

*Annual*  
**Report 2014**

 **JS investments**  
*Managing Mutual Funds Better!*



# CONTENTS

Vision and Mission Statement	02
Company Information	04
Board of Directors	05
Corporate Social Responsibility	08
Notice of Meeting	10
Financial and Business Highlights	12
Directors' Report to the Members	14
Review Report to the Members on Statement of Compliance with the Code of Corporate Governance	20
Statement of Compliance with the Code of Corporate Governance	21
Audit Committee & its Terms of Reference	23
Auditor's Report to the Members	25
Balance Sheet	26
Profit & Loss Account	27
Statement of Comprehensive Income	28
Cash Flow Statement	29
Statement of Changes in Equity	30
Notes to the Financial Statements	31
Consolidated Financial Statements	66
Pattern of Shareholding	106
Form of Proxy	109

## VISION

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

## MISSION

To build JS Investments Ltd. 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

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# COMPANY INFORMATION

## Board of Directors

**Mr. Nazar Mohammad Shaikh**  
Chairman

**Mr. Ali Akhtar Ali**  
Chief Executive Officer

**Mr. Suleman Lalani**  
Non-Executive Director

**Mr. Asif Reza Sana**  
Non-Executive Director

**Mr. Ahsen Ahmed**  
Non-Executive Director

**Mr. Kamran Jafar**  
Non-Executive Director

**Mr. Muhammad Khalil Ur Rehman**  
Non-Executive Director

**Mr. Muhammad Raza Dyer**  
Non-Executive Director

**Chief Financial Officer &  
Company Secretary**

**Mr. Muhammad Khawar Iqbal**

## Statutory Auditors

M. Yousuf Adil Saleem & Co.

## Legal Advisor

Bawaney & Partners

## Board Committees

### **Audit Committee**

Mr. Asif Reza Sana (Chairman)  
Mr. Muhammad Khalil Ur Rehman  
Mr. Suleman Lalani

### **HR Committee**

Mr. Nazar Mohammad Shaikh (Chairman)  
Mr. Kamran Jafar  
Mr. Ali Akhtar Ali

### **Executive Committee**

Mr. Suleman Lalani (Chairman)  
Mr. Kamran Jafar  
Mr. Ali Akhtar Ali

### **Share Registrar**

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

### **Registered Office**

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



## BOARD OF DIRECTORS

### Mr. Nazar Mohammad Shaikh - Chairman

Mr. Shaikh is a former senior civil servant and has held different positions in the Government of Pakistan and Sindh. He started his career in the Pakistan Audit Department in 1966 and where he held different assignments. He was then inducted in the Secretariat Group of the Federal Government and was posted as Deputy Financial Advisor.

He was then assigned to the Government of Sindh where he served as Member Finance SRTC, Director Industries and Additional Secretary Finance. On promotion, he held various posts such as Secretary of Finance, Education, Housing Town and Local Government Departments, Government of Sindh.

Mr. Shaikh was later posted as Additional Secretary, Social Sector, Prime Minister's Secretariat, Vice Chairman PNSC, Chairman PQA and finally retired in 2001 on attaining the age of superannuation Secretary, Ministry of Communications. He was re-employed as Member, Federal Service Tribunal on a three-year contract ending 2004. Mr. Shaikh is also serving as a director on the board of Fakhre-Imdad Foundation.

### Mr. Ali Akhtar Ali - Chief Executive Officer

Mr. Ali is currently serving as the Chief Executive Officer at JS Investments Limited. He has over 13 years of active experience in both Fixed Income and Equity markets of Pakistan. He earned his MBBS from Baqai Medical College and MBA with majors in Finance from PAF-KIET. Prior to becoming Chief Executive Officer, Mr. Ali was serving in JS Investments as Chief Investment Officer for about 3 years.

He joined JS Investments as Senior Vice President in Investments department. Before joining JS Investments Limited he remained associated with KASB Capital Ltd. for 2 years as Chief Dealer in the Treasury Department. He was then deputed as the Head of Money Market, Forex and Financial Advisory at KASB Securities. Prior to KASB Capital he worked with JS Investments Limited from 2006 till 2008 in the capacity of Assistant Vice President, Investments Department. He also worked two and a half years (2004-2006) at Jahangir Siddiqui Capital Markets as Senior Dealer Fixed Income Desk and was later promoted to the position of Head of Fixed Income. He also served 3 years (2000-2004) at BMA Capital Management as a Senior Dealer on the Fixed Income Desk.

### Mr. Suleman Lalani

Mr. Suleman Lalani joined Jahangir Siddiqui & Co. Ltd. ("JSCL") on March 1, 2012 as Chief Executive Officer. Prior to joining JSCL he was Executive Director Finance & Operations and Company Secretary of JS Investments Limited where he served as CFO and Company Secretary for seven years. Mr. Lalani started his career with JSCL in 1992 where he worked for over eight years. In year 2000 he was promoted to the position of Chief Operating Officer of Jahangir Siddiqui Investment Bank Limited, a subsidiary of JSCL. In January 2002, he joined The First Micro Finance Bank Limited as its Chief Financial Officer and Company Secretary. Mr. Lalani is a Fellow member of the Institute of Chartered Accountants of Pakistan and has 20 years of experience in the financial services sector. He has also completed the Board Development Series Certificate Program conducted by the Pakistan Institute of Corporate Governance. Mr. Lalani is also serving as a director on the board of Al-Abbas Sugar Mills Limited and Jahangir Siddiqui & Co.Ltd.

### **Mr. Asif Reza Sana**

Mr. Asif Reza Sana is a senior banker. He previously worked with world-leader multinationals in field of Finance, General Management and Marketing. He remained posted in Switzerland, Europe, US, and Middle East in various executive positions during his 22 years multinational career. He holds an MBA and has been trained at Institute of Management Development in Lausanne, Switzerland and INSEAD, France.

In 2000, he returned to Pakistan as advisor to Board of Directors of Union Bank. He conceived , negotiated and closed the acquisitions of Emirates Bank in Pakistan and Mashreq Bank in Sri Lanka. The acquisition resulted in two-fold increase in the bank's earning assets and doubled its balance sheet footing to US\$ 2.2 billion. He was then appointed SEVP and elected to the Board of Directors to assume the crucial role of Executive Director of the bank, having fiduciary and management roles simultaneously. He was a member of management committee and ALCO as well as director of Union Leasing Ltd. He was one of the key leaders in making Union Bank a premium financial services brand, ranked as a 6th largest bank, by profitability, in 2005. The majority shareholders then gave him the mandate to develop and implement an exit strategy. He conceived , negotiated and closed the sale of Union Bank to Standard Chartered at a landmark price of PKR 29 billion (US \$ 485 million) - the highest in Pakistan banking industry . Mr. Asif is also serving as director of Askari Bank Limited.

### **Mr. Ahsen Ahmed**

Mr. Ahsen Ahmed is serving on the Boards of Abid Industries and Sind Industries since 2003. He had contributed significantly towards expansion of these industries and supported their research and technical development. With his efforts and commitment the companies took an international perspective to their growth with increased exports and improved their supply chains. He also served for seven years on the Board of JS Global Capital Limited as a Non Executive Board Member. Mr. Ahsen holds degree in Bachelor of Arts and Economics from Denison University, Granville, Ohio.

### **Mr. Kamran Jafar**

A seasoned Banker with thirteen years of a proven track record in Banking, Mr. Kamran Jafar began his career with JS Bank in February 2008 as EVP / Regional Head Retail Banking - (North). Mr. Kamran joined as a member of the Retail Banking Core Business Team and was instrumental in the countrywide roll-out of the Bank's branches and product suite. Kamran took over responsibilities as Branch Banking Head along with the additional responsibility of Group Head Retail Banking in July 2010, a position to which he was subsequently confirmed in April 2011. He has since then been the driving force of the effort to ensure that the Retail Banking Group continues with its expansion and successful drive towards countrywide profitability. In December 2013, he has been given a portfolio of Corporate Banking.

Prior to joining JS Bank, Mr. Kamran has over 10 years of diversified Banking experience in a number of Banking functions such as Retail Banking, Corporate Banking, Branch Banking, Trade and SME Banking as well as sound knowledge of Banking Operations including Branch Operations, Credit Administration and Trade Financing. He has worked with a number of prominent Banks including PICIC Commercial Bank, MyBank and the AlBaraka Islamic Bank in a variety of roles. His previous assignment before joining JS Bank was with MyBank where he was EVP / Regional General Manager - Northern Region.

Mr. Kamran is a graduate of the University of Houston with a concentration in Marketing and holds two Masters in Business Administration degrees with concentrations in Marketing, Banking and Finance.



### **Mr. Muhammad Khalil Ur Rehman**

Mr. Rehman is a senior executive at JS Bank Limited with over 32 years of diversified experience in banking (operations and reengineering). He has been associated with American Express Bank since 1993 and has held various positions in credit administration and operations in different cities. Prior to this, he has worked at Mashreq Bank Limited and United Bank Limited.

Mr. Rehman is a Certified Business Process Reengineer from the United States and is also a Diplomaed Associate of the Institute of Bankers Pakistan.

Mr. Rehman received his Bachelors in Commerce from the University of Punjab and completed his Masters in Commerce from Hailey College of Commerce.

### **Mr. Muhammad Raza Dyer**

Mr. Muhammad Raza Dyer is serving as Head of Operations at JS Bank Limited and has 28 years of diversified experience in commercial banking operations. He started his professional career in 1985 from Bank of America in Visa Card Department. Thereafter, he worked for Mashreq bank PSC in Foreign Trade, Treasury Back Officer and Branch Operations. He worked for three years in Crescent Commercial Bank Ltd., as Head of Operations - South Region. Prior to joining JS Bank, he was working with Arif Habib Bank as Head of Country Operations.

## CORPORATE SOCIAL RESPONSIBILITY

JS Investments is deeply committed to Corporate Social Responsibility and it contributes both financial and human resources towards supporting the Mahvash & Jahangir Siddiqui Foundation (MJSF).

Mr. Jahangir Siddiqui and his wife Mrs. Mahvash Siddiqui, a former college professor, established MJSF in 2003. The foundation is a non-profit, non-partisan charity that focuses on education, healthcare, sustainable development through social enterprise and humanitarian/disaster relief. The foundation is registered with Pakistan Centre of Philanthropy and Pakistan Red Crescent Society. MJSF is audited annually by KPMG Taseer Hadi & Co., a member firm of KPMG (Worldwide/LLP).

In achieving its mission, the foundation has also partnered with leading international NGOs including various United Nations agencies including World Food Program, UNOCHA and UN Habitat for Humanity, Oxfam International, Walkabout Foundation, International Organization for Migration and various international and local universities and foundations for education, disability and healthcare.

### Initiatives:

#### Education

MJSF's educational programs focus on:

- Higher education
- Mainstream education including schools for children with special needs
- Vocational training
- Specialized programs

MJSF has provided grants to leading educational institutions of Pakistan, including Lahore University of Management Sciences, Karachi School for Business and Leadership and Institute of Business Administration Karachi. The foundation also offers subsidized and full scholarships for children through JS Academy for the Deaf, Fakhre-Imdad Foundation schools and various other schools in both rural and urban areas.

In addition, MJSF provides funding for a broad range of education institutions such as IBA Sukkur and Progressive Education Network in Lahore. Furthermore, MJSF has also established a vocational training center, Karigar Training Institute in Karachi and hopes to replicate the model nationwide.

Many students have also benefited from the Qarz-e-Hasana scheme of the foundation to pursue higher education in national and international universities. The foundation also provides individual support to less privileged individuals for access to a better education.

In 2014, a notable major grant project of PKR 200 Million was completed at the Institute of Business Administration, City Campus Karachi to build a state-of-the-art auditorium.

#### Healthcare

MJSF has a deep commitment to public health and supports the existing hospitals and medical facilities by:

- Upgrading and adding specialist wards
- Developing healthcare facilities in rural areas
- Providing mobile health care in difficult to access areas
- Running eye camps in rural areas
- Running medical camps in rural areas
- Distribution of specialized wheelchairs in partnership with Walkabout Foundation

MJSF is linked with numerous projects and organizations in the health care sector including Sindh Institute of Urology and Transplantation, Karachi National Hospital, National Institute of Cardiovascular Diseases, National Institute of Child Health and other notable institutions.



## Social Enterprises and Sustainable Development (SESD)

The SESD program funds projects that are economically productive and sustainable which remove or reduce the need for ongoing grants.

MJSF has a long established partnership with Acumen (formerly known as Acumen Fund). Through this partnership, the foundation, to date, has contributed the equivalent of US\$2,000,000 to Acumen. Since 2001, Acumen has actively invested in Pakistan in building social enterprises. MJSF is also a sponsor of the Acumen Pakistan Fellows Program, a one-year program designed for people leading social change initiatives dedicated to addressing Pakistan's most critical poverty problems.

The foundation has also ventured into extending micro-finance facilities for farmers in Chitral that produce high quality onion seeds to increase their incomes.

## Emergency / Disaster Relief

MJSF has a strong focus on humanitarian relief. Its activities focus on immediate relief in disasters as well as long-term rehabilitation.

MJSF has contributed with a large-scale response in the following years:

- 2005 - Earthquake in Azad Jammu & Kashmir (AJK) and Khyber Pakhtunkhwa Province
- 2008 - Swat Conflict and related Internally Displaced Persons crisis
- 2010 - Super Floods
- 2014 - Thar Drought crisis

MJSF is committed to providing a rapid response to natural disaster and emergencies by mobilizing its financial resources in coordination with the human resources of various JS Group companies to provide immediate food aid, shelter and healthcare.

In partnership with the International Organization for Migration, the foundation has also initiated a reconstruction project constructing 250 homes in three flood-affected districts in Sindh province. As part of the first phase, 150 shelters have been constructed in Southern Sindh and remaining 100 shelters are currently under construction in Northern Sindh. Additionally, another project of 15 houses has been completed in Northern Sindh.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth (20th) Annual General Meeting of JS Investments Limited will be held at 10:00 a.m. on Thursday, April 09, 2015 at Defence Authority Creek Club, Phase VIII, DHA Karachi, to transact the following business:

### Ordinary Business

1. To receive and consider the audited financial statements of the Company for the year ended December 31, 2014, together with Directors' report and Auditors' report thereon.
2. To appoint Auditors of the Company and fix their remuneration for the ensuing year ending December 31, 2015. The present auditors, Messrs M. Yousuf Adil & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

By Order of the Board

**Date:** March 16, 2015  
**Place:** Karachi

**Muhammad Khawar Iqbal**  
Company Secretary

### NOTES:

- (i) The Share transfer books of the Company will remain closed from April 3, 2015 to April 09, 2015 (both days inclusive) or determining the entitlement of the shareholders for attending the Annual General Meeting.
- (ii) Physical transfers and deposit requests under Central Depository System received at the close of business on April 02, 2015 by the Registrar of the Company, Technology Trade (Pvt.) Limited, having their office at Dagia House, 241-C, Block 2, P.E.C.H.S. off Shahrah-e-Quaideen, Karachi, will be treated as being in time for entitlement to attend the meeting.
- (iii) A Member of the Company entitled to attend and vote may appoint another person as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company.
- (iv) Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- (v) Beneficial owners of physical shares and the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies are required to produce their original Computerized National Identity Cards (CNICs) or passports for identification purpose at the time of attending the meeting. The Proxy Form(s) must be submitted with the Company within the time stipulated in para (iv) above, duly signed and witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the Proxy Form(s), along with attested copy(ies) of the CNICs or the passport(s) of the beneficial owners and the proxy(ies). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the Proxy Form(s) to the Company.
- (vi) Shareholders are requested to notify immediately of any change in their address to the Registrar of the Company, M/S Technology Trade (Pvt) Limited, 241-C, Block-2, PECHS, Karachi before book closure.
- (vii) **Dividend Mandate (Optional)**  
Under Section 250 of the Companies Ordinance, 1984, a shareholder may, if so desires, direct the Company to pay dividend through his/ her/its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, authorized the Company for direct credit of pertinent member's cash dividend in his/her bank account. Please note that the Company has not declared any dividend for the year ended December 31, 2014, yet it is necessary to apprise the members for future purpose. (please note that giving bank mandate for dividend payments is optional. Therefore, in case, a member does not wish to avail this facility, he/she/it may ignore this notice, the dividend will be paid through dividend warrant at his registered address in future if declared by the Company). For the convenience of its members, the Company has placed a Standard Request Form on the Company's website ([www.jsil.com](http://www.jsil.com)), so that the members may use it to communicate requisite information to Company's Share Registrar, Technology Trade (Pvt.) Limited.
- (viii) **Submission of valid CNIC (Mandatory)**  
In accordance with the SECP's directives the dividend warrant of the shareholders, whose valid CNICs, are not available with the share Registrar could be withheld.



While the Company has not declared dividend for the year ended December 31, 2014, for future purposes, all shareholders having physical shareholding are therefore advised to submit a copy of their valid CNICs, if already not provided, to the Share Registrar, Technology Trade (Pvt) Limited, Dagia House, 241-C, Block 2, PECHS Off: Sharah e-Quaideen, Karachi.

**(ix) Electronic Transmission of Annual Financial Statement and Notices (Optional)**

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) under S.R.O 787 (I)/2014, the SECP has allowed companies to circulate annual Audited Financial Statements, along with the notice of annual general meeting (Notice) to its members through e-mail subject to compliance with the conditions outlined in the referred SRO of SECP.

The transmission of annual Audited Financial Statements with Notice to members through e-mail shall be considered compliance with the relevant requirements of section 50, 158 and 233 of the Companies Ordinance subject to certain conditions, prescribed in the said notification.

For the convenience of its members, the Company has placed a Standard Request Form on the Company's website ([www.jsil.com](http://www.jsil.com)), so that the members may use it to communicate their e-mail address and consent for electronic transmission of annual Audited Financial Statement and Notice thereon.

**(x) Deduction of withholding tax on the amount of Dividend u/s 150 of the Income Tax Ordinance, 2001 (Mandatory)**

Pursuant to the Finance Act 2014, effective from July 01, 2014, the withholding tax rates on the amount of dividend payments by the companies, under the Income Tax Ordinance, 2001, have been revised as follows:

- a) Rate of withholding tax deduction for **filer** of income tax return is **10%**
- b) Rate of withholding tax deduction for **non-filer** of income tax return is **15%**

While the Company has not declared the dividend for the year ended December 31, 2014, for future purposes, to enable the Company to make withholding tax deduction on the amount of cash dividend @10% instead of 15%, all the shareholders whose names are not entered into the Active Tax payer List-Income Tax (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are included into ATL for future payment of dividend if any.

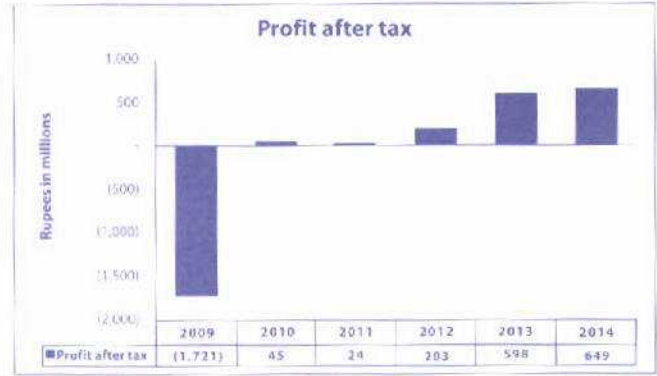
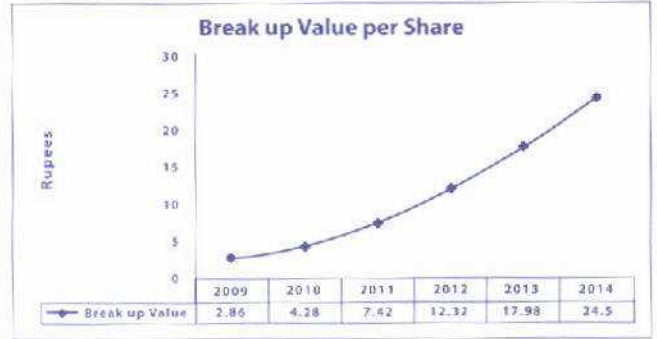
The corporate shareholders having CDC account are required to have their National Tax Numbers (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to our Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be must quote company name and their respective folio numbers.

## FINANCIAL AND BUSINESS HIGHLIGHTS

		2014	2013	2012*	2011	2010	2009
<b>KEY INDICATORS</b>							
<b>Performance</b>							
Return on assets	%	26.03	29.24	10.72	1.37	2.42	(54.71)
Total assets turnover	Days	127	179	126	79	97	20
Receivables turnover	Days	120	26	25	4	3	25
Return on equity	%	30.58	39.51	20.56	4.09	12.72	(156.82)
<b>Leverage</b>							
Debt:Equity	%	-	-	46.90	107.05	248.71	509.12
Interest cover	times	1,279.60	14.00	2.31	1.19	1.25	(5.09)
<b>Liquidity</b>							
Current	times	14.06	14.72	2.88	2.24	1.71	1.44
Quick	times	14.03	14.67	2.87	2.23	1.70	1.42
<b>Valuation</b>							
Earnings per shares	Rs.	6.49	5.98	2.03	0.24	0.45	(17.21)
Breakup value per share	Rs.	24.50	17.98	12.30	7.42	4.28	2.86
Price earning ratio	times	1.93	1.83	4.01	21.31	16.41	(0.98)
Market price to break up value	times	0.51	0.61	0.66	0.69	1.74	5.92
Market value per share - year end	Rs.	12.56	10.92	8.12	5.10	7.46	16.94
Market value per share - High	Rs.	14.22	11.47	15.13	8.47	20.45	97.85
Market value per share - Low	Rs.	10.32	6.34	2.47	4.61	6.45	13.12
Market capitalization (Rs. in Million)		1,256	1,092	812	510	746	1,694
<b>Historical trends</b>							
Management fee (Rs. in Million)		202	223	306	245	361	440
Operating profit (Rs. in Million)		641	777	327	153	212	(1,496)
Profit before tax (Rs. in million)		661	625	195	27	46	(1,774)
Profit after tax (Rs. in million)		649	598	203	24	45	(1,721)
Assets under management (Rs. in million)		10,868	12,854	12,332	12,812	16,508	21,247
No. of funds under management		13	13	13	15	16	16
Share capital (Rs. in million)		1000	1000	1,000	1,000	1,000	1,000
Shareholders equity (Rs. in million)		2,450	1,798	1,230	742	428	286
Total assets (Rs. in million)		2,916	2,074	2,018	1,763	1,735	2,015
Contribution to the national exchequer (Rs. in million)		15	39	29	6	13	30
<b>Payouts</b>							
Cash dividend	%	-	10	10	-	-	-

\* The FY 2012 was of eighteen months due to change of accounting year.





## **REPORT OF THE DIRECTORS TO THE MEMBERS FOR THE YEAR ENDED DECEMBER 31, 2014**

The Directors of your Company feel pleasure in presenting the annual audited unconsolidated and consolidated financial statement of the Company along with auditors' report thereon for the year ended December 31, 2014.

### **Macro Economic Highlights**

CY14 was a tale of two halves for the Pakistani economy where in 1HCY14 the economy showed some nascent recovery and optimism after the new government assumed office. However, in the 2HCY14 period some slippages occurred which were combinations of natural factors (floods damage in Khyber Pakhtunkhwa and the Punjab province) along with man-made where significant political instability in the early part of 4QCY14 threatened to undo the current government's hard work. Towards the end of CY14 things on the political front started to settle down and the government's efforts were aided by foreign inflows and lower international oil prices.

