



Annual Report 2009



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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 Limited
FRSH	Ford Rhodes Sidat Hyder & Co.
GDP	Gross Domestic Product
IFRSs	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
IASs	International Accounting Standards
IPO	Initial Public Offering
JACL	JS ABAMCO Commodities 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
NMBL	Network Microfinance Bank 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



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.

Company Information

Board Of Directors

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

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 Shakra-e-Faisal
Karachi-75530, Pakistan

Website

www.js.com

Group at a Glance

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, 2009
PKR Billion

Total Assets	23.2
Total Liabilities	3.9
Equity	19.3
Loss after tax	(14.4)

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, 2009
PKR Billion

Total Assets	2.0
Total Liabilities	1.6
Equity	0.4
Loss after tax	(1.7)
Total assets under management	21.2

JS Bank Limited

64.49%

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, 2009
PKR Billion

Total Assets	28.8
Total Advances	9.5
Total deposits	19.1
Equity	5.3
Loss after tax	(0.7)

Network Microfinance

Bank Limited 70.82%

Network Microfinance Bank Limited (NMBL) was incorporated on May 08, 2003 as public limited company under the Companies Ordinance, 1984 and was granted a certificate of commencement of business on December 28, 2004. Its operations started from January 01, 2005. The Bank's principal business is to provide microfinance services to the poor and under served segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The registered office of NMBL is situated at 202, Azayam Plaza, S.M.C.H.S., Shakra-e-Faisal, Karachi.

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.

MOBEX Limited 70%

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:

- Management Association of Pakistan "26th Corporate Excellence Award in the Investment & Securities Sector" in the year 2009.
- 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 21.07%

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 21.12%

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.

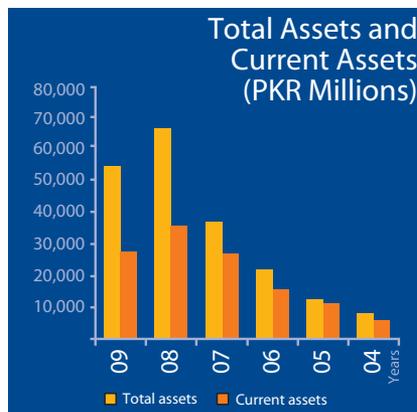
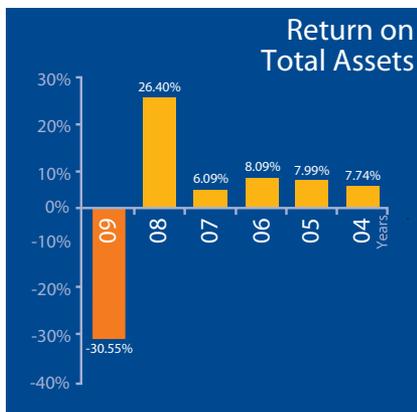
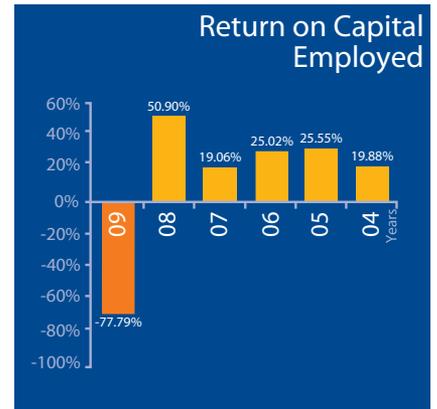
FINANCIAL HIGHLIGHTS

(BASED ON CONSOLIDATED FINANCIAL STATEMENTS)

(PKR Millions)
Except as indicated

	09	08	07	06	05	04
Operating Results						
Total revenue	5,004	22,598	5,394	4,178	2,485	1,488
Operating & administrative expenses	2,455	2,329	1,412	902	576	343
Finance cost	2,353	2,299	1,149	956	409	131
(Loss) / Profit before taxation	(17,616)	17,972	2,831	2,321	1,499	1,015
(Loss) / Profit after taxation *	(16,437)	17,722	2,251	1,672	1,117	689
Pay outs						
- Cash (% of Face Value)	-	-	25	25	25	15
- Bonus %	243.7782003	159.740260	100	-	-	-
Assets & Liabilities						
Total assets	53,800	67,121	36,959	20,660	13,982	8,902
Current assets	28,088	35,197	27,804	15,393	11,152	7,198
Current liabilities	25,151	23,185	17,983	10,631	6,715	3,392
Financial Position						
Equity attributable to equity holders' of the parent	21,129	34,816	11,807	6,683	4,372	3,466
Ordinary share capital ('000)	7,632,853	2,220,200	350,000	350,000	350,000	350,000
Preference share class 'A'	-	-	700	-	-	-
Reserves *	-	32,595	10,757	6,333	4,022	3,116
Ordinary shares outstanding ('000)	763,285	222,020	35,000	35,000	35,000	35,000
Ratios						
Return on capital employed	-77.79%	50.90%	19.06%	25.02%	25.55%	19.88%
Return on total assets	-30.55%	26.40%	6.09%	8.09%	7.99%	7.74%
Current ratio	1.12	1.52	1.55	1.45	1.66	2.12
Interest cover ratio	(5.99)	8.71	2.96	2.75	3.73	6.26

* excluding minority interests.





CSR at JS

Jahangir Siddiqui & Co. Ltd. (JSCL) 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 JSCL conduct their own CSR programs while others choose to contribute via the Mahvash and Jahangir Siddiqui Foundation.

The Mahvash and Jahangir Siddiqui Foundation ■

Established in 2003, the Mahvash and 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 238 million to the foundation. Areas that the foundation has long-term commitments to are:

- Health-care
- Education
- Social Enterprises and Sustainable Development

Health-care

M&JS Foundation donates to this sector through their Zakat Fund and is the single largest donors with continuous annual commitment to a number of large hospitals. Zakat Funds are used for the most underprivileged patients at these hospitals who cannot afford healthcare.

We support the following organizations:

- The Cardiovascular Foundation
- Sindh Institute of Urology and Transplantation
- Karachi National Hospital Fistula Center
- Fakhr-e-Imdad Foundation

Education

M&JS Foundation has commitments to various education projects and is involved in running schools in rural areas and for handicapped and special children.



We support the following causes:

- JS Academy for the Deaf
- Fakhr-e-Imdad Foundation School & Intermediate Science College at Mirwah Gorchani
- Vocational Center at the Fakhr-e-Imdad Foundation School Mirwah Gorchani
- Lahore University of Management Sciences
- Karachi Education Initiative
- 11 students were sponsored in collaboration with Sajjad Foundation to attend a Summer Program at the National University of Singapore (NUS)

Social Enterprises and Sustainable Development

M&JS Foundation has commitments to various foundations and is involved in the active development of the community through different projects, material and financial support.

We support the following causes:

- Kashf Holdings
- Acumen Fund
- SWAT IDP's Relief
- JS & Co. Ltd. employees donated 1-day salaries to be used for IDP relief efforts



Environmental Policies & Practices at JS

Jahangir Siddiqui & Co. Ltd. is committed to managing its business operations and utilizing its resources in a sustainable and environmentally responsible manner. Accordingly, we promote environmental conservation and social sustainability in all our subsidiary companies. Many of our subsidiaries, associates and affiliates, particularly those operating in the industrial sector, have formulated their individual Environment and Occupational Health & Safety policies and are implementing them.

JSCL has been awarded the 6th Annual Environmental Excellence Award 2009 by the National Forum for Environment and Health as an acknowledgement of its contribution to addressing environmental concerns in its diverse business undertakings. We are also members of the United Nations Global Compact, which is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

Pak-American Fertilizer Ltd. (PAFL) is ISO 14001 (Environmental Management System) certified, and all its emissions and effluent parameters comply with the National Environmental Quality Standards. The company also holds OSHAS (Occupational Health and Safety Assessment Series) and ISO 9001 (Quality Management System) certification. PAFL's Environmental Management System dictates a 'no plastic bag' policy in PAFL's housing colony and family resort area.

Azgard 9 complies with the Global Organic Textile Standard (GOTS) and holds the Organic Exchange (OE) certification. The company also aims to qualify for OSHAS 18001 certification, which is an international occupational health and safety management system specification. Both these companies have planted thousands of fruit and other trees at their plant sites in an effort to improve the local environment.

Pakistan International Container Terminal Ltd. is compliant with ISO 14001 standards of Environment Management System. BankIslami Pakistan Ltd. runs its total vehicle fleet on CNG, which is a minimally polluting fuel.

Hum TV, a part of the Eye Television Network, regularly telecasts programmes related to environmental awareness and conservation.

We firmly believe that environmental and social sustainability of business undertakings and mitigation of negative environmental and social impacts of business activities on the society is not a 'feel-good' dimension but rather a 'survival dimension'. If a business does not proactively minimize its negative operating footprint, the society has the power to regulate, penalize or even have it shut down.



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, 2009.

JSCL is primarily an investment company in financial services but also makes long term investments in rapidly growing companies identified with growth potential in Pakistan. Its investments cover a broad range of sectors including commercial banking, Islamic banking, insurance, asset management, securities brokerage, consumer credit rating agencies and microfinance.

The Economy ■

It was a tough year for the Pakistani economy. Gross Domestic Product (GDP) growth was recorded at 2.0% which is the lowest since Fiscal 01. Investments remained subdued at 19.7% relative to GDP, while national savings have inched up to 14.3%. The reduction in commodity prices internationally and ending of various domestic subsidies helped Pakistan's Current Account deficit to reduce to 5.1% of GDP and the fiscal deficit to 5.2% of GDP. However, various issues such as the power shortage in the country as well as a massive circular debt affecting all companies and government corporations in the energy sector have severely hindered economic growth. It was a year of tough choices for the country. The twin deficits, high inflation and pressure on foreign exchange reserves left the government with few choices. The Central bank opted for a higher interest policy that led to KIBOR peaking at 15.76% during the year. This was coupled with massive exchange rate adjustments with the rupee depreciating 19% against the US dollar. These factors contributed to an increase in unemployment and lower industrial output. Government's effort to increase tax revenues through expanding the direct tax net met with minimal success hence the only alternative available was to reduce development expenditure. The military actions to curb terrorist activities on the borders with Afghanistan and internally in FATA and Swat resulted in massive population displacement which added a further strain on the economy despite foreign aid being made available.

Pakistan has negotiated a structural reform program with the International Monetary Fund (IMF) which includes:

- Staged elimination of electricity and fuel subsidy.
- Further strengthening and implementation of the tax reforms which had earlier been agreed with the IMF. Improvement in the economy this year will be heavily reliant on the external financial support which has been committed in principle by foreign donors and the political will of the government to collect tax monies and implement a balanced energy pricing policy.

Equity Markets ■

It was the most difficult year in the last decade for the equity markets. Market capitalization was reduced by 53% to US\$26 billion from US\$55.2 billion during the period. The KSE-100 index was one of the worst performing in its peer group and recorded a decline of 42% as compared to regional markets, which on average fell by 6% last year.

The fundamental reasons for fragile performance were weak economic growth and the deteriorating political and security situation in the country. Investor confidence was shaken by the controversial imposition of a price floor for three and half months by the Securities and Exchange Commission of Pakistan (SECP) which effectively closed trading and subsequently resulted in a massive exodus of foreign portfolio investments until normal trading rules were restored in the equity market. Offshore funds withdrew US\$445 million during the year.



Debt Market ■

A total of 5 TFCs (Term Finance Certificates) were launched through which a total of PKR 23.5 billion (US \$ 284.47 million) was raised as compared with a total of PKR 28.1 billion (US \$ 413.2 million) in the previous year. The recessionary trend and prevalent risk averse attitude of domestic businesses has led to a decline in raising debt from the market and a dearth of liquidity has also squeezed the demand for TFCs.

Performance of Key Investments ■

Banking ■

JS Bank Ltd.

For the period ended June 30, 2009, the balance sheet of the bank grew stronger with the asset side improving due to higher business volumes. Total assets stood at PKR 29 billion from PKR 22 billion as at December 31, 2008 which was driven by a 64% increase in investments. The bank's deposit base grew to PKR 19 billion as against PKR 15 billion showing an increase of 25%. The bank has suffered a net loss after taxation of PKR 793 million, including a provision for impairment in the value of investments amounting to PKR 324 million.

BankIslami Pakistan Ltd.

BankIslami Pakistan Ltd. is currently ranked as the second largest Islamic bank of Pakistan. Its comprehensive retail branch network, rapidly growing assets and expansion of the services have made it the fastest growing Islamic bank capturing approximately 70% of the total growth in Islamic Banking during the first 3 months of 2009. The bank currently has a network of 102 branches.

The total deposit base of the bank has grown to PKR 21 billion and total assets of the bank stood at PKR 27 billion. The bank has suffered an after tax loss of PKR 263 million.

Insurance ■

Despite the difficult period currently being faced by the local and international insurance industry EFU General earned an after tax profit of PKR 140 million for the half year ended June 30, 2009. Net income was reduced by 69% due to reduction in investment income for the period to PKR 79 million.

EFU Life also managed well despite the economic slow down. The after tax profits for the first half of the calendar year 2009 were PKR 94 million as compared to PKR 158 million for the same period last year.

Other Financial Services ■

JS Global Capital Ltd.

JS Global Capital, is Pakistan's largest brokerage firm both by capital as well as profitability. Though equity brokerage is its primary business it also is the largest interbank money market broker in the country. JS Global Capital was declared winner of the 26th Corporate Excellence Award in the investment and securities sector this year.

Although the market remained idle for most of the first half of the fiscal year and remained subdued with low volumes in the remaining half of FY09 the firm continued to maintain its leading position in the brokerage industry. The company posted after tax profit of PKR 206 million as against PKR 624 million last year reflecting the decline in industry volumes during the period. The Board of Directors has recommended a 100% dividend for the year ended June 30, 2009 out of the un-appropriated profits of the company.



JS Investments Ltd.

JS Investments Ltd. is the oldest and largest private sector asset management company in Pakistan, with over PKR 21 billion (as at June 30, 2009) in assets under management. The company suffered greatly from the effective closure of the markets and subsequent loss in investor confidence. It posted a loss of PKR 1.7 billion for FY 09 as compared to a profit of PKR 549 million for FY08. A major part of this loss comprised of mark to market losses on investments of JSIL into its own funds.

There was effectively a run on certain asset management companies in the industry and the apex regulator instructed all asset management companies to suspend redemptions for a period while the market was shut down. After the lifting of the floor and the massive correction in equity prices that followed, the entire industry faced massive redemptions due to the loss of confidence from investors. Many funds were forced during the year to declare a suspension period on redemptions.

Other Holdings ■

Azgard 9 Ltd. continued to improve its performance with net income increasing 21% from PKR 843 million in the 6 months ending June 30, 2008 to PKR 1.02 billion for the six months ending June 30, 2009. The agrichemical business, saw a robust year despite the severe energy shortage and the textile division did well despite adverse market conditions prevailing.

During the year the company has made 23.68% right issue. The company is in process of offering a 24.99% equity investment in Pak American Fertilizers Ltd. its wholly owned subsidiary.

Our holding in Eye Television Network Ltd. (ETNL) continues to exceed expectations. Despite the economic downturn that has seen the slashing of advertising budgets across the board ETNL earned net income of PKR 363 million as compared to PKR 355 million in the previous year. The company added to its portfolio and is now managing a music channel as its fourth channel.

Pakistan International Container Terminal Ltd. has also performed well. The company increased its revenue by 46% and net income by 77% to PKR 4.56 billion and PKR 936 million respectively for the year ended June 30, 2009 over the same period a year earlier. The company has received the Letter of Intent from Port Qasim Authority for establishing a Coal and Clinker/Cement Terminal at Port Qasim, on 32 year Build Operate and Transfer (BOT) basis of handling capacity of 8 million tones per annum.

Financial Results ■

The Company has reported an after tax loss of PKR 14.4 billion for the year ended June 30, 2009 as against PKR 17.2 billion profit for the comparative period i.e. June 30, 2008. Overall revenues for the year amounted to PKR 3.1 billion as compared to PKR 19.1 billion during 2008. Operating expenses for the year were PKR 228.3 million as compared to PKR 846.4 million last year.

(Rupees in ' 000)

Loss before taxation	14,412,471
Less: Taxation	
-Current	913
Loss after taxation	<u>14,413,384</u>

The basic and diluted loss per share is PKR 18.88.



Pursuant to SRO 150(I)/2009 dated February 13, 2009 issued by the SECP, impairment loss resulting from the valuation of listed equity securities held under available for sale category of investment as of December 31, 2008 was not recognised in the profit and loss account and has been taken to unrealized loss on revaluation of available for sale investments - net as shown on the balance sheet. The said impairment loss was required to be taken to the profit and loss account in the year 2009 on quarterly basis after adjustment for the effect of price movement in that year. Accordingly the Company charged an aggregate amount of PKR 3.97 billion (net of price movements) as impairment loss for the quarter ended on March 31, 2009.

However, at June 30, 2009, the Company has decided to follow the requirements of IAS 39 and has charged the remaining impairment loss of PKR 11.9 billion (net of price movements as of June 30, 2009) to the profit and loss account. The entire impairment loss on available for sale investments has been charged to the profit and loss account for the year ended June 30, 2009 amounting to PKR 15.8 billion.

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, 2009 announced on August 16, 2008 and already issued to the shareholders in the proportion of 2.437782003 Ordinary Share for every one Ordinary Share held i.e. 243.7782003% be obtained in the forthcoming Annual General Meeting.

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. 10.

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, 2009 indicate that the value of investments of the fund is PKR 65.9 million.



Seven 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 Meetings	Eligibility Attended
Mazharul Haq Siddiqui, Chairman	Seven	Five
Syed Nizam Ahmed Shah	Seven	Four
Chief Justice (R) Mahboob Ahmed	Seven	Seven
Ali J. Siddiqui	Seven	Six
Ali Raza Siddiqui	Seven	Seven
Ali Hussain	Six	Six
Siraj Ahmed Dadabhoy	Seven	Three
Stephen Christopher Smith	Seven	Five
Munaf Ibrahim, Chief Executive Officer	Seven	Seven
Adil Matcheswalla*	One	One

* Mr. Adil Matcheswalla 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.

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.

Pattern of Shareholding ■

The Statement of Pattern of Shareholding as on June 30, 2009 appears on Page No.134.

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 SECP, 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: September 17, 2009



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 Departments. He has served the Federal Government as Secretary 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 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 Fellow member of the Institute of Cost & Management Accountants of Pakistan. Mr. Ibrahim currently serves as a Director on the Board of Attock Petroleum 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 2002-2003 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 private equity 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 Director of Airblue, Azgard 9 and chairs the Board of Pak American Fertilizer. In addition, he supports 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 Boards of BankIslami Pakistan Ltd. and Pakistan International Container Terminal Ltd.



of Directors of several companies in which AION and DCD Group has significant investments. Mr. Dadabhoy is an active member of the "Young Presidents Organization", a supporter of the "Acumen Fund" (a New York based non-profit venture fund) and a friend of "The Citizens Foundation" (a mass educational initiative in Pakistan).

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.

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 2008-2009. The attendance of members at Audit Committee meetings was as follows:

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

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 of 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 shareholder return, the value of similar incentive awards to CEO's at comparable companies, the awards given to the CEO in 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 Eighteenth 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 October 31, 2009 at 11:00 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting held on February 09, 2009.
2. To receive and consider the audited financial statements of the Company for the year ended June 30, 2009 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, 2009 announced on August 16, 2008 and already issued to the shareholders in the proportion of 2.437782003 Ordinary Shares for every one Ordinary Share held i.e. 243.7782003%.

Special Business

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

Special Business No. 1 - Amendments in Articles of Association:

To approve the proposed amendments in the Articles of Association:

RESOLVED that Article 41 of the Articles of Association of the Company be and is hereby altered and read as follows:

"The fractional shares shall not be offered to the members becoming entitled to such fractional shares on the issue of new shares. All fractions less than a share shall be consolidated and disposed off by the Company and all the proceeds from such disposition shall be paid by the management in charity as it may deem fit."

RESOLVED that Article 103 of the Articles of Association of the Company be and is hereby altered and read as follows:

"A Director may at any time resign from his office by notice in writing to the Company of his intention to do so and such resignation shall take effect upon its acceptance by the Board of Directors."

