JS Investments Limited

Half Yearly Report for the period ended June 30, 2019

JS investments
Managing Mutual Funds Better!

CONTENTS

VISION

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

MISSION

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

BROAD POLICY OBJECTIVES

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

ORGANIZATION

Board of Directors	Mr. Kamran Jafar	Chairman
	Mr. Hasnain Raza Nensey	Chief Executive Officer
	Mr. Babbar Wajid	Non-Executive Director
	Syed Tauqir Haider Rizvi	Non-Executive Director
	Mr. Hasan Shahid	Non-Executive Director
	Mr Ahsen Ahmed	Independent Director/ Non-Executive Director
	Mr. Asif Reza Sana	Independent Director/ Non-Executive Director
Chief Executive Officer	Mr. Hasnain Raza Nensey	
Chief Financial Officer	Mr. Zafar Iqbal Ahmed	
Director Finance /Company Secretary	Mr. Muhammad Khawar Iqbal	
Statutory Auditors	EY Ford Rhodes	
Legal Advisors	Bawaney and Partners	

BOARD COMMITTEES

Audit Committee	Mr. Asif Reza Sana (Chairman) Mr. Ahsen Ahmed Mr. Hasan Shahid
HR Committee	Mr. Kamran Jafar Mr. Ahsen Ahmed Mr. Hasnain Raza Nensey
Executive/Risk Management Committee	Mr. Kamran Jafar Mr. Babbar Wajid Mr. Ahsen Ahmed Mr. Hasnain Raza Nensey
Share Registrar	CDC Share Registrar Services Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi
Registered Office	JS Investments Limited 19th Floor, The Centre, Plot # 28, SB-5 Abdullah Haroon Road, Saddar, Karachi-75600 Tel: (92-21) 111-222-626 Fax: (92-21)35361724 E-mail:info@jsil.com Website: www.jsil.com

DIRECTORS' REPORT TO THE SHAREHOLDERS

For the period ended June 30, 2019

Economy:

1HCY19 proved to be a challenging period for Pakistan's economy, characterized by rising interest rates and rupee devaluation. After a year of booming growth in 2018, one that witnessed a 12 year high GDP growth rate fueled by 'consumption led' growth, CY19 so far has turned out to be a long awaited reality check for Pakistan's economy. 1HCY19 saw Pakistan's economy contract sharply as the government took corrective measures to rein in worsening twin deficits and the overvalued currency by tightening monetary policy and devaluing the rupee. The 3MCY19 (half year numbers are yet to be released) budget deficit came in at PKR 892 billion, up 30% YoY. The deficit deteriorated due to a large expansion in current expenditures amidst stagnant revenues. Expenditure overruns were witnessed due to higher than budgeted interest payments and security related expenditures despite a significant cut down in Public Sector Development Program (PSDP). On the other hand, tax revenues remained below target due to the economic slowdown (particularly in the industrial sector) and inefficient tax machinery.

The Current Account Deficit (CAD) improved significantly during 1HCY19 on the back of macroeconomic stabilization measures, conclusion of early phase of CPEC (which led to decline in machinery imports) and lower quantum of energy imports. The CAD however, still remains unsustainable, despite the aforementioned contraction due to low forex reserves. The CAD for 1HCY19 clocked in at USD 5,264 million compared to USD 10,740 million in FY18, down 51% YoY. The improvement in the deficit was limited by a lack of growth in exports, which were unable to pick up despite steep currency devaluation.

Headline CPI inflation averaged 8.61% in 1HCY19 as against 4.09% in SPLY. Four factors primarily explain this surge in inflation, i) Upward adjustment in utility prices, ii) lagged impact of PKR depreciation, iii) rising food inflation due to supply side constraints and iv) increase in house rents.

Due to the challenging economic situation, the State Bank of Pakistan raised the Discount Rate from 10.75% to 12.75% and devalued PKR by approximately 15% against the US Dollar; as the government geared up to enter its 22nd IMF program. To this end, the Government then released the Federal Budget 2019-20 in June, which was primarily focused on aligning the country's budget with the IMF's requested conditions.

Equity:

During 1HCY19, The KSE100 index spiraled downwards primarily due to steep monetary tightening, 14.5% currency depreciation and an austerity-driven FY20 budget. The KSE100 index fell to 33,902 points, down 8.54% YoY whereas the KMI30 index declined by 11.53% and closed at 54,118 points. The decline in the KMI index was steeper than the KSE100 as it has a smaller universe of stocks and the index is highly concentrated in certain sectors such as Cements that declined significantly during the period.

In terms of sectoral performance, Cements, Oil & Gas Marketing, Power Generation, and Pharmaceutical sectors dragged the index performance, while Commercial Banks, Auto Assemblers, and Oil & Gas Exploration outperformed the index. Cement, Steel and Pharmaceutical sectors suffered on the back of lower demand due to government's austerity measures and an inability to pass on higher costs (which have primarily risen due to PKR devaluation). Power Generation declined mainly due to underperformance on the back of circular debt issue plaguing the IPP sector. Oil Marketing companies and Refineries were the most hit by PKR devaluation due to their inability to hedge import costs; as a result earnings declined significantly due to the booking of exchange losses.

On the market participant-wise activity, foreigners remained net buyers with net inflow of USD 48 million. On the other hand, Mutual Funds were net sellers during the same period with outflows amounting to USD 117 million.

Fixed Income:

During the 1HCY19, Consumer Price Index (CPI) inflation was recorded at 8.61% as compared to 4.09% during the same period last year. Inflationary pressures to surge in 2HCY19 primarily due to rising global oil prices, lagged pass-through impact of rupee depreciation, and vulnerable to foreign reserves due to balance of payment issues. The Current Account Deficit of USD 5,264 million has led to decline in liquid foreign reserves held by the SBP, which were recorded at USD 7,280 million towards the end of 1HCY19.

Investments remained highly concentrated at the short-end of the yield curve that is expected to incline further. During 1HCY19, the SBP held bi-monthly T-Bill auctions with a combined target of PKR 10,150 billion, where the borrowed amount was PKR 8,534 billion against the total maturity of PKR 5,485 billion. The Government borrowed PKR 892 billion in the fixed rate long term bonds while the cumulative target was PKR 500 billion.

In 10-year maturity Floating Rate Pakistan Investment Bonds, government borrowed PKR 187 billion against the total target of PKR 550 billion with an average spread of 70 basis points over six months weighted averaged T-Bill cut-off.

The average 3M, 6M and 9M KIBOR for 1HCY19 increased in the range of 487 - 503 bps over the previous half year (ended December 2018) to close at 11.33, 11.48 and 11.85 percent, respectively, post policy rate increase of 325 basis points by SBP.

The Islamic money market witnessed lackluster activity in 1HCY19. Furthermore, in the rising interest rate scenario demand for GoP Ijarah Sukuks throughout the period remained subdued due to fixed c oupon structure. Ministry of Energy issued the first Pakistan Energy Sukuk worth PKR 200 billion on March 1, 2019 to resolve the circular debt issues as several companies in the energy sector are facing cash constraints. The Sukuk has been declared Statutory Liquidity Ratio (SLR) eligible by the State Bank that provided relief to the Islamic banking industry. The Sukuk is based on Ijarah and has a 10-year maturity with semiannual rental payments (6-month KIBOR plus 80 basis points).

The AMC Industry

At the end of 1HCY19, Assets Under Management (AUM) of the mutual fund industry stood at PKR 529 billion (excluding Fund of Funds structures) showing decrease of 7%PKR40 billion from December 2018 level of PKR. 569 billion. AUMs of Conventional schemes recorded a decrease of around PKR30 billion reaching PKR. 333 billion (excluding Fund of Funds structures) at the end of the period. Moreover, AUMs of Shariah compli-ant schemes recorded a decrease of nearly PKR10 billion reaching PKR196 billion (excluding Fund of Funds structures).

Overall, 14 new funds and plans were launched by the industry during the period. JSIL successfully launched JS Islamic Capital Preservation Allocation Plans 5 & 6 in the Shariah compliant capital preservation space. The cumulative AUM raised during January to June 2019 under the JS Islamic Capital Preservation Allocation Plans is PKR 2.17 billion.

Performance Review

JSIL posted a net loss of PKR 125.738 million as of June 30, 2019 which translates into Loss per share of PKR 1.57. JSIL recorded a total revenue of PKR. 126.513 million, compared to PKR 180.684 million during the corresponding period. JSIL earned management remuneration from funds under management (incl. SMAs) of PKR 103.788 million compared to PKR 96.914 million during the corresponding period. Revenue declined primarily due to tough equity market conditions and the fact that many of our principle protected and active allocation plans remained invested on the income side (relatively lower management fee generators). A hallmark of our success and confidence of our valued investors came from once again a strong response in our Principle Protected Plans in 2019 as stated earlier.

During the period, the Company disposed-off its property at The Forum which post revaluation realized a gain of PKR 38.45 million. During the period, the applicability of IFRS 9 resulted in recognition of an unrealized loss on revaluation of investments classified "At Fair Value" of PKR 97.442 million on the Profit & Loss Statement.

The assets under management (Incl. Separately Managed Accounts / SMAs and Fund of Funds) were PKR. 21.65 billion, compared to PKR 20.8 billion as at December 31, 2018 depicting an increase of 4%.

Significant Changes after the Reporting Period

Subsequent to period ended June 30, 2019, the Company, with the approval of the Company's shareholders in extraordinary general meeting held on July 24, 2019 and in compliance of Section 88 of The Companies Act, 2017 read in conjunction with the Listing Companies (Buy Back of Shares) Regulations, 2019, accorded to buy back upto to a maximum of its 27,973,840 issued, subscribed and paid-up ordinary shares through tender offer at a price of Rs.18 per share from August 02, 2019 to August 31, 2019 (both days inclusive).

Future Outlook

JSIL has successfully closed 1HCY19 with an AUM level of PKR 21.65 billion (Incl. Separately managed accounts SMAs and Fund of Funds). So far, the Company has successfully launched a series of Shariah compliant Capital Preservation Allocation Plans under JS Islamic Hybrid Fund-of-Funds. The Company is strategizing to extend its retail market reach by enhancing sales force capacity and is planning to launch new funds to augment its existing product line.

JS Investments Limited will continue with its two-pronged approach of increasing AUMs and retail investor-base. The strategy of launching tranche-based limited-life investment plans has borne fruits over the year and will continue in the coming year to help raise AUMs as well as expend the retail investor-base. The management shall also launch innovative investment products to cater to previously under-served market segments. Offering value-added services and market-leading service quality shall help expand market-share and improve customer loyalty.

Asset Manager and Entity Rating

JCR-VIS Credit Rating Company Limited has affirmed JS Investments' Management Quality Rating of "AM2"(AM-Two) and has upgraded the outlook to "Positive". The rating denotes High Management Quality.

Acknowledgment

The Directors express their gratitude to the Securities and Exchange Commission of Pakistan (SECP) and Trustees of Funds under its management for their valuable support, assistance and guidance. The Board also thanks the employees of JSIL for their dedication and hard work and the shareholders for their confidence in the management.

