

JS Investments Limited

Half Yearly Report for the period
ended June 30, 2018

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VISION

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

MISSION

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

BROAD POLICY OBJECTIVES

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

ORGANIZATION

Board of Directors	Mr. Basir Shamsie Mr. Hasnain Raza Nensey Mr. Muhammad Yousuf Amanullah Mr. Suleman Lalani Mr. Kamran Jafar Mr. Babbar Wajid Mr. Ahsen Ahmed Mr. Asif Reza Sana	Chairman Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Director/ Non-Executive Director Independent Director/ Non-Executive Director
Chief Executive	Mr. Hasnain Raza Nensey	
Chief Financial Officer/ Company Secretary	Mr. Muhammad Khawar Iqbal	
Statutory Auditors	EY Ford Rhodes	
Legal Advisors	Bawaney and Partners	
BOARD COMMITTEES		
Audit Committee	Mr. Asif Reza Sana Mr. Suleman Lalani Mr. Ahsen Ahmed	
HR Committee	Mr. Basir Shamsie Mr. Kamran Jafar Mr. Ahsen Ahmed Mr. Hasnain Raza Nensey	
Executive Committee	Mr. Basir Shamsie Mr. Muhammad Yousuf Amanullah Mr. Kamran Jafar Mr. Ahsen Ahmed Mr. Hasnain Raza Nensey	
Share Registrar	Central Depository Company of Pakistan Limited (CDC) CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi	
Registered Office	7th Floor ,The Forum, G-20 Khayaban-e-Jami, Block-9, Clifton Karachi-75600 Tel: (92-21) 111-222-626 Fax: (92-21) 35361724 Email: info@jsil.com Website: www.jsil.com	

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE HALF YEAR ENDED JUNE 30, 2018

On behalf of the Board of Directors, we are pleased to present the unconsolidated audited financial statements of JS Investments Limited (JSIL) for the half year ended June 30, 2018.

Principal Business:

JSIL is a public listed company incorporated in Pakistan in 1995. The Company operates under the licenses of an Investment Adviser, Asset Management Company and Pension Funds Manager obtained from the Securities & Exchange Commission of Pakistan (SECP) under applicable laws.

Economic Review:

The situation during the period remained worrisome on the economic front, specially with the weakening of the external account situation. The Current Account Deficit (CAD) for the half year ended June 30, 2018 (1HCY18) was reported at USD10.0 billion, up 27.6% year on year (YoY). The deficit increased by USD2.1 billion in absolute terms and around 72% of this increase is explained by the worsening trade and services deficit. During this period, exports grew by 10.3% YoY while imports grew by 7.4%YoY; the current account deficit worsened despite this as the size of the import bill is 2.2x the size of exports, and therefore has a much more pronounced impact on the current account deficit. The balance on secondary income (which includes remittances) was also down 3.9% YoY during 1HCY18.

The weak external position is reflected in official liquid foreign reserves. Pakistan's reserves depleted by 23.4% between Jun-18 and Jun-17. SBP reserves depleted by a massive 39.4%, dropping from USD16.1 billion to USD9.8 billion. Reserves have partly been pressured by rising oil prices; the Arab Light benchmark was up 42.2% YoY in 1HCY18 to USD70/bbl. In response to the weak external position the PKR devalued to 121.5 against the dollar (15.9% YoY) during 1HCY18. The currency slipped another ~5% in July to ~PKR 126.

The State Bank of Pakistan (SBP) raised the discount rate by 75bps during the first half of the year taking the rate to 7.0%. In July'18, the discount rate was raised further by 100bps to 8.0%. The State Bank's monetary stance may turn more restrictive in order to curb aggregate demand and reduce the import bill. Pak Rupee devaluation and rising oil prices led to higher inflation, with June 2018 CPI reporting a 5.2% YoY basis. Monthly YoY inflation bottomed out in March 2018 at 3.2% - in comparison, the June 2018 inflation number was recorded at a significantly higher level of 5.2%. We expect higher inflation to persist going forward in the short term due to the lagged effect of higher oil prices and PKR devaluation.

Equity Market Review:

The KSE100 Index ended 1HCY18 at 41,911 points; rising by 3.56% during the period. Index performance was mainly due to non-cyclical sectors with Fertilizers, Commercial Banks, Oil & Gas Exploration and Oil & Gas Marketing contributing positively the most towards the index. On the other end of the scale, Cements, Automobile Assemblers and Engineering were negative contributors towards the index. Other key indices such as the KSE30 Index and KMI30 Index increased by 1.75% & 3.57% respectively during 1HCY18.

The performance of the indices is reflective of market consensus, which expects non-cyclical sectors to do relatively better than cyclical ones during this time of monetary and fiscal tightening, PKR devaluation and higher inflation.

Going forward, the situation remains challenging on a 12 month horizon. Pakistan is expected to approach the IMF for a loan in order to boost foreign exchange reserves. The IMF is likely to suggest harsh measures in order to curtail twin deficits; this could include a number of measures such as further PKR devaluation, rise in interest rates, elimination of subsidies, revision in the National Finance Commission award, and curtailment of Federal Development Spending. GDP growth during FY19 will likely be in the 3.5 – 5.0% range and depends on the policy measures that are taken by the incoming government.

These measures if taken, will be negative for certain sectors, therefore the capital markets may remain volatile over 2018. Over the longer term, necessary institutional, fiscal and economic reforms need to be undertaken as may be suggested by the IMF and foreign reserves need to be built up to restore sentiment and improve valuations.

Income / Money Market Review:

During the 1HCY18, Consumer Price Index (CPI) inflation was recorded at 5.2% as compared to 3.9% during the same period last year. We anticipate the inflationary pressure to surge in 2HCY18 primarily due to rising global oil prices, lagged pass-through impact of rupee depreciation, and depleting foreign reserves due to balance of payment issues. The Current Account Deficit of USD18 billion (5.7% of the GDP) has led to significant decline in liquid foreign reserves held by the SBP, which were recorded at USD9.8 billion towards the end of 1HCY18.

Investments remained highly concentrated at the short-end of the yield curve, expecting further incline in the term structure of the interest rates. During 1HCY18, the SBP held bi-monthly T-Bill auctions with a combined target of PKR 9.27 trillion, where the borrowed amount was PKR 9.41 trillion against the total maturity of PKR 9.10 trillion. The total borrowed funds by Government of Pakistan (GoP) under different PIB auctions was PKR 46.1 billion, while the cumulative target was PKR 400 billion. The huge differential in the borrowed funds versus the target is attributed to the rejection of three (3) PIB auctions as market demanded higher yields. The bidding pattern was skewed towards the 3 year tenor.

In May 2018, the Government of Pakistan (GoP) announced the issue of 10-year maturity Floating Rate Pakistan Investment Bonds for the first time in history, with semi-annual coupon payments and readjustment flexibility keeping in view the anticipation of rising interest rate. The benchmark rate was latest six months weighted average T-Bill cut-off plus a quoted margin (QM), which was to be determined through inverse Dutch Auction.

The average 3M, 6M and 9M KIBOR for 1HCY18 increased in a range of 31 - 37 bps over the previous half year (ended December 2017) to close at 6.92 pct, 7.04 pct and 7.37 pct respectively.

AMC Industry Overview:

At the end of 1HCY18, Assets Under Management (AUM) of the mutual fund industry stood at PKR599 billion (excluding Fund of Funds) showing a meager increase of 3% | PKR15 billion from the December 2017 level of PKR584 billion. AUMs of Conventional schemes posted an increase of PKR20 billion reaching PKR375 billion (excluding Fund of Funds) at the end of period. However, AUMs of Shariah compliant schemes recorded a decrease of PKR5 billion reaching PKR224 billion (excluding Fund of Funds).

Overall, eleven (11) new funds and plans were launched in the industry during the period. At JSIL's end, 2 new plans were successfully launched in the Shariah Compliant capital preservation space in which the cumulative AuM raised was PKR 3.4 billion.



Performance Review:

JSIL posted a net profit of PKR 15.37 million for the half year ended June 30, 2018 which translates into an earnings per share (EPS) of PKR 0.19. The Company recorded total revenue of PKR 180.68 million vs PKR 192.81 million during the corresponding period of last year. Administrative expenses were up from PKR 144.58 million to PKR 184.58 million given the growth trajectory and brand visibility plans that have been put in place by the Management.

Assets under Management [(including Separately Managed Accounts (SMAs) & Fund of Funds] were PKR 17.83 billion compared to PKR 14.45 billion on December 31, 2017 depicting an increase of 23 percent.

Future Outlook:

JS Investments will continue with its two-pronged approach of increasing AUMs and retail investor-base. The strategy of launching tranche-based limited-life investment plans has borne fruit over the year, and will continue in the coming year to help raise AUMs as well as expand retail investor-base. The management shall also launch innovative investment products to cater to previously under-served market segments. The Management is working on launching various value-added services in FY19 that the market is demanding – primary amongst this is the mobile application which was recently launched and has attracted good investor interest. Continuous improvements in our existing processes of Customer Services and Engagement will also be key focus areas going forward so as to help JSIL expand its market share and improve customer loyalty.

Asset Manager and Entity Rating:

JCR-VIS Credit Rating Company Limited has affirmed a Management Quality Rating of “AM2”(AM-Two) for JS Investments Limited. The rating denotes High Management Quality.

Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term ratings of the Company of “A+” (Single A plus) and “A1” (A one) respectively. These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Board of Directors:

During the period, Mr. Muhammad Raza Dyer resigned from the Board and was replaced by Mr. Muhammad Kamran Mirza for the remainder term. However, subsequent to Mr. Muhammad Kamran Mirza’s resignation, Mr. Babbar Wajid was appointed by the Board as Director in his place for the remainder of the term.

Acknowledgments:

The Directors express their gratitude to the Securities and Exchange Commission of Pakistan (SECP) and the management of the Pakistan Stock Exchange (PSX) for its valuable support, assistance and guidance. In addition, the Trustees of our Funds under Management namely Central Depository Company of Pakistan Limited and MCB Financial Services Limited are to be acknowledged for their continued support and cooperation. The Board also thanks the employees of JSIL for their dedication and hard work and the shareholders for their confidence in the Management.