RESOLVED FURTHER that all legal, corporate and procedural formalities be fulfilled to effectuate the change to the Articles of Association and the Chief Executive Officer and the Company Secretary be and are hereby jointly and severally authorised to perform, do and fulfil all necessary acts, deeds and formalities and to obtain all Governmental approvals that may be necessary for amendments to the Articles of Association of the Company.

RESOLVED FURTHER that a copy of the Special Resolution be filed with the Registrar of Companies along with the complete reprinted Articles of Association amended as set out herein above and all legal and procedural formalities be complied with by the Chief Executive and / or the Company Secretary.



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: October 09, 2009

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 October 24, 2009 to October 30, 2009 (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 October 23, 2009 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 - Amendments in Articles of Association:

The proposed Special Resolution seeks to incorporate some formal changes to the Articles of Association of the Company.

The Articles are being altered and amendments made to incorporate recommended additions to the clauses to streamline the processes.

The interest of the Chief Executive Officer/Directors is only limited to the extent of their respective positions as the Chief Executive Officer/Directors/Members of the Company.

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 in million(PKR)	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 an appropriate time in the interest of the shareholders of the Company.
2.	Pakistan International Container Terminal Ltd.	September 27, 2008	500	Transaction will be carried out at an appropriate time in the interest of the shareholders of the Company.

* This is in addition to the unutilised amount of PKR 342.94 million as on September 27, 2008 out of the total approved amount of PKR 2,250 million.

The changes in financial position of JS Value Fund Ltd. and Pakistan International Container Terminal Ltd. are given below:

JS Value 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 5.08 per share (based on August 31, 2009)
2.	Break-up value of shares	PKR 18.44 per share (September 30, 2007)	PKR 10.44 per share (June 30, 2009)
3.	Earning / (loss) per share of the investee company: <ul style="list-style-type: none"> ■ June 30, 2005 ■ June 30, 2006 ■ June 30, 2007 ■ June 30, 2008 ■ June 30, 2009 	PKR 1.24 per share PKR 4.42 per share PKR 5.55 per share - -	- - PKR 5.55 per share PKR 7.24 per share PKR (10.94) per share



Pakistan International Container Terminal 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 99.31 per share (based on July 31, 2008)	PKR 50.92 per share (based on August 31, 2009)
2.	Break-up value of shares	PKR 24.38 per share (March 31, 2008)	PKR 30.61 per share (June 30, 2009)
3.	Earning(s) per share of the investee company: <ul style="list-style-type: none">■ June 30, 2005■ June 30, 2006■ June 30, 2007■ June 30, 2008■ June 30, 2009	PKR 3.30 per share PKR 3.61 per share PKR 4.13 per share - -	- - PKR 4.13 per share PKR 5.62 per share PKR 10.09 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. 35 of the 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 three 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 the Directors 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 mission/vision 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 except in the case of emergency 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. A party wise record of transactions entered into with related parties along with all such documents and explanations has been maintained by the Company.
10. The Company arranges orientation courses and meetings for its Directors.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.



13. The 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.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are Non Executive Directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has 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.
18. 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.
19. 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.
20. 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: September 17, 2009



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) prepared by the Board of Directors of Jahangir Siddiqui & Co. Ltd. (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee) Limited, 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance 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 30 June 2009.

Karachi: September 17, 2009

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 2009** and the related profit and loss account, Cash Flow Statement and Statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of 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 **30 June 2009** and the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Audit Engagement Partner: Omer Chughtai

September 17, 2009
Karachi



FINANCIAL STATEMENTS

Balance Sheet As at June 30, 2009

	Note	2009 (Rupees in '000)	2008
ASSETS ■			
Non-Current Assets			
Property and equipment	5	28,591	46,654
Investment properties	6	3,052	3,692
Stock exchange membership cards and room	7	12,201	12,201
Long term investments	8	20,612,214	28,312,608
Long term loans and advance	9	1,945	4,379
Long term security deposits		1,493	2,529
		20,659,496	28,382,063
Current Assets			
Trade debts	10	21,781	-
Loans and advances	11	81,593	153,026
Prepayments, interest accrued and other receivables	12	16,300	17,858
Short term investments	13	2,148,669	4,269,788
Fund placements		-	325,411
Taxation - net	14	154,777	76,513
Cash and bank balances	15	101,874	4,269,764
		2,524,994	9,112,360
		23,184,490	37,494,423
EQUITY AND LIABILITIES ■			
Share Capital and Reserves			
Share Capital	16	7,632,853	2,220,200
Reserves	17	11,646,141	28,807,693
		19,278,994	31,027,893
Non-Current Liability			
Long term financing	18	3,212,313	3,520,275
Current Liabilities			
Trade and other payables	19	127,240	1,573,858
Accrued interest / mark-up on borrowings	20	153,080	113,542
Short term borrowings	21	100,511	945,577
Current portion of long term financing	18	312,352	313,278
		693,183	2,946,255
Commitment			
	22		
		23,184,490	37,494,423

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, 2009

	Note	2009 (Rupees in '000)	2008
INCOME			
Return on investments	23	553,810	629,775
Gain on sale of investments - net	24	2,574,898	19,255,036
Income from long-term loans and fund placements	25	288,628	39,551
Other income	26	122,911	41,478
Loss on revaluation of investments carried at fair value through profit or loss - net		(391,044)	(879,827)
		<u>3,149,203</u>	<u>19,086,013</u>
EXPENDITURE			
Operating and administrative expenses	27	228,297	846,392
Finance cost	28	571,954	942,534
Impairment on investments	29	16,761,423	95,905
		<u>17,561,674</u>	<u>1,884,831</u>
(LOSS) / PROFIT BEFORE TAXATION		(14,412,471)	17,201,182
Taxation			
Current	30	913	1,702
Prior		-	(2,222)
		<u>913</u>	<u>(520)</u>
NET (LOSS) / PROFIT FOR THE YEAR		(14,413,384)	17,201,702
..... (Rupees)			
(LOSS) / EARNINGS PER SHARE	31		
Basic and diluted		<u>(18.88)</u>	<u>22.96</u>

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, 2009

Note	2009 (Rupees in '000)	2008
CASH FLOWS FROM OPERATING ACTIVITIES ■		
(Loss) / profit before taxation	(14,412,471)	17,201,182
Adjustment for non cash charges and other items:		
Depreciation	18,165	18,291
Gain on sale of property and equipment	(1,401)	(1,114)
Amortisation of transaction costs on term finance certificates	4,390	4,390
Interest income from special and defence saving certificates	(13,030)	(708)
Loss on revaluation of investments carried at fair value through profit or loss - net	391,044	879,827
Dividend income	(533,780)	(629,012)
Liability written back	90,000	-
Impairment on investments	16,761,423	95,905
Finance cost	567,564	938,144
	<u>17,194,375</u>	<u>1,305,723</u>
Operating profit before working capital changes	2,781,904	18,506,905
Decrease / (increase) in operating assets:		
Trade debts	(21,781)	24,593
Loans and advances	(81,317)	(151,745)
Prepayments, accrued mark-up and other receivables	1,558	36,850
Short term investments	1,918,343	2,276,452
Fund placements - net	325,411	(325,411)
Long term loans, advance and security deposits	3,470	(1,809)
	<u>2,145,684</u>	<u>1,858,930</u>
Decrease in trade and other payables	(1,446,517)	(329,674)
Net cash generated from operations	3,481,071	20,036,161
Mark-up paid	(528,026)	(912,548)
Taxes paid	(79,177)	(76,737)
Dividend paid	(101)	(130,250)
Net cash inflow from operating activities	2,873,767	18,916,626
CASH FLOWS FROM INVESTING ACTIVITIES ■		
Capital expenditure incurred	(1,085)	(6,845)
Proceeds from sale of property and equipment	3,024	2,149
Dividend received	533,780	774,821
Investments acquired - net of sale	(6,423,034)	(26,146,353)
Net cash outflow from investing activities	(5,887,315)	(25,376,228)
CASH FLOWS FROM FINANCING ACTIVITIES ■		
Proceeds from issue of ordinary shares	4,002	10,459,500
Redemption of term finance certificates	(313,278)	(150,990)
Net cash (outflow) / inflow from financing activities	(309,276)	10,308,510
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(3,322,824)	3,848,908
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,324,187	(524,721)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	32 <u>1,363</u>	<u>3,324,187</u>

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, 2009

Note	Issued, subscribed and paid-up capital		Capital	Reserves		Other	Total
	Ordinary share capital	Preference shares - Class 'A'	Ordinary share premium	General	Unappropriated profit / (accumulated loss)	Unrealised gain / (loss) on revaluation of available for sale investments - net	
----- (Rupees in '000) -----							
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	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	220,200	-	10,239,300	-	-	-	10,459,500
Shares issuance expense	-	-	(332,755)	-	-	-	(332,755)
Balance as at June 30, 2008	<u>2,220,200</u>	<u>-</u>	<u>9,906,545</u>	<u>10,000,000</u>	<u>11,586,011</u>	<u>(2,684,863)</u>	<u>31,027,893</u>
Balance as at July 1, 2008	2,220,200	-	9,906,545	10,000,000	11,586,011	(2,684,863)	31,027,893
Net effect of revaluation of available for sale investments to fair value held as at the year end	-	-	-	-	-	2,660,483	2,660,483
Issue of right shares	16.2.1	84	3,918	-	-	-	4,002
Bonus shares issued during the year in the ratio of 2.44 shares for every 1 share held		5,412,569	(5,412,569)	-	-	-	-
Loss for the year		-	-	-	(14,413,384)	-	(14,413,384)
Balance as at June 30, 2009 ■	<u>7,632,853</u>	<u>-</u>	<u>4,497,894</u>	<u>10,000,000</u>	<u>(2,827,373)</u>	<u>(24,380)</u>	<u>19,278,994</u>

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, 2009

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) Limited. The Company is also a corporate member of Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited. 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 ■

2.1 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 Commission 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.

2.2 Adoption of new accounting standards:

During the year, the Company has adopted IFRS 7 "Financial Instruments – Disclosures", which resulted in certain additional disclosures relating to financial instruments in these financial statements. Further, interpretations of accounting standards, namely IFRIC 12 "Service Concession Arrangements", IFRIC 13 "Customer Loyalty Programs" and IFRIC 14 "IAS 19 – The Limit on Defined Benefit Asset Minimum Funding Requirements and their Interactions" also became effective during the year. However, these interpretations do not affect the Company's financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are 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 revised standard and interpretation:

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
IAS 32 - Financial Instruments (Amended)	January 01, 2009
IAS 39 - Financial Instruments: Recognition and Measurement (Amended)	January 01, 2009
IFRS 2 - Share-based Payment (Amended)	January 01, 2009

IFRS 3 - Business Combinations (Revised)	July 01, 2009
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	January 01, 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	October 01, 2008
IFRIC 17 - Distributions of Non-cash Assets to Owners	July 01, 2009
IFRIC 18 - Transfers of Assets from Customers	July 01, 2009

The Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial statements in the period of initial application other than to the extent of certain changes and/or enhancements in the presentation and disclosures in the financial statements resulting from the application of IAS 1. The revised IAS 1 was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

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

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 4.2);
- (b) classification of investments (Note 4.5);
- (c) recognition of taxation and deferred tax (Note 4.10);
- (d) accounting for post employment benefits (Note 4.18); 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 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.

4.3 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.



4.4 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.

4.5 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. 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 entities 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. However, in the current year impairment loss, if any, on listed equity securities / mutual funds held under 'Available for Sale' category of investments has been treated as described in note 8.5.

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. 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.

4.6 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.

4.7 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.



4.8 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.

4.9 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.

4.10 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.

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.

4.11 Revenue recognition

- (a) Return on Defence Saving Certificates (DSCs) and Special Saving Certificates (SSCs) have been accounted for using the effective interest rate method.
- (b) Income from Term Finance Certificates (TFCs), government securities, reverse repurchase transactions and loans and advances is recognised at rate of return implicit in the instrument / arrangement on a time proportion basis.
- (c) Profit on bank deposits and rental income is recognised on an accrual basis.

- 
- (d) Dividend income on equity investments is recognised, when the right to receive the same is established.
 - (e) Capital gains or losses on sale of investments are recognised in the period in which they arise.
 - (f) Underwriting commission is recognised when the agreement is executed. Take-up commission is recognised at the time commitment is fulfilled.
 - (g) Consultancy and advisory fee, commission on foreign exchange dealings and government securities, etc. are recognised as and when earned.

4.12 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.

4.13 Trade debts and other receivables

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

4.14 Trade and other payables

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

4.15 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.

4.16 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.

4.17 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.



Compensated absences

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

4.18 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 4.20).

4.19 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.

4.20 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.

4.21 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.

4.22 Dividend and appropriation to reserves

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

4.23 Assets held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5. PROPERTY AND EQUIPMENT ■

5.1 Operating assets - owned

	C O S T			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2008	Additions / (disposals)	As at June 30, 2009		As at July 1, 2008	For the year / (on disposals)	As at June 30, 2009	As at June 30, 2009
	(Rupees in '000)				(Rupees in '000)			
June 30, 2009								
Office premises - leasehold	1,041	-	1,041	5	258	52	310	731
Leasehold improvements	18,147	-	18,147	33	11,478	5,989	17,467	680
Office equipment	32,299	735	33,034	25	19,707	5,420	25,127	7,907
Office furniture and fixtures	15,310	350	15,660	10	5,150	1,289	6,439	9,221
Motor vehicles	28,370	- (3,805)	24,565	20	11,920	4,775 (2,182)	14,513	10,052
	95,167	1,085 (3,805)	92,447		48,513	17,525 (2,182)	63,856	28,591

	C O S T			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2007	Additions / (disposals)	As at June 30, 2008		As at July 1, 2007	For the year / (on disposals)	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

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
Motor Vehicles:							
Honda Civic	1,043	608	435	650	215	Negotiation	Mr. Abid Hussain D-76, Block-4 Gulshan-e-Iqbal, Karachi
Toyota Premio	1,243	394	849	1,200	351	Negotiation	Mr. Raza Abbas 158/II, 17th Street Khayaban-e-Roomi, Phase VIII, DHA, Karachi
Suzuki Cultus	560	495	65	475	410	Negotiation	Ms. Asma Iqbal B-143, Block W Allama Iqbal Town North Nazimabad, Karachi
Suzuki Avery	350	76	274	350	76	Negotiation	Mr. Asif Iqbal A-869, Sector 11-A North Karachi, Karachi

6. INVESTMENT PROPERTIES ■

Note	C O S T			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2008	Additions	As at June 30, 2009		As at July 1, 2008	For the year	As at June 30, 2009	As at June 30, 2009	
	(Rupees in '000)				(Rupees in '000)				
June 30, 2009									
Office premises	6.1	12,599	-	12,599	5	8,907	640	9,547	3,052
June 30, 2008									
Office premises	6.1	12,599	-	12,599	5	8,267	640	8,907	3,692

- 6.1** The fair value of the investment properties aggregating to Rs. 92.39 million (2008: Rs. 101.54 million) was arrived at on the basis of the valuation carried out by M/s. Consultancy Support and Services, an independent valuer on July 15, 2009 but was not incorporated in the books of accounts as the company applies cost model for accounting investments properties. 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 ■

Membership cards

	Note	2009 (Rupees in '000)	2008
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 ■

Investments in related parties

Investment in subsidiaries	8.1	6,887,357	5,507,775
Investment in associates	8.2	6,429,896	2,958,285
Other related parties	8.3	6,340,922	19,846,548
		19,658,175	28,312,608
Other investments	8.4	954,039	-
		20,612,214	28,312,608

8.1 Investment in subsidiaries - at cost

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

Number of shares		Note	Activity	Holding		2009		2008	
2009	2008			2009	2008	(Rupees in '000)			
				%	%				
Quoted									
395,162,551*	293,238,704	8.1.1	Commercial Banking	64.49	57.43	2,596,056		1,576,817	
		JS Bank Limited							
		Market value Rs. 2,382.83 (2008: Rs. 4,029.10) million							
52,023,617**	52,023,617	8.1.2	Asset Management & Investment Advisor	52.02	52.02	3,046,057		3,046,057	
		JS Investments Limited							
		Market value Rs. 881.28 (2008: Rs. 4,945.88) million							
21,245,184***	-	8.1.3 & 8.1.4	Micro Finance Banking	70.82	-	212,452		-	
		Network Microfinance Bank Limited							
		Market value Rs. 42.70 (2008: Rs. Nil) million							
		Less: Impairment				(4,500)			
						207,952			
Un-quoted									
73,736,250	73,736,250		Telecom Media & Technology	100.00	100.00	708,490		708,490	
		JS Infocom Limited							
		Net assets value Rs. 557.56 (2008: Rs. 530.43) million based on audited financial statements for the year ended June 30, 2009							
		Less: Impairment				(178,061)		(178,061)	
						530,429		530,429	
		Balance carried forward				6,380,494		5,153,303	

* 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.

*** Included herein are 9 million sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.



Number of shares		Note	Activity	Holding		2009 (Rupees in '000)	2008	
2009	2008			2009 %	2008 %			
						6,380,494	5,153,303	
Balance brought forward								
Un-quoted								
10,000	10,000		JS International Limited Ordinary Shares of US\$ 1/- each having net assets value Rs. 153.17 (March 31, 2008: Rs. 265.58) million based on audited financial statements for the year ended March 31, 2009 Less: Impairment	Investment services	100.00	100.00	294,882	294,882
						(141,714)	(30,410)	
						153,168	264,472	
1,177,500	900,000		Credit Chex (Private) Limited Negative equity balance Rs. 17.104 (2008: Net asset value Rs. 33.20) million based on financial statements for the year ended June 30, 2009 Less: Impairment	Credit information & credit rating	75.00	75.00	117,750	90,000
						(114,120)	-	
						3,630	90,000	
58,000,000	-	8.1.5	Energy Infrastructure Holding (Private) Limited Net assets value Rs. 350.74 million based on audited financial statements for the period from April 15, 2008 to June 30, 2009. Less: Impairment	Power Generation & Distribution	100.00	-	580,000	-
						(229,935)	-	
						350,065	-	
						6,887,357	5,507,775	

8.1.1 During the year, JS Bank Limited (JSBL), a subsidiary of the Company, offered 20% Right Shares to its shareholders. Accordingly, the Company subscribed 58,647,740 Right Shares of Rs. 10/- each of JSBL amounting to Rs. 586.48 million. Out of the total offered 102,126,750 Right Shares, JSBL received subscription against 58,850,643 Right Shares of Rs. 10/- each which were allotted to the shareholders who subscribed the Right Shares in the meeting of Board of Directors of JSBL held on December 19, 2008.

Pursuant to the approval of a special resolution of shareholders of the Company in their Extraordinary General Meeting held on February 9, 2009, the Company has also subscribed 43,276,107 unsubscribed right shares of JSBL. As a result, the holding percentage of the Company in JSBL increased from 57.43% to 64.49%.

8.1.2 The Company holds 52,023,617 fully paid ordinary shares of Rs 10 each, representing 52.02% holding in JS Investments Limited as at June, 30 2009. Market value of the Company's investment as at June 30, 2009 was Rs 881.28 million. However, the Company calculated the recoverable amount of its investment based on a value in use calculation as prescribed under IAS 36 - Impairment of Assets which was higher than the carrying value. These calculation have been made on a discounted cash flow based valuation methodology using a discount rate of 16.50% (December 2008: 17.00%) derived on the basis of Capital Asset Pricing Model.

8.1.3 During the year, Network Microfinance Bank Limited (NMBL), an associate of the Company, offered 100% Right Shares to its shareholders. Accordingly, the Company subscribed 6,245,198 Right Shares of Rs. 10/- each of NMBL amounting to Rs. 62.45 million. Out of the total offered 15,000,000 Right Shares, NMBL received subscription against 6,245,212 Right Shares of Rs. 10/- each. The Company also subscribed 8,754,788 unsubscribed right shares of NMBL. As a result, the holding percentage of the Company in NMBL has increased from 41.63% to 70.82% and the status of NMBL has changed from associate to subsidiary of the Company.

8.1.4 The Company holds 21,245,184 fully paid ordinary shares of Rs 10 each, representing 70.82% holding in Network Microfinance Bank Limited as at June, 30 2009. Market value of the Company's investment as at June, 30 2009 was Rs. 42.70 million. However, the Company calculated the recoverable amount of its investment based on value in use calculation as prescribed under IAS 36 – Impairment of Assets, which was higher than the carrying value. These calculations have been made on a discounted cash flow based valuation methodology using a discount rate of 27.00% derived on the basis of the Capital Asset Pricing Model.

