance on imported oil and other commodities, the escalation in global prices resulted in further economic imbalances and put direct pressure on the real economy via higher inflation and cost of production reducing competitiveness both locally and internationally. Despite these unprecedented head-winds, the economy showed sufficient resilience to register a growth rate of 5.8% during FY08 which was slightly below the governments expected rate of 6.5%.

The Government initially attempted to shield the economy from the oil price hike by providing ever greater subsidies for consumers and holding retail prices steady. However, given the magnitude and global scope of the commodity price increase, this strategy was unsustainable in the long term and caused further damage as the government's available reserves were rapidly depleted. The government was forced to finally let domestic oil price adjust to market rates. Due to the inflation caused by excessive government borrowing and spending, the State Bank of Pakistan was forced to take strict monetary policy steps to curb inflation.

The State Bank's measures were perceived as necessary after an undesirable combination of political uncertainty and higher oil and food import bills deteriorated the external accounts, fiscal deficit and impending adjustment to sovereign ratings, the exchange rate and foreign exchange reserves. For FY08, the current account deficit was approximately 9% as a percentage of GDP while the fiscal deficit was 7% as a percentage of GDP, missing their targets of 5% and 4% respectively. The results of the rapid tightening of monetary policy were significant and the sudden halt of liquidity led to a further slowdown in real economic activity towards the end of FY08. Inflation, however, continued to inch upwards throughout the year due to the earlier rises in the money supply and global commodity price inflation. For FY08, actual inflation was 11.6% versus a target of 6.5%. The monetary tightening and high inflation pushed bond yields higher across all tenors.

Another factor constraining growth was the persistent power shortage over the course of the year. While fast track projects have been approved by the government to rectify the situation there is currently a 20% (4,000 Megawatt) peak load shortage that continues to hamper growth. This, coupled with energy price inflation created problems for the large scale manufacturing sector, particularly the uncompetitive commoditized side of the textile sector that was already suffering from a slowdown in global growth.

Consequently, the textile sector registered growth of 4.8% versus a target of 12.5%, and the country's export performance also remained weak, providing no respite to mitigate the effects of capital outflows and higher oil import prices. The services sector however posted strong growth of 8.6% and contributed 4.6% to GDP growth during FY08.

The agriculture sector, on the other hand, suffered setbacks due to pest attacks and the distortion created by wheat support prices amid a global commodity price hike. This uneconomical incentive system skewed production towards higher priced commodities such as sugar cane instead of those commodities that were in short supply globally, such as wheat. The situation was further exacerbated by exceptionally high DAP fertilizer prices that led to an unbalanced use of fertilizer by farmers. The sector registered growth of 1.5% versus a target of 4.5% and contributed just 0.3% to GDP growth for FY08.

Equity Markets

After registering robust performances for the last 5 years, the local equity market posted negative returns for FY08. The extreme domestic political events of the last year, along with the global economic slowdown, led the Karachi Stock Exchange to register returns of -11.0% in PKR terms (-21.0% US$) for FY08. This was in line with other comparable emerging market economies across the globe. While performing poorly against the Morgan Stanley Capital International (MSCI) Emerging Asia Index (ex Japan), which fell by only 6.6% for the period, the Pakistani market did outperform some of its peers including Taiwan, Malaysia, China and the Philippines. Foreign investment in the market was also curtailed due to the global credit crunch as this negatively affected the liquidity of foreign fund managers.

Fertilizers and Oil Exploration and Production sectors remained top performers for the year with returns of 18.5% and 5.0%, respectively. The microeconomics of these sectors remained largely unaffected from the macro ills that prevailed during much of FY08. Performance of these two sectors was however, more than offset by dismal performances of the banking and telecommunications sectors, which registered declines of 40.6% and 30.8%, respectively.

The Banking sector came under pressure due to higher consumer loan defaults and the implementation of a new requirement that prohibits banks from recording a minimum “Forced Sale” value of the collateral for loans and instead requiring them to write off the entire amount. The result of this new regulation resulted in higher provisioning and therefore losses for the sector. In addition, the Government also passed a regulation requiring banks to pay depositors at least 5.0% interest per annum for savings accounts. The largest banks saw their cost of funds rise 2.0%, further reducing profitability. In addition, as a result of the many interest rate increases, corporations and individuals alike cut back on borrowing dramatically as interest costs continued to be high.

The telecommunications sector’s under performance was mainly attributable to Pakistan Telecommunication’s (PTCL) unprecedented restructuring charge of PKR 23 billion (US $ 338.2 million[1]) to set up a fund to finance large scale redundancies. PTCL is the incumbent fixed line services provider in Pakistan and one of the largest local publicly traded telecommunications company.

During the fiscal year, a total of 8 Initial Public Offerings worth PKR 18 billion (US $ 264.7 million) (including the green shoe option in Habib Bank’s IPO) took place. This compared favourably to FY07 which registered 12 IPOs amounting to PKR 4.2 billion (US$ 70 million[2]) (excluding the secondary offering by OGDC). The 8 IPO’s in FY08 were well over subscribed with a total of PKR 36.8 billion (US$ 541.2 million) received from investors for these offerings. FY08 also saw Pakistan’s largest ever IPO both in terms of value and number of shares offered, namely Habib Bank Ltd.

Debt market

A total of eight Term Finance Certificates (Medium Term Notes) were launched in the last fiscal year and 3 more are still in the pipeline. Through these 8 issuances, total of PKR 28.1 billion (US $ 413.2 million) was raised in FY08 as compared to PKR 11.6 billion (US $ 193.3 million) in FY 07. The strength in the debt market was in line with expectations and was supported by higher demand for such instruments from mutual funds and insurance companies.

Jahangir Siddiqui & Co. Ltd.

Banking	Insurance	Other Financial Services	Principal Investments
JS Bank Ltd. (Commercial Bank)	EFU General Insurance Ltd.	JS Global Capital Ltd. (Securities Brokerage and Corporate Finance)	Azgard Nine Ltd.
BankIslami Pakistan Ltd. (Islamic Bank)	EFU Life Assurance Ltd.	JS Investments Ltd. (Asset Management)	Pakistan International Container Terminal Ltd.
Network Microfinance Bank Ltd. (Microfinance)	Allianz-EFU Health Assurance Ltd.	Financial Infrastructure Investments	Eye Television Network Ltd.

Milestones and years major investments

Company	Year
JV with Bear Stearns and IFC	1993
Investment into EFU Life	1994
Investment into Azgard 9	1995
JV with AIM Management and IFC to form JS Investments	1995
Purchase of Citicorp Investment Bank	1999
JV with Allianz and EFU Group to form Allianz-EFU Health Insurance	2000
Investment into Pakistan International Container Terminal	2003
Investment into Eye Television Network	2004
JV with Global Investment House of Kuwait for investment into JS Global	2005
JV with Dubai Bank and DCD to found BankIslami Pakistan	2005
Purchase of American Express Bank’s Pakistan Branches	2006
Foreign placement of PKR 10.5 billion (US$ 157 million) of JSCL shares	2008

Business Overview

JSCL is primarily an investment company in financial services but also makes long term investments in rapidly growing companies in Pakistan. In financial services, its investments cover all sectors including commercial banking, Islamic banking, asset management, securities brokerage, consumer credit rating agencies and microfinance.

JSCL also benefits from strategic long term investments throughout Pakistan's economy including fast growing industrial sector companies, rapidly expanding technology and media sector companies and companies benefiting from Pakistan's economic growth in transport and communications.

Performance of Key Investments

Banking

JS Bank Ltd.

During the fiscal year 2006-07 the Pakistani branches of American Express Bank Ltd. were acquired and merged with Jahangir Siddiqui Investment Bank Ltd. to form JS Bank Ltd. For the period from June 30, 2007 to June 30, 2008, total assets grew organically from PKR 19.3 billion to PKR 24.1 billion. Similarly, loans grew from PKR 4.68 billion to PKR 9.5 billion, representing an increase of 104%. For the six months ending June 30, 2008, Net income grew to PKR 160.2 million from PKR 34.6 million underscoring the Bank's ability to grow, scale and remain profitable simultaneously.

JS Bank also became the largest government bond market maker in the country and underwrote the largest number of corporate bond issuances. Non-performing loans were also significantly lower than the Bank's peer group.

Assets, deposits and the customer base for the Bank are growing in tandem and the Bank has continued to add further products to its offerings and improve its systems by launching its new core banking system in record time in FY08.

BankIslami Pakistan Ltd.

BankIslami Pakistan Ltd. is Pakistan's leading Islamic Bank. BankIslami is expanding its retail branch network, growing assets, and expanding the services that it offers. The Bank has 36 branches in 23 cities and its total branch network is expected to be 66 by the end of this calendar year. The cost of funds has been brought down from 7.0% at December 31, 2007 to 6.4% as of June 30, 2008.

The liability side (the bank's loan portfolio) has performed well, and the returns on financing, investments and placements have improved significantly. BankIslami has also grown its investment banking franchise as it has become the largest issuer of Islamic bonds (sukkuks) in Pakistan. The bank is consolidating its position and incurring increased costs to expand, the benefits of which will be evident in the future. The quarter ending June 30th 2008 was the first profitable quarter for the bank with pretax income of PKR 12.5 million.

The banks NPLs are 0.25% compared to the industry benchmark of 5.70%.

Insurance

During the fiscal year under review, the EFU brand marked its 75th anniversary in business, and the year that it became the country's largest insurer. Founded in 1932, EFU gave the emerging insurance industry the leadership, manpower and the drive needed to grow. EFU Group provides insurance cover in the three key categories: a) life; b) physical assets; and c) health. EFU's growth strategy is to increase exposure to insurance for infrastructure projects (such as power plants), consumer, auto insurance and new innovative products such as insurance at ATMs. Net premium revenue for the company rose by 12.8% during the calendar year 2007. Half year 2008 results similarly showed 26% growth in written premium year over year.

During calendar year 2007, EFU Life Assurance Ltd.'s total premium income increased 44% over 2006 and the individual life regular premium business achieved an impressive growth rate of 38% over 2006. The first half results for 2008 followed the upward growth trajectory and the total premium income performed exceedingly well with an increase of 90% as compared to the corresponding period last year. Going forward, new products focusing on protection, children's education, marriage, savings and retirement are being increased and strengthened further to expand the EFU brand.

To cater to the financial planning needs of expatriate Pakistanis, the Company has also partnered with a significant insurance company in the UAE and is actively working on partnerships in other markets with large Pakistani expatriate communities. This should result in an influx of new business in the long run from these previously untapped and affluent market segments.

Other Financial Services

JS Global Capital Ltd.

The original business of the JS Group, JS Global Capital, founded in 2003, is Pakistan's most highly capitalized brokerage firm. With a 9.0% share of the total value of equity market trades in Pakistan it also executes more interbank money market trades than any other brokerage firm in the country. The firm continues to post strong growth in profitability as seen by its fiscal year 2008 (ending June 30th 2008) result that showed an increase of 55% in net income to PKR. 624 million.

The company has branches in Karachi, Lahore, Islamabad and Hyderabad and continues the development of its branch network and increasing their utilisation by offering third party financial products (such as mutual funds) through this channel as well.

JS Investments Ltd.

JS Investments Limited (JSIL, formerly JS ABAMCO Limited) is the oldest and largest private sector asset management company in Pakistan, with over PKR 39.0 billion (as at June 30, 2008) in assets under management (PKR 29.3 billion on June 30th 2007), spread across various mutual funds, pension funds and separately managed accounts.

Assets peaked at PKR 43.9 billion in April 2008, however, due to the decline in the value of its securities related to the fall in the stock and debt markets, assets under management declined by 11.0% by the end of the year. It is important to note however, that over the same period, the stock market declined 21.6%.

In the coming Fiscal year, JSIL will apply for its license to be regulated by the Dubai Financial Services Authority, allowing it to raise money in the UAE and from the large number of expatriate Pakistanis working there as well UAE investors in general.

JS Investments continues along its plan to introduce new funds into the market and has signed distribution agreements with a number of international financial institutions to expand its channel management strategy. Our portfolio of offerings now includes 14 separate funds, the latest introduction of which is the JS Capital Protected Fund IV.

Overseas Subsidiaries

JS International Ltd. and JS International LLP

JS International Ltd. is a wholly-owned subsidiary of JSCL registered in the Cayman Islands. JS International has been established as a holding company for JSCLs business interests outside Pakistan.

JS International LLP was formed in 2006 as a wholly owned subsidiary of JSCL.

Both JS International Ltd. and JS International LLP are responsible for extending the JSCL businesses abroad. For example, with regard to JS Investments Ltd. (formerly JS ABAMCO Ltd.), JS International is structuring and setting up offshore incorporated mutual funds to feed into JS Investments' Pakistan mutual funds and establishing distribution relationships to sell those funds internationally.

Other holdings

Our investment in Azgard 9 Ltd. has performed admirably after its acquisition of Pak American Fertilizers Ltd. The two businesses, especially the agrichemical business, saw a robust year despite the odds being pitted against them in the form of energy shortage and higher interest rates.

During the year Azgard 9 completed the acquisition of Italian textile company Montebello, which is expected to allow the company to increase its exports significantly. The company's fertilizer division is also started importing DAP and has attained 8% market share in Pakistan.

Our holding in Eye Television Network Ltd. (ETNL) has exceeded expectations. One of its channels, Hum TV, was rated as one of the top 3 channels in the Pakistani urban market by Gallup. ETNL is expected to continue to grow its revenue and profitability by expanding its portfolio of channels and programming with two more channels planned during the next fiscal year.

Pakistan International Container Terminal Ltd. has also performed well. The company increased its revenue by 43.0% and net income by 60.0% for the year ended June 30th 2008 over the same period last year.

PICTL has set up the latest scanning and radioactivity detection system enabling it to employ modern methods of non-intensive customs examination by scanning the containers without opening them. PICTL has also procured the latest terminal operating software Navis, in the United States of America and is the fourth terminal in the world to go live with this software system.

Financial Results

The Company's after tax profit from continuing operations increased substantially in the current year to PKR 17.2 billion (US $ 252.9 million). The increase was led by capital gains from principal trading activities. Overall revenues from continuing operations amounted to PKR 19.0 billion (US $ 279.0 million) as compared to PKR 3.4 billion (US $ 56.0 million) during 2007. Operating expenses relating to continuing operations amounted to PKR 846.4 million (US $ 12.4 million) as compared to PKR 523.2 million (US $ 8.7 million) last year.

Results of Operations

The financial results for the year ended June 30, 2008 are summarised below:

	(Rupees in ' 000)
Profit before taxation	17,201,182
Less: Taxation	
Current	1,702
Prior	(2,222)
	(520)
Profit after taxation	17,201,702

The basic and diluted earning per share from continuing operations is PKR 86.37.

The Directors are pleased to propose the following appropriations out of the free reserves of the Company.

Bonus Shares:

The Directors recommend for the approval by the shareholders of the interim Bonus issue as final distribution for the year ended June 30, 2008 announced on January 12, 2008 and already issued to the shareholders in the proportion of 1.5974026 Ordinary Share for every one Ordinary Share held i.e. 159.74026% be obtained in the forthcoming Annual General Meeting.

Distribution out of the reserves of the Company for Financial Year 2008-09

Directors have recommended that shareholders be given an interim bonus for Financial Year 2008-09 so that the shareholders who subscribe to the right shares of the Company announced on April 08, 2008 also receive the bonus and thus safeguard their interest. Please note that the foreign investors were offered shares @ PKR 475 per share placement of which has been successfully concluded and the Company has issued ordinary shares to the foreign investors who will become entitled to benefits announced by the Company any time after the issuance of such shares. In order to take care of the interest of the minority shareholders rights offer at the same rate of PKR 475 per share has been made to them and the Company will issue bonus shares giving equal opportunity to all the shareholders to benefit from the gains of the Company.

In view of the above the Directors have proposed distribution out of the reserves of the Company by way of fully paid interim Bonus Shares for the year ending June 30, 2009 in the ratio of 2.437782003 Ordinary Shares for every one Ordinary Share held i.e. 243.7782003%.

The above entitlement will be paid to the shareholders whose names will appear in the Register of Members on October 14, 2008.

Buy Back of Shares Under Section 95A of the Companies Ordinance, 1984 and the Companies (Buy-back of Shares) Rules, 1999.

The Board of Directors further recommend members' approval be obtained by way of special resolution to be passed in Annual General Meeting for buy back of shares under Section 95A of the Companies Ordinance, 1984 and the Companies (Buy-back of Shares) Rules, 1999, for buy back to the maximum of 7,000,000 shares by the Company at a price of upto PKR 356.32 per share.

However, it is proposed that the major shareholders (i.e. Mr. Jahangir Siddiqui, Jahangir Siddiqui & Sons (Pvt.) Ltd. and Jahangir Siddiqui Securities Services Ltd.), the Directors and the Chief Executive Officer of the Company will not voluntarily participate in the buyback program so as to give other shareholders priority.

Issuance of Shares to Foreign Investors

Pursuant to the special resolution passed by the shareholders at the Extraordinary General Meeting held on May 19, 2008 and with the permission of the Securities and Exchange Commission of Pakistan, 22,020,000 ordinary shares of the Company were offered to foreign investors. The Ordinary Shares of Rs 10/- each were offered at a premium of PKR 465/- per share (i.e. at a subscription price of PKR 475/- per share) for total consideration of PKR 10,459,500,000 (US $ 157.7 million). The shares have been successfully placed and the Company has issued these securities to foreign investors under the First Proviso of Section 86(1) of the Companies Ordinance, 1984.

Right Issue

Pursuant to the special resolution passed by the shareholders at the Extraordinary General Meeting (EOGM) held on May 19, 2008 the Company is in the process of issuing 10,688,182 shares i.e. 16.35% by way of a rights offering to existing shareholders, excluding the foreign shareholders and the major shareholders who have forgone their right to take part in the offering in order to facilitate the offering to foreign investors. The rights will issued to existing shareholders at the price of PKR 10/- plus a premium of PKR 465/- per share for a pari passu subscription price to the foreign shareholders of PKR 475/- per share.

Rights Letters have been issued to existing shareholders in accordance with the provisions of Section 86(1) of the Companies Ordinance, 1984 and the relevant regulations of the Karachi Stock Exchange. The trading of the right entitlements started on Karachi Stock Exchange on September 01, 2008 and will be traded on the bourse until September 30, 2008.

This issue of shares to foreign investors and minority shareholders by way of a rights offering is Pakistan's largest ever equity inflow to date in a private sector company totalling PKR 15.5 billion.

Net Asset Value of Underlying Holdings

A key measure of our business performance is the underlying net asset value of our investment holdings.

The net asset value of the Company as at June 30, 2008 was PKR 31.0 billion (US $ 456.3 million) or PKR 139.8 (US $ 2.1) per share on a fully diluted basis.

As at June 30, 2008, the unrealised gain on our listed investment portfolio stood at PKR 11.1 billion (US $ 162.6 million) or PKR 49.8 (US $ 0.7) per share on a fully diluted basis. This amount is in excess of the reported book value of the Company. Further details are available in the notes to the financial statements.

Corporate and Financial Reporting Framework

The Directors confirm compliance with the corporate and financial reporting framework of the SECP Code of Corporate Governance for the following:

- The financial statements present fairly the state of affairs of the Company, the results of its operations, cash flow statement and statement of changes in equity;
- Proper books of accounts of the Company have been maintained;
- Accounting policies as stated in the notes to the accounts have been consistently applied;
- International Financial Reporting Standards as applicable in Pakistan and the Companies Ordinance,1984 as stated in the notes attached with the accounts, have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- The Company is financially sound and is a going concern; and
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.

No material payment is outstanding on account of taxes, duties, levies and charges.

The statement of key operating and financial data of last six years appears on Page No. 13.

The Company operates an approved contributory provident fund for all its employees eligible to the scheme. The audited financial statements for the year ended June 30, 2008 indicate that the value of investments of the fund is PKR 20.8 million (US $ 0.3 million).

Five meetings of the Board of Directors were held during the Year.

The attendance of Directors at Board meetings were as follows:

Name of Director	Meetings Eligibility	Meetings Attended
Mazharul Haq Siddiqui, Chairman	Five	Three
Munaf Ibrahim, Chief Executive Officer	Five	Five
Ali J. Siddiqui, Director	Five	Four
Ali Raza Siddiqui, Director	Five	Four
Syed Nizam Ahmed Shah, Director	Five	Five
Chief Justice (R) Mahboob Ahmed, Director	Five	Five
Siraj Ahmed Dadabhoy, Director	Five	Four
Adil Matcheswalla, Director	Five	Four
Stephen Christopher Smith, Director*	Three	Two
Nauzer Aspi Dinshaw, Director*	Two	One

* Pursuant to election of Directors held on November 24, 2007 Stephen Christopher Smith has been elected as Director of JSCL in place of Nauzer Aspi Dinshaw who stood retired on completion of the term of his Directorship.

Management's Discussion of Financial Responsibility

The Company's management is responsible for preparing the financial statements and related notes contained in the Annual Report.

The consolidated financial statements and notes are prepared in accordance with generally accepted accounting principles in Pakistan. Other financial data included in the Annual Report are consistent with the data in the financial statements.

The Company's accounting policies are integral to understanding the results reported. Accounting policies are described in detail in the notes to the financial statements. The Company's most complex accounting policies require management's judgment to ascertain the valuation of assets and liabilities. The Company has established detailed policies and control procedures that are intended to ensure that valuation methods are fair, well controlled and applied consistently.

The Audit Committee of the Board of Directors is responsible for monitoring the integrity of the Company's financial statements, control systems and the independence and performance of its internal and independent auditors. The Audit Committee is comprised of three Directors and operates under terms of reference approved by the Board.

Credit Rating

The Directors are pleased to inform you that The Pakistan Credit Rating Agency Ltd. (PACRA) has maintained the long term rating of the Company at "AA+" (Double A plus) and a short term rating of "A1+" (A one plus) respectively during the financial year. The long-term rating denotes a very low expectation of credit risk and indicates a very strong capacity for timely payment of financial commitments. The short term rating indicates that obligations are supported by the highest capacity for timely repayment.

Auditors

The present auditors, Messrs Ford Rhodes Sidat Hyder & Co. Chartered Accountants (a member firm of Ernst & Young Global Ltd.), retire and being eligible, offer themselves to be re-appointed as the Company's auditors for the coming year.

A resolution to appoint the auditors of the Company for the coming year will be proposed at the Annual General Meeting.

Future Outlook

The efforts of the management are geared towards lucrative returns on investment and the enhancement of shareholders' value. The Company endeavours to achieve these objectives through optimal capital structure by way of a suitable mix of borrowing and equity and is considering investing in companies and projects including upcoming green field Independent Power Projects (IPPs) and / or by acquiring stakes in existing IPPs and other infrastructure projects.

Pattern of Shareholding

The Statement of Pattern of Shareholding as on June 30, 2008 appears on Page 150 including trades carried out by Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and their spouses and minor children.

Acknowledgement

We express our gratitude to our clients and business partners for their continued patronage of the Company and to our management and employees for their dedication and hard work.

We would also like to acknowledge the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and the Federal Board of Revenue for their efforts to strengthen the financial markets and implement measures to safeguard investor rights.

For and on behalf of the
Board of Directors

Mazharul Haq Siddiqui
Chairman

Karachi: August 16, 2008

[1]An exchange rate of PKR 68.0 per US $ is assumed for the figures relating to the year ended June 30, 2008.
[2]An exchange rate of PKR 60.0 per US $ is assumed for the figures relating to the year ended June 30, 2007.

BOARD OF DIRECTORS

Chairman, Mazharul Haq Siddiqui

Mr. Siddiqui is one of Pakistan's senior most civil servants and an eminent educationist. He has held many senior positions with the Government of Pakistan. He joined Income Tax Department in 1957 and served in various capacities including the Commissioner of Income Tax. He served the Provincial Governments as Secretary Education, Finance and Service and General Administration. He has served the Federal Government as Secretary in Establishment, Economic Affairs, Education, Management Services, Economic Affairs Statistics and Youth Affairs Divisions. He was Vice Chancellor, Sindh University for a period of four years (1984-88) and at present, on rejoining Sindh University in 2001, he continues to be its Vice Chancellor. He has also held the positions of Chairman, National Insurance Corporation and Member, Federal Public Services Commission.

Chief Executive Officer, Munaf Ibrahim

Mr. Ibrahim joined JSCL in 1993 and in 1995 he was elected to the Board as an Executive Director. In 1999 he was appointed Chief Executive Officer. He has been a member of various committees of the Karachi Stock Exchange. Mr. Ibrahim is a Fellow member of Institute of Chartered Accountants of Pakistan and the Institute of Cost & Management Accountants of Pakistan. He completed his audit training at A.F. Ferguson & Company (the Pakistan member firm of PricewaterhouseCoopers). Mr. Ibrahim currently serves as a Director on the Board of Attock Petroleum, Al-Abbas Sugar Mills, JS ABAMCO Commodities and the Mahvash and Jahangir Siddiqui Foundation.

Ali J. Siddiqui

Mr. Siddiqui is the Managing Partner of JS Private Equity, Pakistan's largest private equity firm. From 2002-03 he was an Executive Director of JS Investments Ltd., Pakistan's largest private sector mutual fund manager. Prior to JS Group, Mr. Siddiqui was a Director with Crosby, a buyout firm, and was based in Hong Kong. Prior to Crosby, he was an Associate with Techpacific Capital where he was part of a team that managed over US $ 400 million in private equity and venture funds investing in Asia-Pacific. Mr. Siddiqui holds a B.A. in Economics from Cornell University. He is a member of the Board of Directors of a number of large private sector companies in Pakistan including Azgard 9, Airblue, Pakistan Reinsurance Company, Pakistan International Container Terminal and chairs the Board of Pak American Fertilizers. In addition, he is involved with a number of charitable and sustainable development organisations and is a Director of the Mahvash and Jahangir Siddiqui Foundation and the Acumen Fund.

Ali Raza Siddiqui

Mr. Siddiqui is an Executive Director of JS Investments Ltd. Prior to 2005, he was an Assistant Vice President at AIM Investments in Houston, a wholly-owned subsidiary of INVESCO. At AIM, Mr. Siddiqui specialized in fixed income was part of a team responsible for the management of US $ 60 billion in assets. He holds a Bachelors Degree from Cornell University, USA, with double majors in Economics and Government. He also serves as a Director on the Board of BankIslami Pakistan.

Syed Nizam Ahmed Shah

Mr. Shah has over 40 years of professional experience in the fields of Industrial Management and Finance. He has held key positions in British American Tobacco ("BAT") and was Chairman of BAT's Pakistan business, Pakistan Tobacco Company. His current directorships include the Hub Power Company, Pakistan International Container Terminal and Public Procurement Regulatory Authority of Government of Pakistan. He had also held appointments as Chairman of Regional Development Finance Corporation, Prime Ministers Committee for review of Independent Power Projects, Task Force for review and recommendations for the Financial and Corporate restructuring of Oil & Gas Development Corporation, Sui Southern Gas Co. Ltd. and Sui Northern Gas Pipeline Ltd. Mr. Shah is a Chartered Accountant.

Chief Justice (R) Mahboob Ahmed

Chief Justice Mahboob Ahmed is an eminent and well respected lawyer and practiced as an Advocate of the High Court and the Supreme Court of Pakistan for over 20 years. He was the Counsel to all statutory corporations, a number of insurance companies as well as large foreign and domestic companies. He graduated from the University of Punjab and completed his bar in 1957. He then practiced at the Bar of Lahore High Court and the Supreme Court of Pakistan for 19 years and particularly deliberated on constitutional and commercial issues. He was then appointed as a Judge of the Lahore High Court in 1978 and became Chief Justice in 1990 - 1991. He also served as the Chief Justice of the Federal Shariat Court in 1997. He has also acted as Governor of Punjab province. Currently Justice Mahboob Ahmed serves as Chairman on the Boards of East West Insurance, East West Life Assurance Co., Azgard 9 and BankIslami Pakistan Ltd. He is an active philanthropist and is President of the Muslim Education Conference, a Member of the Managing Committee of Gulab Devi Hospital, a Member Governing Body of Liaquat National Hospital, Chairman of the Board of Management Fatimah Jinnah Medical College and the Sir Ganga Ram Hospital, a Founding Member of Heart Association of Lahore and the Pakistan Society for Cancer Control. He has also been the Chairman of the Pakistan Red Crescent Society.

Siraj Ahmed Dadabhoy

Mr. Dadabhoy has been the Managing Director of DCD Group since 1995. Previously, Mr. Dadabhoy worked for Price Waterhouse in New York. He is a qualified CPA and graduated from Indiana University with a BS in Accounting and Finance. He is also a Director on the Board of JS Investments Ltd.

Adil Matcheswalla*

Mr. Matcheswalla joined JSCL in 1993 as an Assistant Operations Manager in the Capital Markets Division and progressed to lead the Equity Sales and Operations Division as Vice President. He was appointed Executive Director at JS Investment Bank in 1999. At present, he is the Chief Executive Officer of Speed (Pvt.) Ltd., the exclusive distributor for Nike and LVMH in Pakistan. He also chairs the Board of JS Global Capital. Mr. Matcheswalla holds a double degree in Finance and Economics from Boston University and a Graduate of the Honours Programme of Brown University.

Stephen Christopher Smith

Mr. Smith joined JS Group in 2004 and is responsible for JSCL's international activities. Prior to JS, Mr. Smith worked at Ernst & Young and European Capital, a UK-based finance company. He then joined Techpacific Capital, a Hong Kong-listed finance company where he became Group CFO and Company Secretary. Mr. Smith is a Director of JS International companies and Credit Chex (Pvt) Ltd. He holds a Joint Honours degree in Economics and Mathematics from the University of Bristol and is a UK Chartered Accountant.