On behalf of the Board

Karachi: August 22, 2019

Chief Executive Officer

Director

جے ایس انویسٹمنٹس منیجمنٹ لمیٹڈ
شراکت داروں کے لیے ڈائریکٹرز رپورٹ

معیشت

کلینڈر سال 2019 کی پہلی ششماہی (1HCY19) پاکستان کی معیشت کے لیے کافی کٹھن دور ثابت ہوا، جو شرحِ سود میں اضافہ اور روپے کی قدر میں کمی سے موسوم ہے۔ سال 2018 میں ہونے والی غیر متوقع ترقی کے بعد GDP کی شرحِ نمو میں 12 سالہ اونچائی دیکھنے میں آئی جس کو کھپت کی وجہ سے ہونے والی نمو نے بڑھایا۔ کلینڈر سال 2019 اب تک پاکستان کی معیشت کے لیے ایک طویل انتظار کی حقیقت کا جائزہ لینا والا ثابت ہوا۔ کلینڈر سال 2019 کی پہلی ششماہی (1HCY19) میں پاکستان کی معیشت تیزی سے کم ہوتی ہوئی دکھائی دی جیسے ہی حکومت نے بگڑتے ہوئے جڑواں خساروں اور سخت مالیاتی پالیسی اور روپے کی قدر میں کمی کے باعث زائد قدر کرنسی کو قابو کرنے کے لیے خاطر خواہ اقدامات لیے۔ کلینڈر سال 2019 کی پہلی سہ ماہی (3MCY19) کا بجٹ خسارہ (ابھی اس ششماہی کے اعداد و شمار جاری ہونا باقی ہیں) 892 بلین روپے آیا، سال بہ سال 30% بڑھا۔ منجمد آمدنی کے دوران موجودہ اخراجات میں بڑے پیمانے پر ہونے والی توسیع کے سبب خسارے میں بگاڑ پیدا ہوا۔ پبلک سیکٹر ڈیولپمنٹ پروگرام (PSDP) میں نمایاں کمی کے باوجود بجٹ میں دیے جانے والے سود کی ادائیگیوں اور سیکیوریٹی سے متعلق اخراجات سے زیادہ اضافے کی وجہ سے اخراجات میں اضافہ دیکھنے میں آیا۔ اسکے برعکس، معاشی سست روی (خاص طور پر صنعتی شعبے میں) اور ٹیکس کی ناکارہ مشینری کے باعث ٹیکس کی آمدنی ہدف سے کم رہی۔

کلینڈر سال 2019 کی پہلی ششماہی (1HCY19) کے دوران میں کرنٹ اکاؤنٹ کے خسارے (CAD) میں نمایاں بہتری آئی جو میکرو اکنامک کے استحکام کیلئے اقدامات، CPEC کے پہلے فیز کے نتائج (جس سے مشینری کی درآمد میں کمی آئی) اور کی درآمدات میں توانائی کی مقدار میں بھی کمی ہونا تھی۔ تاہم غیر ملکی کرنسی کے کم ذخائر کے باعث درج بالا دباؤ کے باوجود CAD ابھی متزلزل کیفیت میں ہے۔ کلینڈر سال 2019 کی پہلی ششماہی (1HCY19) کے دوران میں CAD، 5,264 ملین امریکی ڈالر رہا جب کہ اس کے مقابلے میں فنانشل سال 2018 (FY18) میں 10,740 ملین امریکی ڈالر تھا، یعنی سال بہ سال 51% کمی آئی۔ خسارے میں بہتری کے محدود رہنے کی بڑی وجہ درآمدات میں اضافہ نہ ہونا تھی، جو کہ کرنسی کے قدر میں بڑی کمی کے باوجود بڑھنے نہ پائی۔

کلینڈر سال 2019 کی پہلی ششماہی (1HCY19) کے دوران ہیڈ لائن CPI افراطِ زر کی شرح اوسطاً 8.61% رہی جبکہ SPLY میں یہ شرح 4.09% تھی۔ افراطِ زر میں اس اضافہ کا باعث چار بنیادی عناصر ہیں (i) یوٹیلیٹی کی قیمتوں کی بالائی حد کی طرف ایڈجسٹمنٹ (ii) پاکستانی روپے کی قدر میں کمی کے گہرے اثرات (iii) سپلائی سائیڈ کی پابندیوں کے باعث اشیائے خورونوش کی قیمتوں میں اضافہ، اور (iv) مکانات کے کرایوں میں اضافہ۔

مشکل معاشی صورتحال کی وجہ سے اسٹیٹ بینک آف پاکستان (SBP) نے ڈسکاؤنٹ کی شرح 10.75% سے بڑھا کر 12.75% کر دی اور پاکستانی روپے کی قدر میں امریکی ڈالر کے مقابلے میں تقریباً 15% ہوگئی، کیونکہ حکومت نے بائیسویں آئی ایم ایف پروگرام میں داخل ہونے کی تیاری کی۔ اس طرف حکومت نے جون کے مہینے میں وفاقی بجٹ 20-2019 پیش کر دیا جو بنیادی طور پر ملک کے بجٹ اور آئی ایم ایف کی شرائط میں ہم آہنگی پر مبنی تھا۔

ایکویٹی

1HCY19 کے دوران KSE100 انڈیکس تیزی سے نیچے کی طرف آیا جس کی بنیادی وجہ رقومات کی سخت تنگی، کرنسی کی قدر میں 14.5% کمی اور پابندیوں پر مبنی FY20 کا بجٹ تھی۔ KSE100 انڈیکس 33,902 پوائنٹس یعنی سال بہ سال 8.54% کی شرح سے گر گیا جب کہ KMI30 انڈیکس 11.53% کی کمی کے ساتھ 54,118 پوائنٹس پر بند ہوا۔ KMI30 انڈیکس KSE100 کے مقابلے میں زیادہ تیزی سے نیچے آیا کیونکہ اس کے اسٹاکس کا دائرہ کم ہے اور یہ انڈیکس مخصوص شعبہ جات جیسے سیمنٹ پر مرکوز ہوتا ہے جو اس مدت کے درمیان میں نمایاں طور پر کمی کا شکار رہا۔

شعبہ جاتی کارکردگی کے لحاظ سے سیمنٹ، آئل اینڈ گیس مارکیٹنگ، پاور جنریشن اور فارماسیوٹیکل کے شعبہ جات کی کارکردگی متاثر ہوئی، جب کہ کمرشل بینکس، آٹو اسمبل کرنے والے اور آئل اینڈ گیس کی تلاش کے شعبہ جات نے انڈیکس میں غیر معمولی کارکردگی کا مظاہرہ کیا۔ سیمنٹ، اسٹیل اور فارماسیوٹیکل کے شعبہ جات بہت زیادہ متاثر ہوئے جس کی وجہ حکومت کی جانب سے پابندیوں کے اقدامات اور زیادہ لاگت سے گریز تھی (جو بنیادی طور پر پاکستانی روپے کی قدر میں کمی کے سبب بڑھی تھی)۔ پاور جنریشن میں کمی کی بڑی وجہ گردشی قرضہ جات کے مسئلے کی بناء پر کارکردگی کا معمول سے بھی کم ہونا تھی جس نے IPP کے شعبہ کی حالت ابتر کر دی تھی۔ پاکستانی روپے کی قدر میں کمی نے آئل مینوفیکچرنگ کمپنیز اور ریفائنریز کو سب سے زیادہ متاثر کیا جن کو درآمدات کی قیمتوں تک پہنچنے میں دشواری پیش آ رہی تھیں۔ چنانچہ زرمبادلہ کے نقصانات کے نتیجے میں ان کی آمدنی میں نمایاں کمی آئی۔

مارکیٹ کی شراکت پر مبنی سرگرمیوں میں غیر ملکی خالص خریدار رہے اور خالص داخلی بہاؤ 48 ملین امریکی ڈالر رہا۔ دوسری طرف اسی مدت کے دوران میں میوچوئل فنڈز خالص فروخت کنندہ رہے اور خارجی بہاؤ کی رقم 117 ملین امریکی ڈالر رہی۔

فکسڈ انکم

1HCY19 کے دوران کنزیومر پرائس انڈیکس (CPI) افراطِ زر کی شرح 8.61% ریکارڈ کی گئی جو کہ گزشتہ سال کی اسی مدت میں 4.09% تھی۔ 2HCY19 افراطِ زر کا یہ دباؤ مزید بڑھے گا جس کی بنیادی وجہ عالمی سطح پر تیل کی بڑھتی ہوئی قیمتیں، روپے کی قدر میں کمی کے طویل اثرات اور توازنِ ادائیگی کے مسئلے کی بناء پر غیر ملکی ذخائر کے بارے میں خدشات کی موجودگی ہے۔ 5,264 ملین امریکی ڈالر کے کرنٹ اکاؤنٹ کے خسارے کے نتیجے میں SBP کے پاس موجود لیکوئیڈ غیر ملکی ذخائر میں بھی کمی آئی جو 1HCY19 کے آخر میں 7,280 ملین امریکی ڈالر تک پہنچ گئی تھی۔

سرمایہ کاری کی خصوصی توجہ yield curve کے short end پر رہی جس میں مزید اضافہ کی توقع ہے۔ 1HCY19 کے دوران میں SBP نے 10,150 بلین پاکستانی روپے کے مشترکہ ہدف کے ساتھ دوماہی (bi monthly) ٹی بل کے نیلام منعقد کی، جب کہ 5,485 بلین پاکستانی روپے کی کل تکمیل (maturity) کے مقابلے میں قرضہ کی رقم 8,534 بلین پاکستانی روپے تھی۔ حکومت نے 892 بلین پاکستانی روپے فکسڈ ریٹ پر طویل المدت بونڈز کی شکل میں قرضہ حاصل کیا جب کہ مجموعی ہدف 500 بلین پاکستانی روپے تھا۔

10 سالہ میچورٹی فلوٹنگ ریٹ کے پاکستان انویسٹمنٹ بونڈز میں حکومت نے 550 بلین پاکستانی روپے کے ہدف کے مقابلے میں 187 بلین پاکستانی روپے کا قرضہ حاصل کیا جو چھ ماہ سے زائد کے اوسط weight کے ٹی بل کٹ آف کے 70 بنیادی پوائنٹس پر پھیلا ہوا تھا۔

1HCY19 کے لیے اوسط 3 ماہ، 6 ماہ اور 9 ماہ KIBOR پچھلے نصف سال (دسمبر 2018 کے اختتام) کے مقابلے میں 503-487 بیسس پوائنٹس کی حد میں بڑھ کر بالترتیب 11.33، 11.48 اور 11.85 فیصد پر بند ہوا، SBP سے پوسٹ پالیسی کی شرح میں 325 بیسس پوائنٹس کا اضافہ ہوا۔

1HCY19 کے دوران اسلامک منی مارکیٹ کی سرگرمیوں میں بھی تخفیف دیکھنے میں آئی۔ اس کے علاوہ شرح سود میں اضافہ کے سبب اس پوری مدت میں GoP اجارہ سکوکس دباؤ کی حالت میں رہے جس کی وجہ فلسڈ کوپن اسٹرکچر تھی۔ وزارتِ توانائی نے یکم مارچ 2019 کو پہلے پاکستانی انرجی سکوک جاری کیے جن کی مالیت 200 بلین پاکستانی روپے تھی۔ اس کا مقصد گردشی قرضہ جات کے مسائل کو حل کرنا تھا کیونکہ بہت سی کمپنیز کو نقد رقم کی تنگی کا سامنا ہے۔ اسٹیٹ بینک کی جانب سے سکوک کو Statutory Liquidity Ratio (SRL) کا اہل قرار دیا گیا ہے جس کے ذریعہ اسلامک بینکنگ کی صنعت کو سہولت فراہم کی گئی ہے۔ یہ سکوک اجارہ پر مبنی ہیں جو نیم سالانہ (6 ماہ KIBOR پلس 80 بیسس پوائنٹس) کے ساتھ 10 سالہ میچورٹی پر مبنی ہیں۔

AMC انڈسٹری

1HCY19 کے اختتام پر میوچل فنڈ انڈسٹری کے زیرِ انتظام اثاثے جات (AUM) 529 بلین روپے رہی (علاوہ فنڈ زآف فنڈ) 7% کی کمی ظاہر کی (دسمبر 2018 کی سطح 40 بلین روپے سے 569 بلین روپے)۔ کنوینشنل اسکیم کے AUM's نے تقریبا 30 بلین روپے کی کمی ظاہر کی جو کہ اس مدت کے اختتام پر 333 بلین روپے (علاوہ فنڈ زآف فنڈ) تک پہنچ گیا۔ جبکہ شریعہ کمپلائنٹ اسکیم کے AUM's قریبا 10 بلین روپے کی کمی ریکارڈ کرنے کے بعد 196 بلین روپے (علاوہ فنڈ زآف فنڈ) تک پہنچ گیا ہے۔

مجموعی طور پر اس مدت کے دوران تقریبا چودہ (14) نئے فنڈز اور پلانز کا اجراء ہوا۔ JSIL کی طرف سے JS اسلامک کیپیٹل پریزرویشن ایلوکیشن پلانز 6 &5 شریعہ کمپلائنٹ کیپیٹل پریزرویشن کی جگہ کامیابی سے لانچ کیے گئے۔ JS اسلامک کیپیٹل پریزرویشن ایلوکیشن پلانز میں جنوری سے جون 2019 کے درمیان مجموعی AUM کا اضافہ 2.17 بلین روپے ہے۔

کارکردگی کا جائزہ

JSIL نے 30 جون 2019 کو 125.738 ملین روپے کا مجموعی نقصان درج کروایا جو 1.57 روپے نقصان فی حصص میں منتقل ہو گیا۔ JSIL نے یکساں مدت کے دوران 180.684 ملین روپے کے مقابلے میں 126.513 ملین روپے کی کُل آمدنی ریکارڈ کروائی۔ JSIL نے اسی مدت کے لیے 96.914 ملین روپے کے مقابلے میں 103.788 ملین روپے کے انتظامیہ کے زیرِ نگرانی فنڈز (بشمول SMAs) سے مینیجمنٹ ریمیونیریشن کمائے۔