On behalf of the Board

Karachi: August 17, 2018

Chief Executive Officer

Director

30 جون، 2018 کو ختم ہونے والی ششماہی کیلئے ممبران کے لئے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم بسرت سے ایس انوٹمنٹس لمیٹڈ (JSIL) کے غیر مجموعی آڈٹ شدہ مالیاتی گوشوارے برائے ششماہی پختہ 30 جون 2018 پیش کر رہے ہیں۔

بنیادی کاروبار

JSIL ایک پبلک لیٹڈ کمپنی ہے جس کا قیام پاکستان میں 1995 میں عمل میں آیا۔ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے لاگو قوانین کے تحت انوٹمنٹ ایڈوائزر، ایسیٹ مینجمنٹ کمپنی اور نیشنل فنڈز مینجرجے کیلئے انٹرنس یافتہ ہے۔

معاشی جائزہ

مذکورہ عرصہ کے دوران میں معیشت کے شعبہ میں صورتحال توثیق ناک رہی خاص طور پر بیرونی اکاؤنٹ کی صورتحال کمزور رہی۔ 30 جون 2018 کو ختم ہونے والی ششماہی (1HCY18) میں کرنٹ اکاؤنٹ کا خسارہ (CAD) 10.0 بلین یو ایس ڈالر ہو گیا جو سال پر سال (YoY) 27.6% کی شرح سے بڑھ کر ہوا تھا۔ پوری مدت میں خسارے میں 2.1 بلین یو ایس ڈالر کا اضافہ ہوا اس میں تقریباً 72% ٹریڈ اینڈ سروسز کی خراب سے خراب صورتحال کے باعث ہونے والا خسارہ شامل ہے۔ اس مدت میں برآمدات میں سال بہ سال 10.3% کی شرح سے اضافہ ہوا جب کہ درآمدات سال پر سال 7.4% کی شرح سے بڑھیں؛ کرنٹ اکاؤنٹ کے خسارے کی صورتحال خراب تر ہوتی گئی باوجود اس کے کہ اپورٹ بل کا سائز، ایکسپورٹ بل کے سائز سے 2.2X جس کی وجہ سے کرنٹ اکاؤنٹ کے خسارے پر کہیں زیادہ اثر پڑا۔ 1HCY18 ثانوی آمدنی (ڈیٹول ترسیل زر سے حاصل ہونے والی) کا توازن سال پر سال 3.9% کی شرح سے کم ہوا۔

بیرونی صورتحال کے کمزور ہونے کا اثر ڈیٹیل لیکنڈ غیر ملکی ذخائر سے ظاہر ہے۔ جون 17 سے جون 18 کے دوران میں پاکستان کے ذخائر میں 23.4% کمی دیکھے میں آئی۔ اسٹیٹ بینک آف پاکستان کے ذخائر 39.4% کی بھاری شرح سے 16.1 بلین یو ایس ڈالر سے کم ہو کر 9.8 بلین یو ایس ڈالر ہو گئے۔ تیل کی عالمی قیمتوں میں اضافہ سے ذخائر پر بڑی طور پر باؤ پڑا؛ 1HCY18 میں عرب لائٹ کی حد سال پر سال 42.2% کے اضافہ سے 70/bbl یو ایس ڈالر ہو گئی۔ بیرونی صورتحال کے کمزور ہونے کے باعث 1HCY18 میں یو ایس ڈالر کے مقابلے میں روپے کی قدر مزید کم ہو کر 121.5 ہو گئی (سال پر سال 15.9%)۔ جولائی میں کرنسی مزید 5% گرنی اور ایک ڈالر 126 پاکستانی روپے کا ہو گیا۔

سال کی پہلی ششماہی کے دوران میں اسٹیٹ بینک آف پاکستان (SBP) نے ڈسکاؤنٹ ریٹ میں 75bps کا اضافہ کر دیا جس سے ریٹ 7.0% تک پہنچ گیا۔ جولائی 18 میں ڈسکاؤنٹ ریٹ مزید 100.0bps کے اضافہ کے ساتھ 8.0% ہو گیا۔ مجموعی طلب پر قابو پانے اور اپورٹ بل کو کم کرنے کیلئے اسٹیٹ بینک کا زر سے متعلق نقطہ نظر مزید سخت ہو سکتا ہے۔ پاکستانی روپے کی قدر میں کمی اور تیل کی بڑھتی قیمتوں کے سبب افراط زر میں اضافہ ہوا اور CPI کی رپورٹ کے مطابق جون 18 میں 5.2% سال پر سال کی بنیاد پر ہوا۔

مارچ 2018 میں ماہانہ YoY افراط زر 3.2% کی کم ترین سطح پر آ گیا۔ اس کے مقابلے میں جون 2018 میں افراط زر نمایاں طور پر 5.2% کی ریکارڈ بلند ترین سطح تک پہنچ گیا۔ ہمیں توقع ہے کہ تیل کی قیمتوں کے بڑھنے اور روپے کی قدر میں کمی کے زیر اثر کچھ عرصے تک افراط زر کی شرح بڑھنے کا عمل جاری رہے گا۔

ایکویٹی مارکیٹ کا جائزہ

زیر جائزہ مدت کے دوران میں 1HCY18 کے اختتام پر KSE 100 انڈیکس 3.56% کے اضافہ سے 41,911 پوائنٹس پر بند ہوا۔ انڈیکس کی کارکردگی کی بڑی وجہ فریڈلائرز، کمرشل بینکس، آئل اینڈ گیس کی دریافت اور آئل اینڈ گیس مارکیٹنگ کی مثبت کارکردگی کے ساتھ غیر گردش شعبہ جات کے ساتھ انڈیکس کی جانب زیادہ تر مثبت اثر رہا۔ وجہ بندی میں دوسرے سرے پر سینٹ، آٹوموبائل اسبل کرنے والوں اور انجینئرنگ میں انڈیکس کی جانب منفی اثر دیکھا گیا۔ 1HCY18 میں دوسرے بنیادی انڈیکس جیسے KSE30 انڈیکس اور KMI30 انڈیکس میں بالترتیب 1.75% اور 3.57% کی شرح سے اضافہ ہوا۔

انڈیکس کی کارکردگی سے مارکیٹ کے رجحان کا بخوبی اندازہ ہوتا ہے جو زر کی اور مالیاتی مشکلات، پاکستانی روپے کی قدر میں کمی اور افراط زر میں اضافہ کی مدت کے دوران میں گردش کی نسبت غیر گردش شعبہ جات سے زیادہ توقع رکھتی ہے۔

آنے والے 12 ماہ کے عرصہ میں پیپلنجر کی صورتحال برقرار رہے گی۔ توقع ہے کہ پاکستان زرمبادلہ کے ذخائر کو تقویت دینے کی غرض سے قرضہ کے حصول کیلئے IMF سے رجوع کرے گا۔ یہ ممکن ہے کہ IMF دوہرے خسارے کو کم کرنے کیلئے سخت اقدامات تجویز کرے، جس میں کئی طرح کے اقدامات شامل ہو سکتے ہیں مثلاً پاکستانی روپے کی قدر میں مزید کمی، شرح سود میں اضافہ، سبسڈیز کا خاتمہ، پیشکش فنانس کمیشن اپوارڈ کا اعادہ اور وفاقی ترقیاتی اخراجات میں کٹوتی شامل ہے۔ مالی سال 19 میں مجموعی قومی پیداوار (GDP) 3.5-5.0% کی رینج میں ہو سکتی ہے جس کا انحصار آنے والی حکومت کے پالیسی اقدامات پر ہے۔

اگر یہ اقدامات اٹھائے گئے تو بعض شعبہ جات پر منفی اثر پڑے گا، لہذا 2018 میں کمپنیل مارکیٹس Volatile کی کیفیت برقرار رہے گی۔ طویل مدت میں آئی ایم ایف کی تجاویز کے مطابق لازمی رسی، مالیاتی اور معاشی اصلاحات نافذ کرنی پڑیں اور کیفیت کی بحالی اور اقدار میں بہتری لانے زرمبادلہ کے ذخائر میں اضافہ کیا جائے۔

آمدنی امانی مارکیٹ کا جائزہ:

1HCY18 کے دوران میں کمزور پورٹس انڈیکس (CPI) میں افراط زر کی شرح 5.2% ریکارڈ کی گئی جب کہ اس کے مقابلہ میں گزشتہ سال اسی عرصہ میں یہ شرح 3.9% تھی۔ ہمارا اندازہ ہے کہ 2HCY18 میں افراط زر کا دباؤ مزید بڑھے گا جس کی ابتدائی وجہ حالیہ سطح پر تیل کی قیمتوں میں اضافہ، روپے کی قدر میں کمی کے اثرات کے تحت پیش رفت میں کمی اور توان ان ادائیگی کے مسائل کی بناء پر زرمبادلہ کے ذخائر میں کمی آتا ہے۔ کرنٹ اکاؤنٹ میں 18 بلین یو ایس ڈالر کے خسارے (مجموعی قومی پیداوار کا 5.7%) سے اسٹیٹ بینک آف پاکستان کے پاس موجود لیکویٹڈ زرمبادلہ کے ذخائر میں نمایاں کمی دیکھنے میں آئی 1HCY18 کے آخر میں 9.8 بلین یو ایس ڈالر ریکارڈ کی گئی۔

سرماہ کاری کی بھرپور توجہ تاج کے خطا کی قوس کے چھوٹے سرے پر ہے اس توقع کے ساتھ کہ شرح سود کی مدت کے اسٹریکچر میں مزید اضافہ ہوگا۔ 1HCY18 کے دوران میں اسٹیٹ بینک آف پاکستان نے 9.27 ٹریلین پاکستانی روپے کے مشترکہ ہدف کے ساتھ دو ماہی ٹی بلز کے نیلام کا انعقاد کیا جب کہ 9.10 ٹریلین پاکستانی روپے کے مکمل میچور ہونے کے عوض 9.41 ٹریلین پاکستانی روپے کے فنڈ ز بلور قرضہ حاصل کئے گئے۔ حکومت پاکستان (GoP) نے مختلف PIB نیلامیوں کے تحت کل 46.1 بلین پاکستانی روپے قرض حاصل کئے جب کہ مجموعی ہدف 400 ٹریلین پاکستانی روپے تھا۔ قرضہ پر حاصل کئے جانے والے فنڈ ز اور ہدف کے درمیان اس بڑے فرق کی وجہ تین (3) PIB نیلامیوں کا سمسٹر دوہوا جائی کیونکہ مارکیٹ نے زیادہ تاج طلب کئے تھے۔ یو ایس ڈالر کا تین تین سال کی مدت پر کیا گیا تھا۔

مئی 2018 میں حکومت پاکستان (GoP) نے تاریخ میں پہلی مرتبہ 10 سالہ میچورٹی فلوئنگ ریٹ پاکستان انوسٹمنٹ بونڈ جاری کرنے کا اعلان کیا جس کے ساتھ بڑھتی ہوئی شرح سود کو پیش نظر رکھتے ہوئے نیم سالانہ کوپن ادائیگی اور ری ایڈجسٹمنٹ کی پلک کے پیشکش بھی کی گئی تھی۔ شرح کی یہ حد تا زہ ترین چھ ماہ کے اوسط ٹی بل کٹ آف مع پیشکش کے مارجن (QM) کی بنیاد پر تھا جس کا تین ڈیج آکشن کے انداز کے ذریعہ کیا جاتا تھا۔

1HCY18 کیلئے اوسط 3M، 6M اور 9M KIBOR میں گزشتہ ششماہی (مختتمہ دسمبر 2017) میں 31-37 bps کی رینج تک اضافہ ہوا جو بالترتیب 6.92 pct، 7.04 pct اور 7.37 pct پر بند ہوئے۔

AMC انڈسٹری کا عمومی جائزہ:

1HCY18 کے آخر میں میچورل فنڈ انڈسٹری کے اسیٹ انڈیکس (AUM) 599 بلین پاکستانی روپے (علاوہ فنڈ آف فنڈز) کی سطح پر تھے جو دسمبر 2017 کی 584 بلین پاکستانی روپے کی سطح سے معمولی طور پر صرف 3% یعنی 15 بلین روپے زیادہ تھے۔ اس مدت کے آخر تک روایتی انڈیکسوں کے 200 AUMs بلین پاکستانی روپے کے اضافے سے 375 بلین پاکستانی روپے (علاوہ فنڈ آف فنڈز) ہو گئے۔ تاہم شریعہ پر مبنی انڈیکسوں کے AUMs میں 5 بلین پاکستانی روپے کی کمی آئی اور یہ 224 بلین پاکستانی روپے (علاوہ فنڈ آف فنڈز) تک پہنچ گئے۔ اس مدت میں صنعت میں مجموعی طور پر گیارہ (11) نئے فنڈ ز اور پلان جاری کئے گئے۔ JSIL کی جانب سے شریعہ پر مبنی کمپنیل پر ریویژن کی مدتیں دو نئے پلان کا عملیاتی کے ساتھ جاری کئے گئے جس کے مجموعی AUM 3.4 بلین پاکستانی روپے تک پہنچ گئے۔

کارکردگی کا جائزہ:

JSIL نے 30 جون 2018 کو ختم ہونے والی ششماہی میں 15.37 ملین پاکستانی روپے کا خالص منافع پوسٹ کیا جس کے مطابق فی شیئر آمدنی (EPS) 0.19 پاکستانی روپے رہی۔ کمپنی کوکل 180.68 ملین پاکستانی روپے آمدنی حاصل ہوئی جب کہ گزشتہ سال اسی مدت کی آمدنی 192.81 ملین روپے تھی۔ انتظامی اخراجات 144.58 ملین پاکستانی روپے سے بڑھ کر 184.58 ملین پاکستانی روپے ہو گئے جو انتظامیہ کی جانب سے ترقیاتی اور برائڈ کو نمایاں تر کرنے کے منصوبہ کے باعث کئے گئے۔

ایسٹ انڈر مینجمنٹ (نیشنل سچر پیپلی منیجڈ ایف ونڈس (SMAs) اور فنڈ آف فنڈز) کی رقم 17.83 ملین پاکستانی روپے تھی جو کہ 31 دسمبر 2017 کے 14.45 ملین روپے کے مقابلے میں 23% زیادہ ہے۔

مستقبل کا منظر نامہ

ہے ایس انوسٹمنٹس ورڈی پروگرام یعنی AUMs اور ریٹیل انوسٹر کی بنیاد میں اضافہ کے لئے کوششیں جاری رکھے گا۔ ٹرانچ پینی لمیٹڈ۔ لائف انوسٹمنٹ بلاز سال یہ سال نتیجہ خیز ثابت ہوئے ہیں اور AUMs میں اضافہ اور ریٹیل انوسٹر کی بنیاد کو وسیع تر کرنے میں مدد کیلئے آئندہ سال بھی جاری رکھے جائیں گے۔ انتظامیہ جدت پر مبنی سرمایہ کاری کی پروڈکٹس کا آغاز بھی کرے گی تاکہ ماضی میں کم توجہ دی جانے والے مارکیٹ کے شعبہ جات کو بھی پوری طرح کو رکھا جاسکے۔ انتظامیہ مالی سال 19 کیلئے مختلف اضافی فوائد والی خدمات پیش کرنے پر بھی کام کر رہی ہے جس کی مارکیٹ میں طلب محسوس کی جارہی ہے، جس میں ابتدائی طور پر موبائل ایپلیکیشن جو حال ہی میں شروع کی گئی ہے اور جس میں انوسٹرنے بھر پور دلچسپی کا اظہار کیا۔ ہم کسٹمر سروسز اور ان کی شمولیت کے موجودہ طریقہ کار میں مسلسل بہتری لانے میں کوشاں ہیں جس پر ہماری توجہ مرکوز ہے جس سے JSIL کو اپنے مارکیٹ شیئر میں اضافہ اور صارفین کے اعتماد کو بہتر بنانے میں مدد ملے گی۔

ایسٹ فیچر اور ایٹریٹنگ:

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے مینجمنٹ ریٹنگ میں ہے ایس انوسٹمنٹ لمیٹڈ کو "AM2" (AM-TWO) کا درجہ دیا ہے۔ اس ریٹنگ کا مطلب اعلیٰ مینجمنٹ کو ایٹریٹنگ کا اعتراف ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے طویل المدت اور قلیل المدت ریٹنگ میں کمپنی کیلئے بالترتیب "(Single A plus)" اور "A1 (A One)" کا درجہ برقرار رکھا ہے۔ اس ریٹنگ سے مالیاتی معاہدوں کی بروقت ادائیگی کیلئے مضبوط حیثیت کی بناء پر کریڈٹ رسک کے کم سے کم امکانات کا اظہار ہوتا ہے۔

بورڈ آف ڈائریکٹرز

اس عرصے کے دوران جناب محمد رضا ڈائرنے بورڈ سے استعفیٰ دے دیا ان کی جگہ جناب محمد کامران مرزا بقیہ مدت کے لئے منتخب ہوئے۔ تاہم جناب کامران مرزا کے مستعفی ہونے کے بعد بورڈ آف ڈائریکٹرز نے ان کی جگہ جناب بابر واجد کو بقیہ مدت کے لئے ڈائریکٹر مقرر کر دیا گیا۔

اعتراف

تمام ڈائریکٹرز نے تحفظات اور ایکسیج کیٹیشن آف پاکستان (SECP) اور مینجمنٹ آف پاکستان اسٹاک ایکسیج (PSX) کے قابل قدر تعاون، مدد و رہنمائی کے لئے لشکر کا اظہار کیا۔ ساتھ ہی ہمارے مینجمنٹ کے تحت ہمارے فنڈز کے ٹرسٹیئر بنام سینٹرل ڈیپازیریٹری کمپنی آف پاکستان لمیٹڈ اور ایم بی بی فنانشل سروسز لمیٹڈ کی تسلسل کے ساتھ مدد و تعاون کو سراہا۔ بورڈ نے JSIL کے ملازمین کا ان کی لگن اور سخت محنت اور شیئر ہولڈرز کے مینجمنٹ پر اعتماد کیلئے ان کا بھی شکریہ ادا کیا۔

مخاطب بورڈ



INDEPENDENT AUDITORS' REVIEW REPORT

To the members of JS INVESTMENTS LIMITED
Report on review of Interim Financial Information

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of **JS Investments Limited** (the Company) as at **30 June 2018**, the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity, and notes to the financial information for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2018 and 30 June 2017 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended 30 June 2018.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman

Date: 17, August 2018

Karachi

FINANCIAL STATEMENTS

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	(Un-Audited) June 30, 2018	(Audited) December 31, 2017 ----- (Restated) -----	(Audited) December 31, 2016 -----
-----Rupees-----				
ASSETS				
Non-current assets				
Property and equipment	5	423,651,114	381,270,208	373,686,528
Intangible assets	6	16,040,961	8,464,922	1,617,337
Long-term investment in subsidiary		37,500,000	37,500,000	37,500,000
Long-term loans and prepayments - considered good		5,038,870	4,235,554	7,168,287
		482,230,945	431,470,684	419,972,152
Current assets				
Balances due from funds under management - related parties		113,101,850	110,221,608	115,188,859
Loans and advances - considered good		2,656,228	5,612,073	1,905,138
Trade deposits, short term prepayments and other receivables		67,975,082	72,102,307	28,317,112
Other financial assets - investments	7	1,881,920,576	1,875,545,886	2,383,626,304
Taxation - net		82,841,189	88,635,733	113,853,242
Cash and bank balances	8	10,346,617	15,534,837	11,144,714
		2,158,841,542	2,167,652,444	2,654,035,369
Total assets		<u>2,641,072,487</u>	<u>2,599,123,128</u>	<u>3,074,007,521</u>
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital				
Authorized capital		2,500,000,000	2,500,000,000	2,500,000,000
Issued, subscribed and paid-up capital		801,718,180	801,718,180	801,718,180
Unappropriated profit		720,792,300	700,840,694	700,155,016
Capital repurchase reserve account		198,281,820	198,281,820	198,281,820
Unrealised appreciation on remeasurement of 'available-for-sale' financial assets - net		466,378,047	461,102,051	873,584,690
Surplus on revaluation of fixed assets - net of tax	5.3	178,475,269	183,058,851	191,614,859
		<u>2,365,645,616</u>	<u>2,345,001,596</u>	<u>2,765,354,565</u>
LIABILITIES				
Non - current liabilities				
Deferred tax liability - net	9	-	15,590,093	82,222,385
Liability against asset subject to finance lease		37,624,366	3,508,147	-
		37,624,366	19,098,240	82,222,385
Current liabilities				
Accrued and other liabilities	10	223,650,017	230,094,009	223,311,062
Unclaimed dividend		3,039,387	3,405,084	3,119,509
Current maturity of liability against asset subject to finance lease		11,113,101	1,524,200	-
		237,802,505	235,023,292	226,430,571
Total liabilities		<u>275,426,871</u>	<u>254,121,532</u>	<u>308,652,956</u>
Total equity and liabilities		<u>2,641,072,487</u>	<u>2,599,123,128</u>	<u>3,074,007,521</u>
Contingencies and commitments	11			

The annexed notes 1 to 15 form an integral part of this unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2018

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Note	Rupees -----			
INCOME				
Remuneration from funds under management - gross	107,371,754	117,532,403	55,121,698	60,108,644
Less: Sindh sales tax	(12,352,503)	(13,521,427)	(6,341,435)	(6,915,154)
	95,019,251	104,010,976	48,780,263	53,193,490
Commission from open end funds under management	3,185,312	6,388,547	1,088,939	3,474,167
Dividend income	632,357	40,746,025	632,357	40,746,025
Net gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	2,042,009	1,081,450	1,731,096	858,586
Net gain on sale of investments classified as 'available-for-sale'	76,983,138	36,645,968	30,805,269	25,247,547
Return on bank deposits under interest / mark-up arrangements	926,651	680,673	398,020	397,075
Remuneration and share of profit from management of discretionary and non discretionary client portfolios	1,895,400	3,264,753	1,081,132	1,576,889
Administrative and marketing expenses	180,684,118	192,818,392	84,517,076	125,493,779
OPERATING (LOSS) / PROFIT	(3,899,459)	48,238,036	(10,022,284)	52,315,473
Other expenses	318,688	1,370,583	(20,403)	1,301,818
Financial charges	1,401,196	88,295	882,245	87,225
	(5,619,343)	46,779,158	(10,884,126)	50,926,430
Other income	21,235,085	20,379,425	9,877,648	12,862,673
Profit / (loss) for the period before tax	15,615,742	67,158,583	(1,006,478)	63,789,103
Income tax expense				
- Current	16,741,085	22,576,266	5,840,609	15,154,000
- Deferred	(16,493,367)	(2,448,778)	(5,446,594)	(78,708)
- Prior	-	15,734,700	-	15,734,700
	247,718	35,862,188	394,015	30,809,992
Profit / (loss) for the period after tax	15,368,024	31,296,395	(1,400,493)	32,979,111
Earnings per share for the period - basic and diluted	12	0.19	0.39	(0.02)
				0.41

The annexed notes 1 to 15 form an integral part of this unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2018

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	----- Rupees -----			
Profit / (loss) for the period after tax	15,368,024	31,296,395	(1,400,493)	32,979,111
Other comprehensive income / (loss) to be reclassified to profit and loss account in subsequent periods				
Unrealised appreciation / (diminution) on remeasurement of 'available-for-sale' financial assets - net	83,162,408	(3,448,620)	(80,654,444)	(73,968,192)
Reclassification adjustments relating to sale of investments	(76,983,138)	(36,645,969)	(30,805,269)	(25,247,548)
Related tax	(903,274)	13,097,629	5,806,885	14,386,938
	5,275,996	(26,996,960)	(105,652,828)	(84,828,802)
Total comprehensive income / (loss) for the period	20,644,020	4,299,435	(107,053,321)	(51,849,691)

The annexed notes 1 to 15 form an integral part of this unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	15,615,742	67,158,583
Adjustment for:		
Remuneration from funds under management - net	(95,019,251)	(104,010,976)
Commission from open end funds under management	(3,185,312)	(6,388,547)
Dividend income	(632,357)	(40,746,025)
Depreciation expense	16,778,262	15,676,613
Amortisation expense	1,175,867	363,483
Financial charges	1,401,196	88,295
Return on bank deposits under interest / mark-up arrangements	(926,651)	(680,673)
Net gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	(2,042,009)	(1,081,450)
Net gain on sale of investments classified as 'available-for-sale'	(76,983,138)	(36,645,968)
Net unrealised (gain) / loss on revaluation of investments classified as 'at fair value through profit or loss - held-for-trading'	(1,170,273)	425,299
Gain on disposal of property and equipment	(654,894)	(567,487)
	(145,642,818)	(106,408,853)
Working capital changes		
Loans and advances - considered good	1,955,927	(1,202,123)
Trade deposits, short term prepayments and other receivables	4,297,997	(3,719,786)
Accrued and other liabilities	37,257,529	(10,258,191)
	43,511,453	(15,180,100)
	(102,131,365)	(121,588,953)
Taxes paid - net	(10,946,541)	(19,039,178)
Remuneration and commission received from funds under management	95,324,321	109,245,117
Net cash used in operating activities	(17,753,585)	(31,383,014)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments - net	80,000,000	67,196,211
Investments in property and equipment	(68,152,180)	(21,086,066)
Dividend received	632,357	40,746,025
Return on bank deposits under interest / mark-up arrangements	952,481	563,668
Sale proceeds from disposal of property and equipment	896,000	1,744,315
Net cash generated from investing activities	14,328,658	89,164,153
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(362,097)	(39,542,271)
Financial charges paid	(1,401,196)	(88,295)
Net cash used in financing activities	(1,763,293)	(39,630,566)
Net (decrease) / increase in cash and cash equivalents	(5,188,220)	18,150,573
Cash and cash equivalents at beginning of the period	15,534,837	11,144,714
Cash and cash equivalents at end of the period	10,346,617	29,295,287