Ali Hussain*

Mr. Ali Hussain is the Managing Director of Saj Capital Management Ltd., a global investment firm. He is a successful entrepreneur and has more than twenty years of mergers and acquisitions experience in the technology field. Prior to starting his own business, Mr. Hussain has spent almost ten years at Hewlett Packard in USA and Singapore. He is a graduate of Stanford University. Mr. Hussain also manages Sajjad Foundation, a private charitable foundation primarily devoted to education and healthcare.

* Mr. Ali Hussain has been appointed as Director of the Company in place of Mr. Adil Matcheswalla who resigned from the office of Director of the Company effective August 16, 2008.

Compositions of Different Committees of the Board of Directors

Audit Committee

Syed Nizam Ahmed Shah	Chairman
Chief Justice (R) Mahboob Ahmed	Member
Ali J. Siddiqui	Member

Attendance of Audit Committee Meetings

Four meetings of the Audit Committee of the Board of Directors were held during the financial year 2008. The attendance of members at Audit Committee meetings was as follows:

Name	Meetings Eligibility	Meetings Attended
Syed Nizam Ahmed Shah	Four	Four
Chief Justice (R) Mahboob Ahmed *	Two	Two
Ali J. Siddiqui	Four	Three
Ali Raza Siddiqui*	Two	Two

* Pursuant to election of Directors held on November 24, 2007 Chief Justice (R) Mahboob Ahmed has been appointed as member of the Audit Committee of JSCL in place of Ali Raza Siddiqui.

Terms of Reference of the Audit Committee

The Board of Directors of JSCL has determined the terms of reference of the Audit Committee. The Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

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

(a) Determination of appropriate measures to safeguard the Company's assets;

(b) Review of preliminary announcements of results prior to publication;

(c) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going-concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards; and
- Compliance with listing regulations and other statutory and regulatory requirements.

(d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;

(e) Review of management letter issued by external auditors and management's response thereto;

(f) Ensuring coordination between the internal and external auditors of the Company;

(g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

(h) Consideration of major findings of internal investigations and management's response thereto;

(i) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

(j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;

(k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;

(l) Determination of compliance with relevant statutory requirements;

(m) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

(n) Consideration of any other issue or matter as may be assigned by the Board Directors.

Executive Committee

Munaf Ibrahim

Ali J. Siddiqui

Ali Raza Siddiqui

Terms of reference of the Executive Committee

(a) The Executive Committee is appointed by the Board of Directors and includes the Chief Executive Officer as a member.

(b) The Executive Committee shall convene whenever required to evaluate and recommend to management and the Board the approval of new lines of business, underwriting, major additions/ deletions in trading portfolio, changes in investment portfolio, and new transactions in accordance with the Risk Management Guidelines, the Statement of Investment and Operating Policy (SIOP) and other internal guidelines.

(c) The Executive Committee will review the Company's adherence to the Policy Statement and, if needed, make recommendations to the Board of Directors for changes as a result of new developments.

(d) The Executive Committee will regularly review the Company's operations based on monthly operating reports (to include a summary of the Company's net capital position based on market value) prepared and submitted by the Chief Financial Officer or other person nominated by the Board of Directors in comparison with the annual budget, and present to the Board for its review at its next regularly scheduled meeting any shortfalls or significant changes in the conditions (financial or otherwise), operations, prospects or business plan of the Company.

(e) The Executive Committee will implement, or as appropriate, will delegate to the Chief Executive Officer to implement, the Company's quarterly capital expenditures budget as reviewed and approved by the Board of Directors.

Executive Compensation Committee

Syed Nizam Ahmed Shah

Chief Justice (R) Mahboob Ahmed

Charter of the Executive Compensation Committee

Purpose

The Executive Compensation Committee (the "Committee") shall discharge the Board's responsibilities relating to compensation of the Company's executives. The Committee shall have overall responsibility for approving and evaluating the compensation plans, policies and programs of the Company. To that end, the Committee shall have the responsibility, power and authority to set the compensation and benefits of officers and senior executives, determine distributions and grant awards under and administer the Company's various stock option and other incentive plans, and assume responsibility for all matters related to all of the foregoing.

Compensation Policy

The JSCL executive compensation program is designed to attract, motivate, reward and retain superior management talent.

The Executive Compensation Committee places heavy emphasis on pay for performance. The Committee believes substantial portions of total compensation should be at risk. Likewise, outstanding performance should lead to substantial increase in compensation.

Committee Duties and Responsibilities

Compensation of Chief Executive Officer (CEO)

The Committee shall annually review and approve corporate goals and objectives relevant to CEO's compensation, evaluate the CEO's performance in light of those goals and objectives, and approve the CEO's compensation level based on this evaluation, subject to any employment contract that may be in effect. In determining the long-term incentive component of CEO's compensation, the Committee should consider the Company's performance and relative shareholders' return, the value of similar incentive awards to CEO's at comparable companies, the awards given to the CEO in the past years, and such other factors as the Committee may consider relevant.

Compensation of Senior Executives

The Committee shall periodically review and make recommendations to the Board with respect to equity-based compensation, and such other forms of compensation as the Committee may consider appropriate. The Committee shall annually review and approve for the senior executives of the Company (a) the annual base salary, (b) the annual incentive bonus, (c) the long-term incentive award, (d) employment agreements, severance arrangements, and change in control agreements or provisions, in each case as, when and if appropriate, and (e) any supplemental or special benefits. The structure of management compensation should link the interests of management, both individually and as a team, to the interests of shareholders and management compensation packages should be designed to create a commensurate level of risk and opportunity based on business and individual performance. The Committee shall make recommendations to the Board concerning incentive compensation plans and equity-based plans.

Overall Compensation Structure

In addition to reviewing and setting compensation for management, the Committee should, from time to time, review broadly the overall compensation structure for employees. In doing so, the Committee should bear in mind that incentives are industry dependent and are different for different categories of employees.

Subcommittees

The Committee may form and delegate authority to subcommittees when appropriate.

Reporting to the Board

The Committee shall make regular reports to the Board.

Annual Evaluation

The Committee shall conduct an annual evaluation of the Committee's performance as compared to the requirements of its Charter.

The Committee Charter

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

Notice of Meeting

Notice is hereby given that the Seventeenth Annual General Meeting of Jahangir Siddiqui & Co. Ltd. (the "Company") will be held at Regent Plaza Hotel and Convention Centre, main Shahra-e-Faisal, Karachi on Saturday, September 27, 2008 at 11:30 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting held on May 19, 2008.

2. To receive and consider the audited financial statements of the Company for the year ended June 30, 2008 together with the Directors' and Auditors' Report thereon.

3. To appoint the Auditors for the ensuing year and fix their remuneration.

4. To approve the interim bonus issue as final distribution for the year ended June 30, 2008 announced on January 12, 2008 and already issued to the shareholders in the proportion of 1.5974026 Ordinary Shares for every one Ordinary Share held i.e. 159.74026%.

Special Business

5. To consider and if thought fit to pass the following special resolutions with or without modification(s):

Special Business No. 1 - Buy Back of Shares Under Section 95A of the Companies Ordinance, 1984 and the Companies (Buy-back of Shares) Rules, 1999.

RESOLVED THAT in order to benefit the shareholders, the Company may repurchase its own shares till the next General Meeting when shares are at a discount to fair value and approval be and is hereby accorded to the management of the Company under Section 95A of the Companies Ordinance, 1984 and the Companies (Buy-back of Shares) Rules, 1999, for buy back to the maximum of 7,000,000 shares by the Company at a price of upto PKR 356.32 per share.

FURTHER RESOLVED that the Major Shareholders (i.e. Mr. Jahangir Siddiqui, Jahangir Siddiqui & Sons (Pvt.) Ltd. and Jahangir Siddiqui Securities Services Ltd.), the Directors and the Chief Executive Officer of the Company will voluntarily not participate in the tender.

FURTHER RESOLVED that the authority to the Company under this special resolution shall be perpetual and remain valid and invoke-able at all times, provided that such authority shall be reviewed and renewed with or without modification(s), in each of the subsequent General Meetings of the Company by passing a fresh special resolution, based on the then latest and revised statutory disclosures, in compliance with Section 95A and Section 160 of the Companies Ordinance, 1984.

FURTHER RESOLVED that any two of the Chief Executive Officer, Chief Financial Officer and the Company Secretary be and are hereby jointly authorised to take, do and fulfil all necessary actions and deeds and execute necessary documents and to generally fulfil all legal and corporate formalities in connection therewith and to make any further written and personal representations at all forums on behalf of the Company for effectuating this special resolution in its true spirit with any further amendments or modifications as may be directed by the regulators.

Special Business No. 2 - Investment in Pakistan International Container Terminal Ltd.

RESOLVED by way of special resolution that consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for investment in Ordinary Shares of Pakistan International Container Terminal Ltd. by way of subscription of right shares and/or acquiring unsubscribed rights and / or underwriting the right issue and/or purchase from open market at the prevailing market price/negotiated price the unpaid letters of rights / Ordinary Shares of Pakistan International Container Terminal Ltd. for an amount of upto PKR 500 million in addition to the unutilised amount of PKR 356.17 million as on June 30, 2008.

FURTHER RESOLVED that the Chief Executive Officer and the Company Secretary be and are hereby jointly, as well as severally authorised to complete all necessary statutory formalities to give effect to the above resolutions.

6. The Company in the earlier General Meetings had obtained approval of the shareholders for investments under Section 208 of the Companies Ordinance, 1984 and accordingly the shareholders of the Company are presented with the statement under Section 160(1)(b) of the Companies Ordinance, 1984 in compliance with the SRO 865(I)/2000 dated December 06, 2000 in case of decisions to make investments that have been made by the shareholders previously and have not yet been implemented.

7. To transact any other business with the permission of the Chair.

Karachi: September 05, 2008

By order of the Board

Farah Qureshi
Company Secretary

NOTES

(i) The Share Transfer Books of the Company for Ordinary Shares shall remain closed from September 20, 2008 to September 26, 2008 (both days inclusive) for determining the entitlement of shareholders for attending the Annual General Meeting.

(ii) Physical transfers and deposit requests under Central Depository System received at the close of business on September 19, 2008 by the Company's Registrar i.e. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Karachi will be treated as being in time for entitlement to attend the meeting.

(iii) A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

(iv) Proxies must be received at the Head Office of the Company not less than 48 hours before the time of the meeting.

(v) Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original Computerised National Identity Card (CNIC) or Passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution /Power of Attorney with specimen signature shall be submitted along with proxy form.

(vi) Shareholders are requested to notify immediately of any change in their address.

Statement under Section 160(1)(b) of the Companies Ordinance, 1984.

Special Business No. 1

The Board of Directors of Jahangir Siddiqui & Co. Ltd. (JSCL) in their meeting held on August 16, 2008 have decided that the Company should buy back to the maximum of 7 million shares of the Company at a price of upto PKR 356.32 per share.

After five years of robust performance, the equity market has shown an alarming decline. The deteriorating global economic situation, chocking of liquidity and political turmoil in the country have been the major catalysts for the weakened capital market performance.

After witnessing the all time high of 15676.34 on April 18, 2008 at Karachi Stock Exchange (KSE) the KSE-100 index had shed 3478.31 points and had fallen to 12289.03 level on June 30, 2008. The decline in index further trickled subsequent to the FY08 and the index further shed 1705.45 points and closed at 10583.58 on July 31, 2008. In all, the market had shown an aggregate decline of 5183.76 points (32.49%) after witnessing the all time high of 15676.34 points and may decline further. This market deterioration was of such magnitude that the regulators persuaded the public and private capital market institutions to create a fund of PKR 20 billion on July 10, 2008 managed through National Investment Trust. Further, the Government of Pakistan has encouraged the listed companies to come forward and introduce easy exit measures for their respective shareholders who have suffered from this deterioration and could not get the chance to exit from the market, including buy back of shares, as contemplated under Section 95A of the Companies Ordinance, 1984 and the Companies (Buy-back of Shares) Rules, 1999.

In the scenario as elaborated above, the share value of JSCL which is one of the components of KSE-100 Index, did correlate with the aforesaid decline and reflected the adverse movement from all time high of PKR 776.50 on March 26, 2008 (Ex Bonus) to PKR 352.26 on July 31, 2008 and PKR 298.98 on August 08, 2008 showing decline of PKR 424.24 (54.63%) and PKR 477.52 (61.50%) respectively, inspite of the fact that the fundamentals of the Company have continued to be strong and the Company is continuously sustaining substantial growth in the shareholders' value by achieving better financial results each year. Moreover the Company is of the view that such growth will continue in the foreseeable future.

As we have recently issued new shares @ PKR 475 per share to foreign investors and have offered right shares to the existing shareholders at the same price, our current share price due to the fall in the equity market is significantly lower and as such our shares are at a deep discount to a valuation of PKR 475 per share at which the foreign investors have keenly invested recently, it is known globally for companies to repurchase their own shares when shares are at a discount to fair value. This has the benefit of acting as a possible payout to shareholders when the shares purchased (by the company) are cancelled as it increases future earnings per share by reducing the number of shares outstanding. Furthermore this may allow shareholders who are seeking to exit on shares but facing market related equity problems to sell shares to the company.

Considering the fact that it cannot be accurately predicted or anticipated as to when such market situation would arise in future which may warrant the implementation of the buy-back of shares scheme by the Company, the management suggests that the shareholders' approval be obtained under the authority of a special resolution to introduce a buy-back scheme to be perpetual and remain valid and invoke-able at all times. Nevertheless, such authority shall be reviewed and renewed with or without modification(s), in each of the subsequent General Meetings of the Company by passing a fresh special resolution, based on the latest and revised statutory disclosures, in compliance with Section 95A and Section 160 of the Companies Ordinance, 1984.

The Directors of the Company have given an undertaking that the Company shall continue to operate as a going concern and that it is capable of meeting its liabilities on time during the period up to the end of the immediately succeeding financial year.

The Company debt-equity and current ratios as on June 30, 2008 are as under:

(i) Debt - equity ratio 11 : 89

(ii) Current ratio 3 : 1

The interest of the Directors and Chief Executive Officer is only to the extent of their being the shareholders and Directors/ Chief Executive Officer. However, the Major Shareholders (i.e. Mr. Jahangir Siddiqui, Jahangir Siddiqui & Sons (Pvt.) Ltd. and Jahangir Siddiqui Securities Services Ltd.), the Directors and the Chief Executive Officer of the Company will voluntarily not participate in the tender.

S. No	Description	Information Required
1.	Justification for the purchase	To safeguard shareholders' interest and to provide easy exit to shareholders in future to possibly save them from further losses.
2.	Source of funding	Available cash resources of the Company.
3.	Maximum number of shares to be purchased	To the maximum of 7 million shares.
4.	Price at which shares will be purchased	Upto PKR 356.32 per share.
5.	Period within which the purchase is to be made	Till the next General Meeting.
6.	Effect on the financial position of the Company	a. Cash outflow of upto PKR 2,494.24 million will reduce the distributable profit of the Company to that extent. b. The amount of premium shall be charged to Share Premium Account of the Company for an amount of upto PKR 2,424.24 million.
7.	Interest of directors and their relatives	The interest of the Directors and the Chief Executive Officer is only to the extent of their being the shareholders and Directors/Chief Executive Officer. However, the Major Shareholders (i.e. Mr. Jahangir Siddiqui, Jahangir Siddiqui & Sons (Pvt.) Ltd. and Jahangir Siddiqui Securities Services Ltd.), the Directors and the Chief Executive Officer of the Company will voluntarily not participate in the tender.

Special Business No. 2

The Board of Directors of Jahangir Siddiqui & Co. Ltd. (JSCL) in their meeting held on August 16, 2008 approved to make investment in Pakistan International Container Terminal Ltd. (PICTL) subject to the consent of members under Section 208 of the Companies Ordinance, 1984.

PICTL is a major investment of JSCL which is holding 17.76 million shares as on June 30, 2008 representing 19.52% of its total issued capital. Moreover Syed Nizam Ahmed Shah and Ali J. Siddiqui are also Directors in PICTL.

PICTL has a build, operate and transfer (BOT) contract with Karachi Port Trust (KPT) for the exclusive construction, development, operation and management of a common user container terminal at Karachi port.

PICTL is setting up the latest scanning and radioactivity detection system. This will enable it to employ most modern methods of non-intensive custom examination by scanning the containers without opening. PICTL has also procured the latest terminal operating software N4 from Navis, USA and will be the fourth terminal in the world to go live.

The Directors and the Chief Executive Officer have an interest in the proposed investment, in their capacities as Directors / Chief Executive Officer and as shareholders of the Company. Moreover, Munaf Ibrahim is holding 712 shares, Mazharul Haq Siddiqui is holding 9,000 shares and Syed Nizam Ahmed Shah is holding 1,284 shares in PICTL.

S. No	Description	Information Required
1.	Name of investee company	Pakistan International Container Terminal Ltd. (PICTL).
2.	Nature, amount and extent of Investment.	Long term equity investment upto PKR 500 million to be utilised in purchasing shares of the investee company.
3.	Average Market Price of the shares intended to be subscribed during preceding six months. (based July 31, 2008).	PKR 99.31 per share
4.	Break-up value of shares as at March 31, 2008.	PKR 24.38 per share
5.	Price at which shares will be purchased.	At par / premium / market / negotiated price prevailing on the date of transaction.
6.	Earning per share of the investee company: ▪ June 30, 2005 ▪ June 30, 2006 ▪ June 30, 2007	 PKR 3.30 per share PKR 3.61 per share PKR 4.13 per share
7.	Sources of funds from where shares will be purchased.	Available cash resources, funds raised through Term Finance Certificates and / or any other banking instruments.
8.	Period for which investment will be made.	Being equity investment, this is not applicable.
9.	Purpose of investment.	For the benefit of the Company and to earn better returns in the long run on strategic investment.

S. No	Description	Information Required
10.	Benefit likely to accrue to the shareholders from the proposed investment	This investment may increase dividend earnings and capital appreciation since it is expected that the investee company will generate reasonable profits in future.
11.	Interest of directors and their relatives in the investee company	The Directors and the Chief Executive Officer have an interest in the proposed investment, in their capacities as Directors / Chief Executive Officer and as shareholders of the Company. Moreover, Munaf Ibrahim is holding 712 shares, Mazharul Haq Siddiqui is holding 9,000 shares and Syed Nizam Ahmed Shah is holding 1,284 shares in PICTL.

Statement under Section 160(1)(b) of the Companies Ordinance, 1984 in compliance with the SRO 865 (I) / 2000 dated December 06, 2000.

The Company in its prior General Meetings had sought approvals under Section 208 of the Companies Ordinance, 1984 for investments in the following companies in which investments have not been made so far.

S. No.	Name of Company	Meeting Date	Amount (PKR in million)	Reasons for not making investment
1.	JS Value Fund Ltd. (formerly BSJS Balanced Fund Ltd.)	November 24, 2007	175	Transaction will be carried out at a date to ensure long term values for the shareholders.
2.	Network Microfinance Bank Ltd.	May 19, 2008	150	The investment will be made on the need for additional funding raised by Network Microfinance Bank Ltd. for extension of its operations and / or transaction will be carried out at a date to ensure long term values for the shareholders.
3.	JS Global Capital Ltd.	May 19, 2008	9,500	Transaction will be carried out at a date to ensure long term values for the shareholders.
4.	Azgard Nine Ltd.	May 19, 2008	8,500	Transaction will be carried out at a date to ensure long term values for the shareholders.

The changes in financial position of JS Value Fund Ltd. (Formerly BSJS Balanced Fund Ltd.), Network Microfinance Bank Ltd., JS Global Capital Ltd. and Azgard Nine Ltd. are given below:

JS Value Fund Ltd. (Formerly BSJS Balanced Fund Ltd.)

S. No.	Description	At the time of Approval under Section 208	Present Status
1.	Average Market Price of the shares intended to be subscribed during preceding six months.	PKR 13.21 per share (based on October 31, 2007).	PKR 19.99 per share (based on July 31, 2008).
2.	Break-up value of shares	PKR 18.44 per share (September 30, 2007).	PKR 25.28 per share (March 31, 2008).
3.	Earning per share of the investee company: ▪ June 30, 2005 ▪ June 30, 2006 ▪ June 30, 2007	 PKR 1.24 per share PKR 4.42 per share PKR 5.55 per share	 PKR 1.24 per share PKR 4.42 per share PKR 5.55 per share

Network Microfinance Bank Ltd.

S. No.	Description	At the time of Approval under Section 208	Present Status
1.	Average Market Price of the shares intended to be subscribed during preceding six months.	PKR 9.54 per share (based on March 31, 2008).	PKR 9.35 per share (based on July 31, 2008).
2.	Break-up value of shares	PKR 5.43 per share (December 31, 2007).	PKR 6.81 per share (March 31, 2008).
3.	Earning per share of the investee company: ▪ December 31, 2005 ▪ December 31, 2006 ▪ December 31, 2007	 PKR (0.78) per share PKR (0.73) per share PKR (2.03) per share	 PKR (0.78) per share PKR (0.73) per share PKR (2.03) per share

JS Global Capital Ltd.

S. No.	Description	At the time of Approval under Section 208	Present Status
1.	Average Market Price of the shares intended to be subscribed during preceding six months.	PKR 437.10 per share (based on March 31, 2008).	PKR 423.04 per share (based on July 31, 2008).
2.	Break-up value of shares	PKR 86.22 per share (December 31, 2007).	PKR 87.35 per share (March 31, 2008).
3.	Earning per share of the investee company: ▪ June 30, 2005 ▪ June 30, 2006 ▪ June 30, 2007	 PKR 10.58 per share PKR 19.15 per share PKR 19.02 per share	 PKR 10.58 per share PKR 19.15 per share PKR 19.02 per share

Azgard Nine Ltd.

S. No.	Description	At the time of Approval under Section 208	Present Status
1.	Average Market Price of the shares intended to be subscribed during preceding six months.	PKR 49.80 per share (based on March 31, 2008).	PKR 69.72 per share (based on July 31, 2008).
2.	Break-up value of shares	PKR 29.73 per share (December 31, 2007).	PKR 30.97 per share (March 31, 2008).
3.	Earning per share of the investee company: ▪ December 31, 2005 ▪ December 31, 2006 ▪ December 31, 2007	 PKR 7.62 per share PKR 4.97 per share PKR 3.26 per share	 PKR 7.62 per share PKR 4.97 per share PKR 3.26 per share

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

(As required by the Listing Regulations)

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 37 of Listing Regulations of Karachi Stock Exchange (Guarantee) Ltd. for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive Directors. At present the Board includes four independent non-executive Directors.

2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. 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, have been taken by the Board.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, 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.

8. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.

9. The Company arranges orientation courses and meetings for its Directors.

10. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

11. The financial statements of the Company were duly endorsed by the Chief Executive Officer and the Chief Financial Officer before approval of the Board.

12. The Chief Executive Officer, Directors and Executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholding.

13. The Company has complied with all the corporate and financial reporting requirements of the Code.

14. The Board has formed an Audit Committee. It comprises three members, of whom all are Non Executive Directors including the Chairman of the Committee.

15. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

16. The Board has set-up an effective internal audit function consisting of a full time Internal Auditor who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all material principles contained in the Code have been complied with.

For and on behalf of the
Board of Directors

Mazharul Haq Siddiqui
Chairman

Karachi: August 16, 2008

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2008 prepared by the Board of Directors of Jahangir Siddiqui & Co. Ltd . (the "Company") to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Ltd., where the Company is listed.

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

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

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

Karachi: August 16, 2008

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Jahangir Siddiqui & Co. Ltd.** as at **30 June 2008** and the related profit and loss account, Cash Flow Statement and Statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2008 and the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat fund established under Section 7 of that Ordinance.

Karachi: August 16, 2008

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

FINANCIAL STATEMENTS

Balance Sheet As at June 30, 2008

	Note	2008	2007
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property and equipment	5	**46,654**	58,495
Investment properties	6	**3,692**	4,332
Stock exchange membership cards and room	7	**12,201**	12,201
Long term investments	8	**28,312,608**	6,165,311
Long term loans and advance	9	**4,379**	2,605
Long term security deposits		**2,529**	2,494
		28,382,063	6,245,438
Current Assets			
Trade debts		**-**	24,593
Loans and advances	10	**153,026**	323,281
Prepayments, interest accrued and other receivables	11	**17,858**	200,517
Short term investments	12	**4,269,788**	7,648,302
Fund placements	13	**325,411**	-
Taxation - net	14	**76,513**	-
Cash and bank balances	15	**4,269,764**	1,159,054
		9,112,360	9,355,747
		37,494,423	15,601,185
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share Capital	16	**2,220,200**	1,050,000
Reserves	17	**28,807,693**	7,227,328
		31,027,893	8,277,328
Non-Current Liability			
Long term financing	18	**3,520,275**	3,729,413
Current Liabilities			
Trade and other payables	19	**1,573,858**	1,571,239
Accrued interest / mark-up on borrowings	20	**113,542**	87,946
Short term borrowings	21	**945,577**	1,683,775
Current portion of long term financing	18	**313,278**	250,740
Taxation - net	14	**-**	744
		2,946,255	3,594,444
Commitment	22		
		37,494,423	15,601,185

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Profit and Loss Account For the year ended June 30, 2008

	Note	2008	2007
		(Rupees in '000)	
CONTINUING OPERATIONS			
INCOME			
Return on investments	23	**629,775**	362,546
Gain on sale of investments - net	24	**19,255,036**	1,846,959
Income from long term loans and fund placements	25	**6,504**	7,552
Fees and commission	26	**14,875**	18,322
Other income	27	**59,650**	80,074
(Loss)/gain on revaluation of investments carried at fair value through profit or loss - net		**(879,827)**	1,037,454
		19,086,013	3,352,907
EXPENDITURE			
Operating and administrative expenses	28	**846,392**	523,223
Finance cost	29	**942,534**	586,486
Provision / (reversal of provision) for impairment against investments in subsidiaries, associate and joint venture - net		**95,905**	(14,655)
		1,884,831	1,095,054
PROFIT BEFORE TAXATION		**17,201,182**	2,257,853
Taxation	30		
Current		**1,702**	18,901
Prior		**(2,222)**	(56)
		(520)	18,845
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**17,201,702**	2,239,008
DISCONTINUED OPERATION			
Loss for the year from discontinued operation		-	(6,227)
NET PROFIT FOR THE YEAR		**17,201,702**	2,232,781
		.... (Rupees)	
EARNINGS PER SHARE	31		
Continuing operations			
Basic		**86.37**	11.60
Diluted		**86.37**	11.20
Discontinued operations			
Basic and diluted		-	(0.03)

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Cash Flow Statement For the year ended June 30, 2008

	Note	2008	2007
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation from continuing operations		**17,201,182**	2,257,853
Loss before taxation from discontinued operation		**-**	(6,163)
		17,201,182	2,251,690
Adjustment for non cash charges and other items:			
Depreciation		**18,291**	16,644
Gain on sale of property and equipment		**(1,114)**	(51,670)
Amortisation of transaction costs on term finance certificates		**4,390**	2,777
Interest income from defence saving certificates		**(708)**	(600)
Loss / (gain) on revaluation of investments carried at fair value through profit or loss - net		**879,827**	(1,037,454)
Dividend income		**(629,012)**	(309,837)
Provision / (reversal of provision) for impairment against investments in subsidiaries, associate and joint venture - net		**95,905**	(14,655)
Finance cost		**938,144**	591,757
		1,305,723	(803,038)
Operating profit before working capital changes		**18,506,905**	1,448,652
(Increase) / decrease in operating assets:			
Loans and advances		**(151,745)**	(205,103)
Short term investments		**2,276,452**	(964,421)
Trade debts		**24,593**	(24,593)
Long term loans, advance and security deposits		**(1,809)**	(28)
Fund placements - net		**(325,411)**	242,048
Prepayments, accrued mark-up and other receivables		**36,850**	(7,412)
		1,858,930	(959,509)
(Decrease) / increase in trade and other payables		**(329,674)**	1,358,977
Net cash generated from operations		**20,036,161**	1,848,120
Mark-up paid		**(912,548)**	(545,716)
Taxes paid		**(76,737)**	(9,902)
Dividend paid		**(130,250)**	(86,804)
Net cash inflow from operating activities		**18,916,626**	1,205,698
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(6,845)**	(59,394)
Proceeds from sale of property and equipment		**2,149**	59,229
Dividend received		**774,821**	156,447
Investments acquired - net of sale		**(26,146,353)**	(737,883)
Net cash outflow from investing activities		**(25,376,228)**	(581,601)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of Class 'A' preference shares		**-**	700,000
Proceeds from issue of ordinary shares		**10,459,500**	-
(Redemptions) / issuance of Term Finance Certificates - net		**(150,990)**	1,986,448
Securities sold under repurchase agreements - net		**-**	(900,096)
Net cash inflow from financing activities		**10,308,510**	1,786,352
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3,848,908**	2,410,449
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**(524,721)**	(2,935,170)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	32	**3,324,187**	(524,721)

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Statement of Changes in Equity For the year ended June 30, 2008

	Note	Issued, subscribed and paid-up capital		Reserves				Total
				Capital	Revenue		Other	
		Ordinary share capital	Preference shares - Class 'A'	Ordinary share premium	General	Unappro-priated profit	Unrealised gain /(loss) on revaluation of available for sale invest-ments - net	
		(Rupees in '000)						
Balance as at July 1, 2006		350,000	-	475,505	1,500,000	1,343,311	1,712,886	5,381,702
Net effect of revaluation of available for sale investments to fair value held as at the year end		-	-	-	-	-	1,406,665	1,406,665
Effect of reclassification of available for sale investments to investment in associates - quoted		-	-	-	-	-	(1,356,320)	(1,356,320)
Issue of 7% Class 'A' preference shares		-	700,000	-	-	-	-	700,000
Profit for the year		-	-	-	-	2,232,781	-	2,232,781
Transfer to general reserve		-	-	-	1,000,000	(1,000,000)	-	-
Dividend for the year ended June 30, 2006 @ Rs. 2.5 per share		-	-	-	-	(87,500)	-	(87,500)
Balance as at June 30, 2007		350,000	700,000	475,505	2,500,000	2,488,592	1,763,231	8,277,328
Balance as at July 1, 2007		350,000	700,000	475,505	2,500,000	2,488,592	1,763,231	8,277,328
Net effect of revaluation of available for sale investments to fair value held as at the year end		-	-	-	-	-	(4,448,094)	(4,448,094)
Profit for the year		-	-	-	-	17,201,702	-	17,201,702
Appropriations for the year ended June 30, 2007:								
Issue of bonus shares in the ratio of 1 share for every 1 share held		350,000	-	(350,000)	-	-	-	-
Dividend @ Rs. 2.5 per ordinary share		-	-	-	-	(87,500)	-	(87,500)
Preference dividend @ 7% per annum		-	-	-	-	(26,984)	-	(26,984)
Conversion of preference shares into ordinary shares in the ratio of 10:1	16.2.2	70,000	(700,000)	630,000	-	-	-	-
Appropriations during the year:								
Final preference dividend @ 7% per annum		-	-	-	-	(15,304)	-	(15,304)
Issue of bonus shares in the ratio of 1.59 shares for every 1 share held		1,230,000	-	(755,505)	-	(474,495)	-	-
Transfer to general reserve		-	-	-	7,500,000	(7,500,000)	-	-
Issue of ordinary shares @ Rs. 475 per share to foreign investors	16.2.1	220,200	-	10,239,300	-	-	-	10,459,500
Shares issuance expense		-	-	(332,755)	-	-	-	(332,755)
Balance as at June 30, 2008 ■		**2,220,200**	**-**	**9,906,545**	**10,000,000**	**11,586,011**	**(2,684,863)**	**31,027,893**

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Notes To The Financial Statements For The Year Ended June 30, 2008

1. THE COMPANY AND ITS OPERATIONS

Jahangir Siddiqui & Co. Ltd. (the Company) was incorporated under the Companies Ordinance, 1984 (the Ordinance) on May 4, 1991 as a public unquoted company. The Company is presently listed on Karachi Stock Exchange (Guarantee) Ltd. The Company is also a corporate member of Karachi Stock Exchange (Guarantee) Ltd. and Islamabad Stock Exchange (Guarantee) Ltd. The registered office of the Company is situated at 6th Floor, Faysal House, Main Shahra-e-Faisal, Karachi. The principal activities of the Company are trading of securities, maintaining strategic investments, consultancy services, underwriting, etc.