آمدنی میں کمی بنیادی طور پر سخت ایکیویٹی مارکیٹ کی صورتحال اور اس حقیقت کے تحت کہ کافی سارے پرنسپل پروٹیکٹڈ اور ایکیٹیو ایلوکیشن پلانز نے آمدنی کی طرف سرمایہ کاری جاری رکھی (نسبتاً کم مینجمنٹ فیس جینیریٹر)۔ ہماری کامیابی اور ہمارے قابلِ قدر سرمایہ کاروں کا یقین کا ایک خاص نمونہ 2019 میں ہمارے پرنسپل پروٹیکٹڈ پلانز جیسا کہ پہلے بتایا گیا ہے، میں ایک بار پھر موثر ردعمل دینا ہے۔

اس مدت کے دوران، کمپنی نے دی فورم میں اپنی جائیداد کو فروخت کر دیا جس کے پوسٹ ریویلیوشن سے 38.45 ملین پاکستانی روپے کا منافع ہوا۔ اس مدت کے دوران، IFRS 9 کا اطلاق کا نتیجہ 97.442 ملین روپے کی "مناسب قیمت پر" سرمایہ کاری کی درجہ بندی کی بحالی پر ایک غیر حقیقی نقصان کا اعتراف ہوا جو کہ منافع اور نقصان کیگوشوارے پر تھا۔

انتظامیہ کے زیرِ نگرانی اثاثہ جات (بشمول سپیریٹلی مینجٹ اکاؤنٹس۔ SMAs اور فنڈ زآف فنڈز) 31 دسمبر 2018 کے 20.8 بلین روپے کے مقابلے میں 21.65 بلین روپے تھا، یعنی 4% کا اضافہ ظاہر کیا۔

رپورٹنگ مدت کے بعد خاطر خواہ تبدیلیاں

30 جون 2019 کو اختتام پانے والی مدت کے بعد کمپنی نے 24 جولائی 2019 کو منعقد ہونے والی غیر معمولی اجلاسِ عام میں کمپنی کے شراکت داروں کی منظوری سے اور لسٹنگ کمپنیز (حصص کی واپس خرید) ریگولیشن 2019 کے ساتھ پڑھے جانے والے کمپنیز ایکٹ 2017 کے سیکشن 88 سے مطابقت رکھتے ہوئے، ٹینڈر آفر کے ذریعے 18 روپے فی حصص کی قیمت پر 02 اگست 2019 سے 31 اگست 2019 (بشمول دونوں دن) اپنے 27,973,840 جاری کردہ، سبسکرائبڈ اور ادا شدہ عمومی حصص سے زیادہ سے زیادہ کی واپس خرید کا معاہدہ ہوا۔

مستقبل کے امکانات

JSIL نے 1HCY19 کا اختتام کامیابی سے 21.65 بلین روپے AUM کی سطح (بشمول سیپریٹلی مینجڈ اکاؤنٹس۔ SMAs اور فنڈز آف فنڈز) کے ساتھ کیا۔ اب تک کمپنی نے JS اسلامک ہائبرڈ فنڈ آف فنڈز میں شریعہ کمپلائنٹ کیپٹل پریزرویشن ایلوکیشن پلانز کے سلسلے کا کامیابی کے ساتھ اجراء کیا۔ کمپنی سیلز فورس کی گنجائش میں اضافہ کر کے اپنی ریٹیل مارکیٹ کی رسائی کو بڑھانے کے لیے حکمتِ عملی بنا رہی ہے اور اپنی موجودہ پراڈکٹ لائن میں اضافہ کرنے کے لیے نئے فنڈز کا اجراء کرنے کا منصوبہ بنا رہی ہے۔

JS انویسٹمنٹس AUMs اور ریٹیلر انویسٹر بیس کو بڑھانے کے لیے اپنی دورخی حکمت عملی کو قائم رکھے گی۔ قسط وار اور محدود مدت پر مبنی سرمایہ کاری کے پلانز کے اجراء کی تدبیر سال کے دوران بھرپور فائدہ مند ثابت ہوئی اور یہ حکمت عملی آئندہ سال بھی جاری رہے گی تاکہ AUMs کو بڑھانے کی ساتھ ساتھ ریٹیلر انویسٹر بیس کو پھیلایا جا سکے۔ انتظامیہ ایسے جدید سرمایہ کاری کے پلانز کا اجراء کرے گی جہاں مارکیٹ کے پسماندہ حصوں کو اہمیت دی جائے۔ عمدہ قسم اور مارکیٹ کی قیادت کرنے والی خدمات مہیا کرنے کی خوبی کے باعث مارکیٹ شیئر بڑھنے اور کسٹمر کی وفاداری کو بہتر بنانے میں مدد ملے گی۔

ایسیٹ منیجر اور اینٹیٹی ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی نے جے ایس انویسمنٹ لمیٹڈ کو "AM2" (اے ایم ٹو) کی مینجمنٹ کوالٹی ریٹنگ تفویض کی ہے اور امکانات کو بڑھا کر "positive" کر دیا ہے۔ یہ ریٹنگ مینجمیٹ کے اعلیٰ معیار کی نشاندہی کرتی ہے۔

اظہارِ تشکر

ڈائریکٹرز بیش قدر معاونت، مدد اور رہنمائی پر سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور پاکستان اسٹاک ایکسچینج (PSX) کی انتظامیہ سے اظہارِ تشکر کرتے ہیں۔ مزید برآں ہم اپنے زیرِ انتظام فنڈز کے ٹرسٹیز سینٹرل ڈپازٹری کمپنی آف پاکستان (CDC) اور MCB فنانشل سروسز لمیٹڈ کی مسلسل معاونت اور تعاون کا اعتراف کرتے ہیں۔ بورڈ لگن اور محنت پر JSIL کے ملازمین اور انتظامیہ پر اعتماد پر سیئر ہولڈرز کا بھی شکریہ ادا کرتا ہے۔

منجانب بورڈ

چیف ایگزیکٹیو آفیسر	ڈائریکٹر

کراچی: 22 اگست 2019

EY
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of JS Investments Limited

Report on review of Unconsolidated Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **JS Investments Limited** (the Company) as at **30 June 2019**, the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity, and notes to the unconsolidated interim financial statements for the six month period then ended (here-in-after referred to as "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 30 June 2019 and 30 June 2018 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 30 June 2019 and 30 June 2018.

Scope of Review

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

Conclusion

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

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

Chartered Accountants

Date: August 22, 2019

Karachi

FINANCIAL STATEMENTS

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
ASSETS		--------------- Rupees	---------------
Non - current assets			
Property and equipment	5	**498,163,999**	485,306,148
Intangible assets	6	**14,864,591**	16,315,422
Long-term investment in a subsidiary		**37,500,000**	37,500,000
Long-term loans and prepayments - considered good		**3,868,408**	4,209,830
Deferred tax asset - net	7	**39,602,462**	-
		593,999,460	543,331,400
Current assets			
Balances due from funds under management - related parties		**110,875,048**	112,825,238
Loans and advances - considered good		**4,166,070**	2,436,861
Trade deposits, short term prepayments and other receivables		**52,126,568**	60,455,636
Other financial assets - investments	8	**1,988,121,230**	1,604,144,245
Taxation - net		**90,348,086**	89,518,143
Cash and bank balances	9	**21,499,603**	23,014,578
		2,267,136,605	1,892,394,701
Total assets		**2,861,136,065**	2,435,726,101
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Authorized capital		**2,500,000,000**	2,500,000,000
Issued, subscribed and paid-up capital		**801,718,180**	801,718,180
Unappropriated profit		**1,315,701,137**	751,736,003
Capital repurchase reserve account		**198,281,820**	198,281,820
Unrealised appreciation on remeasurement of 'available-for-sale' financial assets - net		-	225,049,381
Surplus on revaluation of fixed assets - net of tax		-	173,891,692
		2,315,701,137	2,150,677,076
LIABILITIES			
Non - current liabilities			
Liability against assets subject to finance lease		**262,142,002**	34,634,633
Current liabilities			
Accrued and other liabilities	10	**256,401,592**	235,674,385
Unclaimed dividend		**2,952,805**	2,952,805
Current maturity of liability against assets subject to finance lease		**23,938,529**	11,787,202
Total liabilities		**545,434,928**	285,049,025
Total equity and liabilities		**2,861,136,065**	2,435,726,101
Contingencies and commitments	11		

The annexed notes 1 to 18 form an integral part of these unconsolidated interim financial statements.

Chief Executive Officer | **Director** | **Chief Financial Officer**

UNCONSOLIDATED CONDENSED INTERIM STATEMENT PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2019

	Note	Half year ended		Quarter ended	
		June 30, 2019	**June 30, 2018**	**June 30, 2019**	**June 30, 2018**
		Rupees			
INCOME					
Remuneration from funds under management - gross		**115,440,522**	107,371,754	**55,714,353**	55,121,698
Less: Sindh sales tax		**(13,280,768)**	(12,352,503)	**(6,409,616)**	(6,341,435)
		102,159,754	95,019,251	**49,304,737**	48,780,263
Commission from open end funds under management		**645,360**	3,185,312	**214,722**	1,088,939
Dividend income		**17,684,964**	632,357	**12,669,742**	632,357
Net gain on sale of investments classified as 'at fair value through profit or loss'		**1,387,227**	2,042,009	**1,558,922**	1,731,096
Net gain on sale of investments classified as 'available-for-sale'		**-**	76,983,138	**-**	30,805,269
Return on bank deposits under interest / mark-up arrangements		**3,007,403**	926,651	**2,131,348**	398,020
Remuneration and share of profit from management of discretionary and non discretionary client portfolios		**1,628,488**	1,895,400	**955,727**	1,081,132
		126,513,196	180,684,118	**66,835,198**	84,517,076
Administrative expenses	12	**(170,240,585)**	(143,750,231)	**(96,661,173)**	(73,493,779)
Selling and distribution expenses		**(48,504,777)**	(40,833,346)	**(26,036,761)**	(15,578,698)
OPERATING LOSS		**(92,232,166)**	(3,899,459)	**(55,862,736)**	(4,555,401)
Financial charges		**(19,206,869)**	(1,401,196)	**(11,197,013)**	(882,245)
		(111,439,035)	(5,300,655)	**(67,059,749)**	(5,437,646)
Other (loss) / income	13	**(40,053,802)**	20,916,397	**(72,467,407)**	4,431,168
(Loss) / profit for the period before tax		**(151,492,837)**	15,615,742	**(139,527,156)**	(1,006,478)
Income tax					
- Current		**(13,847,721)**	(16,741,085)	**(7,184,485)**	(5,840,609)
- Deferred		**39,602,462**	16,493,367	**34,914,596**	5,446,594
		25,754,741	(247,718)	**27,730,111**	(394,015)
(Loss) / profit for the period after tax		**(125,738,096)**	15,368,024	**(111,797,045)**	(1,400,493)
(Loss) / earnings per share for the period - basic and diluted	14	**(1.57)**	0.19	**(1.39)**	(0.02)

The annexed notes 1 to 18 form an integral part of these unconsolidated interim financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2019

	Half year ended		Quarter ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	---------- Rupees ----------			
(Loss) / profit for the period after tax	**(125,738,096)**	15,368,024	**(111,797,045)**	(1,400,493)
Other comprehensive income / (loss) to be reclassified to statement of profit or loss in subsequent periods				
Unrealised appreciation on remeasurement of 'available-for-sale' financial assets - net	-	83,162,408	-	(80,654,444)
Reclassification adjustments relating to sale of investments	-	(76,983,138)	-	(30,805,269)
Related tax	-	(903,274)	-	5,806,885
	-	5,275,996	-	(105,652,828)
Total comprehensive (loss) / income for the period	**(125,738,096)**	20,644,020	**(111,797,045)**	(107,053,321)

The annexed notes 1 to 18 form an integral part of these unconsolidated interim financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		---------------- Rupees	----------------
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit for the period before taxation		**(151,492,837)**	15,615,742
Adjustment for:			
Remuneration from funds under management - net		**(102,159,754)**	(95,019,251)
Commission from open end funds under management		**(645,360)**	(3,185,312)
Dividend income		**(17,684,964)**	(632,357)
Depreciation expense		**44,166,356**	16,778,262
Amortisation expense		**2,208,048**	1,175,867
Financial charges		**19,206,869**	1,401,196
Return on bank deposits under interest / mark-up arrangements		**(3,007,403)**	(926,651)
Net gain on sale of investments classified as 'at fair value through profit or loss'		**(1,387,227)**	(2,042,009)
Net gain on sale of investments classified as 'available-for-sale'		**-**	(76,983,138)
Net unrealised loss / (gain) on revaluation of investments classified as 'at fair value through profit or loss'		**97,442,459**	(1,170,273)
Gain on disposal of property and equipment		**(38,459,195)**	(654,894)
		(151,813,008)	(145,642,818)
Working capital changes			
Loans and advances - considered good		**(1,552,018)**	1,955,927
Trade deposits, short term prepayments and other receivables		**(3,159,688)**	4,297,997
Accrued and other liabilities		**4,387,683**	37,257,529
		(324,023)	43,511,453
		(152,137,031)	(102,131,365)
Taxes paid - net		**(14,566,781)**	22,535,629
Remuneration and commission received from funds under management		**104,755,305**	95,324,321
Net cash used in operating activities		**(61,948,507)**	15,728,585
CASH FLOWS FROM INVESTING ACTIVITIES			
(Investments made) / proceeds from sale of investments - net		**(480,032,218)**	80,000,000
Payment of lease liability		**(41,986,524)**	-
Payments for purchase of property, equipment and intangible assets		**(43,219,160)**	(68,152,180)
Dividends received		**17,684,964**	632,357
Return on bank deposits under interest / mark-up arrangements		**2,933,158**	952,481
Sale proceeds from disposal of property and equipment		**608,324,544**	896,000
Net cash generated from investing activities		**63,704,764**	14,328,658
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**-**	(362,097)
Financial charges paid		**(3,271,232)**	(1,401,196)
Net cash used in financing activities		**(3,271,232)**	(1,763,293)
Net (decrease) / increase in cash and cash equivalents		**(1,514,975)**	28,293,950
Cash and cash equivalents at beginning of the period		**23,014,578**	15,534,837
Cash and cash equivalents at end of the period		**21,499,603**	43,828,787

The annexed notes 1 to 18 form an integral part of these unconsolidated interim financial statements.