The annexed notes 1 to 15 form an integral part of this unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	Reserves					Total
	Capital reserve		Surplus on revaluation of fixed assets - net of tax	Unrealised appreciation on remeasurement of 'available-for-sale' financial assets - net	Revenue reserve	
	Issued, subscribed and paid-up capital	Capital repurchase reserve account			Unappropriated profit	
	Rupees					
Balance as at January 01, 2016	801,718,180	198,281,820	-	615,677,768	491,901,151	2,107,578,919
Adjustment due to change in accounting policy (see note 4.1.2)	-	-	200,170,871	-	-	200,170,871
Balance as at January 01, 2016 (restated)	801,718,180	198,281,820	200,170,871	615,677,768	491,901,151	2,307,749,790
Total comprehensive income						
Profit for the year	-	-	-	-	199,697,853	199,697,853
Other comprehensive income - net of tax	-	-	-	257,906,924	-	257,906,924
Total comprehensive income for the year	-	-	-	257,906,924	199,697,853	457,604,777
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged thereon - net of tax	-	-	(8,556,012)	-	8,556,012	-
Balance as at December 31, 2016 (restated)	801,718,180	198,281,820	191,614,859	873,584,692	700,155,016	2,765,354,567
Balance as at January 01, 2017 (restated)	801,718,180	198,281,820	191,614,859	873,584,692	700,155,016	2,765,354,567
Total comprehensive income / (loss)						
Profit for the year	-	-	-	-	32,215,576	32,215,576
Other comprehensive loss - net of tax	-	-	-	(412,482,641)	-	(412,482,641)
Total comprehensive (loss) / income for the year	-	-	-	(412,482,641)	32,215,576	(380,267,065)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged thereon - net of tax	-	-	(8,556,008)	-	8,556,008	-
Final dividend at the rate of Re.0.5 per share for the year ended December 31, 2017	-	-	-	-	(40,085,906)	(40,085,906)
Balance as at December 31, 2017 (restated)	801,718,180	198,281,820	183,058,851	461,102,051	700,840,694	2,345,001,596
Balance as at January 01, 2018 (restated)	801,718,180	198,281,820	183,058,851	461,102,051	700,840,694	2,345,001,596
Total comprehensive income for the half year ended June 30, 2018						
Profit for the period	-	-	-	-	15,368,024	15,368,024
Other comprehensive income - net of tax	-	-	-	5,275,996	-	5,275,996
Total comprehensive income for the half year	-	-	-	5,275,996	15,368,024	20,644,020
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged thereon - net of tax	-	-	(4,583,582)	-	4,583,582	-
Balance as at June 30, 2018	801,718,180	198,281,820	178,475,269	466,378,047	720,792,300	2,365,645,616

The annexed notes 1 to 15 form an integral part of this unconsolidated condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2018

1. STATUS AND NATURE OF BUSINESS

- 1.1** JS Investments Limited (the Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange Limited since April 24, 2007. The registered office of the Company is situated at 7th Floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Company is a subsidiary of JS Bank Limited (which has 65.16 percent direct holding in the Company) which is a subsidiary of JSCL (Jahangir Siddiqui & Co .Limited), Ultimate Parent.

The Company has obtained the license of an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

- 1.2** The Company is an asset management company and pension fund manager for the following funds at half year ended June 30, 2018:

1.2.1 Asset management company of the following funds:

Open-end mutual funds

- JS Growth Fund
- JS Value Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Income Fund
- JS Cash Fund
- JS Large Cap. Fund
- JS Capital Protected Fund - V
- JS Islamic Hybrid Fund of Funds
- JS Islamic Hybrid Fund of Funds - 2
- JS Islamic Dedicated Equity Fund

Pension funds

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

- 1.3** This unconsolidated condensed interim financial information is separate financial information of the Company in which the investment in subsidiary is stated at cost.

2. STATEMENT OF COMPLIANCE

- 2.1** This unconsolidated condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Such standards comprise of:



- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017;
- Provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations); and
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Where the provisions of the Act, the NBFC Rules, the NBFC Regulations or directives issued under the Act or by the SECP differ with the requirements of IAS 34, the provisions of the Act, the NBFC Rules, the NBFC Regulations or directives issued under the Act or by the SECP have been followed.

- 2.2** The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 237 of the repealed Companies Ordinance, 1984 will not be applicable with respect to the investment in mutual funds established under Trust structure.

This unconsolidated condensed interim financial information do not include all the information and disclosures required in the unconsolidated annual financial statements, and should be read in conjunction with the unconsolidated annual financial statements of the Company as at December

3. BASIS OF MEASUREMENT

- 3.1** This unconsolidated condensed interim financial information has been prepared under historical cost convention except for certain investments and office premises which are measured at fair value.
- 3.2** This unconsolidated condensed interim financial information has been presented in Pakistani Rupee, which is the Company's functional and presentation currency.

4. ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 4.1** The accounting policies adopted for the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the unconsolidated annual financial statements of the Company for the year ended December 31, 2017, except as follows:

4.1.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IAS 28 Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (Amendment)

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The adoption of the above amendment to accounting standards did not have any effect on the unconsolidated condensed interim financial information.

JS Investments Limited

4.1.2 Up till December 31, 2017, the surplus on revaluation of fixed assets was shown below equity in accordance with the requirements of repealed Companies Ordinance, 1984. However, the Companies Act, 2017 has removed the section relating to the treatment of surplus on revaluation of fixed assets as stated above, and the same is to be accounted for in accordance with the requirements of applicable accounting standard (IAS -16 Property, Plant and Equipment). The said standard requires surplus to be shown as part of equity. This change in accounting policy is applied retrospectively in accordance with the requirements of International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors. Had there been no change, the total equity of the Company would have been lower by Rs.178.475 (December 31, 2017: would have been lower by Rs.183.059) million.

4.2 Further, the financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the unconsolidated annual financial statements of the Company for the year ended December 31, 2017.

	Note	(Un-Audited)	(Audited)
		June 30, 2018	December 31, 2017
----- Rupees -----			
5. PROPERTY AND EQUIPMENT			
Opening written down value		367,085,044	359,366,319
Additions during the period / year	5.1	13,205,049	41,379,535
Disposals during the period / year	5.2	(241,106)	(1,176,828)
Depreciation for the period / year		(16,778,262)	(32,483,982)
		363,270,725	367,085,044
Capital work-in-progress - advance against purchase of assets		60,380,389	14,185,164
		423,651,114	381,270,208

5.1 The following additions were made to tangible - property and equipment during the period / year:

Furniture and fixtures	1,772,797	393,382
Office equipment	9,008,292	4,734,943
Vehicles	2,423,960	36,251,210
	13,205,049	41,379,535

	Note	(Un-Audited)	(Audited)
		June 30, 2018	December 31, 2017
----- Rupees -----			
5.2 The following disposals of tangible - property and equipment were made during the period / year:			
Furniture and fixtures		4,556	-
Office equipment		-	69,315
Vehicles	5.2.1	236,550	1,107,513
		241,106	1,176,828

5.2.1 During the period, a vehicle was disposed off and sold to an individual through bidding process as per the Company's policy at a sale proceed of Rs.0.656 million. The purchaser was neither a related party nor an employee of the Company.

5.3 The Company follows the revaluation model for its office premises. The fair value measurement as at May 31, 2014 was performed by KG Traders (Private) Limited, independent valuer not related to the Company. KG Traders (Private) Limited is on the panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and have recent experience in the fair value measurements in the relevant locations. The fair value of the office premises was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of the office premises, the highest and best use of the premises is its current use.

Out of the total revaluation surplus of Rs.378.835 million, Rs.178.475 (December 31, 2017: Rs.183.058) million net of tax remains undepreciated as at June 30, 2018.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, the management believes that the carrying value of 'office premises' approximates its fair market value. Also, see note 4.1.2 for change in accounting policy in respect of surplus on revaluation of fixed assets.

	(Un-Audited) June 30, 2018	(Audited) December 31, 2017
	----- Rupees -----	
6. INTANGIBLE ASSETS		
Opening written down value	8,464,922	1,617,337
Additions during the period / year	8,751,906	8,309,681
Amortisation for the period / year	<u>(1,175,867)</u>	<u>(1,462,096)</u>
	<u>16,040,961</u>	<u>8,464,922</u>

7. OTHER FINANCIAL ASSETS - INVESTMENTS

Investments by category

Classified as 'available-for-sale'

Units of mutual funds - related parties	7.1	1,811,873,812	1,728,711,404
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Classified as 'at fair value through profit or loss - held-for-trading'

Units of mutual funds - related parties	7.2	<u>70,046,764</u>	<u>146,834,482</u>
		<u>1,881,920,576</u>	<u>1,875,545,886</u>

JS Investments Limited

7.1 Units of mutual funds - 'available-for-sale' (related parties)

Number of Units		Name of fund	(Un-Audited) June 30, 2018		(Audited) December 31, 2017
June 30, 2018	December 31, 2017		Average cost	Fair value	Fair value
		----- Rupees -----			
2,565,210	2,565,210	JS Value Fund	447,532,249	560,626,722	514,145,110
3,554,958	3,554,958	JS Growth Fund	597,406,663	660,866,601	641,172,136
		JS Islamic Hybrid Fund of Funds 2	10,000,000	9,804,000	10,016,000
100,000	100,000	JS Pension Savings Fund - Equity	14,776,800	115,735,200	108,962,400
240,000	240,000	JS Pension Savings Fund - Debt	17,776,120	42,429,820	41,411,248
177,761	177,761	JS Pension Savings Fund - Money Market	17,746,342	34,119,116	33,230,025
177,463	177,463	JS Fund of Funds	181,553,403	181,161,670	174,244,213
3,441,521	3,441,521	JS Islamic Pension Savings Fund - Equity	18,170,000	125,402,000	125,186,000
200,000	200,000	JS Islamic Pension Savings Fund - Debt	21,385,170	43,003,437	42,314,835
213,852	213,852	JS Islamic Pension Savings Fund - Money Market	22,230,337	38,725,246	38,029,437
222,303	222,303		<u>1,348,577,084</u>	<u>1,811,873,812</u>	<u>1,728,711,404</u>
		Unrealized appreciation on remeasurement at fair value - net	<u>463,296,728</u>	-	-
			<u>1,811,873,812</u>	<u>1,811,873,812</u>	<u>1,728,711,404</u>

7.2 Units of mutual funds - 'at fair value through profit or loss - held-for-trading' (related parties)

Number of Units		Name of fund	(Un-Audited) June 30, 2018		(Audited) December 31, 2017
June 30, 2018	December 31, 2017		Average cost	Fair value	Fair value
		----- Rupees -----			
-	418,688	JS Cash Fund	-	-	43,618,949
248,262	-	JS Income Fund	25,000,000	25,215,988	-
426,838	1,007,964	JS Islamic Income Fund	43,876,490	44,830,776	103,215,533
			<u>68,876,490</u>	<u>70,046,764</u>	<u>146,834,482</u>
		Unrealized gain on remeasurement at fair value - net	<u>1,170,274</u>	-	-
			<u>70,046,764</u>	<u>70,046,764</u>	<u>146,834,482</u>
		Note		(Un-Audited) June 30, 2018	(Audited) December 31, 2017
				----- Rupees -----	

8. CASH AND BANK BALANCES

Cash in hand		128,137	64,296
Cash at bank in:			
Current accounts		168,596	169,048
Savings accounts	8.1	10,049,884	15,301,493
		<u>10,218,480</u>	<u>15,470,541</u>
		<u>10,346,617</u>	<u>15,534,837</u>

- 8.1** These carry mark-up at the rates ranging from 4.50% to 6.40% (December 31, 2017: 3.75% to 6.2%) per annum. It includes Rs.8.643 (December 31, 2017: Rs.13.934) million held with JS Bank Limited (the Parent Company).