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 such International Financial Reporting Standards (IFRSs) 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 and applicable regulations and directives of the Securities and Exchange Commssion of Pakistan. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest and are not consolidated.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

(a) determining the residual values and useful lives of property and equipment (Note 4.3);
(b) classification of investments (Note 5.6);
(c) recognition of taxation and deferred tax (Note 5.11);
(d) accounting for post employment benefits (Note 5.18); and
(e) impairment of financial assets

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, available for sale investments and derivative financial instruments which are stated at fair value.

4.2 Accounting standards not yet effective

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowings Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IFRS 3 - Business Combinations	January 01, 2009
IFRS 7 - Financial Instruments: Disclosures	July 01, 2008
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 12 - Service Concession Arrangements	January 01, 2009
IFRIC 13 - Customer Loyalty Programs	July 01, 2008
IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interactions	January 01, 2008

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than certain changes and enhancements in presentation and disclosures.

4.3 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 5 to the financial statements. In respect of additions depreciation is charged from the month in which asset is put to use and on disposal up to the month immediately preceding the deletion.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

The asset’s residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized only when it increases the future economic benefit embodied in the item of property and equipment.

Gains and losses on disposal of fixed assets, if any, are taken to income currently.

4.4 Investment properties

These are stated at cost including transaction costs less accumulated depreciation and accumulated impairment, if any. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. In respect of additions depreciation is charged from the month in which asset is put to use and on disposal up to the month immediately preceding the deletion.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

4.5 Stock exchange membership cards and room

These are stated at cost less impairment in value, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

4.6 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, at fair value through profit or loss, available for sale and held to maturity.

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

For investments in government securities, fair value is determined by reference to quotations obtained from PKRV Reuters page. In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market price at the close of business day. For term finance certificates, fair value is determined by reference to average broker rates.

Unquoted investments, where active market does not exist and fair value cannot be reasonably calculated, are carried at cost. Provision for impairment in value, if any, is taken to income currently.

Subsidiaries, associates and joint ventures

Subsidiary companies are the entities in which the Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

A joint venture is a contractual arrangement where the company has joint control over the economic activities undertaken with the other venturers.

Associates are entites in which the company has significant influence and which are neither a subsidiary nor a joint venture. The Company determines the significant influence by reference to its extent of voting interest in the investee Company and other relevant factors which indicate the Company's ability to participate in the financial and operating policy decisions of the investee company.

Investments in subsidiaries, associates and joint ventures other than those classified as held for sale are accounted for under the cost method. Such investments are carried in the balance sheet at cost less any impairment in value. Impairment is charged to the profit and loss account.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss.

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains or losses recognised directly in the profit and loss account. Transaction costs are charged to profit and loss account when incurred.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains or losses being taken directly to equity until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to profit and loss account.

Held to maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised cost. Provision for impairment in value, if any, is taken to profit and loss account.

Premiums and discounts on investments are amortised using the effective interest rate method and taken to profit and loss account from investments.

4.7 Derivatives financial instruments

Derivative instruments held by the Company generally comprise future and forward contracts in the capital and money markets. These are stated at fair value at the balance sheet date. The fair value of the derivative is equivalent to the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses are recognised in the profit and loss account.

The fair value of unquoted derivatives, if any, is determined by discounted cash flows using appropriate interest rates applicable to the underlying asset.

4.8 Securities sold under repurchase / purchased under resale agreements

The Company enters into transactions of repurchase and reverse repurchase at contracted rates for a specified period of time as under:

(a) Repurchase agreement borrowings

Investments sold subject to a repurchase agreement at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investment securities. Amounts received under these agreements are recorded as securities sold under repurchase agreements. The difference between sale and repurchase price is treated as mark-up/return/interest expense and accrued over the period of the repo agreement using the effective yield method.

(b) Repurchase agreement lendings

Investments purchased under agreement to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these agreements are included in fund placements. The difference between purchase and resale price is treated as mark-up/return/interest earned and accrued over the period of the reverse repo agreement using the effective yield method.

4.9 Provisions

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

4.10 Financial liabilities - held for trading

Financial liabilities - held for trading include the obligation to deliver securities borrowed by a short seller (i.e., securities sold that are not yet owned).

All financial liabilities - held for trading are initially measured at its cost, which is the fair value of the consideration received for the same. Subsequently, these are remeasured to fair value with any resulting gains or losses recognised directly in the profit and loss account.

4.11 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or on one-half percent of income under section 113 of Income Tax Ordinance, 2001, which ever is higher.

Deferred

Deferred tax is calculated using the liability method on all temporary differences at the balance sheet date, between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

4.12 Revenue recognition

(a) Return on Defence Saving Certificates (DSCs) have been accounted for using the effective interest rate method.

(b) Income / return on Term Finance Certificates (TFCs), government securities, reverse repurchase transactions, loans and advances and bank deposits is recognised on an accrual basis.

(c) Dividend income on equity investments is recognised, when the right to receive the same is established.

(d) Capital gains or losses on sale of investments are recognised in the period in which they arise.

(e) Underwriting commission is recognised when the agreement is executed. Take-up commission is recognised at the time commitment is fulfilled.

(f) Consultancy and advisory fee, commission on foreign exchange dealings and government securities, etc. are recognised as and when earned.

(g) Rental income from investment properties is recognised on accrual basis.

4.13 Long term finances and loans

All long term finances and loans are initially recognised at cost being the fair value of consideration received together with the associated transaction costs. Subsequently, these are carried at amortised cost using effective interest rate method.

Transaction costs relating to long term finance are being amortised over the period of agreement using the effective interest rate method.

4.14 Trade debts and other receivables

These are stated net of provision for impairment, if any. Provision is made against the debts considered doubtful.

4.15 Trade and other payables

Trade and other payables are stated at their costs, which is fair value of consideration received.

4.16 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand, bank balances and balance with SBP, net of bank overdrafts repayable on demand, if any.

4.17 Segment reporting

A business segment is a distinguishable component within the Company that is engaged in providing individual products or services or a group of related products or services and which are subject to risks and returns that are different from those of other business segments.

4.18 Staff retirement benefits

Defined contribution plan

The Company operates an approved funded contributory provident fund scheme for all its employees eligible to the scheme. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10% per annum of basic pay.

4.19 Compensated absences

Accrual is made for employees compensated absences on the basis of accumulated leaves and the last drawn pay.

4.20 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently (for regular way purchases and sales of financial instruments refer to note 4.22).

4.21 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet, when there is a legal enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

4.22 Trade date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

4.23 Foreign currency translations

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.24 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

4.25 Non - current assets held for sale

Non - current assets held for sale that are expected to be sold within a period of one year from the balance sheet date are classified as held for sale and are measured at lower of carrying amount and fair value less costs of sell.

5. PROPERTY AND EQUIPMENT

5.1 Operating assets - owned

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2007	Additions / (disposal)	As at June 30, 2008	Rate %	As at July 1, 2007	For the year / (on disposal)	As at June 30, 2008	As at June 30, 2008
	(Rupees in '000)				(Rupees in '000)			
June 30, 2008								
Office premises - leasehold	1,041	-	1,041	5	206	52	258	783
Leasehold improvements	18,147	-	18,147	33	5,489	5,989	11,478	6,669
Office equipment	31,052	1,346 (99)	32,299	25	14,162	5,644 (99)	19,707	12,592
Office furniture and fixtures	15,160	150 -	15,310	10	3,908	1,242	5,150	10,160
Motor vehicles	26,463	5,349 (3,442)	28,370	20	9,603	4,724 (2,407)	11,920	16,450
	91,863	**6,845 (3,541)**	**95,167**		**33,368**	**17,651 (2,506)**	**48,513**	**46,654**

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2006	Additions / (disposal)	As at June 30, 2007	Rate %	As at July 1, 2006	For the year / (on disposal)	As at June 30, 2007	As at June 30, 2007
	(Rupees in '000)				(Rupees in '000)			
June 30, 2007								
Office premises - leasehold	17,977	- (16,936)	1,041	5	10,209	780 (10,783)	206	835
Leasehold improvements	-	18,147	18,147	33	-	5,489	5,489	12,658
Office equipment	39,184	19,077 (27,209)	31,052	25	37,044	4,064 (26,946)	14,162	16,890
Office furniture and fixtures	7,726	12,387 (4,953)	15,160	10	7,398	1,231 (4,721)	3,908	11,252
Motor vehicles	21,894	9,783 (5,214)	26,463	20	9,466	4,440 (4,303)	9,603	16,860
	86,781	59,394 (54,312)	91,863		64,117	16,004 (46,753)	33,368	58,495

5.2 Details of disposal of fixed assets having written down value exceeding Rs.50,000 each

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's particulars
	(Rupees in '000)						
Motor Vehicles:							
Honda Civic	425	85	340	352	12	Negotiation	**Mr. Asfand Yar Munawar** 113, Khayaban-e-Muhafiz Phase 6, DHA, Karachi
Honda Civic	1,148	497	651	740	89	Negotiation	**Syed Saleem Uddin** House No. 132/8, Bahadurabad, Karachi

6. INVESTMENT PROPERTIES

	Note	COST: As at July 1, 2007	COST: Additions	COST: As at June 30, 2008	Rate %	ACCUMULATED DEPRECIATION: As at July 1, 2007	ACCUMULATED DEPRECIATION: For the year	ACCUMULATED DEPRECIATION: As at June 30, 2008	WRITTEN DOWN VALUE: As at June 30, 2008
		(Rupees in '000)				(Rupees in '000)			
June 30, 2008									
Office premises	**6.1**	**12,599**	**-**	**12,599**	**5**	**8,267**	**640**	**8,907**	**3,692**

	Note	COST: As at July 1, 2006	COST: Additions	COST: As at June 30, 2007	Rate %	ACCUMULATED DEPRECIATION: As at July 1, 2006	ACCUMULATED DEPRECIATION: For the year	ACCUMULATED DEPRECIATION: As at June 30, 2007	WRITTEN DOWN VALUE: As at June 30, 2007
		(Rupees in '000)				(Rupees in '000)			
June 30, 2007									
Office premises	6.1	12,599	-	12,599	5	7,627	640	8,267	4,332

6.1 The fair value of the investment properties aggregating to Rs.101.54 (2007: Rs. 89.59) million was arrived at on the basis of the valuation carried out by M/s. Consulting Support and Services, an independent valuer on July 19, 2008 but was not incorporated in the books of accounts as the company applies cost model. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

7. STOCK EXCHANGE MEMBERSHIP CARDS AND ROOM

	Note	2008	2007
		(Rupees in '000)	
Membership cards			
Karachi Stock Exchange (Guarantee) Limited		**100**	100
Islamabad Stock Exchange (Guarantee) Limited		**11,101**	11,101
Room - Islamabad Stock Exchange (Guarantee) Limited		**1,000**	1,000
		12,201	12,201

8. LONG TERM INVESTMENTS

	Note	2008	2007
		(Rupees in '000)	
Investments in related parties			
Investment in subsidiaries	8.1	**5,507,775**	1,201,336
Investment in associates	8.2	**2,958,285**	2,523,083
Investment in joint ventures	8.3	**-**	15,962
Other related parties	8.4	**19,846,548**	2,351,007
		28,312,608	6,091,388
Other investments	8.5	**-**	73,923
		28,312,608	6,165,311

8.1 Investment in subsidiaries - at cost

These shares are ordinary shares of Rs.10 each unless stated otherwise.

Number of shares 2008	Number of shares 2007		Note	Activity	Holding 2008 %	Holding 2007 %	2008 (Rupees in '000)	2007 (Rupees in '000)
		Quoted						
293,238,704 *	172,521,177	**JS Bank Limited** Market value Rs. 4,029.10 (2007: Rs. 3,321.03) million	8.1.1	Commercial Banking	**57.43**	50.68	**1,576,817**	156,932
52,023,617 **	52,023,617	**JS Investments Limited** (Formerly JS ABAMCO Ltd.) Market value Rs. 4,945.88 (2007: Rs. 3,844.54) million		Asset Management & Investment Advisor	**52.02**	52.02	**3,046,057**	165,640
		Un-quoted						
73,736,250	72,236,250	**JS Infocom Limited** Net assets value Rs. 530.43 (2007: Rs. 606.09) million based on audited financial statements for the year ended June 30, 2008	8.1.2	Telecom Media & Technology	**100.00**	97.97	**708,490**	696,445
		Less: Provision for impairment					**(178,061)**	(90,352)
							530,429	606,093
10,000	10,000	**JS International Limited** Ordinary Shares of US$ 1/- each having net assets value Rs. 265.58 (March 31, 2007: Rs. 272.67) million based on audited financial statements for the year ended March 31, 2008		Investment services	**100.00**	100.00	**294,882**	294,882
		Less: Provision for impairment					**(30,410)**	(22,211)
							264,472	272,671
900,000	-	**Credit Chex (Private) Limited** Net assets value Rs. 33.20 million based on audited financial statements for the year ended June 30, 2008	8.1.3	Credit information and Credit Rating	**75.00**	-	**90,000**	-
							5,507,775	1,201,336

* These represent sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

** These represent sponsor shares which are blocked for trading as per the requirements of the Securities and Exchange Commission of Pakistan.

8.1.1 During the year, JS Bank Ltd. (JSBL) offered 50% Right Shares to its shareholders. Accordingly, the shareholders of the Company in their Extraordinary General Meeting held on November 24, 2007 approved investment in 86,260,588 ordinary shares of Rs.10/- each of JSBL by way of right shares subscription and a further investment of 34,456,939 ordinary shares amounting to Rs. 557.28 million for acquiring unsubscribed right / purchase of Ordinary shares from open market at negotiated price / prevailing market price.

8.1.2 The Company has acquired remaining share capital of JS Infocom Ltd. resulting in 100% holding.

8.1.3 During the year Credit Chex (Private) Ltd. (CCPL) issued 900,000 shares of Rs. 100/- each to the Company. CCPL is incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984 on May 16, 2006. The object of CCPL is to provide credit information and credit rating services. The Company also subscribed 277,500 right shares of Rs. 100/- each of CCPL which are not issued to the Company upto the year ended June 30, 2008. The amount is appearing as advance against subscription of shares.

8.2 Investment in associates - at cost

These shares are Ordinary shares of Rs.10 each unless stated otherwise.

Number of shares				Holding			
2008	2007		Activity	**2008**	2007	**2008**	2007
		Quoted		**%**	%	**(Rupees in '000)**	
15,524,994	10,349,996	**JS Global Capital Limited** Market value Rs. 4,846.44 (2007: Rs. 4,533.30) million	Dealing in & brokerage of marketable securities	**43.47**	43.47	**99,000**	99,000
6,245,198	3,000,000	**Network Microfinance Bank Limited** Market value Rs. 34.97 (2007: Rs. 25.50) million	Microfinance Banking	**41.63**	30.00	**62,452**	30,000
		Provision for impairment				**(4,500)**	(4,500)
						57,952	25,500
74,185,000	76,185,327	**Azgard Nine Limited** Market value Rs. 4,566.83 (2007: Rs. 4,022.58) million	Textile Composite	**23.27**	24.36	**2,665,767**	1,888,323
11,238,812	11,238,812	**JS Value Fund Limited** **(formerly BSJS Balanced fund Limited)** Market value Rs. 217.25 (2007: Rs. 144.98) million	Mutual Fund	**9.48**	9.48	**135,566**	135,566
-	11,007,163	**EFU Life Assurance Limited** Market value Rs. Nil (2007: Rs. 2,971.93) million	Life Insurance	-	22.01	-	367,194
		Un-quoted					
-	750,000	**EFU Services (Private) Limited** Net assets value Rs. Nil (2007: Rs. 7.53) million based on audited financial statements for the year ended June 30, 2007.	Investment company	-	37.50	-	7,500
						2,958,285	2,523,083

8.2.1 Included in investment in associates are equity securities costing Rs. 323.41 (2007: Rs. 1,334.01) million and having market value of Rs. 554.04 (2007: Rs. 3,503.65) million as at June 30, 2008, pledged with various commercial banks.

8.3 Investment in joint ventures - at cost

These shares are Ordinary shares of Rs.10 each unless stated otherwise.

Number of shares 2008	Number of shares 2007	Un-quoted	Note	Activity	Holding 2008 %	Holding 2007 %	2008 (Rupees in '000)	2007 (Rupees in '000)
-	1,806,691	**DCD Factors (Private) Ltd. (Formerly DCD JS factors (Private) Limited)**	8.3.1	Factoring company	-	49.99		
		Net assets value Rs. Nil (2007: Rs. 14.47 million)					-	18,067
		Provision for impairment					-	(3,596)
							-	14,471
-	* 50	**DCD Factors Inc. (Formerly DCD JS factors Inc.)**	8.3.1	Factoring company	-	49.50		
		Net assets value Rs. Nil (2007: Rs. 1.48 million)					-	1,491
							-	15,962

* 50 shares of US $ 1.00 each.

8.3.1 Pursuant to the approval of the Board of Directors of the Company in their meeting held on October 26, 2007, the Company during the year has disposed off investments in DCD Factors (Private) Ltd. [formerly DCD JS Factors (Private) Ltd.] and DCD Factors Inc. [formerly DCD JS Factors Inc.]

8.4 Other related parties

Available for sale

These shares are Ordinary shares of Rs.10 each unless stated otherwise.

Number of shares 2008	2007	Quoted - at fair value	Note	Activity	Holding 2008 %	2007 %	2008 (Rupees in '000)	2007
9,000,000	9,000,000	**Eye Television Network Limited**		Television Network	**18.00**	18.00	**530,100**	449,100
78,750,000*	37,500,000	**BankIslami Pakistan Limited**	8.4.1	Islamic Banking	**18.75**	12.61	**1,166,288**	560,625
18,675,500	5,542,488	**EFU General Insurance Limited**		General Insurance	**16.24**	5.54	**6,739,241**	1,341,282
16,441,300	-	**EFU Life Assurance Limited**	8.4.2	Life Assurance	**21.92**	-	**6,268,410**	-
18,298,860	-	**Pakistan Reinsurance Company Limited**		Reinsurance	**6.10**	-	**1,588,524**	-
3,090,000	-	**Attock Petroleum Limited**		Oil Marketing	**6.44**	-	**1,335,745**	-
17,759,800	-	**Pakistan International Container Terminal Limited**		Container Terminal	**19.52**	-	**2,210,740**	-
		Un-quoted - at cost						
750,000	-	**EFU Services (Private) Llimted**	8.4.2	Investment company	**37.50**	-	**7,500**	-
							19,846,548	2,351,007

* These represents sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

8.4.1 This includes 22,500,000 right shares of Rs. 10 each allotted during the year to the Company by BankIslami Pakistan Ltd. (the Bank) pursuant to the withdrawal of case in the Honourable High Court of Sindh, as disclosed in note 22.1 to the financial statements of the Company for the year ended June 30, 2007. As a result the Company's holding in the Bank has increased from 12.61% to 18.75%. Further during the year, the Bank offered 31.25% Right Shares to its shareholders. Accordingly the shareholders of the Company in their Extraordinary General Meeting held on November 24, 2007 approved investment in 18,750,000 ordinary shares of Rs. 10/- each of the Bank by way of right shares' subscription.

8.4.2 During the year the company reviewed its relationship with all its associates and as a result it has reclassified the investment in above two companies as “available for sale” as the company does not excercise significant influence over them.

8.4.3 Included herein are equity securities costing Rs. 1,428.41 (2007: Rs. 59.84) million and having market value of Rs. 1,031.34 (2007: Rs. 1,298.78) million as at June 30, 2008, pledged with various commercial banks.

8.4.4 The cost of investments in related parties amounts to Rs. 22,318.76 (2007: Rs. 597.36) million.

	Note	2008	2007
		(Rupees in '000)	
8.5 Other investments			
Available for sale			
Equity securities - unquoted (at cost)		-	69,998
Held to maturity			
Defence Saving Certificates (at amortised cost)	8.5.1	-	3,925
		-	73,923

8.5.1 Defence Saving Certificates have been reclassified as short term held to maturity investment in view of its maturity on April 6, 2009.

8.6 The investments in subsidiaries and associates are in Companies which are incorporated in Pakistan, except for JS International Ltd. which is incorporated in Cayman Islands B.W.I .

9. LONG TERM LOANS AND ADVANCE

	Note	2008	2007
		(Rupees in '000)	
Long term loans - considered good			
Secured			
Due from			
Executive	9.1	**1,998**	264
Other employees		**73**	241
	9.2	**2,071**	505
		2,071	505
Current maturity of long term loans		**(192)**	(400)
		1,879	105
Long term advance - considered good			
Advance against a room at National Commodity Exchange Limited		**2,500**	2,500
		4,379	2,605

	2008	2007
	(Rupees in '000)	
9.1 Reconciliation of the carrying amount of loan to executive		
Opening balance	**264**	-
Disbursements	**2,000**	1,000
Repayments	**(266)**	(736)
	1,998	264

9.2 This represents loans provided to executives and employees of the Company for purchase of property and home appliances at mark-up rates ranging between 8% and 12% (2007: 8% and 12%) per annum in accordance with the Company's employee loan policy. Repayment is made monthly. These loans are secured against provident fund balance and salaries of the employees and are repayable over a period of two to five years. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 2.00 (2007: Rs. 1.00) million.

10. LOANS AND ADVANCES

	Note	2008	2007
		(Rupees in '000)	
Current maturity of long term loans	9	**192**	400
Advances - unsecured and considered good			
Against subscription of shares of related parties	10.1	**152,750**	322,000
Against purchase of office equipment		**-**	760
Contractors		**20**	-
Against salaries and expenses		**64**	121
		152,834	322,881
		153,026	323,281

10.1 Advance against subscription of shares of related parties			
Credit Chex (Private) Limited - a subsidiary	8.1.3	**27,750**	97,000
Energy Infrastructure Holding (Private) Limited	10.1.1	**125,000**	-
BankIslami Pakistan Limited		**-**	225,000
		152,750	322,000

10.1.1 This represents advance paid against subscription of 12,500,000 shares of Rs. 10 each of Energy Infrastructure Holding (Private) Ltd. (EIHPL). The EIHPL was incorporated on April 15, 2008 under the laws of Pakistan. The principal activities of EIHPL after comencement of operations will be to design, construct, acquire, own, operate and maintain power generation complexes and to carry on the business of electricity generation, power transmission and distribution services, over hauling and re-powering of power plants etc.

11. PREPAYMENTS, INTEREST ACCRUED AND OTHER RECEIVABLES

	Note	2008	2007
		(Rupees in '000)	
Prepayments		**650**	115
Accrued profit / mark-up:			
Reverse repurchase transactions		**649**	-
Bank deposits	11.1	**6,226**	315
Term Finance Certificates		**34**	37
		6,909	352
Other receivables - Unsecured and considered good			
Dividend receivable	11.2	**8,654**	154,463
Receivable against sale of office premises		**-**	44,800
Others	11.3	**1,645**	787
		10,299	200,050
		17,858	200,517

11.1 This includes mark-up receivable on amounts placed with JS Bank Ltd. - a subsidiary company.

11.2 Included herein is a sum of Rs. 8.65 (2007: Rs.109.29) million representing dividend receivable from an associate.

11.3 Included herein is a sum of Rs. 1.34 (2007: Rs. 0.08) million receivable from related parties.

12. SHORT TERM INVESTMENTS

	Note	2008	2007
		(Rupees in '000)	
Financial assets at fair value through profit or loss			
Listed equity securities			
Related parties	12.1 & 12.3	-	3,431,206
Others	12.3	**1,479,109**	2,211,824
Term Finance Certificates		**711**	804
Open-end fund units (at redemption price)	12.3	**2,251,438**	1,280,175
		3,731,258	6,924,009
Available for sale			
Listed equity securities			
Related parties	12.2 & 12.3	**348,453**	330,067
Others	12.3	**185,445**	394,226
		533,898	724,293
Held to maturity			
Defence saving certificates (at amortised cost)	12.4	**4,632**	-
		4,269,788	7,648,302

12.1 Related parties

These shares are Ordinary shares of Rs.10 each unless stated otherwise.

Number of shares 2008	Number of shares 2007		Activity	Holding 2008 %	Holding 2007 %	2008 (Rupees in '000)	2007 (Rupees in '000)
-	2,575,000	**Attock Petroleum Ltd.**	Oil Marketing	-	6.44	-	1,290,976
-	13,659,601	**Pakistan International Container Terminal Ltd.**	Container Terminal	-	18.02	-	1,158,334
-	4,057,422	**EFU General Insurance Ltd.**	General Insurance	-	4.06	-	981,896
						-	3,431,206

12.2 Related parties

These shares are Ordinary shares of Rs.10 each unless stated otherwise.

Number of shares 2008	Number of shares 2007		Activity	Holding 2008 %	Holding 2007 %	2008 (Rupees in '000)	2007 (Rupees in '000)
12,605,043	12,605,043	**Azgard Nine Ltd. - Preference shares**	Textile Composite	-	-	**100,840**	83,824
-	1,363,500	**Al-Abbas Sugar Mills Ltd.**	Sugar Production	-	7.85	-	87,264
4,794,975	2,627,750	**Singer Pakistan Ltd.**	Electrical Goods	**17.39**	17.16	**247,613**	158,979
						348,453	330,067

12.3 The listed equity securities includes investments pledged with banks having an aggregate market value of Rs. 996.18 (2007: Rs. 2,567.56) million costing Rs. 1,178.81 (2007: Rs. 1,701.56) million.

12.4 The realisable value of Defence Saving Certificates amounts to Rs. 4.29 (2007: Rs. 3.54) million.

12.5 The above investments are carried at market value except where mentioned specifically. The cost of the above investments amounts to Rs. 4,112.69 (2007: Rs. 6,389.74) million.

	Note	2008	2007
		(Rupees in '000)	

13. FUND PLACEMENTS - Secured and considered good

	13.1	**325,411**	-

13.1 These represent listed equity securities purchased under resale agreement. These carry markup at the rates ranging between 14.45% and 17.00% (2007: Nil) per annum. The market value of securities held in respect of these aggregates to Rs. 316.33 (2007: Nil) million.

14. TAXATION - net

Advance income tax - net	14.1	**75,993**	18,165
Reversal of provision / (provision) for taxation		**520**	(18,909)
		76,513	744

14.1 This includes Rs. 66.77 (2007: Rs. 3.02) million in repect of tax withheld on dividend received by the Company.

15. CASH AND BANK BALANCES

Cash in hand		**38**	38
Balances with banks:			
Current accounts			
local currency		**5,448**	6,230
foreign currency		**721**	653
		6,169	6,883
Savings accounts			
local currency	15.1	**4,262,095**	1,150,595
foreign currency		**1,462**	1,538
	15.2	**4,263,557**	1,152,133
		4,269,764	1,159,054

15.1 Included herein is a sum of Rs. 760.41 (2007: Rs. 1,150.00) million representing amount placed with JS Bank Ltd., a subsidiary company.