During the 4QCY14 period, State Bank of Pakistan (SBP) announced MPS (Monetary Policy Statement) once (Nov-14) wherein it reduced the Discount Rate by 0.50% to 9.50% as falling inflation along with improving foreign reserves and lower international commodity prices gave the SBP room to respond.

The Current Account deficit improved by 35% YoY in CY14 to a deficit of USD 2.8bn against a deficit of USD 4.3 billion in CY13. Improvement was observed in remittances and greater foreign inflows YoY.

Consumer Price Index (CPI) inflation for CY14 averaged at 7.23% against 7.68% in CY13, an improvement of 45bps YoY even in the face of significant electricity price hikes by the Government of Pakistan (GoP) which reduced electricity subsidies across the board. Going forward, CPI inflation is expected to moderate downwards in CY15 primarily due to lower international commodity prices which have also slowly started impacting the balance of trade and lower cost of imported foodstuff/ oil products. That along with improved supply of perishable food stuff should help in lowering CPI expectations YoY. It is expected that Habib Bank Limited's (HBL) secondary offering would be the first major big ticket privatization sale in CY15 where the GoP is all set to push the privatization process into high gear.

### **Equity Market Performance**

Looking at performance for CY14, the KSE 30 Index posted a return of 10.40% in the year against a return of 36.70% in the same period last year. Returns moderated in CY14 period compared to last year due to strong performance of the equity markets for most of last year. Investors reduced some risk due to the upcoming budget towards the end of 1HCY14 along with increasing political uncertainty kicked in some volatility in the market. On the other hand, foreigner's interest in the local equity market remained strong barring some outflow in 4QCY14.

In 4QCY14, the KSE-30 Index posted a return of 2.80% QoQ on account of improvement in macros due to lower international oil prices and expected decline in interest rates going forwards. Moreover, towards the end of the quarter political uncertainty went down as the government was able to withstand the onslaught of political opponents. The country also received an IMF tranche of around USD 1.1 billion towards the end of Dec-14 while an international Sukuk Issue was oversubscribed where Pakistan was able to raise more than USD 1 billion. However, the Oil Sector on the KSE underperformed the broader market due to lower international oil prices while financials along with industrial companies continued to post gains.

### **Money Market Performance**

During CY14, the State Bank of Pakistan (SBP) decreased its discount rate once from 10.00% to 9.50% in November 2014. The GoP had already re-profiled its debt structure towards the longer tenor Pakistan Investment Bond's (PIB) during the first three quarters of CY14 and borrowed Rs. 2,176 billion against the sale of PIB's which continued in the outgoing quarter. Financial institutions aggressively participated in PIB auctions. With benign outlook on inflation and other favorable macros, banks participation towards longer tenure security was evident.



During the 4th quarter, the SBP borrowed funds worth Rs. 975.0 billion through T-bill auctions against a target of Rs. 1,245.0 billion where the cut off yield for 3 month, 6 month and 12 month T-bill averaged at 9.47%, 9.47% and 9.41% respectively.

The average 3M and 6M KIBOR clocked in at 9.90% and 9.92% for 4QCY14 increasing by 17bps and 11bps YoY respectively, as against 9.73% and 9.81% in the same period last year.

### **The AMC Industry**

For CY14 period, the local mutual fund industry recorded an improvement of 18.30% in AUM's to Rs. 459.0 billion from Dec-13 levels where Assets Under Management's (AUM) towards the end of CY13 were recorded at Rs. 387.9 billion. Market share for closed ended funds in CY14 was 4.30% with a total AUM of Rs. 19.5 billion. Overall twenty seven (27) new funds were launched during CY14.

The Islamic Fund of Funds category witnessed the most growth amongst all funds categories in CY14 at 374.10% YoY and reaching AUM's of Rs. 17.6 billion as at 31st December 2014 from an AUM's of 3.7 billion at the end of last year. Eight (8) new funds were launched under this fund category in CY14.

AUM size for the conventional equity fund category reached Rs. 104.5 billion, up 32.00% in CY14. The money market fund category recorded a decline of 24.80% in the 12 month period at the end of CY14, with total AUM's of Rs. 107.1 billion.

### **Performance Review**

The Company earned a net profit of Rs. 649.48 million during the year ended December 31, 2014 showing an earnings per share of Rs. 6.49. The assets under management were Rs. 10.87 billion as on December 31, 2014 compared to Rs. 12.85 billion as on December 31, 2013 depicting a decrease of 15.49% on year to date (YTD) basis. The reduction in AUMs was primarily due to redemptions in JS Growth Fund and JS Value Fund after the removal of back end load, following to the conversion of these funds from Closed End to Open end funds in the year 2013. The Company earned management remuneration from funds under management of Rs. 201.68 million compared to Rs. 222.74 million during last year. Administration and marketing expenses were increased by 1.10% to Rs. 227.70 million during the year compared to Rs. 225.23 million during the previous year. The financial charges were Rs. 0.52 million showing a reduction of 98.9% from the finance charge of the previous year amounting to Rs. 48.02 million, as the Company has repaid all of its short term borrowings.

This financial performance resulted in enhancing the shareholders equity of the Company to Rs. 2,449.70 million as on December 31, 2014 from Rs. 1,797.66 million as on December 31, 2013, which translated an increase of shareholders wealth by 36.27%, primarily due to the excellent performance of funds under management.

## Summary of operating results for the year

	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees (000).....	
<b>Shareholders' Equity</b>	2,449,702	1,797,663
<b>Financial Performance</b>		
<b>Income</b>	869,190	1,002,090
Operating expenses	(227,696)	(225,229)
<b>Operating profit</b>	<b>641,494</b>	776,861
Other expenses	(13,486)	(152,885)
Financial charges	(517)	(48,023)
Other operating income	33,325	48,585
<b>Profit before tax</b>	<b>660,816</b>	624,538
Taxation-net	11,341	26,359
<b>Profit after tax</b>	<b>649,475</b>	598,179
<b>Earning per share - basic and diluted</b>	<b>6.49</b>	5.98

Following up from CY 2013, JS Investment's equity funds exhibited strong performance once again during 2014. JS Pension Savings Fund, JS Islamic Pension Savings-Equity Sub-Fund, JS Islamic Fund, JS Large Cap Fund, returned an impressive 60.90%, 53.70%, 46.90% and 40.20% respectively. Our JS Islamic Fund was the best performing equity fund across mutual fund universe of Pakistan for CY 2014.

### Consolidated Financial Statements

In the consolidated financial statements, the Company has reported a net profit of RS. 653.70 million for the year ended December 31, 2014 as compared to a net profit of RS. 600.07 million for the comparative period last year.

The basic and diluted earnings per share of consolidated accounts is RS. 6.54 for the year ended December 31, 2014.

### Asset Manager and Entity Rating

JCR-VIS Credit Rating Company Limited has reaffirmed Management Quality Rating of "AM2-" (AM-Two Minus) to JS Investments Limited. The rating denotes high management quality of the Management Company.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and the short-term entity ratings of JS Investments Limited at "A+" (Single A Plus) and "A1" (A one), respectively. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.



## Corporate Governance and Financial Reporting Framework

As required by the Code of Corporate Governance, the Directors are pleased to state as follows:

- a. The financial statements, prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and financial estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan have been followed in preparation of the financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of the Corporate Governance, as detailed in the listing regulations.
- h. A summary of key financial data of last six years is given on page 12 of this annual report.
- i. The Code of Conduct has been disseminated throughout the company along with supporting policies and procedures.
- j. The value of investments of the staff provident fund of JS Investments Limited, as per the audited accounts as at June 30, 2014 was Rs. 11.23 million.

## Meetings of the Directors

During the year seven meetings of the Board of Directors were held, the attendance of each director for these meetings is as follows:

Name	Meetings attended
Mr. Nazar Mohammad Shaikh	07
Mr. Rashid Mansur *	02
Mr. Ali Akhtar Ali **	05
Mr. Suleman Lalani	05
Mr. Asif Reza Sana	03
Mr. Muhammad Khalil ur Rehman	07
Mr. Kamran Jafar	07
Mr. Muhammad Raza Dyer	07
Mr. Ahsen Ahmed	04

\* Mr. Rashid Mansur relinquished the charge as CEO of JS Investments Limited on expiry of his contract of employment on March 31, 2014.

\*\* Mr. Ali Akhtar Ali has been appointed as the CEO of JSIL effective from April 1, 2014.

## Meetings of the Audit Committee of the Board

During the year, four meetings of the Audit Committee were held. The attendance of each director for these meetings is as follows:

<b>Name</b>	<b>Meetings attended</b>
Mr. Asif Reza Sana	3
Mr. Suleman Lalani	4
Mr. Muhammad Khalil ur Rehman	4

#### **Meetings of the HR & R Committee of the Board**

During the year, eight meetings of the HR & R Committee were held. The attendance of each director for these meetings is as follows:

<b>Name</b>	<b>Meetings attended</b>
Mr. Nazar Mohammad Shaikh	08
Mr. Kamran Jafar	08
Mr. Ali Akhtar Ali**	07
Mr. Rashid Mansur *	01

\* Mr. Rashid Mansur relinquished the charge as CEO of JS Investments Limited on expiry of his contract of employment on March 31, 2014.

\*\* Mr. Ali Akhtar Ali has been appointed as the CEO of JSIL effective from April 1, 2014.

#### **Meetings of the Executive Committee of the Board**

During the year, two meetings of the Executive Committee were held. The attendance of each director for these meetings is as follows:

<b>Name</b>	<b>Meetings attended</b>
Mr. Suleman Lalani	02
Mr. Kamran Jafar	02
Mr. Ali Akhtar Ali	02

#### **Appointment of Chief Executive Officer**

During the year Mr. Ali Akhtar Ali has been appointed as the Chief Executive Officer of the Company, effective from April 1, 2014, in place of Mr. Rashid Mansur at a remuneration of Rs. 575,000/- per month.

He shall also be entitled for company maintained Honda Civic Oriel, 450 liters petrol along with other benefits as per Company policy.

#### **Material information subsequent to balance sheet date**

The Board of Directors of JS Investments Limited has decided to explore the possibility of potential acquisition of PICIC Asset Management Company Limited. The acquisition would be subject to the due diligence and requisite regulatory and other approvals.

In view of this potential acquisition the Board of Directors have decided to defer the dividend distribution .



### Directors' Training Program

During the year the following directors have completed certification from Pakistan Institute of Corporate Governance (PICG) under the criteria given in Clause (xi) of the Code:

#### Name

Mr. Muhammad Khalil Ur Rehman  
Mr. Asif Reza Sana  
Mr. Ali Akhtar Ali

#### Parent Company

JS Bank is the holding company of JS Investments Limited and holds 52.23% of the equity.

#### Pattern of Shareholding

A statement showing pattern of shareholding in the Company and additional information as at December 31, 2014 is given on page 106.

The Directors, CEO, CFO and their spouses and minor children carry out following transactions in the shares of the Company during the year ended December 31, 2014.

Name	Designation	Shares Acquired
Mr. Ahsen Ahmed	Director	2,053,500

#### Auditors

The retiring auditors M. Yousuf Adil Saleem & Co., Chartered Accountants being eligible offer themselves for reappointment. The Board of Directors, on the recommendations of the Audit Committee, has proposed appointment of Messrs M. Yousuf Adil Saleem & Co., Chartered Accountants for the ensuing year ending December 31, 2015.

#### Acknowledgment

The Directors express their gratitude to the Securities and Exchange Commission of Pakistan for its valuable support, assistance and guidance. The Board also thanks the employees of the Company for their dedication and hard work and the shareholders for their confidence in the Management.

Date: February 23, 2015  
Place: Karachi

**Ali Akhtar Ali**  
Chief Executive Officer

## **REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Director of JS Investments Limited (the Company) for the year ended December 31, 2014 to comply with the respective requirements of the Karachi Stock Exchange, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance with the Code of Corporate Governance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended December 31, 2014.

Further we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph 23 of the Statement of Compliance:

- i. The Company has engaged Pakistan Institute of Corporate Governance to evaluate the performance and effectiveness of the Board, which is in process; and
- ii. The management is devising a materiality policy for the approval of the Board.

Chartered Accountants

Date: February 23, 2015  
Place: Karachi

Engagement Partner:  
**Nadeem Yousuf Adil**



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2014

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in Listing Regulations of Karachi Stock Exchange, where JS Investments Limited (the Company) is listed. The purpose of the Code is to establish a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

JS Investments Limited has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors.

At present the Board includes:

Category	Names
Independent Directors:	Mr. Ahsen Ahmed Mr. Asif Reza Sana
Executive Directors	Mr. Ali Akhtar Ali - Chief Executive Officer
Non-Executive Directors	Mr. Suleman Lalani Mr. Kamran Jafar Mr. Muhammad Khalil Ur Rehman Mr. Muhammad Raza Dyer Mr. Nazar Mohammad Shaikh

The independent directors meets the criteria of independence under section i(b) of the CCG

2. The directors of the Company have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy in the Board of the Company has occurred during the year.
5. The Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken place to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board of the Company has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions including the appointment and determination of the remuneration and terms and conditions of the employment of the Chief Executive Officer and other executives and non-executive directors have been taken by the board / shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with the agenda and the working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year the following directors have completed certification from Pakistan Institute of Corporate Governance (PICG) under the criteria given in Clause (xi) of the Code:
  - Mr. Muhammad Khalil Ur Rehman
  - Mr. Asif Reza Sana
  - Mr. Ali Akhtar Ali

10. The Board has approved the appointment of Head of Internal Audit including his remuneration and terms of employment. There was no change of Chief Financial Officer/ Company Secretary during the year.
11. The Directors Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than those disclosed in the Pattern of Shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee which comprises of three members, two of them are non-executive directors and one is independent director. Chairman of the committee, Mr. Asif Reza Sana is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee which comprises of three members. Two of them are non-executive directors. The Chairman of the Committee is a non independent director.
18. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period", prior to the announcement of interim / final results, and business decisions, which may materially affect the share price of Company was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other applicable material principles enshrined in the Code have been complied with except for the following:
  - a) In accordance with sub regulation (viii d) of the Code, a mechanism was required to be put in place for an annual evaluation of the Board within two years of coming into effect of the Code i.e., April 2014. However, the company has engaged Pakistan Institute of Corporate Governance to evaluate the performance and effectiveness of the Board.
  - b) In accordance with sub regulation (viii b) of the Code, the Board of Directors shall define the level of materiality, keeping in view the specific circumstances of the company and the recommendations of any technical or executive subcommittee of the Board that may be set up for the purpose, however the management is devising a materiality policy for the approval of the Board.

**Date:** February 23, 2015  
**Place:** Karachi

**Ali Akhtar Ali**  
Chief Executive Officer



## AUDIT COMMITTEE AND ITS TERMS OF REFERENCES

The board of directors of JS Investments Limited has established an Audit Committee, comprising three non-executive directors. The Audit Committee meets at least once every quarter of the financial year. During the year under review four meetings of the Committee were held which were attended by the members as follows:

Mr. Asif Reza Sana (Chairman).....	3
Mr. Suleman Lalani (Member).....	4
Mr. Khalil-ur-Rehman (Member).....	4

The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the listed company in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee in all these matters and where it acts otherwise; it shall record the reasons thereof.

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

- (a) determination of appropriate measures to safeguard the listed company's assets;
- (b) review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards;
  - compliance with listing regulations and other statutory and regulatory requirements; and
  - significant related party transactions.
- (c) review of preliminary announcements of results prior to publication;
- (d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- (e) review of management letter issued by external auditors and management's response thereto;
- (f) ensuring coordination between the internal and external auditors of the listed company;
- (g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;
- (h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- (i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- (j) review of the listed company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- (k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- (l) determination of compliance with relevant statutory requirements;
- (m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- (n) Consideration of any other issue or matter as may be assigned by the Board of Directors.

# FINANCIAL STATEMENTS



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of JS Investments Limited (the Company) as at December 31, 2014, and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - (i) The unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objectives of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2014 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants

**Date:** February 23, 2015  
**Place:** Karachi

Engagement Partner:  
**Nadeem Yousuf Adil**

## UNCONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2014

	Note	December 31, 2014	December 31, 2013
		.....Rupees.....	
<b>ASSETS</b>			
<b>Non - current assets</b>			
Fixed assets			
Tangible - property and equipment	4.1	374,524,680	266,235,017
Intangible assets	4.4	1,492,160	380,037
Advance for capital expenditure	4.5	257,108	-
Long-term investment - investment in subsidiary	5	37,500,000	37,500,000
Long-term loans - considered good	6	989,595	1,149,731
		<u>414,763,543</u>	<u>305,264,785</u>
<b>Current assets</b>			
Balances due from funds under management - related parties	7	66,463,427	16,072,734
Loans and advances - considered good	8	2,505,706	1,731,699
Trade deposits, short term prepayments and other receivables	9	20,139,262	15,626,472
Other financial assets - investments	10	2,270,762,708	1,583,447,392
Advance income tax - net		127,712,759	113,706,136
Cash and bank balances	11	13,178,360	38,227,840
		<u>2,500,762,222</u>	<u>1,768,812,273</u>
<b>Total assets</b>		<u><b>2,915,525,765</b></u>	<u><b>2,074,077,058</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Share capital</b>			
<b>Authorized capital</b>	12	<u>2,500,000,000</u>	<u>2,500,000,000</u>
Issued, subscribed and paid-up capital	12	1,000,000,000	1,000,000,000
Unappropriated profit		666,591,018	9,731,642
Unrealised gain on re-measurement of available for sale investments - net of tax	10	783,111,599	787,931,408
		<u>2,449,702,617</u>	<u>1,797,663,050</u>
Surplus on revaluation of fixed assets - net of tax	13	193,819,917	120,461,406
<b>LIABILITIES</b>			
<b>Non - current liabilities</b>			
Deferred tax liability - net	15	94,155,252	35,772,863
<b>Current liabilities</b>			
Accrued and other liabilities	16	177,847,979	120,056,248
Accrued mark-up	17	-	123,491
Securitisation of management fee receivables - debt	14	-	-
		<u>177,847,979</u>	<u>120,179,739</u>
<b>Total liabilities</b>		<u><b>272,003,231</b></u>	<u><b>155,952,602</b></u>
<b>Contingencies and commitments</b>	18		
<b>Total equity and liabilities</b>		<u><b>2,915,525,765</b></u>	<u><b>2,074,077,058</b></u>

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Chairman



## UNCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Year ended December 31, 2014	Year ended December 31, 2013
		.....Rupees .....	
<b>Income</b>			
Remuneration from funds under management - net	19	201,675,478	222,738,966
Commission from open end funds under management	20	610,676	365,198
Dividend	21	-	253,920,959
Gain on sale of investments - net		648,565,141	516,686,412
Return on bank deposits		6,936,222	3,928,275
Mark up on Term Finance Certificates (TFC's)		2,164,405	-
Return on Government Securities		211,667	2,755,083
Commission income and share of profit from management of discretionary client portfolios	22	9,026,578	1,695,653
		<u>869,190,167</u>	<u>1,002,090,546</u>
Administrative and marketing expenses	23	227,695,718	225,229,324
<b>Operating profit</b>		<b>641,494,449</b>	<b>776,861,222</b>
Other expenses	24	13,486,352	152,885,235
Financial charges	25	516,826	48,023,067
		<u>627,491,271</u>	<u>575,952,920</u>
Other income	26	33,324,966	48,584,941
<b>Profit before taxation</b>		<b>660,816,237</b>	<b>624,537,861</b>
Taxation - net	27	11,341,024	26,359,231
<b>Profit for the year</b>		<b>649,475,213</b>	<b>598,178,630</b>
Earnings per share for the year - basic and diluted	28	6.49	5.98

The annexed notes 1 to 37 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chairman

## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees .....	
Profit for the year	<b>649,475,213</b>	598,178,630
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit and loss</b>	-	-
<b>Items that may be reclassified subsequently to profit and loss</b>		
<b>Available-for-sale investments:</b>		
Unrealised gain on re-measurement of available-for-sale investments to fair value - net	<b>633,850,651</b>	593,500,340
Reclassification adjustment relating to sale of investments	<b>(633,987,959)</b>	(430,822,787)
Taxation relating to components that may be reclassified subsequently to profit and loss account	<b>(4,682,501)</b>	-
<b>Total items that may be reclassified subsequently to profit and loss</b>	<b>(4,819,809)</b>	162,677,553
<b>Total comprehensive income for the year</b>	<b>644,655,404</b>	760,856,183

Surplus arising on revaluation of property and equipment has been reported in accordance with the requirements of the Companies Ordinance, 1984, in a separate account below equity.

The annexed notes 1 to 37 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chairman



## UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

	Year ended December 31, 2014	Year ended December 31, 2013
Note	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	660,816,237	624,537,861
<b>Adjustment for non-cash and other items:</b>		
Remuneration from funds under management	19 (201,675,478)	(222,738,966)
Commission from open end funds under management	20 (610,676)	(365,198)
Dividend	-	(253,920,959)
Depreciation	41 22,480,746	21,073,282
Amortisation of intangible assets	44 295,368	244,550
Financial charges	25 516,826	48,023,067
Interest / mark-up income	(6,936,222)	(3,928,275)
Impairment of intangible assets	-	105,000,000
Gain on sale of investments - net	(648,565,141)	(516,686,412)
Unrealised gain on revaluation of investments classified as HFT	(6,374,193)	-
Gain on disposal of fixed assets	26 (5,607,265)	(48,171)
	<b>(185,659,798)</b>	<b>(198,809,221)</b>
<b>Increase / decrease in assets and liabilities</b>		
Loans and advances	(613,871)	1,426,233
Deposits, prepayments and other receivables	(4,630,440)	(43,621,709)
Accrued and other liabilities	61,731,921	88,350,188
	<b>56,487,610</b>	<b>46,154,712</b>
	<b>(129,172,188)</b>	<b>(152,654,509)</b>
Taxes paid	(15,124,584)	(39,115,497)
Remuneration and commission received from funds under management	151,895,461	227,697,688
<b>Net cash generated from operating activities</b>	<b>7,598,689</b>	<b>35,927,682</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments - net	(32,513,290)	541,612,002
Payment for purchase of items of tangible property and equipment & capital expenditures	(8,245,754)	(5,638,133)
Payment for purchase of intangible item	(1,407,490)	-
Dividend received	-	253,920,959
Return on bank deposits	7,053,872	3,928,275
Proceeds from disposal of fixed assets	7,045,001	54,120
<b>Net cash (used in)/ generated from investing activities</b>	<b>(28,067,661)</b>	<b>793,877,223</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of principal amount relating to the securitised management fee	-	(129,085,000)
Dividend paid	(3,940,191)	(194,233,544)
Financial charges paid	(640,317)	(63,688,934)
<b>Net cash used in financing activities</b>	<b>(4,580,508)</b>	<b>(387,007,478)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(25,049,480)</b>	<b>442,797,427</b>
Cash and cash equivalents at beginning of the year	38,227,840	(404,569,587)
<b>Cash and cash equivalents at end of the year</b>	31 <b>13,178,360</b>	<b>38,227,840</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Chairman

## UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid up share capital	Reserve		Total
		Revenue reserve (Accumulated loss) / unappropriated profit	Unrealized gain / (loss) on remeasurement of available for sale investment	
Rupees.....				
<b>Balance as at December 31, 2012</b>	1,000,000,000	(395,046,161)	625,253,855	1,230,207,694
<b>Total Comprehensive income :</b>				
Profit for the year		598,178,630	-	598,178,630
Other comprehensive income - net of tax	-	-	162,677,553	162,677,553
<b>Total Comprehensive income for the year</b>	-	598,178,630	162,677,553	760,856,183
Surplus on revaluation of fixed assets realized during the year on account of incremental depreciation charged thereon - net of tax	-	6,599,173	-	6,599,173
<b>Transactions with owners recognised directly in equity</b>				
Final cash dividend for the eighteen months period ended December 31, 2012 @ Rs. 1/- per share	-	(100,000,000)	-	(100,000,000)
- Interim dividend @ Rs. 1/- per share	-	(100,000,000)	-	(100,000,000)
<b>Balance as at December 31, 2013</b>	<b>1,000,000,000</b>	<b>9,731,642</b>	<b>787,931,408</b>	<b>1,797,663,050</b>
<b>Total Comprehensive income</b>				
Profit for the year ended December 31, 2014	-	649,475,213	-	649,475,213
Other comprehensive income - net of tax	-	-	(4,819,809)	(4,819,809)
<b>Total Comprehensive income for the year</b>	-	649,475,213	(4,819,809)	644,655,404
Surplus on revaluation of fixed assets realized during the year on account of incremental depreciation charged thereon - net of tax	-	7,384,163	-	7,384,163
<b>Balance as at December 31, 2014</b>	<b>1,000,000,000</b>	<b>666,591,018</b>	<b>783,111,599</b>	<b>2,449,702,617</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Chairman



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

### 1 STATUS AND NATURE OF BUSINESS

JS Investments Limited (the Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the Company are quoted on the Karachi Stock Exchange 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 acquired 52.24 percent direct holding in the Company from Jahangir Siddiqui & Company Limited and other shareholders of the Company on November 01, 2012).