Chief Executive Officer	**Director**	**Chief Financial Officer**

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2019

		Reserves				
		Capital reserve			Revenue reserve	
	Issued, subscribed and paid-up capital	Capital repurchase reserve account	Surplus on revaluation of fixed assets - net of tax	Unrealised appreciation on remeasurement of 'available-for-sale' financial assets - net	Unappropriated profit	Total
	Rupees					
Balance as at January 01, 2018 (restated)	801,718,180	198,281,820	183,058,851	461,102,051	700,840,694	2,345,001,596
Total comprehensive income for the half year ended June 30, 2018						
Profit for the period	-	-	-	-	15,368,024	15,368,024
Other comprehensive income - net of tax	-	-	-	5,275,996	-	5,275,996
Total comprehensive income for the half year	-	-	-	5,275,996	15,368,024	20,644,020
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged thereon - net of tax	-	-	(4,583,582)	-	4,583,582	-
Balance as at June 30, 2018	**801,718,180**	**198,281,820**	**178,475,269**	**466,378,047**	**720,792,300**	**2,365,645,616**
Balance as at January 01, 2019	801,718,180	198,281,820	173,891,692	225,049,381	751,736,003	2,150,677,076
Adjustment due to reclassification as per IFRS 9 (see note 4.1.2)	-	-	-	(225,049,381)	225,049,381	-
Total comprehensive loss for the half year ended June 30, 2019	-	-	-	-	(125,738,096)	(125,738,096)
Surplus on revaluation during the period (see note 5)	-	-	290,762,157	-	-	290,762,157
Transfer from surplus on account of disposal	-	-	(459,939,043)	-	459,939,043	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged thereon - net of tax	-	-	(4,714,806)	-	4,714,806	-
Balance as at June 30, 2019	**801,718,180**	**198,281,820**	**-**	**-**	**1,315,701,137**	**2,315,701,137**

The annexed notes 1 to 18 form an integral part of these unconsolidated interim financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

NOTES TO THE UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2019

1. STATUS AND NATURE OF BUSINESS

1.1 JS Investments Limited (the Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange Limited since April 24, 2007. The registered office of the Company has been changed from 7th Floor, The Forum, Khayaban-e-Jami, Clifton, Karachi to The Centre, 19th Floor, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The Company is a subsidiary of JS Bank Limited (which has 65.16 percent direct holding in the Company) which is a subsidiary of JSCL (Jahangir Siddiqui & Co. Limited), Ultimate Parent.

The Company has obtained the license of an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005. The Company has also acquired the Private Equity and Venture Capital Fund Management Services license from Securities and Exchange Commission of Pakistan (SECP).

1.2 The Company is an asset management company and pension fund manager for the following funds at half year ended June 30, 2019:

1.2.1 Asset management company of the following funds:

Open-end mutual funds

- JS Growth Fund
- JS Value Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Income Fund
- JS Cash Fund
- JS Large Cap Fund
- JS Islamic Hybrid Fund of Funds
- JS Islamic Hybrid Fund of Funds - 2
- JS Islamic Dedicated Equity Fund
- JS Islamic Hybrid Fund of Funds - 3

Pension funds

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

1.3 These unconsolidated interim financial statements are separate financial statements of the Company in which the investment in subsidiary is stated at cost.

2. STATEMENT OF COMPLIANCE

2.1 These unconsolidated interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Such standards comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);

- Provisions of and directives issued under the Companies Act, 2017;

- Provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations); and

- Directives issued by the Securities and Exchange Commission of Pakistan (SECP).

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

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

2.3 These unconsolidated interim financial statements do not include all the information and disclosures required in the unconsolidated annual financial statements, and should be read in conjunction with the unconsolidated annual financial statements of the Company as at December 31, 2018.

3. BASIS OF MEASUREMENT

3.1 These unconsolidated interim financial statements have been prepared under historical cost convention except for certain investments.

3.2 These unconsolidated interim financial statements have been presented in Pakistani Rupee, which is the Company's functional and presentation currency.

4. ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

4.1 The accounting policies adopted for the preparation of these unconsolidated interim financial statements are the same as those applied in the preparation of the unconsolidated annual financial statements of the Company for the year ended December 31, 2018, except as follows:

4.1.1 New / Revised Standards, Interpretations and Amendments

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

Standard or Interpretation

IFRS 9 - Financial Instruments

IFRS 9 - Prepayment Features with Negative Compensation - (Amendments)

IFRS 15 - Revenue from Contracts with Customers

IFRS 16 - Leases

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

Standard or Interpretation

IAS 28 - Long-term Interests in Associates and Joint Ventures - (Amendments)

IFRIC 23 - Uncertainty over Income Tax Treatments

The adoption of the above amendment to accounting standards did not have any effect on the unconsolidated interim financial statements, except as described in notes 4.1.2 and 4.1.3 below:

4.1.2 IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" has replaced IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after July 01, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Company has applied IFRS 9, with the initial application date of January 01, 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP).

Upon adoption of IFRS 9, the Company has not restated comparative information and impact from the adoption of IFRS 9 have been recognised directly in unappropriated profit as of January 01, 2019.

(a) Changes to Classification and measurement of financial assets

The IFRS 9 has replaced current categories of financial assets (Held For Trading (HFT), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of financial assets:

1) Debt instruments at amortised cost

2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to statement of profit or loss on derecognition

3) Equity instruments at FVOCI, with no recycling of gains or losses to statement of profit or loss on derecognition

4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the Company's business model was made as at the date of initial application i.e. January 01, 2019, and then applied retrospectively to those financial assets that were not derecognised before January 01, 2019. As a result of the above assessment, the management has concluded as under:

i) *All the investments in units of mutual funds previously classified as 'Available for Sale' will be re-classified as 'at Fair Value through Profit or Loss' as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the Company. The impact has been disclosed in table below. Further, return on Mutual funds is not considered as solely payments of principal and interest.*

ii) *The investment in term finance certificate continue to be classified as 'at Fair Value through Profit or Loss' as such investment is managed on a fair value basis and is held for trading purposes.*

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9:

	As at December 31, 2018	Impact of adoption of IFRS 9	As at January 01, 2019
	----------------------	(Rupees)	----------------------
Impact on statement of assets and liabilities			
Investments - 'available for sale'	**1,157,454,903**	**(1,157,454,903)**	**-**
Investments - 'at fair value through profit or loss'	**446,689,342**	**1,157,454,903**	**1,604,144,245**
Impact on statement of changes in equity			
Unrealised appreciation on 'available-for-sale' investments	**225,049,381**	**(225,049,381)**	**-**
Unappropriated profit	**751,736,003**	**225,049,381**	**976,785,384**

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The financial assets subject to ECL in the case of the Company are:

i) Balances due from funds under management

ii) Bank balances

iii) Loans and advances

iv) Other receivables

Considering the nature of the financial assets, the Company has applied the simplified approach allowed under IFRS 9 and has calculated ECL based on life time ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using credit rating of the counterparties/instruments and the related probability of default factors.

Based on the above approach, the impact of ECL is not considered as material to the unconsolidated interim financial statements.

Summary of new accounting policies in respect of adoption of IFRS 9

Financial instruments

In the current period, the Company has adopted IFRS 9 "Financial Instruments". See above for an explanation of the impact. Comparative figures for the year ended December 31, 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 "Financial Instruments Recognition and Measurement".

Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees / counter parties and due to counterparties, are initially recognised on the trade date, i.e., the date that the bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Bank balances and loans and advances to employees / counter parties are recognised when funds are transferred to the banks / employees / counterparties. The Company recognises due to counterparties when funds reach the Company.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded as 'at fair value through profit or loss'.

Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be 'at fair value through profit or loss' if:

i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or

iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Company classifies its financial assets as subsequently measured 'at amortised cost' or measured 'at fair value through profit or loss' on the basis of both:

- The entity's business model for managing of the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured 'at amortised cost'

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables, accrued income and other receivables.

Financial assets measured 'at fair value through profit or loss'

A financial asset is measured 'at fair value through profit or loss' if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured 'at fair value through profit or loss'. The Company includes in this category short-term payables, including accrued and other liabilities.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

The Company holds receivables with no financing component and which have maturities of less than 12 months 'at amortised cost' and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability

4.1.3 IFRS 16 "Leases"

During the current year, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company has lease contracts for its head office and various branches. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Trade deposits, short term prepayments and other receivables, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

The effect of adoption of IFRS 16 as at January 01, 2019 is as follows:

	January 01, 2019 ----- Rupees -----
Increase in RoU asset	293,665,460
(Decrease) in trade deposits, short term prepayments and other receivables	(11,830,178)
Increase in total assets	281,835,282
Increase in lease liability against assets subject to finance lease	(281,736,623)
Increase in interest liability against assets subject to finance lease	(98,659)
Increase in net assets	-

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Summary of new accounting policies in respect of adoption of IFRS 16

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of three to five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of branches due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

Set out below, are the carrying amounts of the Company's right-of-use assets, lease liabilities and interest liability and the movements during the period:

	June 30, 2019		
	RoU asset	**Lease liability**	**Interest Liability**
	----------	**Rupees**	----------
As at January 01, 2019	**293,665,460**	**281,736,623**	**98,659**
Depreciation expense	**(17,252,268)**	**-**	**-**
Interest expense	**-**	**-**	**16,149,462**
Payments	**-**	**(35,081,644)**	**(213,825)**
As at June 30, 2019	**276,413,192**	**246,654,979**	**16,034,296**

4.2 Further, the financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the unconsolidated annual financial statements of the Company for the year ended December 31, 2018.

	Note	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
		------------ Rupees ------------	
5. PROPERTY AND EQUIPMENT			
Opening written down value		**364,873,701**	367,085,044
Revaluation during the period / year	5.1	**290,762,157**	-
Additions during the period / year	5.2	**161,854,561**	35,112,705
Disposals during the period / year	5.3	**(569,865,349)**	(2,637,186)
Depreciation for the period / year		**(26,914,088)**	(34,686,862)
		220,710,982	364,873,701
Capital work-in-progress - advance against purchase of assets		**1,039,825**	120,432,447
Right of use assets	4.1.3	**276,413,192**	-
		498,163,999	485,306,148

5.1 The Company follows the revaluation model for its office premises. The fair value measurement as at April 05, 2019 was performed by Pee Dee & Associates, independent valuer not related to the Company. Pee Dee & Associates is on all three panels of Pakistan Banks Association. It is also on the panel of State Bank of Pakistan as 'Category B' valuator and possesses appropriate qualification and have recent experience in the fair value measurements in the relevant locations. The fair value of the office premises was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property / project, condition, size, utilization, and other relevant factors. In estimating the fair value of the office premises, the highest and best use of the premises is its current use. However, the office premises was sold during the period (see note 5.3.1) and the revaluation surplus included in statement of changes in equity was transferred to unappropriated profit.

	Note	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
		------------ Rupees ------------	
5.2 The following additions were made to tangible - property and equipment during the period / year:			
Furniture and fixtures		**12,755,200**	3,071,709
Office equipment		**22,526,647**	16,130,321
Leasehold improvements	5.2.1	**122,455,354**	-
Vehicles		**4,117,360**	15,910,675
		161,854,561	35,112,705

5.2.1 This represents leasehold improvements incurred by the Company upon transfer to new office location. These are to be depreciated at the rate of 20% per annum on straight line basis. This includes Rs.96.417 million being transferred from capital work-in-progress during the period.