	(Un-Audited) June 30, 2018	(Audited) December 31, 2017
Note	----- Rupees -----	
9. DEFERRED TAX LIABILITY - NET		
Taxable temporary differences on:		
Accelerated tax depreciation	7,386,571	9,347,758
Surplus on revaluation of fixed assets	63,839,822	78,413,191
Revaluation on investments classified as 'at fair value through profit or loss - held-for-trading'	54,250	241,220
	<u>71,280,643</u>	<u>88,002,169</u>
Deductible temporary differences on:		
Unrealized appreciation on investments classified as 'available-for-sale' investments	(3,081,311)	(3,984,585)
Provision for Workers' Welfare Fund	(16,903,510)	(20,187,423)
Provision for donation	(79,066)	(197,238)
Unused tax losses	9.1 <u>(51,216,756)</u>	<u>(48,042,830)</u>
	<u>-</u>	<u>15,590,093</u>

- 9.1** The Company has not recognized deferred tax asset of Rs.5.228 million on account of carried forward tax losses in accordance with its accounting policy.

10. ACCRUED AND OTHER LIABILITIES

- 10.1** This includes Rs.92.284 (December 31, 2017: Rs.92.284) million payable against Federal Excise Duty (FED) on management fees received / receivable from the Funds under management. There is no change in the status of the appeal filed by the Federal Government in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in note 17.1 to the unconsolidated annual financial statements of the Company for the year ended December 31, 2017.
- 10.2** This includes Rs.57.619 (December 31, 2017: Rs.57.619) million provision for Workers' Welfare Fund (WWF) levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). There is no change in the status of the WWF as reported in note 17.2 to the unconsolidated annual financial statements of the Company for the year ended December 31, 2017.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the status of contingencies as disclosed in note 18.1 to the unconsolidated annual financial statements of the Company for the year ended December 31, 2017.

11.2 Commitments in respect of:

Royalty and advisory payment - a related party	<u>7,500,000</u>	<u>10,000,000</u>
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	(Un-Audited)			
	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
----- Rupees -----				
12. EARNINGS PER SHARE				
Profit for the period	Rupees: 15,368,024	31,296,395	(1,400,493)	32,979,111
Weighted average number of ordinary shares outstanding during the period	Number: 80,171,818	80,171,818	80,171,818	80,171,818
Earnings per share	Rupees: 0.19	0.39	(0.02)	0.41

12.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2018 and June 30, 2017 which would have any effect on the earnings per share if the option to convert is exercised.

13. TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

Related parties comprise of JS Bank Limited (parent company), Jahangir Siddiqui & Co. Ltd. (ultimate parent company), JS Abamco Commodities Limited (subsidiary company), funds under management and other companies with common directorship, staff provident fund and key management employees. Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms. Transactions and balances with related parties can be summarised below:

----- (Un-Audited) -----	
June 30, 2018	June 30, 2017
----- Rupees -----	

13.1 Transaction with related parties

13.1.1 Funds under management

Basis of relationship - Funds managed by the Company

Remuneration - net of taxes	95,019,251	104,010,976
Commission income	3,185,312	6,388,547
Expenses incurred by the Company on behalf of funds	20,382,065	10,561,857
Reimbursements of expenses by the funds	14,526,010	7,829,350
Dividend income	632,357	40,746,025
Investments made	451,638,396	352,512,095
Investments disposed off / matured	531,638,396	419,708,302



		----- (Un-Audited) -----	
		June 30, 2018	June 30, 2017
		----- Rupees -----	
13.1.2	Jahangir Siddiqui & Company Limited (JSCL)		
	Basis of relationship - Ultimate parent company		
	Percentage of shareholding - JSCL holds 70.42% shares of JS Bank Limited (JSBL)		
	Expenses incurred on behalf of JSCL	30,000	31,300
	Reimbursement of expenses incurred on behalf of JSCL	25,000	50,000
13.1.3	JS Bank Limited (JSBL)		
	Basis of relationship - Parent company		
	Percentage of shareholding - JSBL holds 65.16% shares of the Company		
	Rent income	3,443,774	3,130,884
	Rent expense	3,672,787	3,564,540
	Management fee sharing on distribution of mutual funds	386,593	134,810
	Expenses incurred on behalf of JSBL	834,889	1,609,566
	Reimbursement of expenses by JSBL	678,916	72,673
	Return on bank deposits	899,197	517,260
13.1.4	Associated company - Jahangir Siddiqui & Sons Limited (JSSL)		
	Basis of relationship - Common directorship of JSCL		
	Rent income	5,408,352	4,998,628
	Expenses incurred on behalf of JSSL	1,281,427	1,482,967
	Reimbursement of expenses by JSSL	985,401	880,178
13.1.5	Associated company - Jahangir Siddiqui Private Equity (JSPE)		
	Basis of relationship - Common directorship of JSCL		
	Rent income	1,835,820	1,669,116
	Expenses incurred on behalf of JSPE	522,059	555,011
	Reimbursement of expenses by JSPE	529,560	1,348,231
13.1.6	Associated company - Mahvish & Jahangir Siddiqui Foundation (MJSF)		
	Basis of relationship - Common directorship of the Company		
	Rent income	661,880	853,640
	Expenses incurred on behalf of MJSF	358,944	434,062
	Reimbursement of expenses by MJSF	366,651	498,509
13.1.7	Associated company - Fakhr-e-Imdad Foundation (FIF)		
	Basis of relationship - common directorship of the Company		
	Expenses incurred on behalf of FIF	102,039	100,347
13.1.8	Associated company - EFU General Insurance		
	Percentage of shareholding - JSCL holds 20.60%		
	Insurance premium paid	2,876,921	2,564,609

		----- (Un-Audited) -----	
		June 30, 2018	June 30, 2017
		----- Rupees -----	
13.1.9	Associated company - EFU Life Assurance		
	Percentage of shareholding - JSCL holds 20.05%		
	Insurance premium paid	1,422,415	1,522,104
	Expenses incurred	238,553	64,055
13.1.10	Associated company - ABAMCO Limited Staff Provident Fund (the Fund)		
	Basis of relationship - Employee benefit plan		
	Expenses incurred on behalf of the Fund	1,101,937	247,438
	Reimbursement of expenses by the Fund	1,175,703	247,438
	Provident fund contributions made	4,470,989	3,434,725
13.1.11	Associated company - JS Global Capital Limited (JSGCL)		
	Basis of relationship - JSBL holds 67.16% shares of JSGCL		
	Rent income	-	13,068
	Expenses incurred on behalf of JSGCL	67,530	72,370
13.1.12	Subsidiary company - JS Abamco Commodities Limited (JSACL)		
	Basis of Relationship - Subsidiary		
	Percentage of shareholding - 100% of JSIL		
	Expenses incurred on behalf of JSACL	60,000	60,000
	Reimbursement of expenses by JSACL	80,000	70,000
13.1.13	Transactions made with key management personnel		
	Remuneration	50,862,871	39,484,173
	Directors fee	275,000	200,000
	Disbursements of personal loans and advances	-	350,000
	Repayments of loans and advances	2,006,231	605,991
13.2	Balance outstanding with related parties	(Un-Audited)	(Audited)
13.2.1	Funds under management	June 30, 2018	December 31, 2017
	Basis of relationship - Funds managed by the Company	----- Rupees -----	
	Receivable from funds under management	127,933,600	122,033,727
	Payable to funds under management	2,529,783	134,470
13.2.2	Jhangir Siddiqui & Company Limited (JSCL)		
	Basis of relationship - ultimate parent company		
	Percentage of shareholding - JSCL holds 70.42% shares of JS Bank Limited (JSBL)		
	Receivable against expenses incurred on behalf of JSCL	26,839	29,384
13.2.3	JS Bank Limited (JSBL)		
	Basis of Relationship - parent company		
	Percentage of Shareholding - JSBL holds 65.16% shares of JSIL		
	Receivable against expenses incurred of JSBL	1,336,369	2,298,134
	Rent payable	1,157,398	447,680
	Rent receivable	1,632,226	1,627,309
	Profit on bank deposits	44,341	142,664



	(Un-Audited) June 30, 2018	(Audited) December 31, 2017
	----- Rupees -----	
13.2.4 Associated company - Jahangir Siddiqui & Sons Limited (JSSONS)		
Basis of relationship - Common directorship of JSCL		
Receivable against expenses incurred on behalf of JSSL	1,355,696	1,592,516
Rent receivable	3,640,134	1,873,407
13.2.5 Associated company - Jahangir Siddiqui Private Equity (JSPE)		
Basis of relationship - Common directorship of JSCL		
Receivable against expenses incurred on behalf of JSPE	2,099,128	1,891,534
Rent receivable	1,322,580	2,373,102
13.2.6 Associated Company - Mahvish & Jahangir Siddiqui Foundation (MJSF)		
Basis of relationship - Common directorship of the Company		
Receivable against expenses incurred on behalf of MJSF	292,020	382,551
Rent receivable	190,191	304,918
13.2.7 Associated company - Fakhr-e-Imdad Foundation (FIF)		
Basis of relationship - Common directorship of the Company		
Receivable against expenses incurred on behalf of FIF	808,408	601,673
13.2.8 Associated company - ABAMCO Limited Staff Provident Fund (the Fund)		
Basis of relationship - Employee benefit plan		
Payable against contribution to the Fund	-	567,769
13.2.9 Associated company - JS Global Capital Limited (JSGCL)		
Basis of relationship - JSBL holds 67.16% shares of JSGCL		
Receivable against expenses incurred on behalf of JSGCL	357,579	288,549
Rent receivable	181,957	264,206
Rent payable	1,272,831	2,289,734
13.2.10 Subsidiary company - JS Abamco Commodities Limited (JSACL)		
Basis of relationship - Subsidiary		
Percentage of Shareholding - 100% of the Company		
Receivable against expenses incurred on behalf of JSACL	-	10,000
13.2.11 Outstanding from key management personnel	233,574	1,250,008
13.2.12 Key management personnel and directors hold 6,514 shares in the company		

13.3 TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

Other balances outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes.

- 13.4** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Management considered all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.

14. FAIR VALUE OF FINANCIAL AND OTHER ASSETS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has not affected the financial statements.

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

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Office premises are revalued by professional valuer (see note 5.3). The valuation is based on their assessment of market value of the underlying properties and this categorised under Level 2.

The table below analyse financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets classified as 'available-for-sale'				
Units of mutual funds - related parties	-	1,811,873,812	-	1,811,873,812
Financial assets classified as 'at fair value through profit or loss - held-for-trading'				
Units of mutual funds - related parties	-	70,046,764	-	70,046,764
Office premises	-	296,575,250	-	296,575,250
	-	<u>2,178,495,826</u>	-	<u>2,178,495,826</u>

	December 31, 2017			Total
	Level 1	Level 2	Level 3	
	----- (Rupees) -----			
Financial assets classified as 'available-for-sale'				
Units of mutual funds - related parties	-	1,728,711,404	-	1,728,711,404
Financial assets classified as 'at fair value through profit or loss - held-for-trading'				
Units of mutual funds - related parties	-	146,834,482	-	146,834,482
Office premises	-	305,891,750	-	305,891,750
	-	<u>2,181,437,636</u>	-	<u>2,181,437,636</u>

14.1 Valuation techniques used in determination of fair values within level 2:

14.1.1 Fair values of investment in mutual funds are measured on the basis of closing net asset value as announced by the respective Asset Management Company.