The Company has obtained the license of an "Investment Advisor" 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.

1.1 The Company is an asset management company and pension fund manager for the following at year end:

1.1.1 Asset management company of the following funds:

#### Open end:

- JS Growth Fund
- JS Value Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- JS KSE-30 Index Fund
- JS Islamic Government Securities Fund
- JS Cash Fund
- JS Large Cap Fund

1.1.2 Pension fund manager of the following funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

1.2 These financial statements are the separate financial statements of JS Investments Limited. In addition to these financial statements, consolidated financial statements of JS Investments Limited and its subsidiary company, JS ABAMCO Commodities Limited, have also been prepared.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, 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 the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP will prevail.

## 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain office premises and investments which are stated at fair value.

## 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the functional and presentation currency of the Company and rounded off to the nearest rupee.

## 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

- i) Amortisation of intangible assets (note 3.1 and 4.4);
- ii) Provision for taxation (note 3.13 and 27);
- iii) Classification and valuation of investments (notes 3.2 and 10);
- iv) Determination and measurement of useful life and residual value of property and equipment (note 3.1 and 4.1);
- v) Valuation of premises (note 3.1 and 4.1); and
- vi) Recognition and measurement of deferred tax assets and liabilities (note 3.13 and 15).

### 2.4.1 Change in estimate

During the year, management revised the estimates related to useful life of office premises. The change in estimates reflect more accurately the pattern of consumption of economic benefit of the office premises. These changes have been accounted for prospectively. Had there been no changes in estimate, the profit before tax, profit after tax and EPS would have been reduced by Rs. 10.87 million, Rs. 14.45 million and Rs. 0.14 respectively.

## 2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended

2.5.1 The following standards, amendments and interpretations are effective for the year ended December 31, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	Effective from accounting period beginning on or after January 01, 2014
IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting	Effective from accounting period beginning on or after January 01, 2014



IFRIC 21 - Levies Effective from accounting period beginning on or after January 01, 2014

## 2.6 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 19 Employee Benefits: Employee contributions	Effective from accounting period beginning on or after July 01, 2014
IAS 27 (Revised 2011) – Separate Financial Statements	Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures.	Effective from accounting period beginning on or after January 01, 2015
IFRS 11 – Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IFRS 13 – Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015
IFRS 10 – Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.

IFRS 10 "Consolidated Financial Statements" is effective from January 01, 2015 with earlier adoption allowed. IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27.

The Company, currently, does not consolidated its funds which are controlled by it due to exemption provided by the Institute of Chartered Accountants of Pakistan (ICAP) through Circular no. 2008/01. Implementation of IFRS 10 on mutual fund industry is also under consideration with the ICAP. Therefore, the Company will follow the requirements of IFRS 10 as soon as it receives clarification from the ICAP on applicability of IFRS 10 for consolidation of funds by investment management companies.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

### **3 SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Fixed assets**

##### **Tangible property and equipment**

Property and equipment are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost less impairment, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the profit and loss account as and when incurred.

Depreciation is charged to income applying the straight-line method, whereby the cost or revalued amount of an asset is written off over its estimated useful life. The residual values and useful lives are reviewed, and adjusted, if required, at each balance sheet date.

Depreciation on fixed assets is charged from the month in which the asset is available for use. No depreciation is charged for the month in which the asset is disposed off.

Any surplus arising on revaluation of fixed assets is credited to the surplus on revaluation of fixed asset account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

Gains or losses on disposal of assets are included in the profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

##### **Intangible assets**

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method taking into account residual value, if any, at the rates specified in note 4.4 to these financial statements. Amortization is charged from the date the asset is available for use while in the case of assets disposed off, it is charged till the date of disposal. The useful life and amortization method are reviewed and adjusted, if appropriate, at each balance sheet date.



Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each balance sheet date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

### 3.2 Investments

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

The Company classifies its investments in the following categories:

Financial assets 'at fair value through profit or loss - held for trading'

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trading'. Subsequent to initial recognition, these investments are marked to market and are carried on the balance sheet at fair value, except for investments in unquoted debt securities which are carried at cost. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

#### Held-to-maturity investments

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

#### Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices or which are not classified as 'at fair value through profit and loss' are classified as 'available for sale'. Subsequent to initial measurement, available for sale' investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to other comprehensive income. When securities are disposed off or impaired, the related fair value adjustments previously taken to other comprehensive income are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of units of open end mutual funds and government securities are determined on the basis of relevant redemption prices for the open-end mutual funds and quotations obtained from the PKRV sheets for government securities respectively. Unquoted securities are valued at cost.

#### Investment in subsidiary

A company or a body corporate shall deemed to be a subsidiary of another company or body corporate if that other company or body corporate directly or indirectly controls, beneficially owns or holds more than 50% of its voting securities or otherwise has power to elect and appoint more than 50% of its directors.

Investments in subsidiaries are stated at cost. Provision is made for any impairment in the value of investments.

### 3.3 Trade and other receivables

Trade and other receivables are recognized at agreement amount less provision for impairment, if any. Provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and receivables are written off when considered irrecoverable.

### **3.4 Operating Lease / Ijarah**

Operating Lease / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir are classified as operating leases / Ijarah. Payments made during the period are charged to profit and loss account on a straight-line basis over the period of the lease / Ijarah.

### **3.5 Borrowings / debt**

Borrowings (including securitisation of management fee receivable) are recognised initially at fair value, net of transaction costs incurred. These are subsequently measured at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings / debt under the effective interest method. Mark-up / profit on borrowings / debt is calculated using the effective interest method.

### **3.6 Borrowing Costs**

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

### **3.7 Trade and other payables**

Short term liabilities for trade and other amounts payable are recognised initially at fair value and subsequently carried at agreement amount.

### **3.8 Revenue recognition**

- Remuneration for management services and asset investment advisory services are recognised on an accrual basis by applying pre-defined remuneration percentage on daily net asset value of the respective funds.
- Realised gains / losses on sale of investments is recognised in the profit and loss account at the time of sale.
- Dividend income is recorded when the right to receive the dividend is established.
- Return on bank deposits, mark-up on term finance certificate, mark-up on letter of placements and mark-up on commercial papers are recognised on time proportionate basis by using effective rate of interest.
- Commission income from open end funds is recognised at the time of sale of units.
- Commission income and share of profit from management of discretionary client portfolios is recognised as services are rendered.

### **3.9 Defined Contribution Scheme**

The Company operates an approved contributory provident fund for all of its permanent employees. The Company and employees make equal monthly contributions to the fund at the rate of 8 percent of the basic salary.

### **3.10 Employees' compensated absences**

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned on the basis of the accumulated leaves and the last drawn salary and are charged to profit and loss account.



### 3.11 Provisions

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

### 3.12 Impairment

#### Financial assets

The company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated. In case of quoted equity securities, impairment is assessed based on significant or prolonged decline in market prices of securities.

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. In case of increase in fair value of impaired equity instrument, the increase is recognised in other comprehensive income.

#### Non-financial assets

The carrying amount of the Company's non-financial assets other than deferred tax asset is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount which is determined as higher of value-in-use and fair value less cost to sell. Impairment losses are recognized in profit and loss account immediately. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 3.13 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

#### Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

#### Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account.

### 3.14 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks, running finance facilities availed by the Company (if any), which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of cash flow statement.

### 3.15 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is taken to profit and loss account.

### 3.16 Offsetting of financial assets and financial liabilities

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

### 3.17 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

### 3.18 Dividend and other appropriation to reserves

Dividend and appropriation to reserves are recognized in financial statements in the periods in which these are approved.

	Note	December 31, 2014	December 31, 2013
		.....Rupees .....	
<b>4</b>	<b>FIXED ASSETS</b>		
Tangible - property and equipment			
Operating fixed assets	4.1	<b>374,524,680</b>	266,235,017
Advance for capital expenditure	4.5	<b>257,108</b>	-
		<b>374,781,788</b>	266,235,017
Intangible assets	4.4	<b>1,492,160</b>	380,037
		<b>376,273,948</b>	266,615,054



#### 4.1 Operating fixed assets

	December 31, 2014					
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
	Rupees					
<b>At January 1, 2014</b>						
Cost / revalued amount	331,254,000	3,430,894	23,343,100	96,018,253	4,981,095	<b>459,027,342</b>
Accumulated depreciation	(75,912,374)	(3,235,424)	(21,467,660)	(88,850,321)	(3,326,546)	<b>(192,792,325)</b>
Net book value	255,341,626	195,470	1,875,440	7,167,932	1,654,549	<b>266,235,017</b>
<b>Year ended December 31, 2014:</b>						
Opening net book value	255,341,626	195,470	1,875,440	7,167,932	1,654,549	<b>266,235,017</b>
Additions	-	-	267,345	4,314,653	3,406,648	<b>7,988,646</b>
Revaluation:						
Cost / revalued amount	41,406,000	-	-	-	-	<b>41,406,000</b>
Reversal of accumulated depreciation	82,813,499	-	-	-	-	<b>82,813,499</b>
	124,219,499					<b>124,219,499</b>
Disposals:						
Cost / revalued amount	-	-	-	(912,100)	(1,437,736)	<b>(2,349,836)</b>
Depreciation	-	-	-	912,100	-	<b>912,100</b>
	-	-	-	-	(1,437,736)	<b>(1,437,736)</b>
Depreciation charge for the year	(17,770,375)	(141,865)	(1,269,702)	(2,934,351)	(364,453)	<b>(22,480,746)</b>
Closing net book value	361,790,750	53,605	873,083	8,548,234	3,259,008	<b>374,524,680</b>
<b>At December 31, 2014:</b>						
Cost / revalued amount	372,660,000	3,430,894	23,610,445	99,420,806	6,950,007	<b>506,072,152</b>
Accumulated depreciation	(10,869,250)	(3,377,289)	(22,737,362)	(90,872,572)	(3,690,999)	<b>(131,547,472)</b>
Net book value	<b>361,790,750</b>	<b>53,605</b>	<b>873,083</b>	<b>8,548,234</b>	<b>3,259,008</b>	<b>374,524,680</b>
Depreciation rate % per annum	5%	20%	10%	25%	20%	

	December 31, 2013					
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
	Rupees					
<b>At January 1, 2013</b>						
Cost / revalued amount	331,254,000	3,430,894	23,199,000	91,355,240	4,930,095	<b>454,169,229</b>
Accumulated depreciation	(59,349,674)	(3,031,192)	(19,261,355)	(87,982,826)	(2,948,067)	<b>(172,573,114)</b>
Net book value	<b>271,904,326</b>	<b>399,702</b>	<b>3,937,645</b>	<b>3,372,414</b>	<b>1,982,028</b>	<b>281,596,115</b>
<b>Year ended December 31, 2013:</b>						
Opening net book value	271,904,326	399,702	3,937,645	3,372,414	1,982,028	<b>281,596,115</b>
Additions	-	-	246,100	5,421,033	51,000	<b>5,718,133</b>
Disposals:						
Cost / revalued amount	-	-	(102,000)	(758,020)	-	<b>(860,020)</b>
Depreciation	-	-	96,051	758,020	-	<b>854,071</b>
Depreciation charge for the year	(16,562,700)	(204,232)	(2,302,356)	(1,625,515)	(378,479)	<b>(21,073,282)</b>
Closing net book value	<b>255,341,626</b>	<b>195,470</b>	<b>1,875,440</b>	<b>7,167,932</b>	<b>1,654,549</b>	<b>266,235,017</b>
<b>At December 31, 2013:</b>						
Cost / revalued amount	331,254,000	3,430,894	23,343,100	96,018,253	4,981,095	<b>459,027,342</b>
Accumulated depreciation	(75,912,374)	(3,235,424)	(21,467,660)	(88,850,321)	(3,326,546)	<b>(192,792,325)</b>
Net book value	<b>255,341,626</b>	<b>195,470</b>	<b>1,875,440</b>	<b>7,167,932</b>	<b>1,654,549</b>	<b>266,235,017</b>
Depreciation rate % per annum	5%	20%	10%	25%	20%	

**4.2** The Company follows the revaluation model for its office premises. During the year, on May 31, 2014, the Company revalued its office premises by an independent valuer KG Traders (Private) Limited on the basis of professional assessments of the market values. The revaluation resulted in a further surplus of Rs. 124.20 million. Out of the total revaluation surplus of Rs. 378.835 million, Rs. 193.819 million net of tax (December 2013: Rs. 120.461 million) remains undepreciated as at December 31, 2014.

**4.3** Had there been no revaluation, the net book value of the office premises would have been as follows:

	December 31, 2014	December 31, 2013
	Rupees	
Office Premises	<b>63,735,302</b>	<b>70,145,427</b>



#### 4.3.1 Disposal of property and equipment

The following is a statement of property and equipment disposed off during the year:

Assets	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyers
	.....Rupees.....						
<b>Computer equipments</b>							
Items with written down value below Rs. 50,000 each	912,100	912,100	-	45,001	45,001	Tender	Various
<b>Vehicle</b>							
Mercedes Benz with written down value above Rs. 50,000	1,437,736	-	1,437,736	7,000,000	5,562,264	Negotiation	Ex CEO of the Company
<b>December 31, 2014</b>	<b>2,349,836</b>	<b>912,100</b>	<b>1,437,736</b>	<b>7,045,001</b>	<b>5,607,265</b>		
December 31, 2013	860,020	854,071	5,949	54,120	48,171		

#### 4.4 Intangible Assest

**December 31, 2014**  
.....Rupees .....

##### At January 1, 2014

**Software**

Cost  
Accumulated amortisation / impairment  
Net book value

**31,286,424**  
**(30,906,387)**  
**380,037**

##### Year ended December 31, 2014:

Opening net book value  
Additions during the year  
Amortisation charge for the year

**380,037**  
**1,407,491**  
**(295,368)**

Closing net book value

**1,492,160**

##### At December 31, 2014:

Cost  
Accumulated amortisation  
Impairment during the year

**32,693,915**  
**(31,201,755)**  
**-**

Net book value

**1,492,160**

Amortisation rate % per annum

**20%**

	December 31, 2013		
	Software	Management Rights of ICP Mutual Funds	Total
	.....Rupees.....		
<b>At January 1, 2013</b>			
Cost	31,286,424	175,000,000	206,286,424
Accumulated amortisation / impairment	(30,661,837)	(70,000,000)	(100,661,837)
Net book value	<u>624,587</u>	<u>105,000,000</u>	<u>105,624,587</u>
<b>Year ended December 31, 2013:</b>			
Opening net book value	624,587	105,000,000	105,624,587
Amortisation charge for the year	(244,550)	-	(244,550)
Impairment during the year	-	(105,000,000)	(105,000,000)
Closing net book value	<u>380,037</u>	<u>-</u>	<u>380,037</u>
<b>At December 31, 2013:</b>			
Cost	31,286,424	175,000,000	206,286,424
Accumulated amortisation	(30,906,387)	(70,000,000)	(100,906,387)
Impairment during the year	-	(105,000,000)	(105,000,000)
Net book value	<u>380,037</u>	<u>-</u>	<u>380,037</u>
Amortisation rate % per annum	20%	Indefinite life	

#### 4.5 Advance for capital expenditure

This amount represents advance paid to supplier for the purchase of office equipment.

		December 31, 2014	December 31, 2013
	Note	.....Rupees.....	
<b>5 LONG-TERM INVESTMENT - INVESTMENT IN SUBSIDIARY</b>			
3,750,000 (2013: 3,750,000) unquoted ordinary shares of Rs. 10 each held in JS ABAMCO Commodities Limited (Net assets value as at December 31, 2014 Rs. 50.51 million, 2013: Rs. 46.28 million)			
		<u>37,500,000</u>	<u>37,500,000</u>
<b>6 LONG-TERM LOANS - CONSIDERED GOOD</b>			
Loans to employees	6.1	1,313,424	1,773,049
Less: current maturity	8	<u>(323,829)</u>	<u>(623,318)</u>
		<u>989,595</u>	<u>1,149,731</u>



**6.1** This represents loans given to employees for purchase of motor vehicles, house loans and general purpose cash loans. These loans are recovered through deduction from salaries over varying periods upto a maximum period of three years, five years and fifteen years respectively. These loans are granted in accordance with the terms of employment. The motor vehicle loans are secured by way of title to the motor vehicles being held in the name of the company and house loans are secured by way of equitable mortgage. Motor vehicle loans, house loans and general purpose cash loans carry mark-up at rates ranging from 4.79% per annum to 9.95% per annum (2013: 5.42% per annum to 9.38% per annum). The company has not discounted these loans at market interest rates as effect of such discounting is not material to these financial statements.

The maximum aggregate amount due from employees at the end of any month during the year was Rs. 1,688 million (2013 : Rs. 2,162 million).

	December 31, 2014	December 31, 2013
Note	.....Rupees.....	
<b>7</b>	<b>BALANCES DUE FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES</b>	
<b>7.1</b>	<b>Balances due from funds under management</b>	
	<b>Open End Funds</b>	
JS Value Fund	19.1	10,874,080
JS Growth Fund	19.1	25,278,680
JS KSE 30 Index Fund	19.1	239,313
JS Large Cap Fund	19.1	6,043,477
Unit Trust of Pakistan	19.1	10,165,118
JS Income Fund	19.1	2,475,267
JS Islamic Fund	19.1	2,729,383
JS Aggressive Asset Allocation Fund	19.1	803,834
JS Fund of Funds	19.1	275,204
JS Pension Savings Fund	19.1	1,944,826
JS Islamic Pension Savings Fund	19.1	1,037,076
JS Islamic Government Securities Fund	19.1	789,604
JS Cash Fund	19.1	3,807,565
		<u>66,463,427</u>
		<u>16,072,734</u>
		<u>66,463,427</u>
		<u>16,072,734</u>

**7.2** Balances due from funds under management primarily represent accrual of management fee, sales tax and federal excise duty. Management fee is received within next month from the date of accrual.

	December 31, 2014	December 31, 2013
Note	.....Rupees.....	
<b>8</b>	<b>LOANS AND ADVANCES - CONSIDERED GOOD</b>	
Current portion of long-term loan to employees	6	323,829
Unsecured advances to		
- executives		1,692,063
- employees	8.1	434,364
- suppliers		55,450
		<u>2,181,877</u>
		<u>1,108,381</u>
		<u>2,505,706</u>
		<u>1,731,699</u>

**8.1** The advances to employees are provided to meet business expenses and are settled as and when incurred. In addition, advances are also provided to executives and employees against their salaries which are recovered through deduction from employees monthly payroll.

		December 31, 2014		December 31, 2013	
		.....Rupees.....			
<b>9</b>	<b>TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES</b>	<b>Note</b>			
	Deposits		1,129,400		1,937,500
	Prepayments		5,578,417		5,875,029
	Markup Receivable		669,069		-
	Others	9.1	<u>12,762,376</u>		<u>7,813,943</u>
			<u>20,139,262</u>		<u>15,626,472</u>
<b>9.1</b>	This includes Rs. 3.482 million (December 2013: Rs. 2.670 million) due from related parties on account of expenses incurred on their behalf.				
<b>10</b>	<b>OTHER FINANCIAL ASSETS - INVESTMENTS</b>				
		<b>Note</b>	December 31, 2014	December 31, 2013	
			.....Rupees.....		
	Investments classified as Available for Sale				
	Units of mutual funds - related parties	10.1	1,882,487,273		1,423,806,752
	Market Treasury Bill	10.2	-		159,640,640
	Term Finance Certificate	10.3	24,821,239		-
	<b>Investments classified as Fair value through Profit and Loss Held for Trading</b>				
	Units of mutual fund - related party	10.4	<u>363,454,196</u>		-
			<u>2,270,762,708</u>		<u>1,583,447,392</u>
<b>10.1</b>	<b>Units of mutual funds - related party (Available for sale)</b>				
	<b>Number of units</b>		December 31, 2014	December 31, 2013	
			.....Rupees.....		
	December 31, 2014	December 31, 2013	<b>Average cost</b>	<b>Fair value</b>	<b>Fair value</b>
		<b>Name of Fund</b>			
			.....Rupees.....		
	2,683,692	2,263,399	277,857,278	489,800,588	320,157,817
	4,705,607	5,814,246	424,256,477	746,121,010	733,990,466
	240,000	300,000	14,776,800	98,282,400	76,383,000
	177,761	177,761	17,776,120	35,536,240	31,911,690
	177,463	177,463	17,746,342	29,251,295	27,324,042
	2,088,869	1,072,363	87,907,237	104,297,220	51,087,374
	200,000	250,000	18,170,000	102,062,000	82,985,000
	213,852	213,852	21,385,170	37,190,948	35,997,656
	222,303	222,303			
			22,230,337	34,174,696	32,547,436
	1,866,852	-	160,305,961	171,713,020	-
	334,163	311,915	33,040,189	34,057,856	31,422,271
			<u>1,095,451,911</u>	<u>1,882,487,273</u>	<u>1,423,806,752</u>
		Unrealized gain on remeasurement at fair value	787,035,362	-	-
			<u>1,882,487,273</u>	<u>1,882,487,273</u>	<u>1,423,806,752</u>



## 10.2 Market Treasury Bill

Number of certificates		Note	December 31, 2014		December 31, 2013	
December 31, 2014	December 31, 2013		Average cost	Fair value	Fair value	
		.....Rupees.....				
-	1,600	Market Treasury Bill	10.5	-	-	159,640,640
				-	-	159,640,640

## 10.3 Term Finance Certificate - related party

5,000	-	Term Finance Certificates	10.6	24,062,500	24,821,239	-
				24,062,500	24,821,239	-

## 10.4 Units of mutual funds - related party (Held for trading)

Number of units		Note	December 31, 2014		December 31, 2013	
December 31, 2014	December 31, 2013		Average cost	Fair value	Fair value	
		.....Rupees.....				
3,403,767	-	JS Cash Fund	10.6	357,080,003	363,454,196	-
				357,080,003	363,454,196	-

10.5 This treasury bill had been sold during the year before the maturity date of January 09, 2014.

10.6 During the year, the Company purchased 5000 TFC having face value of Rs. 5000 each from Jahangir Siddiqui & Co. Ltd (ultimate parent) amounting to Rs. 25 million (Dec 2013: Nil). The TFC has a tenure of five years and carries a markup of 6 month KIBOR + 1.75%.