8.1.5 During the year, Energy Infrastructure Holding (Private) Limited (EIHPL) issued 58,000,000 shares of Rs. 10/- each to the Company. EIHPL was incorporated on April 15, 2008 under the laws of Pakistan. The principal activities of EIHPL after commencement 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.

8.2 Investment in associates - at cost

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

Number of shares		Note	Activity	Holding		2009	2008	
2009	2008			2009	2008			
				%	%	(Rupees in '000)		
Quoted								
21,734,826	15,524,994	8.2.1	JS Global Capital Limited Market value Rs. 1,489.05 (2008: Rs. 4,846.44) million	Dealing in & brokerage of marketable securities	43.47	43.47	3,701,314	99,000
			Less: Impairment				(448,934)	-
							3,252,380	99,000
-	6,245,198	8.1.3	Network Microfinance Bank Limited Market value Rs. Nil (2008: Rs. 34.97) million	Micro Finance Banking	-	41.63	-	62,452
			Less: Impairment				-	(4,500)
							-	57,952
112,157,863	74,185,000		Azgard Nine Limited Market value Rs. 2,483.17 (2008: Rs. 4,566.83) million	Textile Composite	24.96	23.72	3,041,950	2,665,767
11,238,812	11,238,812		JS Value Fund Limited Net asset value Rs. 117.22 (2008: Rs. 251.64) million	Mutual Fund	9.48	9.48	135,566	135,566
							6,429,896	2,958,285

8.2.1 The Company holds 21,734,826 fully paid ordinary shares of Rs 10 each, representing 43.47% holding in JS Global Capital Limited as at June 30, 2009. Market value of the Company's investment as at June 30, 2009 was Rs 1,489.05 million. However, the Company calculated the recoverable

amount of its investment based on value in use calculation as prescribed under IAS 36 – Impairment of Assets. These calculations have been made on a discounted cash flow based valuation methodology using a discount rate of 24.20% derived on the basis of the Capital Asset Pricing Model. Accordingly, the Company has recognized an impairment loss of Rs. 448.93 million during the year ended June 30, 2009.

8.2.2 Included in investment in associates are equity securities costing Rs. 754.36 million (2008: Rs. 323.41 million) and having market value of Rs. 460.68 million (2008: Rs. 554.04 million) as at June 30, 2009, pledged with various commercial banks.

8.3 Other related parties

Available for sale

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

<u>Number of shares</u>		Note	Activity	<u>Holding</u>		2009 (Rupees in '000)	2008	
2009	2008			2009 %	2008 %			
Quoted - at fair value								
9,000,000	9,000,000		Eye Television Network Ltd.	Television Network	18.00	18.00	258,750	530,100
111,256,116*	78,750,000	8.3.1	BankIslami Pakistan Ltd.	Islamic Banking	21.07	18.75	708,701	1,166,288
18,675,500	18,675,500		EFU General Insurance Ltd.	General Insurance	16.24	16.24	1,645,125	6,739,241
15,838,400	16,441,300		EFU Life Assurance Ltd.	Life Assurance	21.12	21.92	1,582,890	6,268,410
-	18,298,860		Pakistan Reinsurance Company Ltd.	Reinsurance	-	6.10	-	1,588,524
3,708,000	3,090,000		Attock Petroleum Ltd.	Oil Marketing	6.44	6.44	1,181,035	1,335,745
17,909,800	17,759,800		Pakistan International Container Terminal Ltd.	Container Terminal	19.69	19.52	956,921	2,210,740
Un-quoted - at cost								
750,000	750,000		EFU Services (Private) Ltd.	Investment company	37.50	37.50	7,500	7,500
						6,340,922	19,846,548	

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

8.3.1 During the year, BankIslami Pakistan Limited (BIPL) offered 23.366% Right Shares to its shareholders. Accordingly, the Company subscribed 18,400,725 Right Shares of Rs. 10/- each of BIPL amounting to Rs. 184.01 million. Further, the Company also subscribed 14,105,391 unsubscribed Right Shares of BIPL. As a result, the holding percentage of the Company in BIPL increased from 18.40% to 21.07%.

8.3.2 Included herein are equity securities costing Rs. 1,447.22 million (2008: Rs. 1,428.41 million) and having market value of Rs. 1,447.22 million (2008: Rs. 1,031.34 million) as at June 30, 2009, pledged with various commercial banks.

8.3.3 The cost of investments in related parties amounts to Rs. 6,340.92 million (2008: Rs. 22,318.76 million).

	Note	2009 (Rupees in '000)	2008
8.4 Other investments			
Available for sale			
Equity securities - quoted	8.4.1	641,009	-
Held to maturity			
Special saving certificates (at amortised cost)	8.4.2	313,030	-
		954,039	-

8.4.1 Included herein are equity securities costing Rs. 189.16 million (2008: Rs. Nil) and having market value of Rs. 189.16 million (2008: Rs. Nil) as at June 30, 2009, pledged with various commercial banks.

8.4.2 This represents investment in Special Saving Certificates having a term of 3 years with effective rate of profit of 14.50% per annum and will mature on March 11, 2012.

8.5 Impairment on investments

During the year, the stock exchange introduced 'Floor Mechanism' in respect of prices of equity securities based on the closing prices as prevailing on August 27, 2008. Under the 'Floor Mechanism', the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008 and remained in place until December 15, 2008. During this period trading of securities effectively remained suspended on the stock exchange. The trading resumed on December 15, 2008, however, the trading volumes upto December 31, 2008 remained significantly low as compared to the volumes before the institution of 'Floor Mechanism'. However, pursuant to the press release issued by the SECP on January 29, 2009, the equity securities held by the Company have been valued at the price quoted on the stock exchange as of December 31, 2008.

Furthermore, pursuant to SRO 150(I)/2009 dated February 13, 2009 issued by the SECP, impairment loss amounting to Rs.12,073.96 million resulting from the valuation of listed equity securities held under Available for sale category of investment as of December 31, 2008 was not recognised in the profit and loss account and has been taken to unrealized loss on revaluation of available for sale investments - net as shown on the balance sheet. The said impairment loss was required to be taken to the profit and loss account in the year 2009 on quarterly basis after adjustment for the effect of price movement in that year. However, for the purposes of distribution of dividend, the impairment loss as referred above shall be treated as a charge to the profit and loss. Subsequently, in accordance with the requirement of the above circular, the Company charged an aggregate amount of Rs. 3,967.21 million (net of price movements) as impairment loss for the quarter ended on March 31, 2009.

However, at June 30, 2009, the Company has decided to follow the requirements of IAS 39 and has charged the remaining impairment loss of Rs. 11,889.92 million (net of price movements as of June 30, 2009) to the profit and loss account. The total impairment loss on available for sale investments charged to the profit and loss account for the year ended June 30, 2009 amounts to Rs. 15,857.13 million.



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 .

	Note	2009 (Rupees in '000)	2008
9. LONG TERM LOANS AND ADVANCE ■			
Long term loans - considered good			
Secured			
Due from:			
Executive	9.1	1,857	1,998
Other employees		449	73
	9.2	2,306	2,071
		<u>2,306</u>	<u>2,071</u>
Current maturity of long term loans		(361)	(192)
		<u>1,945</u>	<u>1,879</u>
Long term advance - considered good			
Advance against a room at National Commodity Exchange Ltd.		-	2,500
		<u>1,945</u>	<u>4,379</u>

9.1 Reconciliation of the carrying amount of loan to executive

Opening balance	1,998	264
Disbursements	-	2,000
Repayments	(141)	(266)
	<u>1,857</u>	<u>1,998</u>

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 10.50% and 18.00% (2008: 8.00% and 12.00%) 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. 1.99 (2008: Rs. 2.00) million.

	2009 (Rupees in '000)	2008
10. TRADE DEBTS ■		
Unsecured - considered good		
Receivable against sale of shares	<u>21,781</u>	<u>-</u>



	Note	2009 (Rupees in '000)	2008
11. LOANS AND ADVANCES ■			
Current maturity of long term loans	9	361	192
Advances - unsecured and considered good			
Against subscription of shares of related parties	11.1	77,750	152,750
Contractors		20	20
Against salaries and expenses		112	64
		77,882	152,834
Assets held for sale	11.2	3,350	-
		81,593	153,026
11.1 Advance against subscription of shares of related parties			
Credit Chex (Private) Limited - a subsidiary		27,750	27,750
Energy Infrastructure Holding (Private) Limited - a subsidiary		50,000	125,000
		77,750	152,750
11.2	The Board of Directors in their meeting held on April 28, 2009 resolved to dispose off the membership rights of National Commodity Exchange Limited together with the office premises. Subsequently, the same was disposed off for a consideration of Rs. 5.00 million.		

	Note	2009 (Rupees in '000)	2008
12. PREPAYMENTS, INTEREST ACCRUED AND OTHER RECEIVABLES ■			
Prepayments		4,178	650
Interest accrued:			
Reverse repurchase transactions	12.1	-	649
Bank deposits		380	6,226
Term Finance Certificates		30	34
		410	6,909
Other receivables - Unsecured and considered good			
Dividend receivable	12.2	8,654	8,654
Others	12.3	3,058	1,645
		11,712	10,299
		16,300	17,858
12.1	This includes mark-up receivable on amounts placed with JS Bank Ltd. - a subsidiary company.		
12.2	This represents dividend receivable from an associate.		
12.3	Included herein is a sum of Rs. 0.27 million (2008: Rs. 1.34 million) receivable from related parties.		



13. SHORT TERM INVESTMENTS

	Note	2009 (Rupees in '000)	2008
Financial assets at fair value through profit or loss			
Listed equity securities	13.1	922,818	1,479,109
Term Finance Certificates		603	711
Open-end fund units (at redemption price)	13.1	908,119	2,251,438
		1,831,540	3,731,258
Available for sale			
Listed equity securities			
Related parties	13.1 & 13.2	262,544	348,453
Others	13.1	54,585	185,445
		317,129	533,898
Held to maturity			
Defence saving certificates (at amortised cost)		-	4,632
	13.3	2,148,669	4,269,788

13.1 The listed equity securities includes investments pledged with banks having an aggregate market value of Rs. 205.48 million (2008: Rs. 996.18 million) and costing Rs. 224.67 million (2008: Rs. 1,178.81 million).

13.2 Related parties

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

Number of shares		Activity	Holding		2009		2008	
2009	2008		2009 %	2008 %	(Rupees in '000)		2009	2008
12,605,043	12,605,043	Azgard Nine Ltd. - Preference shares	-	-	100,714		100,840	
5,394,346	4,794,975	Singer Pakistan Ltd.	17.39	17.39	161,830		247,613	
					262,544		348,453	

13.3 The cost of the above investments amounts to Rs. 2,194.34 million (2008: Rs. 4,112.69 million).

14. TAXATION - net

	Note	2009 (Rupees in '000)	2008
Opening balance		76,513	(744)
Advance income tax withheld during the year (Provision) / reversal of provision for taxation - net	14.1	79,177	76,737
		(913)	520
		154,777	76,513

14.1 This includes Rs. 48.58 million (2008: Rs. 66.70 million) in respect of tax withheld on dividend received by the Company.



15. CASH AND BANK BALANCES

	Note	2009 (Rupees in '000)	2008
Cash in hand		38	38
Balances with banks:			
Current accounts			
local currency		3,261	5,448
foreign currency		860	721
		4,121	6,169
Savings accounts			
local currency	15.1	95,728	4,262,095
foreign currency		1,987	1,462
	15.2	97,715	4,263,557
		<u>101,874</u>	<u>4,269,764</u>

15.1 Included herein is a sum of Rs. 0.27 million (2008: Rs. 760.41 million) representing amount placed with JS Bank Ltd., a subsidiary company.

15.2 These carry mark-up ranging between 5.00% and 13.00% (2008: 1.00% and 15.00%) per annum.

16. SHARE CAPITAL ■

	Note	2009 (Rupees in '000)	2008
16.1 Authorised capital			
		<u>2009</u>	<u>2008</u>
Number of shares			
6,000,000,000	6,000,000,000	Ordinary shares of Rs.10/- each	60,000,000
500,000,000	500,000,000	Preference shares of Rs. 10/- each	5,000,000
6,500,000,000	6,500,000,000		65,000,000
16.2 Issued, subscribed and paid-up capital			
		<u>2009</u>	<u>2008</u>
Number of shares			
		Ordinary shares of Rs.10/- each:	
		Fully paid in cash	
52,407,500	23,387,500	Opening balance	524,075
8,425	22,020,000	Issued during the year	84
-	7,000,000	Conversion of preference shares	-
52,415,925	52,407,500		70,000
			524,159
		Fully paid bonus shares	
169,612,500	11,612,500	Opening balance	1,696,125
541,256,898	158,000,000	Issued during the year	5,412,569
710,869,398	169,612,500		7,108,694
763,285,323	222,020,000		7,632,853



16.2.1 The Board of Directors of the Company in their meeting held on October 11, 2008 have decided that out of the 10,688,182 right shares offered by the Company to the 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 the proportion to their respective holding i.e. in the ratio of 16.354091 shares for every 100 shares held by these shareholders, 8,425 Right shares of Rs. 10/- each be allotted to the shareholders, who subscribed the right shares at Rs. 10/- per share at a premium of Rs. 465/- per share i.e. at a subscription price of Rs. 475/- per share on or before September 30, 2008 for a total consideration of Rs. 4.00 million.

Further, the remaining unsubscribed 10,679,757 Right shares of Rs. 10/- per share at a premium of Rs. 465/- per share i.e. at a subscription price of Rs. 475/- per share be not allotted or issued.

	Note	2009 (Rupees in '000)	2008
17. RESERVES ■			
Capital reserve			
Premium on issue of Ordinary shares		4,497,894	9,906,545
Revenue reserves			
General reserve		10,000,000	10,000,000
(Accumulated loss) / unappropriated profit		(2,827,373)	11,586,011
		7,172,627	21,586,011
Other			
Unrealised loss on revaluation of available for sale investments - net		(24,380)	(2,684,863)
		<u>11,646,141</u>	<u>28,807,693</u>

18. LONG TERM FINANCING ■

Term Finance Certificates (TFCs)

Secured:

Second issue	18.1	499,000	499,200
Fifth issue	18.2	1,095,634	1,094,955
Sixth issue	18.3	1,244,667	1,244,021

Unsecured:

Third issue	18.4	248,774	496,728
Fourth issue	18.5	436,590	498,649

		3,524,665	3,833,553
Less: Current portion shown under current liability		312,352	313,278
		<u>3,212,313</u>	<u>3,520,275</u>

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. 805.24 (2008: Rs. 762.23) 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.

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** 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.

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 – 2010 with a call option exercisable by the Company any time from the 30th month to the 54th month.

2 0 0 9 2 0 0 8
(Rupees in '000)

19. TRADE AND OTHER PAYABLES ■

Creditors	-	574,231
Accrued liabilities	123,355	993,924
Unclaimed dividend	1,361	1,462
Other liabilities	2,524	4,241
	<u>127,240</u>	<u>1,573,858</u>



	Note	2009 (Rupees in '000)	2008
20. ACCRUED INTEREST / MARK-UP ON BORROWINGS ■			
Accrued interest / mark-up on:			
Term Finance Certificates		151,495	112,405
Short term running finance		1,585	1,137
		<u>153,080</u>	<u>113,542</u>

21. SHORT TERM BORROWINGS - secured ■

Short term running finance under mark-up arrangements	21.1	<u>100,511</u>	<u>945,577</u>
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21.1 The Company has short-term running finance facilities under mark-up arrangements aggregating to Rs. 4,200 million (2008: Rs. 5,850 million) from various commercial banks carrying mark-up ranging between 13.93% and 17.49% (2008: 10.02% and 14.32%) per annum. The facilities utilized against these arrangements are secured against investments in equity securities having an aggregate fair value of Rs. 311.97 million (2008: Rs. 1,770.86 million). The unavailed aggregate credit facility of running finances amounts to Rs. 4,099.49 million (2008: Rs. 4,904.42 million).

	Note	2009 (Rupees in '000)	2008
22. COMMITMENT ■			
Commitment in respect of bank guarantee		<u>-</u>	<u>3,335</u>

23. RETURN ON INVESTMENTS ■

Mark-up / interest income from:

Financial assets at fair value through profit or loss

Term Finance Certificates		69	55
Government securities		6,313	-

Held to maturity

Special and Defence Saving Certificates		<u>13,648</u>	<u>708</u>
		<u>20,030</u>	<u>763</u>

Dividend income on:

Investments in subsidiaries and associates		152,169	429,942
Financial assets at fair value through profit or loss	23.1	6,525	72,891
Available for sale investments	23.1	375,086	126,179
		<u>533,780</u>	<u>629,012</u>
		<u>553,810</u>	<u>629,775</u>

23.1 Includes dividend income from various related parties amounting to Rs. 329.12 million (2008: Rs. 127.55 million).

	Note	2009 (Rupees in '000)	2008
24. GAIN ON SALE OF INVESTMENTS - net ■			
Subsidiary, associates and joint ventures		3,595,949	8,855,822
Financial assets at fair value through profit or loss		(1,029,202)	6,045,763
Available for sale	24.1	8,151	4,353,451
		<u>2,574,898</u>	<u>19,255,036</u>

24.1 This includes gain on sale on investments in related parties amounting to Rs. 3.88 (2008: Rs. 4,320.10) million.

25. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS ■

	Note	2009 (Rupees in '000)	2008
Interest on loan to employees		248	216
Return on term deposit receipts		233,296	5,466
Return on bank deposit accounts		37,748	33,047
Return on reverse repurchase transactions of listed equity securities		17,336	822
		<u>288,628</u>	<u>39,551</u>

26. OTHER INCOME ■

Consultancy and advisory fee		-	180
Underwriting commission		5,506	14,695
Gain on sale of property and equipment		1,401	1,114
Rental income		26,004	25,141
Liability written back		90,000	-
Exchange gain		-	348
		<u>122,911</u>	<u>41,478</u>

27. OPERATING AND ADMINISTRATIVE EXPENSES ■

Salaries and benefits	27.1	50,326	221,403
Telephone, fax, telegram and postage		4,859	5,309
Vehicle running		3,942	3,939
Fee for directors / committee meetings		1,000	1,000
Utilities		1,279	904
Newspapers and periodicals		69	54
Conveyance and travelling		16,286	13,551
Repairs and maintenance		2,301	1,804
Computer expenses		304	321
Auditors' remuneration	27.2	5,786	1,691
Royalty fee	27.3	9,900	9,900
Consultancy fee		9,823	12,671
Advisory fee	27.4	12,000	112,000
Legal and professional charges		4,605	5,822
Printing and stationery		2,939	6,420
Rent, rates and taxes		22,362	20,786
Insurance		2,100	1,771
Entertainment		130	246
Advertisement		2,013	2,464
Office supplies		118	194
Depreciation	27.5	18,165	18,291
Fees and subscription		26,226	21,609
Donations		-	337,379
Brokerage and commission expense		2,484	25,995
Clearing fees		5,761	16,968
Office security		8,205	3,900
Exchange loss		15,207	-
Zakat		107	-
		<u>228,297</u>	<u>846,392</u>



27.1 Salaries and benefits include Rs. 1.88 million (2008: Rs.1.54 million) in respect of employee retirement benefits.

2009 2008
(Rupees in '000)

27.2 Auditors' remuneration

Annual audit fee	750	450
Half-yearly review fee	185	185
Certifications and other services	4,786	845
Out of pocket expenses	65	211
	5,786	1,691

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

27.4 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.

2009 2008
(Rupees in '000)

27.5 Depreciation

	Note	
Operating assets	5	17,525
Investment properties	6	640
		18,165
		17,651
		640
		18,291

28. FINANCE COST ■

Mark-up on:

Short term running finance	9,197	423,829
Long term financing	557,827	460,608
Repurchase transactions of listed equity securities	-	52,840
	567,024	937,277
Amortization of transaction costs	4,390	4,390
Bank charges	540	867
	571,954	942,534

29. IMPAIRMENT ON INVESTMENTS ■

Subsidiaries	455,359	95,905
Associate	448,934	-
Other related parties - Available for sale	15,857,130	-
	16,761,423	95,905

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 in these financial statements due to taxable loss during the year.



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 to 2008 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.