14.1.2 Fair value of office premises is measured using the comparable price method after detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the premises, condition, size, utilization, and other relevant factors. The highest and best use of the premises is its current use.

14.2 During the period ended June 30, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

15. GENERAL

15.1 In compliance of NBFC Rules read with SRO 1002(1)/2015 dated October 15, 2015 of Securities and Exchange commission of Pakistan, the management would like to report that the Company has sufficient insurance coverage from an insurance company rated AA+ by a rating agency registered with the Commission against financial losses that may be caused as result of gross negligence of its employees.

15.2 These unconsolidated condensed interim financial information were authorised for issue on August 17, 2018 by the Board of Directors of the Company.

15.3 The figures in the unconsolidated condensed interim financial information have been rounded off to the nearest rupee.

15.4 The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2018 and 30 June 2017 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended June 30, 2018

15.5 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.

Chief Executive Officer

Director

Chief Financial Officer

**DIRECTORS' REPORT TO THE SHAREHOLDERS ON CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE HALF YEAR ENDED JUNE 30, 2018

On behalf of the Board of Directors, I am pleased to present the consolidated financial statements of the company for the half year ended June 30, 2018.

Summary of operating results for the year

**Period ended
June 30, 2018** **Period ended
June 30, 2017**

Rs. (000)

Financial Performance

Income	182,412	194,159
Operating expenses	(184,811)	(144,814)
Operating (loss) / profit	(2,399)	49,345
Other expenses	(349)	(1,393)
Financial charges	(1,402)	90
Other operating income	21,235	20,379
Profit before tax	17,085	68,241
Taxation-net	(541)	(35,933)
Profit after tax	16,544	32,309
Earnings per share - basic and diluted	0.21	0.40

Subsidiary Company

JS ABAMCO Commodities Limited

JS ABAMCO Commodities Limited (the Company) was incorporated in Pakistan as a public limited company on September 25, 2007 under the Companies Ordinance, 1984 and is a wholly owned subsidiary of JS Investments Limited (the holding company). The principal object of the Company is to carry out business in commodity market and related brokerage, advisory and consultancy services. The Company has not commenced its core operations of commodity, brokerage and related advisory services up to the balance sheet date.

Karachi: August 17, 2018

Director

Chief Executive Officer

30 جون، 2018 کو ختم ہونے والی ششماہی کیلئے مجموعی مالیاتی تفصیلات پر حصص یافتگان کیلئے ڈائریکٹرز کی رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2018 کو ختم ہونے والی ششماہی کیلئے کمپنی کی مجموعی مالیاتی تفصیلات کو بخوبی پیش کرتا ہوں۔

30 جون، 2017 کی اختتامی مدت	30 جون، 2018 کی اختتامی مدت	ذکورہ مدت کے فعال نتائج کا خلاصہ
		مالیاتی کارکردگی
	(000) روپے	
194,159	182,412	آمدنی
(144,814)	(184,811)	آپریٹنگ نتائج
49,345	(2,399)	آپریٹنگ منافع (نقصان)
1,393	(349)	دیگر اخراجات
90	(1,402)	فیاضل چارجز
20,379	21,235	دیگر فعال آمدنی
68,241	17,085	منافع (نقصان) قبل از ٹیکس
35,933	(541)	خالص ٹیکس
32,309	16,544	منافع بعد از ٹیکس
0.40	0.21	منافع (نقصان) فی حصص - بیسک اور ڈائریکٹیوڈ

ذیلی کمپنی

جے ایس اینٹیکو کوڈ ٹیز لمیٹڈ

جے ایس اے کو کوڈ ٹیز لمیٹڈ (کمپنی) کمپنیز آرڈیننس 1984 کے تحت 25 ستمبر 2007 کو پاکستان میں شخصیت پبلک لمیٹڈ کمپنی قائم ہوئی اور یہ جے ایس انویسٹمنٹس لمیٹڈ (دی ہولڈنگ کمپنی) کی کل ملکیتی ذیلی کمپنی ہے۔ کمپنی کا بنیادی مقصد کوڈ بیٹن مارکیٹ میں کاروبار اور متعلقہ بروکرینج، ایڈوائزری اور مشاورتی خدمات فراہم کرنا ہے۔ کمپنی نے کوڈ بیٹن، بروکرینج اور متعلقہ مشاورتی خدمات کا آپریشن پبلک ٹھیکس کی تاریخ تک شروع نہ کیا۔

کراچی: 17 اگست، 2018

چیف ایگزیکٹو آفیسر

ڈائریکٹر

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	(Un-Audited) June 30, 2018	(Audited) December 31, 2017 ----- (Restated) -----	(Audited) December 31, 2016 ----- (Restated) -----
----- Rupees -----				
ASSETS				
Non-current assets				
Property and equipment	5	423,651,114	381,270,208	373,686,528
Intangible assets	6	16,040,961	8,464,922	1,617,337
Deposit for membership		1,000,000	1,000,000	1,000,000
Deposit for office premises		2,500,000	2,500,000	2,500,000
Long-term loans and prepayments - considered good		5,038,870	4,235,554	7,168,287
		448,230,945	397,470,684	385,972,152
Current assets				
Balances due from funds under management - related parties		113,101,850	110,221,608	115,188,859
Loans and advances - considered good		2,656,228	5,612,073	1,905,138
Trade deposits, short term prepayments and other receivables		68,004,582	72,099,821	28,314,625
Other financial assets - investments	7	1,937,558,012	1,929,960,988	2,436,812,890
Taxation - net		83,581,442	89,373,380	113,861,832
Cash and bank balances	8	10,768,296	15,842,831	11,327,725
		2,215,670,410	2,223,110,701	2,707,411,069
Total assets		2,663,901,355	2,620,581,385	3,093,383,221
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital				
Authorized capital		2,500,000,000	2,500,000,000	2,500,000,000
Issued, subscribed and paid-up capital		801,718,180	801,718,180	801,718,180
Unappropriated profit		742,763,466	721,635,486	718,836,118
Capital repurchase reserve account		198,281,820	198,281,820	198,281,820
Unrealised appreciation on remeasurement of "available-for-sale" financial assets - net		466,378,045	461,102,049	873,584,690
Surplus on revaluation of fixed assets - net of tax	5.3	178,475,269	183,058,851	191,614,859
		2,387,616,780	2,365,796,386	2,784,035,667
LIABILITIES				
Non - current liabilities				
Deferred tax liability - net	9	300,449	15,600,544	82,380,050
Liability against asset subject to finance lease		37,624,366	3,508,147	-
		37,924,815	19,108,691	82,380,050
Current liabilities				
Accrued and other liabilities	10	224,207,272	230,747,025	223,847,995
Unclaimed dividend		3,039,387	3,405,084	3,119,509
Current maturity of liability against asset subject to finance lease		11,113,101	1,524,200	-
		238,359,760	235,676,308	226,967,504
Total liabilities		276,284,575	254,784,999	309,347,554
Total equity and liabilities		2,663,901,355	2,620,581,385	3,093,383,221
Contingencies and commitments	11			

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2018

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Note	Rupees -----			
INCOME				
Remuneration from funds under management - gross	107,371,754	117,532,403	55,121,687	60,108,643
Less: Sindh sales tax	(12,352,503)	(13,521,427)	(6,341,433)	(6,915,154)
	95,019,251	104,010,976	48,780,254	53,193,489
Commission from open end funds under management	3,185,312	6,388,547	1,088,939	3,474,167
Dividend income	632,357	40,746,025	632,357	40,746,025
Net gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	3,756,543	2,376,135	3,445,630	1,453,519
Net gain on sale of investments classified as 'available-for-sale'	76,991,588	36,645,968	29,990,472	25,247,547
Return on bank deposits under interest / mark-up arrangements	931,466	726,867	402,835	442,667
Remuneration and share of profit from management of discretionary and non discretionary client portfolios	1,895,400	3,264,753	1,081,132	1,576,889
Administrative and marketing expenses	182,411,917	194,159,271	85,421,619	126,134,304
OPERATING (LOSS) / PROFIT	(2,399,098)	49,344,890	(3,742,954)	52,835,956
Other expenses	348,679	1,392,680	(4,169)	1,312,188
Financial charges	1,402,005	90,279	883,006	89,209
	(4,149,783)	47,861,931	(4,621,792)	51,434,559
Other income	21,235,085	20,379,425	4,410,765	12,862,673
Profit / (loss) for the period before tax	17,085,302	68,241,356	(211,027)	64,297,232
Income tax expense				
- Current	16,744,273	22,897,087	5,843,797	15,474,822
- Deferred	(16,203,369)	(2,699,102)	(5,374,969)	(529,324)
- Prior	-	15,734,700	-	15,734,700
	540,904	35,932,685	468,828	30,680,198
Profit / (loss) for the period after tax	16,544,398	32,308,671	(679,855)	33,617,034
Earnings per share for the period - basic and diluted	12	0.21	0.40	(0.01)
				0.42

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2018

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	----- Rupees -----			
Profit / (loss) for the period after tax	16,544,398	32,308,671	(679,855)	33,617,034
Other comprehensive income / (loss) to be reclassified to profit and loss account in subsequent periods				
Unrealised appreciation / (diminution) on remeasurement of 'available-for-sale' financial assets - net	83,162,408	(3,448,620)	(80,654,444)	(73,968,192)
Reclassification adjustments relating to sale of investments	(76,983,138)	(36,645,969)	(30,805,269)	(25,247,548)
Related tax	(903,274)	13,097,629	5,806,885	14,386,938
	5,275,996	(26,996,960)	(105,652,828)	(84,828,802)
Total comprehensive income / (loss) for the period	21,820,394	5,311,711	(106,332,683)	(51,211,768)

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	17,085,302	68,241,356
Adjustment for:		
Remuneration from funds under management - net	(95,019,251)	(104,010,976)
Commission from open end funds under management	(3,185,312)	(6,388,547)
Dividend income	(632,357)	(40,746,025)
Depreciation expense	16,778,262	15,676,613
Amortisation expense	1,175,867	363,483
Financial charges	1,402,005	90,279
Return on bank deposits under interest / mark-up arrangements	(931,466)	(726,867)
Net gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	(3,756,543)	(2,376,135)
Net gain on sale of investments classified as 'available-for-sale'	(76,991,588)	(36,645,968)
Net unrealised (gain) / loss on revaluation of investments classified as 'at fair value through profit or loss - held-for-trading'	(1,170,273)	425,299
Gain on disposal of property and equipment	(654,894)	(567,487)
	(145,900,248)	(106,664,975)
Working capital changes		
Loans and advances - considered good	1,955,927	(1,202,123)
Trade deposits, short term prepayments and other receivables	4,286,011	(3,774,798)
Accrued and other liabilities	37,141,768	(10,219,665)
	43,383,705	(15,196,586)
	(102,516,543)	(121,861,561)
Taxes paid - net	(10,952,335)	(20,088,446)
Remuneration and commission received from funds under management	95,324,321	109,245,117
Net cash used in operating activities	(18,144,556)	(32,704,890)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments - net	80,500,650	68,677,482
Investments in property and equipment	(68,152,180)	(21,086,066)
Dividend received	632,357	40,746,025
Return on bank deposits under interest / mark-up arrangements	957,296	609,858
Sale proceeds from disposal of property and equipment	896,000	1,744,315
Net cash generated from investing activities	14,834,123	90,691,614
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(362,097)	(39,542,271)
Financial charges paid	(1,402,005)	(90,279)
Net cash used in financing activities	(1,764,102)	(39,632,550)
Net (decrease) / increase in cash and cash equivalents	(5,074,535)	18,354,175
Cash and cash equivalents at beginning of the period	15,842,831	11,327,725
Cash and cash equivalents at end of the period	10,768,296	29,681,900