	Note	December 31, 2014	December 31, 2013
		.....Rupees.....	
<b>11 CASH AND BANK BALANCES</b>			
Cash in hand		83,366	59,786
Cash at bank in:			
Current accounts		487,507	1,093,128
Saving accounts	11.1	12,607,487	37,277,176
		13,094,994	38,370,304
		<u>13,178,360</u>	<u>38,430,090</u>

11.1 These carry mark-up at rates ranging from 5 percent to 9.5 percent (2013: 5 percent to 9.75 percent) per annum. It includes Rs. 10.8 million (2013: Rs. 34.485 million) held with JS Bank Limited (parent company) and Rs. 0.024 million (2013: Rs. 0.466 million) held with Bank Islami Pakistan Limited (related party).

## 12 SHARE CAPITAL

December 31, 2014	December 31, 2013	Authorised capital	December 31, 2014	December 31, 2013
Number of shares	Number of shares		Number of shares	Number of shares
<b>200,000,000</b>	200,000,000	Ordinary shares of Rs. 10 each	<b>2,000,000,000</b>	2,000,000,000
<b>50,000,000</b>	50,000,000	Convertible preference shares of Rs. 10 each	<b>500,000,000</b>	500,000,000
<b><u>250,000,000</u></b>	<u>250,000,000</u>		<b><u>2,500,000,000</u></b>	<u>2,500,000,000</u>
<b>Issued, subscribed and paid-up capital</b>				
<b>21,250,000</b>	21,250,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	<b>212,500,000</b>	212,500,000
<b>700,000</b>	700,000	Fully paid ordinary shares of Rs. 10 each issued on amalgamation with CFSL	<b>7,000,000</b>	7,000,000
<b>78,050,000</b>	78,050,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>780,500,000</b>	780,500,000
<b><u>100,000,000</u></b>	<u>100,000,000</u>		<b><u>1,000,000,000</u></b>	<u>1,000,000,000</u>

12.1 As at year end, JS Bank Limited, parent company, holds 52,236,978 shares in the company.

12.2 There is only one class of ordinary shares issued.

## 13 SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

	December 31, 2014	December 31, 2013
	.....Rupees.....	
Surplus on revaluation of fixed assets as at January 1	<b>185,196,201</b>	195,348,775
Surplus arising on revaluation of fixed assets during the year	<b>124,219,499</b>	-
	<b>309,415,700</b>	195,348,775
Transferred to unappropriated profit:		
Surplus relating to incremental depreciation transferred to accumulated profit during the year - net of deferred tax	<b>(7,384,163)</b>	(6,599,173)
Related deferred tax liability	<b>(3,976,008)</b>	(3,553,401)
	<b>(11,360,171)</b>	(10,152,574)
	<b>298,055,529</b>	185,196,201
Less: related deferred tax liability on:		
- revaluation	<b>(64,734,795)</b>	(68,288,196)
- revaluation during the year	<b>(43,476,825)</b>	-
- incremental depreciation charged during the year transferred to profit and loss account	<b>3,976,008</b>	3,553,401
	<b>(104,235,612)</b>	(64,734,795)
	<b><u>193,819,917</u></b>	<u>120,461,406</u>



## 14 SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT

	Repayment period		Price	Note	December 31,	December 31,
	From	To			2014	2013
					.....Rupees.....	
Financial Receivables Securitisation Company Limited (FRSCL) (Class "A" TFC and Class "B" TFC)	Jan-07	Jan-14	6 months KIBOR plus 2% with floor of 8% and cap of 16%		-	700,000,000
Financial Receivables Securitisation Company Limited (Class "C" TFC)	Jan-07	Jan-14	Subordinate to Class "A" TFC and Class "B" TFC		-	2,500,000
					-	702,500,000
Less: principal redemption made to date					-	(635,457,500)
Less: unamortised transaction cost					-	(28,566)
					-	67,013,934
Less: current maturity				14.1	-	(67,013,934)
					-	-

### 14.1 Current maturity of securitisation of management fee receivables

Current maturity of securitisation of management fee receivables	-	67,013,934
Less: Receivable from FRSCL	-	(67,013,934)
	-	-

The Company had entered into an agreement to securitized certain portion of its management fee receivables from few funds under its management, with Financial Receivables Securitization Company Limited (FRSCL), a special purpose vehicle, incorporated for this purpose (for the tenure of facility) in accordance with the companies (Assets Backed Securitization) Rules 1999. Accordingly, the Term Finance Certificates issued by FRSCL were matured and being paid off its last redemption due on January 17, 2014.

December 31, 2014				
Opening	Charge / (reversal) to profit and loss account	Charge to surplus on revaluation of fixed assets / OCI	Closing	
.....Rupees.....				
<b>15 DEFERRED TAX LIABILITY - NET</b>				
<b>Taxable temporary differences on:</b>				
Accelerated tax depreciation	11,936,807	(270,314)	-	11,666,493
Surplus on revaluation of fixed assets	64,734,795	(3,976,008)	43,476,825	104,235,612
Revaluation on investments - HFT	-	796,774	-	796,774
Unrealised gain on available for sale investments	-	-	4,682,501	4,682,501
<b>Deductible temporary differences on:</b>				
Short term provisions	(402,371)	179,457	-	(222,914)
Provision for Workers' Welfare Fund (WWF)	(16,760,101)	(3,406,569)	-	(20,166,670)
Provision for donation	-	(4,639,360)	-	(4,639,360)
<b>Deferred Tax asset on carried forward losses</b>	<b>(23,736,267)</b>	<b>21,539,083</b>	<b>-</b>	<b>(2,197,184)</b>
	<b>35,772,863</b>	<b>10,223,063</b>	<b>48,159,326</b>	<b>94,155,252</b>

December 31, 2013				
Opening	Charge / (reversal) to profit and loss account	Charge to surplus on revaluation of fixed assets / OCI	Closing	
.....Rupees.....				
<b>DEFERRED TAX LIABILITY - NET</b>				
<b>Taxable temporary differences on:</b>				
Accelerated tax depreciation	12,290,073	(353,266)	-	11,936,807
Surplus on revaluation of fixed assets	68,288,196	(3,553,401)	-	64,734,795
<b>Deductible temporary differences on:</b>				
Short term provisions	(398,078)	(4,293)	-	(402,371)
Provision for Workers' Welfare Fund (WWF)	-	(16,760,101)	-	(16,760,101)
<b>Deferred Tax asset on carried forward losses</b>	<b>(39,107,176)</b>	<b>15,370,909</b>	<b>-</b>	<b>(23,736,267)</b>
	<b>41,073,015</b>	<b>(5,300,152)</b>	<b>-</b>	<b>35,772,863</b>

- 15.1 The Company has an aggregate amount of Rs. 6.277 million (2013: Rs. 70.332 million) in respect of unabsorbed tax losses as at December 31, 2014 on which a deferred tax asset has been recognised.



		December 31, 2014	December 31, 2013
	Note	.....Rupees.....	
<b>16 ACCRUED AND OTHER LIABILITIES</b>			
Salary payable		620,219	468,733
Staff bonus accrued		15,000,000	4,073,376
Creditors and accrued expenses		19,918,649	18,987,352
Fee and commission payable		1,299,699	1,525,142
Unclaimed Dividend		3,146,671	7,086,862
Provision for compensated absences		636,897	1,139,550
Sales tax payable		9,756,891	5,280,896
Provision for Workers' Welfare Fund	24	26,308,605	12,822,253
Federal Excise Duty payable	16.1	53,550,140	19,781,984
Provision for Workers' Welfare Fund on behalf of funds under management	16.2	31,310,453	31,310,453
Others liabilities		16,299,755	17,579,647
		<u>177,847,979</u>	<u>120,056,248</u>

**16.1** This represents the amount payable against Federal Excise Duty (FED) on the management fees received/receivable from the funds under management. The amount is being held for payment to Federal Board of Revenue on basis of stay order of the Honorable High Court of Sindh dated September 4, 2013. The stay order was a result of petition filed by asset management companies on the forum of MJFAP against the amendment in Finance Act, 2013 which levied FED on the fees received by asset management companies from funds under management.

**16.2** This represents liability recognized to indemnify the unit holders of JS Income Fund and JS Cash Fund, against the charge of Worker's Welfare Fund for the period up to June 30, 2013.

		December 31, 2014	December 31, 2013
		.....Rupees.....	
<b>17 ACCRUED MARK-UP</b>			
Mark up accrued on:			
- Short term running finance - secured		-	123,491
		<u>-</u>	<u>123,491</u>

## 18 CONTINGENCIES & COMMITMENTS

### 18.1 Contingencies

In respect of the appeals filed by the company against orders passed for tax year 2006 and 2009 against demand of Rs. 162 million and 66 million respectively, the Commissioner of Inland Revenue has not accepted the basis of addition and set aside both the orders in respect of allocation of expenses between various source of income for denovo proceedings with the directions to apportion common expenditure according to actual incurrence of expenditure to the various sources of income.

The company has filed second appeal in Appellate Tribunal Inland Revenue in respect of disallowances. Appeal effect of the CIR (Appeals) order in both the years received as a result the demand were reduced at Rs. 77.33 and Rs. 59.93 million respectively according to actual in currence of expenditure to the various sources of income was not followed. The company again filed appeals before the CIR (Appeals) against the above orders as a result apportionment of expenditure were confirmed however, adjustment of allowable expenses were set aside.

The CIR (Appeals) also rectified the order passed by his predecessor for the Tax Year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs. 29 million. The CIR, Zone-IV has filed appeal in Appellate Tribunal Inland Revenue in respect of deletion of addition regarding the portion of capital gain included in dividend.

The company has filed an appeal before Honourable Appellate Tribunal, SRB against the Order of Honourable Commissioner (Appeals), SRB in respect of levy of Sindh Sales tax amounting to Rs. 1.288 Million on certain disallowance of input taxes and Rs. 0.054 Million on levy of sales tax on certain heads of income, for the tax periods from July, 2011 to December, 2012. However, the appeal is pending as Honourable Tribunal, SRB is not formed.

Management and tax advisors are confident that good grounds exist to contest these disallowances and other points at appellate forums and these additions cannot be maintainable and eventually outcome will come in favor of the Company. Hence no provisions have been made in the financial statements.

	December 31, 2014	December 31, 2013
	.....Rupees.....	
<b>18.2 Commitments in respect of:</b>		
Royalty and advisory payment	<u>10,000,000</u>	<u>10,000,000</u>
<b>19 REMUNERATION FROM FUNDS UNDER MANAGEMENT - NET</b>		
<b>Open end Funds</b>		
JS Value Fund	47,196,547	45,195,639
JS Growth Fund	108,598,853	98,585,257
Unit Trust of Pakistan	39,578,015	35,404,997
JS Income Fund	9,061,455	15,967,379
JS Islamic Fund	10,122,748	8,922,896
JS Aggressive Asset Allocation Fund	3,143,049	3,523,979
JS Fund of Funds	1,095,732	802,254
JS KSE 30 Index Fund	942,453	823,924
JS Pension Savings Fund	7,448,336	5,488,048
JS Islamic Pension Savings Fund	3,909,351	3,114,172
JS Aggressive Income Fund	-	478,560
JS Cash Fund	14,609,735	24,182,738
JS Islamic Government Securities Fund	3,294,411	2,566,572
JS Large Cap Fund	21,354,977	36,003,301
	<u>270,355,662</u>	<u>281,059,716</u>
	270,355,662	281,059,716
Less: Sindh Sales Tax	36,412,108	38,719,314
Less: Federal Excise Duty	32,268,076	19,601,436
	<u>201,675,478</u>	<u>222,738,966</u>

**19.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the management company / investment advisor of the Fund is entitled to an accrued remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund that has been verified by the trustee and is paid in arrears on monthly basis and thereafter of an amount equal to two percent of such assets of the Fund. During the year ended December 31, 2014 the Company has charged management fee at the rates ranging from 0.50 to 2 percent (2013: 0.75 to 2 percent).

**19.2** Total net asset value of the funds under management (excluding discretionary client portfolios) as at December 31, 2014 amounts to Rs. 10,349 million (December 31, 2013: Rs. 12,701 million).



		Year ended December 31, 2014	Year ended December 31, 2013
	Note	.....Rupees.....	
<b>20</b>	<b>COMMISSION FROM OPEN END FUNDS UNDER MANAGEMENT</b>		
		<b>125,984</b>	175,420
		<b>109,344</b>	57,201
		<b>61,738</b>	37,932
		<b>2,477</b>	5,095
		<b>22,495</b>	12,411
		<b>272</b>	4,135
		<b>34,219</b>	-
		<b>43,937</b>	69,279
		<b>210,210</b>	3,725
	20.1	<b>610,676</b>	365,198
<b>20.1</b>	This represents gross commission income earned by the Company on account of sale of units made on behalf of the funds under management.		
		Year ended December 31, 2014	Year ended December 31, 2013
		.....Rupees.....	
<b>21</b>	<b>DIVIDEND</b>		
		-	58,848,379
		-	188,963,008
		-	6,109,572
		-	253,920,959
<b>22</b>	<b>COMMISSION INCOME AND SHARE OF PROFIT FROM MANAGEMENT OF DISCRETIONARY CLIENT PORTFOLIOS</b>		
	This represents commission income and share of profit earned by the company from management of discretionary portfolios. Currently, the company is managing twelve discretionary portfolios (December 31, 2013: five) discretionary client portfolios. The total cost and total market value of the unsettled client portfolios as at December 31, 2014 was Rs. 448.78 million (December 31, 2013: Rs.103.55 million) and Rs. 474.13 million (December 31, 2013: Rs. 107.95 million) respectively.		
		Year ended December 31, 2014	Year ended December 31, 2013
		.....Rupees.....	
<b>23</b>	<b>ADMINISTRATIVE AND MARKETING EXPENSES</b>		
		<b>75,779,140</b>	86,066,329
		<b>3,652,721</b>	4,495,952
	23.1	<b>15,000,000</b>	4,073,376
		<b>295,368</b>	244,550
	4.4	<b>7,353,987</b>	7,467,314
		<b>22,480,718</b>	21,073,282
	4.1	<b>3,249,427</b>	4,786,173
		<b>13,249,895</b>	11,468,128
		<b>5,491,830</b>	8,845,902
		<b>6,802,994</b>	6,893,801

	Note	Year ended December 31, 2014	Year ended December 31, 2013
		Rupees	
Postage and telephone		3,254,607	5,018,715
Legal and professional		14,082,203	5,278,465
Fees and subscription		4,647,582	4,395,396
IT services		3,664,528	4,895,202
Utilities		9,399,246	6,174,830
Office security		3,019,820	2,995,063
Entertainment		944,031	964,676
Insurance		3,899,981	4,533,974
Newspaper		131,083	188,675
Directors' fee		875,000	4,073,226
Royalty and advisory fee	23.5	10,000,000	10,000,000
Shariah Advisory fee	23.6	1,920,000	1,720,000
Ijarah rentals		303,940	2,234,313
Auditors Remuneration	23.7	1,301,500	1,087,000
Fee and commission		1,137,882	2,731,133
Donation	23.8	13,255,315	12,545,988
Training and development		1,578,305	148,818
Miscellaneous expenses		924,615	829,043
		<b>227,695,718</b>	<b>225,229,324</b>

23.1 Staff retirement benefits include contributions to defined contribution plan of Rs. 3.25 million (2013: Rs. 4.11 million).

	2014	2013
23.2 Number of employees at the end of the year	92	80
23.3 Average number of employees during the year	85	81

23.4 The Company's staff retirement benefits includes provident fund - a defined contribution plan. The Company has established a separate provident fund. The audited information related to provident fund as at June 30, 2014 (which is accounting year of the fund) is as follows:

	Note	June 30, 2014	June 30, 2013
Number of employees		70	72
Size of provident fund (Rupees)		15,544,725	27,771,031
Percentage of investments		95%	96%
Fair value of investment (Rupees)		14,811,190	26,737,321

#### Break-up of investments:

- Balance in National Saving Scheme			
Amount of investment (Rupees)		1,300,000	1,300,000
Percentage of size of investment		9%	5%
- Balance in JS Islamic Government Securities Fund			
Amount of investment (Rupees)	23.4.1	3,251,809	-
Percentage of size of investment		21%	-
- Balance in JS Islamic Fund			
Amount of investment (Rupees)		2,613,827	-
Percentage of size of investment		17%	-



		June 30, 2014	June 30, 2013
- Balance in other listed securities			
Amount of investment (Rupees)		4,065,193	7,901,925
Percentage of size of investment		26%	28%
Total investments in listed securities		9,930,829	7,901,925
Percentage of size of investment		64%	28%
- Balance in Government Securities			
Amount of investment (Rupees)		-	10,519,178
Percentage of size of investment		0%	39%
- Balance in scheduled banks			
Amount of investment (Rupees)		3,580,361	1,178,928
Percentage of size of investment		24%	4%
<b>23.4.1</b>	As per the Employees' Provident Fund Rules, 1996 and relaxation granted under SRO 261 (I) / 2002, total investment in any one unit trust scheme shall not exceed twenty percent of the size of the fund. However, as at June 30, 2014 the provident fund is in non compliance of the above mentioned rule. Subsequently the provident fund has complied with above mentioned limit.		
<b>23.5</b>	Royalty and advisory fee represents amounts payable to Mr. Jahangir Siddiqui on account of use of name and advisory services, respectively.		
<b>23.6</b>	This amount represents shariah advisory payment being made for consultation for JS Islamic pension savings fund, JS Islamic fund and JS Islamic government securities fund.		
		Year ended December 31, 2014	Year ended December 31, 2013
		.....Rupees.....	
<b>23.7</b>	<b>Auditors' remuneration</b>		
	Annual audit fee	800,000	800,000
	Fee for review of the statement of compliance on Code of Corporate Governance	50,000	50,000
	Out of pocket expenses	165,000	29,000
	Fee for review of half yearly financial statements	200,000	200,000
	Sindh sales tax	86,500	8,000
		<u>1,301,500</u>	<u>1,087,000</u>
<b>23.8</b>	Donation is for Mahvash & Jahangir Siddiqui Foundation where in Ms. Mahvash Jahangir Siddiqui is chairperson who is spouse of Mr. Jahangir Siddiqui, Chairman of the Board of the JS Bank Limited (parent company).		
		Year ended December 31, 2014	Year ended December 31, 2013
		.....Rupees.....	
	<b>Note</b>		
<b>24</b>	<b>OTHER EXPENSES</b>		
	Provision for Workers' Welfare Fund (WWF)	13,486,352	16,574,782
	Provision for Workers' Welfare Fund on behalf of funds under management	-	31,310,453
	Impairment of intangible asset	-	105,000,000
		<u>13,486,352</u>	<u>152,885,235</u>

- 24.1** Prior to certain amendments made through the Finance Acts of 2006 & 2008, Worker Welfare Fund (WWF) was levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). Through Finance Act, 2008, an amendment was made in Section 4(5) of the WWF Ordinance, 1971 (the Ordinance) whereby WWF liability is applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return.

Aggrieved by the amendments made through the Finance Act, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the WWF Ordinance in 2011. However, some stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against stakeholders. The Company has decided to file the petition with the Supreme Court against the changes. On prudent basis, the Company has recognized aggregate provision amounting to Rs. 30.06 million as at December 31, 2014 (December 31, 2013: Rs. 16.57 million) respectively.

	Year ended December 31, 2014	Year ended December 31, 2013
<b>25 FINANCIAL CHARGES</b>		
Mark-up on short term borrowings	-	34,070,341
Mark up and other charges of securitisation of management fee receivables	<b>405,196</b>	13,855,285
Bank charges	<b>111,630</b>	97,441
	<b>516,826</b>	<b>48,023,067</b>
<b>26 OTHER INCOME</b>		
<b>Income from financial assets</b>		
Mark-up earned on loans to executives and employees	<b>95,094</b>	114,383
Income from off-setting of securitisation of management fee receivable	-	30,043,582
Unrealised gain on revaluation of investments classified as HFT	<b>6,374,193</b>	-
Others	<b>4,908,652</b>	3,519,096
<b>Income from non-financial assets</b>		
Rental income	<b>16,339,762</b>	14,859,709
Gain on disposal of property and equipment	<b>5,607,265</b>	48,171
	<b>33,324,966</b>	<b>48,584,941</b>
	<b>Year ended December 31, 2014</b>	<b>Year ended December 31, 2013</b>
<b>27 TAXATION - Net</b>		
Current	<b>3,422,362</b>	31,659,383
Prior years	<b>(2,304,401)</b>	-
Deferred	<b>10,223,063</b>	(5,300,152)
	<b>11,341,024</b>	<b>26,359,231</b>

- 27.1** The income tax assessments of the company has been finalized upto and including the assessment year 2002-2003 (financial year ended June 30, 2002). The income tax assessments for the tax years 2003 to 2005, 2007, 2008 and 2010 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax ordinance 2001. The details of tax years 2006 and 2009 have been described in note 18.1 above.



Year ended December 31, 2014	Year ended December 31, 2013
------------------------------------	------------------------------------

.....Rupees.....

**27.2** Relationship between accounting profit and tax expense is as follows:

Accounting profit before taxation	<u>660,816,237</u>	<u>624,537,861</u>
Tax at applicable rate of 33% (2013: 34%)	<b>218,069,358</b>	212,342,873
Tax impact of income under FTR and differential in tax rates	<b>(140,455)</b>	(59,962,797)
Tax impact of exempt capital gains	<b>(203,634,475)</b>	(135,328,880)
Tax impact of minimum tax	-	(2,241,659)
Tax impact of unrecognized losses adjusted in current year	<b>(10,392,021)</b>	3,894,296
Tax impact of permanent differences	<b>4,763,849</b>	4,265,636
Tax impact of prior year	<b>(2,304,401)</b>	-
Tax impact of expenses related to FTR income	<b>4,416,385</b>	127,153
Deferred tax recognised at higher rate	<b>589,125</b>	-
Others	<b>(26,341)</b>	3,262,609
	<u><b>11,341,024</b></u>	<u>26,359,231</u>
	<b>2014</b>	<b>2013</b>

**28 EARNINGS PER SHARE - Basic and diluted**

Profit for the year after taxation	<u>649,475,213</u>	<u>598,178,630</u>
	<b>Number of Shares</b>	
Weighted average number of ordinary shares outstanding during the year	<u>100,000,000</u>	<u>100,000,000</u>
Earnings per share (Rupees)	<u>6.49</u>	<u>5.98</u>

**28.1** Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2014 and December 31, 2013 which would have any effect on the earnings per share if the option to convert is exercised.