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. 1,438.35 million (2008: Rs. 2,331.10 million). The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 249.27 million (2008: Rs. 814.92 million).

	2009	2008
	(Rupees in '000)	
31. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE ■		
(Loss) / profit after taxation attributable to Ordinary shareholders	(14,413,384)	17,201,702
Less: Cumulative preference dividend on convertible preference shares	-	(15,304)
(Loss) / profit after taxation attributable to Ordinary shareholders	<u>(14,413,384)</u>	<u>17,186,398</u>

	2009	2008
	(Numbers '000)	
Weighted average number of Ordinary shares outstanding during the year	<u>763,285</u>	<u>748,532</u>

	2009	2008
	(Rupees)	
(Loss) / earnings per share:		
Basic and diluted	<u>(18.88)</u>	<u>22.96</u>

	2009	2008
	(Rupees in '000)	
32. CASH AND CASH EQUIVALENTS ■		
Cash and bank balances	101,874	4,269,764
Short term running finance utilised under mark-up arrangement	(100,511)	(945,577)
	<u>1,363</u>	<u>3,324,187</u>

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 relationship and transactions with related parties are given below:



	2009	2008
	(Rupees in '000)	
Subsidiary companies		
Advisory fee paid	-	5,250
Subscription against right shares	1,624,238	990,714
Advance against subscription of shares	77,750	27,750
Mark-up income on deposits	96,618	30,952
Payment of rent	6,731	6,260
Dividend received	52,024	78,035
Underwriting commission received	506	-
Payment of income received on behalf of subsidiary	-	8,264
Right shares received during the year 162,701,333 (2008: 99,071,527) shares	1,651,988	990,715
Ordinary shares received during the year 12,500,000 (2008: 900,000) shares	-	-
Associates		
Brokerage expense	6,310	21,735
Sub-lease rental income	22,030	20,493
Sale of motor vehicles	-	325
Underwriting commission received	-	13,995
Dividend income including preferred dividend	100,146	351,904
Dividend paid	-	545
Right shares received during the year 19,102,063 (2008: 3,245,198) shares	257,878	32,452
Bonus shares received during the year 21,719,137 (2008: 11,593,015) shares	-	-
Joint Venture		
Advisory fee received	-	180
Common Directorship		
Subscription against right shares	325,061	187,500
Dividend income	197,159	36,050
Right shares received during the year 32,506,116 (2008: 41,250,000) shares	325,061	412,500
Bonus shares received during the year 618,000 (2008: 3,246,920) shares	-	-
Common Directorship & Key Management Personnel		
Donation paid during the year	237,379	144,656
Other Related Parties		
Advance against subscription of shares	-	125,000
Subscription against right shares	-	15,767
Contributions during the year to staff provident fund trust	2,680	3,081
Dividend income	131,968	14,652
Interest / markup paid	13,154	10,540
Insurance premium paid	3,928	1,838
Royalty paid	9,900	9,900
Bonus shares received during the year Nil (2008: 17,108,014) shares	-	-

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	
	2009	2008	2009	2008	2009	2008
----- (Rupees in '000) -----						
Managerial remuneration	-	-	8,000	3,456	18,302	10,432
House rent allowance	-	-	3,200	1,382	7,321	4,173
Utilities allowance	-	-	800	346	1,830	1,043
Commission and performance bonus	-	-	-	100,000	7,045	4,300
Advisory fee	6,000	106,000	-	-	-	-
Contribution to provident fund	-	-	800	346	1,575	813
Medical	-	-	48	44	130	75
Reimbursable expenses	-	-	459	331	1,390	930
	<u>6,000</u>	<u>106,000</u>	<u>13,307</u>	<u>105,905</u>	<u>37,593</u>	<u>21,766</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>11</u>	<u>10</u>

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 million (2008: Rs. 1.00 million) to two non-executive directors as fee for directors/committee meetings.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES ■

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Executive Risk Committee, ultimately responsible for the management of risk associated with the Company's activities, have established Statement of Investment and Operating Policy (SIOP), risk management guidelines and other internal guidelines for the management and assessment of the aforesaid financial risks.

35.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments, and derivative financial instruments.

The following discussion includes sensitivity analysis that is intended to illustrate the sensitivity to changes



in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable. Financial instruments affected by market risk include bank overdrafts, term finance certificates, investments and cash and bank balances.

The sensitivity has been prepared for years ended June 30, 2009 and 2008 using the amounts of financial assets and liabilities held as at those balance sheet dates.

35.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cashflows of financial instruments will fluctuate because of changes in market interest rates.

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 interest rates, which reduces the interest rate price risk.

The Company's interest rate exposure on financial instruments is disclosed as follows:

	Effective yield / interest rate %	2009				Non-interest / Markup bearing	Total June 30, 2009
		Interest / mark up bearing			Total		
		Up to one year	Over one year to five years	Over five years			
----- (Rupees in '000) -----							
June 30, 2009							
Financial assets							
Investments	8.95 -14.50	603	313,030	-	313,633	22,447,250	22,760,883
Loans and advances	8.00-12.00	361	1,945	-	2,306	77,882	80,188
Long term security deposits	-	-	-	-	-	1,493	1,493
Trade debts	-	21,781	-	-	21,781	-	21,781
Interest accrued and other receivables	-	-	-	-	-	12,122	12,122
Fund placements	9.00-14.45	-	-	-	-	-	-
Cash and bank balances	5.00-13.00	97,715	-	-	97,715	4,159	101,874
		98,679	314,975	-	435,435	22,542,906	22,978,341
Financial liabilities							
Long term financing	8.29-17.38	312,352	3,212,313	-	3,524,665	-	3,524,665
Trade and other payables	-	-	-	-	-	127,240	127,240
Accrued interest / mark-up on borrowings	-	-	-	-	-	153,080	153,080
Short term borrowings	15.52-15.77	100,511	-	-	100,511	-	100,511
		412,863	3,212,313	-	3,625,176	280,320	3,905,496



	Effective yield / interest rate %	2008				Non-interest / Markup bearing	Total June 30 2008
		Interest / mark up bearing					
		Up to one year	Over one year to five years	Over five years	Total		
----- (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
Long term 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	1.00-10.00	4,263,557	-	-	4,263,557	6,207	4,269,764
		<u>4,594,503</u>	<u>1,879</u>	<u>-</u>	<u>4,596,382</u>	<u>32,758,331</u>	<u>37,354,713</u>
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
		<u>1,258,855</u>	<u>2,653,054</u>	<u>867,221</u>	<u>4,779,130</u>	<u>1,687,400</u>	<u>6,466,530</u>

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity,

	Increase / (decrease) in basis points	Effect on profit after tax	Effect on other components of equity
----- (Rupees in '000) -----			
2009	100	(24,096)	-
	(200)	60,754	-
2008	100	(34,218)	-
	(200)	66,485	-

35.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's net investments in foreign subsidiaries and to foreign exchange bank accounts.

The following table demonstrates the sensitivity to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Company's equity (due to changes in the fair value of foreign subsidiary).



	Change in US\$ rate	Effect on profit after tax	Effect on other components of equity
	(Rupees)	(Rupees in '000)	
2009	2.50 (2.50)	80 (80)	- -
2008	2.50 (2.50)	12,101 (12,101)	- -

35.1.3 Equity price risk

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

The Company's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

The following table summarizes the Company's equity price risk as of June 30, 2009 and 2008. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would effect profit and equity of the Company in a similar but opposite manner.

	Fair Value	Price change	Effect on profit for the year	Effect on shareholders' equity
	(Rs. in million)		(Rs. in million)	
June 30, 2009	8,214.38	5% increase	405.48	5.24
June 30, 2008	21,852.06	5% increase	73.96	1,018.65

35.2 Liquidity risk

Liquidity risk is defined as the risk that the institution will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the institution might be unable to meet its payment obligations when they fall due under normal circumstances. 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 following table summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these 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 liabilities not having a contractual maturity are assumed to mature on the expected date on which the liabilities will be realised / settled.



	2009			
	Up to one year	Over one year to five years	Over five years	Total
----- (Rupees in '000) -----				
June 30, 2009				
Financial liabilities				
Long term financing	312,352	3,212,313	-	3,524,665
Trade and other payables	127,240	-	-	127,240
Accrued interest / mark-up on borrowings	153,080	-	-	153,080
Short term borrowings	100,511	-	-	100,511
	<u>693,183</u>	<u>3,212,313</u>	<u>-</u>	<u>3,905,496</u>

	2008			
	Up to one year	Over one year to five years	Over five years	Total
----- (Rupees in '000) -----				
June 30, 2008				
Financial liabilities				
Long term financing	313,278	2,653,054	867,221	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	945,577	-	-	945,577
	<u>2,946,255</u>	<u>2,653,054</u>	<u>867,221</u>	<u>6,466,530</u>

35.3 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. 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 and credit exposure of the financial instruments

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. The following analyse's the Company's maximum exposure to credit risk:



	2 0 0 9	2 0 0 8
	(Rupees in '000)	
Trade debts	21,781	-
Loans and advances	80,188	157,405
Long term security deposits	1,493	2,529
Interest accrued and other receivables	12,122	17,208
Fund placements	-	325,411

36. CAPITAL RISK MANAGEMENT ■

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

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

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 2009, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2009 and 2008 were as follows:

	2 0 0 9	2 0 0 8
	(Rupees in '000)	
Long term financing	3,524,665	3,833,553
Trade and other payables	127,240	1,573,858
Accrued interest / mark-up on borrowings	153,080	113,542
Short term borrowings	100,511	945,577
Total debt	3,905,496	6,466,530
Cash and bank balances	101,874	4,269,764
Fund Placements	-	325,411
Net debt	3,803,622	1,871,355
Share Capital	7,632,853	2,220,200
Reserves	11,646,141	28,807,693
Equity	19,278,994	31,027,893
Capital	23,082,616	32,899,248
Gearing ratio	16%	6%

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 significant increase in the gearing ratio during 2009 resulted primarily from the decrease in the fair values of investments and recognition of resultant impairment loss in the value of investments (note 8.5).



37. FAIR VALUE OF FINANCIAL INSTRUMENTS ■

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

38. DATE OF AUTHORISATION FOR ISSUE ■

These financial statements were authorised for issue on September 17, 2009 by the Board of Directors of the Company.

39. GENERAL ■

Figures have been rounded off to the 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 2009** 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 its subsidiaries, **JS Bank Limited**, **Network Microfinance Bank Limited**, **JS ABAMCO Commodities Limited**, **MOBEX Limited** and **Energy Infrastructure Holding (Private) Limited**. The financial statements of **JS Investments Limited**, **JS International Limited**, **JS International LLP** and **JS Infocom Limited** were audited by other firms of auditors whose report 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.

- (a) The financial statements of **Credit Chex (Private) Limited** and **JS Fund Management (Mauritius) Limited** are unaudited. Hence, their respective total assets and net losses have been incorporated in these consolidated financial statements by the management using unaudited financial statements.

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, except for any adjustment that may have been required due to the matters expressed in paragraph (a) above, the consolidated financial statements present fairly the financial position of **Jahangir Siddiqui & Co. Ltd.** and its subsidiary companies as at **30 June 2009** and the results of their operations for the year then ended.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Audit Engagement Partner: Omer Chughtai

September 17, 2009
Karachi



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet As at June 30, 2009 ■

		2009	2008 Restated
	Note	(Rupees in '000)	
ASSETS ■			
Non-Current Assets			
Property and equipment	8	1,597,042	930,184
Intangible assets	9	5,850,417	5,860,999
Investment properties	10	3,052	3,692
Membership cards and room	11	35,701	35,701
Long term investments	12	15,290,891	24,960,955
Long term loans, advances and other receivables	13	2,812,378	25,613
Long term deposits	14	2,191	4,940
Deferred taxation	14	119,711	101,407
		25,711,383	31,923,491
Current Assets			
Short term investments	15	12,136,289	13,563,740
Trade debts	16	21,781	199,689
Loans and advances	17	7,121,787	9,801,499
Accrued mark-up	18	436,684	335,192
Deposits, prepayments and other receivables	19	375,385	281,730
Fund placements	20	2,953,017	2,372,802
Taxation - net	21	312,924	237,446
Cash and bank balances	21	4,730,508	8,405,140
		28,088,375	35,197,238
		53,799,758	67,120,729
EQUITY AND LIABILITIES ■			
Share Capital and Reserves			
Share Capital	22	7,632,853	2,220,200
Reserves	23	13,496,418	32,595,341
Equity attributable to equity holders' of the parent		21,129,271	34,815,541
Minority interest		3,543,608	4,637,669
Total Equity		24,672,879	39,453,210
Non-Current Liabilities			
Long term financing	24	3,725,550	4,124,445
Liabilities against assets subject to finance lease		-	7,615
Deposits and other accounts	25	217,829	348,103
Employee benefit liability	43	32,261	2,343
		3,975,640	4,482,506
Current Liabilities			
Trade and other payables	26	1,043,125	2,539,208
Accrued interest / mark-up on borrowings	27	393,694	312,533
Short term borrowings	28	4,349,538	6,194,919
Current portion of non-current liabilities	29	19,364,882	14,138,353
		25,151,239	23,185,013
Contingencies and Commitments	30	53,799,758	67,120,729

(i) The valuation of listed equity securities and mutual funds held under Available for Sale investments has been arrived at using the market price quoted on the stock exchange / net asset value as of June 30, 2009 and the unrecognised impairment loss arising there-from has been included in unrealized loss on revaluation of available for sale investments as allowed by the Securities and Exchange Commission of Pakistan and State Bank of Pakistan. Under the regular accounting policy of the Company the same would have resulted in a charge to profit and loss account of Rs. 198.128 million and a consequent decrease in profit for the period by the same amount (see note 12.4.4).

(ii) 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, 2009 ■

	Note	2009 (Rupees in '000)	2008 Restated
INCOME ■			
Return on investments	31	1,213,307	985,946
Gain on sale of investments - net	32	1,630,477	19,721,327
Income from long term loans and fund placements	33	1,804,226	1,122,138
Fee, commission and brokerage	34	601,659	815,473
Other income	35	332,572	151,256
Loss on revaluation of investments carried at fair value through profit or loss - net		(617,720)	(882,954)
		4,964,521	21,913,186
EXPENDITURE ■			
Operating and administrative expenses	36	2,454,713	2,328,629
Finance cost	37	2,352,613	2,298,966
Impairment against investments	38	17,770,445	(721)
Impairment of goodwill	9	42,220	-
		22,619,991	4,626,874
		(17,655,470)	17,286,312
Share of profit / (loss) from:	39		
associates		44,829	685,254
joint ventures		(5,313)	-
		39,516	685,254
(LOSS) / PROFIT BEFORE TAXATION		(17,615,954)	17,971,566
TAXATION ■			
Current	40	33,324	44,520
Prior		9,395	(2,123)
Deferred		(95,087)	(115,235)
		(52,368)	(72,838)
(LOSS) / PROFIT AFTER TAXATION		(17,563,586)	18,044,404
Loss / (profit) attributable to minority interest		1,126,879	(322,385)
		(16,436,707)	17,722,019
	 (Rupees)	
(LOSS) / EARNINGS PER SHARE ■			
Basic and diluted	41	(21.53)	23.68

(i) The valuation of listed equity securities and mutual funds held under Available for Sale investments has been arrived at using the market price quoted on the stock exchange / net asset value as of June 30, 2009 and the unrecognised impairment loss arising there-from has been included in unrealized loss on revaluation of available for sale investments as allowed by the Securities and Exchange Commission of Pakistan and State Bank of Pakistan. Under the regular accounting policy of the Company the same would have resulted in a charge to profit and loss account of Rs. 270.691 million and a consequent decrease in profit for the period by the same amount (see note 12.4.4).

(ii) 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, 2009 ■

Note	2009	2008 Restated
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES ■		
(Loss) / profit before taxation	(17,615,954)	17,971,566
Adjustments for no cash charges and other items:		
Depreciation	193,705	115,720
Amortisation of intangible assets	71,792	129,591
Gain on sale of property and equipment	3,518	(5,020)
Liability no longer payable written back	(92,173)	-
Interest income from Special Saving Certificates	(13,030)	(708)
Charge for Defined benefit plan	29,918	-
Loss on revaluation of investments carried at fair value through profit and loss account - net	617,720	882,954
Impairment on investments	17,770,445	(721)
Impairment of goodwill	42,220	-
Share of profit in associates and joint ventures	(39,516)	(685,254)
Finance cost	2,352,613	2,298,966
	<u>20,937,212</u>	<u>2,735,528</u>
Operating profit before working capital changes	3,321,258	20,707,094
(Increase) / decrease in operating assets:		
Loans and advances	2,677,767	(4,200,453)
Short term investments	(588,606)	(1,440,667)
Trade debts	177,908	(138,067)
Long term loans, advances and other receivables	(2,784,016)	56,769
Long term deposits	-	(2,446)
Fund placements - net	(580,215)	3,307,838
Deposits, prepayments, accrued mark-up and other receivables	(193,202)	114,034
	<u>(1,290,364)</u>	<u>(2,302,992)</u>
Increase/(decrease) in operating liabilities:		
Trade and other payables	(1,395,756)	(132,733)
Deposits and other accounts	5,100,668	991,168
Net cash generated from operations	5,735,806	19,262,537
Interest / mark-up paid	(2,268,160)	(2,158,644)
Taxes paid	(115,600)	(174,504)
Dividend paid	(8,155)	(120,886)
Net cash generated from operating activities	3,343,891	16,808,503
CASH FLOWS FROM INVESTING ACTIVITIES ■		
Capital expenditure incurred	(870,676)	(506,453)
Intangible assets acquired	(111,773)	(108,668)
National Commodity Exchange membership acquired	-	(1,000)
Proceeds from sale of property and equipment	11,321	34,630
Investments acquired - net of sale	(3,791,801)	(25,115,606)
Net cash used in investing activities	(4,762,929)	(25,697,097)
CASH FLOWS FROM FINANCING ACTIVITIES ■		
Proceeds from issue of Ordinary shares	4,002	10,459,500
Proceeds from issue of Term Finance Certificates - net	(401,495)	(150,990)
Repayment of long term loans	(1,888)	(83,898)
Repayment of lease liability	(10,832)	-
Securities sold under repurchase agreements - net	(854,084)	854,084
Proceeds from securitization of future management fee	-	2,642
Net cash generated (used in) / from financing activities	<u>(1,264,297)</u>	<u>11,081,338</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(2,683,335)	2,192,744
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	3,064,305	871,561
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	380,970	3,064,305

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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, 2009

Note	Attributable to equity holders of the parent										Minority Interest	Total
	Reserves											
	Issued, subscribed and paid-up capital	Capital	Revenue		Others		Unrealised (loss)/gain on revaluation of available for sale investments - net		Sub-total	Preference share redemption		
Ordinary shares Class 'A'	Preference shares	Ordinary share premium	General	Foreign exchange translation	Unappropriated profit/(accumulated loss)	Statutory	Hedging	Preference share redemption	Sub-total	Minority Interest	Total	
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	-	-	-	-	-	-	(4,523,349)	-	-	(4,523,349)	356,193	(4,167,156)
Net effect of translation of net assets of foreign subsidiary to reporting currency	-	-	-	-	6,499	-	(11,241)	-	-	6,499	-	6,499
Share of associates	-	-	(51,751)	-	(6)	-	-	(191,923)	287	(254,634)	-	(254,634)
Profit for the year	-	-	-	-	-	17,722,019	-	-	-	17,722,019	322,385	18,044,404
Appropriations for the year ended:												
June 30, 2007:												
- Issue of bonus shares @ 100%	350,000	-	(350,000)	-	-	-	-	-	-	(350,000)	-	-
- Final dividend @ Rs. 250 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	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 @ 1597.4026%	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	220,200	-	9,906,545	-	-	-	-	-	-	9,906,545	-	10,126,745
Fair value adjustment related to goodwill	-	-	-	-	-	-	-	-	-	-	1,414,146	1,414,146
Balance as at June 30, 2008 (Restated)	2,220,200	-	11,395,668	10,000,000	7,461	13,858,166	(2,802,182)	61,514	25,589	32,595,341	4,637,669	39,453,210
Balance as at July 1, 2008 (Restated)	2,220,200	-	11,395,668	10,000,000	7,461	13,858,166	(2,802,182)	61,514	25,589	32,595,341	4,637,669	39,453,210
Net effect of revaluation of available for sale investments to fair value	-	-	-	-	-	-	2,701,197	-	-	2,701,197	93,105	2,794,302
Net effect of translation of net assets of foreign subsidiaries to reporting currency	-	-	-	-	36,903	-	(1,651)	-	85,841	36,903	-	36,903
Share of associates	-	-	(35,553)	-	(15,312)	-	-	(32,702)	-	623	-	623
Loss for the year	-	-	-	-	-	(16,436,707)	-	7,712	-	(16,436,707)	(1,126,879)	(17,563,586)
Statutory reserve	-	-	-	-	-	-	-	-	-	7,712	-	7,712
Acquisition of Minority Interest	-	-	-	-	-	-	-	-	-	-	(60,287)	(60,287)
Proceeds from Issue of Right shares	84	-	3,918	-	-	-	-	-	-	3,918	-	4,002
Issue of bonus shares @ 243.778%	5,412,569	-	(5,412,569)	-	-	-	-	-	-	(5,412,569)	-	-
Balance as at June 30, 2009	7,632,853	-	5,951,464	10,000,000	29,052	(2,578,541)	(102,636)	69,226	11,1430	13,496,418	3,543,608	24,672,879

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, 2009

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 but also provides services in United Kingdom, Cayman Islands, and Mauritius.