5.3 The following disposals of tangible - property and equipment were made during the period / year:

Furniture and fixtures		**329,478**	26,396
Office equipment		**178,199**	-
Office premises	5.3.1	**568,584,635**	-
Vehicles		**773,037**	2,610,790
		569,865,349	2,637,186

5.3.1 The Company has sold its office premises on June 03, 2019 to JS Bank Limited (the Parent Company) for a cash consideration of Rs.606.832 million. The net gain of Rs.38.247 million was recognised as part of other income in statement of profit or loss.

6. INTANGIBLE ASSETS

Opening written down value		**16,315,422**	8,464,922
Additions during the period / year		**757,217**	11,120,618
Amortisation for the period / year		**(2,208,048)**	(3,270,118)
		14,864,591	16,315,422

7. DEFERRED TAX - NET

Taxable temporary differences on:			
Accelerated tax depreciation		**(8,519,403)**	(11,400,668)
Surplus on revaluation of fixed assets		**-**	(62,311,963)
Revaluation on investments classified as 'at fair value through profit or loss'		**-**	(88,858)
		(8,519,403)	(73,801,489)
Deductible temporary differences on:			
Unrealised appreciation on investments classified as 'available-for-sale' investments		**-**	12,924,895
Revaluation on investments classified as 'at fair value through profit or loss'		**25,465,341**	-
Liability against assets subject to finance lease - net		**2,803,528**	-
Provision for Workers' Welfare Fund		**19,852,996**	17,114,652
Provision for donation		**-**	186,437
Unused tax losses	7.1	**-**	43,575,505
		39,602,462	-

7.1 The Company has not recognized deferred tax asset of Rs.56.326 (December 31, 2018: Rs.28.575) million on account of carried forward tax losses in accordance with its accounting policy.

8. OTHER FINANCIAL ASSETS - INVESTMENTS		(Un-Audited) June 30, 2019	(Audited) December 31, 2018
		------------ Rupees ------------	
Investments by category			
Classified as 'available-for-sale'			
Units of mutual funds - related parties	8.1	-	1,157,454,903
Classified as 'at fair value through profit or loss'			
Units of mutual funds - related parties	8.2	**1,863,121,230**	321,689,342
Term Finance Certificate	8.3	**125,000,000**	125,000,000
		1,988,121,230	446,689,342
		1,988,121,230	1,604,144,245

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

Number of Units			(Un-Audited) June 30, 2019		(Audited) December 31, 2018
June 30, 2019	December 31, 2018	Name of fund	Average cost	Fair value	Fair value
			---------------------- Rupees ----------------------		
-	1,716,379	JS Value Fund	-	-	349,386,065
-	1,903,901	JS Growth Fund	-	-	302,072,879
-	205,210	JS Pension Savings Fund - Equity	-	-	85,297,643
-	137,349	JS Pension Savings Fund - Debt	-	-	34,079,032
-	177,463	JS Pension Savings Fund - Money Market	-	-	35,329,417
-	2,772,987	JS Fund of Funds	-	-	141,034,115
-	182,354	JS Islamic Pension Savings Fund - Equity	-	-	101,071,344
-	213,852	JS Islamic Pension Savings Fund - Debt	-	-	44,359,257
-	222,303	JS Islamic Pension Savings Fund - Money Market	-	-	39,990,151
-	150,000	JS Islamic Capital Preservation - Allocation Plan 4	-	-	15,054,000
-	100,000	JS Islamic Hybrid Fund of Funds - 2	-	-	9,781,000
			-	-	1,157,454,903
		Unrealised appreciation on remeasurement at fair value - net	-	-	-
			-	-	1,157,454,903

8.2 Units of mutual funds - 'at fair value through profit or loss' (related parties)

Number of Units June 30, 2019	Number of Units December 31, 2018		(Un-Audited) June 30, 2019 Average cost	(Un-Audited) June 30, 2019 Fair value	(Audited) December 31, 2018 Fair value
			---------- Rupees	----------	----------
3,407,583	2,358,284	JS Cash Fund	**345,559,645**	**346,551,179**	241,040,244
4,088,400	346,078	JS Income Fund	**391,469,329**	**390,728,368**	34,247,920
473,744	442,295	JS Islamic Income Fund	**49,579,987**	**48,013,908**	46,401,178
153,647	-	JS Islamic Capital Preservation - Allocation Plan 5	**15,364,650**	**15,378,478**	-
			801,973,611	**800,671,933**	321,689,342
		Re-classified as per IFRS 9 (see note 4.1.2)			
1,716,379	-	JS Value Fund	**349,386,065**	**295,251,478**	-
1,903,901	-	JS Growth Fund	**302,072,879**	**271,001,220**	-
205,210	-	JS Pension Savings Fund - Equity	**85,297,643**	**77,134,384**	-
137,349	-	JS Pension Savings Fund - Debt	**34,079,032**	**35,420,931**	-
177,463	-	JS Pension Savings Fund - Money Market	**35,329,417**	**37,066,784**	-
2,772,987	-	JS Fund of Funds	**141,034,115**	**143,363,424**	-
182,354	-	JS Islamic Pension Savings Fund - Equity	**101,071,344**	**89,059,708**	-
213,852	-	JS Islamic Pension Savings Fund - Debt	**44,359,257**	**46,399,402**	-
222,303	-	JS Islamic Pension Savings Fund - Money Market	**39,990,151**	**41,799,702**	-
157,204	-	JS Islamic Capital Preservation - Allocation Plan 4	**15,774,375**	**15,731,379**	-
104,231	-	JS Islamic Hybrid Fund of Funds-2	**10,195,800**	**10,220,885**	-
			1,960,563,689	**1,863,121,230**	321,689,342
		Unrealised loss on remeasurement at fair value - net	**(97,442,459)**	**-**	-
			1,863,121,230	**1,863,121,230**	321,689,342

8.3 Term Finance Certificate

This represents investment in AA- rated, unsecured, subordinated, perpetual and non-cumulative term finance certificate of Bank AL Habib Limited, having face value of Rs.5,000 per certificate and carries profit at the rate of 6 Months KIBOR + 1.50% (December 31, 2018: 6 Months KIBOR +1.50%) per annum.

	Note	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
		------ Rupees	------
9. CASH AND BANK BALANCES			
Cash in hand		**89,840**	86,788
Cash at bank in:			
Current accounts		**1,168,596**	568,596
Savings accounts	9.1	**20,241,167**	22,359,194
	9.2	**21,409,763**	22,927,790
		21,499,603	23,014,578

9.1 These carry mark-up at the rates ranging from 8.00% to 12.70% (December 31, 2018: 4.50% to 8.75%) per annum.

9.2 This includes Rs.18.810 (December 31, 2018: Rs.20.947) million held with JS Bank Limited (the Parent Company).

10. ACCRUED AND OTHER LIABILITIES

10.1 This includes Rs.92.245 (December 31, 2018: Rs.92.245) million payable against Federal Excise Duty (FED) on management fees received / receivable from the Funds under management. There is no change in the status of the appeal filed by the Federal Government in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in note 17.1 to the unconsolidated annual financial statements of the Company for the year ended December 31, 2018.

10.2 This includes Rs.57.619 (December 31, 2018: Rs.57.619) million provision for Workers' Welfare Fund (WWF) levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). There is no change in the status of the WWF as reported in note 17.2 to the unconsolidated annual financial statements of the Company for the year ended December 31, 2018.

10.3 This includes Rs.16.034 (December 31, 2018: Rs.Nil) million of interest liability recognised as a result of adoption of IFRS 16.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There are no material changes in the status of contingencies as disclosed in note 18.1 to the unconsolidated annual financial statements of the Company for the year ended December 31, 2018.

11.2 Commitments in respect of:

Royalty and advisory payment - a related party	**7,500,000**	15,000,000

12. ADMINISTRATIVE EXPENSES

These mainly include salaries and benefits, depreciation, legal and professional, travelling, conveyance and vehicle maintenance, use of name and advisory fee, fees and subscription and IT service expenses aggregating to Rs.144.952 (June 30, 2018: Rs.107.325) million.

13. OTHER (LOSS) / INCOME

This mainly includes unrealised loss of Rs.97.442 (June 30, 2018: unrealised gain of Rs.1.170) million on revaluation of investments classified as 'at fair value through profit or loss' (see note 8.2) and gain on disposal of property and equipment amounting to Rs.38.459 (June 30, 2018: Rs.Nil) million (see note 5.3.1).

14. EARNINGS PER SHARE

		(Un-Audited)			
		Half year ended		Quarter ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		---------- Rupees ----------			
(Loss) / profit for the period	**Rupees:**	**(125,738,096)**	15,368,024	**(111,797,045)**	(1,400,493)
Weighted average number of ordinary shares outstanding during the period	**Number:**	**80,171,818**	80,171,818	**80,171,818**	80,171,818
(Loss) / earnings per share	**Rupees:**	**(1.57)**	0.19	**(1.39)**	(0.02)

14.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2019 and June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

15. TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

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

	--------- (Un-Audited) ---------	
	June 30, 2019	**June 30, 2018**
	------------ Rupees ------------	
15.1 Transaction with related parties		
15.1.1 Funds under management		
Remuneration - net of taxes	**102,159,754**	95,019,251
Commission received	**621,713**	3,185,312
Amount paid	**20,744,470**	20,382,065
Amount received	**20,643,651**	14,526,010
Dividends received	**17,684,964**	632,357
Investments made	**990,032,219**	451,638,396
Investments disposed off / matured	**510,000,000**	531,638,396

	--------- (Un-Audited) ---------	
	June 30, 2019	**June 30, 2018**
	------------ Rupees ------------	
15.1.2 Jahangir Siddiqui & Co. Limited (JSCL)		
Percentage of shareholding - JSCL holds 75.02% shares of JS Bank Limited (JSBL)		
Amount paid	-	30,000
Amount received	-	25,000
15.1.3 JS Bank Limited (JSBL)		
Percentage of shareholding - JSBL holds 65.16% shares of the Company		
Proceeds received from disposal of office premises	**606,831,542**	-
Proceeds received from disposal of office equipment and furniture and fixtures	**467,458**	-
Rent received	**2,763,395**	3,443,774
Rent paid	**1,764,404**	3,672,787
Management fee sharing on distribution of mutual funds	**12,399,571**	386,593
Amount paid	**791,984**	834,889
Amount received	**63,656**	678,916
Return on bank deposits	**2,943,269**	899,197

	--------- (Un-Audited) ---------	
	June 30, 2019	June 30, 2018
	------------ Rupees ------------	
15.1.4 Associated company - Jahangir Siddiqui & Sons Limited (JSSL)		
Rent received	**2,704,176**	5,408,352
Amount paid	**618,175**	1,281,427
Amount received	**-**	985,401
15.1.5 Associated company - Mahvish & Jahangir Siddiqui Foundation (MJSF)		
Rent received	**330,940**	661,880
Amount paid	**198,048**	358,944
Amount received	**341,549**	366,651
15.1.6 Associated company - Fakhr-e-Imdad Foundation (FIF)		
Amount paid	**52,821**	102,039
15.1.7 Associated company - EFU General Insurance		
Percentage of shareholding - JSCL holds 21.10%		
Insurance premium paid	**3,570,603**	2,876,921
15.1.8 Associated company - EFU Life Assurance		
Percentage of shareholding - JSCL holds 20.05%		
Insurance premium paid	**1,859,781**	1,422,415
Amount paid	**-**	238,553
15.1.9 Associated company - ABAMCO Limited Staff Provident Fund (the Fund)		
Amount paid	**112,460**	1,101,937
Amount received	**84,259**	1,175,703
Provident fund contributions made	**5,076,772**	4,470,989

	--------- (Un-Audited) --------- June 30, 2019	June 30, 2018
	------------ Rupees	------------
15.1.10 Associated company - JS Global Capital Limited (JSGCL)		
Amount paid	**45,667**	67,530
Amount received	**45,667**	-
15.1.11 Subsidiary company - JS Abamco Commodities Limited (JSACL)		
Percentage of shareholding - 100% of JSIL		
Amount paid	**60,000**	60,000
Amount received	**30,000**	80,000
15.1.12 Future Trust		
Donation paid	**745,747**	657,461
15.1.13 Transactions made with key management personnel		
Remuneration	**53,131,232**	50,862,871
Directors' fee	**475,000**	275,000
Disbursements of personal loans and advances	**2,787,400**	-
Repayments of loans and advances	**1,006,998**	2,006,231
Use of name and advisory for the period	**7,500,000**	5,000,000