15.2 These carry mark-up ranging between 1.00% and 15.00% (2007: 1.00% and 10.00%) per annum.

16. SHARE CAPITAL

16.1 Authorised capital

2008 Number of shares	2007 Number of shares		2008 (Rupees in '000)	2007 (Rupees in '000)
6,000,000,000	50,000,000	Ordinary shares of Rs.10 each	**60,000,000**	500,000
500,000,000	100,000,000	Preference shares of Rs. 10 each	**5,000,000**	1,000,000
6,500,000,000	150,000,000		**65,000,000**	1,500,000

During the year, the Shareholders of the Company in their Sixteenth Annual General Meeting held on September 29, 2007 passed a special resolution to increase the Authorised Share Capital by Rs. 63,500 million by the creation of 5,950 million ordinary shares and 400 million preference shares of the Company.

16.2 Issued, subscribed and paid-up capital

2008 Number of shares	2007 Number of shares		Note	2008 (Rupees in '000)	2007 (Rupees in '000)
		Ordinary shares of Rs.10/- each:			
		Fully paid in cash			
23,387,500	23,387,500	Opening balance		**233,875**	233,875
22,020,000	-	Issued during the year	16.2.1	**220,200**	-
7,000,000	-	Conversion of preference shares	16.2.2	**70,000**	-
52,407,500	23,387,500			**524,075**	233,875
		Fully paid bonus shares			
11,612,500	11,612,500	Opening balance		**116,125**	116,125
158,000,000	-	Issued during the year	16.2.3	**1,580,000**	-
169,612,500	11,612,500			**1,696,125**	116,125
-	70,000,000	**Fully paid 7% Class 'A' Preference shares of Rs. 10 each**	16.2.2	**-**	700,000
222,020,000	105,000,000			**2,220,200**	1,050,000

16.2.1 Pursuant to a special resolution passed by the Shareholders of the Company in the Extraordinary General Meeting held on May 19, 2008, the agreements executed between the foreign investors and the approval of SECP obtained on May 21, 2008 under the first proviso to section 86(1) of the Companies Ordinance, 1984, the Company issued 22,020,000 new Ordinary Shares of the Company (the Additional Shares) of Rs. 10/- each to foreign investors at a premium of Rs. 465/- per share against receipt of the total subscription amount of Rs. 10,459 million in foreign exchange through normal banking channels.

16.2.2 On June 30, 2007, the Company exercised its right to convert all 70 Million Class “A” Preference shares into Ordinary shares of Rs. 10/- each at a conversion premium of Rs. 90/- i.e. at a total conversion price of Rs.100/- for each Ordinary share.

Accordingly, each holder of Class “A” Preference shares is issued one fully paid Ordinary share of the Company for every ten Class “A” Preference shares i.e. in the ratio of 10:1. Such Ordinary shares rank pari passu in all respects with the other Ordinary Shares of the Company already issued by the Company.

16.2.3 The Shareholders of the Company in their Sixteenth Annual General Meeting held on September 29, 2007 approved 100% bonus issue i.e. one new Ordinary share for every Ordinary share held by those Ordinary Shareholders of the Company who were registered in the books of the Company as per the entitlement list provided by the Central Depository Company of Pakistan Ltd. at the close of business day on September 20, 2007. Therefore, bonus shares have been issued to the Ordinary Shareholders of the Company as per their entitlement at the close of business day on October 01, 2007.

Further, the Board of Directors of the Company, in the meeting held on January 12, 2008 approved the issue of 159.74026% fully paid interim bonus shares i.e. 1.5974026 Ordinary shares for every one Ordinary share held by those Ordinary Shareholders of the Company whose names appeared in the Register of Members as on February 05, 2008. These bonus shares have been issued to the Ordinary Shareholders of the Company as per their entitlement at the close of business on February 13, 2008.

17. RESERVES

	2008	2007
	(Rupees in '000)	
Capital reserve		
Premium on issue of Ordinary shares	**9,906,545**	475,505
Revenue reserves		
General reserve	**10,000,000**	2,500,000
Unappropriated profit	**11,586,011**	2,488,592
	21,586,011	4,988,592
Other		
Unrealised (loss) / gain on revaluation of available for sale investments - net	**(2,684,863)**	1,763,231
	28,807,693	7,227,328

18. LONG TERM FINANCING

	Note	2008	2007
		(Rupees in '000)	
Term Finance Certificates (TFCs)			
Secured:			
Second issue	18.1	**499,200**	499,400
Fifth issue	18.2	**1,094,955**	1,094,275
Sixth issue	18.3	**1,244,021**	1,143,125
Unsecured:			
First issue		**-**	249,700
Third issue	18.4	**496,728**	495,183
Fourth issue	18.5	**498,649**	498,470
		3,833,553	3,980,153
Less: Current portion shown under current liability		**313,278**	250,740
		3,520,275	3,729,413

18.1 The profit on these TFCs is payable semi-annually, based on the Six month KIBOR average rate plus 150 basis points per annum for first 5 years, and thereafter, an increase of 0.10% a year for next 3 years and a further 0.10% a year for the last 2 years. The TFCs have a tenor of ten years i.e. 2004-2014 with a call option exercisable by the Company at any time during the tenor of the TFCs after the first 2 years by giving a 3 months notice. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 762.23 million (2007: Rs. 1,083.44 million) equal to the issue size with the regulatory margin as prescribed by the State Bank of Pakistan's Prudential Regulations. In the event of any sale and repurchase of marketable securities, the lead arranger will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

18.2 The profit on these TFCs is payable semi-annually, based on a Six months average KIBOR plus 250 basis points. These TFCs have a tenor of five and half years i.e. 2006 – 2012 with a call option exercisable by the Company any time after the expiration of one year from the date of issue upon giving to the TFC holders not less than 30 days irrevocable notice in writing at a premium equal to 1.00% of the outstanding issue price. Transaction costs associated with the issue of TFCs, amounting to Rs. 6.158 million, are included in the initial measurement of the financial liability and have been amortised over the life of TFCs using effective interest method.

These TFCs are secured against first ranking charge on all present and future movable assets, but excluding pledge of listed securities offered as security alongwith the requisite margin on existing secured TFC of Rs. 500 million and current and future overdraft / short term borrowing limits upto Rs. 4,000 million at any time outstanding. However, the trustee will be authorised to issue No Objection Certificate for creation of parri passu floating charges in favour of other creditors, so long as and to the extent that the value of the movable assets of the Company included in the floating charge exceeds 133% of the total liabilities secured by the floating charge in favour of the TFC holders.

18.3 During the year, the Company has issued privately placed Term Finance Certificates (TFCs) amounting to Rs. 1,250 million. The profit on these TFCs is payable semi-annually, based on a six months' average KIBOR plus 170 basis points. These TFCs have a tenor of six years i.e. 2007 - 2013 with a call option exercisable by the Company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value. Transaction cost associated with the issue of TFCs, amounting to Rs. 6.875 million, are included in the initial measurement of the financial liability and have been amortised over the life of TFCs using effective interest rate method.

These TFCs are secured against first ranking charge on all present and future movable assets including book debts, receivables and investments, but excluding pledge of listed securities offered as security along with the requisite margin on existing secured TFC of Rs. 500 million and current and future overdraft / short term borrowing limits upto Rs. 4,000 million at any time outstanding. However, the trustee will be authorised to issue the No Objection Certificate for the creation of pari passu floating charges in favour of other creditors, so long as and to the extent that the value of movable assets of the Company included in the floating charges exceeds 133% of the total liabilities secured by the floating charges in favour of the TFC holders.

18.4 The profit on these unsecured TFCs is payable semi-annually at a fixed rate of 8.29% per annum. These TFCs have a tenor of five years i.e. 2004-2009 with a call option exercisable at the coupon dates only by the Company at any time from the 30th month to the 54th month by giving a 30 days advance notice. The call price will include a call premium of 1.00% of then principal outstanding.

18.5 The profit on these TFCs is payable semi-annually, based on a six months average KIBOR plus 175 basis points. These TFCs have a tenor of five years i.e. 2005 – 2009 with a call option exercisable by the Company any time from the 30th month to the 54th month by giving a 30 days notice. Call option will be exercised only on the coupon dates.

19. TRADE AND OTHER PAYABLES

	Note	2008	2007
		(Rupees in '000)	
Creditors	19.1	**574,231**	1,195,879
Accrued liabilities	19.2	**993,924**	369,579
Unclaimed dividend		**1,462**	1,924
Other liabilities		**4,241**	3,857
		1,573,858	1,571,239

19.1 Represents amount payable against purchase of shares.

19.2 Included herein are the share issue expenses amounting to Rs. 327.93 million and donation of Rs. 237.38 million (see note 28.6) remaining unpaid at the end of the year.

20. ACCRUED INTEREST / MARK-UP ON BORROWINGS

	Note	2008	2007
		(Rupees in '000)	
Accrued interest / mark-up on:			
Term Finance Certificates		**112,405**	44,677
Short term running finance		**1,137**	43,269
		113,542	87,946

21. SHORT TERM BORROWINGS - secured

	Note	2008	2007
Short term running finance under mark-up arrangements	21.1	**945,577**	1,683,775

21.1 The Company has short-term running finance facilities under mark-up arrangements aggregating to Rs. 5,850 (2007: Rs. 5,600) million from various commercial banks carrying mark-up ranging between 10.02% and 14.32% (2007: 11.03% and 12.55%) per annum. The facilities utilized against these arrangements are secured against investments in equity securities having an aggregate fair value of Rs. 1,770.86 (2007: Rs. 6,284.18) million. The unavailed aggregate credit facility of running finances amounts to Rs. 4,904.42 (2007: Rs. 3,916.23) million.

22. COMMITMENTS

	Note	2008	2007
		(Rupees in '000)	
Commitments in respect of:			
Preferred dividend on preference shares		-	28,326
Bank guarantee		**3,335**	-

23. RETURN ON INVESTMENTS

	Note	2008	2007
Mark-up / interest income from:			
Financial assets at fair value through profit or loss			
Term Finance Certificates		**55**	-
Available for sale			
Term Finance Certificates		-	52,109
Held to maturity			
Defence Saving Certificates		**708**	600
		763	52,709
Dividend income on:			
Investments in subsidiaries and associates		**429,942**	125,109
Financial assets at fair value through profit or loss	23.1	**72,891**	61,414
Available for sale investments	23.1	**126,179**	123,314
		629,012	309,837
		629,775	362,546

23.1 Includes dividend received from various related parties amounting to Rs. 127.55 (2007: Rs. 38.25) million.

24. GAIN ON SALE OF INVESTMENTS - net

	Note	2008	2007
		(Rupees in '000)	
Subsidiary, associates and joint ventures		**8,855,822**	-
Financial assets at fair value through profit & loss	24.1	**6,045,763**	579,470
Available for sale	24.2	**4,353,451**	1,267,489
		19,255,036	1,846,959

24.1 During the year, in accordance with the Board of Director's resolution and a special resolution passed by the shareholders of the Company in their Extra Ordinary General Meeting held on May 19, 2008, the Company sold and purchased shares of JS Investments Limited (36 million shares). Approval from Securities and Exchange Commission of Pakistan was also sought which was duly received on May 27, 2008.

24.2 This includes gain on sale on investments in related parties amouting to Rs. 5,979.61 (2007: Rs. 1.56) million.

24.3 This includes gain on sale on investments in related parties amouting to Rs. 4,320.10 (2007: Rs. 883.40) million.

25. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS

	2008	2007
	(Rupees in '000)	
Interest on loan to employees	**216**	46
Interest on long term loan - a subsidiary company	**-**	3,438
Return on reverse repurchase transactions of listed equity securities	**822**	4,068
Return on term deposit receipts	**5,466**	-
	6,504	7,552

26. FEES AND COMMISSION

Consultancy and advisory fee	**180**	9,440
Underwriting commission	**14,695**	8,405
Commission income	**-**	169
Custodial charges	**-**	308
	14,875	18,322

27. OTHER INCOME

Gain on sale of property and equipment	**1,114**	51,670
Rental income	**25,141**	28,176
Return on bank deposit accounts	**33,047**	223
Exchange gain	**348**	5
	59,650	80,074

28. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2008	2007
		(Rupees in '000)	
Salaries and benefits	28.1	**221,403**	220,017
Telephone, fax, telegram and postage		**5,309**	2,532
Vehicle running		**3,939**	3,214
Fee for directors / committee meetings		**1,000**	480
Utilities		**904**	1,368
Newspapers and periodicals		**54**	719
Conveyance and travelling		**13,551**	16,142
Repairs and maintenance		**1,804**	1,585
Computer expenses		**321**	2,353
Auditors' remuneration	28.2	**1,691**	2,059
Royalty fee	28.3	**9,900**	9,900
Consultancy fee		**12,671**	10,546
Advisory fee	28.4	**112,000**	117,000
Legal and professional charges		**5,822**	6,642
Printing and stationery		**6,420**	1,304
Rent, rates and taxes		**20,786**	19,834
Insurance		**1,771**	1,622
Entertainment		**246**	309
Advertisement		**2,464**	2,404
Office supplies		**194**	857
Depreciation	28.5	**18,291**	16,644
Fees and subscription		**21,609**	9,934
Donations	28.6	**337,379**	44,656
Brokerage and commission expense		**25,995**	20,112
Clearing fees		**16,968**	7,502
Office security		**3,900**	3,488
		846,392	523,223

28.1 Salaries and benefits includes Rs. 1.54 (2007: Rs.1.48) million in respect of employee retirement benefits.

28.2 Auditors' remuneration

	2008	2007
Annual audit fee	**450**	450
Half-yearly review fee	**185**	165
Certifications and other services	**845**	1,395
Out of pocket expenses	**211**	49
	1,691	2,059

28.3 This represents the royalty on account of use of part of Company's name under an agreement dated April 21, 2004.

28.4 Represents amount paid / payable to an individual and a director for advisory services rendered in terms of their respective advisory agreements duly approved by the Board of Directors.

	Note	2008	2007
		(Rupees in '000)	
28.5 Depreciation			
Operating assets	5	**17,651**	16,004
Investment properties	6	**640**	640
		18,291	16,644

28.6 This represents donation to Mahvash and Jahangir Siddiqui Foundation (formerly Siddiqui Foundation) in which Mr. Ali J. Siddiqui and Mr. Munaf Ibrahim are directors. No other directors or their spouses have any interest in any other donee's fund to which donation was made.

29. FINANCE COST

	2008	2007
Mark-up on:		
Short term running finance	**423,829**	245,099
Long term financing	**460,608**	320,893
Repurchase transactions of listed equity securities	**52,840**	16,835
	937,277	582,827
Amortization of transaction costs	**4,390**	2,777
Bank charges	**867**	882
	942,534	586,486

30. TAXATION

30.1 Effective tax rate reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate has not been presented as provision for current year income tax has been made under the provisions of minimum tax u/s 113 of the Income Tax Ordinance, 2001.

30.2 Current status of tax assessments

The income tax assessments of the Company have been finalized upto assessment year 2002-2003 corresponding to accounting year ended June 30, 2002. Income tax returns for the tax years 2003, 2004, 2005, 2006 and 2007 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.

30.3 Deferred taxation

The Company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilized, as the profit for the year mainly comprises of capital gains on listed equity securities that are exempt for tax purpose under clause 110 of the Second Schedule to the Income Tax Ordinance, 2001. Further, the Company has assessed and un-assessed carry forward tax losses amounting to Rs. 2,331.10 (2007: Rs. 1,476.82) million. The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 814.92 (2007: Rs. 491.29) million.

31. BASIC AND DILUTED EARNINGS PER SHARE

	2008	2007
	(Rupees in '000)	
Profit after taxation attributable to Ordinary shareholders from continuing operations	**17,201,702**	2,239,008
Less: Cumulative preference dividend on convertible preference shares	**(15,304)**	(28,326)
Profit after taxation attributable to Ordinary shareholders from continuing operations	**17,186,398**	2,210,682
Loss after taxation attributable to Ordinary shareholders from discontinued operation	**-**	(6,227)
	17,186,398	2,204,455

	2008	2007
	(Numbers in '000)	
Number of Ordinary shares outstanding during the period	**198,980**	193,000
Convertible Preference shares	**-**	7,000
Weighted average number of Ordinary shares adjusted for the effect of dilution	**198,980**	200,000

	2008	2007
	(Rupees)	
Earnings / (loss) per share:		
Basic		
from continuing operations	**86.37**	11.60
from discontinued operations	**-**	(0.03)
Diluted		
from continuing operations	**86.37**	11.20

32. CASH AND CASH EQUIVALENTS

	2008	2007
	(Rupees in '000)	
Cash and bank balances	**4,269,764**	1,159,054
Short term running finance utilised under mark-up arrangement	**(945,577)**	(1,683,775)
	3,324,187	(524,721)

33. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions. Related parties comprise of subsidiaries, associates, joint ventures, companies under common directorship, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amount due from and to these related parties are shown under receivables and payables and the remuneration of Directors, Chief Executive and Executives are disclosed in note 34. The names and relationship with subsidiaries, associates, jointly controlled entities and others are given below:

Relationship with the company	Nature of transactions	2008	2007
		(Rupees in '000)	
Subsidiary companies			
JS Bank Limited	Advisory fee paid	**5,250**	-
	Subscription against right shares	**990,714**	-
	Mark-up income on deposits	**30,952**	-
	Right shares received during the year 99,071,527 shares (2007: Nil)		
	Ordinary shares received during the year Nil (2007: 172,521,177)		
JS Investments Limited (Formerly JS ABAMCO Limited)	Repayment received in respect of loan	**-**	72,119
	Mark-up income on long term loan	**-**	3,438
	Payment of rent	**6,260**	5,823
	Reimbursement of expenses incurred on account of subsidiary	**-**	426
	Dividend received	**78,035**	-
	Bonus shares received during the year Nil (2007: 26,011,806 shares)		
JS Infocom Limited	Sale of money market instruments	**-**	244,344
	Payment of income received on behalf of subsidiary	**8,264**	-
Credit Chex (Private) Limited	Advance against subscription of shares	**20,750**	97,000
	Ordinary shares received during the year 900,000 (2007: Nil)		
Jahangir Siddiqui Investment Bank Limited	Purchase of money market instruments	**-**	43,325
	Sale of money market instruments	**-**	101,420
	Rental income	**-**	877

Relationship with the company	Nature of transactions	2008	2007
		(Rupees in '000)	
Associates			
JS Global Capital Limited	Brokerage expense	**21,735**	17,456
	Rent income	**-**	1,564
	Sub-lease rental income	**20,493**	21,424
	Sale of motor vehicles	**325**	415
	Reimbursement of expenses incurred on account of subsidiary	**-**	7,895
	Dividend received	**181,124**	-
	Bonus shares received during the year 5,174,998 shares (2007: Nil)		
Azgard Nine Limited	Dividend income including preference dividend	**104,043**	104,790
	Underwriting commission received	**13,906**	-
JS Value Fund Limited (Formerly BSJS Balanced Fund Limited)	Dividend income	**33,716**	28,097
	Dividend paid	**545**	595
	Bonus shares issued during the year 914,467 (2007: Nil)		
Network Microfinance Bank Limited	Subscription against right shares	**32,452**	-
	Underwriting commission received	**89**	-
	Right shares received during the year 3,245,198 shares (2007: Nil)		
EFU Life Assurance Limited	Dividend income	**33,021**	13,209
	Bonus shares received during the year 5,503,550 (2007: 4,402,865) shares		
Pak-American Fertilizers Limited (Formerly Dominion Fertilizer (Private) Ltd.)	Investment in term finance certificates (TFCs)	**-**	300,000
	Return on investments in TFCs	**-**	27,909
	Advisory fee	**-**	5,750
Joint Venture			
DCD Factors (Private) Limited (Formerly DCD JS Factors (Private) Limited)	Advisory fee	**180**	180

Relationship with the company	Nature of transactions	2008	2007
		(Rupees in '000)	
Common Directorship			
BankIslami Pakistan Limited	Advance against subscription of shares	**-**	225,000
	Payment against subscription of right shares	**187,500**	-
	Right shares received during the year 41,250,000 (2007: Nil) shares		
Attock Petroleum Limited	Dividend income	**36,050**	17,260
	Bonus shares received during the year 515,000 (2007: Nil) shares		
Pakistan International Container Terminal Limited	Sale of money market instrument	**-**	61,226
	Bonus shares received during the year 2,731,920 (2007: Nil) shares		
Common Directorship & Key Management Personnel			
Mahvash and Jahangir Siddiqui Foundation (Formerly Siddiqui Foundation)	Donation paid during the year	**144,656**	-
Other Related Parties			
Pakistan Reinsurance Company Limited	Bonus shares received during the year 14,570,488 (2007: Nil) shares		
Jahangir Siddiqui & Co. Ltd. Staff Provident Fund Trust	Contributions during the year	**3,081**	2,613
Energy Infrastructure Holding (Private) Limited	Advance against subscription of shares	**125,000**	-
EFU General Insurance Limited	Dividend income	**14,652**	14,652
	Bonus shares received during the year 2,004,751 (2007: 4,884,005) shares		
Singer Pakistan Limited	Subsription against right shares	**15,767**	-
	Bonus shares received during the year 532,775 (2007: 342,750) shares		

The Company continues to have a policy whereby all transactions with related parties are entered into at arm's length prices using admissible valuation method.

34. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including certain benefits to directors, chief executive and executives of the company is as follows:

	Directors		Chief Executive		Executives	
	2008	2007	**2008**	2007	**2008**	2007
	(Rupees in '000)					
Managerial remuneration	**-**	-	**3,456**	3,456	**10,432**	6,284
House rent allowance	**-**	-	**1,382**	1,382	**4,173**	2,513
Utilities allowance	**-**	-	**346**	346	**1,043**	628
Commission and performance bonus	**-**	-	**100,000**	80,000	**4,300**	910
Advisory fee	**106,000**	86,000	**-**	-	**-**	-
Contribution to provident fund	**-**	-	**346**	346	**813**	510
Medical	**-**	-	**44**	79	**75**	51
Reimbursable expenses	**-**	-	**331**	354	**930**	544
	106,000	86,000	**105,905**	85,963	**21,766**	11,440
Number of persons	**1**	1	**1**	1	**10**	7

34.1 The Company also provides the chief executive and certain executives with Company maintained cars.

34.2 The Company has also paid Rs. 1.00 (2007: Rs. 0.48) million to two non-executive directors as fee for directors/committee meetings.

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Capital risk management

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

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

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and fund placements. Capital signifies equity as shown in the balance sheet plus net debt.

During 2008, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2008 and 2007 were as follows:

	2008	2007
	(Rupees in '000)	
Long term financing	**3,833,553**	3,980,153
Trade and other payables	**1,573,858**	1,571,239
Accrued interest / mark-up on borrowings	**113,542**	87,946
Short term borrowings	**945,577**	1,683,775
Total debt	**6,466,530**	7,323,113
Cash and bank balances	**4,269,764**	1,159,054
Fund Placements	**325,411**	-
	4,595,175	1,159,054
Net debt	**1,871,355**	6,164,059
Share Capital	**2,220,200**	1,050,000
Reserves	**28,807,693**	7,227,328
Equity	**31,027,893**	8,277,328
Capital	**32,899,248**	14,441,387
Gearing ratio	**6%**	43%

The Company finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. A significnat decline in the gearing ratio during 2008 resulted primarily from the issue of share capital (note 16.2.1) with a view to financing the Company's long term investment strategy for sustaining competitive advantage.

35.2 Foreign exchange risk

Foreign currency risk is the risk of exposures to movement in foreign exchange rates. Company has an investment in a foreign subsidiary, which is accounted for at the historical rates.

35.3 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table in note 35.3 summarises the maturity profile of the company’s financial assets and liabilities. The contractual maturities of these assets and liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial assets and liabilities not having a contractual maturity are assumed to mature on the expected date on which the assets / liabilities will be realised / settled.

35.4 Yield / Interest rate risk exposure

Yield / Interest rate risk is the risk of decline in earnings due to adverse movement of the yield / interest rate curve. Yield / interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments.

The Company has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Company while dealing in financial instruments negotiates attractive fixed interest rates, which reduce the interest rate price risk.

The effective yield / interest rates are disclosed in the respective notes to the financial statements.

		Interest / mark up bearing					
	Effective yield / interest rate %	Up to one year	Over one year to five years	Over five years	Total	Non-interest / Markup bearing	Total June 30 2008
		(Rupees in '000)					
June 30, 2008							
Financial assets							
Investments	10.00-18.03	5,343	-	-	5,343	32,577,053	**32,582,396**
Loans and advances	8.00-12.00	192	1,879	-	2,071	155,334	**157,405**
Security deposits	-	-	-	-	-	2,529	**2,529**
Interest accrued and other receivables	-	-	-	-	-	17,208	**17,208**
Fund placements	9.00-14.45	325,411	-	-	325,411	-	**325,411**
Cash and bank balances	1.00-15.00	4,263,557	-	-	4,263,557	6,207	**4,269,764**
		4,594,503	**1,879**	**-**	**4,596,382**	**32,758,331**	**37,354,713**
Financial liabilities							
Long term financing	8.29-13.06	313,278	2,653,054	867,221	3,833,553	-	**3,833,553**
Trade and other payables	-	-	-	-	-	1,573,858	**1,573,858**
Accrued interest / mark-up on borrowings	-	-	-	-	-	113,542	**113,542**
Short term borrowings	10.02-14.32	945,577	-	-	945,577	-	**945,577**
		1,258,855	**2,653,054**	**867,221**	**4,779,130**	**1,687,400**	**6,466,530**

June 30, 2007	Effective yield / interest rate %	Interest / mark up bearing Up to one year	Over one year to five years	Over five years	Total	Non-interest / Markup bearing	Total June 30 2007
		(Rupees in '000)					
Financial assets							
Investments	10.00-18.03	804	3,925	-	4,729	13,808,884	13,813,613
Loans and advances	8.00-12.00	400	105	-	505	325,381	325,886
Security deposits	-	-	-	-	-	2,494	2,494
Trade debts	-	-	-	-	-	24,593	24,593
Interest accrued and other receivables	-	-	-	-	-	200,402	200,402
Cash and bank balances	1.00-10.00	1,152,133	-	-	1,152,133	6,921	1,159,054
		1,153,337	4,030	-	1,157,367	14,368,675	15,526,042
Financial liabilities							
Long term financing	8.29-13.06	250,740	2,090,388	1,639,025	3,980,153	-	3,980,153
Trade and other payables	-	-	-	-	-	1,571,239	1,571,239
Accrued interest / mark-up on borrowings	-	-	-	-	-	87,946	87,946
Short term borrowings	11.03-12.55	1,683,775	-	-	1,683,775	-	1,683,775
		1,934,515	2,090,388	1,639,025	5,663,928	1,659,185	7,323,113

35.5 Fair value of financial instruments

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

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

35.6 Concentration of credit risk and credit exposure of the financial instruments

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of the same.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of a Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on trade debts, loans, funds placements and certain advances. The Company seeks to minimise its credit risk exposure through having exposures only to customers considered creditworthy by obtaining adequate collateral. Out of the total financial assets of Rs.37,248.07 (2007: Rs.15,526.04) million, the financial assets which are subject to credit risk amounted to Rs.475.34 (2007: Rs.553.38) million.

36. POST BALANCE SHEET EVENT

Further to issuance of 22,020,000 shares (Additional Shares) to foreign investors as explained in note 16.2.1, the Company on May 29, 2008 announced book c ght entitlements for facilitating the Company to issue shares to offshore investors, in proportion to their respective holding i.e. in the ratio of 16.354091 shares for every 100 shares held by these shareholders.The share transfer books of the Company remained closed from July 5 to July 11, 2008 (both days inclusive) for the purpose of entitlement of aforementioned right shares.

37. APPROPRIATIONS

In the meeting held on August 16, 2008, the Board of Directors of the Company, recommended the issue of bonus shares @ 243.77% i.e in the proportion of 2.4377 new Ordinary shares for every 1 Ordinary share held for the approval of the members at the Annual General Meeting.

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 16, 2008 by the Board of Directors of the Company.

39. GENERAL

Figures have been rounded off to nearest thousand rupees.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **Jahangir Siddiqui & Co. Ltd.** and its subsidiary companies as at **30 June 2008** and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of **Jahangir Siddiqui & Co. Ltd.** and subsidiary companies **JS Bank Limited, JS ABAMCO Commodities Limited, Credit Chex (Private) Limited and MOBEX Limited**. The financial statements of **JS Investments Limited (formerly JS ABAMCO Limited), JS International Limited, JS International LLP, JS Infocom Limited, Webdnaworks (Private) Limited,** were audited by other firms of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors.

These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of **Jahangir Siddiqui & Co. Ltd.** and its subsidiary companies as at **30 June 2008** and the results of their operations for the year then ended.