The Holding Company was incorporated under the Companies Ordinance, 1984 on May 04, 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 Shakra-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 a line by line basis. All material inter company balances, transactions and resulting unrealised profits / losses have been eliminated:

<u>Subsidiary Companies</u>	<u>Note</u>	<u>Holding (including indirect holding)</u>	
		<u>2009</u> %	<u>2008</u> %
JS Investments Limited (JSIL)	1.2.1	52.02	52.02
JS Infocom Limited	1.2.2	100.00	100.00
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	64.49	57.43
Credit Chex (Private) Limited	1.2.6	75.00	75.00
JS ABAMCO Commodities Limited (Sub-subsidiary)	1.2.7	52.02	52.02
Webdnaworks (Private) Limited (Sub-subsidiary)		-	51.00
MOBEX Limited (Sub-subsidiary)	1.2.8	70.00	70.00
Energy Infrastructure Holding (Private) Limited	1.2.9	100.00	-
Network Microfinance Bank Limited	1.2.10	70.82	-
JS Fund Management (Mauritius) Limited (Sub-subsidiary)	1.2.11	100.00	100.00



1.2.1 JS Investments Limited

JS Investments Limited (JSIL) 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. (Also refer to Note 6.3)

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
- JS Large Capital Fund (formerly UTP Large Cap Fund)
- JS Growth Fund

Asset management company of the following open-end funds:

- Unit Trust of Pakistan
- JS Income Fund
- UTP - Islamic Fund
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- UTP - A-30+ Fund
- JS Capital Protected Fund
- JS Capital Protected Fund II
- JS Capital Protected Fund IV
- JS Aggressive Income Fund
- JS Principal Secure Fund I

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 Shakra-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 71 branches. (Also refer to Note 6.2).

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 (JAACL) 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 JAACL of Rs. 100 million. The principal activities of JAACL 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 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.



1.2.9 Energy Infrastructure Holding (Private) Limited

Energy Infrastructure Holding (Private) Limited (EIHPL) was incorporated under the Companies Ordinance, 1984 on April 15, 2008 as a private limited company. The registered office of the EIHPL is situated at 7th Floor, The Forum, Khayaban-e-Jami, Clifton, Block-9, Karachi. The principal activities of EIHPL after commencement 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. EIHPL is in start-up phase and has not commenced its operations.

1.2.10 Network Microfinance Bank Limited

Network Microfinance Bank Limited (NMBL) was incorporated on May 08, 2003 as public limited company under the Companies Ordinance, 1984 and was granted a certificate of commencement of business on December 28, 2004. Its operations started from January 01, 2005. The Bank's principal business is to provide microfinance services to the poor and under served segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The registered office of NMBL is situated at 202, Azayam Plaza, S.M.C.H.S., Shakra-e-Faisal, Karachi. (Also refer to Note 6.1)

1.2.11 JS Fund Management (Mauritius) Limited

JS Fund Management (Mauritius) Limited was incorporated in Mauritius on April 4, 2007, as a private company with limited liability by shares. The main activity of the company is to provide investment advisory services and investment management services to certain funds operated by the Group outside Pakistan.

2. STATEMENT OF COMPLIANCE ■

2.1 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 Commission of Pakistan. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Adoption of new accounting standards

During the year, the Holding Company has adopted IFRS 7 "Financial Instruments – Disclosures", which resulted in certain additional disclosures relating to financial instruments in these financial statements. Further, interpretations of accounting standards, namely IFRIC 12 "Service Concession Arrangements", IFRIC 13 "Customer Loyalty Programs" and IFRIC 14 "IAS 19 – The Limit on Defined Benefit Asset Minimum Funding Requirements and their Interactions" also became effective during the year. However, these interpretations do not affect the Group's financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are 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 revised standard and interpretation:



Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowing Costs (Revised)	January 01, 2009
IAS27 - Consolidated and Separate Financial Statement (Revised)	January 01, 2009
IAS 32 - Financial Instruments (Amended)	January 01, 2009
IAS 39 - Financial Instruments: Recognition and Measurement (Amended)	January 01, 2009
IFRS 2 - Share-based Payment (Amended)	January 01, 2009
IFRS 3 - Business Combinations (Revised)	July 01, 2009
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	January 01, 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	October 01, 2008
IFRIC 17 - Distributions of Non-cash Assets to Owners	July 01, 2009
IFRIC 18 - Transfers of Assets from Customers	July 01, 2009

The Group expects that the adoption of the above standards and interpretations will not have any material impact on the Group's financial statements in the period of initial application other than to the extent of certain changes and/or enhancements in the presentation and disclosures in the financial statements resulting from the application of IAS 1. The revised IAS 1 was issued in September 2007 and becomes effective for financial years beginning on or after January 01, 2009. The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

In addition to the above, amendments to various accounting standards have also been issued by IASB as a result of its annual improvement project. Such amendments are generally effective for accounting periods beginning on or after January 01, 2009. The Group expects that the adoption of the above standards and interpretations will not have any material impact on the Group's financial statements in the period of initial application.

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 audited financial statements as at March 31 have been considered for the purpose of consolidation.

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, Credit Chex (Private) Limited, JS ABAMCO Commodities Limited, Network Microfinance Bank Limited and MOBEX Limited not held by the Group.

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 5.2);
- (b) classification of investments (Note 5.6);
- (c) recognition of taxation and deferred tax (Note 5.16);
- (d) accounting for post-employment benefits (Note 5.23); 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 5.6 and 5.7 below.

5.2 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 8 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.

5.3 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.

5.4 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.

5.5 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.

5.6 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. Impairment loss, if any, on Available for Sale investments is charged to profit and loss account in accordance with the requirements of IAS - 39 " Financial Instruments: Recognition and measurement ". However, in the current year impairment loss, if any, on listed equity securities / mutual funds held under ' Available for Sale' category of investments has been treated as described in note 12.4.4.

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.

5.7 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.

5.8 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.

5.9 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 5.11).

5.10 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.

5.11 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.

5.12 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 JSFMMML are United States Dollars and JS Inernational LLP is Great Britain Pound. 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.



5.13 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.

5.14 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.

5.15 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.

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.

5.16 Revenue recognition

- (a) Return on Defence Saving Certificates (DSCs) and Special Saving Certificates (SSCs) have been accounted for using the effective interest rate method.
- (b) Income / return on Term Finance Certificates (TFCs), government securities, reverse repurchase transactions, certificate of deposits and loans and advances is recognised at rate of return implicit in the instrument / arrangement on a time proportion 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, commission on portfolio trading services and return on bank deposits is recognised on accrual basis.
- (h) Trusteeship fee is recognized on an accrual basis in proportion to the provision of service.

5.17 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.

5.18 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.

5.19 Trade and other payables

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

5.20 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.



5.21 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.

5.22 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 actuarial recommendations. The most recent valuation in this regard was carried out as at December 31, 2008, using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial 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.

5.23 Compensated absences

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

5.24 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.

5.25 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 cost to sell.



6. BUSINESS COMBINATION ■

6.1 Acquisition of Network Microfinance Bank Limited

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 acquired 8,754,788 unsubscribed right shares of Network Microfinance Bank Limited (previously held as an associate) on March 2, 2009, resulting in aggregate holding of 70.82 % of the paid up capital of the said Bank.

The above acquisition was achieved in the following stages:

	Mode of Investment	Date of Investment	Proportion of Shares Acquired
Stage 1	Direct Equity Investment (as sponsors)	July 01, 2007	30.00%
Stage 2	Direct Equity Investment	December 27, 2008	11.63%
Stage 3	Direct Equity Investment	March 02, 2009	29.19%

The accounting of business combinations involving more than one exchange transaction, requires each exchange transaction to be treated separately by the acquirer; i.e. by using the cost of the transaction and fair value information at the date of each exchange transaction, to determine the amount of any goodwill associated with that transaction. This results in a step-by-step comparison of the cost of the individual investments with the acquirer's interest in the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities at each step.

The initial accounting of business combinations 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.

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 Network Microfinance Bank Limited as at the date of each exchange transaction approximate their carrying amounts. Details of net assets are as follows:



	Stage 1	Stage 2	Stage 3
 (Rupees in '000).....		
Assets			
Cash and balances with banks	100,000	79,963	138,022
Investments	-	9,827	4,887
Advances	-	62,891	62,746
Operating fixed assets	-	17,524	16,591
Other assets	-	5,461	6,760
	100,000	175,666	229,006
Liabilities			
Deposits and other accounts	-	101,255	73,880
Other liabilities	-	3,513	3,743
	-	104,768	77,623
Net assets	100,000	70,898	151,383

	Stage 1	Stage 2	Stage 3	Total
 (Rupees in '000).....			
Share of Net assets acquired	30,000	8,245	44,189	82,434
Consideration, Satisfied by cash	30,000	17,460	87,548	135,008
Goodwill arising on acquisition	-	9,215	43,359	52,574
				Rupees in '000
Cashflow on acquisition				
Net cash acquired with the Subsidiary				138,022
Cash paid				(87,548)
Net cash outflow				50,474

6.2 Acquisition of Minority Interest in JS Bank Limited

On February 14, 2009, the Group acquired an additional 7.06% of the voting shares of JS Bank Limited through investment in unsubscribed right shares in accordance with the approval of the Holding Company's Board of Directors meeting and special resolution passed by the shareholders of the Holding Company in their Extra Ordinary General Meeting held on November 24, 2007, taking its ownership to 64.49%. The difference of Rs. 60.287 million between the consideration and the book value of the interest acquired, has been recognized as acquisition of minority interest.

6.3 Acquisition in 2008 of JS Investments Limited

The accounting treatment adopted in the consolidated financial statements for the year ended June 30, 2008 in respect of Business Combination with JS Investments Limited was based on a provisional assessment of fair values, for computation of goodwill, due to the close proximity of the acquisition to the year then ended and as allowed by International Financial Reporting Standard ("IFRS") 3, Business Combinations.

In connection with the above, the management carried out a detailed exercise for identification and valuation of intangible assets required to be separately recognized under IFRS 3. 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 adjusted fair value of the identifiable assets and liabilities of JS Investments Limited as at the date of acquisition were:

	Fair value recognised on acquisition (Restated) (Rupees in '000)	Previous carrying values
Non-current assets		
Fixed assets		
Property and equipment	321,059	182,647
Intangible assets	3,069,921	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	39,000	37,500
	3,451,213	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
Total Assets	7,322,646	4,236,870
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	4,994,548	1,908,772
Minority interest	(2,396,384)	
Share of net assets held prior to acquisition	(800,127)	
Share of net assets acquired	1,798,037	
Goodwill arising on acquisition	2,061,523	
Consideration in cash	3,859,560	

6.4 Disposal of sub-subsidiary

On February 28, 2009, the Group disposed off its 51% equity interest in its sub-subsidiary Webdnaworks (Private) Limited. The transaction resulted in loss on disposal. The carrying amount of net assets held immediately prior to date of disposal and consideration received in respect of disposal were as follows:



	Rupees in '000
Assets	
Operating fixed assets	14,912
Intangible assets	2,333
Long term security deposits	2,061
Advances, deposits, prepayments and other receivables	13,456
Cash and bank balances	15,065
	47,827
Liabilities	
Creditors, accrued and other liabilities	4,805
Current maturity of other long-term financing	3,564
Bank overdraft	4,748
Taxation	3
Due to associated undertaking	22,991
Other long term liabilities	5,206
	41,317
Net assets	6,510
Share of net assets disposed off	3,320
Goodwill recognized at the time of acquisition	7,730
	11,050
Consideration received	7,700
Loss on disposal	3,350

7. RESTATEMENT OF PRIOR PERIODS ■

In the consolidated financial statements as at June 30, 2008, the fair value amounts in relation to the acquisition of JS Investments Limited contained some provisional balances (see note 6.3). During the year ended June 30, 2009, as allowed by IFRS 3 "Business Combinations", certain adjustments to these provisional balances have been made and have been accounted for as if these adjustments had been accounted for at the date of acquisition with a corresponding adjustment to goodwill. Accordingly, goodwill on acquisition relating to JS Investments Limited has Decreased by Rs. 1,032.24 million. These intangibles assets were identified and valued separately from goodwill in the current period.

	As reported at June 30, 2008	Adjustments	Restated as at June 30, 2008
 (Rupees in '000).....		
Intangible assets	124,057	2,945,865	3,069,922
National Commodity Exchange Membership card	1,000	1,500	2,500
Accumulated profit	13,385,998	472,168	13,858,166
Minority interest	3,223,523	1,414,146	4,637,669

8. PROPERTY AND EQUIPMENT ■

	Note	2009 (Rupees in '000)	2008
Operating assets	8.1	1,512,869	850,293
Capital work-in-progress	8.2	84,173	79,891
		1,597,042	930,184



8.1 Operating assets

	C O S T			Depreciation Rate Per-annum %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2008	Additions / (disposals)/ others	As at June 30, 2009		As at July 1, 2008	For the year / (on disposals) / others	As at June 30, 2009	As at June 30, 2009
	(Rupees in '000)				(Rupees in '000)			
June 30, 2009								
Owned:								
Office premises - freehold	480,857	159,591 (10,034)	630,414	1.5 - 20	45,220	22,501 (5,003)	62,718	567,696
Leasehold Improvements	118,729	253,037 (3,984) 3,734	371,516	33	38,482	28,755 (3,342) 274	64,169	307,347
Office equipment	345,481	321,265 (17,893) 5,650	654,503	25	180,271	95,062 (13,778) 4,140	265,695	388,808
Office furniture and fixtures	88,203	69,735 (3,075) 3,058	157,921	10-20	31,981	12,078 (968) 703	43,794	114,127
Motor vehicles	138,401	62,766 (7,041) 14,928	209,054	20	38,882	32,746 (4,097) 6,632	74,163	134,891
Leased:								
ATM machines	19,225	- - (19,225)	-	15	5,767	1,923 - (7,690)	-	-
	1,190,896	866,394 (42,027) 8,145	2,023,408		340,603	193,065 (27,188) 4,059	510,539	1,512,869

	C O S T			Depreciation Rate Per-annum %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2007	Additions / (disposals)/ others	As at June 30, 2008		As at July 1, 2007	For the year / (on disposals) / others	As at June 30, 2008	As at June 30, 2008
	(Rupees in '000)				(Rupees in '000)			
June 30, 2008								
Owned:								
Office premises - leasehold	264,468	219,841 (3,452)	480,857	1.5 - 20	29,478	17,224 (1,482)	45,220	435,637
Leasehold Improvements	49,773	61,262 - 7,694	118,729	33	22,447	15,137 - 898	38,482	80,247
Office equipment	223,618	116,841 (10,229) 15,251	345,481	25 - 33	136,151	51,813 (9,537) 1,844	180,271	165,210
Office furniture and fixtures	68,016	18,094 (1,690) 3,783	88,203	10-20	26,084	6,702 (1,266) 461	31,981	56,222
Motor vehicles	124,232	57,036 (42,867) -	138,401	20	32,703	22,522 (16,343) -	38,882	99,519
Leased:								
ATM machines	-	- - 19,225	19,225	15	-	1,682 - 4,085	5,767	13,458
	730,107	473,074 (58,238) 45,953	1,190,896		246,863	115,080 (28,628) 7,288	340,603	850,293

2009 **2008**
(Rupees in '000)

8.1.1 The depreciation for the year has been allocated as follows:

Capital work in Progress	2,909	-
Operating and administrative expenses	190,156	115,080
	193,065	115,080

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

Particulars	Acquisition cost	Accumulated depreciation	Written down value (Rupees in '000)	Sale proceeds	Profit	Mode of disposal	Buyer's particulars
Motor vehicles:							
Honda Civic	1,043	608	435	650	215	Negotiation	Abid Hussain (employee) Karachi
Suzuki Cultus	560	495	65	475	410	Negotiation	Asma Iqbal Karachi
Suzuki Cultus	609	609	-	350	350	Negotiation	Hafeez ur Rehman (ex employee) Karachi
Suzuki Every	350	76	274	350	76	As per policy	Asif Iqbal (employee) Karachi
Toyota Premio	1,244	394	850	1,200	350	Negotiation	Raza Abbas (employee) Karachi
Honda City	794	740	54	450	396	Negotiation	Ghufran Farooqui Karachi
Suzuki Cultus	683	23	660	683	23	Insurance claim	EFU General Insurance Ltd. Karachi (a related party)
Toyota Corolla	969	339	630	900	270	Insurance claim	EFU General Insurance Ltd. Karachi (a related party)
Honda City	790	790	-	421	421	Negotiation	Syed Naveed Rehman (employee) Karachi
Furniture and fixtures							
Mirpur Branch	812	101	711	90	(621)	Bidding	Sprint Services Ltd
Multan Branch	429	43	386	50	(336)	Bidding	Shumail Trading Co.
Sialkot Branch	163	65	98	13	(85)	Bidding	Shumail Trading Co.
Gujranwala Branch	183	73	110	17	(93)	Bidding	Shumail Trading Co.
Office equipment							
Generator	789	789	-	401	401	Negotiation	Greaves Pakistan (Pvt) Ltd Karachi

2009 **2008**
(Rupees in '000)

8.2 Capital work-in-progress

Advances to suppliers against:

civil works	67,659	77,720
furniture and fixture	700	
acquisition of software and equipment	15,814	2,171
	84,173	79,891

9. INTANGIBLE ASSETS ■

Note	C O S T			Rate	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at July 1, 2008	Additions / (disposal) / others	As at June 30, 2009		As at July 1, 2008	For the year / (on disposal) / Impairment	As at June 30, 2009	As at June 30, 2009
----- (Rupees in '000) -----								
June 30, 2009								
Software	131,350	59,199 (523)	190,026	20 - 33.33	18,750	22,756 90	41,596	148,430
Managements rights	9.1 3,050,865	-	3,050,865	-	-	6,812	6,812	3,044,053
Goodwill	6 & 9.2 2,634,303	52,574 (7,730)	2,679,147	-	-	42,220	42,220	2,636,927
Non-compete fee	9.3 126,683	-	126,683	33.33	63,452	42,224	105,676	21,007
Technical know how	150,000	-	150,000	100	150,000	-	150,000	-
	6,093,201	111,773 (8,253)	6,196,721		232,202	64,980 6,902 42,220	346,304	5,850,417



	Note	C O S T			Rate	ACCUMULATED AMORTISATION			WRITTEN
		As at July 1, 2007	Additions / (disposal) / others	As at June 30, 2008		As at July 1, 2007	For the year / (on disposal) / others	As at June 30, 2008	DOWN VALUE
		----- (Rupees in '000)-----			%	----- (Rupees in '000)-----			As at June 30, 2008
June 30, 2008 (Restated)									
Software		21,154	103,145 (42) 7,093	131,350	20 - 33.33	4,623	12,572 (15) 1,570	18,750	112,600
Managements rights	9.1	175,000	2,875,865	3,050,865	-	70,000	- (70,000)	-	3,050,865
Goodwill	9.2	550,051	2,084,252	2,634,303	-	-	-	-	2,634,303
Non-compete fee	9.3	126,683	-	126,683	33.33	21,227	42,225	63,452	63,231
Technical know how		150,000	-	150,000	100	75,206	74,794	150,000	-
		1,022,888	2,187,397 (42) 7,093	6,093,201		171,056	129,591 (15) (68,430)	232,202	5,860,999

9.1 Cost represents the fair value of the management rights of a subsidiary's mutual funds on the date of its acquisition (also refer note 6.3)

9.2 For impairment testing goodwill has been allocation to the subsidiary company JS Investments limited as a cash generating unit. The recoverable amount of the CGU has been determined through value in use calculations using cash flow projections based on business plans approved by the senior management of the company covering a four year period based on a discount rate of 16.43%.