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	Reserves					Total
	Capital reserve		Surplus on revaluation of fixed assets - net of tax	Unrealised appreciation on remeasurement of 'available-for-sale' financial assets - net	Revenue reserve	
	Issued, subscribed and paid-up capital	Capital repurchase reserve account			Unappropriated profit	
	Rupees					
Balance as at January 01, 2016	801,718,180	198,281,820	-	615,677,768	507,852,239	2,123,530,007
Adjustment due to change in accounting policy (see note 4.1.2)	-	-	200,170,871	-	-	200,170,871
Balance as at January 01, 2016 (restated)	801,718,180	198,281,820	200,170,871	615,677,768	507,852,239	2,323,700,878
Total comprehensive income						
Profit for the year	-	-	-	-	202,427,866	202,427,866
Other comprehensive income - net of tax	-	-	-	257,906,922	-	257,906,922
Total comprehensive income for the year	-	-	-	257,906,922	202,427,866	460,334,788
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged thereon - net of tax	-	-	(8,556,012)	-	8,556,012	-
Balance as at December 31, 2016 (restated)	801,718,180	198,281,820	191,614,859	873,584,690	718,836,117	2,784,035,666
Balance as at January 01, 2017 (restated)	801,718,180	198,281,820	191,614,859	873,584,690	718,836,117	2,784,035,666
Total comprehensive income / (loss)						
Profit for the year	-	-	-	-	34,329,266	34,329,266
Other comprehensive loss - net of tax	-	-	-	(412,482,641)	-	(412,482,641)
Total comprehensive (loss) / income for the year	-	-	-	(412,482,641)	34,329,266	(378,153,375)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged thereon - net of tax	-	-	(8,556,008)	-	8,556,008	-
Final dividend at the rate of Re.0.5 per share for the year ended December 31, 2017	-	-	-	-	(40,085,906)	(40,085,906)
Balance as at December 31, 2017 (restated)	801,718,180	198,281,820	183,058,851	461,102,049	721,635,486	2,365,796,386
Balance as at January 01, 2018 (restated)	801,718,180	198,281,820	183,058,851	461,102,049	721,635,486	2,365,796,386
Total comprehensive income for the half year ended June 30, 2018						
Profit for the period	-	-	-	-	16,544,398	16,544,398
Other comprehensive income - net of tax	-	-	-	5,275,996	-	5,275,996
Total comprehensive income for the half year	-	-	-	5,275,996	16,544,398	21,820,394
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged thereon - net of tax	-	-	(4,583,582)	-	4,583,582	-
Balance as at June 30, 2018	801,718,180	198,281,820	178,475,269	466,378,045	742,763,466	2,387,616,780

The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED) FINANCIAL INFORMATION (UN-AUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2018

1. STATUS AND NATURE OF BUSINESS

1.1 JS Investments Limited (the Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange Limited since April 24, 2007. The registered office of the Company is situated at 7th Floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Company is a subsidiary of JS Bank Limited (which has 65.16 percent direct holding in the Company) which is a subsidiary of JSCL (Jahangir Siddiqui & Co .Limited), Ultimate Parent.

The Company has obtained the license of an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

1.2 The Company is an asset management company and pension fund manager for the following funds at half year ended June 30, 2018:

1.2.1 Asset management company of the following funds:

Open-end mutual funds

- JS Growth Fund
- JS Value Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Income Fund
- JS Cash Fund
- JS Large Cap. Fund
- JS Capital Protected Fund - V
- JS Islamic Hybrid Fund of Funds
- JS Islamic Hybrid Fund of Funds - 2
- JS Islamic Dedicated Equity Fund

Pension funds

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

1.3 This consolidated condensed interim financial information is separate financial information of the Company in which the investment in subsidiary is stated at cost.

2. STATEMENT OF COMPLIANCE

2.1 This consolidated condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Such standards comprise of:

JS Investments Limited

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017;
- Provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations); and
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Where the provisions of the Act, the NBFC Rules, the NBFC Regulations or directives issued under the Act or by the SECP differ with the requirements of IAS 34, the provisions of the Act, the NBFC Rules, the NBFC Regulations or directives issued under the Act or by the SECP have been followed.

- 2.2** The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 237 of the repealed Companies Ordinance, 1984 will not be applicable with respect to the investment in mutual funds established under Trust structure.

This consolidated condensed interim financial information do not include all the information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Company as at December 31, 2017.

3. BASIS OF MEASUREMENT

- 3.1** This consolidated condensed interim financial information has been prepared under historical cost convention except for certain investments and office premises which are measured at fair value.
- 3.2** This consolidated condensed interim financial information has been presented in Pakistani Rupee, which is the Company's functional and presentation currency.

4. ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 4.1** The accounting policies adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated annual financial statements of the Company for the year ended December 31, 2017, except as follows:

4.1.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IAS 28 Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (Amendment)

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The adoption of the above amendment to accounting standards did not have any effect on the consolidated condensed interim financial information.

4.1.2 Up till December 31, 2017, the surplus on revaluation of fixed assets was shown below equity in accordance with the requirements of repealed Companies Ordinance, 1984. However, the Companies Act, 2017 has removed the section relating to the treatment of surplus on revaluation of fixed assets as stated above, and the same is to be accounted for in accordance with the requirements of applicable accounting standard (IAS -16 Property, Plant and Equipment). The said standard requires surplus to be shown as part of equity. This change in accounting policy is applied retrospectively in accordance with the requirements of International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors. Had there been no change, the total equity of the Company would have been lower by Rs.178.475 (December 31, 2017: would have been lower by Rs.183.059) million.

4.2 Further, the financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the consolidated annual financial statements of the Company for the year ended December 31, 2017.

5. PROPERTY AND EQUIPMENT	Note	(Un-Audited)	(Audited)
		June 30, 2018	December 31, 2017
		----- Rupees -----	
Opening written down value		367,085,044	359,366,319
Additions during the period / year	5.1	13,205,049	41,379,535
Disposals during the period / year	5.2	(241,106)	(1,176,828)
Depreciation for the period / year		(16,778,262)	(32,483,982)
		363,270,725	367,085,044
Capital work-in-progress - advance against purchase of assets		60,380,389	14,185,164
		423,651,114	381,270,208

5.1 The following additions were made to tangible - property and equipment during the period / year:

Furniture and fixtures	1,772,797	393,382
Office equipment	9,008,292	4,734,943
Vehicles	2,423,960	36,251,210
	13,205,049	41,379,535

5.2 The following disposals of tangible - property and equipment were made during the period / year:	Note	(Un-Audited)	(Audited)
		June 30, 2018	December 31, 2017
		----- Rupees -----	
Furniture and fixtures		4,556	-
Office equipment		-	69,315
Vehicles	5.2.1	236,550	1,107,513
		241,106	1,176,828

JS Investments Limited

5.2.1 During the period, a vehicle was disposed off and sold to an individual through bidding process as per the Company's policy at a sale proceed of Rs.0.656 million. The purchaser was neither a related party nor an employee of the Company.

5.3 The Company follows the revaluation model for its office premises. The fair value measurement as at May 31, 2014 was performed by KG Traders (Private) Limited, independent valuer not related to the Company. KG Traders (Private) Limited is on the panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and have recent experience in the fair value measurements in the relevant locations. The fair value of the office premises was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of the office premises, the highest and best use of the premises is its current use.

Out of the total revaluation surplus of Rs.378.835 million, Rs.178.475 (December 31, 2017: Rs.183.058) million net of tax remains undepreciated as at June 30, 2018.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, the management believes that the carrying value of 'office premises' approximates its fair market value. Also, see note 4.1.2 for change in accounting policy in respect of surplus on revaluation of fixed assets.

	(Un-Audited)	(Audited)
	June 30,	December 31,
	2018	2017
	----- Rupees -----	
6. INTANGIBLE ASSETS		
Opening written down value	8,464,922	1,617,337
Additions during the period / year	8,751,906	8,309,681
Amortisation for the period / year	(1,175,867)	(1,462,096)
	<u>16,040,961</u>	<u>8,464,922</u>
7. OTHER FINANCIAL ASSETS - INVESTMENTS		
Investments by category		
Classified as 'available-for-sale'		
Units of mutual funds - related parties	7.1	1,811,873,812
		1,728,711,404
Classified as 'at fair value through profit or loss - held-for-trading'		
Units of mutual funds - related parties	7.2	125,684,200
		146,834,482
		<u>1,937,558,012</u>
		<u>1,875,545,886</u>

7.1 Units of mutual funds - 'available-for-sale' (related parties)

Number of Units			(Un-Audited)		(Audited)
			June 30, 2018		December 31, 2017
June 30, 2018	December 31, 2017	Name of fund	Average cost	Fair value	Fair value
			----- Rupees -----		
2,565,210	2,565,210	JS Value Fund	447,532,249	560,626,722	514,145,110
3,554,958	3,554,958	JS Growth Fund	597,406,663	660,866,601	641,172,136
		JS Islamic Hybrid Fund of Funds 2	10,000,000	9,804,000	10,016,000
100,000	100,000	JS Pension Savings Fund - Equity	14,776,800	115,735,200	108,962,400
240,000	240,000	JS Pension Savings Fund - Debt	17,776,120	42,429,820	41,411,248
177,761	177,761	JS Pension Savings Fund - Money Market	17,746,342	34,119,116	33,230,025
177,463	177,463	JS Fund of Funds	181,553,403	181,161,670	174,244,213
3,441,521	3,441,521	JS Islamic Pension Savings Fund - Equity	18,170,000	125,402,000	125,186,000
200,000	200,000	JS Islamic Pension Savings Fund - Debt	21,385,170	43,003,437	42,314,835
213,852	213,852	JS Islamic Pension Savings Fund - Money Market	22,230,337	38,725,246	38,029,437
222,303	222,303		1,348,577,084	1,811,873,812	1,728,711,404
Unrealized appreciation on remeasurement at fair value - net			463,296,728	-	-
			<u>1,811,873,812</u>	<u>1,811,873,812</u>	<u>1,728,711,404</u>

7.2 Units of mutual funds - 'at fair value through profit or loss - held-for-trading' (related parties)

Number of Units			(Un-Audited)		(Audited)
			June 30, 2018		December 31, 2017
June 30, 2018	December 31, 2017	Name of fund	Average cost	Fair value	Fair value
			----- Rupees -----		
-	418,688	JS Cash Fund	-	-	43,618,949
796,036	552,774	JS Income Fund	78,000,000	80,853,424	54,415,102
426,838	1,007,964	JS Islamic Income Fund	43,876,490	44,830,776	103,215,533
			121,876,490	125,684,200	201,249,584
Unrealized gain on remeasurement at fair value - net			3,807,710	-	-
			<u>125,684,200</u>	<u>125,684,200</u>	<u>201,249,584</u>

8 CASH AND BANK BALANCES

	(Un-Audited)	(Audited)
	June 30, 2018	December 31, 2017
	----- Rupees -----	
Cash in hand	128,137	64,296
Cash at bank in:		
Current accounts	188,596	189,048
Savings accounts	10,451,564	15,589,487
	8.1	
	<u>10,640,159</u>	<u>15,778,535</u>
	<u>10,768,296</u>	<u>15,842,831</u>

8.1 These carry mark-up at the rates ranging from 4.50% to 6.40% (December 31, 2017: 3.75% to 6.2%) per annum. It includes Rs.8.643 (December 31, 2017: Rs.13.934) million held with JS Bank Limited (the Parent Company).