Karachi: August 28, 2008

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet As at June 30, 2008

	Note	2008	2007
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property and equipment	7	**930,184**	568,421
Intangible assets	8	**3,976,185**	851,832
Investment properties	9	**3,692**	4,332
Membership cards and room	10	**34,201**	33,201
Long term investments	11	**24,960,955**	7,613,096
Long term loans, advances and other receivables	12	**25,613**	82,382
Long term deposits		**4,940**	2,494
Deferred taxation	13	**101,407**	-
		30,037,177	9,155,758
Current Assets			
Short term investments	14	**13,563,740**	13,006,027
Trade debts	15	**199,689**	61,622
Loans and advances	16	**9,801,499**	5,376,046
Accrued mark-up	17	**335,192**	70,354
Deposits, prepayments and other receivables	18	**281,730**	660,602
Fund placements	19	**2,372,802**	5,680,640
Taxation - net		**237,446**	105,339
Cash and bank balances	20	**8,405,140**	2,843,056
		35,197,238	27,803,686
		65,234,415	36,959,444
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share Capital	21	**2,220,200**	1,050,000
Reserves	22	**32,123,173**	10,756,535
Equity attributable to equity holders' of the parent		**34,343,373**	11,806,535
Minority interest		**3,223,523**	2,488,944
Total Equity		**37,566,896**	14,295,479
Non-Current Liabilities			
Long term financing	23	**4,124,445**	4,444,299
Liabilities against assets subject to finance lease	24	**7,615**	-
Deposits and other accounts	25	**348,103**	228,000
Employee benefit liability	42	**2,343**	-
Deferred taxation	13	**-**	8,458
		4,482,506	4,680,757
Current Liabilities			
Trade and other payables	26	**2,539,208**	2,663,039
Accrued interest / mark-up on borrowings	27	**312,533**	176,601
Short term borrowings	28	**6,194,919**	1,971,495
Current portion of non-current liabilities	29	**14,138,353**	13,172,073
		23,185,013	17,983,208
Contingencies and Commitments	30		
		65,234,415	36,959,444

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Profit and Loss Account For the year ended June 30, 2008

	Note	2008	2007
		(Rupees in '000)	
INCOME			
Return on investments	31	**985,946**	759,039
Gain on sale of investments - net	32	**19,249,159**	2,191,695
Income from long term loans and fund placements	33	**1,122,138**	466,635
Fee, commission and brokerage	34	**815,473**	611,680
Other income	35	**156,737**	125,111
(Loss) / gain on revaluation of investments carried at fair value through profit or loss - net		**(882,954)**	1,043,478
		21,446,499	5,197,638
EXPENDITURE			
Operating and administrative expenses	36	**2,334,110**	1,412,308
Finance cost	37	**2,298,966**	1,148,906
(Reversal of provision)/provision for impairment against investments		**(721)**	2,113
		4,632,355	2,563,327
		16,814,144	2,634,311
Share of profit / (loss) from:	38		
associates		**685,254**	197,585
joint ventures		**-**	(855)
		685,254	196,730
PROFIT BEFORE TAXATION		**17,499,398**	2,831,041
TAXATION	39		
Current		**44,520**	57,671
Prior		**(2,123)**	(13,166)
Deferred		**(115,235)**	(18,550)
		(72,838)	25,955
PROFIT AFTER TAXATION		**17,572,236**	2,805,086
Profit attributable to minority interest		**(322,385)**	(254,306)
		17,249,851	2,550,780
		.... (Rupees)	
EARNINGS PER SHARE			
Basic	40	**86.69**	13.07
Diluted	40	**86.69**	12.75

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Cash Flow Statement For the year ended June 30, 2008

	Note	2008	2007
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**17,499,398**	2,831,041
Adjustments for no cash charges and other items:			
Depreciation		**115,720**	68,364
Amortisation of intangible assets		**129,591**	99,795
Amortisation of other assets		**-**	(677)
Gain on sale of property and equipment		**(5,020)**	(60,326)
Interest income from Defence Saving Certificates		**(708)**	(600)
Loss / (gain) on revaluation of investments carried at fair value through profit and loss account - net		**882,954**	(1,043,478)
(Reversal of provision) / provision for impairment on investments		**(721)**	2,113
Share of profit in associates and joint ventures		**(685,254)**	(196,730)
Finance cost		**2,298,966**	1,148,906
		2,735,528	17,367
Operating profit before working capital changes		**20,234,926**	2,848,408
(Increase) / decrease in operating assets:			
Loans and advances		**(4,200,453)**	(5,020,379)
Short term investments		**(1,440,667)**	(3,217,496)
Trade debts		**(138,067)**	1,021,473
Long term loans, advances and other receivables		**56,769**	(29,943)
Long term deposits		**(2,446)**	3,410
Fund placements - net		**3,307,838**	(2,406,784)
Deposits, prepayments, accrued mark-up and other receivables		**114,034**	(394,913)
		(2,302,992)	(10,044,632)
Increase / (decrease) in operating liabilities:			
Trade and other payables		**(132,733)**	703,269
Deposits and other accounts		**991,168**	13,086,832
Net cash generated from operations		**18,790,369**	6,593,877
Interest / mark-up paid		**(2,158,644)**	(1,035,077)
Taxes paid		**(174,504)**	(93,931)
Dividend paid		**(120,886)**	(86,795)
Net cash generated from operating activities		**16,336,335**	5,378,074
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(506,453)**	(349,962)
Intangible assets acquired		**(108,668)**	-
National Commodity Exchange membership acquired		**(1,000)**	-
Proceeds from sale of property and equipment		**34,630**	76,704
Investments acquired - net of sale		**(24,643,438)**	(724,104)
Net cash used in investing activities		**(25,224,929)**	(997,362)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of Class 'A' preference shares		**-**	700,000
Proceeds from issue of Ordinary shares		**10,459,500**	-
Proceeds from issue of Term Finance Certificates - net		**(150,990)**	2,640,203
Preliminary expenditure incurred		**-**	(6,740)
Repayment of long term loans		**(83,898)**	(229,167)
Certificates of deposits issued - net of redemption		**-**	(542,433)
Securities sold under repurchase agreements - net		**854,084**	(2,631,426)
Proceeds from securitization of future management fee		**2,642**	(1,075,096)
Net cash generated from / (used in) financing activities		**11,081,338**	(1,144,659)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,192,744**	3,236,053
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR		**871,561**	(2,364,492)
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	41	**3,064,305**	871,561

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Statement of Changes in Equity For the year ended June 30, 2008

	Note	Ordinary shares	Preference shares Class A	Ordinary share premium	General	Foreign exchange translation	Unappro-priated profit	Unrealised gain/(loss) on revaluation of available for sale investments - net	Statutory	Hedging	Preference share redemption	Sub-total	Minority Interest	Total
		Attributable to equity holders' of the parent												
		Issued, subscribed and paid-up capital		Reserves										
				Capital	Revenue			Others						
		(Rupees in '000)												
Balance as at July 1, 2006		350,000	-	475,505	1,500,000	(212)	2,777,150	1,580,119	-	-	-	6,332,562	1,238,590	7,921,152
Issue of 7% Class 'A' preference shares		-	700,000	-	-	-	-	-	-	-	-	-	-	700,000
Net effect of revaluation of available for sale investments to fair value held as at the year end		-	-	-	-	-	-	1,508,609	-	-	-	1,508,609	996,048	2,504,657
Reversal of unrealized gain on investments carried at fair value through profit and loss account		-	-	-	-	-	-	(1,356,320)	-	-	-	(1,356,320)	-	(1,356,320)
Net effect of translation of net assets of foreign subsidiary to reporting currency		-	-	-	-	1,173	-	-	-	-	-	1,173	-	1,173
Share of associates		-	-	1,540,874	-	7	-	-	-	241,048	25,302	1,807,231		1,807,231
Profit for the year		-	-	-	-	-	2,550,780	-	-	-	-	2,550,780	254,306	2,805,086
Transfer to general reserve		-	-	-	1,000,000	-	(1,000,000)	-	-	-	-	-	-	-
Dividend for the year ended June 30, 2006 @ Rs.2.5 per share		-	-	-	-	-	(87,500)	-	-	-	-	(87,500)	-	(87,500)
Balance as at June 30, 2007		350,000	700,000	2,016,379	2,500,000	968	4,240,430	1,732,408	-	241,048	25,302	10,756,535	2,488,944	14,295,479
Balance as at July 1, 2007		350,000	700,000	2,016,379	2,500,000	968	4,240,430	1,732,408	-	241,048	25,302	10,756,535	2,488,944	14,295,479
Net effect of revaluation of available for sale investments to fair value held as at the year end		-	-	-	-	-	-	(4,523,349)	-	-	-	(4,523,349)	356,193	(4,167,156)
Net effect of translation of net assets of foreign subsidiaries to reporting currency		-	-	-	-	6,499	-	-		-	-	6,499	-	6,499
Share of associates		-	-	(51,751)	-	(6)	-	(11,241)	-	(191,923)	287	(254,634)	-	(254,634)
Profit for the year		-	-	-	-	-	17,249,851	-	-	-	-	17,249,851	322,385	17,572,236
Appropriations for the year ended: June 30, 2007:														
- Issue of bonus shares @ 100%		350,000	-	(350,000)	-	-	-	-	-	-	-	(350,000)	-	-
- Final dividend @ Rs. 2.50 per Ordinary share		-	-	-	-	-	(87,500)	-	-	-	-	(87,500)	-	(87,500)
- Preferred dividend @ 7 % per annum		-	-	-	-	-	(26,984)	-	-	-	-	(26,984)	-	(26,984)
Conversion of preference shares into ordinary shares in the ratio of 10:1	21.2.2	70,000	(700,000)	630,000	-	-	-	-	-	-	-	630,000	-	-
Appropriations during the year:														
- Final preferred dividend @ 7 % per annum		-	-	-	-	-	(15,304)	-	-	-	-	(15,304)	-	(15,304)
- Issue of bonus shares @ 159.74026%		1,230,000	-	(755,505)	-	-	(474,495)	-	-	-	-	(1,230,000)	-	-
- Transfer to general reserve		-	-	-	7,500,000	-	(7,500,000)	-	-	-	-	-	-	-
Statutory reserve		-	-	-	-	-	-	-	61,514	-		61,514	56,001	117,515
Issue of ordinary shares @ Rs. 475 per share to foreign investors	21.2.1	220,200	-	9,906,545	-	-	-	-	-	-	-	9,906,545	-	10,126,745
Balance as at June 30, 2008		**2,220,200**	**-**	**11,395,668**	**10,000,000**	**7,461**	**13,385,998**	**(2,802,182)**	**61,514**	**49,125**	**25,589**	**32,123,173**	**3,223,523**	**37,566,896**

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Notes To The Consolidated Financial Statements For The Year Ended June 30, 2008

1. THE GROUP AND ITS OPERATIONS

1.1 Jahangir Siddiqui & Co. Ltd. (the Holding Company) and its subsidiary companies (together the Group) are involved in trading of securities, maintaining strategic investments, investment advisory, asset management, agency telecommunication, commercial banking and other business. The Group is mainly operating in Pakistan and also provides services in United Kingdom and Cayman Islands.

The Holding Company was incorporated under the Companies Ordinance, 1984 on May 4, 1991 as a public unquoted company. The Holding Company is presently listed on Karachi Stock Exchange (Guarantee) Limited. The Holding Company is also a corporate member of Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited. The registered office of the Holding Company is situated at 6th Floor, Faysal House, Main Shahra-e-Faisal, Karachi. The principal activities of the Holding Company are trading of securities, maintaining strategic investments, consultancy services, underwriting, etc.

1.2 The Group comprises of the Holding Company and the following subsidiary companies that have been consolidated in these financial statements on the line by line basis. All material inter company balances, transactions and resulting unrealised profits / losses have been eliminated:

Subsidiary Companies	Note	Holding (including indirect holding)	
		2008 %	2007 %
JS Investments Limited (JSIL) (formerly JS ABAMCO Limited)	1.2.1	52.02	52.02
JS Infocom Limited	1.2.2	100.00	97.97
JS International Limited	1.2.3	100.00	100.00
JS International LLP (Sub-subsidiary)	1.2.4	100.00	100.00
JS Bank Limited (JSBL)	1.2.5	57.43	50.68
Credit Chex (Private) Limited	1.2.6	75.00	-
JS ABAMCO Commodities Limited (Sub-subsidiary)	1.2.7	52.02	-
Webdnaworks (Private) Limited (Sub-subsidiary)	1.2.8	51.00	-
MOBEX Limited (Sub-subsidiary)	1.2.9	70.00	-

1.2.1 JS Investments Limited (formerly JS ABAMCO Limited)

JS Investments Limited (JSIL) (formerly JS ABAMCO Limited) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The company was listed on Karachi Stock Exchange on April 24, 2007. The registered office of the Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi.

The Company is registered with the Securities and Exchange Commission of Pakistan (SECP) as an "Investment Adviser" and "Asset Management Company" under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

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

Investment adviser of the following closed-end funds:
- JS Value Fund Limited (formerly BSJS Balanced Fund Limited)
- UTP Large Capital Fund
- JS Growth Fund (formerly UTP Growth Fund)

Asset management company of the following open-end funds:

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

Pension fund manager of the following fund:

- JS Pension Savings Fund
- JS Income Pension Savings Fund

1.2.2 JS Infocom Limited

JS Infocom Limited (JS Infocom) was incorporated on August 25, 2003 as a public limited unlisted company under the Companies Ordinance, 1984. The registered office of JS Infocom is situated at 6th Floor, Faysal House, Main Shahra-e-Faisal, Karachi. JS Infocom was established to undertake telecommunication business or invest in companies engaged in providing telecommunication services. JS Infocom is presently seeking business ventures in the Telecommunication sector.

1.2.3 JS International Limited

JS International Limited was incorporated in Cayman Islands B.W.I. on July 14, 2005. The primary objective for which the company has been established includes inward investment from non-resident Pakistanis and international institutional investors, financial advisory services to Pakistani companies expanding overseas and to foreign companies interested in investing or setting up joint ventures in Pakistan. Jahangir Siddiqui & Co. Ltd. have remitted US $ 4.90 million to JS International Limited (wholly owned subsidiary) as equity investment after obtaining permission from the State Bank of Pakistan. Jahangir Siddiqui & Co. Ltd. holds 10,000 shares of US $ 1/- each and paid US $ 489/- per share as a share premium.

1.2.4 JS International LLP

JS International LLP was incorporated as limited liability partnership in the United Kingdom on April 11, 2006 as a wholly owned subsidiary of JS International Ltd. (Cayman Islands, B.W.I.) i.e. a sub-subsidiary of the Holding Company. The purpose of setting up JS International LLP is to develop international strategic alliances and joint ventures, developing business and JS brands awareness internationally and providing administrative and operational support to the Group for its international activities.

1.2.5 JS Bank Limited

JS Bank Limited (JSBL) was incorporated on March 15, 2006 as a public limited company under the Companies Ordinance 1984. The bank is engaged in conducting banking business and related services permissible under the Banking Companies Ordinance, 1962. Its shares are listed on the Karachi Stock Exchange. The registered office of JSBL is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi and it operates with nine branches and two sub-branches in Pakistan.

1.2.6 Credit Chex (Private) Limited

Credit Chex (Private) Limited (CCPL) issued 900,000 Ordinary shares of Rs.100 each to the Holding Company in respect of advance against share capital. CCPL is incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984 on May 16, 2006. The purpose of setting up of CCPL is to provide credit information and credit rating services.

1.2.7 JS ABAMCO Commodities Limited

JS ABAMCO Commodities Limited (JACL) was incorporated on September 25, 2007 as a public unlisted company and is a subsidiary company of JSIL (subsidiary of the Holding Company). JS Investments Ltd. in its Extraordinary General Meeting dated July 5, 2007 passed a special resolution in respect of investment in the ordinary shares of JACL of Rs. 100 million. The principal activities of JACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National Commodity Exchange Limited. (NCEL) and to carry on the business as brokers, dealers and representatives of all kinds of commodity contracts and commodity backed securities.

1.2.8 **Webdnaworks (Private) Limited**

Webdnaworks (Private) Limited (WPL) was established on September 16, 2003 as a private limited company under the Companies Ordinance, 1984 and is a subsidiary company of JS Infocom Ltd (subsidiary of the Holding Company). The principal activities of WPL are establishing, developing, expanding, enhancing, managing and operating telecommunication systems including installation of ATMs, system signals, data or messages of any and all kinds and to carry on and extend the business of telecommunication or any part thereof.

1.2.9 **MOBEX Limited**

MOBEX Limited (MOBEX) was established on January 15, 2008 as a limited company under the Companies Ordinance, 1984 and is a subsidiary company of JS Infocom Ltd (subsidiary of the Holding Company). MOBEX is a technology based company which is incorporated with the objectives of providing software and technical infrastructure that enables banks and financial institutions to manage, run and operate their business in Pakistan or any part of the world and to provide modern and innovative services and products in the field of information technology, computers and communications.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) 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 and applicable regulations and directives of the Securities and Exchange Commssion of Pakistan. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Jahangir Siddiqui & Co. Ltd. and its subsidiaries as at June 30 each year. The financial statements of the subsidiaries are prepared, using consistent accounting policies, for the same reporting year as of the Holding Company except for JS International Limited and JS International LLP whose financial year ends at March 31.

Subsidiaries are consolidated from the date on which control is transferred to the group and ceases from the date on which control is transferred out of the group.

All material intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Minority interests represent the interests in JS Bank Limited, JS Investments Limited (formerly JS ABAMCO Limited), Credit Chex (Private) Limited, JS ABAMCO Commodities Limited, Webdnaworks (Private) Limited and MOBEX Limited not held by the Holding Company.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Group's accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

(a) determining the residual values and useful lives of property and equipment (Note 5.3);

(b) classification of investments (Note 5.7);

(c) recognition of taxation and deferred tax (Note 5.17);

(d) accounting for post employment benefits (Note 5.24); and

(e) impairment of financial assets

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for certain investments and derivative financial instruments that have been measured at fair value as described in notes 5.8 and 5.9 below.

5.2 Accounting standards not yet effective

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowings Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IFRS 3 - Business Combinations	January 01, 2009

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments: Disclosures	July 01, 2008
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 12 - Service Concession Arrangements	January 01, 2009
IFRIC 13 - Customer Loyalty Programs	July 01, 2008
IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interactions	January 01, 2008

The Group expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than certain changes and enhancements in presentation and disclosures.

5.3 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 7 to the financial statements. In respect of additions depreciation is charged from the month in which asset is put to use and on disposal up to the month immediately preceding the deletion.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

The asset's residual values, useful lives methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized only when it increases the future economic benefit embodied in the item of property and equipment.

Gains and losses on disposal of fixed assets, if any, are taken to income currently.

5.4 Intangible assets

Intangible assets having definite life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. In respect of additions and deletions during the year, amortisation is charged from the month of acquisition and upto the month preceding the deletion, respectively.

Intangible assets having indefinite life are stated at cost. However, these are tested for impairment / recoverable amount annually and more frequently when indication of impairment exist.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the fair values of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquiree's cash-generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of the whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

5.5 Investment properties

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. In respect of additions and deletions of property during the year, depreciation is charged from the month of acquisition and upto the month preceding the deletion respectively.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

5.6 Membership cards and room

These are stated at cost less accumulated impairment losses, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

5.7 Investments

The management of the group determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, at fair value through profit or loss, available for sale and held to maturity.

When investments are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

For investments in government securities, fair value is determined by reference to quotations obtained from PKRV Reuters page. In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market prices at the close of business day. For term finance certificates, fair value is determined by reference to rates issued by the Financial Market Association through Reuters.

Unquoted investments, where active market does not exist and fair value cannot be reasonably calculated, are carried at cost. Provision for impairment in value, if any, is taken to income currently.

Associates and joint ventures

Associates are entities in which the Group has significant influence and which are neither a subsidiary nor a joint venture. The Group determines the significant influence by reference to its extent of voting interest in the investee company and other relevant factors which indicate the Group's ability to participate in the financial and operating policy decisions of the investee company.

A joint venture is a contractual arrangement where the Company has joint control over the economic activities undertaken with the other venturers.

Investments in associates and joint ventures that are not held exclusively with a view to its disposal in near future are accounted for under the equity method, less accumulated impairment losses, if any. Such investments are carried in the balance sheet at cost, plus post – acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The profit and loss account reflects the Group's share of the results of its associates and joint ventures.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss.

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains or losses recognised directly in the profit and loss account.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any unrealized gains or losses being taken directly to equity until the investment is disposed or determined to be impaired. At the time of disposal, the cumulative gain or loss previously recorded in equity is recognized in the profit and loss account.

Held to maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised cost. Provision for impairment in value, if any, is taken to income currently .

Premiums and discounts on investments are amortised using the effective interest rate method and taken to income from investments.

5.8 Derivative financial instruments

Derivative instruments held by the Group generally comprise future and forward contracts in the capital and money markets. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The fair value of the derivative is equivalent to the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses are recognised in the profit and loss account.

The fair value of unquoted derivatives, if any, is determined by discounted cash flows using appropriate interest rates applicable to the underlying asset.

5.9 Securities sold under repurchase / purchased under resale agreements

The Group enters into transactions of repos and reverse repos at contracted rates for a specified period of time as under:

(a) Repurchase agreement borrowings

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognised in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as securities sold under repurchase agreements. The difference between sale and repurchase price is treated as mark-up / interest expense using the effective yield method.

(b) Repurchase agreement lendings

Investments purchased under agreement to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these agreements are included in fund placements. The difference between purchase and realise price is treated as mark-up/return/interest earned and accrued over the period of the reverse repo agreement using effective yield method.

5.10 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently (for regular way purchases and sales of financial instruments refer to note 5.12).

5.11 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet, when there is a legal enforceable right to set off the recognised amount and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

5.12 Trade date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the group commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

5.13 Certificates of deposit

Return on certificates of deposits (CODs) is recognized on a time proportion basis taking into account the relevant CODs issue date and final maturity date.

5.14 Foreign currency translations

Foreign currency transactions are recorded at the exchange rates approximating those ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains / (losses) on translation are taken to income currently.

When the reporting date of the foreign subsidiary is different from that of Holding Company but not greater than three months, adjustments are made for effect of significant transactions. Other significant events that occur between different dates upto the balance sheet date of holding company of foreign operations are translated at the exchange rate at the balance sheet date of the foreign operation.

The functional currencies of the foreign operations of JS International Limited and JS International LLP are United States Dollars and Great Britain Pound respectively. At the reporting date, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Holding Company at the rate of exchange ruling at the balance sheet date and their income are translated at the date of transaction exchange rates using for the year. The exchange difference arising of a foreign entity is taken directly to equity. On disposal of a foreign entity the deferred cumulative exchange difference recognized in equity, is recognized in the profit and loss account of that year, relating to that foreign entity.

5.15 Provisions

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

5.16 Financial liabilities – held for trading

Financial liabilities – held for trading include the obligation to deliver securities borrowed by a short seller (i.e. securities sold that are not yet owned).

All financial liabilities – held for trading are initially measured at its cost, which is the fair value of the consideration received for the same. Subsequently, these are re-measured to fair value with any resulting gains or losses recognised directly in the profit and loss account.

5.17 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or on one-half percent of income under section 113 of Income Tax Ordinance, 2001 whichever is higher.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

5.18 Revenue recognition

(a) Return on Defence Saving Certificates (DSCs) have been accounted for using the effective interest rate method.

(b) Income / return on Term Finance Certificates (TFCs), government securities, reverse repurchase transactions, loans and advances and bank deposits is recognised on an accrual basis.

(c) Dividend income on equity investments is recognised, when the company's right to receive the same is established.

(d) Capital gains or losses on sale of investments are recognised in the period in which they arise.

(e) Underwriting commission is recognised when the agreement is executed. Take-up commission is recognised at the time commitment is fulfilled.

(f) Brokerage, consultancy and advisory fee, commission on foreign exchange dealings and government securities, etc. are recognised as and when earned.

(g) Rental income from investment properties is recognised on accrual basis.

(h) Commission on portfolio trading services is recognized on an accrual basis.

(i) Trusteeship fee is recognized on an accrual basis in proportion to the provision of service.

5.19 Long term finances, loans and advances

All long term finances and loans are initially recognised at cost being the fair value of consideration received together with the associated transaction costs. Subsequently, these are carried at amortised cost using effective interest rate method.

Transaction costs relating to long term finance are being amortised over the period of agreement using the effective interest rate method.

Loans, term finance and advances originated by the group are stated at cost less any amount written off and provision for impairment, if any.

5.20 Trade debts and other receivables

Trade debts and other receivable are recognized at cost. A provision for impairment of trade and other receivable is established where there is objective evidence that the group will not be able to collect the amount due according to the original terms of receivable.

5.21 Trade and other payables

Trade and other payables are recognized at cost, which is the fair value of the consideration received.

5.22 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand, bank balances and balances with SBP, net of bank overdrafts repayable on demand and short term running finance, if any.

5.23 Segment reporting

A business segment is a distinguishable component within the Group that is engaged in providing individual products or services or a group of related products or services and under a common control environment (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

The group's geographical segments are based on location of group's assets.

5.24 Staff retirement benefits

Defined contribution plan

The Holding Company and its certain subsidiaries operate an approved funded contributory provident fund scheme for all its employees eligible to the scheme. Equal monthly contributions are made by the group and the employees to the fund at the rate of 10% per annum of basic pay.

Defined benefit plan

JS Bank Ltd. (a subsidiary company) operates an unfunded gratuity scheme covering all employees, which requires contribution to be made in accordance with the acturial recommendations. The most recent valuation in this regard was carried out as at December 31, 2007, using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised acturial gains and losses at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

5.25 Compensated absences

Accrual is made for employees compensated absences on the basis of accumulated leaves and the last drawn pay.

5.26 Dividend and other appropriations to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

5.27 Non-current assets held for sale

Non-current assets held for sale that are expected to be sold within a period of one year from the balance sheet date are classified as 'held for sale' and are measured at lower of carrying amount and fair value less cost to sell.

6. BUSINESS COMBINATION

6.1 During the year, in accordance with the Holding Company's Board of Director's resolution and a special resolution passed by the shareholders of the Holding Company in their Extra Ordinary General Meeting held on May 19, 2008, the Holding Company sold and purchased shares of JS Investments Limited (36 million shares). Approval from Securities and Exchange Commission of Pakistan was also sought which was duly received on May 27, 2008. Their cost of investment exceeded the fair values of the net assets acquired which resulted in goodwill.

The initial accounting for a business combination involves identifying and determining the fair values to be assigned to the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination.

Due to the close proxmity of the acquistion of JS Investments Limited to the year end the fair value of the amounts at year end have been provisionally considered for computation of goodwill.

In connection with the above, the management is in the process of carrying out a detailed exercise for identification and valuation of intangible assets required to be separately recognized under International Financial Reporting Standard ("IFRS") 3, Business Combinations, and the exercise is expected to be completed shortly. IFRS 3 envisages such a situation and allows an acquirer to account for the acquisition using provisional values if the initial accounting for the acquisition can be determined only provisionally at the year end. However, adjustments to these provisional values consequent to completion of the initial accounting of the acquisition is required, under IFRS 3, to be incorporated in the financial statements with effect from the acquisition date, within a period of twelve months from the acquisition date.

The management expects to finalize the determination of valuation of such intangible assets within one year from the acquisition date, in compliance with the time frame envisaged in IFRS 3.

The fair value of the identifiable assets and liabilities of JS Investments Limited as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	JS Investments Ltd.	
	Fair value recognised on acquisition	Previous carrying values
	(Rupees in '000)	
Non-current assets		
Fixed assets		
Property and equipment	321,059	182,647
Intangible assets	124,057	124,057
Long term receivables from related parties	3,086	3,086
Long term loans , advances and deposits	18,147	18,147
Investment in subsidiary	37,500	37,500
	503,849	**365,437**
Current assets		
Investments - available for sale	3,648,574	3,648,574
Loans and advances	4,338	4,338
Deposits, prepayments and other receivables	69,925	69,925
Balances due from funds under management	60,713	60,713
Taxation recoverable	66,224	66,224
Cash and bank balances	21,659	21,659
	3,871,433	**3,871,433**
Current liabilities		
Current maturity of securitisation of management fee receivables - debt	91,690	91,690
Short term borrowings - secured	952,937	952,937
Money market borrowings	523,000	523,000
Accrued expenses and other liabilities	108,079	108,079
Accrued mark-up	25,715	25,715
	1,701,421	**1,701,421**
Long term liabilities		
Securitisation of management fee receivables - debt	600,567	600,567
Deferred taxation	26,110	26,110
Net assets	**2,047,184**	**1,908,772**
Total consideration in cash	**3,859,560**	
Share of net assets acquired	**736,986**	
Goodwill	**3,122,574**	

6.2 During the year, the Group also acquired two companies i.e.Webdnaworks (Private) Limited and MOBEX Limited. Their cost of investment exceeded the fair values of the net assets acquired which resulted in goodwill.