The calculation of value in use is most sensitive to the following assumptions.

(a) Discount rates

Discount rates reflect management estimates of the rate of return of each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using the cost of equity of the company.

(b) key business assumptions

These assumptions are important because, by using industry data, historical performance and judgment for growth rates ,management assesses how the AUM position might change over the projected period. Management expects AUM growth to be in line with historical performance of their existing funds and the Karachi Stock Exchange.

(c) Sensitivity to changes in assumptions

Management believes that reasonable possible changes in other assumptions used to determine the recoverable amounts will not result in an increase in the impairment amount.

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

10. INVESTMENT PROPERTIES ■

Note	C O S T			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2008	Additions / (disposal)	As at June 30, 2009		As at July 1, 2008	For the year	As at June 30, 2009	As at June 30, 2009	
June 30, 2009									
Office premises - leasehold	10.1	12,599	-	12,599	5	8,907	640	9,547	3,052

Note	C O S T			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2007	Additions / (disposal)	As at June 30, 2008		As at July 1, 2007	For the year	As at June 30, 2008	As at June 30, 2008	
June 30, 2008									
Office premises - leasehold	10.1	12,599	-	12,599	5	8,267	640	8,907	3,692

10.1 The fair value of the investment properties aggregate to Rs. 92.39 (2008: Rs. 101.54) 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 15, 2009. 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.

11. MEMBERSHIP CARDS AND ROOM ■

Stock Exchange Membership cards

	2009 (Rupees in '000)	2008
Karachi Stock Exchange (Guarantee) Limited	100	100
Islamabad Stock Exchange (Guarantee) Limited	32,101	32,101

National Commodity Exchange Membership card Room - Islamabad Stock Exchange (Guarantee) Limited

National Commodity Exchange Membership card	2,500	2,500
Room - Islamabad Stock Exchange (Guarantee) Limited	1,000	1,000
	35,701	35,701

12. LONG TERM INVESTMENTS ■

Related parties

	Note	2009 (Rupees in '000)	2008
Investment in associates	12.1	7,768,612	5,114,407
Investment in joint ventures	12.3	69,687	-
Other related parties - Available for sale	12.4	6,340,922	19,846,548

Other investments

Other investments	12.5	1,111,670	-
		15,290,891	24,960,955



12.1 Investment in Associates

2009 2008
(Rupees in '000)

Quoted

Network Microfinance Bank Limited	-	41,710
JS Global Capital Limited	4,020,110	1,505,082
JS Value Fund Limited	207,543	702,918
Azgard Nine Limited	3,540,959	2,864,697
	<u>7,768,612</u>	<u>5,114,407</u>

12.2 Summarised financial information of the associates of the Group is as follows:

Name of Associate	Interest held		Revenues / (Losses)	Total Assets	Total Liabilities	Net Assets
	2009	2008				
Quoted	%	%	----- (Rupees in '000) -----			
Network Microfinance Bank Limited	-	41.63	-	-	-	-
Market value Rs. Nil (2008: Rs. 34.97 million) (see note 6.1)						
JS Global Capital Limited	43.47	43.47	316,378	3,704,570	405,418	3,299,152
Market value Rs. 1,489.05 million (2008: Rs. 4,846.44) million						
JS Value Fund Limited	23.67	23.15	(1,255,689)	1,255,093	17,763	1,237,330
Net asset value Rs. 292.74 million (2008: Rs. 614.61 million)						
Azgard Nine Limited	25.41	24.20	22,002,096	47,922,006	37,458,685	10,463,321
Market value Rs. 2,527.94 million (2008: Rs. 4,658.60 million)						
			<u>21,062,785</u>	<u>52,881,669</u>	<u>37,881,866</u>	<u>14,999,803</u>

12.1.1 Included in investment in associates are equity securities costing Rs. 754.36 (2008: Rs. 323.41) million and having market value of Rs. 460.68 (2008: Rs.554.04) million as at June 30, 2009, pledged with various commercial banks.

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

12.3 Investment in joint ventures

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

Name of Joint Venture	Country of incorporation	Revenues	Total Assets	Total Liabilities	Net Assets	Share of net assets 2009	Share of net assets 2008	Interest held %
Un-quoted								
Gujranwala Energy Ltd	Pakistan	52	137,049	25,822	111,227	69,687	-	50
		<u>52</u>	<u>137,049</u>	<u>25,822</u>	<u>111,227</u>	<u>69,687</u>	<u>-</u>	

12.4 Other related parties - Available for sale

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

Number of shares		Note	Activity	Holding		2009	2008	
2009	2008			2009	2008			
				%	%	(Rupees in '000)		
Quoted at fair value								
9,000,000	9,000,000		Eye Television Network Limited	Television Network	18.00	18.00	258,750	530,100
111,256,116*	78,750,000	12.4.1 & 12.4.5	BankIslami Pakistan Limited	Islamic Banking	21.07	18.75	708,701	1,166,288
18,675,500	18,675,500		EFU General Insurance Limited	General Insurance	16.24	16.24	1,645,125	6,739,241
15,838,400	16,441,300	12.4.5	EFU Life Assurance Limited	Life Insurance	21.12	21.92	1,582,890	6,268,410
-	18,238,860		Pakistan Reinsurance Company Limited	Reinsurance	-	6.10	-	1,588,524
3,708,000	3,090,000		Attock Petroleum Limited	Oil Marketing	6.44	6.44	1,181,035	1,335,745
17,909,800	17,759,800		Pakistan International Container Terminal Limited	Container Terminal	19.69	19.52	956,921	2,210,740
Un-quoted at cost								
750,000	750,000	12.4.5	EFU Services (Private) Limited	Investment Company	37.50	37.50	7,500	7,500
						6,340,922	19,846,548	

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

12.4.1 During the year, BankIslami Pakistan Limited (BIPL) offered 23.36% right shares to its shareholders. Accordingly, the Holding Company subscribed 18,400,725 right shares of Rs. 10/- each of BIPL amounting to Rs. 184.01 million. Further, the Company also subscribed 14,105,391 unsubscribed right shares of BIPL. As a result, the holding percentage of the Company in BIPL increased from 18.40% to 21.07%.

12.4.2 Included herein are equity securities costing Rs. 1,447.22 (2008: Rs. 1,428.41) million and having market value of Rs. 1,447.22 (2008: Rs. 1,031.34) million as at June 30, 2009, pledged with various commercial banks.

12.4.3 The cost of investments in related parties amounts to Rs. 6,340.92 (2008: Rs. 22,318.76) million.

12.4.4 During the year, the stock exchange introduced 'Floor Mechanism' in respect of prices of equity securities based on the closing prices as prevailing on August 27, 2008. Under the 'Floor Mechanism', the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008 and remained in place until December 15, 2008. During this period trading of securities effectively remained suspended on the stock exchange. The trading resumed on December 15, 2008, however, the trading volumes upto December 31, 2008 remain significantly low as compared to the volumes before the institution of 'Floor Mechanism'. However, pursuant to the press release issued by the SECP on January 29, 2009, the equity securities held by the Group have been valued at the price quoted on the stock exchange as of December 31, 2008.

Furthermore, pursuant to SRO 150(I)/2009 dated February 13, 2009 issued by the SECP and BSD Circular No. 4 dated February 13, 2009 issued by the SBP, the impairment loss amounting to Rs. 14,143.02 million resulting from the valuation of listed equity securities held under Available for sale category of investment as of December 31, 2008 has not been recognised in the profit and loss account and have been taken to unrealized loss on revaluation of available for sale investments - net as shown on the balance sheet. The said impairment loss is required to be taken to the profit and loss account in the year 2009 on quarterly basis after adjustment for the effect of price movement in that year. However, for the purposes of distribution of dividend, the impairment loss as referred above shall be treated as a charge to the profit and loss.



However, as at June 30, 2009, the Group out of total required impairment of Rs. 17,592.20 million has charged Rs. 17,321.51 million to the Profit and loss account, the remaining balance is presently shown under equity and will be charged to the profit and loss account during the following two quarters as allowed by the aforesaid circulars. Had the Group followed the requirements of IAS 39 for the treatment of impairment on available for sale equity investments, the remaining impairment loss would have had the following impact on the financial statements of the Group:

	Rupees in '000
Recognition of impairment loss in the profit and loss account	270,691
Decrease in the deficit on revaluation of available for sale investments	270,691
Increase in loss for the year	270,691
Decrease in the earnings per share	Rupee (0.35)

12.4.5 The management of the Group does not regard these companies / bank as associates as it does not exercise significant control over these entities

	Note	2009 (Rupees in '000)	2008
12.5 Other investments			
Available-for-sale			
Equity securities quoted (at fair value)	12.5.1	641,009	-
Term Finance / Sukuk Certificates unquoted (at cost)	12.5.2	89,964	-
Held-to-maturity			
Special Saving Certificates (at amortised cost)	12.5.3	313,030	-
Government Securities - Treasury Bills		67,667	-
		1,111,670	-

12.5.1 Included herein are equity securities costing Rs. 189.16 (2008: Rs. Nil) million and having market value of Rs. 189.16 (2008: Rs. Nil) million as at June 30, 2009, pledged with various commercial banks.

12.5.2 This represents investment in TFC issued by Pak American Fertilizers Limited (a wholly owned subsidiary of Azgard Nine Limited - an associate of the Holding Company, having a tenure of five years i.e. 2009-2014. The profit on these TFCs is payable quarterly, based on the three months KIBOR average rate plus 325 basis points per annum.

12.5.3 This represents investment in Special Saving Certificates having a term of 3 years with effective rate of profit of 14.50% per annum.



13. LONG TERM LOANS, ADVANCES AND OTHER RECEIVABLES ■

Long-term loans - considered good

Secured

Due from:

Chief Executive Officer
Executives
Employees

Note 2009 2008
(Rupees in '000)

13.1	15,000	17,850
13.2 & 13.3	2,670	2,306
	2,661	3,543
	20,331	23,699

Loans advanced by JS Bank Limited

2,447,128 -

Long-term advances - considered good, unsecured

Advance against a room at National Commodity Exchange Limited

2,500 2,500

Long-term receivable from related party

Unsecured, considered good
Unsecured, considered good

13.4	340,000	-
13.5	3,864	3,086
	2,813,823	29,285

Current maturity of long term loans and receivables

(1,445) (3,672)
2,812,378 25,613

13.1 This represents loan given to the Chief Executive Officer (CEO) of JS Investments 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 is repayable by June 30, 2011. 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 12.50% per annum for the period July to December 2008 (based on average funded liabilities for the period from January to June 2008) which remains constant for the next six months from January to March 2009 (based on average funded liabilities for the period from July to December 2008).

The maximum aggregate amount due from the Chief Executive at the end of any month during the year was Rs. 17.85 (2008: Rs. 20.00) million.

2009 2008
(Rupees in '000)

13.2 Reconciliation of the carrying amount of loans to executives

Balance at the beginning of the year	2,306	468
Disbursement	812	2,334
Repayments	(448)	(496)
Balance at the end of the year	2,670	2,306

13.3 Represents loans to executives and employees of the Group given for housing and for purchase of home appliances at rates ranging from 7.75% to 15.00% (2008: 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.1.99 (2008: Rs. 2.00) million.

- 13.4** This represents loan given to Pak American Fertilizers Limited (a wholly owned subsidiary of Azgard Nine Limited - an associate of the Holding Company) convertible into ordinary shares of Rs. 10/- each or breakup value whichever is less. Markup will be paid in twelve equal semi-annual installments over a period of six years at floating base rate plus 325 basis points per annum with semi-annual reset.
- 13.5** 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.

2009 **2008**
(Rupees in '000)

14. DEFERRED TAXATION ■

Taxable temporary difference

Differences in account and tax bases of operating assets	-	(26,110)
--	---	----------

Deductible temporary differences

Provision for non-performing loans	<u>119,711</u>	<u>127,517</u>
	<u>119,711</u>	<u>101,407</u>

- 14.1** 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. 1,438.35 (2008: Rs. 2,331.10) million. The amount of deferred tax asset not recognised in these financial statements amounts to Rs. 473.57 (2008: Rs. 814.92) million.

Note **2009** **2008**
(Rupees in '000)

15. SHORT TERM INVESTMENTS ■

Assets at fair value through profit or loss

Listed equity securities		
- Related parties	279,351	1,479,109
- Others	922,818	-
Government securities	49,745	12,078
Term Finance Certificates	603	711
Open-end fund units (at redemption price)	<u>945,123</u>	<u>2,284,305</u>
	2,197,640	3,776,203

Available for sale

Equity securities		
- quoted	1,115,999	2,972,627
- unquoted - stated at cost	-	51,622
Term Finance / Sukuk Certificates		
- quoted	808,496	735,312
- unquoted - stated at cost	1,011,102	941,822
Commercial Paper	-	64,091
Government securities	6,347,833	3,425,191
Open-end fund units (at redemption price)	<u>655,219</u>	<u>1,592,240</u>
	9,938,649	9,782,905

Held to maturity

Defence saving certificates		
	-	4,632
	<u>12,136,289</u>	<u>13,563,740</u>

- 15.1 The above investment are carried at market value except where mentioned specifically. The cost of the above investments amounts to Rs. 13,388.17 (2008: Rs. 12,662.00) million.
- 15.2 This includes investments in equity securities of related parties having market value of Rs. 1,044.78 (2008: Rs. 996.18) million.
- 15.3 This includes investments pledged with banks having market value of Rs. 707.90 (2008: Rs. 2,402.80) million costing Rs. 1,676.7 (2008: Rs. 5,313.58) million.

	Note	2009 (Rupees in '000)	2008
16. TRADE DEBTS ■			
Unsecured and considered good			
Receivable against sale of shares		21,781	146,117
Trade debts for advisory and other services		-	53,572
		<u>21,781</u>	<u>199,689</u>
17. LOANS AND ADVANCES ■			
Current maturity of long term loans	13	1,445	3,672
Term loan advanced by JSBL			
considered good	17.1	7,373,766	9,571,850
considered doubtful		-	122,075
		<u>7,373,766</u>	<u>9,693,925</u>
Micro credit advanced by NMBL		<u>79,328</u>	-
Micro leases advanced by NMBL		<u>2,639</u>	-
		<u>81,967</u>	-
		<u>7,455,733</u>	<u>9,693,925</u>
Provision held for Micro credit & leases		(4,584)	-
Provision against non-performing loan	17.2	(335,222)	(122,075)
		<u>7,115,927</u>	<u>9,571,850</u>
Advances - considered good			
Unsecured			
Against subscription of shares of related parties		-	125,000
Against subscription of Term Finance / Sukuk-ul Ijara Certificates		-	100,000
Contractor and suppliers		46	173
Executives	17.3	-	372
Staff	17.3	1,019	432
		<u>1,065</u>	<u>225,977</u>
Assets held for sale	17.4	3,350	-
		<u>7,121,787</u>	<u>9,801,499</u>

- 17.1 These carry mark-up ranging from 1.50% to 20.00% (2008: 5.00% to 16.51%) per annum and are secured by pledge of shares of listed companies, property of the borrowers and hypothecation of assets.



	2009	2008
	(Rupees in '000)	
17.2 Particulars of provision for non-performing loan		
Opening balance	122,075	113,755
Charge for the year	<u>213,147</u>	<u>8,320</u>
Closing balance	<u><u>335,222</u></u>	<u><u>122,075</u></u>

17.3 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.

17.4 The Board of Directors of Holding Company in their meeting held on April 28, 2009 resolved to dispose off the membership rights of National Commodity Exchange Limited together with the office premises. Subsequently, the same was disposed off for a consideration of Rs. 5.00 million.

	Note	2009	2008
		(Rupees in '000)	
18. ACCRUED MARK-UP ■			
Loans, advances and fund placements		37,852	10,575
Reverse repurchase transactions		218	30,011
Bank deposits		381,832	294,389
Interest receivable from CEO		401	183
Term Finance Certificates		<u>16,381</u>	<u>34</u>
		<u><u>436,684</u></u>	<u><u>335,192</u></u>

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES ■

Deposits		5,837	6,478
Prepayments		208,245	123,545
Other receivables			
Dividend receivable		9,548	10,504
Remuneration from related parties	19.1	29,688	60,713
Others	19.2	<u>122,067</u>	<u>80,490</u>
		<u><u>161,303</u></u>	<u><u>151,707</u></u>
		<u><u>375,385</u></u>	<u><u>281,730</u></u>

19.1 This represents remuneration receivable from various Funds for services rendered as an asset management company. Remuneration for the period ended June 30, 2009 has been calculated from 1.00% to 3.00% (2008: 1.00% to 3.00%) of the net asset value of these Funds.

19.2 Included herein is a sum of Rs. 0.27 (2008. Rs. 1.35) million receivable from related parties.



2009 2008
(Rupees in '000)

20. FUND PLACEMENTS ■

Securities purchased under resale agreement:

Secured and considered good		
Listed equity securities	1,406,642	1,772,802
Government securities	40,855	-
	1,447,497	1,772,802
Call money lending	1,315,000	600,000
Term Deposit Receipts	190,520	-
	<u>2,953,017</u>	<u>2,372,802</u>

20.1 These carry mark-up at the rate ranging from 11.00% to 15.90% (2008: 10.05% to 17.00%) per annum.

Note 2009 2008
(Rupees in '000)

21. CASH AND BANK BALANCES ■

Cash in hand		458,607	204,396
Balances with banks on:			
Current accounts			
local currency		1,095,865	1,503,850
foreign currency		681,969	336,837
		1,777,834	1,840,687
Deposit accounts			
local currency		190,373	4,418,942
foreign currency		2,303,694	1,941,115
	21.1	<u>2,494,067</u>	<u>6,360,057</u>
		<u>4,730,508</u>	<u>8,405,140</u>

21.1 These carry mark-up ranging from 5.00% to 12.00% (2008: 1.00% to 15.00%) per annum.

22. SHARE CAPITAL ■

22.1 Authorised capital 2009 2008
(Rupees in '000)

	<u>2009</u>	<u>2008</u>			
	Number of shares				
	6,000,000,000	6,000,000,000	Ordinary shares of Rs.10/- each	60,000,000	60,000,000
	500,000,000	500,000,000	Preference shares of Rs.10/- each	5,000,000	5,000,000
	<u>6,500,000,000</u>	<u>6,500,000,000</u>		<u>65,000,000</u>	<u>65,000,000</u>



				Note	2009	2008
					(Rupees in '000)	
22.2 Issued, subscribed and paid-up capital						
	2009	2008				
	Number of shares					
			Ordinary shares of Rs. 10/- each:			
			Fully paid in cash			
	52,407,500	23,387,500	Opening balance		524,075	233,875
	8,425	22,020,000	Issued during the year	22.2.1	84	220,200
	-	7,000,000	Conversion of preference shares		-	70,000
	52,415,925	52,407,500			524,159	524,075
			Fully paid bonus shares			
	169,612,500	11,612,500	Opening balance		1,696,125	116,125
	541,256,898	158,000,000	Issued during the year		5,412,569	1,580,000
	710,869,398	169,612,500			7,108,694	1,696,125
	763,285,323	222,020,000			7,632,853	2,220,200

22.2.1 The Board of Directors of the Holding Company in their meeting held on October 11, 2008 have decided that out of the 10,688,182 Right shares offered by the Company to the 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 the proportion to their respective holding i.e. in the ratio of 16.354091 shares for every 100 shares held by these shareholders, 8,425 Right shares of Rs. 10/- each be allotted to the shareholders, who subscribed the right shares at Rs. 10/- per share at a premium of Rs. 465/- per share i.e. at a subscription price of Rs. 475/- per share on or before September 30, 2008 for a total consideration of Rs. 4.00 million.

Further, the remaining unsubscribed 10,679,757 Right shares of Rs. 10/- per share at a premium of Rs. 465/- per share i.e. at a subscription price of Rs. 475/- per share be not allotted or issued.