## 29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of the remuneration, including benefits to the Chief Executive Officer, directors and executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....					
Managerial remuneration	6,150,000	12,000,000	-	-	24,194,635	21,200,325
Consultancy fee	-	-	-	3,433,226	-	-
House rent allowance	1,845,000	3,600,000	-	-	7,258,405	6,360,121
Utilities allowance	440,100	500,400	-	-	2,419,452	2,120,048
Bonus Paid	-	-	-	-	1,500,570	-
Car Allowance	142,560	570,240	-	-	7,527,365	6,902,116
Retirement benefits	552,000	1,200,000	-	-	1,843,136	1,677,934
Medical Allowance	615,000	1,200,000	-	-	2,419,452	2,120,048
Other benefits	15,750	-	-	122,945	1,077,115	373,955
	<b>9,760,410</b>	<b>19,070,640</b>	<b>-</b>	<b>3,556,171</b>	<b>48,240,130</b>	<b>40,754,547</b>
Number of persons	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>26</b>	<b>15</b>

29.1 The Chief Executive Officer of the Company is provided with free use of company owned and maintained vehicle during the year.

29.2 The Company may provide performance bonus to the Chief Executive Officer and executives. The individual entitlements are being reported on paid basis.

29.3 In addition, meeting fee of Rs. 50,000 (2013: Rs. 15,000) per meeting was paid to three non executive directors for meetings attended during the year. Effective from December 31, 2013, the meeting fee paid at Rs. 50,000 per meeting.

29.4 The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

## 30 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:

	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>30.1 Transaction with related parties</b>		
<b>30.1.1 Transactions with - funds under management</b>		
Remuneration - net of taxes	201,675,478	222,738,966
Commission income	610,676	365,198
Investments made	1,538,716,198	70,000,000
Investments disposed off / matured	1,370,603,173	883,669,024
Expenses incurred by the company on behalf of funds	7,044,941	10,628,572
Reimbursements of expenses by the funds	7,580,266	10,573,127
Dividend Income	-	253,920,959
Bonus / additional units (in numbers)	2,237,357	1,812,462



	Year ended December 31, 2014	Year ended December 31, 2013
<b>30.1.2 Transactions with ultimate parent - Jahangir Siddiqui &amp; Co. Ltd</b>		
Expenses incurred on behalf of company	64,096	64,755
Reimbursements of expenses by the company	16,905	62,850
Markup income on term finance certificate	2,164,405	-
Investments made in term finance certificates	25,000,000	-
Principal redemption of TFCs	937,500	-
<b>30.1.3 Transactions with parent company - JS Bank Limited (JSBL)</b>		
Rent income	1,387,368	1,261,236
Rent expense	2,260,378	1,148,712
Management fee sharing on distribution of mutual funds	195,554	464,771
Expenses incurred on behalf of company	613,695	677,489
Reimbursements of expenses by the company	746,336	327,941
Return on bank deposits	6,909,438	3,056,224
Dividend paid	-	104,473,956
Mark up Expense on short term borrowings	-	14,796,957
<b>30.1.4 Transactions with other related parties</b>		
Rent income	13,908,105	12,603,913
Rent expense	398,588	1,195,764
Ijarah rental expense	303,940	2,234,313
Acquisition of ijarah leased vehicle	1,437,736	-
Insurance premium paid	3,011,799	2,400,345
Provident fund contributions made	3,247,521	4,105,552
Management fee sharing on distribution of mutual funds	10,133	9,740
Expenses incurred on behalf of companies	5,908,020	7,241,892
Reimbursements of expenses by the companies	4,906,747	8,108,784
Purchased of vehicle	1,900,000	-
Other payments made	30.1.4.1 222,222,200	-
<b>30.1.4.1</b> This amount was received by the Company on behalf of Jahangir Siddiqui Securities Services Limited and the Company paid the same to Jahangir Siddiqui Securities Services Limited.		
<b>30.1.5 Transactions made with Subsidiary Company</b>		
Expenses incurred on behalf of company	222,550	492,790
Reimbursements of expenses by the company	381,550	366,972
<b>30.1.6 Transactions made with companies - Common Directorship</b>		
Rent income	1,044,288	994,560
Donation paid	12,545,988	-
Expenses incurred on behalf of company	622,185	479,248
Reimbursements of expenses by the company	725,868	408,453

	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>30.1.7 Transactions with key management personnel</b>		
Remuneration	<b>36,701,919</b>	46,402,867
Sale of Vehicle	<b>7,000,000</b>	-
Directors Fee	<b>875,000</b>	4,073,226
Disbursements of personal loans and advances	<b>1,717,913</b>	743,341
Repayments of loans and advances	<b>965,299</b>	951,572
Markup / interest income earned	<b>11,620</b>	4,287
<b>30.2 Balance outstanding with related parties</b>		
<b>30.2.1 Balances outstanding from Ultimate Parent company:</b>		
<b>Jahangir Siddiqui &amp; Co. Ltd. - Ultimate Parent company</b>		
Receivable against expenses incurred on behalf of companies	<b>64,096</b>	16,905
<b>30.2.2 Balances outstanding from Parent company:</b>		
<b>JS Bank Limited - Parent company</b>		
Receivable against expenses incurred on behalf of companies	<b>533,329</b>	665,969
Rent payable	<b>1,595,097</b>	-
Rent receivable	<b>354,907</b>	909,263
Other payables	<b>1,273,505</b>	1,190,730
Profit on bank deposits	<b>32,644</b>	150,294
<b>30.2.3 Balances outstanding from other related parties</b>		
Receivable against expenses incurred on behalf of companies	<b>2,704,891</b>	1,703,619
Payables against expenses incurred by the company	<b>325,006</b>	703,191
Rent receivable	<b>193,927</b>	68,611
Rent payable	<b>2,983,402</b>	2,687,461
Advance rent received	<b>801,989</b>	616,734
<b>30.2.4 Balances outstanding from related parties under common directorship:</b>		
Receivable against expenses incurred on behalf of companies	<b>179,858</b>	283,540
Rent receivable	<b>547,008</b>	497,280
<b>30.2.5 Balances outstanding from Subsidiary :</b>		
Receivable against expenses incurred on behalf of company	-	159,000
<b>30.2.6 Balances outstanding from Key Management personnel :</b>		
Balance as at	<b>1,275,985</b>	523,371



- 30.3** Other balances outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes.
- 30.4** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. The management considered all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.
- 30.5** There are no transactions with key management personnel other than under their terms of employment.
- 30.6** Details of the remuneration relating to Chief Executive officer and directors are disclosed in note 29 to the financial statements.

	Note	December 31, 2014	December 31, 2013
		Rupees	
<b>31 CASH AND CASH EQUIVALENTS</b>			
- Cash and bank balances	11	<u>13,178,360</u>	<u>38,227,840</u>
		<u>13,178,360</u>	<u>38,227,840</u>

**32 FINANCIAL INSTRUMENTS BY CATEGORY**

	December 31, 2014			
	Loans and receivables	Available for Sale	FVTPL - Held for trading	Total
Rupees				
<b>Assets</b>				
<b>Non-current assets</b>				
Long-term loans - considered good	989,595	-	-	<u>989,595</u>
	989,595	-	-	<u>989,595</u>
<b>Current assets</b>				
Balances due from funds under management - related parties	66,463,427	-	-	<b>66,463,427</b>
Loans and advances - considered good	2,505,706	-	-	<b>2,505,706</b>
Trade deposits and other receivables - unsecured	14,560,845	-	-	<b>14,560,845</b>
Other financial assets - investments, available-for sale	-	1,907,308,512	363,454,196	<b>2,270,762,708</b>
Cash and bank balances	13,178,360	-	-	<b>13,178,360</b>
	96,708,338	1,907,308,512	363,454,196	<b>2,367,471,046</b>
	<u>97,697,933</u>	<u>1,907,308,512</u>	<u>363,454,196</u>	<u>2,368,460,641</u>

	December 31, 2014		
	Fair value through profit or loss	At Amortized Cost	Total
.....Rupees.....			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities	-	56,284,993	56,284,993
Accrued mark-up	-	-	-
	-	56,284,993	56,284,993

	December 31, 2013			
	Loans and receivables	Available for Sale	FVTPL - Held for trading	Total
.....Rupees.....				
<b>Assets</b>				
<b>Non-current assets</b>				
Long-term loans - considered good	1,149,731	-	-	1,149,731
<b>Current assets</b>				
Balances due from funds under management	16,072,734	-	-	16,072,734
Loans and advances - considered good	1,731,699	-	-	1,731,699
Trade deposits and other receivables - unsecured	9,751,443	-	-	9,751,443
Other financial assets - investments, available-for sale	-	1,583,447,392	-	1,583,447,392
Cash and bank balances	38,227,840	-	-	38,227,840
	65,783,716	1,583,447,392	-	1,649,231,108
	66,933,447	1,583,447,392	-	1,650,380,839

	December 31, 2013		
	Fair value through profit or loss	At Amortized Cost	Total
.....Rupees.....			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities	-	35,618,595	35,618,595
Accrued mark-up	-	123,491	123,491
	-	35,742,086	35,742,086



### 33 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

#### 33.1 Market risk

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

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

##### 33.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

##### 33.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets except investment in term finance certificate and deposit accounts.

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the other comprehensive income for the year as follows. This analysis assumes that all other variables remain constant.

	Impact on profit and loss account	
	100 bps increase	100 bps decrease
	.....Rupees.....	
<b>As at December 31, 2014</b>		
Term Finance Certificate	21,644	(21,644)
<b>As at December 31, 2013</b>		
Term Finance Certificate	-	-

##### 33.1.3 Price Risk

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

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company manages the equity price risk through diversification of its investment portfolio.

##### Fair value sensitivity analysis for variable / fixed rate interest

The Company accounts for variable rate financial assets as available for sale thereby recognising the effect of variation in market rates in other comprehensive income. The Company has variable rate exposure relating to investments in term finance certificates, amounting to Rs. 24,821 million. The Company's fixed rate exposure relates to bank balances and it amounts to Rs. 12,607 million.

	Impact on other	
	10% increase	10% decrease
	.....Rupees.....	
<b>As at December 31, 2014</b>		
Term Finance Certificate	<u>2,482,124</u>	<u>(2,482,124)</u>

**As at December 31, 2013**

Term Finance Certificate	<u>-</u>	<u>-</u>
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The Company is exposed to other price risk on investments in open ended mutual funds. The Company manages the risk through portfolio diversification, as per recommendation of Investment Committee of the Company. The Committee regularly monitors the performance of investees and assess their financial performance on an on-going basis. As at year end the Company has a exposure of Rs. 2,245.941 million in open end units of mutual funds.

The 10% increase / (decrease) in market value of these instruments with all other variable held constant will have following impact on other comprehensive income:

	Impact on other comprehensive income	
	10% increase	10% decrease
	.....Rupees.....	
<b>As at December 31, 2014</b>		
Units of mutual funds	<u>188,248,727</u>	<u>(188,248,727)</u>
<b>As at December 31, 2013</b>		
Units of mutual funds	<u>142,380,675</u>	<u>(142,380,675)</u>

	Fair value through profit or loss	
	10% increase	10% decrease
	.....Rupees.....	
<b>As at December 31, 2014</b>		
Units of mutual funds	<u>36,345,420</u>	<u>(36,345,420)</u>
<b>As at December 31, 2013</b>		
Units of mutual funds	<u>-</u>	<u>-</u>

	Impact on other comprehensive income	
	10% increase	10% decrease
	.....Rupees.....	
<b>As at December 31, 2014</b>		
Market Treasury Bill	<u>-</u>	<u>-</u>
<b>As at December 31, 2013</b>		
Market Treasury Bill	<u>(3,535)</u>	<u>3,448</u>



### 33.2 Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from deposits with banks and financial institutions, and credit exposures arising as a result of dividends receivable on equity securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. Management believes that the Company is not exposed to any significant credit risk from investments in or receivables from the funds which are managed by the Company itself. The risk of default is considered minimal due to inherent systematic measures taken therein.

#### Exposure to credit risk

The maximum exposure to credit risk at reporting date is:

	December 31, 2014	December 31, 2013
	.....Rupees.....	
Long-term loans - considered good	989,595	1,149,731
Balances due from funds under management	66,463,427	16,072,734
Loans and advances - considered good	2,505,706	1,731,699
Trade deposits and other receivables - unsecured	14,560,845	9,751,443
Other financial assets - investments	2,270,762,708	1,583,447,392
Bank balances	13,094,994	38,168,054
	<u>2,368,377,275</u>	<u>1,650,321,053</u>

#### 33.2.1 Investments

The Company's investment includes investment in term finance certificate issued by ultimate parent and units of open end mutual funds. These mutual funds have rating ranging from AAA to A+ at reporting date.

#### 33.2.2 Bank balances

	December 31, 2014	December 31, 2013
	.....Rupees.....	
The analysis below summarizes the credit quality of the Company's bank balance:		
AA +	29,489	141,600
AA -	1,874,270	1,764,907
AA	21,854	20,569
A	24,655	466,368
AAA	215,579	215,579
A+	10,869,963	34,485,053
A2	-	30,325
	<u>13,035,810</u>	<u>37,124,401</u>

### 33.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities:

As at December 31, 2014					
Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
.....Rupees.....					
Accrued and other liabilities	41,284,993	41,284,993	41,284,993	-	-
Accrued mark-up	-	-	-	-	-
	<u>41,284,993</u>	<u>41,284,993</u>	<u>41,284,993</u>	<u>-</u>	<u>-</u>

As at December 31, 2013					
Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
.....Rupees.....					
Accrued and other liabilities	46,063,381	46,063,381	46,063,381	-	-
Accrued mark-up	123,491	123,491	123,491	-	-
	<u>46,186,872</u>	<u>46,186,872</u>	<u>46,186,872</u>	<u>-</u>	<u>-</u>

### 33.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.



### 34 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

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

	Level 1	Level 2	Level 3	Total
<b>Available for sale</b>				
Units of mutual funds - related parties	2,245,941,469	-	-	2,245,941,469
Term Finance Certificates	-	24,821,239	-	24,821,239
	<u>2,245,941,469</u>	<u>24,821,239</u>	<u>-</u>	<u>2,270,762,708</u>

### 35 CAPITAL RISK MANAGEMENT

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

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

### 36 NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed final cash dividend of Rs. Nil (December 31, 2013: Nil) per share for the year ended December 31 2014, and Bonus of NIL (December 31, 2013: Nil) in their meeting held on February 23, 2015. This appropriation will be approved in the forthcoming Annual General Meeting.

### 37 GENERAL

- 37.1 These financial statements were authorized for issue on February 23, 2015 by the Board of Directors of the company.
- 37.2 Corresponding figures have been reclassified wherever necessary for the purpose of better presentation.
- 37.3 The figures have been rounded off to nearest rupee.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chairman

CONSOLIDATED  
FINANCIAL  
STATEMENTS



## AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising balance sheet of **JS Investments Limited** (the Holding Company) and its subsidiary company, JS ABAMCO Commodities Limited, as at December 31, 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of JS Investments Limited and its subsidiary company as at December 31, 2014 and the results of their operations for the year then ended.

Chartered Accountants

Date: February 23, 2015  
Place: Karachi

Engagement Partner:  
**Nadeem Yousuf Adil**

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees	
<b>ASSETS</b>			
<b>Non - current assets</b>			
Fixed assets			
Tangible - property and equipment	5	377,281,788	268,735,017
Intangible assets	5	2,492,160	1,380,037
Long-term loans - considered good	6	989,595	1,149,731
		<b>380,763,543</b>	<b>271,264,785</b>
<b>Current assets</b>			
Balances due from funds under management - related parties	7	66,463,427	16,072,734
Loans and advances - considered good	8	2,505,706	1,731,699
Trade deposits, short term prepayments and other receivables	9	20,156,775	15,484,972
Other financial assets - investments	10	2,317,877,262	1,626,341,660
Advance income tax - net		127,715,554	113,708,292
Cash and bank balances	11	13,313,819	38,430,090
		<b>2,548,032,543</b>	<b>1,811,769,447</b>
<b>Total assets</b>		<b>2,928,796,086</b>	<b>2,083,034,232</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Share capital</b>			
Authorized capital	12	2,500,000,000	2,500,000,000
Issued, subscribed and paid-up capital	12	1,000,000,000	1,000,000,000
Unappropriated profit		679,596,309	18,510,915
Unrealised gain on re-measurement of available for sale investments - net of tax	10	783,111,599	787,931,408
		<b>2,462,707,908</b>	<b>1,806,442,323</b>
Surplus on revaluation of fixed assets - net of tax	13	193,819,917	120,461,406
<b>LIABILITIES</b>			
<b>Non - current liabilities</b>			
Deferred tax liability - net	15	94,188,458	35,772,863
<b>Current liabilities</b>			
Accrued and other liabilities	16	178,079,803	120,234,149
Accrued mark up	17	-	123,491
Securitisation of management fee receivables - debt	14	-	-
		<b>178,079,803</b>	<b>120,357,640</b>
<b>Total liabilities</b>		<b>272,268,261</b>	<b>156,130,503</b>
<b>Contingencies and commitments</b>	18		
<b>Total equity and liabilities</b>		<b>2,928,796,086</b>	<b>2,083,034,232</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Chairman



## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Year ended December 31, 2014	Year ended December 31, 2013
Rupees			
<b>Income</b>			
Remuneration from funds under management - net	19	201,675,478	222,738,966
Commission from open end funds under management	20	610,676	365,198
Dividend	21	-	253,920,959
Gain on sale of investments - net		648,577,809	516,694,661
Return on bank deposits		6,943,337	3,939,375
Mark up on Term Finance Certificates (TFCs)		2,164,405	-
Return on Government Securities		211,667	2,755,083
Commission income and share of profit from management of discretionary client portfolios	22	9,026,578	1,695,653
		<b>869,209,950</b>	<b>1,002,109,895</b>
Administrative and marketing expenses	23	228,015,295	225,832,849
		<b>641,194,655</b>	<b>776,277,046</b>
<b>Operating profit</b>			
Other expenses	24	13,573,275	153,045,649
Financial charges	25	516,826	48,024,261
		<b>627,104,554</b>	<b>575,207,136</b>
Other income	26	37,970,907	51,224,491
		<b>665,075,461</b>	<b>626,431,627</b>
<b>Profit before taxation</b>			
Taxation - net	27	11,374,230	26,359,231
		<b>653,701,231</b>	<b>600,072,396</b>
<b>Profit for the year</b>			
Earnings per share for the year - basic and diluted	28	6.54	6.00

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Chairman

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

	Year Ended December 31, 2014	Year Ended December 31, 2013
	.....Rupees.....	
Profit for the year	<b>653,701,231</b>	600,072,396
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit and loss</b>	-	-
<b>Items that may be reclassified subsequently to profit and loss</b>	-	-
<b>Available-for-sale investments:</b>		
Unrealised gain on re-measurement of available-for-sale investments to fair value - net	<b>633,850,651</b>	593,500,340
Reclassification adjustment relating to sale of investments	<b>(633,987,959)</b>	(430,822,787)
Taxation relating to components that may be reclassified subsequently to profit and loss account	<b>(4,682,501)</b>	-
<b>Total items that may be reclassified subsequently to profit and loss</b>	<b>(4,819,809)</b>	162,677,553
<b>Total comprehensive income for the year</b>	<b>648,881,422</b>	762,749,949

Surplus arising on revaluation of property and equipment has been reported in accordance with the requirements of the Companies Ordinance, 1984, in a separate account below equity.

The annexed notes 1 to 37 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive Officer

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Chairman



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Year ended December 31, 2014	Year ended December 31, 2013
Rupees			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		665,075,461	626,431,627
<b>Adjustment for non-cash and other items:</b>			
Remuneration from funds under management	19	(201,675,478)	(222,738,966)
Commission from open end funds under management	20	(610,676)	(365,198)
Dividend		-	(253,920,959)
Depreciation	5.1	22,480,746	21,073,282
Amortisation of intangible assets	5.6	295,368	244,550
Financial charges	25	516,826	48,024,261
Interest / mark-up income		(6,943,337)	(3,939,375)
Impairment of intangible assets		-	105,000,000
Gain on sale of investments - net		(648,577,809)	(516,694,661)
Gain on disposal of fixed assets	26	(5,607,265)	(48,171)
Unrealised gain on revaluation of investments classified as HFT		(10,981,811)	(2,494,629)
		<b>(851,103,436)</b>	<b>(825,860,066)</b>
<b>Increase / decrease in assets and liabilities</b>			
Loans and advances		(613,871)	1,426,233
Deposits, prepayments and other receivables		(4,789,453)	(43,497,427)
Accrued and other liabilities		61,785,844	88,387,787
		<b>56,382,520</b>	<b>46,316,593</b>
		<b>(794,720,916)</b>	<b>(779,543,473)</b>
Taxes paid		(15,125,223)	(39,116,607)
Remuneration and commission received from funds under management		151,895,461	227,697,688
<b>Net cash generated from operating activities</b>		<b>7,124,783</b>	<b>35,469,235</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments - net		(32,113,290)	542,212,001
Payment for purchase of items of tangible property and equipment & capital expenditures		(8,245,754)	(5,638,133)
Payment for purchase of intangible item		(1,407,490)	-
Dividend received		-	253,920,959
Return on bank deposits		7,060,987	3,939,375
Proceeds from disposal of fixed assets		7,045,001	54,120
<b>Net cash (used in)/ generated from investing activities</b>		<b>(27,660,546)</b>	<b>794,488,322</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of principal amount relating to the securitised management fee		-	(129,085,000)
Dividend paid		(3,940,191)	(194,233,544)
Financial charges paid		(640,317)	(63,690,128)
<b>Net cash used in financing activities</b>		<b>(4,580,508)</b>	<b>(387,008,672)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(25,116,271)</b>	<b>442,948,885</b>
Cash and cash equivalents at beginning of the year		38,430,090	(404,518,795)
<b>Cash and cash equivalents at end of the year</b>	31	<b>13,313,819</b>	<b>38,430,090</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Chairman

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid up share capital	Reserve		Total
		Revenue reserve (Accumulated loss) / unappropriated profit	Unrealized gain / (loss) on remeasurement of available for sale investment	
Rupees				
<b>Balance as at December 31, 2012</b>	1,000,000,000	(388,160,653)	625,253,855	1,237,093,200
<b>Total Comprehensive income :</b>				
Profit for the year	-	600,072,396	-	600,072,396
Other comprehensive income - net of tax	-	-	162,677,553	162,677,553
<b>Total Comprehensive income for the year</b>		600,072,396	162,677,553	762,749,949
Surplus on revaluation of fixed assets realized during the year on account of incremental depreciation charged thereon - net of tax	-	6,599,173	-	6,599,173
<b>Transactions with owners recognised directly in equity</b>				
- Final cash dividend for the eighteen months period ended December 31, 2012 @ Rs 1/- per share	-	(100,000,000)	-	(100,000,000)
- Interim dividend @ Rs. 1/- per share	-	(100,000,000)	-	(100,000,000)
<b>Balance as at December 31, 2013</b>	1,000,000,000	18,510,915	787,931,408	1,806,442,323
<b>Total Comprehensive income</b>				
Profit for the year ended December 31, 2014	-	653,701,231	-	653,701,231
Other comprehensive income - net of tax	-	-	(4,819,809)	(4,819,809)
<b>Total Comprehensive income for the year</b>	-	653,701,231	(4,819,809)	648,881,422
Surplus on revaluation of fixed assets realized during the year on account of incremental depreciation charged thereon - net of tax	-	7,384,163	-	7,384,163
<b>Balance as at December 31, 2014</b>	1,000,000,000	679,596,309	783,111,599	2,462,707,908

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Chairman



### 3.4.1 Change in estimate

During the year, management revised the estimates related to useful life of office premises. The change in estimates reflect more accurately the pattern of consumption of economic benefit of the office premises. These changes have been accounted for prospectively. Had there been no changes in estimate, the profit before tax, profit after tax and EPS would have been reduced by Rs. 10.87 million, Rs. 14.45 million and Rs. 0.14 respectively.