	Webdnaworks (Private) Limited		MOBEX Limited	
	Fair value recognised on acquisition	Previous carrying values	Fair value recognised on acquisition	Previous carrying values
	(Rupees in '000)			
Non-current assets				
Fixed assets				
Property and equipment	17,202	17,202	-	-
Intangible assets	3,583	8,346	1,400	1,400
Long term loans , advances and deposits	2,061	2,061	-	-
	22,846	**27,609**	**1,400**	**1,400**
Current assets				
Deposits, prepayments and other receivables	1,213	1,213	-	-
Taxation recoverable	18	18	-	-
Cash and bank balances	17,905	17,905	64,700	64,700
	19,136	**19,136**	**64,700**	**64,700**
Current liabilities				
Short term borrowings - secured	4,848	4,848	-	-
Current maturity of other long-term financing	3,535	3,535	-	-
Accrued expenses and other liabilities	2,467	2,467	100	100
	10,850	**10,850**	**100**	**100**
Long term liabilities				
Due to associated undertaking	925	925	-	-
Other long term liabilities	10,261	10,261	1,714	1,714
Net assets	**19,946**	**24,709**	**64,286**	**64,286**
Total consideration in cash	**17,902**		**60,000**	
Share of net assets acquired	**10,172**		**45,000**	
Goodwill	**7,730**		**15,000**	

7. PROPERTY AND EQUIPMENT

	Note	2008	2007
		(Rupees in '000)	
Operating assets	7.1	**850,293**	483,244
Capital work-in-progress	7.2	**79,891**	85,177
		930,184	568,421

7.1 Operating assets

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2007	Additions / (disposal)/ * others	As at June 30, 2008	Depreciation Rate Per-annum	As at July 1, 2007	For the year / (on disposal) / *others	As at June 30, 2008	As at June 30, 2008
	(Rupees in '000)			%	(Rupees in '000)			
June 30, 2008								
Owned:								
Office premises - freehold	264,468	219,841	480,857	2.5 - 20	29,478	17,224	45,220	435,637
		(3,452)				(1,482)		
Leasehold Improvements	49,773	61,262	118,729	33	22,447	15,137	38,482	80,247
		* 7,694				* 898		
Office equipment	223,618	116,841	345,481	25	136,151	51,813	180,271	165,210
		(10,229)				(9,537)		
		* 15,251				* 1,844		
Office furniture and fixtures	68,016	18,094	88,203	10-20	26,084	6,702	31,981	56,222
		(1,690)				(1,266)		
		* 3,783				* 461		
Motor vehicles	124,232	57,036	138,401	20	32,703	22,522	38,882	99,519
		(42,867)				(16,343)		
Leased:								
ATM machines	-	-	19,225	15	-	1,682	5,767	13,458
		* 19,225				* 4,085		
	730,107	**473,074**	**1,190,896**		**246,863**	**115,080**	**340,603**	**850,293**
		(58,238)				**(28,628)**		
		* **45,953**				* **7,288**		

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2006	Additions / (disposal)/ ** others	As at June 30, 2007	Depreciation Rate Per-annum	As at July 1, 2006	For the year / (on disposal) / **others	As at June 30, 2007	As at June 30, 2007
	(Rupees in '000)			%	(Rupees in '000)			
June 30, 2007								
Owned:								
Office premises - leasehold	160,613	23,968	264,468	2.5 - 20	30,513	10,958	29,478	234,990
		(20,251)				(12,579)		
		** 100,138				** 586		
Leasehold Improvements	-	18,147	49,773	33	-	5,489	22,447	27,326
		** 31,626				** 16,958		
Office equipment	125,325	58,149	223,618	25	78,084	27,610	136,151	87,467
		(33,956)				(33,564)		
		** 74,100				** 64,021		
Office furniture and fixtures	36,336	14,236	68,016	10-20	14,661	6,571	26,084	41,932
		(7,877)				(7,184)		
		** 25,321				** 12,036		
Motor vehicles	80,306	78,443	124,232	20	32,400	15,023	32,703	91,529
		(18,089)				(12,328)		
		** (16,428)				** (2,392)		
	402,580	192,943	730,107		155,658	65,651	246,863	483,244
		(80,173)				(65,655)		
		** 183,131				** 74,251		

* This represents additions made on acquisition of Credit Chex (Private) Limited, Webdnaworks (Private) Limited and MOBEX Limited.

** This represents additions made on amalgamation of JSIBL into JSBL netted of against disposals made on transfer of JSGCL.

7.1.1 Details of disposal of fixed assets having written down value exceeding Rs.50,000 each

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's particulars
	(Rupees in '000)						
Motor vehicles:							
Suzuki Cultus	555	416	139	306	167	As per policy	Changez M Khan (ex employee) Karachi
Suzuki Cultus	560	376	184	358	174	Negotiation	Changez M Khan (ex employee) Karachi
Suzuki Cultus	569	296	273	347	74	As per policy	Malik Zafar Javaid (employee) Karachi
Suzuki Cultus	588	279	309	360	51	As per policy	Mansoor Sadiq (employee), Karachi
Mitsubishi Lancer	999	475	524	485	(39)	As per policy	Iftikhar Ahmad (employee), Karachi
Suzuki Cultus	569	296	273	410	137	Negotiation	Mehboob Ali Kalyar, Karachi
Suzuki Cultus	569	296	273	403	130	Negotiation	Changez M Khan (ex employee) Karachi
Mitsubishi Lancer	1,149	546	603	546	(57)	As per policy	Shafiq ur Rehman (employee) Karachi
Suzuki Cultus	560	266	294	415	121	Negotiation	Farhan Ataullah, Karachi
Honda City	835	435	400	602	202	Negotiation	Changez M Khan (ex employee) Karachi
Toyota Corolla	1,119	532	587	650	63	As per policy	Suleman Lalani (employee), Karachi
Honda Civic Vti	1,143	543	600	678	78	As per policy	Noman Sarosh Alvi (employee) Karachi
Suzuki Cultus	560	266	294	409	115	As per policy	Adnan ur Rehman (ex-employee) Karachi
Suzuki Cultus	560	266	294	410	116	As per policy	Aga Hasan Qizilbash (ex-employee) Karachi
Suzuki Cultus	560	266	294	410	116	Negotiation	Mahboob Kalyar, Karachi
Toyota Corolla Xli 2005	879	242	637	725	88	As per policy	Sidra Iftikhar (ex-employee), Karachi
Toyota Corolla Xli 2005	879	242	637	721	84	As per policy	Ali Akhter (ex employee), Karachi
Honda City	835	230	605	623	18	As per policy	Shafqat Ali (ex employee), Karachi
Toyota Corolla	879	121	758	765	7	Negotiation	Akhter Abbas, Karachi
Toyota Corolla	879	121	758	765	7	As per policy	Hussain Haider (ex employee) Karachi
Honda Civic -Vtech MT	1,331	150	1,181	1,193	12	Negotiation	Rameez Raja (ex-emloyee), Karachi
Toyota Corolla Xli	879	88	791	744	(47)	As per policy	Rahim Khakiani (ex employee) Karachi
Honda City A/M	846	113	733	713	(20)	As per policy	Adeel Shakir (ex employee), Karachi
Honda City	901	90	811	661	(150)	As per policy	Shahab Mazhar (ex employee) Karachi
Honda City	846	85	761	692	(69)	As per policy	Farrukh Karim (employee), Karachi
Suzuki Cultus	560	35	525	485	(40)	As per policy	Irfan Ali Lotia (ex employee), Karachi
Suzuki Cultus	569	71	498	486	(12)	As per policy	Nadeem Mahmood (employee) Karachi
Honda Civic VTI A/M	1,376	86	1,290	1,136	(154)	As per policy	Iffat Manakani (ex employee), Karachi
Toyota Corolla Gli	969	61	908	926	18	As per policy	Daud Dard(ex employee), Karachi
Suzuki Cultus	560	-	560	504	(56)	As per policy	M Ali(employee), Karachi
Toyota Corolla Xli	879	-	879	879	-	As per policy	Syed Naveed Ahmed (ex employee) Karachi
Toyota Corolla Gli	969	-	969	869	(100)	As per policy	Aly Osman (ex employee), Karachi
Toyota Corolla Gli	969	-	969	869	(100)	As per policy	Rehan Ally Agha (employee), Karachi
Honda City	1,390	-	1,390	1390	-	As per policy	Saad Hashmey (employee), Karachi
Mercedez Benz	5,125	2,845	2,280	3,000	720	Negotiation	Sohaib Riaz Chaudry, Karachi
Suzuki Cultus	560	476	84	259	175	As per policy	Saifuddin (employee), Karachi
Honda Civic	1,506	151	1,355	1,506	151	Insurance claim	EFU General Insurance Ltd. Karachi (a related party)
Toyota Corolla	969	162	807	969	162	Insurance claim	EFU General Insurance Ltd. Karachi (a related party)
Honda Civic	425	85	340	352	12	Negotiation	Mr. Asfand Yar Munawar 113, Khayaban-e-Muhafiz Phase 6, DHA, Karachi
Honda Civic	1,148	497	651	740	89	Negotiation	Syed Saleem Uddin House No. 132/8, Bahadurabad Karachi
Office equipment							
IBM Server	715	626	89	348	259	Negotiation	JS Bank Ltd. Karachi (a related party)
Branch set-up							
Peshawar Branch	871	668	203	203	-	Negotiation	JS Global Capital Ltd. (a related party)
Hyderabad Branch	859	280	579	579	-	Negotiation	JS Global Capital Ltd. (a related party

	2008	2007
	(Rupees in '000)	

7.2 Capital work-in-progress

	2008	2007
Advances to suppliers against:		
civil works	**77,720**	75,449
acquisition of vehicles	**-**	4,753
acquisition of software and equipment	**2,171**	4,975
	79,891	85,177

8. INTANGIBLE ASSETS

	Note	COST: As at July 1, 2007	COST: Additions / (disposal)/ * others	COST: As at June 30, 2008	Rate	ACCUMULATED AMORTISATION: As at July 1, 2007	ACCUMULATED AMORTISATION: For the year / (on disposal) / *others	ACCUMULATED AMORTISATION: As at June 30, 2008	WRITTEN DOWN VALUE: As at June 30, 2008
		(Rupees in '000)			%	(Rupees in '000)			
June 30, 2008									
Software		21,154	103,145 (42) * 7,093	131,350	20 - 33.33	4,623	12,572 (15) * 1,570	18,750	112,600
Membership rights of ICP mutual funds	8.1	175,000	-	175,000	-	70,000	-	70,000	105,000
Goodwill	6 & 8.2	550,051	3,145,303	3,695,354	-	-	-	-	3,695,354
Non-compete fee	8.3	126,683	-	126,683	33.33	21,227	42,225	63,452	63,231
Technical know how	8.4	150,000	-	150,000	100	75,206	74,794	150,000	-
		1,022,888	**3,248,448** **(42)** *** 7,093**	**4,278,387**		**171,056**	**129,591** **(15)** *** 1,570**	**302,202**	**3,976,185**

	Note	COST: As at July 1, 2006	COST: Additions / (disposal)	COST: As at June 30, 2007	Rate	ACCUMULATED AMORTISATION: As at July 1, 2006	ACCUMULATED AMORTISATION: For the year / (on disposal)	ACCUMULATED AMORTISATION: As at June 30, 2007	WRITTEN DOWN VALUE: As at June 30, 2007
		(Rupees in '000)			%	(Rupees in '000)			
June 30, 2007									
Software		18,376	8,578 (5,800)	21,154	20 - 33.33	4,406	4,623 (4,406)	4,623	16,531
Membership rights of ICP mutual funds	8.1	175,000	-	175,000	-	70,000	-	70,000	105,000
Goodwill	8.2	-	550,051	550,051	-	-	-	-	550,051
Non-compete fee	8.3	-	126,683	126,683	33.33	-	21,227	21,227	105,456
Technical know how	8.4	-	150,000	150,000	100	-	75,206	75,206	74,794
		193,376	835,312 (5,800)	1,022,888		74,406	101,056 (4,406)	171,056	851,832

* This represents additions made on acquisition of Credit Chex (Private) Limited, Webdnaworks (Private) Limited and MOBEX Limited.

8.1 Intangible asset in respect of Management Rights of ICP Mutual Funds represents the amount paid to the Privatisation Commission, Government of Pakistan for the acquisition of the management rights of 12 ICP Mutual Funds, which were consolidated into ABAMCO Stock Market Fund, ABAMCO Growth Fund and ABAMCO Capital Fund and then merged to form JS Growth fund (formerly UTP- Growth Fund) in 2006. Cost incurred for the acquisition of management rights was previously amortised on a straight line basis over ten financial years commencing from the year ended June 30, 2003. The Group carried out a reivew of the useful life of the above management rights of ICP mutual funds. In addition, the Group revisited and revised its future plans with respect to these funds. Consequently, keeping in view the revised future plans and opinion from its legal advisor in repect of the Group's right and obligations under the above mentioned Management Rights Transfer Agreement and an analysis of all of the relevant factors the management considers that this intangible asset has an indefinite useful life. The amortization of the management rights acquired by the Group had been discontinued with effect from July 01, 2006.

8.2 The opening balance amounting to Rs. 550.05 million is the minority share of goodwill arising as a result of amalgamations of Jahangir Siddiqui Investment Bank Ltd. and American Express Bank Ltd., Pakistan Operations, with and into JS Bank Limited.

8.3 This represents non-compete fee paid to American Express Bank Limited, New York (AMEX) on the amalgamation of American Express Bank Pakistan Operations with and into JS Bank Limited.

8.4 This represents cost of transfer of technical know how, provision of transitional services and technical support paid to AMEX for a period of one year.

9. INVESTMENT PROPERTIES

		COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	Note	As at July 1, 2007	Additions / (disposal)	As at June 30, 2008	Rate %	As at July 1, 2007	For the year / (on disposal)	As at June 30, 2008	As at June 30, 2008
		(Rupees in '000)				(Rupees in '000)			
June 30, 2008									
Office premises - leasehold	9.1	**12,599**	**-**	**12,599**	**5**	**8,267**	**640**	**8,907**	**3,692**

		COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	Note	As at July 1, 2006	Additions / (disposal)	As at June 30, 2007	Rate %	As at July 1, 2006	For the year / (on disposal)	As at June 30, 2007	As at June 30, 2007
		(Rupees in '000)				(Rupees in '000)			
June 30, 2007									
Office premises - leasehold	9.1	12,599	-	12,599	5	7,627	640	8,267	4,332

9.1 The fair value of the investment properties aggregate to Rs. 101.54 (2007: Rs. 89.59) million which has been arrived at on the basis of a valuation carried out by M/s Consulting Support and Services, independent valuer on July 19, 2008. The valuation was arrived at by reference to market values and realisable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

	Note	2008	2007
		(Rupees in '000)	

10. MEMBERSHIP CARDS AND ROOM

Stock Exchange Membership cards			
Karachi Stock Exchange (Guarantee) Limited		**100**	100
Islamabad Stock Exchange (Guarantee) Limited		**32,101**	32,101
National Commodity Exchange Membership card		**1,000**	-
Room - Islamabad Stock Exchange (Guarantee) Limited		**1,000**	1,000
		34,201	33,201

11. LONG TERM INVESTMENTS

	Note	2008	2007
Related parties			
Investment in associates	11.1	**5,114,407**	5,172,378
Investment in joint ventures	11.2	**-**	15,788
Other related parties - Available for sale	11.3	**19,846,548**	2,351,007
		24,960,955	7,539,173
Other investments	11.4	**-**	73,923
		24,960,955	7,613,096

11.1 Investment in associates

Summarised financial information of the associates of the Group along with their respective share is as follows:

Name of associate	Interest held 2008	Interest held 2007	Revenues	Total Assets	Total Liabilities	Net Assets	Share of net assets 2008	Share of net assets 2007
	%	%	(Rupees in '000)					
Quoted								
Network Microfinance Bank Limited Market value Rs. 34.97 million (2007: Rs. 25.50 million)	**41.63**	30.00	13,485	225,775	125,672	100,103	41,710	21,653
JS Global Capital Limited Market value Rs. 4,846.44 million (2007: Rs.4,533.30 million)	**43.47**	43.47	886,846	5,677,974	2,395,759	3,282,215	1,505,082	1,477,483
EFU Life Assurance Limited Market value (2007: Rs. 2,971.93 million)	-	22.02	-	-	-	-	-	377,339
JS Value Fund Limited (formerly BSJS Balanced Fund Limited) Market value Rs. 530.62 million (2007: Rs. 144.98 million)	**23.15**	23.45	923,272	2,677,773	23,086	2,654,687	702,918	493,704
Azgard Nine Limited Market value Rs. 4,658.60 million (2007: Rs. 4,022.58 million)	**24.20**	24.99	14,037,360	23,644,099	13,725,380	9,918,719	2,864,697	2,794,665
Un-quoted								
EFU Services (Private) Limited Net assets value (2007: Rs. 7.53 million)	-	37.50	-	-	-	-	-	7,534
			15,860,963	32,225,621	16,269,897	15,955,724	5,114,407	5,172,378

11.1.1 Included in investment in associates are equity securities costing Rs. 323.41 (2007: Rs.1,334.01) million and having market value of Rs. 554.04 (2007: Rs.3,503.65) million as at June 30, 2008, pledged with various commercial banks.

11.1.2 All investments in associates are in companies which are incorporated in Pakistan.

11.2 Investment in joint ventures

Pursuant to the approval of the Board of Directors of the Holding Company in their meeting held on October 26, 2007, the Holding Company during the year has disposed off investments in DCD Factors (Private) Limited [formerly DCD JS Factors (Private) Limited] and DCD Factors Inc. [formerly DCD JS Factors Inc.].

11.3 Other related parties - Available for sale

These shares are ordinary shares of Rs.10 each unless stated otherwise.

Number of shares 2008	Number of shares 2007		Note	Activity	Holding 2008 %	Holding 2007 %	2008 (Rupees in '000)	2007 (Rupees in '000)
		Quoted at fair value						
9,000,000	9,000,000	**Eye Television Network Limited**		Television Network	**18.00**	18.00	**530,100**	449,100
78,750,000*	37,500,000	**BankIslami Pakistan Limited**		Islamic Banking	**18.75**	12.61	**1,166,288**	560,625
18,675,500	5,542,488	**EFU General Insurance Limited**		General Insurance	**16.24**	5.54	**6,739,241**	1,341,282
16,441,300	-	**EFU Life Assurance Limited**	11.3.1	Life Insurance	**21.92**	-	**6,268,410**	-
18,298,860	-	**Pakistan Reinsurance Company Limited**		Reinsurance	**6.10**	-	**1,588,524**	-
3,090,000	-	**Attock Petroleum Limited**		Oil Marketing	**6.44**	-	**1,335,745**	-
17,759,800	-	**Pakistan International Container Terminal Limited**		Container Terminal	**19.52**	-	**2,210,740**	-
		Un-quoted at cost						
750,000	-	**EFU Services (Private) Limited**	11.3.1	Investment Company	**37.50**	-	**7,500**	-
							19,846,548	2,351,007

* These represent sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

11.3.1 During the year, the Holding Company reviewed its relationship with all its associates and as a result it has reclassified the investment in above two companies as 'available for sale' as the holding company does not exercise significant influence over them.

11.3.2 Included herein are equity securities costing Rs. 1,428.41 (2007:Rs. 59.84) million and having market value of Rs. 1,031.34 (2007: Rs.1,298.78) million as at June 30, 2008, pledged with various commercial banks.

11.3.3 The cost of investments in related parties amounts to Rs. 22,318.76 (2007: Rs. 597.36) million.

	Note	**2008**	2007
		(Rupees in '000)	
11.4 Other investments			
Available for sale			
Equity securities			
unquoted (at cost)		-	69,998
Held to maturity			
Defence Saving Certificates (at amortised cost)	11.4.1	-	3,925
		-	73,923

11.4.1 Defence Saving Certificates have been reclassified as short term held to maturity investment in view of its maturity on April 06, 2009.

12. LONG TERM LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2008	2007
Long-term loans - considered good			
Secured			
Due from:			
Chief Executive Officer	12.1	**17,850**	20,000
Executives	12.2 & 12.3	**2,306**	468
Employees		**3,543**	2,569
Others		**-**	50,045
		23,699	73,082
Long-term advances - considered good, unsecured			
Advance against a room at National Commodity Exchange Limited		**2,500**	3,500
Long-term receivable from related party			
Unsecured , considered good	12.4	**3,086**	14,364
		29,285	90,946
Current maturity of long term loans and receivables		**(3,672)**	(8,564)
		25,613	82,382

12.1 This represents loan given to the Chief Executive Officer (CEO) of JS Investments Limited [Formerly JS ABAMCO Limited] with prior approval of the Securities and Exchange Commission of Pakistan under section 195 of the Companies Ordinance, 1984 for the construction of a dwelling house. The loan is secured by way of second equitable mortgage over the said property and was initially repayable by June 30, 2007. The Board has extended the repayment of loan for further four years. The loan carries mark-up equivalent to the average cost of funds to the company determined on the basis of six month's average funded liabilities, which is 12.00% per annum for the period July to December 2007 (based on average funded liabilities for the period from January to June 2007) which remains constant for the next six months from January to June 2008 (based on average funded liabilities for the period from July to December 2007).

The maximum aggregate amount due from the Chief Executive at the end of any month during the year was Rs 20.00 (2007: Rs 20.00) million.

	2008	2007
	(Rupees in '000)	
12.2 Reconciliation of the carrying amount of loans to executives		
Balance at the beginning of the year	**468**	646
Disbursement	**2,334**	1,245
Repayments	**(496)**	(1,423)
Balance at the end of the year	**2,306**	468

12.3 Represents loans to executives and employees of the Group given for housing and for purchase of home appliances at rates ranging from 8.00% to 12.00% (2007: 8.00% to 12.00%) per annum in accordance with the Group's employee loan policy. These loans are secured against provident fund balances and salaries of the employees, title documents of vehicles and personal guarantees and are repayable over a period of one to five years. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 2.00 (2007: Rs. 1.24) million.

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

13. DEFERRED TAXATION

	2008	2007
	(Rupees in '000)	
Taxable temporary difference		
Differences in account and tax bases of operating assets	**(26,110)**	(9,699)
Deductible temporary differences		
Provision for non-performing loans	**127,517**	1,241
	101,407	(8,458)

13.1 The Holding Company has not recorded deferred tax assets in view of uncertainty with respect to the availability of taxable profits in the future against which such losses can be utilised, as the profit for the year mainly comprises of capital gains on listed equity securities that are exempt for tax purpose under clause 110 of the Second Schedule to the Income Tax Ordinance, 2001. Further, the Holding Company has assessed and un-assessed carry forward tax losses amounting to Rs. 2,331.10 (2007:Rs.1,476.82) million. The amount of deferred tax asset not recognised in these financial statements amounts to Rs. 814.92 (2007:Rs.491.29) million.

14. SHORT TERM INVESTMENTS

	Note	2008	2007
		(Rupees in '000)	
Assets at fair value through profit or loss			
Listed equity securities	14.2	**1,479,109**	5,779,888
Government securities		**12,078**	-
Term Finance Certificates		**711**	804
Open-end fund units (at redemption price)		**2,284,305**	1,280,175
		3,776,203	7,060,867
Available for sale			
Equity securities			
- quoted	14.2	**2,972,627**	2,268,926
- unquoted - stated at cost		**51,622**	73,211
Term Finance/Sukuk Certificates			
- quoted		**735,312**	161,083
- unquoted - stated at cost		**941,822**	319,174
Commercial Paper		**64,091**	-
Government securities		**3,425,191**	2,654,903
Open-end fund units - (at redemption price)		**1,592,240**	467,863
		9,782,905	5,945,160
Held to maturity			
Defence saving certificates		**4,632**	-
	14.3	**13,563,740**	13,006,027

14.1 The above investment are carried at market value except where mentioned specifically. The cost of the above investments amounts to Rs. 12,662.00 (Rs. 10,903.17) million.

14.2 This includes investments in equity securities of related parties having market value of Rs. 996.18 (2007: Rs.4,471.68) million.

14.3 This includes investments pledged with banks having market value of Rs.2,402.80 (2007: Rs. 3,558.05) million costing Rs. 5,313.58 (2007: Rs. 2,570.80) million.

15. TRADE DEBTS

	2008	2007
Unsecured and considered good		
Receivable against sale of shares	**146,117**	61,622
Trade debts for advisory and other services	**53,572**	-
	199,689	61,622

16. LOANS AND ADVANCES

	Note	2008	2007
		(Rupees in '000)	
Current maturity of long term loans	12	**3,672**	8,564
Term loan			
considered good	16.1	**9,571,850**	4,630,648
considered doubtful		**122,075**	113,755
		9,693,925	4,744,403
Provision against non-performing loan	16.2	**(122,075)**	(113,755)
		9,571,850	4,630,648
Advances - considered good			
Unsecured			
Against subscription of shares of related parties	16.3	**125,000**	322,000
Against subscription of Term Finance / Sukuk-ul Ijara Certificates	16.4	**100,000**	410,000
For purchase of office equipment		**-**	760
Contractor and suppliers		**173**	3,234
Executives	16.5	**372**	442
Staff	16.5	**432**	398
		225,977	736,834
		9,801,499	5,376,046

16.1 These carry mark-up ranging from 5.00% to 16.51% (June 2007: 10.54% to 12.28%) per annum and are secured by pledge of shares of listed companies, property of the borrowers and hypothecation of assets.

16.2 Particulars of provision for non-performing loan

	2008	2007
Opening balance	**113,755**	47
Charge for the year	**8,320**	113,708
Closing balance	**122,075**	113,755

16.3 Advance against subscription of shares of related parties

	Note	2008	2007
Energy Infrastructure Holding (Private) Limited	16.3.1	**125,000**	-
Credit Chex (Private) Limited		**-**	97,000
BankIslami Pakistan Limited		**-**	225,000
		125,000	322,000

16.3.1 This represents advance paid for subscription of 12,500,000 shares of Rs. 10 each of Energy Infrastructure Holding (Private) Limited (EIHPL). The EIHPL was incorporated on April 15, 2008 under the laws of Pakistan. The principal activities of EIHPL is to design, construct, acquire, own, operate and maintain power generation complexes and to carry on the business of electricity generation, power transmission and distribution services, over hauling and re-powering of power plants etc.

16.4 Advance against subscription of Term Finance / Sukuk-ul Ijara Certificates

	Interest Rate	Tenor	No. of TFCs with face value of Rs.5,000	2008	2007
				(Rupees in '000)	
Allied Bank Limited - Quoted	6 Months KIBOR + 85 bps for first 5 years 6 Months KIBOR + 135 bps for remaining 5 years	10 Years	20,000	**100,000**	-
Engro Chemiclas Pakistan Limited - Quoted	6 Months KIBOR + 155 bps	8 years	61,000	-	305,000
KASB Securities Limited - unquoted	6 Months KIBOR + 155 bps	5 years	20,000	-	100,000
Government of Pakistan - Sukuk-ul Ijara Certificates	6 Months KIBOR + 45 bps	8 years	1,000	-	5,000
				100,000	410,000

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

17. ACCRUED MARK-UP

	Note	2008	2007
		(Rupees in '000)	
Loans, advances and fund placements		**10,575**	53,602
Reverse repurchase transactions		**30,011**	-
Bank deposits		**294,389**	7,186
Interest receivable from CEO		**183**	2,537
Term Finance Certificates		**34**	7,029
		335,192	70,354

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2008	2007
Deposits		**6,478**	145,424
Prepayments		**123,545**	14,788
Other receivables			
Dividend receivable		**10,504**	132,004
Fair value of derivative financial instruments		**-**	2,345
Receivable from Special Purpose Vehicle		**-**	16,129
Remuneration from related parties	18.1	**60,713**	249,811
Commission from related parties		**-**	204
Others	18.2	**80,490**	99,897
		151,707	500,390
		281,730	660,602

18.1 This represents remuneration receivable from various Funds for services rendered as an asset management company. Remuneration for the period ended June 30, 2008 has been calculated from 1.00% to 3.00% (2007:1.00% to 3.00%) of the net asset value of these Funds.

18.2 Included herein is a sum of Rs. 1.35 (2007. Rs. 0.08) million receivable from related parties.

	Note	2008	2007
		(Rupees in '000)	

19. FUND PLACEMENTS

	Note	2008	2007
Securities purchased under resale agreement:			
Secured and considered good			
Listed equity securities		**1,772,802**	-
Government securities		**-**	2,085,640
		1,772,802	2,085,640
Call money lending		**600,000**	3,595,000
		2,372,802	5,680,640

19.1 These carry mark-up at the rate ranging from 10.05% to 17.00% (2007: 8.93% to 9.60%) per annum.

20. CASH AND BANK BALANCES

	Note	2008	2007
Cash in hand		**204,396**	115
Balances with banks on:			
Current accounts			
local currency		**1,503,850**	1,193,616
foreign currency		**336,837**	309,027
	20.1	**1,840,687**	1,502,643
Deposit accounts			
local currency		**4,418,942**	74,854
foreign currency		**1,941,115**	1,265,444
	20.2	**6,360,057**	1,340,298
		8,405,140	2,843,056

20.1 Current accounts include a foreign currency frozen account balance of Rs Nil (2007: Rs. 0.25) million.

20.2 These carry mark-up ranging from 1.00% to 15.00% (2007: 1.00% to 10.00%) per annum.

21. SHARE CAPITAL

21.1 Authorised capital

2008	2007		2008	2007
Number of shares				
6,000,000,000	50,000,000	Ordinary shares of Rs.10/- each	**60,000,000**	500,000
500,000,000	100,000,000	Preference shares of Rs.10/- each	**5,000,000**	1,000,000
6,500,000,000	150,000,000		**65,000,000**	1,500,000

During the year, the Shareholders of the Company in their Sixteenth Annual General Meeting held on September 29, 2007 passed a special resolution to increase the Authorised Share Capital by Rs. 63,500 million by the creation of 5,950 million ordinary shares and 400 million preference shares of the Company.

21.2 Issued, subscribed and paid-up capital

2008	2007		Note	2008	2007
Number of shares				(Rupees in '000)	
		Ordinary shares of Rs.10/- each:			
		Fully paid in cash			
23,387,500	23,387,500	Opening balance		**233,875**	233,875
22,020,000	-	Issued during the year	21.2.1	**220,200**	-
7,000,000	-	Conversion of preference shares	21.2.2	**70,000**	-
52,407,500	23,387,500			**524,075**	233,875
		Fully paid bonus shares			
11,612,500	11,612,500	Opening balance		**116,125**	116,125
158,000,000	-	Issued during the year	21.2.3	**1,580,000**	-
169,612,500	11,612,500			**1,696,125**	116,125
-	70,000,000	**Fully paid 7% Class 'A' Preference shares of Rs. 10 each**	21.2.2	**-**	700,000
222,020,000	105,000,000			**2,220,200**	1,050,000

21.2.1 Pursuant to a special resolution passed by the Shareholders of the Holding Company in the Extraordinary General Meeting held on May 19, 2008, the agreements executed between the foreign investors and the approval of SECP obtained on May 21, 2008 under the first proviso to section 86(1) of the Companies Ordinance, 1984, the Company issued 22,020,000 new Ordinary Shares of the Company (the Additional Shares) of Rs. 10/- each to foreign investors at a premium of Rs. 465/- per share at a subscription price of Rs. 475/- per share against receipt of the total subscription amount of Rs. 10.459 billion in foreign exchange through normal banking channels. Transaction cost of Rs. 332.76 million is off-set against the total share premium of Rs. 10,239.30 million.

21.2.2 On June 30, 2007, the Holding Company exercised its right to convert all 70 Million Class "A" Preference Shares into Ordinary Shares of Rs. 10/- each at a conversion premium of Rs. 90/- i.e. at a total conversion price of Rs.100/- for each Ordinary Share.