23. RESERVES ■

		2009	2008
		(Rupees in '000)	
Capital reserve			
	Premium on the issue of shares	5,951,464	11,395,668
Revenue reserves			
	General reserve	10,000,000	10,000,000
	Foreign exchange translation reserve	29,052	7,461
	(Accumulated loss) / unappropriated profit	(2,578,541)	13,858,166
		7,450,511	23,865,627
Other			
	Unrealised loss on revaluation of available for sale investments -net	(102,636)	(2,802,182)
	Statutory reserve	69,226	61,514
	Hedging reserve	16,423	49,125
	Preference shares redemption reserve	111,430	25,589
		13,496,418	32,595,341



24. LONG TERM FINANCING ■

	Note	2009 (Rupees in '000)	2008
Long term loans	24.1	1,714	3,602
Term Finance Certificates	24.2	3,212,313	3,520,275
Liability against Class A, B & C TFC	24.3	511,523	600,568
		<u>3,725,550</u>	<u>4,124,445</u>

24.1 Long term loans

Associated undertaking - unsecured		-	925
Directors - unsecured	24.1.1	1,714	2,677
		<u>1,714</u>	<u>3,602</u>

24.1.1 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, whichever is earlier.

	Note	2009 (Rupees in '000)	2008
24.2 Term Finance Certificates (TFCs)			
Secured			
Second issue	24.2.1	499,000	499,200
Fifth issue	24.2.2	1,095,634	1,094,955
Sixth issue	24.2.3	1,244,667	1,244,021
Unsecured			
Third issue	24.2.4	248,774	496,728
Fourth issue	24.2.5	436,590	498,649
		<u>3,524,665</u>	<u>3,833,553</u>
Less: Current portion shown under current liability	29	312,352	313,278
		<u>3,212,313</u>	<u>3,520,275</u>

24.2.1 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 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. 805.24 million (2008: 762.23 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.

24.2.2 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.

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 pari 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.

24.2.3 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 Holding 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.

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 Holding Company included in the floating charge exceeds 133% of the total liabilities secured by the floating charges in favour of the TFC holders.

24.2.4 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 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.

24.2.5 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 – 2010 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.

24.3 Liability against Class A, B & C TFC

JSIL has sold and assigned Rs. 702.5 million 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
 UTP - Islamic Fund
 JS Growth Fund
 JS - Large Cap Fund (formerly UTP - Large Cap Fund)
 JS Value 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.

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%



25. DEPOSITS AND OTHER ACCOUNTS ■

Customers

	Note	2009 (Rupees in '000)	2008
Fixed deposits		11,746,551	6,657,914
Savings deposits		4,360,189	5,564,944
Current accounts - Non-remunerative		3,021,196	1,775,847
Margin accounts		50,733	79,296
		19,178,669	14,078,001
Current Maturity	29	18,960,840	13,729,898
		217,829	348,103
Particulars of deposits			
In local currency		17,485,874	12,854,323
In foreign currencies		1,692,795	1,223,678
		19,178,669	14,078,001

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 0.5% to 17.5% (2008: 3.00% to 11.01%) per annum.

26. TRADE AND OTHER PAYABLES ■

	Note	2009 (Rupees in '000)	2008
Payable against purchase of shares		-	574,231
Accrued expenses		320,863	1,169,276
Bills payable		484,852	510,069
Other liabilities			
Advance against equity shares		-	9,250
Security deposits		689	639
Unclaimed dividend		6,971	15,197
Unrealised loss on forward foreign exchange contracts - net		-	106,502
Branch adjustment account		429	-
Disputed tax liability	26.1	49,293	49,293
Provision against off-balance sheet obligation - net		14,976	-
Others		165,052	104,751
		237,410	285,632
		1,043,125	2,539,208

26.1 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 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.



	Note	2009 (Rupees in '000)	2008
27. ACCRUED INTEREST / MARK-UP ON BORROWINGS ■			
Long term financing		151,495	112,405
Deposits		223,470	173,276
Short term borrowings		18,729	26,852
		393,694	312,533

28. SHORT TERM BORROWINGS ■

Securities sold under repurchase agreements secured against:

Government securities		1,977,008	804,084
Term finance/Sukuk certificates		-	50,000
		1,977,008	854,084
Borrowing from banks/ NBFCs - unsecured	28.1	1,954,000	3,438,000
Short term running finance under mark-up arrangements	28.2	418,530	1,902,835
		4,349,538	6,194,919

28.1 Represents amount borrowed from banks / NBFCs having mark-up rates ranging from 7.50% to 15.90% (2008: 9.59% to 18.00%) per annum.

28.2 The Group has short term running finance facilities under mark-up arrangements aggregating to Rs. 5,400 (2008: Rs. 6,850) million from various commercial banks having mark-up ranging from 13.93% to 17.49% (2008: 10.02% to 14.32%) 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. 4,981.80 (2008: Rs. 4,951.48) million.

	Note	2009 (Rupees in '000)	2008
29. CURRENT PORTION OF NON-CURRENT LIABILITIES ■			
Long term financing			
Term finance certificates	24.2	312,352	313,278
Liability against Class A, B & C TFCs	24.3	91,690	91,960
Deposits and other accounts	25	18,960,840	13,729,898
Current portion of liabilities against assets subject to finance lease		-	3,217
		19,364,882	14,138,353

30. CONTINGENCIES AND COMMITMENTS ■

30.1 Contingencies

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.

	2009 (Rupees in '000)	2008
i) Government	244,681	63,757
ii) Banking companies and other financial institutions	11,527	2,064
iii) Others	400,585	15,368
	656,793	81,189

30.1.2 Other contingencies

Claims not acknowledged as debts	69,171	97,358
Trade related contingent Liabilities documentary credits	2,033,327	632,460

30.2 Commitments

Forward purchase of government securities	425,000	65,000
Forward sale commitments	420,000	65,000
Bank guarantee	-	3,335
Commitments in respect of forward exchange contracts:		
Purchase	1,768,604	661,840
Sale	3,441,470	2,416,124
Commitments in respect of capital expenditure	164,984	143,613
Underwriting commitments	203,643	170,993
Assets acquired under operating lease	1,920	700



	2009	2008 Restated
	(Rupees in '000)	
31. RETURN ON INVESTMENTS ■		
Mark-up / interest income from:		
At fair value through profit or loss		
Government securities	6,313	4,783
Term Finance Certificates	69	55
	6,382	4,838
Available for sale		
Term Finance / Sukuk Certificates	53,622	187,469
Government securities	703,755	360,167
Held to maturity		
Defence and Special Saving Certificates	13,648	708
	777,407	553,182
Dividend income on:		
At fair value through profit or loss	6,537	72,891
Available for sale investments	429,363	359,873
	435,900	432,764
	1,213,307	985,946
32. GAIN ON SALE OF INVESTMENTS - net ■		
Subsidiary, associates and joint ventures	2,903,189	8,863,873
At fair value through profit or loss	(1,029,030)	5,915,878
Available for sale	(243,682)	4,941,576
	1,630,477	19,721,327
33. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS ■		
Interest on loans to staff	248	2,957
Interest on loans and advances	1,585,226	879,352
Interest on deposits with financial institutions	5,376	54,838
Return on reverse repurchase transactions of:		
Listed equity securities	70,201	175,110
Government securities	868	-
	71,069	175,110
Return on term deposit receipts	142,307	8,757
Others	-	1,124
	1,804,226	1,122,138



	Note	2009 (Rupees in '000)	2008
34. FEE, COMMISSION AND BROKERAGE ■			
Consultancy and advisory fee		37,085	180
Underwriting commission		5,506	15,383
Commission income		112,906	167,785
Remuneration from fund under management	34.1	439,880	626,928
Other services		6,282	5,197
		601,659	815,473
34.1 Remuneration from funds under management			
Closed-end funds			
JS Value Fund Limited		31,127	50,943
JS Large Cap Fund (Formerly UTP Large Cap Fund)		46,490	80,633
JS Growth Fund		62,198	116,533
		139,815	248,109
Open-end funds			
Unit Trust of Pakistan		71,245	94,290
JS Income Fund		116,811	167,793
UTP - Islamic Fund		8,758	22,280
JS Aggressive Asset Allocation Fund		8,175	20,062
JS Fund of Funds		5,475	2,586
UTP - A - 30 + Fund		1,615	5,383
JS Capital Protected Fund		10,831	14,042
JS Capital Protected Fund II		23,000	23,201
JS Capital Protected Fund III		17,354	15,756
JS Capital Protected Fund IV		12,734	2,475
JS Pension Savings Fund		1,307	1,411
JS Islamic Pension Savings Fund		1,337	386
JS Aggressive Income Fund		9,026	9,154
JS Principal Secure Fund I		12,397	-
		300,065	378,819
		439,880	626,928
35. OTHER INCOME ■			
(Loss) / gain on sale of property and equipment		(3,518)	5,020
Rent income		12,918	32,247
Return on bank deposit accounts		88,979	29,076
Income from dealing in foreign currency		106,700	68,615
Liability written back		92,173	-
Other income		35,320	16,298
		332,572	151,256



	Note	2009 (Rupees in '000)	2008
36. OPERATING AND ADMINISTRATIVE EXPENSES ■			
Salaries and benefits		824,820	861,035
Telephone, fax, telegram and postage		23,536	38,715
Vehicle running		14,024	4,066
Directors' meeting fee		4,795	4,915
Utilities		20,227	22,674
Newspapers and periodicals		1,707	352
Conveyance and travelling		97,502	44,738
Repairs and maintenance		103,057	73,474
Computer expenses		46,299	29,555
Auditors' remuneration	36.1	10,998	8,446
Royalty fee	36.2	19,900	14,900
Consultancy fee		14,366	19,463
Advisory fee	36.3	12,000	117,000
Legal and professional charges		57,797	39,492
Printing and stationery		45,778	30,384
Rent, rates and taxes		309,278	158,995
Insurance		11,066	15,484
Entertainment		2,069	2,187
Advertisement		53,412	43,196
Office supplies		1,295	1,299
Depreciation	36.4	190,796	115,720
Amortisation of intangible assets		62,564	129,155
Provision against non-performing loans and advances		214,194	8,320
Fees and subscription		131,404	55,853
Donations		-	347,379
Brokerage and commission expense		76,422	85,469
Clearing fees		16,598	34,060
Subsidiary incorporation expense		8,205	1,275
Office security		23,574	7,647
Exchange loss / (gain)		1,347	(5,264)
Others		55,683	18,645
		2,454,713	2,328,629

36.1 Auditors' remuneration

Auditors' remuneration includes the following:

	Ford Rhodes Sidat Hyder & Co.		Other Auditors	2009	2008
	Holding company	Subsidiary companies	Subsidiary companies		
	------(Rupees in '000)-----				
Annual audit fee	750	3,440	1,326	5,516	2,427
Half-yearly review fee	185	-	225	410	710
Certifications and other services	4,786	-	50	4,836	4,859
Out of pocket expenses	65	15	156	236	450
	5,786	3,455	1,757	10,998	8,446

- 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	2009 (Rupees in '000)	2008
36.4 Depreciation			
Depreciation on operating assets	8.1.1	190,156	115,080
Depreciation on investment properties	10	640	640
		<u>190,796</u>	<u>115,720</u>

37. FINANCE COST ■

Mark-up on:

Short term running finance	356,245	444,061
Long term financing	664,852	555,547
Borrowing from banks/ NBFCs	-	62,401
Deposits	1,175,211	961,612
Markup on finance lease	1,025	1,341
	<u>2,197,333</u>	<u>2,024,962</u>

Repurchase transactions of:

Listed equity securities	150,047	52,883
Government securities	-	215,619
	<u>150,047</u>	<u>268,502</u>

Amortisation of transaction costs	4,390	4,390
Bank charges	843	1,112
	<u>2,352,613</u>	<u>2,298,966</u>

38. IMPAIRMENT AGAINST INVESTMENTS ■

Associate	448,934	-
Available for sale investments	17,321,511	(721)
	<u>17,770,445</u>	<u>(721)</u>

39. SHARE OF PROFIT/ (LOSS) OF ASSOCIATES AND JOINT VENTURE ■

	2009		2008	
	Profit / (loss) after tax	Share of Profit / (loss) after tax (Rupees in '000)	Profit / (loss) after tax	Share of Profit / (loss) after tax
Associates				
Network Microfinance Bank Limited	-	20,742	(22,059)	(12,395)
JS Global Capital Limited	206,240	96,486	624,134	270,771
EFU Life Assurance Limited	-	-	-	54,201
JS Value Fund Limited	(1,296,844)	(306,963)	859,021	198,863
Azgard Nine Limited	923,115	234,564	2,244,877	173,848
EFU Services (Private) Limited	-	-	-	(34)
	<u>(167,489)</u>	<u>44,829</u>	<u>3,705,973</u>	<u>685,254</u>
Joint Venture				
Gujranwala Energy Limited	(10,626)	(5,313)	-	-
	<u>(178,115)</u>	<u>39,516</u>	<u>3,705,973</u>	<u>685,254</u>

40. TAXATION ■

Note	2009			2008			
	Current	Prior	Deferred	Current	Prior	Deferred	
----- (Rupees in '000) -----							
Jahangir Siddiqui & Co. Ltd.	40.1	913	-	-	1,702	(2,222)	-
JS Investments Limited	40.2	5,393	-	(56,574)	32,588	-	(6,946)
JS Bank Limited	40.3	6,760	1,620	(38,513)	9,815	-	(108,289)
JS Infocom Limited	40.4	18,900	7,775	-	188	99	-
Credit Chex (Private) Limited	40.5	-	-	-	2	-	-
Webdnaworks (Private) Limited	40.6	29	-	-	26	-	-
Network Microfinance Bank Limited	40.7	71	-	-	-	-	-
MOBEX Limited	40.8	1,258	-	-	199	-	-
		33,324	9,395	(95,087)	44,520	(2,123)	(115,235)
Total Taxation				(52,368)			(72,838)

- 40.1** 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 to 2008 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. 1,438.35 (2008: Rs. 2,331.10) million. The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 249.27 (2008: Rs. 814.92) million.
- 40.2** The income tax assessments of the JS Investments 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 to tax year 2008 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.
- 40.3** 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.
- 40.4** 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.
- 40.5** The income tax assessments of Credit Chex (Private) Limited for the tax years 2006, 2007 and 2008 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.
- 40.6** The income tax assessments of Webdnaworks (Private) Limited for the tax years 2004, 2005, 2006, 2007 and 2008 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.

- 40.7 The income of Network Microfinance Bank Limited is exempt from tax under clause 66 (XVIII) of Part I of the Second Schedule of the Income Tax Ordinance, 2001, for a period of five years starting from first day of July 2007, subject to the condition that NMBL shall not distribute its profits to its shareholders and that profits are utilised for microfinance operations only. However, section 113 "minimum tax on income of certain persons" of the Income Tax Ordinance, 2001, has been reintroduced for the tax year 2010, therefore provision for minimum taxation amounting to Rs. 0.13 million has been made during the period ended June 30, 2009.
- 40.8 The income tax assessments of MOBEX Limited for the tax year 2008 has been filed and is deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.

2 0 0 9 2 0 0 8
Restated
(Rupees in '000)

41. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE ■

(Loss) / profit after taxation attributable to Ordinary shareholders	(16,436,707)	17,722,019
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2 0 0 9 2 0 0 8
(Numbers in '000)

Weighted average number of Ordinary shares adjusted for the effect of dilution	763,285	748,532
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2 0 0 9 2 0 0 8
Restated
(Rupees)

(Loss) / earnings per share:

Basic and diluted	(21.53)	23.68
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2 0 0 9 2 0 0 8
(Rupees in '000)

42. CASH AND CASH EQUIVALENTS ■

Cash and bank balances	4,730,508	8,405,140
Short-term running finance utilised under mark-up arrangement	(418,530)	(1,902,835)
Borrowing from bank / NBFCs	(3,931,008)	(3,438,000)
	380,970	3,064,305

43. DEFINED BENEFIT PLAN ■

43.1 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.



43.2 Number of employees under the schemes

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

43.3 Principal actuarial assumptions

The actuarial valuations were carried out on December 31, 2008 based on the Projected Unit Credit Method, using the following significant assumptions:

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>	<u>Source of estimation</u>
Discount rate	15%	10%	Yield on government bonds.
Expected rate of salary increase	15%	10%	Linked to discount rates.

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
(Rupees in '000)		
Current service cost	8,364	7,517
Interest cost	976	610
Transitional liability	486	486
	9,826	8,613
Present Value of Defined benefit obligation	19,242	14,512
Net actuarial losses not recognised	(720)	(579)
Unrecognised transitional liability	(1,457)	(1,700)
	17,065	12,233
Opening net liability	7,239	3,620
Expense for the year	9,826	8,613
	17,065	12,233

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES ■

The Group is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Group's net assets or a reduction in the profits available for dividends.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Executive Risk Committee, ultimately responsible for the management of risk associated with the Group's activities, have established Statement of Investment and Operating Policy (SIOP), risk management guidelines and other internal guidelines for the management and assessment of the aforesaid financial risks.

44.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available for sale investments and derivative financial instruments.

The following discussion includes sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable. Financial instruments affected by market risk include bank overdrafts, term finance certificates, investments and cash and bank balances.

The sensitivity has been prepared for years ended June 30, 2009 and 2008 using the amounts of financial assets and liabilities held as at those balance sheet dates.

44.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cashflows of financial instruments will fluctuate because of changes in market interest rates.

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 Group's interest rate exposure on financial instruments is disclosed as follows:

	2009						
	Effective yield / interest rate %	Interest / markup bearing				Non-Interest / Markup bearing	Total
		Up to one year	Over one year to five years	Over five years	Total		
----- (Rupees in '000) -----							
June 30, 2009							
Financial assets							
Investments	8.95 -18.73	4,171,172	3,972,286	-	8,143,458	20,082,046	28,225,504
Loans, advances and receivables	1.50-28.50	7,056,932	2,711,586	154,870	9,923,388	9,374	9,932,762
Long term security deposits	-	-	-	-	-	2,191	2,191
Trade debts	-	-	-	-	-	21,781	21,781
Accrued markup and other receivables	12.50	27,151	-	-	27,151	574,734	601,885
Fund placements	12.25-15.80	2,953,017	-	-	2,953,017	-	2,953,017
Cash and bank balances	5.00-13.00	2,497,979	-	-	2,497,979	2,232,529	4,730,508
		<u>16,706,251</u>	<u>6,683,872</u>	<u>154,870</u>	<u>23,544,993</u>	<u>22,922,655</u>	<u>46,467,648</u>
Financial liabilities							
Long term financing	8.29-17.38	404,042	3,723,836	-	4,127,878	1,714	4,129,592
Deposits and other accounts	0.50-17.50	15,861,947	285,298	9,546	16,156,791	3,021,878	19,178,669
Trade and other payables	-	-	-	-	-	1,105,866	1,105,866
Accrued interest / mark-up	-	-	-	-	-	393,694	393,694
Short term borrowings	7.50-16.93	4,349,538	-	-	4,349,538	-	4,349,538
		<u>20,615,527</u>	<u>4,009,134</u>	<u>9,546</u>	<u>24,634,207</u>	<u>4,523,152</u>	<u>29,157,359</u>



	2008						Total
	Effective yield / interest rate %	Interest / Markup bearing				Non-Interest / Markup bearing	
		Up to one year	Over one year to five years	Over five years	Total		
----- (Rupees in '000) -----							
June 30, 2008							
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	1.00 - 15.00	6,497,638	-	-	6,497,638	1,907,502	8,405,140
		<u>21,271,465</u>	<u>2,023,404</u>	<u>77,946</u>	<u>23,372,815</u>	<u>36,463,556</u>	<u>59,836,371</u>
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
		<u>18,474,642</u>	<u>3,601,724</u>	<u>874,836</u>	<u>22,951,202</u>	<u>4,710,485</u>	<u>27,661,687</u>

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax and equity:

	Increase / (decrease) in basis points	Effect on other components of equity	
		Effect on profit after tax	(Rupees in '000)
2009	100	7,955.39	-
	(200)	(15,910.78)	-
2008	100	(61,195.06)	-
	(200)	122,390.11	-

44.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investments in foreign subsidiaries and to foreign exchange bank accounts.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit after tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of foreign subsidiary).