### 3.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended

3.5.1 The following standards, amendments and interpretations are effective for the year ended December 31, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	Effective from accounting period beginning on or after January 01, 2014
IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting	Effective from accounting period beginning on or after January 01, 2014
IFRIC 21 - Levies	Effective from accounting period beginning on or after January 01, 2014

### 3.6 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 19 Employee Benefits: Employee contributions	Effective from accounting period beginning on or after July 01, 2014
IAS 27 (Revised 2011) - Separate Financial Statements	Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.
IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015
IFRS 11 - Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 - Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IFRS 13 - Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015
IFRS 10 - Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.

IFRS 10 "Consolidated Financial Statements" is effective from January 01, 2015 with earlier adoption allowed. IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27.

The Company, currently, does not consolidated its funds which are controlled by it due to exemption provided by the Institute of Chartered Accountants of Pakistan (ICAP) through Circular no. 2008/01. Implementation of IFRS 10 on mutual fund industry is also under consideration with the ICAP. Therefore, the Company will follow the requirements of IFRS 10 as soon as it receives clarification from the ICAP on applicability of IFRS 10 for consolidation of funds by investment management companies.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

## **4 SIGNIFICANT ACCOUNTING POLICIES**

### **4.1 Fixed assets**

#### **Tangible property and equipment**

Property and equipment are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost less impairment, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the profit and loss account as and when incurred.

Depreciation is charged to income applying the straight-line method, whereby the cost or revalued amount of an asset is written off over its estimated useful life. The residual values and useful lives are reviewed, and adjusted, if required, at each balance sheet date.

Depreciation on fixed assets is charged from the month in which the asset is available for use. No depreciation is charged for the month in which the asset is disposed off.

Any surplus arising on revaluation of fixed assets is credited to the surplus on revaluation of fixed asset account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

Gains or losses on disposal of assets are included in the profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

#### **Intangible assets**

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method taking into account residual value, if any, at the rates specified in note 4.4 to these financial statements. Amortization is charged from the date the asset is available for use while in the case of assets disposed off, it is charged till the date of disposal. The useful life and amortization method are reviewed and adjusted, if appropriate, at each balance sheet date.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each balance sheet date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

### 1 THE GROUP AND ITS OPERATIONS

The group consists of:

- JS Investments Limited (JSIL) - holding company
- JS ABAMCO Commodities Limited (JSACL) - wholly owned subsidiary company

#### 1.1 Holding company

JS Investments Limited (the Holding Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the Holding Company are quoted on the Karachi Stock Exchange since April 24, 2007. The registered office of the Holding Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Holding Company is now a subsidiary of JS Bank Limited (which has acquired 52.24 percent direct holding in the Company from Jahangir Siddiqui & Company Limited and other shareholders of the Company on November 01, 2012).

The Holding Company has obtained the license of an "Investment Advisor" 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 Holding Company also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

The Holding Company is an asset management company and pension fund manager for the following at year end:

#### 1.1.1 Asset management company of the following funds:

##### Open end:

- JS Growth Fund
- JS Value Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- JS KSE-30 Index Fund
- JS Islamic Government Securities Fund
- JS Cash Fund
- JS Large Cap Fund

#### 1.1.2 Pension fund manager of the following funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

#### 1.2 Subsidiary company

JS ABAMCO Commodities Limited (JSACL) was incorporated in Pakistan as a public limited company on 25 September 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 registered office of the JSACL is situated at 7th Floor, The Forum, Block-9 Clifton, Karachi.

The JSACL has not commenced its core operations of commodity, brokerage and related advisory services upto the balance sheet date.

### 2 BASIS OF PREPARATION AND CONSOLIDATION

#### 2.1 The consolidated financial statements include the financial statements of JS Investments Limited and its subsidiary company together - "the Group"

- Subsidiary company is fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control an entity is established and excluded from consolidation from the date of disposal or when the control is lost.
- The financial statements of the subsidiary is prepared for the same reporting year as the holding company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary company have been consolidated on a line by line basis.
- Non-Controlling Interest, if any, in equity of the subsidiary company is measured at proportionate share of net assets of the acquiree as of the acquisition date
- Material intra-group balances and transactions have been eliminated.

### **3 BASIS OF PREPARATION**

#### **3.1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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 the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by SECP differ with the requirements of IFRS, the requirements of Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

#### **3.2 Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention, except for certain office premises and investments which are stated at fair value.

#### **3.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is also the functional and presentation currency of the Company and rounded off to the nearest rupee.

#### **3.4 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

- i) Amortisation of intangible assets (note 4.1 and 5.6);
- ii) Provision for taxation (note 4.13 and 27);
- iii) Classification and valuation of investments (notes 4.2 and 10);
- iv) Determination and measurement of useful life and residual value of property and equipment (note 4.1 and 5.1);
- v) Valuation of premises (note 4.1 and 5.1); and
- vi) Recognition and measurement of deferred tax assets and liabilities (note 4.13 and 15).



#### 4.13 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

##### Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

##### Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account.

#### 4.14 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks, running finance facilities availed by the Company (if any), which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of cash flow statement.

#### 4.15 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is taken to profit and loss account.

#### 4.16 Offsetting of financial assets and financial liabilities

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

#### 4.17 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

#### 4.18 Dividend and other appropriation to reserves

Dividend and appropriation to reserves are recognized in financial statements in the periods in which these are approved.

	Note	December 31, 2014	December 31, 2013
		Rupees	Rupees
<b>5</b>	<b>FIXED ASSETS</b>		
	Tangible - property and equipment		
	- Operating fixed assets	5.1 374,524,680	266,235,017
	- Capital work in-progress - at cost	5.5 2,757,108	2,500,000
		<b>377,281,788</b>	<b>268,735,017</b>
	Intangible assets	5.6 2,492,160	1,380,037
		<b>379,773,948</b>	<b>270,115,054</b>

## 5.1 Operating fixed assets

	December 31, 2014					
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
	Rupees					
<b>At January 1, 2014</b>						
Cost / revalued amount	331,254,000	3,430,894	23,343,100	96,018,253	4,981,095	459,027,342
Accumulated depreciation	(75,912,374)	(3,235,424)	(21,467,660)	(88,850,321)	(3,326,546)	(192,792,325)
Net book value:	255,341,626	195,470	1,875,440	7,167,932	1,654,549	266,235,017
<b>Year ended December 31, 2014:</b>						
Opening net book value	255,341,626	195,470	1,875,440	7,167,932	1,654,549	266,235,017
Additions	-	-	267,345	4,314,653	3,406,648	7,988,646
Revaluation:						
Cost / revalued amount	41,406,000	-	-	-	-	41,406,000
Reversal of accumulated depreciation	82,813,499	-	-	-	-	82,813,499
	124,219,499	-	-	-	-	124,219,499
Disposals:						
Cost / revalued amount	-	-	-	(912,100)	(1,437,736)	(2,349,836)
Depreciation	-	-	-	912,100	-	912,100
Depreciation charge for the year	(17,770,375)	(141,865)	(1,269,702)	(2,934,351)	(364,453)	(22,480,746)
Closing net book value	361,790,750	53,605	873,083	8,548,234	3,259,008	374,524,680
<b>At December 31, 2014:</b>						
Cost / revalued amount	372,660,000	3,430,894	23,610,445	99,420,806	6,950,007	506,072,152
Accumulated depreciation	(10,869,250)	(3,377,289)	(22,737,362)	(90,872,572)	(3,690,999)	(131,547,472)
Net book value	361,790,750	53,605	873,083	8,548,234	3,259,008	374,524,680
Depreciation rate % per annum	5%	20%	10%	25%	20%	
<b>December 31, 2013</b>						
	Office premises	Branch set-up	Furniture and fixtures	Office equipment	Vehicles	Total
	Rupees					
<b>At January 1, 2013</b>						
Cost / revalued amount	331,254,000	3,430,894	23,199,000	91,355,240	4,930,095	454,169,229
Accumulated depreciation	(59,349,674)	(3,031,194)	(19,261,355)	(87,982,826)	(2,948,067)	(172,573,114)
Net book value	271,904,326	399,702	3,937,645	3,372,414	1,982,028	281,596,115
<b>Year ended December 31, 2013:</b>						
Opening net book value	271,904,326	399,702	3,937,645	3,372,414	1,982,028	281,596,115
Additions	-	-	245,100	5,421,033	51,000	5,718,133
Disposals:						
Cost / revalued amount	-	-	(102,000)	(758,020)	-	(860,020)
Depreciation	-	-	96,051	758,020	-	854,071
	-	-	(5,949)	-	-	(5,949)
Depreciation charge for the year	(16,562,700)	(204,232)	(2,302,356)	(1,625,515)	(378,479)	(21,073,282)
Closing net book value	255,341,626	195,470	1,875,440	7,167,932	1,654,549	266,235,017
<b>At December 31, 2013:</b>						
Cost / revalued amount	331,254,000	3,430,894	23,343,100	96,018,253	4,981,095	459,027,342
Accumulated depreciation	(75,912,374)	(3,235,424)	(21,467,660)	(88,850,321)	(3,326,546)	(192,792,325)
Net book value	255,341,626	195,470	1,875,440	7,167,932	1,654,549	266,235,017
Depreciation rate % per annum	5%	20%	10%	25%	20%	



## 4.2 Investments

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

The Company classifies its investments in the following categories:

### **Financial assets 'at fair value through profit or loss - held for trading'**

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trading'. Subsequent to initial recognition, these investments are marked to market and are carried on the balance sheet at fair value, except for investments in unquoted debt securities which are carried at cost. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

### **Held-to-maturity investments**

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

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

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices or which are not classified as 'at fair value through profit and loss' are classified as 'available for sale'. Subsequent to initial measurement, available for sale' investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to other comprehensive income. When securities are disposed off or impaired, the related fair value adjustments previously taken to other comprehensive income are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of units of open end mutual funds and government securities are determined on the basis of relevant redemption prices for the open-end mutual funds and quotations obtained from the PKRV sheets for government securities respectively. Unquoted securities are valued at cost.

### **Investment in subsidiary**

A company or a body corporate shall deemed to be a subsidiary of another company or body corporate if that other company or body corporate directly or indirectly controls, beneficially owns or holds more than 50% of its voting securities or otherwise has power to elect and appoint more than 50% of its directors.

Investments in subsidiaries are stated at cost. Provision is made for any impairment in the value of investments.

## 4.3 Trade and other receivables

Trade and other receivables are recognized at agreement amount less provision for impairment, if any. Provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade and receivables are written off when considered irrecoverable.

## 4.4 Operating Lease / Ijarah

Operating Lease / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Mujir are classified as operating leases / Ijarah. Payments made during the period are charged to profit and loss account on a straight-line basis over the period of the lease / Ijarah.

## 4.5 Borrowings / debt

Borrowings (including securitisation of management fee receivable) are recognised initially at fair value, net of transaction costs incurred. These are subsequently measured at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings / debt under the effective interest method. Mark-up / profit on borrowings / debt is calculated using the effective interest method.

#### 4.6 Borrowing Costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

#### 4.7 Trade and other payables

Short term liabilities for trade and other amounts payable are recognised initially at fair value and subsequently carried at agreement amount.

#### 4.8 Revenue recognition

- Remuneration for management services and asset investment advisory services are recognised on an accrual basis by applying pre-defined remuneration percentage on daily net asset value of the respective funds.
- Realised gains / losses on sale of investments is recognised in the profit and loss account at the time of sale.
- Dividend income is recorded when the right to receive the dividend is established.
- Return on bank deposits, mark-up on term finance certificate, mark-up on letter of placements and mark-up on commercial papers are recognised on time proportionate basis by using effective rate of interest.
- Commission income from open end funds is recognised at the time of sale of units.
- Commission income and share of profit from management of discretionary client portfolios is recognised as services are rendered.

#### 4.9 Defined Contribution Scheme

The Company operates an approved contributory provident fund for all of its permanent employees. The Company and employees make equal monthly contributions to the fund at the rate of 8 percent of the basic salary.

#### 4.10 Employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned on the basis of the accumulated leaves and the last drawn salary and are charged to profit and loss account.

#### 4.11 Provisions

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

#### 4.12 Impairment

##### Financial assets

The company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated. In case of quoted equity securities, impairment is assessed based on significant or prolonged decline in market prices of securities.

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. In case of increase in fair value of impaired equity instrument, the increase is recognised in other comprehensive income.

##### Non-financial assets

The carrying amount of the Company's' non-financial assets other than deferred tax asset is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount which is determined as higher of value-in-use and fair value less cost to sell. Impairment losses are recognized in profit and loss account immediately. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



**5.2** The Company follows the revaluation model for its office premises. During the year, on May 31, 2014, the Company revalued its office premises by an independent valuer KG Traders (Private) Limited on the basis of professional assessments of the market values. The revaluation resulted in a further surplus of Rs. 124.20 million. Out of the total revaluation surplus of Rs. 378.835 million, Rs. 193.8192 million net of tax (December 2013: Rs. 120.461 million) remains undepreciated as at December 31, 2014.

**5.3** Had there been no revaluation, the net book value of the office premises would have been as follows.

	December 31, 2014	December 31, 2013
	.....Rupees.....	
Office Premises	<u>63,735,302</u>	<u>70,145,427</u>

**5.4 Disposal of property and equipment**

The following is a statement of property and equipment disposed off during the year:

Assest	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyers
	.....Rupees.....						
<b>Computer equipments</b>							
Items with written down value below Rs. 50,000 each	912,100	912,100	-	45,001	45,001	Tender	Various
<b>Vehicle</b>							
Mercedes Benz with written down value above Rs. 50,000	1,437,736	-	1,437,736	7,000,000	5,562,264	Negotiation	Ex CEO of the Company
<b>December 31, 2014</b>	<u>2,349,836</u>	<u>912,100</u>	<u>1,437,736</u>	<u>7,045,001</u>	<u>5,607,265</u>		
December 31, 2013	<u>860,020</u>	<u>854,071</u>	<u>5,949</u>	<u>54,120</u>	<u>48,171</u>		

**5.5 Capital work in progress**

Advance for

	Note	December 31, 2014	December 31, 2013
		.....Rupees.....	
office premises	5.5.1	<b>2,500,000</b>	2,500,000
capital expenditure	5.5.2	<b>257,108</b>	-
		<u><b>2,757,108</b></u>	<u>2,500,000</u>

### 5.5.1 Advance for office premises

Represents advance for office space paid to Pakistan Mercantile Exchange Limited (formerly National Commodities Exchange Limited). The amount is paid for having a permanent space for business when JS Abamco commodities limited will commence its core business operations of brokerage, commodity and related advisory services.

### 5.5.2 Advance for capital expenditure

This amount represents advance paid to supplier for the purchase of office equipment.

### 5.6 Intangible assets

	December 31, 2014			
	Membership of National Commodity Exchange	Software	Total	
	..... Rupees .....			
<b>At January 1, 2014</b>				
Cost	1,000,000	31,286,424	32,286,424	
Accumulated amortisation / impairment	-	(30,906,387)	(30,906,387)	
Net book value	1,000,000	380,037	380,037	
<b>Year ended December 31, 2014:</b>				
Opening net book value	1,000,000	380,037	1,380,037	
Additions during the year	-	1,407,491	1,407,491	
Amortisation charge for the year	-	(295,368)	(295,368)	
Closing net book value	1,000,000	1,492,160	2,492,160	
<b>At December 31, 2014:</b>				
Cost	1,000,000	32,693,915	33,693,915	
Accumulated amortisation	-	(31,201,755)	(31,201,755)	
Impairment during the year	-	-	-	
Net book value	1,000,000	1,492,160	2,492,160	
Amortisation rate % per annum	Indefinite life	20%		
<b>December 31, 2013</b>				
	Membership of National Commodity Exchange	Software	Management Rights of ICP Mutual Funds	Total
	..... Rupees .....			
<b>At January 1, 2013</b>				
Cost	1,000,000	31,286,424	175,000,000	207,286,424
Accumulated amortisation / impairment	-	(30,661,837)	(70,000,000)	(100,661,837)
Net book value	1,000,000	624,587	105,000,000	106,624,587
<b>Year ended December 31, 2013:</b>				
Opening net book value	1,000,000	624,587	105,000,000	106,624,587
Amortisation charge for the year	-	(244,550)	-	(244,550)
Impairment during the year	-	-	(105,000,000)	(105,000,000)
Closing net book value	1,000,000	380,037	-	1,380,037
<b>At December 31, 2013:</b>				
Cost	1,000,000	31,286,424	175,000,000	207,286,424
Accumulated amortisation	-	(30,906,387)	(70,000,000)	(100,906,387)
Impairment during the year	-	-	(105,000,000)	(105,000,000)
Net book value	1,000,000	380,037	-	1,380,037
Amortisation rate % per annum	Indefinite life	20%	Indefinite life	



	Note	December 31, 2014	December 31, 2013
.....Rupees.....			
<b>6 LONG-TERM LOANS - CONSIDERED GOOD</b>			
Loans to employees	6.1	<b>1,313,424</b>	1,773,049
Less: current maturity	8	<b>(323,829)</b>	(623,318)
		<b>989,595</b>	<b>1,149,731</b>

**6.1** This represents loans given to employees for purchase of motor vehicles, house loans and general purpose cash loans. These loans are recovered through deduction from salaries over varying periods upto a maximum period of three years, five years and fifteen years respectively. These loans are granted in accordance with the terms of employment. The motor vehicle loans are secured by way of title to the motor vehicles being held in the name of the company and house loans are secured by way of equitable mortgage. Motor vehicle loans, house loans and general purpose cash loans carry mark-up at rates ranging from 4.79% per annum to 9.95% per annum (2013: 5.42% per annum to 9.38% per annum). The company has not discounted these loans at market interest rates as effect of such discounting is not material to these financial statements.

The maximum aggregate amount due from employees at the end of any month during the year was Rs. 1.688 million (2013: Rs. 2.162 million).

	Note	December 31, 2014	December 31, 2013
.....Rupees.....			
<b>7 BALANCES DUE FROM FUNDS UNDER MANAGEMENT - RELATED PARTIES</b>			
<b>7.1 Balances due from funds under management</b>			
<b>Open End Funds</b>			
JS Value Fund	19.1	10,874,080	2,839,160
JS Growth Fund	19.1	25,278,680	6,092,755
JS KSE 30 Index Fund	19.1	239,313	48,625
JS Large Cap Fund	19.1	6,043,477	1,503,624
Unit Trust of Pakistan	19.1	10,165,118	2,077,687
JS Income Fund	19.1	2,475,267	795,401
JS Islamic Fund	19.1	2,729,383	489,433
JS Aggressive Asset Allocation Fund	19.1	803,834	187,256
JS Fund of Funds	19.1	275,204	43,421
JS Pension Savings Fund	19.1	1,944,826	367,466
JS Islamic Pension Savings Fund	19.1	1,037,076	182,690
JS Islamic Government Securities Fund	19.1	789,604	220,688
JS Cash Fund	19.1	3,807,565	1,224,528
		66,463,427	16,072,734
		<b>66,463,427</b>	<b>16,072,734</b>

**7.2** Balances due from funds under management primarily represent accrual of management fee, sales tax and federal excise duty. Management fee is received within next month from the date of accrual.

	Note	December 31, 2014	December 31, 2013
.....Rupees.....			
<b>8</b>	<b>LOANS AND ADVANCES - CONSIDERED GOOD</b>		
	Current portion of long-term loan to employees	6	323,829
	Unsecured advances to		
	- executives	8.1	1,692,063
	- employees	8.1	434,364
	- suppliers		55,450
			2,181,877
			<u>2,505,706</u>
			581,332
			527,049
			-
			1,108,381
			<u>1,731,699</u>
8.1	The advances to employees are provided to meet business expenses and are settled as and when incurred. In addition, advances are also provided to executives and employees against their salaries which are recovered through deduction from employees monthly payroll.		
		December 31, 2014	December 31, 2013
.....Rupees.....			
<b>9</b>	<b>TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES</b>		
	Deposits		1,129,400
	Prepayments		5,595,930
	Receivable from separately managed accounts		-
	Markup Receivable		669,069
	Others	9.1	12,762,376
			20,156,775
			<u>1,937,500</u>
			5,892,529
			-
			-
			7,654,943
			<u>15,484,972</u>
9.1	This includes Rs. 3.482 million (December 2013: Rs. 2.511 million) due from related parties on account of expenses incurred on their behalf.		
		December 31, 2014	December 31, 2013
.....Rupees.....			
<b>10</b>	<b>OTHER FINANCIAL ASSETS - INVESTMENTS</b>		
	<b>Investments classified as Available for Sale</b>		
	Units of mutual funds - related parties	10.1	1,882,487,273
	Market Treasury Bill	10.2	-
	Term Finance Certificate	10.3	24,821,239
			1,423,806,752
			159,640,640
			-
	<b>Investments classified as Fair value through Profit and Loss Held for Trading</b>		
	Units of mutual funds - related parties	10.4	410,568,750
			42,894,268
			<u>2,317,877,262</u>
			<u>1,626,341,660</u>



10.1 Units of mutual funds - related parties (Available for sale)

Number of units		Name of Fund	December 31, 2014		December 31, 2013
December 31, 2014	December 31, 2013		Average cost	Fair value	Fair value
		.....Rupees.....			
2,683,692	2,263,399	JS Value Fund	277,857,278	489,800,588	320,157,817
4,705,607	5,814,246	JS Growth Fund	424,256,477	746,121,010	733,990,466
240,000	300,000	JS Pension Savings Fund - Equity	14,776,800	98,282,400	76,383,000
177,761	177,761	JS Pension Savings Fund - Debt	17,776,120	35,536,240	31,911,690
177,463	177,463	JS Pension Savings Fund - Money Market	17,746,342	29,251,295	27,324,042
2,088,869	1,072,363	JS Fund of Funds	87,907,237	104,297,220	51,087,374
200,000	250,000	JS Islamic Pension Savings Fund - Equity	18,170,000	102,062,000	82,985,000
213,852	213,852	JS Islamic Pension Savings Fund - Debt	21,385,170	37,190,948	35,997,656
222,303	222,303	JS Islamic Pension Savings Fund - Money Market	22,230,337	34,174,696	32,547,436
1,866,852	-	JS Income fund	160,305,961	171,713,020	-
334,163	311,915	JS Islamic Government Securities Fund	33,040,189	34,057,856	31,422,271
			<b>1,095,451,911</b>	<b>1,882,487,273</b>	1,423,806,752
Unrealized gain on remeasurement at fair value			787,035,362	-	-
			<b>1,882,487,273</b>	<b>1,882,487,273</b>	<b>1,423,806,752</b>

10.2 Market Treasury Bill

Number of certificates		Note	December 31, 2014		December 31, 2013	
December 31, 2014	December 31, 2013		Average cost	Fair value	Fair value	
		.....Rupees.....				
-	1,600	Market Treasury Bill	10.5	-	-	159,640,640
			-	-	159,640,640	

10.3 Term Finance Certificate - related party

5,000	-	Term Finance Certificates	10.6	24,062,500	24,821,239	-
			24,062,500	24,821,239	-	

10.4 Units of mutual funds - related parties (Held for trading)

Number of units		Name of Fund	December 31, 2014		December 31, 2013
December 31, 2014	December 31, 2013		Average cost	Fair value	Fair value
		.....Rupees.....			
512,226	489,437	JS Income Fund	42,506,936	47,114,554	42,894,268
3,403,767	-	JS Cash Fund	357,080,003	363,454,196	-
			<b>399,586,939</b>	<b>410,568,750</b>	42,894,268

- 10.5** This treasury bill had been sold during the year before the maturity date of January 09, 2014.
- 10.6** During the year, the Company purchased 5000 TFC having face value of Rs. 5000 each from Jahangir Siddiqui & Co. Ltd (ultimate parent) amounting to Rs. 25 million (Dec 2013: Nil). The TFC has a tenure of five years and carries a markup of 6 month KIBOR + 1.75%.