Accordingly, each holder of Class "A" Preference Shares shall be issued 1 (one) fully paid up Ordinary Share of the Holding Company for every 10 (ten) Class "A" Preference Shares i.e. in the ratio of 10:1. Such Ordinary Shares shall be allotted and issued within a further period of 30 days from the date of the completion of the book closure as mentioned herein below. Such Ordinary Shares after being issued shall rank pari passu in all respects with the other Ordinary Shares of the Holding Company then already issued by the Holding Company.

21.2.3 The Shareholders of the Holding Company in their Sixteenth Annual General Meeting held on September 29, 2007 approved 100% bonus issue i.e. one new Ordinary share for every Ordinary share held by those Ordinary Shareholders of the Holding Company who were registered in the books of the Company as per the entitlement list provided by the Central Depository Company of Pakistan Ltd. at the close of business on September 20, 2007. These bonus shares have been issued to the Ordinary Shareholders of the Holding Company as per their entitlement at the close of business on October 01, 2007.

Further, the Board of Directors of the Holding Company, in the meeting held on January 12, 2008 approved the issue of 159.74026% fully paid interim bonus shares i.e. 1.5974026 Ordinary shares for every one Ordinary share held by the those Ordinary Shareholders of the Holding Company whose names appeared in the Register of Members as on February 05, 2008. These bonus shares have been issued to the Ordinary Shareholders of the Holding Company as per their entitlement at the close of business on February 13, 2008.

22. RESERVES

	Note	2008	2007
		(Rupees in '000)	
Capital reserve			
Premium on the issue of shares		**11,395,668**	2,016,379
Revenue reserves			
General reserve		**10,000,000**	2,500,000
Foreign exchange translation reserve		**7,461**	968
Unappropriated profit		**13,385,998**	4,240,430
		23,393,459	6,741,398
Other			
Unrealised (loss) / gain on revaluation of available for sale investments -net		**(2,802,182)**	1,732,408
Statutory reserve		**61,514**	-
Hedging reserve		**49,125**	241,048
Preference shares redemption reserve		**25,589**	25,302
		32,123,173	10,756,535

23. LONG TERM FINANCING

	Note	2008	2007
Long term loans	23.1	**3,602**	25,000
Term Finance Certificates	23.2	**3,520,275**	3,729,413
Liability against Class A, B & C TFC	23.3	**600,568**	689,886
		4,124,445	4,444,299

23.1 Long term loans

	Note	2008	2007
Financial Institutions - secured		**-**	87,500
Associated undertaking - unsecured	23.1.1	**925**	-
Directors - unsecured	23.1.2	**2,677**	-
		3,602	87,500
Less: Current portion shown under current liability	29	**-**	62,500
		3,602	25,000

23.1.1 This represents long term interest free loan from Texac Rubber Industries (Private) Limited, an associated company of Webdnaworks (Private) Limited (a sub-subsidiary company).

23.1.2 This represents long term loan obtained from Chief Executive officer of MOBEX Limited (a sub-subsidiary company) under a loan agreement dated March 12, 2008, for a period of four years. The loan is convertible into 171,429 ordinary shares of Rs. 10/- each of the Mobex Limited whenever, its equity reaches Rs. 250 million or four years from signing of the agreement, which ever is earlier.

23.2 Term Finance Certificates (TFCs)

	Note	2008	2007
		(Rupees in '000)	
Secured			
Second issue	23.2.1	**499,200**	499,400
Fifth issue	23.2.2	**1,094,955**	1,094,275
Sixth issue	23.2.3	**1,244,021**	1,143,125
Unsecured			
First issue		**-**	249,700
Third issue	23.2.4	**496,728**	495,183
Fourth issue	23.2.5	**498,649**	498,470
		3,833,553	3,980,153
Less: Current portion shown under current liability	29	**313,278**	250,740
		3,520,275	3,729,413

23.2.1 The profit on these TFCs is payable semi-annually, based on the 6 month KIBOR average rate plus 150 basis points per annum for first 5 years, and thereafter, an increase of 0.10% a year for next 3 years and a further 0.10% a year for the last 2 years. The TFCs have a tenor of ten years i.e. 2004-2014 with a call option exercisable by the Group at any time during the tenor of the TFCs after the first 2 years by giving a 3 months notice. These TFCs are secured against lien over a designated account with the Central Depository Company. The account contains marketable securities having a market value of Rs. 762.23 million (2007: 1,083.44 million) equal to the issue size with the regulatory margin as prescribed by the State Bank of Pakistan's Prudential Regulations. In the event of any sale and repurchase of marketable securities, the lead arranger will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

23.2.2 The profit on these TFCs is payable semi-annually, based on a six months average KIBOR plus 250 basis points. These TFCs have a tenor of five and half years i.e. 2006 – 2012 with a call option exercisable by the Group anytime after the expiration of one year from the date of issue upon giving to the TFC holders not less than 30 days irrevocable notice in writing at a premium equal to 1.00% of the outstanding issue price. Transaction costs associated with the issue of TFCs, amounting to Rs. 6.158 million, are included in the initial measurement of the financial liability and have been amortised over the life of TFCs using effective interest method.

These TFCs are secured against first ranking charge on all present and future movable assets, but excluding pledge of listed securities offered as security along with the requisite margin on existing secured TFC of Rs. 500 million and current and future overdraft / short term borrowing limits upto

Rs. 4,000 million at any time outstanding. However, the trustee will be authorised to issue No Objection Certificate for creation of parri passu floating charges in favour of other creditors, so long as and to the extent that the value of the movable assets of the Group included in the floating charge exceeds 133% of the total liabilities secured by the floating charge in favour of the TFC holders.

23.2.3 During the year, the Company has issued privately placed Term Finance Certificates (TFCs) amounting to Rs. 1,250 million. The profit on these TFCs is payable semi-annually, based on a six months' average KIBOR plus 170 basis points. These TFCs have a tenor of six years i.e. 2007 - 2013 with a call option exercisable by the Company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value. Transaction cost associated with the issue of TFCs, amounting to Rs. 6.875 million, are included in the initial measurement of the financial liability and have been amortised over the life of TFCs using effective interest rate method.

These TFCs are secured against first ranking charge on all present and future movable assets including book debts, receivables and investments, but excluding pledge of listed securities offered as security along with the requisite margin on existing secured TFC of Rs. 500 million and current and future overdraft / short term borrowing limits upto Rs. 4,000 million at any time outstanding. However, the trustee will be authorised to issue the No Objection Certificate for the creation of pari passu floating charges in favour of other creditors, so long as and to the extent that the value of movable assets of the Company included in the floating charges exceeds 133% of the total liabilities secured by the floating charges in favour of the TFC holders.

23.2.4 The profit on these unsecured TFCs is payable semi-annually, based on the cut-off yield of the last successful auction of 5 year Pakistan Investment Bonds (PIBs) held during the 6 month period plus 150 basis points per annum with a floor and cap of 7.50% and 13.00% per annum. The TFCs have a tenor of five years i.e. 2003-2008 with a call option exercisable by the Group at any time during the tenor of the TFCs after the first 6 months by giving a 3 months notice at a premium of 1% of outstanding face value.

23.2.5 The profit on these unsecured TFCs is payable semi-annually at a fixed rate of 8.29% per annum. These TFCs have a tenor of five years i.e. 2004-2009 with a call option exercisable at the coupon dates only by the Group at any time from the 30th month to the 54th month by giving a 30 days advance notice. The call price will include a call premium of 1.00% of then principal outstanding.

23.2.6 The profit on these TFCs is payable semi-annually, based on a six months average KIBOR plus 175 basis points. These TFCs have a tenor of five years i.e. 2005 – 2009 with a call option exercisable by the Group any time from the 30th month to the 54th month by giving a 30 days notice. Call option will be exercised only on the coupon dates.

23.3 Liability against Class A, B & C TFC

JSIL has sold and assigned Rs. 702.5 of its present and future management fee from few funds (listed below) under its management to Financial Receivables Securitization Company Ltd. (FRSCL), a special purpose vehicle, incorporated for this purpose in accordance with Companies (Asset Backed Securitisation) Rules, 1999.

Unit Trust of Pakistan
JS Income Fund (formerly UTP - Income Fund)
UTP - Islamic Fund
JS Growth Fund (formerly UTP Growth Fund)
UTP - Large Cap Fund
JS Value Fund Limited (formerly BSJS Balanced Fund Limited)

The sale of receivables has been treated as debt under EITF 88-18 " Sales of Future Revenue" and is being amortised under the interest method in books of the Group.

As per the terms of agreement between FRSCL and the Group, FRSCL raised finances by issuing TFCs to various investors with the following features.

Total Issue Size	Rs. 702.5 million
Private Placement / Pre-IPO	Rs. 502.5 million
Initial Public Offering (IPO)	Rs. 200 million
Tenor	7 years
Rate	6 month KIBOR plus 200 bps (payable semi-annually)
Floor	8.00%
Ceiling	16.00%

24. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

		2008		
	Note	Minimum lease payments	Financial charges for future periods	Principal outstanding
			(Rupees in '000)	
Not later than one year	29	4,911	1,694	3,217
Later than one year but not later than five years		8,772	1,157	7,615
		13,683	2,851	10,832

24.1 This represents lease finance facilities obtained by Webdnaworks (Private) Limited (a sub-subsidiary) against purchase of ATMs carrying markup ranging between 8.00% and 15.40% per annum and are secured against title of assets in the name of leasing company, post dated cheques and personal guarantees of all directors of Webdnaworks (Private) Limited.

	Note	2008	2007
		(Rupees in '000)	

25. DEPOSITS AND OTHER ACCOUNTS

	Note	2008	2007
Customers			
Fixed deposits		**6,657,914**	3,797,874
Savings deposits		**5,564,944**	6,760,168
Current accounts - Non-remunerative		**1,775,847**	2,517,977
Margin accounts		**79,296**	10,814
		14,078,001	13,086,833
Current Maturity	29	**13,729,898**	12,858,833
		348,103	228,000
Particulars of deposits			
In local currency		**12,854,323**	11,837,366
In foreign currencies		**1,223,678**	1,249,467
		14,078,001	13,086,833

This represent deposits received from customers. The maturity period ranges from three months to five years. The rate of return payable on these deposits ranging from 3.00% to 11.01% (2007: 3.54% to 10.06%) per annum.

	Note	2008	2007
		(Rupees in '000)	

26. TRADE AND OTHER PAYABLES

	Note	2008	2007
Payable against purchase of shares		**574,231**	1,195,879
Creditor for sale of shares on behalf of clients		**-**	502,674
Accrued expenses	26.1	**1,169,276**	456,460
Bills payable		**510,069**	380,398
Other liabilities			
Advance against equity shares		**9,250**	-
Security deposits		**639**	-
Unclaimed dividend		**15,197**	6,295
Unrealised loss on forward foreign exchange contracts - net		**106,502**	-
Disputed tax liability	26.2	**49,293**	49,293
Others		**104,751**	72,040
		285,632	127,628
		2,539,208	2,663,039

26.1 Included herein are the share issue expenses amounting to Rs. 327.93 million and donation of Rs. 237.38 million (see note 36.5) remaining unpaid at the end of the year.

26.2 Citibank Overseas Investment Corporation (COIC) had on February 1, 1999 entered into an agreement to sell 6.00 million shares of Jahangir Siddiqui Investment Bank Limited (JSIBL) (formerly Citicorp Investment Bank Limited) to the holding company and in that agreement it was agreed by the parties to the agreement that the purchase consideration of Rs.123.90 million (representing 6.00 million shares at the rate of Rs.20.65 per share) would be adjusted to the extent of 70.00% if there is any subsequent reduction in total disputed tax liability as of December 31, 1998 amounting to Rs.68.65 million as confirmed by a Chartered Accountant firm. Therefore as and when this disputed tax liability is resolved in favour of JSIBL, the holding company would pay to the COIC the above amount to the extent of 70.00% which would be adjusted against the purchase consideration for the investment in JSIBL. It should be noted that even if the matter is decided in favour of JSIBL, the matter is most likely to be referred to a higher forum.

27. ACCRUED INTEREST / MARK-UP ON BORROWINGS

	Note	2008	2007
		(Rupees in '000)	
Long term financing		**112,405**	44,677
Deposits		**173,276**	84,717
Short term borrowings		**26,852**	47,207
		312,533	176,601

28. SHORT TERM BORROWINGS

	Note	2008	2007
Securities sold under repurchase agreements secured against:			
Government securities		**804,084**	-
Term finance/Sukuk certificates		**50,000**	-
		854,084	-
Borrowing from banks/ NBFCs - unsecured	28.1	**3,438,000**	287,720
Short term running finance under mark-up arrangements	28.2	**1,902,835**	1,683,775
		6,194,919	1,971,495

28.1 Represents amount borrowed from banks / NBFCs having mark-up rates ranging from 9.59% to 18.00% (2007: 8.30% to 9.30%) per annum.

28.2 The Group has short term running finance facilities under mark-up arrangements aggregating to Rs. 6,850 (2007: Rs. 5,600) million from various commercial banks having mark-up ranging from 10.02% to 14.32% (2007: 11.03% to 12.55%) per annum calculated on a daily product basis. The facilities utilised against these arrangements are secured against shares of listed companies having an aggregate fair value of Rs. 4,951.48 (2007: Rs. 6,284.18) million.

29. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2008	2007
		(Rupees in '000)	
Long term financing			
Long term loans	23.1	**-**	62,500
Term finance certificates	23.2	**313,278**	250,740
Liability against Class A, B & C TFCs	23.3	**91,960**	-
Deposits and other accounts	24	**13,729,898**	12,858,833
Current portion of liabilities against assets subject to finance lease	24	**3,217**	-
		14,138,353	13,172,073

	2008	2007
	(Rupees in '000)	

30. CONTINGENCIES AND COMMITMENTS

30.1 Contingency

30.1.1 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.

	2008	2007
i) Government	**63,757**	10,665
ii Banking companies and other financial institutions	**2,064**	-
iii) Others	**15,368**	15
	81,189	10,680

30.1.2 Other contingencies

	2008	2007
Claims not acknowledged as debts	**97,358**	108,425
Trade related contingent Liabilities documentary credits	**632,460**	-

30.2 Commitments

	2008	2007
Forward purchase of government securities	**65,000**	-
Forward sale commitments	**65,000**	39,427
Preferred dividend on preference shares	**-**	28,326
Bank guarantee	**3,335**	-
Commitments in respect of forward exchange contracts:		
Purchase	**661,840**	3,204,714
Sale	**2,416,124**	3,062,625
Commitments in respect of capital expenditure	**143,613**	964
Underwriting commitments	**170,993**	550,925
Assets acquired under operating lease	**700**	1,800

	2008	2007
	(Rupees in '000)	

31. RETURN ON INVESTMENTS

	2008	2007
Mark-up / interest income from:		
At fair value through profit or loss		
Government securities	**4,783**	28,412
Term Finance Certificates	**55**	67,992
	4,838	96,404
Available for sale		
Term Finance / Sukuk Certificates	**187,469**	166,964
Government securities	**360,167**	-
Held to maturity		
Defence Saving Certificates	**708**	600
	553,182	263,968
Dividend income on:		
At fair value through profit or loss	**72,891**	61,414
Available for sale investments	**359,873**	433,657
	432,764	495,071
	985,946	759,039

32. GAIN ON SALE OF INVESTMENTS - net

	2008	2007
Subsidiary, associates and joint ventures	**8,391,705**	-
At fair value through profit or loss	**5,915,878**	835,988
Available for sale	**4,941,576**	1,355,707
	19,249,159	2,191,695

33. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS

	2008	2007
Interest on loans to staff	**2,957**	3,719
Interest on loans and advances	**879,352**	202,158
Interest on short term loan	**-**	10,992
Interest on deposits with financial institutions	**54,838**	36,518
Return on reverse repurchase transactions of:		
Listed equity securities	**175,110**	120,427
Government securities	**-**	44,155
	175,110	164,582
Return on term deposit receipts	**8,757**	-
Others	**1,124**	48,666
	1,122,138	466,635

34. FEE AND COMMISSION

	Note	2008	2007
		(Rupees in '000)	
Consultancy and advisory fee		**180**	35,930
Underwriting commission		**15,383**	10,132
Commission income		**167,785**	28,548
Remuneration from fund under management	34.1	**626,928**	461,647
Brokerage Income		**-**	75,115
Other services		**5,197**	308
		815,473	611,680

34.1 Remuneration from funds under management

	2008	2007
Closed-end funds		
JS Value Fund Limited (formerly BSJS Balanced Fund Limited)	**50,943**	38,010
UTP Large Cap Fund	**80,633**	72,764
JS Growth Fund (formerly UTP Growth Fund)	**116,533**	116,605
	248,109	227,379
Open-end funds		
Unit Trust of Pakistan	**94,290**	73,297
JS Income Fund (formerly UTP - Income Fund)	**167,793**	61,874
UTP - Islamic Fund	**22,280**	26,297
JS Aggressive Asset Allocation Fund (formerly UTP - Aggressive Asset Allocation Fund)	**20,062**	57,624
JS Fund of Funds (formerly UTP - Fund of Funds)	**2,586**	1,630
UTP - A - 30 + Fund	**5,383**	7,822
JS Capital Protected Fund (formerly UTP - Capital Protected Fund)	**14,042**	4,793
JS Capital Protected Fund II (formerly UTP - Capital Protected Fund II)	**23,201**	931
JS Capital Protected Fund III	**15,756**	-
JS Capital Protected Fund IV	**2,475**	-
JS Pension Savings Fund	**1,411**	-
JS Islamic Pension Savings Fund	**386**	-
JS Aggressive Income Fund	**9,154**	-
	378,819	234,268
	626,928	461,647

35. OTHER INCOME

	2008	2007
Gain on sale of property and equipment	**5,020**	59,972
Rent income	**32,247**	26,858
Return on bank deposit accounts	**29,076**	18,663
Exchange gain	**5,481**	2,064
Income from dealing in foreign currency	**68,615**	12,863
Other income	**16,298**	4,691
	156,737	125,111

36. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2008	2007
		(Rupees in '000)	
Salaries and benefits		**861,035**	534,565
Telephone, fax, telegram and postage		**38,715**	21,003
Vehicle running		**4,066**	5,398
Directors' meeting fee		**4,915**	844
Utilities		**22,674**	12,438
Newspapers and periodicals		**352**	971
Conveyance and travelling		**44,738**	46,876
Repairs and maintenance		**73,474**	17,887
Computer expenses		**29,555**	23,720
Auditors' remuneration	36.1	**8,446**	7,366
Royalty fee	36.2	**14,900**	20,525
Consultancy fee		**19,463**	15,942
Advisory fee	36.3	**117,000**	122,000
Legal and professional charges		**39,492**	39,959
Printing and stationery		**30,384**	11,080
Rent, rates and taxes		**158,995**	74,424
Insurance		**15,484**	9,810
Entertainment		**2,187**	2,649
Advertisement		**43,196**	104,877
Office supplies		**1,299**	1,096
Depreciation	36.4	**115,720**	66,291
Amortisation of intangible assets		**129,155**	101,056
Provision against non-performing loans and advances		**8,320**	5,056
Fees and subscription		**55,853**	23,311
Donations	36.5	**347,379**	54,404
Brokerage and commission expense		**85,469**	34,160
Clearing fees		**34,060**	15,934
Subsidiary incorporation expense		**1,275**	-
Office security		**7,647**	7,518
Exchange loss		**217**	-
Others		**18,645**	31,148
		2,334,110	1,412,308

36.1 Auditors' remuneration

Auditors' remuneraton includes the following:

	Ford Rhodes Sidat Hyder & Co. Holding company	Ford Rhodes Sidat Hyder & Co. Subsidiary companies	Other Auditors Subsidiary companies	2008	2007
	(Rupees in '000)				
Annual audit fee	450	930	1,047	**2,427**	3,337
Half-yearly review fee	185	300	225	**710**	772
Certifications and other services	845	3,664	350	**4,859**	2,970
Out of pocket expenses	211	102	137	**450**	287
	1,691	4,996	1,759	**8,446**	7,366

36.2 This represents the royalty payable under agreements approved by the Board of Directors of the respective companies.

36.3 Represents amount paid / payable to an individual and a director for advisory services rendered in terms of their respective agreements duly approved by the Board of Directors.

	Note	2008	2007
		(Rupees in '000)	
36.4 Depreciation			
Depreciation on operating assets	7.1	**115,080**	65,651
Depreciation on investment properties	8	**640**	640
		115,720	66,291

36.5 This includes donation by the Holding Company and JS Investments Limited (formerly JS ABAMCO Limited) of Rs.337.38 million and Rs. 10.00 million (2007:Rs.44.656 million and Rs. 9.23 million) respectively to Mahvash and Jahangir Siddqui Foundation (formerly Siddiqui Foundation) in which Mr. Ali J. Siddiqui, Mr. Munaf Ibrahim and Mr. Munawar Alam Siddiqui [chairman JS Investments Limited (formerly JS ABAMCO Limited)] are directors. No other directors or their spouses have any interest in any other donee's fund to which donation was made.

37. FINANCE COST

	2008	2007
	(Rupees in '000)	
Mark-up on:		
Short term running finance	**444,061**	261,208
Long term financing	**555,547**	339,075
Borrowing from banks/ NBFCs	**62,401**	40,680
Deposits	**961,612**	-
Markup on finance lease	**1,341**	-
Redeemable capital	**-**	43,942
	2,024,962	684,905
Return of certificates of deposits	**-**	388,214
Repurchase transactions of:		
Listed equity securities	**52,883**	33,719
Government securities	**215,619**	-
	268,502	33,719
Amortisation of transaction costs	**4,390**	38,908
Bank charges	**1,112**	3,160
	2,298,966	1,148,906

38. SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES

	Note	2008 Profit / (loss) after tax	2008 Share of Profit /(loss) after tax	2007 Profit / (loss) after tax	2007 Share Profit / (loss) after tax
		.... (Rupees in '000)			....
Associates					
Network Microfinance Bank Limited		**(22,059)**	**(12,395)**	(11,109)	(1,147)
JS Global Capital Limited		**624,134**	**270,771**	402,818	153,575
EFU Life Assurance Limited	11.3.1	**-**	**54,201**	109,133	10,146
JS Value Fund Limited (formerly BSJS Balanced Fund Limited)		**859,021**	**198,863**	658,483	114,482
Azgard Nine Limited		**704,477**	**173,848**	(195,733)	(79,482)
EFU Services (Private) Limited	11.3.1	**-**	**(34)**	30	11
		2,165,573	**685,254**	963,622	197,585
Joint Ventures					
DCD Factors (Private) Ltd. (formerly DCD JS Factors (Private) Limited)		-	-	(652)	(326)
DCD Factors Inc. (formerly DCD JS Factors Inc.)		-	-	(1,058)	(529)
		-	-	(1,710)	(855)
		2,165,573	**685,254**	961,912	196,730

39. TAXATION

	Note	2008 Current	2008 Prior	2008 Deferred	2007 Current	2007 Prior	2007 Deferred
		---------------------------- (Rupees in '000)			------------------------		
Jahangir Siddiqui & Co. Ltd.	**39.1**	**1,702**	**(2,222)**	**-**	18,965	(56)	-
JS Investments Limited	**39.2**	**32,588**	**-**	**(6,946)**	23,338	(13,110)	6,472
JS Bank Limited	**39.3**	**9,815**	**-**	**(108,289)**	3,270	-	1,211
Jahangir Siddiqui Investment Bank Limited		**-**	**-**	**-**	1,837	-	(26,250)
JS Global Capital Limited		**-**	**-**	**-**	10,261	-	17
JS Infocom Limited	**39.4**	**188**	**99**	**-**	-	-	-
Credit Chex (Private) Limited	**39.5**	**2**	**-**	**-**	-	-	-
Webdnaworks (Private) Limited	**39.6**	**26**	**-**	**-**	-	-	-
MOBEX Limited		**199**	**-**	**-**	-	-	-
		44,520	**(2,123)**	**(115,235)**	57,671	(13,166)	(18,550)
Total Taxation				**(72,838)**			25,955

39.1 The income tax assessments of the Holding Company upto assessment year 2002-2003 corresponding to accounting year ended June 30, 2002 have been finalised. Income tax returns for the tax years 2003, 2004 and 2005 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001. Further the holding company has assessed and un-assessed carry forward tax losses amounting to Rs. 2,331.10 (2007: Rs. 1,476.82) million. The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 814.92 (2007. Rs. 491.29) million.

39.2 The income tax assessments of the JS Investments Limited (formerly JS ABAMCO Limited) have been finalised upto and including the assessment year 2001-2002 (financial year ended June 30, 2001). The income tax assessments for tax year 2003, 2004, 2005, 2006 and tax year 2007 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.

39.3 The income tax assessments of the JS Bank Limited for tax year 2006 and 2007 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.

39.4 The income tax assessments of JS Infocom Limited for the tax years 2004, 2005, 2006 and 2007 have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.

39.5 The income tax assessments of Credit Chex (Private) Limited for the tax years 2006 and 2007 have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes. The net deferred tax asset at the year end amounting to Rs. 21.58 million has not been recognised.

39.6 The income tax assessments of Webdnaworks (Private) Limited for the tax years 2004, 2005, 2006 and 2007 have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.

39.7 Numerical reconciliation between the average effective tax rate and the applicable tax rate has not been presented as provision for current year income tax has been made under the provisions of minimum tax u/s 113 of the Income Tax Ordinance, 2001.

40. BASIC AND DILUTED EARNINGS PER SHARE

	2008	2007
	(Rupees in '000)	
Profit after taxation attributable to Ordinary shareholders	**17,249,851**	2,550,780
Less: Cumulative preference dividend on convertible preference shares	-	(28,326)
Profit after taxation attributable to Ordinary shareholders	**17,249,851**	2,522,454

	2008	2007
	(Numbers in '000)	
Number of Ordinary shares outstanding during the period	**198,980**	193,000
Convertible Preference shares	**-**	7,000
Weighted average number of Ordinary shares adjusted for the effect of dilution	**198,980**	200,000

	2008	2007
	(Rupees)	
Earnings per share:		
Basic	**86.69**	13.07
Diluted	**86.69**	12.75

	(Rupees in'000)	

41. CASH AND CASH EQUIVALENTS

Cash and bank balances	**8,405,140**	2,843,056
Short-term running finance utilised under mark-up arrangement	**(1,902,835)**	(1,683,775)
Borrowing from bank / NBFCs	**(3,438,000)**	(287,720)
	3,064,305	871,561

42. DEFINED BENEFIT PLAN

42.1 General description

JS Bank Limited operates a unfunded gratuity scheme for all employees who opted for the new staff retirement benefit scheme introduced by the management with effect from January 01, 2007. Comparative and prior period disclosures in respect of the scheme has not been disclosed as the scheme was established during the current year.

42.2 Number of employees under the schemes

The number of employees covered under the following defined benefit scheme/plans are 280.

42.3 Principal actuarial assumptions

The actuarial valuations were carried out on December 31, 2007 based on the Projected Unit Credit Method, using the following significant assumptions:

	December 31, 2007	Source of estimation
Discount rate	10%	Yield on government bonds.
Expected rate of salary increase	10%	Linked to discount rates.

	2008	2007
	(Rupees in '000)	
Current service cost	**7,517**	-
Interest cost	**610**	-
Transitional liability	**486**	-
	8,613	-
Present Value of Defined benefit obligation	**14,512**	-
Net acturial losses not recognised	**(579)**	-
Unrecognised transitional liability	**(1,700)**	-
	12,233	-
Opening net liability	**3,620**	-
Expense for the year	**8,613**	-
	12,233	-

43. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

43.1 Capital risk management

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

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

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and fund placements. Capital signifies equity as shown in the balance sheet plus net debt.

During 2008, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2008 and 2007 were as follows:

	2008	2007
	(Rupees in '000)	
Long term financing	**18,262,798**	17,616,372
Liabilities against assets subject to finance lease	**7,615**	-
Deposits and other accounts	**348,103**	228,000
Trade and other payables	**2,539,208**	2,663,039
Accrued interest / mark-up on borrowings	**312,533**	176,601
Short term borrowings	**6,194,919**	1,971,495
Total debt	**27,665,176**	22,655,507
Cash and bank balances	**8,405,140**	2,843,056
Fund Placements	**2,372,802**	5,680,640
	10,777,942	8,523,696
Net debt	**16,887,234**	14,131,811
Share Capital	**2,220,200**	1,050,000
Reserves	**32,123,173**	10,756,535
Equity	**34,343,373**	11,806,535
Capital	**51,230,607**	25,938,346
Gearing ratio	**33%**	54%

The Group finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. A significnat decline in the gearing ratio during 2008 resulted primarily from the issue of share capital (note 21.2.1) with a view to financing the Group's long term investment strategy for sustaining competitive advantage.

43.2 Foreign exchange risk

Foreign exchange risk is the risk of exposures to movement in foreign exchange rates. The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US dollar. Management has set up Group wide policies to require Group companies to manage their foreign exchange risk against their functional currency.

43.3 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. To guard against the risk, the Group has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalent and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below in interest rate risk exposure summarises the maturity profile of the Group's assets and liabilities. The contractual maturities of assets and liabilities at the year-end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Assets and liabilities not having a contractual maturity are assumed to mature on the expected date on which the assets / liabilities will be realised / settled.

43.4 Yield / Interest rate risk exposure

Yield / Interest rate risk is the risk of decline in earnings due to adverse movement of the yield / interest rate curve. Yield / interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments.

The Group has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Group while dealing in financial instruments negotiates attractive fixed interest rates, which reduce the interest rate price risk.

The effective yield / interest rates are disclosed in the respective notes to the financial statements.