	Change in foreign currency rate	Effect on profit after tax	Effect on other components of equity
	(Rupees)	(Rupees in '000)	(Rupees in '000)
2009	2.50 (2.50)	1,065 (1,065)	13,784 (13,784)
2008	2.50 (2.50)	13,184 (13,184)	13,279 (13,279)

44.1.3 Equity price risk

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

The Group's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

The following table summarizes the Group's equity price risk as of June 30, 2009 and 2008. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would effect profit and equity of the Group in a similar but opposite manner.

	Fair Value	Price change	Effect on profit for the year	Effect on shareholders' equity
	(Rs. in million)		(Rs. in million)	
June 30, 2009	9,651.16	5% increase	405.48	77.08
June 30, 2008	26,071.09	5% increase	73.96	1,229.60

44.2 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due under normal circumstances. 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 equivalents and readily marketable securities. The maturity profile is monitored to insure adequate liquidity is maintained.

The table below summarises the maturity profile of the Group's financial liabilities. The contractual maturities of 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 liabilities not having a contractual maturity are assumed to mature on the expected date on which the liabilities will be settled.



2 0 0 9			
Up to one year	Over one year to five years	Over five years	Total
----- (Rupees in '000) -----			

June 30, 2009

Financial liabilities

Long term financing	404,042	3,725,550	-	4,129,592
Deposits and other accounts	18,883,825	285,298	9,546	19,178,669
Trade and other payables	1,105,866	-	-	1,105,866
Accrued interest / mark-up	393,694	-	-	393,694
Short term borrowings	4,349,538	-	-	4,349,538
	<u>25,136,965</u>	<u>4,010,848</u>	<u>9,546</u>	<u>29,157,359</u>

2 0 0 8			
Up to one year	Over one year to five years	Over five years	Total
----- (Rupees in '000) -----			

June 30, 2008

Financial liabilities

Long term financing	404,968	3,257,224	867,221	4,529,413
Liabilities against assets subject to finance lease	-	-	7,615	7,615
Deposits and other accounts	13,729,898	348,103	-	14,078,001
Trade and other payables	2,539,206	-	-	2,539,206
Accrued interest / mark-up	312,533	-	-	312,533
Short term borrowings	6,194,919	-	-	6,194,919
	<u>23,181,524</u>	<u>3,605,327</u>	<u>874,836</u>	<u>27,661,687</u>

44.3 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. 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 and credit exposure of the financial instruments

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.



	2009	2008
	(Rupees in '000)	
Trade debts	21,781	199,689
Loans and advances	9,932,762	9,827,111
Long term security deposits	2,191	4,940
Interest accrued and other receivables	493,377	493,377
Fund placements	2,953,017	2,372,802

45. 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 availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Group 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group 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 2009, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2009 and 2008 were as follows:

	2009	2008
	(Rupees in '000)	
		Restated
Long term financing	23,090,432	18,262,798
Liabilities against assets subject to finance lease	-	7,615
Deposits and other accounts	217,829	348,103
Trade and other payables	1,072,765	2,539,208
Accrued interest / mark-up on borrowings	393,694	312,533
Short term borrowings	4,349,538	6,194,919
Total debt	29,124,258	27,665,176
Cash and bank balances	4,730,508	8,405,140
Fund Placements	2,953,017	2,372,802
	7,683,525	10,777,942
Net debt	21,440,733	16,887,234
Share Capital	7,632,853	2,220,200
Reserves	13,496,418	32,595,341
Equity	21,129,271	34,815,541
Capital	42,570,004	51,702,775
Gearing ratio	50%	33%

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.

46. 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, except for those otherwise mentioned.

47. 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 48. The relationship and transactions with the related parties are given below:

	2 0 0 9	2 0 0 8
	(Rupees in '000)	
Associates		
Brokerage expense	6,310	21,735
Sub-lease rental income	22,030	20,493
Sale of motor vehicles	-	325
Underwriting commission received	-	13,995
Dividend income including preferred dividend	100,146	104,043
Subscription against right shares	257,878	32,452
Remuneration income	-	50,943
Reimbursement of expenses	-	22,880
Other expenses	-	28,720
Right shares received during the year 19,102,063 (2008: 3,245,198) shares	257,878	32,452
Bonus shares received during the year 21,719,137 (2008: 11,593,015) shares		
Joint Venture		
Advisory fee received	-	180
Common Directorship		
Subscription against right shares	325,061	187,500
Consultancy and advisory fee received	32,141	-
Dividend income	197,159	36,050
Right shares received during the year 32,506,116 (2008: 41,250,000) shares	325,061	412,500
Bonus shares received during the year 618,000 (2008: 3,246,920) shares		
Common Directorship & Key Management Personnel		
Donation paid during the year	238,379	145,156
Staff Provident Fund	12,409	9,295
Director / Chief Executive Officer (CEO)		
Royalty and advisory fee paid	31,900	131,900
Markup income from CEO of a subsidiary company	2,256	2,697
Investment Advisor / Asset Manager		
Remuneration income	336,628	575,987
Dividend Income	21,499	77,414
Commission Income	545	21,499
Preliminary expenses incurred on behalf of the fund	-	4,854
Preliminary expenses incurred on behalf of the fund -reimbursed	324	2,187
Other expenses incurred on behalf of the fund	244	1,503
Other expenses incurred on behalf of the fund - reimbursed	-	1,352
Reimbursement of other expenses incurred on behalf of the fund	207	372
Received against long term receivable	6,000	6,000



	2009	2008
	(Rupees in '000)	
Other Related Parties		
Advance against subscription of shares	-	125,000
Subscription against right shares	-	15,767
Dividend income	9,193	14,652
Interest / markup paid	13,154	10,540
Other expenses incurred on behalf of the fund	-	2,000
Insurance premium paid	3,928	1,838
Bonus shares received during the year Nil (2008: 17,108,014) shares	-	-

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

48. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVES AND EXECUTIVES ■

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

	Directors		Chief Executives		Executives	
	2009	2008	2009	2008	2009	2008
	(Rupees in '000)					
Managerial remuneration	12,706	34,299	48,094	232,501	223,732	125,488
House rent allowance	3,735	3,447	11,745	6,284	93,685	48,000
Utilities allowance	1,270	1,813	3,216	24,518	22,372	11,884
Sub-brokerage, commission and performance bonus	7,000	12,400	22,693	141,156	49,092	37,924
Advisory fee	6,000	106,000	-	-	-	11,793
Retirement benefits	918	1,678	3,279	2,970	19,292	11,186
Medical	675	1,141	880	23,371	4,087	4,207
Reimbursable expenses	880	342	2,772	23,855	13,744	13,360
	33,184	161,120	92,679	454,655	426,004	263,842
Number of persons	3	6	7	5	245	139

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

49. 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.
Banking	Principally engaged in providing investment, commercial banking and microfinancing 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 operations	Banking	Investment advisor / asset manager	Others	Total
	(Rupees in '000)				
June 30, 2009					
Return on investments	412,922	717,463	67,106	15,816	1,213,307
Gain on sale of investments - net	1,888,989	104,675	(355,151)	(8,036)	1,630,477
Income from long-term loans and fund placements	159,206	1,594,082	5,376	45,562	1,804,226
Fee and commission	5,506	108,692	444,763	42,697	601,658
Loss on revaluation of investments carried at fair value through profit or loss - net	(391,044)	(570)	-	(226,106)	(617,720)
Unallocated revenue	-	-	-	-	332,573
	2,075,579	2,524,342	162,094	(130,067)	4,964,521
Share of profit / (loss) - net :					
Associates	44,829	-	-	-	44,829
Joint ventures	(5,313)	-	-	-	(5,313)
	2,115,095	2,524,342	162,094	(130,067)	5,004,037
Operating and administrative expenses	112,859	1,599,009	353,832	272,883	2,338,583
Finance cost	571,954	1,486,089	291,423	3,147	2,352,613
Impairment against investments	16,133,335	323,016	1,314,094	-	17,770,445
Impairment of goodwill	-	-	42,220	-	42,220
	16,818,148	3,408,114	2,001,569	276,030	22,503,861
Segment results	(14,7203,053)	(883,772)	(1,839,475)	(406,097)	(17,499,824)
Unallocated expenditure	-	-	-	-	116,130
Loss before taxation	(14,721,715)	(883,772)	(1,839,475)	(406,097)	(17,615,954)
Taxation					
Segment	550	6,831	4,993	1,287	13,661
Prior period	-	1,620	-	7,775	9,395
Deferred	-	(38,513)	(56,574)	-	(95,087)
Unallocated revenue	-	-	-	-	19,663
	550	(30,062)	(51,581)	9,062	(52,368)
Loss after taxation	(14,703,053)	(853,710)	(1,787,794)	(415,159)	(17,563,586)
Minority Interest	-	267,417	832,964	26,498	1,126,879
Loss attributable to holding company	(14,703,603)	(586,293)	(954,930)	(388,661)	(16,436,707)
Segment assets	15,402,940	28,191,402	6,842,604	1,207,651	51,644,557
Unallocated assets					2,115,161
Total assets					53,799,758
Segment liabilities	3,835,156	23,550,889	1,555,214	58,380	28,999,639
Unallocated liabilities					127,240
Total liabilities					29,126,879
Depreciation					253,360
Capital Expenditure					870,676

	Capital market operations	Banking	Investment advisor / asset manager	Others	Total
	(Rupees in '000)				
June 30, 2008 (Restated)					
Return on investments	199,833	583,673	185,862	16,578	985,946
Gain on sale of investments - net	19,263,086	212,763	353,629	(108,151)	19,721,327
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
	18,589,596	2,018,832	1,215,673	(62,171)	21,918,667
Share of profit - net : Associates	685,254	-	-	-	685,254
	19,274,850	2,018,832	1,215,673	(62,171)	22,603,921
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	17,585,317	9,247	552,334	(244,186)	18,059,449
Unallocated expenditure	-	-	-	-	87,883
Profit / (loss) before taxation	17,585,317	9,247	552,334	(244,186)	17,971,566
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	17,585,980	108,124	526,788	(244,558)	18,044,404
Minority Interest	-	(80,178)	(261,916)	19,709	(322,385)
Profit / (loss) attributable to holding company	17,585,980	27,946	264,872	(224,849)	17,722,019
Segment assets	29,834,656	23,086,655	9,365,195	1,124,234	63,410,740
Unallocated assets					3,709,989
Total assets					67,120,729
Segment liabilities	5,466,903	18,668,203	2,328,098	103,012	26,566,216
Unallocated liabilities					999,627
Total liabilities					27,565,843
Depreciation					244,875
Capital Expenditure					506,453



50. GEOGRAPHICAL SEGMENT ANALYSIS ■

	(Loss) / profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	----- (Rupees in '000) -----			
June 30, 2009				
Pakistan	(17,511,044)	53,561,235	24,457,963	9,182,992
Cayman Islands Section B.W.I	(58,197)	71,823	61,748	-
United Kingdom	(46,713)	166,700	153,168	-
	<u>(17,615,954)</u>	<u>53,799,758</u>	<u>24,672,879</u>	<u>9,182,992</u>
June 30, 2008				
Pakistan	18,040,756	66,766,525	39,108,355	4,337,612
Cayman Islands Section B.W.I	(10,437)	265,149	264,739	-
United Kingdom	(58,753)	89,055	80,116	-
	<u>17,971,566</u>	<u>67,120,729</u>	<u>39,453,210</u>	<u>4,337,612</u>

51. DATE OF AUTHORISATION FOR ISSUE ■

These consolidated financial statements were authorised for issue on September 17, 2009 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

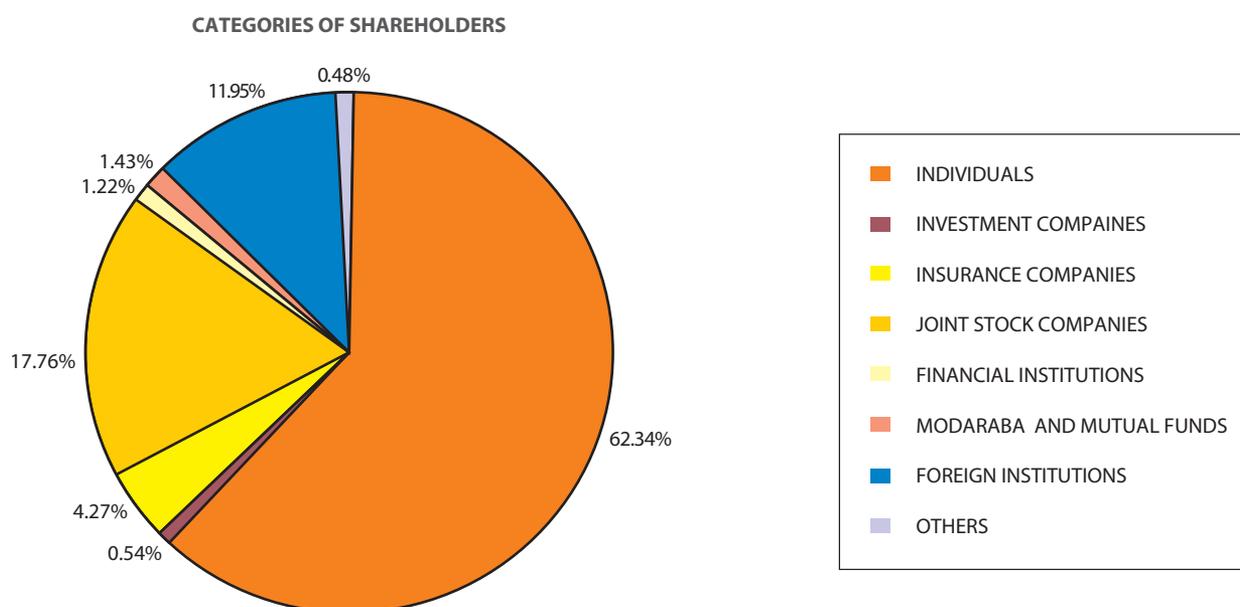
FORM 34
THE COMPANIES ORDINANCE, 1984 (SECTION 236(1) AND 464)
PATTERN OF SHAREHOLDING AS ON JUNE 30, 2009

No. of Shareholders	Shareholdings				Total Shares Held	
1,329	Shareholdings	From	1	To	100	86,894
3,947	Shareholdings	From	101	To	500	1,520,072
3,706	Shareholdings	From	501	To	1,000	3,331,281
6,947	Shareholdings	From	1,001	To	5,000	18,328,825
1,817	Shareholdings	From	5,001	To	10,000	13,835,013
686	Shareholdings	From	10,001	To	15,000	8,680,267
372	Shareholdings	From	15,001	To	20,000	6,706,345
246	Shareholdings	From	20,001	To	25,000	5,658,905
138	Shareholdings	From	25,001	To	30,000	3,870,167
96	Shareholdings	From	30,001	To	35,000	3,183,866
72	Shareholdings	From	35,001	To	40,000	2,764,442
52	Shareholdings	From	40,001	To	45,000	2,231,433
81	Shareholdings	From	45,001	To	50,000	3,951,084
78	Shareholdings	From	50,001	To	60,000	4,273,547
54	Shareholdings	From	60,001	To	70,000	3,529,531
42	Shareholdings	From	70,001	To	80,000	3,177,871
25	Shareholdings	From	80,001	To	90,000	2,125,514
44	Shareholdings	From	90,001	To	100,000	4,298,906
74	Shareholdings	From	100,001	To	150,000	9,436,559
41	Shareholdings	From	150,001	To	200,000	7,169,076
20	Shareholdings	From	200,001	To	250,000	6,220,981
28	Shareholdings	From	250,001	To	300,000	5,578,153
9	Shareholdings	From	300,001	To	350,000	2,822,227
16	Shareholdings	From	350,001	To	400,000	6,028,651
9	Shareholdings	From	400,001	To	450,000	3,741,379
5	Shareholdings	From	450,001	To	500,000	2,470,271
14	Shareholdings	From	500,001	To	600,000	7,513,875
8	Shareholdings	From	600,001	To	700,000	5,090,320
8	Shareholdings	From	700,001	To	800,000	5,983,026
5	Shareholdings	From	800,001	To	900,000	4,402,100
6	Shareholdings	From	900,001	To	1,000,000	5,778,751
13	Shareholdings	From	1,000,001	To	1,500,000	15,687,008
6	Shareholdings	From	1,500,001	To	2,000,000	10,783,422
2	Shareholdings	From	2,000,001	To	2,500,000	4,423,991
4	Shareholdings	From	2,500,001	To	3,000,000	11,291,877
3	Shareholdings	From	3,000,001	To	10,000,000	21,426,167
1	Shareholdings	From	10,000,001	To	16,000,000	15,711,179
1	Shareholdings	From	16,000,001	To	18,000,000	17,809,897
1	Shareholdings	From	18,000,001	To	31,000,000	30,704,893
1	Shareholdings	From	31,000,001	To	45,000,000	43,367,582
1	Shareholdings	From	45,000,001	To	100,000,000	99,059,891
1	Shareholdings	From	100,000,001	To	330,000,000	329,230,084
					<u>20,009</u>	<u>763,285,323</u>



S.No	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	TOTAL	PERCENTAGE
1	INDIVIDUALS *	19,639	475,851,536	62.34%
2	INVESTMENT COMPAINES	6	4,143,628	0.54%
3	INSURANCE COMPANIES	16	32,611,899	4.27%
4	JOINT STOCK COMPANIES	229	135,592,948	17.76%
5	FINANCIAL INSTITUTIONS	29	9,307,459	1.22%
6	MODARABA AND MUTUAL FUNDS	35	10,890,423	1.43%
7	FOREIGN INSTITUTIONS	23	91,226,769	11.95%
8	OTHERS	32	3,660,661	0.48%
	TOTAL	20,009	763,285,323	100.00%

*INCLUDES 19,216 CDC BENEFICIAL OWNERS AS PER LIST APPEARING ON CDS.



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

MAZHARUL HAQ SIDDIQUI	22,964	
SYED NIZAM AHMED SHAH	651,748	
CHIEF JUSTICE (R) MAHBOOB AHMED	932,439	
ALI J. SIDDIQUI	320,122	
ALI RAZA SIDDIQUI	13,747	
SIRAJ AHMED DADABHOY	17,855	
STEPHEN CHRISTOPHER SMITH	17	
MUNAF IBRAHIM	15,765,217	
NASEEM MAHBOOB AHMED	235,732	
AKHTER JABEEN SIDDIQUI	368,636	
	18,328,477	2.40%



2. ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

EFU SERVICES (PRIVATE) LTD.	94,539	
JS VALUE FUND LTD.	150,000	
PAK AMERICAN FERTILIZER LTD.	668,000	
MAHVASH AND JAHANGIR SIDDIQUI FOUNDATION	1,181,221	
EFU LIFE ASSURANCE LTD.	7,136,869	
EFU GENERAL INSURANCE LTD.	17,809,897	
SAJ CAPITAL MANAGEMENT LTD.	43,367,582	
	<u>70,408,108</u>	9.22%

3. NIT AND ICP

NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT.	<u>393,701</u>	0.05%
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4. BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES

BANKS	11,635,634	
DEVELOPMENT FINANCE INSTITUTIONS	4,324	
NON-BANKING FINANCE COMPANIES	5,705,687	
	<u>17,345,645</u>	2.27%

5. INSURANCE COMPANIES

	<u>32,611,899</u>	4.27%
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6. MODARABAS AND MUTUAL FUNDS

MODARABAS	99,958	
MUTUAL FUNDS	10,790,465	
	<u>10,890,423</u>	1.43%

7. SHAREHOLDERS HOLDING SHARES 10% OR MORE

JAHANGIR SIDDIQUI	329,230,084	
JAHANGIR SIDDIQUI & SONS LTD.	99,059,891	
	<u>428,289,975</u>	56.11%

8. EXECUTIVES

NADIA MUNAWAR	19,939	
RASHID RAZA	1,784	
	<u>21,723</u>	0.00%

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

NO TRADES HAVE BEEN CARRIED OUT BY DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN DURING THE PERIOD FROM JULY 01, 2008 TO JUNE 30, 2009.



FORM OF PROXY

18th 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 18th Annual General Meeting of the Company to be held on October 31, 2009 and / or any adjournment thereof.

As witness my / our hand / seal this _____ day of October 2009. Signed by _____.

Witness:

1. Name _____
Signature _____
Address _____

CNIC or _____
Passport No. _____

2. Name _____
Signature _____
Address _____

CNIC or _____
Passport No. _____



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 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.



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

AFFIX
CORRECT
POSTAGE



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