	Note	December 31, 2014	December 31, 2013
<b>11 CASH AND BANK BALANCES</b>			
Cash in hand		83,366	59,786
Cash at bank in:			
Current accounts		487,507	1,093,128
Saving accounts	11.1	12,742,946	37,277,176
		<b>13,230,453</b>	<b>38,370,304</b>
		<b>13,313,819</b>	<b>38,430,090</b>

- 11.1** These carry mark-up at rates ranging from 5 percent to 9.50% (2013: 5 percent to 9.75 percent) per annum. It includes Rs. 10.8 million (2013: Rs. 34.485 million) held with JS Bank Limited (parent company) and Rs. 0.024 million (2013: Rs. 0.466 million) held with Bank Islami Pakistan Limited (related party).

## 12 SHARE CAPITAL

December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
Number of shares	Number of shares	Authorised capital	Number of shares	Number of shares
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	2,000,000,000	2,000,000,000
50,000,000	50,000,000	Convertible preference shares of Rs. 10 each	500,000,000	500,000,000
<b>250,000,000</b>	<b>250,000,000</b>		<b>2,500,000,000</b>	<b>2,500,000,000</b>
		<b>Issued, subscribed and paid-up capital</b>		
21,250,000	21,250,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	212,500,000	212,500,000
700,000	700,000	Fully paid ordinary shares of Rs. 10 each issued on amalgamation with CFSL	7,000,000	7,000,000
78,050,000	78,050,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	780,500,000	780,500,000
<b>100,000,000</b>	<b>100,000,000</b>		<b>1,000,000,000</b>	<b>1,000,000,000</b>

- 12.1** As at year end, JS Bank Limited, parent company, holds 52,236,978 shares in the company.

- 12.2** There is only one class of ordinary shares issued.



**13 SURPLUS ON REVALUATION OF FIXED ASSETS  
- NET OF TAX**

	December 31, 2014	December 31, 2013
	.....Rupees.....	
Surplus on revaluation of fixed assets as at January 1	185,196,201	195,348,775
Surplus arising on revaluation of fixed assets during the year	124,219,499	-
	<b>309,415,700</b>	195,348,775
Transferred to unappropriated profit:		
Surplus relating to incremental depreciation transferred to accumulated profit during the year - net of deferred tax	(7,384,163)	(6,599,173)
Related deferred tax liability	(3,976,008)	(3,553,401)
	<b>(11,360,171)</b>	(10,152,574)
	<b>298,055,529</b>	185,196,201
Less: related deferred tax liability on:		
- revaluation	(64,734,795)	(68,288,196)
- revaluation during the year	(43,476,825)	-
- incremental depreciation charged during the year transferred to profit and loss account	3,976,008	3,553,401
	<b>(104,235,612)</b>	(64,734,795)
	<b>193,819,917</b>	120,461,406

**14 SECURITISATION OF MANAGEMENT FEE RECEIVABLES - DEBT**

	Repayment period		Price	Note	December 31, December 31, 2014 2013	
	From	To			.....Rupees.....	
Financial Receivables Securitisation Company Limited (FRSCL) (Class "A" TFC and Class "B" TFC)	Jan-07	Jan-14	6 months KIBOR plus 2% with floor of 8% and cap of 16%		-	700,000,000
Financial Receivables Securitisation Company Limited (Class "C" TFC)	Jan-07	Jan-14	Subordinate to Class "A" TFC and Class "B" TFC		-	2,500,000
					-	702,500,000
Less: principal redemption made to date					-	(635,457,500)
Less: unamortised transaction cost					-	(28,566)
					-	67,013,934
Less: current maturity				14.1	-	(67,013,934)
					-	-

**14.1 Current maturity of securitisation of**

Current maturity of securitisation of management fee receivables	-	67,013,934
Less: Receivable from FRSC	-	(67,013,934)
	-	-

The Company had entered into an agreement to securitized certain portion of its management fee receivables from few funds under its management, with Financial Receivables Securitization Company Limited (FRSCL), a special purpose vehicle, incorporated for this purpose (for the tenure of facility) in accordance with the companies (Assets Backed Securitization) Rules 1999. Accordingly, the Term Finance Certificates issued by FRSCL were matured and being paid off its last redemption due on January 17, 2014.

	December 31, 2014			
	Opening	Charge / (reversal) to profit and loss account	Charge to surplus on revaluation of fixed assets / OCI	Closing
	Rupees			
<b>15 DEFERRED TAX LIABILITY - NET</b>				
<b>Taxable temporary differences on:</b>				
Accelerated tax depreciation	11,936,807	(270,314)	-	11,666,493
Surplus on revaluation of fixed assets	64,734,795	(3,976,008)	43,476,825	104,235,612
Revaluation on investments - HFT	-	829,980	-	829,980
Unrealised gain on available for sale investments	-	-	4,682,501	4,682,501
<b>Deductible temporary differences on:</b>				
Short term provisions	(402,371)	179,457	-	(222,914)
Provision for Workers' Welfare Fund (WWF)	(16,760,101)	(3,406,569)	-	(20,166,670)
Provision for donation	-	(4,639,360)	-	(4,639,360)
<b>Deferred Tax asset on carried forward losses</b>	<b>(23,736,267)</b>	<b>21,539,083</b>	<b>-</b>	<b>(2,197,184)</b>
	<b>35,772,863</b>	<b>10,256,269</b>	<b>48,159,326</b>	<b>94,188,458</b>

	December 31, 2013			
	Opening	Charge / (reversal) to profit and loss account	Charge to surplus on revaluation of fixed assets / OCI	Closing
	Rupees			
<b>DEFERRED TAX LIABILITY - NET</b>				
<b>Taxable temporary differences on:</b>				
Accelerated tax depreciation	12,290,073	(353,266)	-	11,936,807
Surplus on revaluation of fixed assets	68,288,196	(3,553,401)	-	64,734,795
<b>Deductible temporary differences on:</b>				
Short term provisions	(398,078)	(4,293)	-	(402,371)
Provision for Workers' Welfare Fund (WWF)	-	(16,760,101)	-	(16,760,101)
<b>Deferred Tax asset on carried forward losses</b>	<b>(39,107,176)</b>	<b>15,370,909</b>	<b>-</b>	<b>(23,736,267)</b>
	<b>41,073,015</b>	<b>(5,300,152)</b>	<b>-</b>	<b>35,772,863</b>

- 15.1 The Company has an aggregate amount of Rs. 6.277 million (2013: Rs. 70.332 million) in respect of unabsorbed tax losses as at December 31, 2014 on which a deferred tax asset has been recognised.



		December 31, 2014	December 31, 2013
	Note	.....Rupees.....	
<b>16 ACCRUED AND OTHER LIABILITIES</b>			
Salary payable		620,219	468,733
Staff bonus accrued		15,000,000	4,073,376
Creditors and accrued expenses		19,918,649	19,932,332
Fee and commission payable		1,299,699	1,619,942
Unclaimed Dividend		3,146,671	7,086,862
Provision for compensated absences		636,897	1,139,550
Sales tax payable		9,756,891	5,280,896
Provision for Workers' Welfare Fund	24	26,478,629	12,822,253
Federal Excise Duty payable	16.1	53,550,140	19,781,985
Provision for Workers' Welfare Fund on behalf of funds under management	16.2	31,310,453	31,310,453
Others liabilities		16,361,555	16,717,767
		<u>178,079,803</u>	<u>120,234,149</u>

**16.1** This represents the amount payable against Federal Excise Duty (FED) on the management fees received/receivable from the funds under management. The amount is being held for payment to Federal Board of Revenue on basis of stay order of the Honorable High Court of Sindh dated September 4, 2013. The stay order was a result of petition filed by asset management companies on the forum of MUFAP against the amendment in Finance Act, 2013 which levied FED on the fees received by asset management companies from funds under management.

**16.2** This represents liability recognized to indemnify the unit holders of JS Income Fund and JS Cash Fund, against the charge of Worker's Welfare Fund for the period up to June 30, 2013.

	December 31, 2014	December 31, 2013
	.....Rupees.....	

**17 ACCRUED MARK-UP**

Mark-up accrued on:

- Short term running finance - secured

-	123,491
<u>-</u>	<u>123,491</u>

**18 CONTINGENCIES & COMMITMENTS**

**18.1 Contingencies**

In respect of the appeals filed by the company against orders passed for tax year 2006 and 2009 against demand of Rs. 162 million and 66 million respectively, the Commissioner of Inland Revenue has not accepted the basis of addition and set aside both the orders in respect of allocation of expenses between various source of income for denovo proceedings with the directions to apportion common expenditure according to actual incurrence of expenditure to the various sources of income.

The company has filed second appeal in Appellate Tribunal Inland Revenue in respect of disallowances. Appeal effect of the CIR (Appeals) order in both the years received as a result the demand were reduced at Rs. 77.33 and Rs. 59.93 million respectively according to actual incurrence of expenditure to the various sources of income was not followed.

The company again filed appeals before the CIR (Appeals) against the above orders as a result apportionment of expenditure were confirmed however, adjustment of allowable expenses were set aside.

The CIR (Appeals) also rectified the order passed by his predecessor for the Tax Year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs. 29 million. The CIR, Zone-IV has filed appeal in Appellate Tribunal Inland Revenue in respect of deletion of addition regarding the portion of capital gain included in dividend.

The company has filed an appeal before Honourable Appellate Tribunal, SRB against the Order of Honourable Commissioner (Appeals), SRB in respect of levy of Sindh Sales tax amounting to Rs. 1.288 Million on certain disallowance of input taxes and Rs. 0.054 Million on levy of sales tax on certain heads of income, for the tax periods from July, 2011 to December, 2012. However, the appeal is pending as Honourable Tribunal, SRB is not formed.

Management and tax advisors are confident that good grounds exist to contest these disallowances and other points at appellate forums and these additions cannot be maintainable and eventually outcome will come in favor of the Company. Hence no provisions have been made in the financial statements.

	December 31, 2014	December 31, 2013
<b>18.2 Commitments in respect of:</b>	.....Rupees.....	
Royalty and advisory payment	<b>10,000,000</b>	10,000,000
<b>19 REMUNERATION FROM FUNDS UNDER MANAGEMENT - NET</b>		
<b>Open end Funds</b>		
JS Value Fund	47,196,547	45,195,639
JS Growth Fund	108,598,853	98,585,257
Unit Trust of Pakistan	39,578,015	35,404,997
JS Income Fund	9,061,455	15,967,379
JS Islamic Fund	10,122,748	8,922,896
JS Aggressive Asset Allocation Fund	3,143,049	3,523,979
JS Fund of Funds	1,095,732	802,254
JS KSE 30 Index Fund	942,453	823,924
JS Pension Savings Fund	7,448,336	5,488,048
JS Islamic Pension Savings Fund	3,909,351	3,114,172
JS Aggressive Income Fund	-	478,560
JS Cash Fund	14,609,735	24,182,738
JS Islamic Government Securities Fund	3,294,411	2,566,572
JS Large Cap Fund	21,354,977	36,003,301
	<b>270,355,662</b>	281,059,716
	<b>270,355,662</b>	281,059,716
Less: Sindh Sales Tax	<b>36,412,108</b>	38,719,314
Less: Federal Excise Duty	<b>32,268,076</b>	19,601,436
	<b>201,675,478</b>	222,738,966



- 19.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the management company / investment advisor of the Fund is entitled to an accrued remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund that has been verified by the trustee and is paid in arrears on monthly basis and thereafter of an amount equal to two percent of such assets of the Fund. During the year ended December 31, 2014 the Company has charged management fee at the rates ranging from 0.50 to 2 percent (2013: 0.75 to 2 percent).
- 19.2** Total net asset value of the funds under management (excluding discretionary client portfolios) as at December 31, 2014 amounts to Rs. 10,349 million (December 31, 2013: Rs 12,701 million).

	Note	Year ended December 31, 2014	Year ended December 31, 2013
.....Rupees.....			
<b>20</b>	<b>COMMISSION FROM OPEN END FUNDS UNDER MANAGEMENT</b>		
	Unit Trust of Pakistan	125,984	175,420
	JS Islamic Fund	109,344	57,201
	JS Fund of Funds	61,738	37,932
	JS Value Fund	2,477	5,095
	JS Growth Fund	22,495	12,411
	JS Islamic Government Securities Fund	272	4,135
	JS Islamic Pension Savings Fund	34,219	-
	JS Cash Fund	43,937	69,279
	JS Large Cap Fund	210,210	3,725
	20.1	<b>610,676</b>	<b>365,198</b>

- 20.1** This represents gross commission income earned by the Company on account of sale of units made on behalf of the funds under management.

	Year ended December 31, 2014	Year ended December 31, 2013
.....Rupees.....		
<b>21</b>	<b>DIVIDEND</b>	
	JS Value Fund	58,848,379
	JS Growth Fund	188,963,008
	JS Aggressive Income Fund	6,109,572
	-	<b>253,920,959</b>

**22** **COMMISSION INCOME AND SHARE OF PROFIT FROM MANAGEMENT OF DISCRETIONARY CLIENT PORTFOLIOS**

This represents commission income and share of profit earned by the company from management of discretionary portfolios. Currently, the company is managing twelve discretionary portfolios (December 31 2013: five) discretionary client portfolios. The total cost and total market value of the unsettled client portfolios as at December 31, 2014 was Rs. 448.78 million (December 31, 2013: Rs.103.55 million) and Rs. 474.13 million (December 31, 2013: Rs. 107.95 million) respectively.

	Note	Year ended December 31, 2014	Year ended December 31, 2013
.....Rupees.....			
<b>23 ADMINISTRATIVE AND MARKETING EXPENSES</b>			
Salaries and benefits		<b>75,779,140</b>	86,066,329
Staff retirement benefits	23.1	<b>3,652,721</b>	4,495,952
Staff bonus		<b>15,000,000</b>	4,073,376
Amortisation of intangible assets	5.6	<b>295,368</b>	244,550
Advertisement		<b>7,353,987</b>	7,467,314
Depreciation	5.1	<b>22,480,718</b>	21,073,282
Printing and stationery		<b>3,279,427</b>	4,816,173
Rent, rates, taxes and maintenance		<b>13,269,895</b>	11,488,128
Travelling, conveyance and vehicle maintenance		<b>5,491,830</b>	8,845,902
Transfer agent remuneration		<b>6,802,994</b>	6,893,801
Postage and telephone		<b>3,284,607</b>	5,018,715
Legal and professional		<b>14,100,203</b>	5,296,465
Fees and subscription		<b>4,653,582</b>	4,395,396
IT services		<b>3,694,528</b>	4,895,202
Utilities		<b>9,429,246</b>	6,264,830
Office security		<b>3,052,820</b>	3,281,838
Entertainment		<b>944,031</b>	964,676
Insurance		<b>3,899,981</b>	4,533,974
Newspaper		<b>131,083</b>	188,675
Directors' fee		<b>875,000</b>	4,073,226
Royalty and advisory fee	23.5	<b>10,000,000</b>	10,000,000
Shariah Advisory fee	23.6	<b>1,920,000</b>	1,720,000
Ijarah rentals		<b>303,940</b>	2,234,313
Auditors Remuneration	23.7	<b>1,358,500</b>	1,177,000
Fee and commission		<b>1,137,882</b>	2,734,883
Donation	23.8	<b>13,255,315</b>	12,545,988
Office Supplies		-	822,829
Training and development		<b>1,578,305</b>	-
Miscellaneous expenses		<b>925,179</b>	155,032
Membership fee - Pakistan Mercantile Exchange		<b>65,013</b>	65,000
		<b><u>228,015,295</u></b>	<b><u>225,832,849</u></b>

23.1 Staff retirement benefits include contributions to defined contribution plan of Rs. 3.25 million (2013: Rs. 4.11 million).

	2014	2013
23.2 Number of employees at the end of the year	<u>92</u>	<u>80</u>
23.3 Average number of employees during the year	<u>85</u>	<u>81</u>



**23.4** The Company's staff retirement benefits includes provident fund - a defined contribution plan. The Company has established a separate provident fund. The audited information related to provident fund as at June 30, 2014 (which is accounting year of the fund ) is as follows :

	Note	June 30, 2014	June 30, 2013
Number of employees		70	72
Size of provident fund (Rupees)		15,544,725	27,771,031
Percentage of investments		95%	96%
Fair value of investment (Rupees)		14,811,190	26,737,321

**Break-up of investments:**

- Balance in National Saving Scheme			
Amount of investment (Rupees)		1,300,000	1,300,000
Percentage of size of investment		9%	5%
- Balance in JS Islamic Government Securities Fund			
Amount of investment (Rupees)	23.4.1	3,251,809	-
Percentage of size of investment		21%	-
- Balance in JS Islamic Fund			
Amount of investment (Rupees)		2,613,827	-
Percentage of size of investment		17%	-
- Balance in other listed securities			
Amount of investment (Rupees)		4,065,193	7,901,925
Percentage of size of investment		26%	28%
Total investments in listed securities		9,930,829	7,901,925
Percentage of size of investment		64%	28%
- Balance in Government Securities			
Amount of investment (Rupees)		-	10,519,178
Percentage of size of investment		0%	39%
- Balance in scheduled banks			
Amount of investment (Rupees)		3,580,361	1,178,928
Percentage of size of investment		24%	4%

**23.4.1** As per the Employees' Provident Fund Rules, 1996 and relaxation granted under SRO 261 (I) / 2002, total investment in any one unit trust scheme shall not exceed twenty percent of the size of the fund. However, as at June 30, 2014 the provident fund is in non compliance of the above mentioned Rule. Subsequently the provident fund has complied with above mentioned limit.

**23.5** Royalty and advisory fee represents amounts payable to Mr. Jahangir Siddiqui on account of use of name and advisory services, respectively.

**23.6** This amount represents shariah advisory payment being made for consultation for JS Islamic pension savings fund, JS Islamic fund and JS Islamic government securities fund.

	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>23.7 Auditors' remuneration</b>		
Annual audit fee	<b>857,000</b>	890,000
Fee for review of the statement of compliance on Code of Corporate Governance	<b>50,000</b>	50,000
Out of pocket expenses	<b>165,000</b>	29,000
Fee for review of half yearly financial statements	<b>200,000</b>	200,000
Sindh sales tax	<b>86,500</b>	8,000
	<b><u>1,358,500</u></b>	<u>1,177,000</u>

**23.8** Donation is for Mahvash & Jahangir Siddiqui Foundation where in Ms. Mahvash Jahangir Siddiqui is chairperson who is spouse of Mr. Jahangir Siddiqui, Chairman of the Board of the JS Bank Limited (parent company).

	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>24 OTHER EXPENSES</b>		
Provision for Workers' Welfare Fund (WWF)	<b>13,573,275</b>	16,735,196
Provision for Workers' Welfare Fund on behalf of funds under management	-	31,310,453
Impairment of intangible asset	-	105,000,000
	<b><u>13,573,275</u></b>	<u>153,045,649</u>

**24.1** Prior to certain amendments made through the Finance Acts of 2006 & 2008, Worker Welfare Fund (WWF) was levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). Through Finance Act, 2008, an amendment was made in Section 4(5) of the WWF Ordinance, 1971 (the Ordinance) whereby WWF liability is applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return.

Aggrieved by the amendments made through the Finance Act, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the WWF Ordinance in 2011. However, some stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against stakeholders. The Company has decided to file the petition with the Supreme Court against the changes. On prudent basis, the Company has recognized aggregate provision amounting to Rs. 26.475 million as at December 31, 2014 (December 31, 2013: Rs. 16.657 million) respectively.

	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>25 FINANCIAL CHARGES</b>		
Mark-up on short term borrowings	-	34,070,341
Mark-up and other charges of securitisation of management fee receivables	<b>405,196</b>	13,855,285
Bank charges	<b>111,630</b>	98,635
	<b><u>516,826</u></b>	<u>48,023,067</u>



	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>26 OTHER INCOME</b>		
<b>Income from financial assets</b>		
Mark-up earned on loans to executives and employees	95,094	114,383
Income from off-setting of securitisation of management fee receivable	-	30,043,582
Unrealised gain on revaluation of investments classified as HFT	10,981,811	2,494,829
Others	4,946,975	3,663,817
<b>Income from non-financial assets</b>		
Rental income	16,339,762	14,859,709
Gain on disposal of property and equipment	5,607,265	48,171
	<u>37,970,907</u>	<u>51,224,491</u>

	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>27 TAXATION - Net</b>		
Current	3,422,362	31,659,383
Prior years	(2,304,401)	-
Deferred	10,256,269	(5,300,152)
	<u>11,374,230</u>	<u>26,359,231</u>

27.1 The income tax assessments of the company has been finalized upto and including the assessment year 2002-2003 (financial year ended June 30, 2002). The income tax assessments for the tax years 2003 to 2005, 2007, 2008 and 2010 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax ordinance 2001. The details of tax years 2006 and 2009 have been described in note 18.1 above.

	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>27.2 Relationship between accounting profit and tax expense is as follows:</b>		
Accounting profit -before taxation	665,075,461	626,431,627
Tax at applicable rate of 33% (2013: 34%)	219,474,902	212,986,753
Tax impact of income under FTR and differential in tax rates	(140,455)	(59,962,797)
Tax impact of exempt capital gains	(205,121,783)	(135,328,880)
Tax impact of minimum tax	-	(2,241,659)
Tax impact of unrecognized losses adjusted in current year	(10,392,021)	3,894,296
Tax impact of permanent differences	4,763,849	4,265,636
Tax impact of prior year	(2,304,401)	-
Tax impact of expenses related to FTR income	4,416,385	127,153
Deferred tax recognised at higher rate	589,125	-
Others	88,629	2,618,729
	<u>11,374,230</u>	<u>26,359,231</u>

	2014	2013
<b>28 EARNINGS PER SHARE - Basic and diluted</b>		
Profit for the year after taxation	<u>653,701,231</u>	<u>600,072,396</u>
	Number of Shares	
Weighted average number of ordinary shares outstanding during the year	<u>100,000,000</u>	<u>100,000,000</u>
Earnings per share (Rupees)	<u>6.54</u>	<u>6.00</u>

28.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2014 and December 31, 2013 which would have any effect on the earnings per share if the option to convert is exercised.