	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
15.2 Balances outstanding with related parties		
15.2.1 Funds under management	-------------- Rupees	--------------
Receivable from funds under management	**124,934,117**	126,783,451
Payable to funds under management	**793,537**	365,436
15.2.2 Jahangir Siddiqui & Co. Limited (JSCL)		
Percentage of shareholding - JSCL holds 75.02% shares of JS Bank Limited (JSBL)		
Other receivable	**23,372**	34,672

		(Un-Audited) June 30, 2019	(Audited) December 31, 2018
		--------------- Rupees ---------------	
15.2.3	**JS Bank Limited (JSBL)**		
	Percentage of Shareholding - JSBL holds 65.16% shares of JSIL		
	Bank balances	**18,810,437**	20,947,481
	Other receivable	**1,424,559**	706,231
	Rent payable	**147,082**	478,766
	Rent receivable	**3,833,997**	3,894,359
	Other payables	**10,411,742**	3,086,247
	Profit on bank deposits	**81,725**	65,484
15.2.4	**Associated company - Jahangir Siddiqui & Sons Limited (JSSONS)**		
	Other receivable	**2,335,367**	1,717,192
	Rent receivable	**2,486,352**	2,270,018
15.2.5	**Associated Company - Mahvish & Jahangir Siddiqui Foundation (MJSF)**		
	Other receivable	**186,376**	329,877
	Rent receivable	**379,929**	243,141
15.2.6	**Associated company - Fakhr-e-Imdad Foundation (FIF)**		
	Other receivable	**1,007,169**	954,347
15.2.7	**Associated company - JS Global Capital Limited (JSGCL)**		
	Other receivable	**399,379**	357,579
	Rent receivable	**181,957**	181,957
	Rent payable	**1,272,831**	1,272,831

		(Un-Audited) June 30, 2019	(Audited) December 31, 2018
		--------------- Rupees ---------------	
15.2.8	**Subsidiary company - JS Abamco Commodities Limited (JSACL)**		
	Percentage of Shareholding - 100% of the Company		
	Other receivable	**60,000**	30,000
15.2.9	**Future Trust**		
	Donation payable	-	745,747
15.2.10	**Outstanding from key management personnel**	**2,392,002**	478,265

15.2.11 Key management personnel and directors hold 1,011 (December 31, 2018: 6,514) shares in the Company.

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

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

16. FAIR VALUE OF FINANCIAL AND OTHER ASSETS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

The following table shows the financial and non-financial assets recognised at fair value, analysed between those whose fair value is based on:

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

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

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

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

	June 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	---------------------------------- (Rupees) ----------------------------------			
Financial assets classified as 'at fair value through profit or loss'				
Units of mutual funds - related parties	-	**1,863,121,230**	-	**1,863,121,230**
Term finance certificate	-	**125,000,000**	-	**125,000,000**
	-	**1,988,121,230**	-	**1,988,121,230**

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	---------- (Rupees) ----------			
Financial assets classified as 'available-for-sale'				
Units of mutual funds - related parties	-	1,157,454,903	-	1,157,454,903
Financial assets classified as 'at fair value through profit or loss - held-for-trading'				
Units of mutual funds - related parties	-	321,689,342	-	321,689,342
Term finance certificate	-	125,000,000	-	125,000,000
Non-financial assets				
Office premises	-	287,258,750	-	287,258,750
	-	1,891,402,995	-	1,891,402,995

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

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

16.1.2 Investment in term finance certificate, issued by Bank AL Habib Limited, for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan (SECP).

16.2 During the period ended June 30, 2019, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

17. SUBSEQUENT EVENT

Subsequent to period ended June 30, 2019, the Company, with the approval of the Company's shareholders in extraordinary general meeting held on July24, 2019 and in compliance of Section 88 of The Companies Act, 2017 read in conjunction with the Listing Companies (Buy Back of Shares) Regulations, 2019, accorded to buy back up to a maximum of its 27,973,840 issued, subscribed and paid-up ordinary sharesthrough tender offer at a price of Rs.18 per share from August 02, 2019 to August 31, 2019 (both days inclusive). However, certain shareholders have filed a petition in the Honorable Sindh High Court challenging the Board's resolution for buy back the minimum-free float shares. In view of the same, notice be issued to the Company and other respondents to restrain from carrying out the impugned buy back resolution till further order. The Company, based on advice of its lawyer, withdrew the offer letter to the petitionersthrough its letters dated August 05, 2019. To the extent of shareholders other than petitioners, the purchase period of the buy back process will continue till August 31, 2019.

18. GENERAL

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

18.2 These unconsolidated interim financial statements were authorised for issue on August 22, 2019. by the Board of Directors of the Company.

18.3 The figures in the unconsolidated interim financial statements have been rounded off to the nearest

18.4 The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2019 and June 30, 2018 have not been subject to limited scope review by the external auditors.

18.5 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report, other than reclassification of trade deposits, short term prepayments and other receivables due to adoption of IFRS 16, as disclosed in note 4.1.3.

Chief Executive Officer	Director	Chief Financial Officer

DIRECTORS' REPORT TO THE SHAREHOLDERS ON CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2019

The Directors of your Company feel pleasure in presenting the consolidated financial statements of the Company for the period ended June 30, 2019.

Summary of operating results for the period	**Period ended June 30, 2019**	**Period ended June 30, 2018**
	Rs. (000)	
Shareholders' Equity	**2,341,830**	**2,387,617**
Financial Performance		
Income	131,147	182,412
Operating expenses	(219,017)	(184,811)
Operating profit	**(87,870)**	**(2,399)**
Other expenses	(48)	(349)
Financial charges	(19,207)	(1,402)
Other operating income	(42,003)	21,235
Profit before tax	**(149,129)**	**17,085**
Taxation-net	26,066	(541)
Profit after tax	**(123,062)**	**16,544**
Earnings per share - basic and diluted	**(1.53)**	**0.21**

Subsidiary Company

JS ABAMCO Commodities Limited

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

Internal Control Framework

The Board of Directors of the Company has a responsibility to ensure that internal financial controls systems of the company are adequate and effective.

Board of Directors

During period ended June 30, 2019, following is the list of persons who were Directors of JS ABAMCO Commodities Limited (the Company):

Name

Mr.Hasnian Raza Nensey
Mr. Munawar Alam Siddiqui
Mr.Muhammad Khawar Iqbal
Mr.Malik Zafar Javed

Karachi: August 22, 2019 **Director** **Chief Executive Officer**

ڈائریکٹرز کی ارکان کو مجتمع مالیاتی گوشواروں پر رپورٹ برائے مختتمہ مدت 30 جون 2019

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2019 کو ختم ہونے والی مدت کے لیے کمپنی کی مجتمع مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مذکورہ مدت کے فعال نتائج کا خلاصہ	30 جون 2019 کی اختتامی مدت	(000) روپے	30 جون 2018 کی اختتامی مدت
شیئر ہولڈرا یکویٹی	**2,341,830**		**2,387,617**
مالیاتی کارکردگی			
آمدنی	131,147		182,412
آپریٹنگ نتائج	(219,017)		(184,811)
آپریٹنگ منافع (نقصان)	**(87,870)**		**(2,399)**
دیگر اخراجات	(48)		(349)
فنانشل چارجز	(19,207)		(1,402)
دیگر فعال آمدنی	(42,003)		21,235
منافع (نقصان) قبل از ٹیکس	**(149,129)**		**17,085**
خالص ٹیکس	26,066		(541)
منافع بعد از ٹیکس	**(123,062)**		**16,544**
منافع (نقصان) فی حصص - بیسک اور ڈائیلیوٹڈ	**(1.53)**		**0.21**

ذیلی کمپنی

JS ABAMCO کموڈیٹیز لمیٹڈ

JS ABAMCO کموڈیٹیز لمیٹڈ (دی کمپنی) کا قیام 25 ستمبر 2007 کمپنیز آرڈیننس 1984 کے تحت بطور ایک پبلک لمیٹڈ کمپنی، پاکستان میں عمل میں آیا اور JS انویسٹمنٹس لمیٹڈ (دی ہولڈنگ کمپنی) کا کلی ملکیتی ذیلی ادارہ ہے۔ کمپنی کا بنیادی مقصد کموڈیٹی مارکیٹ اور متعلقہ بروکریج، ایڈوائزری اور کنسلٹینسی سروسز میں کاروبار کرنا ہے۔ کمپنی نے بیلنس شیٹ تیار ہونے تک اپنے بروکریج، ایڈوائزری اور کنسلٹینسی سروسز کے مرکزی کاروباروں کا آغاز نہیں کیا ہے۔

انٹرنل کنٹرول فریم ورک

کمپنی کے بورڈ آف ڈائریکٹرز یہ یقینی بنانے کے ذمہ دار ہیں کہ کمپنی کے انٹرنل فنانشل کنٹرولز سسٹمز مناسب اور موثر رہوں۔

بورڈ آف ڈائریکٹرز

مختتمہ مدت 30 جون 2019 کے دوران بورڈ آف JS ABAMCO کموڈیٹیز لمیٹڈ (دی کمپنی) کے ڈائریکٹرز کی حیثیت سے خدمات انجام دینے والے افراد کی فہرست درج ذیل ہے:

نام

جناب حسنین رضا نینسی

جناب منور عالم صدیقی

جناب محمد خاور اقبال

جناب ملک ظفر جاوید

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی: 22 اگست 2019

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
ASSETS		--------------- Rupees	---------------
Non - current assets			
Property and equipment	5	**498,163,999**	485,306,147
Intangible assets	6	**14,864,591**	16,315,422
Deposit for membership		**1,000,000**	1,000,000
Deposit for office premises		**2,500,000**	2,500,000
Long-term loans and prepayments - considered good		**3,868,408**	4,209,830
Deferred tax asset - net	7	**39,746,742**	-
		560,143,740	509,331,399
Current assets			
Balances due from funds under management - related parties		**110,875,048**	112,825,238
Loans and advances - considered good		**4,166,070**	2,436,861
Trade deposits, short term prepayments and other receivables		**52,184,632**	60,440,136
Other financial assets - investments	8	**2,047,360,798**	1,661,398,935
Taxation - net		**91,784,218**	90,259,452
Cash and bank balances	9	**21,572,466**	23,353,558
		2,327,943,232	1,950,714,180
Total assets		**2,888,086,972**	2,460,045,579
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Authorized capital		**2,500,000,000**	2,500,000,000
Issued, subscribed and paid-up capital		**801,718,180**	801,718,180
Unappropriated profit		**1,341,829,810**	775,188,683
Capital repurchase reserve account		**198,281,820**	198,281,820
Unrealised appreciation on remeasurement of 'available-for-sale' financial assets - net		-	225,049,381
Surplus on revaluation of fixed assets - net of tax		-	173,891,692
		2,341,829,810	2,174,129,756
LIABILITIES			
Non - current liabilities			
Deferred tax liability - net		-	167,379.00
Liability against assets subject to finance lease		**262,142,002**	34,634,633
Current liabilities			
Accrued and other liabilities	10	**257,223,826**	236,373,804
Unclaimed dividend		**2,952,805**	2,952,805
Current maturity of liability against assets subject to finance lease		**23,938,529**	11,787,202
Total liabilities		**546,257,162**	285,915,823
Total equity and liabilities		**2,888,086,972**	2,460,045,579
Contingencies and commitments	11		

The annexed notes 1 to 18 form an integral part of these consolidated interim financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2019

	Note	Half year ended June 30, 2019	Half year ended June 30, 2018	Quarter ended June 30, 2019	Quarter ended June 30, 2018
		------ Rupees ------			
INCOME					
Remuneration from funds under management - gross		**115,440,522**	107,371,754	**55,714,353**	55,121,687
Less: Sindh sales tax		**(13,280,768)**	(12,352,503)	**(6,409,616)**	(6,341,433)
		102,159,754	95,019,251	**49,304,737**	48,780,254
Commission from open end funds under management		**645,360**	3,185,312	**214,722**	1,088,939
Dividend income		**22,313,476**	632,357	**17,298,254**	632,357
Net gain on sale of investments classified as 'at fair value through profit or loss'		**1,387,227**	3,756,543	**413,365**	3,445,630
Net gain on sale of investments classified as 'available-for-sale'		-	76,991,588	-	29,990,472
Return on bank deposits under interest / mark-up arrangements		**3,012,891**	931,466	**2,132,763**	402,835
Remuneration and share of profit from management of discretionary and non discretionary client portfolios		**1,628,488**	1,895,400	**955,727**	1,081,132
		131,147,196	182,411,917	**70,319,568**	85,421,619
Administrative expenses	12	**(170,512,642)**	(143,977,669)	**(100,346,166)**	(73,585,875)
Selling and distribution expenses		**(48,504,777)**	(40,833,346)	**(17,783,246)**	(15,578,698)
OPERATING LOSS		**(87,870,223)**	(2,399,098)	**(47,809,844)**	(3,742,954)
Other expenses		**(48,252)**	(348,679)	**(48,252)**	4,169
Financial charges		**(19,206,869)**	(1,402,005)	**(11,198,688)**	(883,006)
		(107,125,344)	(4,149,783)	**(59,056,784)**	(4,621,791)
Other (loss) / income	13	**(42,003,159)**	21,235,085	**(61,453,587)**	4,410,765
(Loss) / profit for the period before tax		**(149,128,503)**	17,085,302	**(120,510,371)**	(211,027)
Income tax					
- Current		**(13,847,721)**	(16,744,273)	**(20,510,957)**	(5,843,797)
- Deferred		**39,914,121**	16,203,369	**44,511,344**	5,374,969
		26,066,400	(540,904)	**24,000,387**	(468,828)
(Loss) / profit for the period after tax		**(123,062,103)**	16,544,398	**(96,509,984)**	(679,855)
(Loss) / earnings per share for the period - basic and diluted	14	**(1.53)**	0.21	**(1.20)**	(0.01)