June 30, 2008	Effective yield / interest rate %	Interest / mark up bearing Up to one year	Over one year to five years	Over five years	Total	Non-interest Markup bearing	Total June 30 2008
		(Rupees in '000)					
Financial assets							
Investments	9.53 - 18.03	3,493,523	1,413,121	-	4,906,644	33,626,668	**38,533,312**
Loans, advances and receivables	5.00 - 16.51	8,907,319	610,283	77,946	9,595,548	231,563	**9,827,111**
Long term security deposits		-	-	-	-	4,940	**4,940**
Trade debts		-	-	-	-	199,689	**199,689**
Accrued markup and other receivables	12.5	183	-	-	183	493,194	**493,377**
Fund placements	9.00 - 16.10	2,372,802	-	-	2,372,802	-	**2,372,802**
Cash and bank balances	1 - 15.00	6,497,638	-	-	6,497,638	1,907,502	**8,405,140**
		21,271,465	**2,023,404**	**77,946**	**23,372,815**	**36,463,556**	**59,836,371**
Financial liabilities							
Long term financing	8.29 - 16.00	404,968	3,253,621	867,221	4,525,810	3,603	**4,529,413**
Liabilities against assets subject to finance lease	8.00 - 15.40	-	-	7,615	7,615	-	**7,615**
Deposits and other accounts	3.00 - 11.01	11,874,755	348,103	-	12,222,858	1,855,143	**14,078,001**
Trade and other payables		-	-	-	-	2,539,206	**2,539,206**
Accrued interest / mark-up		-	-	-	-	312,533	**312,533**
Short term borrowings	10.02 - 14.32	6,194,919	-	-	6,194,919	-	**6,194,919**
		18,474,642	**3,601,724**	**874,836**	**22,951,202**	**4,710,485**	**27,661,687**

June 30, 2007	Effective yield / interest rate %	Interest / mark up bearing Up to one year	Over one year to five years	Over five years	Total	Non-interest Markup bearing	Total June 30 2007
		(Rupees in '000)					
Financial assets							
Investments	10.00-18.03	2,757,529	748,727	-	3,506,256	16,056,190	**19,562,446**
Loans, advances and receivables	8.00-12.00	4,578,251	111,202	14,786	4,704,239	608,766	**5,313,005**
Long term security deposits	-	-	-	-	-	147,918	**147,918**
Trade debts	-	-	-	-	-	61,622	**61,622**
Accrued markup and other receivables	-	20,895	-	-	20,895	695,273	**716,168**
Fund placements	9.00-15.00	5,680,640	-	-	5,680,640	-	**5,680,640**
Cash and bank balances	1.00-10.00	1,498,256	-	-	1,498,256	1,348,424	**2,846,680**
		14,535,571	**859,929**	**14,786**	**15,410,286**	**18,918,193**	**34,328,479**
Financial liabilities							
Long term financing	8.29-13.59	313,520	2,116,508	2,327,511	4,757,539	-	**4,757,539**
Deposits and other accounts	3.54-10.06	10,330,041	228,000	-	10,558,041	2,528,791	**13,086,832**
Trade and other payables	-	-	-	-	-	2,663,040	**2,663,040**
Accrued interest / mark-up	-	-	-	-	-	176,601	**176,601**
Short term borrowings	8.30-12.55	1,971,495	-	-	1,971,495	-	**1,971,495**
		12,615,056	**2,344,508**	**2,327,511**	**17,287,075**	**5,368,432**	**22,655,507**

43.5 Fair value of financial instruments

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

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

43.6 Concentration of credit risk and credit exposure of the financial instruments

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of the same.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of a Group's performance to developments affecting a particular industry.

The Group is exposed to credit risk on loans, funds placements and certain advances. The Group seeks to minimise its credit risk exposure through having exposures only to customers considered creditworthy by obtaining adequate collateral."

44. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions. Related parties comprise of associated companies, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amount due from and to these related parties are shown under receivables and payables, reverse repos are shown under fund placements and the remuneration of chief executive and executives are disclosed in note 45. The name, relationship and transactions with the related parties are given below:

RELATIONSHIP WITH THE GROUP	NATURE OF TRANSACTIONS	2008	2007
		(Rupees in '000)	
Associates			
JS Global Capital Limited	Brokerage expense	**21,735**	17,456
	Rental income	**-**	1,564
	Sub-lease rental income	**20,493**	21,424
	Sale of motor vehicles	**325**	415
	Reimbursement of expenses incurred on account of subsidiary	-	7,895
	Bonus shares received during the year 5,174,998 (2007:Nil) shares		
Azgard Nine Limited	Dividend income including preference dividend	**104,043**	104,790
	Underwriting commission received	**13,906**	-
JS Value Fund Limited [Formerly BSJS Balanced Fund Limited]	Remuneration income	**50,943**	38,010
	Reimbursement of expenses incurred on behalf of the fund	**22,880**	-
	Other expenses incured on behalf of the fund	**28,720**	-
	Bonus shares issued during the year 914,467 (2007:Nil) shares		
Network Microfinance Bank Limited	Subscription against right shares	**32,452**	-
	Underwriting Commission received	**89**	-
	Right shares received during the year 3,245,198 (2007:Nil) shares		
EFU Life Assurance Limited	Bonus shares received during the year 5,503,550 (2007: 4,402,865) shares		
Pak-American Fertilizers Limited	Investment in term finance certificates (TFCs)	**-**	300,000
	Return on investments in TFCs	**-**	27,909
	Advisory fee	**-**	5,750
Joint Venture			
DCD Factors (Private) Limited [formerly DCD JS Factors (Private) Limited]	Advisory and consultancy fee	**180**	180
Common Directorship			
BankIslami Pakistan Limited	Advance against shares subscription	**-**	225,000
	Payment against subscription of right shares	**187,500**	-
	Right shares received during the year 41,250,000 (2007:Nil) shares		

RELATIONSHIP WITH THE GROUP	NATURE OF TRANSACTIONS	2008	2007
		(Rupees in '000)	
Attock Petroleum Limited	Dividend Income	**36,050**	17,260
	Bonus shares received during the year 515,000 (2007: Nil)shares		
Pakistan International Container Terminal Limited	Sale of money market instrument	**-**	61,226
	Bonus shares received during the year 2,713,920 (2007: Nil)shares		
Director / Chief Executive Officer (CEO)			
Mr. Siraj Ahmed Dadabhoy	Mark-up on loan	**-**	1,036
	Repayment of loan	**-**	32,000
Mr. Najam Ali - CEO JSIL	Mark-up on loan	**2,697**	2,537
Common Directorship / Key Management Personnel			
Mahavash and Jahangir Siddiqui Foundation [Formerly Siddqui Foundation]	Donation	**145,156**	54,956
Staff Provident Fund	Contributions during the year	**9,295**	7,302
Investment Advisor			
JS Growth Fund [Formerly UTP Growth Fund]	Remuneration income	**116,534**	116,605
	Dividend Income	**35,838**	117,370
	Preliminary expenses incurred on behalf of the fund	**324**	-
Asset Manager			
UTP-Large Cap Fund	Remuneration income	**80,633**	72,764
	Dividend Income	**41,576**	82,840
	Received against long term receivable	**6,000**	6,000
UTP - Islamic Fund	Remuneration income	**22,280**	26,297
	Commission income	**1,623**	772
JS Income Fund [Formerly UTP-Income Fund]	Remuneration income	**167,793**	61,874
	Commission income	**-**	820
	Capital gain on trading of units	**-**	1,119
Unit Trust of Pakistan	Remuneration income	**94,290**	73,297
	Commission income	**12,109**	3,945
UTP Aggressive Asset Allocation Fund	Remuneration income	**20,062**	57,624
	Commission income	**978**	1,796
	Reimbursement of other expenses incurred on behalf of the fund	**322**	322

RELATIONSHIP WITH THE GROUP	NATURE OF TRANSACTIONS	2008	2007
		(Rupees in '000)	
JS Funds of Funds [Formerly UTP - Fund of Funds]	Remuneration income	**2,586**	1,630
	Commission income	**1,087**	477
	Other expenses incurred on behalf of the fund	**50**	178
	Reimbursement of other expenses incurred on behalf of the fund	**-**	56
UTP - A - 30+ Fund	Remuneration income	**5,383**	7,822
	Commission income	**389**	211
	Other expenses incurred on behalf of the fund	**50**	92
	Other expenses reimbursed	**50**	280
	Preliminary expenses incurred on behalf of the fund -reimbursed	**-**	1,000
JS Capital Protected Fund [Formerly UTP - Capital Protected Fund]	Remuneration income	**14,043**	4,793
	Commission income	**-**	4
	Preliminary expenses incurred on behalf of the fund	**-**	1,497
	Preliminary expenses incurred on behalf of the fund -reimbursed	**-**	1,497
	Other expenses incurred on behalf of the fund	**-**	22
	Other expenses incurred on behalf of the fund - reimbursed	**2**	20
JS Capital Protected Fund II [Formerly UTP - Capital Protected Fund-II]	Remuneration income	**23,201**	931
	Commission income	**190**	-
	Preliminary expenses incurred on behalf of the fund	**-**	1,062
	Preliminary expenses incurred on behalf of the fund -reimbursed	**1,062**	-
	Other expenses incurred on behalf of the fund	**-**	135
	Other expenses incurred on behalf of the fund - reimbursed	**135**	-
JS Capital Protected Fund III	Remuneration income	**15,756**	-
	Commission income	**499**	-
	Preliminary expenses incurred on behalf of the fund	**1,125**	-
	Preliminary expenses incurred on behalf of the fund -reimbursed	**1,125**	-

RELATIONSHIP WITH THE GROUP	NATURE OF TRANSACTIONS	2008	2007
		(Rupees in '000)	
JS Capital Protected Fund IV	Remuneration income	**2,475**	-
	Commission income	**4,473**	-
	Preliminary expenses incurred on behalf of the fund	**1,000**	-
	Other expenses incurred on behalf of the fund	**188**	-
JS Pension Savings Fund	Remuneration income	**1,411**	-
	Preliminary expenses incurred on behalf of the fund -reimbursed	**50**	-
JS Islamic Pension Savings Fund	Remuneration income	**386**	-
	Preliminary expenses incurred on behalf of the fund	**175**	-
	Other expenses incurred on behalf of the fund	**50**	-
JS Aggressive Income Fund	Remuneration income	**9,154**	-
	Commission income	**151**	-
	Preliminary expenses incurred on behalf of the fund	**1,230**	-
	Other expenses incurred on behalf of the fund	**1,165**	-
	Other expenses incurred on behalf of the fund - reimbursed	**1,165**	-
JS Principal Secured Fund	Preliminary expenses incurred on behalf of the fund	**1,000**	-
Other Related Parties			
EFU General Insurance Limited	Dividend income	**14,652**	14,652
	Bonus shares received during the year 2,004,751 (2007: 4,884,005) shares		
Pakistan Reinsurance Company Limited	Bonus shares received during the year 14,570,488 (2007: Nil) shares		
Energy Infrastructure Holding (Private) Limited	Advance against subscription of shares	**125,000**	-
Singer Pakistan Limited	Bonus shares received during the year 532,775 (2007: 342,750) shares		
	Subsription against right shares	**15,767**	-

RELATIONSHIP WITH THE GROUP	NATURE OF TRANSACTIONS	2008	2007
		(Rupees in '000)	
JS Air (Pvt)Limited	Other expenses incurred on behalf of the fund	2,000	-
	Other expenses incurred on		

45. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVES AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including certain benefits to directors, chief executive and executives of the Group is as follows:

	Directors		Chief Executives		Executives	
	2008	2007	2008	2007	2008	2007
	(Rupees in '000)					
Managerial remuneration	34,299	8,888	232,501	8,671	125,488	28,005
House rent allowance	3,447	472	6,284	1,562	48,000	10,157
Utilities allowance	1,813	790	24,518	867	11,884	2,800
Sub-brokerage, commission and performance bonus	12,400	780	141,156	111,624	37,924	12,073
Advisory fee	106,000	86,870	-	-	11,793	-
Retirement benefits	1,678	741	2,970	868	11,186	2,142
Medical	1,141	789	23,371	540	4,207	2,021
Reimbursable expenses	342	132	23,855	447	13,360	1,035
	161,120	99,462	454,655	124,579	263,842	58,233
Number of persons	6	4	5	3	139	47

45.1 The Group also provides the chief executive and certain executives with Group maintained cars.

45.2 The Group has also paid Rs. 4.92 million (2007: Rs. 0.48 million) to two non-executive directors as fee for directors/committee meetings.

46. SEGMENT INFORMATION

For management purposes the Group is organised into following major business segments:

Capital market operations	Principally engaged in trading of equity securities and maintaining strategic and trading portfolios.
Fixed income operations	Principally engaged in fixed income trading and management of the Group's funding operations by use of government securities and placements.
Banking	Principally engaged in providing investment and commercial banking services.
Investment advisor / assets manager	Principally providing investment advisory and asset management services to different mutual funds and unit trusts.
Others	Other operations of the Group comprise of telecommunication and information technology, underwriting and consultancy services, research and corporate finance, credit information and credit rating services.

	Capital Market Operaions	Fixed income operations	Banking	Investment advisor / assets manager	Others	Total
	----------------	----------------	---------------- (Rupees in '000)	----------------	----------------	----------------
June 30, 2008						
Return on investments	199,833	-	583,673	185,862	16,578	985,946
Gain on sale of investments - net	18,036,519	-	212,763	353,629	(108,151)	18,494,760
Income from long-term loans and fund placements	6,504	-	1,094,470	12,570	8,594	1,122,138
Fee and commission	-	-	131,789	663,612	20,072	815,473
Gain/(loss) on revaluation of investments carried at fair value through profit and loss account - net	(879,827)	-	(3,863)	-	736	(882,954)
Unallocated revenue	-	-	-	-	-	156,737
	17,363,029	-	2,018,832	1,215,673	(62,171)	20,692,100
Share of profit-net:						
Associates	685,254	-	-	-	-	685,254
	18,048,283	-	2,018,832	1,215,673	(62,171)	21,377,354
Operating and administrative expenses	746,999	-	866,561	452,145	180,522	2,246,227
Finance cost	942,534	-	1,143,383	211,194	1,855	2,298,966
Reversal of provision for impairment against investments	-	-	(359)	-	(362)	(721)
	1,689,533	-	2,009,585	663,339	182,015	4,544,472
Segment results	16,358,750	-	9,247	552,334	(244,186)	16,832,882
Unallocated expenditure	-	-	-	-	-	87,883
Profit / (Loss) before taxation	16,358,750	-	9,247	552,334	(244,186)	16,744,999
Taxation:						
Segment	1,559	-	9,412	32,492	273	43,736
Prior period	(2,222)	-	-	-	99	(2,123)
Deferred	-	-	(108,289)	(6,946)	-	(115,235)
Unallocated revenue	-	-	-	-	-	784
	(663)	-	(98,877)	25,546	372	(72,838)
Net profit / (loss) after taxation for the period	16,359,413	-	108,124	526,788	(244,558)	16,817,837
Minority Interest	-	-	(80,178)	(261,916)	19,709	(322,385)
Profit / (loss) Attributable to holding company	16,359,413	-	27,946	264,872	(224,849)	16,495,452
Segment assets	29,834,656	-	23,086,655	7,479,006	1,124,234	61,524,551
Unallocated assets						3,709,989
Total assets						65,234,540
Segment liabilites	5,466,903	-	18,668,203	2,328,098	103,012	26,566,216
Unallocated liabilities						999,627
Total laibilities						27,565,843
Depreciation						244,875
Capital Expenditure						506,453

	Capital Market Operaions	Fixed income operations	Banking	Investment advisor / assets manager	Others	Total
	(Rupees in '000)					
June 30, 2007						
Return on investments	237,830	3,303	246,843	252,829	17,634	758,439
Gain on sale of investments - net	1,871,833	8,274	100,647	213,351	(2,410)	2,191,695
Income from long-term loans and fund placements	4,068	3,002	448,739	5,750	5,030	466,589
Fee and commission	77,958	-	40,907	471,090	21,725	611,680
Gain/(loss) on revaluation of investments carried at fair value through profit and loss account - net	1,037,454	-	(19,208)	-	25,232	1,043,478
Unallocated revenue	-	-	-	-	-	125,757
	3,229,143	14,579	817,928	943,020	67,211	5,197,638
Share of Profit / (loss) -net:						
Associates	197,585	-	-	-	-	197,585
Joint ventures	(855)	-	-	-	-	(855)
	3,425,873	14,579	817,928	943,020	67,211	5,394,368
Operating and administrative expenses	503,429	12,694	377,482	369,630	99,275	1,362,510
Finance cost	592,267	8,048	447,867	100,656	68	1,148,906
Provision for impairment against investments	-	-	2,113	-	-	2,113
	1,095,696	20,742	827,462	470,286	99,343	2,513,529
Segment results	2,330,177	(6,163)	(9,534)	472,734	(32,13 2)	2,880,839
Unallocated expenditure	-	-	-	-	-	49,798
Profit / (Loss) before taxation	2,330,177	(6,163)	(9,534)	472,734	(32,132)	2,831,041
Taxation:						
Segment	27,491	64	5,107	23,338	935	56,935
Prior period	-	-	-	(13,110)	(56)	(13,166)
Deferred	17	-	(25,039)	6,472	-	(18,550)
Unallocated revenue	-	-	-	-	-	736
	27,508	64	(19,932)	16,700	879	25,955
Net profit / (loss) after taxation for the period	2,302,669	(6,227)	10,398	456,034	(33,011)	2,805,086
Minority Interest	(12,382)	-	(12,630)	(228,593)	(701)	(254,306)
Profit / (loss) Attributable to holding company	2,060,305	(6,227)	(2,232)	227,441	(33,712)	2,550,780
Segment assets	14,497,875	-	18,383,302	2,136,361	715,117	35,732,655
Unallocated assets						1,226,789
Total assets						36,959,444
Segment liabilites	6,947,753	-	14,390,760	893,967	9,091	22,241,571
Unallocated liabilites						422,394
Total laibilities						22,663,965
Depreciation						168,159
Capital Expenditure						349,962

47. GEOGRAPHICAL SEGMENT ANALYSIS

	Profit/(loss) before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	(Rupees in '000)			
June 30, 2008				
Pakistan	**17,568,588**	**64,880,211**	**37,222,041**	**4,337,612**
Cayman Islands Section B.W.I	**(10,437)**	**265,149**	**264,739**	**-**
United Kingdom	**(58,753)**	**89,055**	**80,116**	**-**
	17,499,398	**65,234,415**	**37,566,896**	**4,337,612**
June 30, 2007				
Pakistan	2,900,462	36,668,281	14,012,952	6,888,781
Cayman Islands Section B.W.I	(25,969)	275,809	269,135	-
United Kingdom	(43,452)	15,354	13,392	-
	2,831,041	36,959,444	14,295,479	6,888,781

48. POST BALANCE SHEET EVENT

Further to issuance of 22,020,000 shares (Additional Shares) to foreign investors as explained in note 16.2.1, the Company on May 29, 2008 announced book closure period for entitlement of 10,688,182 Right shares of Rs. 10/- each at a premium of Rs. 465/- per share to the existing shareholders of the Company, other than the major shareholders who waived in writing their right entitlements for facilitating the Company to issue shares to offshore investors, in proportion to their respective holding i.e. in the ratio of 16.354091 shares for every 100 shares held by these shareholders.The share transfer books of the Company remained closed from July 5 to July 11, 2008 (both days inclusive) for the purpose of entitlement of aforementioned right shares.

49. APPROPRIATIONS

In the meeting held on August 16, 2008, the Board of Directors of the Holding Company, recommended the issue of bonus shares @ 243.77% i.e in the proportion of 2.4377 new Ordinary shares for every 1 Ordinary share held for the approval of the members at the Annual General Meeting.

50. CORRESPONDING FIGURES

Certain prior period's figures have been reclassified consequent upon certain changes in current year's presentation. The summary of material reclassifications are as follows:

Note	Reclassification		Rupees In '000
	From	To	
7.1	Fixed assets - office furniture and fixture - cost	Fixed assets - Lease hold improvement - cost	31,626
7.1	Fixed assets - office furniture and fixture - accumulated depreciation	Fixed assets - Lease hold improvement - accumulated depreciation	16,958

51. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on August 16, 2008 by the Board of Directors of the Holding Company.

52. GENERAL

Figures have been rounded off to nearest thousand rupee.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

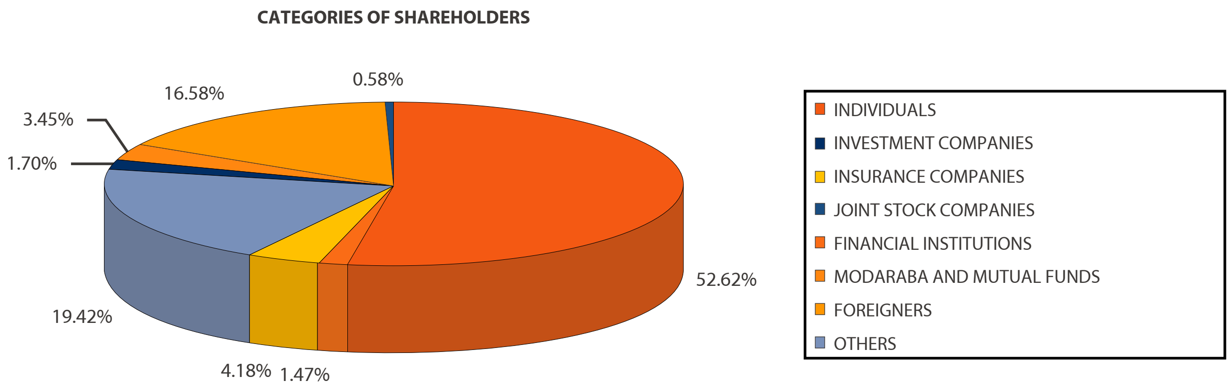
FORM 34
THE COMPANIES ORDINANCE, 1984 (SECTION 236(1) AND 464)

PATTERN OF SHAREHOLDING - ORDINARY SHARES

No. of Shareholders	Shareholdings					Total Shares Held
1,291	Shareholding	From	1	To	100	102,409
1,779	Shareholding	From	101	To	500	573,715
700	Shareholding	From	501	To	1,000	570,056
920	Shareholding	From	1,001	To	5,000	2,190,394
153	Shareholding	From	5,001	To	10,000	1,102,970
61	Shareholding	From	10,001	To	15,000	754,379
51	Shareholding	From	15,001	To	20,000	913,873
28	Shareholding	From	20,001	To	25,000	638,173
21	Shareholding	From	25,001	To	30,000	583,453
15	Shareholding	From	30,001	To	35,000	493,590
19	Shareholding	From	35,001	To	40,000	718,078
9	Shareholding	From	40,001	To	45,000	388,181
7	Shareholding	From	45,001	To	50,000	336,483
14	Shareholding	From	50,001	To	60,000	782,833
11	Shareholding	From	60,001	To	70,000	708,590
9	Shareholding	From	70,001	To	80,000	673,313
6	Shareholding	From	80,001	To	90,000	525,500
7	Shareholding	From	90,001	To	100,000	688,327
23	Shareholding	From	100,001	To	150,000	2,853,556
13	Shareholding	From	150,001	To	200,000	2,308,083
12	Shareholding	From	200,001	To	250,000	2,736,370
6	Shareholding	From	250,001	To	300,000	1,630,884
3	Shareholding	From	300,001	To	350,000	973,661
4	Shareholding	From	350,001	To	400,000	1,517,526
2	Shareholding	From	400,001	To	450,000	853,500
3	Shareholding	From	450,001	To	500,000	1,427,005
4	Shareholding	From	500,001	To	600,000	2,091,482
6	Shareholding	From	600,001	To	700,000	3,999,064
4	Shareholding	From	700,001	To	800,000	2,910,524
2	Shareholding	From	800,001	To	900,000	1,653,100
2	Shareholding	From	900,001	To	1,250,000	2,332,181
2	Shareholding	From	1,250,001	To	2,100,000	4,133,464
1	Shareholding	From	2,100,001	To	3,000,000	2,635,142
1	Shareholding	From	3,000,001	To	4,000,000	3,916,000
1	Shareholding	From	4,000,001	To	5,000,000	4,570,150
1	Shareholding	From	5,000,001	To	5,500,000	5,178,136
1	Shareholding	From	5,500,001	To	8,000,000	7,607,400
1	Shareholding	From	8,000,001	To	9,000,000	8,931,600
1	Shareholding	From	9,000,001	To	10,000,000	9,964,863
1	Shareholding	From	10,000,001	To	11,000,000	10,375,646
1	Shareholding	From	11,000,001	To	14,000,000	13,768,168
1	Shareholding	From	14,000,001	To	30,000,000	28,815,059
1	Shareholding	From	30,000,001	To	90,000,000	82,093,119
5,198						**222,020,000**

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUALS *	4,886	116,832,299	52.62%
2	INVESTMENT COMPANIES	137	3,265,030	1.47%
3	INSURANCE COMPANIES	14	9,276,480	4.18%
4	JOINT STOCK COMPANIES	29	43,108,337	19.42%
5	FINANCIAL INSTITUTIONS	33	3,770,627	1.70%
6	MODARABA AND MUTUAL FUNDS	47	7,651,039	3.45%
7	FOREIGN INSTITUTIONS	29	36,819,811	16.58%
8	OTHERS	23	1,296,377	0.58%
	TOTAL	**5,198**	**222,020,000**	**100.00%**

* INCLUDES 4,462 CDC BENEFICIAL OWNERS AS PER LIST APPEARING ON CDS.



1. ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

EFU GENERAL INSURANCE LTD.	5,178,136	
EFU LIFE ASSURANCE LTD.	2,076,010	
PAK AMERICAN FERTILIZER LTD.	1,223,181	
JS VALUE FUND LTD. (FORMERLY BSJS BALANCED FUND LTD.)	482,467	
TRUSTEE-JSCL STAFF PROVIDENT FUND	392,298	
MAHVASH AND JAHANGIR SIDDIQUI FOUNDATION (FORMERLY SIDDIQUI FOUNDATION)	373,500	
EFU SERVICES (PRIVATE) LTD.	27,500	
	9,753,092	**4.39%**

2. NIT AND ICP — NIL

3. CHIEF EXECUTIVE OFFICER, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN

MAZHARUL HAQ SIDDIQUI	6,680	
MUNAF IBRAHIM	4,585,869	
ALI J. SIDDIQUI	82,093,119	
ALI RAZA SIDDIQUI	3,999	
SYED NIZAM AHMED SHAH	189,584	
CHIEF JUSTICE (R) MAHBOOB AHMED	59,285	
SIRAJ AHMED DADABHOY	5,194	
ADIL MATCHESWALLA	5,194	
STEPHEN CHRISTOPHER SMITH	5	
AKHTER JABEEN	107,231	
ALAIFYA MATCHESWALLA	5,194	
	87,061,354	**39.21%**

4. EXECUTIVES

RASHID RAZA	519	
NADIA MUNAWAR	5,000	
	5,519	**0.00%**

5. PUBLIC SECTOR COMPANIES AND CORPORATIONS **NIL**

6. BANKS, DEVELOMPMENT FINANCE INSTITUTION, NON BANKING FINANCE COMPANIES, INSURANCE COMPANIES MODARABAS AND MUTUAL FUNDS

Banks	1,094,400	
Development Finance Institutions	1,258	
Non Banking Finance Companies	2,674,969	
Insurance Companies	9,276,480	
Modarabas	21,274	
Mutual Funds	7,629,765	
	20,698,146	**9.32%**

7. SHAREHOLDERS HOLDING SHARES 10% OR MORE

ALI J. SIDDIQUI	82,093,119	
JAHANGIR SIDDIQUI & SONS (PVT.) LTD.	28,815,059	
	110,908,178	**49.95%**

8. TRADES CARRIED OUT BY DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN

	SHARES PURCHASED DURING YEAR	SHARES SOLD DURING YEAR
SYED NIZAM AHMED SHAH	20,000	213,536
CHIEF JUSTICE (R) MAHBOOB AHMED	1,600	-

FORM OF PROXY
17th Annual General Meeting

The Company Secretary
Jahangir Siddiqui & Co. Ltd.
6th Floor, Faysal House, Shahra-e-Faisal
Karachi- 75530

I/We ______________________________ of ______________________________being member(s) of

Jahangir Siddiqui & Co. Ltd. holding ______________________________Ordinary Shares as per Registered Folio No./CDC

A/C No. (for members who have shares in CDS)______________________________ hereby appoint Mr./

Ms.______________________________of (full address)______________________________

______________________________ or failing him / her Mr./ Ms.

______________________________ of (full address) ______________________________

______________________________ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 17th Annual General Meeting of the Company to be held on held on September 27, 2008 and / or any adjournment thereof.

As witness my / our hand / seal this ______________________________day of ______________________________ 2008. Singed by ______________________________

____

Witness:

1. Name______________________________

Signature______________________________

Address______________________________

____

CNIC or______________________________

Passport No.______________________________

2. Name______________________________

Signature______________________________

Address______________________________

____

CNIC or______________________________

Passport No.______________________________

Signature on
Rs. 5/-
Revenue Stamp

The Signature should agree with the specimen registered with the Company

Important:

(i) A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

(ii) This Proxy form, duly completed and signed, must be received at the Office of the Company situated at 6th Floor, Faysal House, Shahra-e-Faisal, Karachi- 75530 not less than 48 hours before the time of holding the meeting.

(iii) No person shall act as proxy unless he/ she himself / herself is a member of the Company, except that a Corporation may appoint a person who is not a member.

(iv) If a member appoints more than one proxy and / or more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

(v) Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan (CDC) and / or their proxies are required to produce their original Computerised National Identity Card (CNIC) or Passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution /Power of Attorney with specimen signature shall be submitted along with proxy form.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Jahangir Siddiqui & Co. Ltd.
6th Floor, Faysal House,
Shahra-e-Faisal
Karachi- 75530