		(Un-Audited) June 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees -----	
9 DEFERRED TAX LIABILITY - NET			
Taxable temporary differences on:			
Accelerated tax depreciation		7,386,571	9,347,758
Surplus on revaluation of fixed assets		63,839,822	78,413,191
Revaluation on investments classified as 'at fair value through profit or loss - held-for-trading'		<u>443,854</u>	<u>453,485</u>
		71,670,247	88,214,434
Deductible temporary differences on:			
Unrealized appreciation on investments classified as 'available-for-sale' investments		(3,081,311)	(3,984,585)
Provision for Workers' Welfare Fund		(16,992,666)	(20,389,236)
Provision for donation		(79,066)	(197,238)
Unused tax losses	9.1	<u>(51,216,756)</u>	<u>(48,042,830)</u>
		300,449	15,600,544

9.1 The Company has not recognized deferred tax asset of Rs.5.228 million on account of carried forward tax losses in accordance with its accounting policy.

10. ACCRUED AND OTHER LIABILITIES

10.1 This includes Rs.92.284 (December 31, 2017: Rs.92.284) million payable against Federal Excise Duty (FED) on management fees received / receivable from the Funds under management. There is no change in the status of the appeal filed by the Federal Government in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in note 17.1 to the consolidated annual financial statements of the Company for the year ended December 31, 2017.

10.2 This includes Rs.57.619 (December 31, 2017: Rs.57.619) million provision for Workers' Welfare Fund (WWF) levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). There is no change in the status of the WWF as reported in note 17.2 to the consolidated annual financial statements of the Company for the year ended December 31, 2017.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the status of contingencies as disclosed in note 18.1 to the consolidated annual financial statements of the Company for the year ended December 31, 2017.

11.2 Commitments in respect of:

Royalty and advisory payment - a related party	<u>7,500,000</u>	<u>10,000,000</u>
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(Un-Audited)

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	----- Rupees -----			

12. EARNINGS PER SHARE

Profit for the period	Rupees:	16,544,398	32,308,671	(679,855)	33,617,034
Weighted average number of ordinary shares outstanding during the period	Number:	80,171,818	80,171,818	80,171,818	80,171,818
Earnings per share	Rupees:	0.21	0.40	(0.01)	0.42

12.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2018 and June 30, 2017 which would have any effect on the earnings per share if the option to convert is exercised.

13. TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

Related parties comprise of JS Bank Limited (parent company), Jahangir Siddiqui & Co. Ltd. (ultimate parent company), JS Abamco Commodities Limited (subsidiary company), funds under management and other companies with common directorship, staff provident fund and key management employees. Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms. Transactions and balances with related parties can be summarised below:

----- (Un-Audited) -----

June 30, 2018	June 30, 2017
----- Rupees -----	

13.1 Transaction with related parties

13.1.1 Funds under management

Basis of relationship - Funds managed by the Company

Remuneration - net of taxes	95,019,251	104,010,976
Commission income	3,185,312	6,388,547
Expenses incurred by the Company on behalf of funds	20,382,065	10,561,857
Reimbursements of expenses by the funds	14,526,010	7,829,350
Dividend income	632,357	40,746,025
Investments made	451,638,396	352,512,095
Investments disposed off / matured	531,638,396	419,708,302

		----- (Un-Audited) -----	
		June 30, 2018	June 30, 2017
		----- Rupees -----	
13.1.2	Jahangir Siddiqui & Company Limited (JSCL)		
	Basis of relationship - Ultimate parent company		
	Percentage of shareholding - JSCL holds 70.42% shares of JS Bank Limited (JSBL)		
	Expenses incurred on behalf of JSCL	30,000	31,300
	Reimbursement of expenses incurred on behalf of JSCL	25,000	50,000
13.1.3	JS Bank Limited (JSBL)		
	Basis of relationship - Parent company		
	Percentage of shareholding - JSBL holds 65.16% shares of the Company		
	Rent income	3,443,774	3,130,884
	Rent expense	3,672,787	3,564,540
	Management fee sharing on distribution of mutual funds	386,593	134,810
	Expenses incurred on behalf of JSBL	834,889	1,609,566
	Reimbursement of expenses by JSBL	678,916	72,673
	Return on bank deposits	899,197	517,260
13.1.4	Associated company - Jahangir Siddiqui & Sons Limited (JSSL)		
	Basis of relationship - Common directorship of JSCL		
	Rent income	5,408,352	4,998,628
	Expenses incurred on behalf of JSSL	1,281,427	1,482,967
	Reimbursement of expenses by JSSL	985,401	880,178
13.1.5	Associated company - Jahangir Siddiqui Private Equity (JSPE)		
	Basis of relationship - Common directorship of JSCL		
	Rent income	1,835,820	1,669,116
	Expenses incurred on behalf of JSPE	522,059	555,011
	Reimbursement of expenses by JSPE	529,560	1,348,231
13.1.6	Associated company - Mahvish & Jahangir Siddiqui Foundation (MJSF)		
	Basis of relationship - Common directorship of the Company		
	Rent income	661,880	853,640
	Expenses incurred on behalf of MJSF	358,944	434,062
	Reimbursement of expenses by MJSF	366,651	498,509
13.1.7	Associated company - Fakh-e-Imdad Foundation (FIF)		
	Basis of relationship - Common directorship of the Company		
	Expenses incurred on behalf of FIF	102,039	100,347
13.1.8	Associated company - EFU General Insurance		
	Percentage of shareholding - JSCL holds 20.60%		
	Insurance premium paid	2,876,921	2,564,609



		----- (Un-Audited) -----	
		June 30, 2018	June 30, 2017
		----- Rupees -----	
13.1.9	Associated company - EFU Life Assurance		
	Percentage of shareholding - JSCL holds 20.05%		
	Insurance premium paid	1,422,415	1,522,104
	Expenses incurred	238,553	64,055
13.1.10	Associated company - ABAMCO Limited Staff Provident Fund (the Fund)		
	Basis of relationship - Employee benefit plan		
	Expenses incurred on behalf of the Fund	1,101,937	247,438
	Reimbursement of expenses by the Fund	1,175,703	247,438
	Provident fund contributions made	4,470,989	3,434,725
13.1.11	Associated company - JS Global Capital Limited (JSGCL)		
	Basis of relationship - JSBL holds 67.16% shares of JSGCL		
	Rent income	-	13,068
	Expenses incurred on behalf of JSGCL	67,530	72,370
13.1.12	Transactions made with key management personnel		
	Remuneration	50,862,871	39,484,173
	Directors fee	275,000	200,000
	Disbursements of personal loans and advances	-	350,000
	Repayments of loans and advances	2,006,231	605,991
13.2	Balance outstanding with related parties	Un-Audited	(Audited)
13.2.1	Funds under management	June 30, 2018	December 31, 2017
	Basis of relationship - Funds managed by the Company	----- Rupees -----	
	Receivable from funds under management	127,933,600	122,033,727
	Payable to funds under management	2,529,783	134,470
13.2.2	Jahangir Siddiqui & Company Limited (JSCL)		
	Basis of relationship - ultimate parent company		
	Percentage of shareholding - JSCL holds 70.42% shares of JS Bank Limited (JSBL)		
	Receivable against expenses incurred on behalf of JSCL	26,839	29,384
13.2.3	JS Bank Limited (JSBL)		
	Basis of Relationship - parent company		
	Percentage of Shareholding - JSBL holds 65.16% shares of JSIL		
	Receivable against expenses incurred of JSBL	1,336,369	2,298,134
	Rent payable	1,157,398	447,680
	Rent receivable	1,632,226	1,627,309
	Profit on bank deposits	44,341	142,664

	(Un-Audited) June 30, 2018	(Audited) December 31, 2017
	----- Rupees -----	
13.2.4 Associated company - Jahangir Siddiqui & Sons Limited (JSSONS)		
Basis of relationship - Common directorship of JSCL		
Receivable against expenses incurred on behalf of JSCL	1,355,696	1,592,516
Rent receivable	3,640,134	1,873,407
13.2.5 Associated company - Jahangir Siddiqui Private Equity (JSPE)		
Basis of relationship - Common directorship of JSCL		
Receivable against expenses incurred on behalf of JSPE	2,099,128	1,891,534
Rent receivable	1,322,580	2,373,102
13.2.6 Associated Company - Mahvish & Jahangir Siddiqui Foundation (MJSF)		
Basis of relationship - Common directorship of the Company		
Receivable against expenses incurred on behalf of MJSF	292,020	382,551
Rent receivable	190,191	304,918
13.2.7 Associated company - Fakhr-e-Imdad Foundation (FIF)		
Basis of relationship - Common directorship of the Company		
Receivable against expenses incurred on behalf of FIF	808,408	601,673
13.2.8 Associated company - ABAMCO Limited Staff Provident Fund (the Fund)		
Basis of relationship - Employee benefit plan		
Payable against contribution to the Fund	-	567,769
13.2.9 Associated company - JS Global Capital Limited (JSGCL)		
Basis of relationship - JSBL holds 67.16% shares of JSGCL		
Receivable against expenses incurred on behalf of JSGCL	357,579	288,549
Rent receivable	181,957	264,206
Rent payable	1,272,831	2,289,734
13.2.10 Outstanding from key management personnel	233,574	1,250,008
13.2.11 Key management personnel and directors hold 6,514 (December 31, 2017 : 6,514) shares in the company		

- 13.3** Other balances outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes.
- 13.4** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Management considered all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.

14. FAIR VALUE OF FINANCIAL AND OTHER ASSETS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has not affected the financial statements.

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

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Office premises are revalued by professional valuer (see note 5.3). The valuation is based on their assessment of market value of the underlying properties and this categorised under Level 2.

The table below analyse financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets classified as 'available-for-sale'				
Units of mutual funds - related parties	-	1,811,873,812	-	1,811,873,812
Financial assets classified as 'at fair value through profit or loss - held-for-trading'				
Units of mutual funds - related parties	-	125,684,200	-	125,684,200
Office premises	-	296,575,250	-	296,575,250
	-	2,234,133,262	-	2,234,133,262

	December 31, 2017			Total
	Level 1	Level 2	Level 3	
----- (Rupees) -----				
Financial assets classified as 'available-for-sale'				
Units of mutual funds - related parties	-	1,728,711,404	-	1,728,711,404
Financial assets classified as 'at fair value through profit or loss - held-for-trading'				
Units of mutual funds - related parties	-	201,249,584	-	201,249,584
Office premises	-	305,891,750	-	305,891,750
	-	2,235,852,738	-	2,235,852,738

14.1 Valuation techniques used in determination of fair values within level 2:

14.1.1 Fair values of investment in mutual funds are measured on the basis of closing net asset value as announced by the respective Asset Management Company.

14.1.2 Fair value of office premises is measured using the comparable price method after detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the premises, condition, size, utilization, and other relevant factors. The highest and best use of the premises is its current use.

14.2 During the period ended June 30, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

15. GENERAL

15.1 In compliance of NBFC Rules read with SRO 1002(1)/2015 dated October 15, 2015 of Securities and Exchange commission of Pakistan, the management would like to report that the Company has sufficient insurance coverage from an insurance company rated AA+ by a rating agency registered with the Commission against financial losses that may be caused as result of gross negligence of its employees.

15.2 These consolidated condensed interim financial information were authorised for issue on August 17, 2018 by the Board of Directors of the Company.

15.3 The figures in the consolidated condensed interim financial information have been rounded off to the nearest rupee.

15.4 The figures of the consolidated condensed interim profit and loss account and consolidated condensed interim statement of comprehensive income for the quarters ended 30 June 2018 and 30 June 2017 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-months period ended June 30, 2018.

15.5 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.

Chief Executive Officer

Director

Chief Financial Officer



JS Investments Limited

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

Phone: +92 21 111 222 626
Fax: +92 21 3 536 1724
E-mail: info@jsil.com
Website: www.jsil.com