The annexed notes 1 to 18 form an integral part of these consolidated interim financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2019

	Half year ended		Quarter ended	
	June 30, 2019	**June 30, 2018**	**June 30, 2019**	**June 30, 2018**
	---------- Rupees ----------			
(Loss) / profit for the period after tax	**(123,062,103)**	16,544,398	**(96,509,984)**	(679,855)
Other comprehensive income / (loss) to be reclassified to statement of profit or loss in subsequent periods				
Unrealised appreciation on remeasurement of 'available-for-sale' financial assets - net	-	83,162,408	-	(80,654,444)
Reclassification adjustments relating to sale of investments	-	(76,983,138)	-	(30,805,269)
Related tax	-	(903,274)	-	5,806,885
	-	5,275,996	-	(105,652,828)
Total comprehensive (loss) / income for the period	**(123,062,103)**	21,820,394	**(96,509,984)**	(106,332,683)

The annexed notes 1 to 18 form an integral part of these consolidated interim financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
	---------------- Rupees ----------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit for the period before taxation	**(149,128,503)**	17,085,302
Adjustment for:		
Remuneration from funds under management - net	**(102,159,754)**	(95,019,251)
Commission from open end funds under management	**(645,360)**	(3,185,312)
Dividend income	**(22,313,476)**	(632,357)
Depreciation expense	**44,166,356**	16,778,262
Amortisation expense	**2,208,048**	1,175,867
Financial charges	**19,206,869**	1,402,005
Return on bank deposits under interest / mark-up arrangements	**(3,012,891)**	(931,466)
Net gain on sale of investments classified as 'at fair value through profit or loss'	**(1,387,227)**	(3,756,543)
Net gain on sale of investments classified as 'available-for-sale'	**-**	(76,991,588)
Net unrealised loss / (gain) on revaluation of investments classified as 'at fair value through profit or loss'	**99,391,816**	(1,170,273)
Gain on disposal of property and equipment	**(38,459,195)**	(654,894)
	(152,133,317)	(145,900,248)
Working capital changes		
Loans and advances - considered good	**(1,595,582)**	1,955,927
Trade deposits, short term prepayments and other receivables	**(3,159,688)**	4,286,011
Accrued and other liabilities	**4,480,500**	37,141,768
	(274,770)	43,383,705
	(152,408,087)	(102,516,543)
Taxes paid - net	**(15,261,607)**	(10,952,335)
Remuneration and commission received from funds under management	**104,755,305**	95,324,321
Net cash used in operating activities	**(62,914,389)**	(18,144,556)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Investments made) / proceeds from sale of investments - net	**(483,966,453)**	80,500,650
Payment of lease liability	**(41,986,524)**	-
Payments for purchase of property, equipment and intangible assets	**(43,219,160)**	(68,152,180)
Dividends received	**22,313,476**	632,357
Return on bank deposits under interest / mark-up arrangements	**2,938,646**	957,296
Sale proceeds from disposal of property and equipment	**608,324,544**	896,000
Net cash generated from investing activities	**64,404,529**	14,834,123
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**-**	(362,097)
Financial charges paid	**(3,271,232)**	(1,402,005)
Net cash used in financing activities	**(3,271,232)**	(1,764,102)
Net (decrease) / increase in cash and cash equivalents	**(1,781,092)**	(5,074,535)
Cash and cash equivalents at beginning of the period	**23,353,558**	15,842,831
Cash and cash equivalents at end of the period	**21,572,466**	10,768,296

The annexed notes 1 to 18 form an integral part of these consolidated interim financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED JUNE 30, 2019

		Reserves				
		Capital reserve			Revenue reserve	
	Issued, subscribed and paid-up capital	Capital repurchase reserve account	Surplus on revaluation of fixed assets - net of tax	Unrealised appreciation on remeasurement of 'available-for-sale' financial assets - net	Unappropriated profit	Total
	---------- Rupees ----------					
Balance as at January 01, 2018 (restated)	801,718,180	198,281,820	183,058,851	461,102,051	721,635,486	2,365,796,388
Total comprehensive income for the half year ended June 30, 2018						
Profit for the period	-	-	-	-	16,544,398	16,544,398
Other comprehensive income - net of tax	-	-	-	5,275,996	-	5,275,996
Total comprehensive income for the half year	-	-	-	5,275,996	16,544,398	21,820,394
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged thereon - net of tax	-	-	(4,583,582)	-	4,583,582	-
Balance as at June 30, 2018	**801,718,180**	**198,281,820**	**178,475,269**	**466,378,047**	**742,763,466**	**2,387,616,780**
Balance as at January 01, 2019	801,718,180	198,281,820	173,891,692	225,049,383	775,188,683	2,174,129,758
Adjustment due to reclassification as per IFRS 9 (see note 4.1.2)	-	-	-	(225,049,383)	225,049,381	-
Total comprehensive loss for the half year ended June 30, 2019	-	-	-	-	(123,062,103)	(123,062,103)
Surplus on revaluation during the period (see note 5)	-	-	290,762,157	-	-	290,762,157
Transfer from surplus on account of disposal	-	-	(459,939,043)	-	459,939,043	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation charged thereon - net of tax	-	-	(4,714,806)	-	4,714,806	-
Balance as at June 30, 2019	**801,718,180**	**198,281,820**	**-**	**-**	**1,341,829,810**	**2,341,829,810**

The annexed notes 1 to 18 form an integral part of these consolidated interim financial statements.

Chief Executive Officer | **Director** | **Chief Financial Officer**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019

1. STATUS AND NATURE OF BUSINESS

1.1 JS Investments Limited (the Company) is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange Limited since April 24, 2007. The registered office of the Company has been changed from 7th Floor, The Forum, Khayaban-e-Jami, Clifton, Karachi to The Centre, 19th Floor, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The Company is a subsidiary of JS Bank Limited (which has 65.16 percent direct holding in the Company) which is a subsidiary of JSCL (Jahangir Siddiqui & Co. Limited), Ultimate Parent.

The Company has obtained the license of an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005. The Company has also acquired the Private Equity and Venture Capital Fund Management Services license from Securities and Exchange Commission of Pakistan (SECP).

1.2 The Company is an asset management company and pension fund manager for the following funds at half year ended June 30, 2019:

1.2.1 Asset management company of the following funds:

Open-end mutual funds

- JS Growth Fund
- JS Value Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Income Fund
- JS Cash Fund
- JS Large Cap Fund
- JS Islamic Hybrid Fund of Funds
- JS Islamic Hybrid Fund of Funds - 2
- JS Islamic Dedicated Equity Fund
- JS Islamic Hybrid Fund of Funds - 3

Pension funds

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

1.3 These consolidated interim financial statements are separate financial statements of the Company in which the investment in subsidiary is stated at cost.

2. STATEMENT OF COMPLIANCE

2.1 These consolidated interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Such standards comprise of:

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

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

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

2.3 These consolidated interim financial statements do not include all the information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Company as at December 31, 2018.

3. BASIS OF MEASUREMENT

3.1 These consolidated interim financial statements have been prepared under historical cost convention except for certain investments.

3.2 These consolidated interim financial statements have been presented in Pakistani Rupee, which is the Company's functional and presentation currency.

4. ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

4.1 The accounting policies adopted for the preparation of these consolidated interim financial statements are the same as those applied in the preparation of the consolidated annual financial statements of the Company for the year ended December 31, 2018, except as follows:

4.1.1 New / Revised Standards, Interpretations and Amendments

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

Standard or Interpretation

IFRS 9 - Financial Instruments

IFRS 9 - Prepayment Features with Negative Compensation - (Amendments)

IFRS 15 - Revenue from Contracts with Customers

IFRS 16 - Leases

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

Standard or Interpretation

IAS 28 - Long-term Interests in Associates and Joint Ventures - (Amendments)

IFRIC 23 - Uncertainty over Income Tax Treatments

The adoption of the above amendment to accounting standards did not have any effect on the consolidated interim financial statements, except as described in notes 4.1.2 and 4.1.3 below:

4.1.2 IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" has replaced IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after July 01, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Company has applied IFRS 9, with the initial application date of January 01, 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP).

Upon adoption of IFRS 9, the Company has not restated comparative information and impact from the adoption of IFRS 9 have been recognised directly in unappropriated profit as of January 01, 2019.

(a) Changes to Classification and measurement of financial assets

The IFRS 9 has replaced current categories of financial assets (Held For Trading (HFT), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of financial assets:

1) Debt instruments at amortised cost

2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to statement of profit or loss on derecognition

3) Equity instruments at FVOCI, with no recycling of gains or losses to statement of profit or loss on derecognition

4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the Company's business model was made as at the date of initial application i.e. January 01, 2019, and then applied retrospectively to those financial assets that were not derecognised before January 01, 2019. As a result of the above assessment, the management has concluded as under:

i) *All the investments in units of mutual funds previously classified as 'Available for Sale' will be re-classified as 'at Fair Value through Profit or Loss' as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the Company. The impact has been disclosed in table below. Further, return on Mutual funds is not considered as solely payments of principal and interest.*

ii) *The investment in term finance certificate continue to be classified as 'at Fair Value through Profit or Loss' as such investment is managed on a fair value basis and is held for trading purposes.*

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9:

	As at December 31, 2018	Impact of adoption of IFRS 9	As at January 01, 2019
	----------------------	(Rupees)	----------------------
Impact on statement of assets and liabilities			
Investments - 'available for sale'	**1,157,454,903**	**(1,157,454,903)**	**-**
Investments - 'at fair value through profit or loss'	**503,944,032**	**1,157,454,903**	**1,661,398,935**
Impact on statement of changes in equity			
Unrealised appreciation on 'available-for-sale' investments	**225,049,383**	**(225,049,383)**	**-**
Unappropriated profit	**775,188,683**	**225,049,383**	**1,000,238,066**

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss (ECL) approach.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The financial assets subject to ECL in the case of the Company are:

i) Balances due from funds under management

ii) Bank balances

iii) Loans and advances

iv) Other receivables

Considering the nature of the financial assets, the Company has applied the simplified approach allowed under IFRS 9 and has calculated ECL based on life time ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using credit rating of the counterparties/instruments and the related probability of default factors.

Based on the above approach, the impact of ECL is not considered as material to the consolidated interim financial statements.

Summary of new accounting policies in respect of adoption of IFRS 9

Financial instruments

In the current period, the Company has adopted IFRS 9 "Financial Instruments". See above for an explanation of the impact. Comparative figures for the year ended December 31, 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 "Financial Instruments Recognition and Measurement".

Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees / counter parties and due to counterparties, are initially recognised on the trade date, i.e., the date that the bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Bank balances and loans and advances to employees / counter parties are recognised when funds are transferred to the banks / employees / counterparties. The Company recognises due to counterparties when funds reach the Company.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded as 'at fair value through profit or loss'.

Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be 'at fair value through profit or loss' if:

i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or

iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Company classifies its financial assets as subsequently measured 'at amortised cost' or measured 'at fair value through profit or loss' on the basis of both:

- The entity’s business model for managing of the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured 'at amortised cost'

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables, accrued income and other receivables.