## 29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of the remuneration, including benefits to the Chief Executive Officer, directors and executives of the Company are as follows:

	Chief Executive Officer		Directors		Executive	
	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....					
Managerial remuneration	6,150,000	12,000,000	-	-	24,194,635	21,200,325
Consultancy fee	-	-	-	3,433,226	-	-
House rent allowance	1,845,000	3,600,000	-	-	7,258,405	6,360,121
Utilities allowance	440,100	500,400	-	-	2,419,452	2,120,048
Bonus Paid	-	-	-	-	1,500,570	-
Car Allowance	142,560	570,240	-	-	7,527,365	6,902,116
Retirement benefits	552,000	1,200,000	-	-	1,843,136	1,677,934
Medical Allowance	615,000	1,200,000	-	-	2,419,452	2,120,048
Other benefits	15,750	-	-	122,945	1,077,115	373,955
	<u>9,760,410</u>	<u>19,070,640</u>	<u>-</u>	<u>3,556,171</u>	<u>48,240,130</u>	<u>40,754,547</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>26</u>	<u>15</u>

29.1 The Chief Executive Officer of the Company is provided with free use of company owned and maintained vehicle during the year.

29.2 The Company may provide performance bonus to the Chief Executive Officer and executives. The individual entitlements are being reported on paid basis.

29.3 In addition, meeting fee of Rs. 50,000 (2013: Rs. 15,000) per meeting was paid to three non-executive directors for meetings attended during the year. Effective from December 31, 2013, the meeting fee paid at Rs. 50,000 per meeting.

29.4 The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

## 30 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:



	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>30.1 Transaction with related parties</b>		
<b>30.1.1 Transactions with - funds under management</b>		
Remuneration - net of taxes	201,675,478	222,738,966
Commission income	610,676	365,198
Investments made	1,538,716,198	70,000,000
Investments disposed off / matured	1,371,003,173	884,269,024
Expenses incurred by the company on behalf of funds	7,044,941	10,628,572
Reimbursements of expenses by the funds	7,580,266	10,573,127
Dividend Income	-	253,920,959
Redemption of units in fund by JSACL	400,000	600,000
Bonus / additional units (in numbers)	2,264,686	1,856,363
	Note	
	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>30.1.2 Transactions with ultimate parent - Jahangir Siddiqui &amp; Co. Ltd</b>		
Expenses incurred on behalf of company	64,096	64,755
Reimbursements of expenses by the company	16,905	62,850
Markup Income on term finance certificate	2,164,405	-
Investments made in term finance certificates	25,000,000	-
Principal redemption of TFCs	937,500	-
<b>30.1.3 Transactions with parent company - JS Bank Limited (JSBL)</b>		
Rent income	1,387,368	1,261,236
Rent expense	2,260,378	1,148,712
Management fee sharing on distribution of mutual funds	195,554	464,771
Expenses incurred on behalf of company	613,695	677,489
Reimbursements of expenses by the company	746,336	327,941
Return on bank deposits	6,909,438	3,056,224
Dividend paid	-	104,473,956
Mark up Expense on short term borrowings	-	14,796,957
<b>30.1.4 Transactions with other related parties</b>		
Rent income	13,908,105	12,603,913
Rent expense	398,588	1,195,764
Ijarah rental expense	303,940	2,234,313
Acquisition of Ijarah leased vehicle	1,437,736	-
Insurance premium paid	3,011,799	2,400,345
Provident fund contributions made	3,247,521	4,105,552
Management fee sharing on distribution of mutual funds	10,133	9,740
Expenses incurred on behalf of companies	5,908,020	7,241,892
Reimbursements of expenses by the companies	4,906,747	8,108,784
Purchased of vehicle	1,900,000	-
Other payments made	30.1.4.1 222,222,200	-
<b>30.1.4.1</b> This amount was received by the Company on behalf of Jahangir Siddiqui Securities Services Limited and the Company paid the same to Jahangir Siddiqui Securities Services Limited.		

	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>30.1.5 Transactions made with companies - Common Directorship:</b>		
Rent income	1,044,288	994,560
Donation paid	12,545,988	-
Expenses incurred on behalf of company	622,185	479,248
Reimbursements of expenses by the company	725,868	408,453
<b>30.1.6 Transactions with key management personnel</b>		
Remuneration	36,701,919	46,402,867
Sale of Vehicle	7,000,000	-
Directors Fee	875,000	4,073,226
Disbursements of personal loans and advances	1,717,913	743,341
Repayments of loans and advances	965,299	951,572
Markup / interest income earned	11,620	4,287
	Year ended December 31, 2014	Year ended December 31, 2013
	.....Rupees.....	
<b>30.2 Balance outstanding with related parties</b>		
<b>30.2.1 Balances outstanding from Ultimate Parent company:</b>		
<b>Jahangir Siddiqui &amp; Co. Ltd. - Ultimate Parent company</b>		
Receivable against expenses incurred on behalf of companies	64,096	16,905
<b>30.2.2 Balances outstanding from Parent company:</b>		
<b>JS Bank Limited - Parent company</b>		
Receivable against expenses incurred on behalf of companies	533,329	665,969
Rent payable	1,595,097	-
Rent receivable	354,907	909,263
Other payables	1,273,505	1,190,730
Profit on bank deposits	32,644	150,294
<b>30.2.3 Balances outstanding from other related parties</b>		
Receivable against expenses incurred on behalf of companies	2,704,891	1,703,619
Payables against expenses incurred by the company	325,006	703,191
Rent receivable	193,927	68,611
Rent payable	2,983,402	2,687,461
Advance rent received	801,989	616,734
<b>30.2.4 Balances outstanding from related parties under common directorship</b>		
Receivable against expenses incurred on behalf of companies	179,858	283,540
Rent receivable	547,008	497,280
<b>30.2.5 Balances outstanding from Key Management personnel :</b>		
Balance as at	1,275,985	523,371
<b>30.3 Other balances outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes.</b>		



- 30.4 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. The management considered all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.
- 30.5 There are no transactions with key management personnel other than under their terms of employment.
- 30.6 Details of the remuneration relating to Chief Executive officer and directors are disclosed in note 29 to the financial statements.

	Note	December 31, 2014	December 31, 2013
.....Rupees.....			
<b>31 CASH AND CASH EQUIVALENTS</b>			
- Cash and bank balances	11	<b>13,313,819</b>	38,430,090
		<u><b>13,313,819</b></u>	<u>38,430,090</u>

**32 FINANCIAL INSTRUMENTS BY CATEGORY**

	December 31, 2014			Total
	Loans and receivables	Available for sale	FVTPL - Held for Trading	
.....Rupees.....				
<b>Assets</b>				
<b>Non-current assets</b>				
Long-term loans - considered good	989,595	-	-	989,595
	989,595	-	-	989,595
<b>Current assets</b>				
Balances due from funds under management - related parties	66,463,427	-	-	66,463,427
Loans and advances - considered good	2,505,706	-	-	2,505,706
Trade deposits and other receivables - unsecured	14,560,845	-	-	14,560,845
Other financial assets - investments, available-for sale	-	1,907,308,512	410,568,750	2,317,877,262
Cash and bank balances	13,313,819	-	-	13,313,819
	96,843,797	1,907,308,512	410,568,750	2,414,721,059
	97,833,392	1,907,308,512	410,568,750	2,415,710,654

	December 31, 2014		
	Fair value through profit or loss	At Amortized Cost	Total
.....Rupees.....			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities	-	56,346,793	56,346,793
Accrued mark-up	-	-	-
	-	56,346,793	56,346,793
	-	56,346,793	56,346,793

	December 31, 2013			Total
	Loans and receivables	Available for sale	At fair value through profit or loss	
.....Rupees.....				
<b>Assets</b>				
<b>Non-current assets</b>				
Long-term loans - considered good	1,149,731	-	-	1,149,731
<b>Current assets</b>				
Balances due from funds under management	16,072,734	-	-	16,072,734
Loans and advances - considered good	1,731,699	-	-	1,731,699
Trade deposits and other receivables - unsecured	9,592,443	-	-	9,592,443
Other financial assets - investments, available-for sale	-	1,583,447,392	42,894,268	1,626,341,660
Cash and bank balances	38,430,090	-	-	38,430,090
	65,826,966	1,583,447,392	42,894,268	1,692,168,626
	66,976,697	1,583,447,392	42,894,268	1,693,318,357

	December 31, 2013		Total
	Fair value through profit or loss	At Amortized Cost	
.....Rupees.....			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities	-	35,618,595	35,618,595
Accrued mark-up	-	123,491	123,491
	-	35,742,086	35,742,086
	-	35,742,086	35,742,086

### 33 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

#### 33.1 Market risk

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

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.



### 33.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

### 33.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets except investment in term finance certificate and deposit accounts.

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the profit and loss account for the year as follows. This analysis assumes that all other variables remain constant.

	Impact on profit and loss account	
	100 bp increase	100 bp Decrease
	.....Rupees.....	
<b>As at December 31, 2014</b>		
Term Finance Certificate	<u>21,644</u>	<u>(21,644)</u>
<b>As at December 31, 2013</b>		
Term Finance Certificate	<u>-</u>	<u>-</u>

### 33.1.3 Price Risk

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

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company manages the equity price risk through diversification of its investment portfolio.

#### Fair value sensitivity analysis for variable / fixed rate interest

The Company accounts for variable rate financial assets as available for sale thereby recognising the effect of variation in market rates in other comprehensive income. The Company has variable rate exposure relating to investments in term finance certificates, amounting to Rs. 24.821 million. The Company's fixed rate exposure relates to bank balances and it amounts to Rs. 12.878 million.

	Impact on other comprehensive income	
	10% increase	10% Decrease
	.....Rupees.....	
<b>As at December 31, 2014</b>		
Term Finance Certificate	<u>2,482,124</u>	<u>(2,482,124)</u>
<b>As at December 31, 2013</b>		
Term Finance Certificate	<u>-</u>	<u>-</u>

The Company is exposed to other price risk on investments in open ended mutual funds. The Company manages the risk through portfolio diversification, as per recommendation of Investment Committee of the Company. The Committee regularly monitors the performance of investees and assess their financial performance on an on-going basis. As at year end the Company has a exposure of Rs. 2,293.056 million in open end units of mutual funds.

The 10% increase / (decrease) in market value of these instruments with all other variable held constant will have following impact on other comprehensive income:

	Impact on profit and loss account	
	10% increase	10% Decrease
	.....Rupees.....	
<b>As at December 31, 2014</b>		
Units of mutual funds	<u>188,248,727</u>	<u>(188,248,727)</u>
<b>As at December 31, 2013</b>		
Units of mutual funds	<u>142,380,675</u>	<u>(142,380,675)</u>
	Fair value through profit or loss	
	10% increase	10% Decrease
	.....Rupees.....	
<b>As at December 31, 2014</b>		
Units of mutual funds	<u>41,056,875</u>	<u>(41,056,875)</u>
<b>As at December 31, 2013</b>		
Units of mutual funds	<u>-</u>	<u>-</u>
	Impact on other comprehensive income	
	100 bp increase	100 bp Decrease
	.....Rupees.....	
<b>As at December 31, 2014</b>		
Market Treasury Bill	<u>-</u>	<u>-</u>
<b>As at December 31, 2013</b>		
Market Treasury Bill	<u>(3,535)</u>	<u>3,448</u>

### 33.2 Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from deposits with banks and financial institutions, and credit exposures arising as a result of dividends receivable on equity securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. Management believes that the Company is not exposed to any significant credit risk from investments in or receivables from the funds which are managed by the Company itself. The risk of default is considered minimal due to inherent systematic measures taken therein.

#### Exposure to credit risk

The maximum exposure to credit risk at reporting date is:



	December 31, 2014	December 31, 2013
	.....Rupees.....	
Long-term loans - considered good	989,595	1,149,731
Balances due from funds under management	66,463,427	16,072,734
Loans and advances - considered good	2,505,706	1,731,699
Trade deposits and other receivables - unsecured	14,560,845	9,592,443
Other financial assets - investments	2,317,877,262	1,583,447,392
Bank balances	13,230,453	38,370,304
	<u>2,415,627,288</u>	<u>1,650,364,303</u>

### 33.2.1 Investments

The Company's investment includes investment in term finance certificate issued by ultimate parent and units of open end mutual funds. These mutual funds have rating ranging from AAA to A+ at reporting date.

### 33.2.2 Bank balances

	December 31, 2014	December 31, 2013
	.....Rupees.....	
The analysis below summarizes the credit quality of the Company's bank balance:		
AA +	49,489	141,600
AA -	1,874,270	1,764,907
AA	137,313	182,188
A	24,655	466,368
AAA	215,579	235,579
A+	10,869,963	34,485,053
A2	-	30,325
	<u>13,171,269</u>	<u>37,306,020</u>

### 33.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities:

Carrying amount	As at December 31, 2014				
	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
.....Rupees.....					
Accrued and other liabilities	41,346,793	41,346,793	41,346,793	-	-
Accrued mark-up	-	-	-	-	-
	<u>41,346,793</u>	<u>41,346,793</u>	<u>41,346,793</u>	<u>-</u>	<u>-</u>

Carrying amount	As at December 31, 2013				
	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
.....Rupees.....					
Accrued and other liabilities	46,063,381	46,063,381	46,063,381	-	-
Accrued mark-up	123,491	123,491	123,491	-	-
	<u>46,186,872</u>	<u>46,186,872</u>	<u>46,186,872</u>	<u>-</u>	<u>-</u>

### 33.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

### 34 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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).



Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

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

	Level 1	Level 2	Level 3	Level 4
<b>Available for sale</b>				
Units of mutual funds - related parties	2,293,056,023	-	-	2,293,056,023
Term Finance Certificates	-	24,821,239	-	24,821,239
	<u>2,293,056,023</u>	<u>24,821,239</u>	-	<u>2,317,877,262</u>

### 35 CAPITAL RISK MANAGEMENT

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

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

### 36 NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed final cash dividend of Rs. Nil (December 31, 2013 : Nil) per share for the year ended December 31 2014, and Bonus of NIL (December 31, 2013: Nil) in their meeting held on February 23, 2015. This appropriation will be approved in the forthcoming Annual General Meeting.

### 37 GENERAL

- 37.1 These consolidated financial statements were authorized for issue on February 23, 2015 by the Board of Directors of the holding company.
- 37.2 Corresponding figures have been reclassified wherever necessary for the purpose of better presentation.
- 37.3 The figures have been rounded off to nearest rupee.

\_\_\_\_\_  
Chief Executive Officer

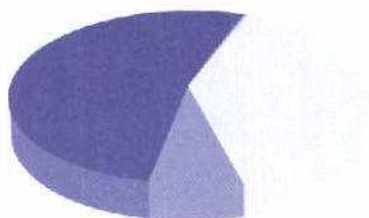
\_\_\_\_\_  
Chairman

## PATTERN OF SHAREHOLDING AS ON DECEMBER 31, 2014

No. of Shareholders	Shareholdings	Total Shares Held
620	Shareholding From 1	100
844	Shareholding From 101	500
518	Shareholding From 501	1000
812	Shareholding From 1001	5000
278	Shareholding From 5001	10000
99	Shareholding From 10001	15000
83	Shareholding From 15001	20000
51	Shareholding From 20001	25000
34	Shareholding From 25001	30000
22	Shareholding From 30001	35000
28	Shareholding From 35001	40000
12	Shareholding From 40001	45000
36	Shareholding From 45001	50000
6	Shareholding From 50001	55000
16	Shareholding From 55001	60000
10	Shareholding From 60001	65000
6	Shareholding From 65001	70000
8	Shareholding From 70001	75000
5	Shareholding From 75001	80000
4	Shareholding From 80001	85000
5	Shareholding From 85001	90000
1	Shareholding From 90001	95000
26	Shareholding From 95001	100000
3	Shareholding From 100001	105000
1	Shareholding From 105001	110000
1	Shareholding From 110001	115000
3	Shareholding From 115001	120000
3	Shareholding From 120001	125000
3	Shareholding From 130001	135000
1	Shareholding From 135001	140000
7	Shareholding From 145001	150000
1	Shareholding From 150001	155000
1	Shareholding From 170001	175000
1	Shareholding From 175001	180000
2	Shareholding From 195001	200000
1	Shareholding From 200001	205000
1	Shareholding From 220001	225000
1	Shareholding From 225001	230000
1	Shareholding From 235001	240000
1	Shareholding From 240001	245000
3	Shareholding From 245001	250000
2	Shareholding From 265001	270000
1	Shareholding From 275001	280000
5	Shareholding From 295001	300000
1	Shareholding From 310001	315000
2	Shareholding From 345001	350000
1	Shareholding From 425001	430000
1	Shareholding From 435001	440000
1	Shareholding From 475001	480000
4	Shareholding From 495001	500000
2	Shareholding From 500001	505000
1	Shareholding From 595001	600000
1	Shareholding From 745001	750000
1	Shareholding From 750001	755000
1	Shareholding From 760001	765000
1	Shareholding From 840001	845000
1	Shareholding From 995001	1000000
1	Shareholding From 1320001	1325000
1	Shareholding From 2050001	2055000
1	Shareholding From 2095001	2100000
1	Shareholding From 2595001	2600000
1	Shareholding From 52235001	52240000
3,590		52,236,978
		100,000,000



Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
1. Individuals	3,536	39,840,044	39.84
2. Insurance Companies	3	95,177	0.10
3. Joint Stock Companies	42	7,649,505	7.65
4. Financial Institutions	3	52,274,497	52.27
5. Foreign Institutions	1	4,514	0.00
6. Others	5	136,263	0.14
	<u>3,590</u>	<u>100,000,000</u>	<u>100.00</u>



- Individuals
- Insurance Companies
- Joint Stock Companies
- Financial Institutions
- Foreign Institutions
- Others

<b>1. Directors, Chief Executive Officer, and their Spouse and Minor Children</b>		<u>2,059,010</u>	<u>2.06</u>
<b>2. Associated Companies, Undertaking and Related Parties</b>			
JS Bank Limited	52,236,978		
EFU Life Assurance Ltd	72,962		
JS Global Capital Limited - MF	100,000		
Jahangir Siddiqui Securities Services Limited	1,000,000		
Jahangir Siddiqui & Sons Limited	1,325,000		
Jahangir Siddiqui & Company Limited-Staff Provident Fund	80,000		
<b>Total</b>	<u>54,814,940</u>		<u>54.81</u>
<b>3. NIT and ICP</b>		<u>NIL</u>	<u>NIL</u>
<b>4. Banks, Development Financial Institutions &amp; Non Banking Finance Companies</b>			
Escorts Investment Bank Limited	37,500		
National Bank Of Pakistan	19		
<b>Total</b>	<u>37,519</u>		<u>0.04</u>
<b>5. Insurance Companies</b>			
State Life Insurance Corp. Of Pakistan	5,215		
Askari General Insurance Co. Ltd.	17,000		
<b>Total</b>	<u>22,215</u>		<u>0.02</u>
<b>6. Modarabas and Mutual Funds</b>		<u>Nil</u>	<u>Nil</u>
<b>7. Shareholders holding shares 5% or more</b>			
JS Bank Limited	52,236,978		
<b>Total</b>	<u>52,236,978</u>		<u>52.24</u>
<b>8. Executives:</b>			
Employees of the Company other than CEO and Directors	1,539		
<b>Total</b>	<u>1,539</u>		<u>0.00</u>





**FORM OF PROXY**  
ANNUAL GENERAL MEETING

The Company Secretary  
**JS Investments Limited**  
7th Floor, The Forum, G-20,  
Khayaban-e-Jami, Clifton,  
Karachi- 75600.

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of JS Investments Limited, holding \_\_\_\_\_ ordinary shares as per Registered Folio No. / CDC A/c No. (for members who have shares in CDS) \_\_\_\_\_ hereby appoint Mr. / Mrs. / Miss \_\_\_\_\_ of \_\_\_\_\_ (Folio no. CDC A/c No.) \_\_\_\_\_ or failing him/her Mr. / Mrs. / Miss \_\_\_\_\_ of \_\_\_\_\_ (Folio no. CDC A/c No.) \_\_\_\_\_ being member of the company, as my / our proxy to attend, act and vote for me / us and my / our behalf at the Annual General Meeting of the Company to be held on 9th April, 2015 and / or any adjournment thereof.

As witness my / our hand seal this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

Signed by \_\_\_\_\_

In the presence of \_\_\_\_\_

**Witnesses:**

1. Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC / Passport No. \_\_\_\_\_

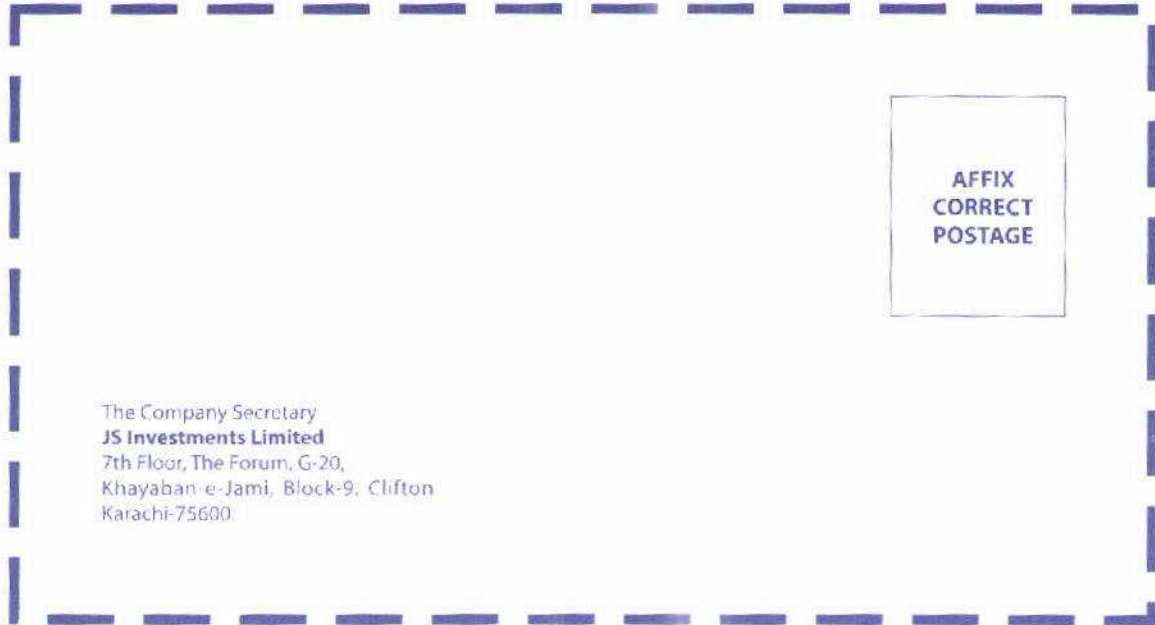
2. Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC / Passport No. \_\_\_\_\_



The Signature should agree with the specimen registered with the Company

**Important:**

1. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
2. This proxy form, duly completed and signed, must be received at the office of Company situated at 7th Floor, The Forum, G-20, Khayaban-e-Jami, Clifton, Karachi not later than 48 hours before the scheduled time of the meeting.
3. No person shall act as proxy unless he / she himself / herself is a member with the Company, except that a Corporation may appoint a person who is not a member.
4. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
5. Beneficial Owner of physical shares and the shares registered in the name of Central Depository Company of Pakistan limited (CDC) and/or their proxy are required to produce their original CNIC or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution / power of attorney with specimen signature shall be submitted along with proxy form.



Website: [www.jsil.com](http://www.jsil.com)

Toll Free: 0800-00887



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 **JS investments**  
*Managing Mutual Funds Better!*