Financial assets measured 'at fair value through profit or loss'

A financial asset is measured 'at fair value through profit or loss' if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured 'at fair value through profit or loss'. The Company includes in this category short-term payables, including accrued and other liabilities.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

The Company holds receivables with no financing component and which have maturities of less than 12 months 'at amortised cost' and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.1.3 IFRS 16 "Leases"

During the current year, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company has lease contracts for its head office and various branches. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Trade deposits, short term prepayments and other receivables, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

The effect of adoption of IFRS 16 as at January 01, 2019 is as follows:

	January 01, 2019
	----- Rupees -----
Increase in RoU asset	**293,665,460**
(Decrease) in trade deposits, short term prepayments and other receivables	**(11,830,178)**
Increase in total assets	**281,835,282**
Increase in lease liability against assets subject to finance lease	**(281,736,623)**
Increase in interest liability against assets subject to finance lease	**(98,659)**
Increase in net assets	**-**

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Summary of new accounting policies in respect of adoption of IFRS 16

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of three to five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of branches due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

Set out below, are the carrying amounts of the Company's right-of-use assets, lease liabilities and interest liability and the movements during the period:

	June 30, 2019		
	RoU asset	**Lease liability**	**Interest Liability**
	---------- **Rupees** ----------		
As at January 01, 2019	**293,665,460**	**281,736,623**	**98,659**
Depreciation expense	**(17,252,268)**	**-**	**-**
Interest expense	**-**	**-**	**16,149,462**
Payments	**-**	**(35,081,644)**	**(213,825)**
As at June 30, 2019	**276,413,192**	**246,654,979**	**16,034,296**

4.2 Further, the financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the consolidated annual financial statements of the Company for the year ended December 31, 2018.

	Note	**(Un-Audited) June 30, 2019**	**(Audited) December 31, 2018**
		------------ **Rupees** ------------	
5. PROPERTY AND EQUIPMENT			
Opening written down value		**364,873,701**	367,085,044
Revaluation during the period / year	5.1	**290,762,157**	-
Additions during the period / year	5.2	**161,854,561**	35,112,705
Disposals during the period / year	5.3	**(569,865,349)**	(2,637,186)
Depreciation for the period / year		**(26,914,088)**	(34,686,862)
		220,710,982	364,873,701
Capital work-in-progress - advance against purchase of assets		**1,039,825**	120,432,446
Right of use assets	4.1.3	**276,413,192**	-
		498,163,999	485,306,147

5.1 The Company follows the revaluation model for its office premises. The fair value measurement as at April 05, 2019 was performed by Pee Dee & Associates, independent valuer not related to the Company. Pee Dee & Associates is on all three panels of Pakistan Banks Association. It is also on the panel of State Bank of Pakistan as 'Category B' valuator and possesses appropriate qualification and have recent experience in the fair value measurements in the relevant locations. The fair value of the office premises was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property / project, condition, size, utilization, and other relevant factors. In estimating the fair value of the office premises, the highest and best use of the premises is its current use. However, the office premises was sold during the period (see note 5.3.1) and the revaluation surplus included in statement of changes in equity was transferred to unappropriated profit.

	Note	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
		------------ Rupees ------------	
5.2 The following additions were made to tangible - property and equipment during the period / year:			
Furniture and fixtures		**12,755,200**	3,071,709
Office equipment		**22,526,647**	16,130,321
Leasehold improvements	5.2.1	**122,455,354**	-
Vehicles		**4,117,360**	15,910,675
		161,854,561	35,112,705

5.2.1 This represents leasehold improvements incurred by the Company upon transfer to new office location. These are to be depreciated at the rate of 20% per annum on straight line basis. This includes Rs.96.417 million being transferred from capital work-in-progress during the period.

	Note	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
5.3 The following disposals of tangible - property and equipment were made during the period / year:			
Furniture and fixtures		**329,478**	26,396
Office equipment		**178,199**	-
Office premises	5.3.1	**568,584,635**	-
Vehicles		**773,037**	2,610,790
		569,865,349	2,637,186

5.3.1 The Company has sold its office premises on June 03, 2019 to JS Bank Limited (the Parent Company) for a cash consideration of Rs.606.832 million. The net gain of Rs.38.247 million was recognised as part of other income in statement of profit or loss.

6. INTANGIBLE ASSETS

	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
Opening written down value	**16,315,422**	8,464,922
Additions during the period / year	**757,217**	11,120,618
Amortisation for the period / year	**(2,208,048)**	(3,270,118)
	14,864,591	16,315,422

7. DEFERRED TAX - NET

Taxable temporary differences on:			
Accelerated tax depreciation		**(8,519,403)**	(11,400,668)
Surplus on revaluation of fixed assets		**-**	(62,311,963)
Revaluation on investments classified as 'at fair value through profit or loss'		**-**	(88,858)
		(8,519,403)	(73,801,489)
Deductible temporary differences on:			
Unrealised appreciation on investments classified as 'available-for-sale' investments		**-**	12,924,895
Revaluation on investments classified as 'at fair value through profit or loss'		**25,609,621**	-
Liability against assets subject to finance lease - net		**2,803,528**	-
Provision for Workers' Welfare Fund		**19,852,996**	17,114,652
Provision for donation		**-**	186,437
Unused tax losses	7.1	**-**	43,575,505
		39,746,742	-

7.1 The Company has not recognized deferred tax asset of Rs.56.326 (December 31, 2018: Rs.28.575) million on account of carried forward tax losses in accordance with its accounting policy.

8. OTHER FINANCIAL ASSETS - INVESTMENTS

	Note	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
		------------ Rupees ------------	
Investments by category			
Classified as 'available-for-sale'			
Units of mutual funds - related parties	8.1	-	1,157,454,903
Classified as 'at fair value through profit or loss'			
Units of mutual funds - related parties	8.2	**1,922,360,798**	378,944,032
Term Finance Certificate	8.3	**125,000,000**	125,000,000
		2,047,360,798	503,944,032
		2,047,360,798	1,661,398,935

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

Number of Units June 30, 2019	Number of Units December 31, 2018	Name of fund	(Un-Audited) June 30, 2019 Average cost	(Un-Audited) June 30, 2019 Fair value	(Audited) December 31, 2018 Fair value
			---------------------- Rupees	----------------------	
-	1,716,379	JS Value Fund	-	-	349,386,065
-	1,903,901	JS Growth Fund	-	-	302,072,879
-	205,210	JS Pension Savings Fund - Equity	-	-	85,297,643
-	137,349	JS Pension Savings Fund - Debt	-	-	34,079,032
-	177,463	JS Pension Savings Fund - Money Market	-	-	35,329,417
-	2,772,987	JS Fund of Funds	-	-	141,034,115
-	182,354	JS Islamic Pension Savings Fund - Equity	-	-	101,071,344
-	213,852	JS Islamic Pension Savings Fund - Debt	-	-	44,359,257
-	222,303	JS Islamic Pension Savings Fund - Money Market	-	-	39,990,151
-	150,000	JS Islamic Capital Preservation - Allocation Plan 4	-	-	15,054,000
-	100,000	JS Islamic Hybrid Fund of Funds - 2	-	-	9,781,000
			-	-	1,157,454,903
		Unrealised appreciation on remeasurement at fair value - net	-	-	-
			-	-	1,157,454,903

8.2 Units of mutual funds - 'at fair value through profit or loss' (related parties)

Number of Units: June 30, 2019	Number of Units: December 31, 2018		(Un-Audited) June 30, 2019: Average cost	(Un-Audited) June 30, 2019: Fair value	(Audited) December 31, 2018: Fair value
			---------------------- Rupees	----------------------	
3,407,583	2,358,284	JS Cash Fund	**345,559,645**	**346,551,179**	241,040,244
4,708,255	924,642	JS Income Fund	**452,658,254**	**449,967,936**	91,502,610
473,744	442,295	JS Islamic Income Fund	**49,579,987**	**48,013,908**	46,401,178
153,647	-	JS Islamic Capital Preservation - Allocation Plan 5	**15,364,650**	**15,378,478**	-
			863,162,536	**859,911,501**	378,944,032
		Re-classified as per IFRS 9 (see note 4.1.2)			
1,716,379	-	JS Value Fund	**349,386,065**	**295,251,478**	-
1,903,901	-	JS Growth Fund	**302,072,879**	**271,001,220**	-
205,210	-	JS Pension Savings Fund - Equity	**85,297,643**	**77,134,384**	-
137,349	-	JS Pension Savings Fund - Debt	**34,079,032**	**35,420,931**	-
177,463	-	JS Pension Savings Fund - Money Market	**35,329,417**	**37,066,784**	-
2,772,987	-	JS Fund of Funds	**141,034,115**	**143,363,424**	-
182,354	-	JS Islamic Pension Savings Fund - Equity	**101,071,344**	**89,059,708**	-
213,852	-	JS Islamic Pension Savings Fund - Debt	**44,359,257**	**46,399,402**	-
222,303	-	JS Islamic Pension Savings Fund - Money Market	**39,990,151**	**41,799,702**	-
157,204	-	JS Islamic Capital Preservation - Allocation Plan 4	**15,774,375**	**15,731,379**	-
104,231	-	JS Islamic Hybrid Fund of Funds-2	**10,195,800**	**10,220,885**	-
			2,021,752,614	**1,922,360,798**	378,944,032
		Unrealised loss on remeasurement at fair value - net	**(99,391,816)**	**-**	-
			1,922,360,798	**1,922,360,798**	378,944,032

8.3 Term Finance Certificate

This represents investment in AA- rated, unsecured, subordinated, perpetual and non-cumulative term finance certificate of Bank AL Habib Limited, having face value of Rs.5,000 per certificate and carries profit at the rate of 6 Months KIBOR + 1.50% (December 31, 2018: 6 Months KIBOR +1.50%) per annum.

9. CASH AND BANK BALANCES

	Note	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
		------------ Rupees	------------
Cash in hand		**89,840**	86,788
Cash at bank in:			
Current accounts		**1,188,796**	588,796
Savings accounts	9.1	**20,293,830**	22,677,974
	9.2	**21,482,626**	23,266,770
		21,572,466	23,353,558

9.1 These carry mark-up at the rates ranging from 8.00% to 12.70% (December 31, 2018: 4.50% to 8.75%) per annum.

9.2 This includes Rs.18.810 (December 31, 2018: Rs.20.947) million held with JS Bank Limited (the Parent Company).

10. ACCRUED AND OTHER LIABILITIES

10.1 This includes Rs.92.245 (December 31, 2018: Rs.92.245) million payable against Federal Excise Duty (FED) on management fees received / receivable from the Funds under management. There is no change in the status of the appeal filed by the Federal Government in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in note 17.1 to the consolidated annual financial statements of the Company for the year ended December 31, 2018.

10.2 This includes Rs.57.619 (December 31, 2018: Rs.57.619) million provision for Workers' Welfare Fund (WWF) levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). There is no change in the status of the WWF as reported in note 17.2 to the consolidated annual financial statements of the Company for the year ended December 31, 2018.

10.3 This includes Rs.16.034 (December 31, 2018: Rs.Nil) million of interest liability recognised as a result of adoption of IFRS 16.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There are no material changes in the status of contingencies as disclosed in note 18.1 to the consolidated annual financial statements of the Company for the year ended December 31, 2018.

11.2 Commitments in respect of:

Royalty and advisory payment - a related party	**7,500,000**	15,000,000

12. ADMINISTRATIVE EXPENSES

These mainly include salaries and benefits, depreciation, legal and professional, travelling, conveyance and vehicle maintenance, use of name and advisory fee, fees and subscription and IT service expenses aggregating to Rs.144.952 (June 30, 2018: Rs.107.325) million.

13. OTHER (LOSS) / INCOME

This mainly includes unrealised loss of Rs.99.392 (June 30, 2018: unrealised gain of Rs.1.170) million on revaluation of investments classified as 'at fair value through profit or loss' (see note 8.2) and gain on disposal of property and equipment amounting to Rs.38.459 (June 30, 2018: Rs.Nil) million (see note 5.3.1).

14. EARNINGS PER SHARE

		(Un-Audited)			
		Half year ended		Quarter ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		---- Rupees ----			
(Loss) / profit for the period	Rupees:	**(123,062,103)**	16,544,398	**(96,509,984)**	(679,855)
Weighted average number of ordinary shares outstanding during the period	Number:	**80,171,818**	80,171,818	**80,171,818**	80,171,818
(Loss) / earnings per share	Rupees:	**(1.53)**	0.21	**(1.20)**	**(0.01)**

14.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2019 and June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

15. TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

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

	(Un-Audited) June 30, 2019	(Un-Audited) June 30, 2018
	------------ Rupees ------------	

15.1 Transaction with related parties

15.1.1 Funds under management

Basis of relationship - Funds managed by the Company

Remuneration - net of taxes	**102,159,754**	95,019,251
Commission received	**621,713**	3,185,312
Amount paid	**20,744,470**	20,382,065
Amount received	**20,643,651**	14,526,010
Dividends received	**17,684,964**	632,357
Investments made	**990,032,219**	451,638,396
Investments disposed off / matured	**510,000,000**	531,638,396

	(Un-Audited) June 30, 2019	(Un-Audited) June 30, 2018
	------------ Rupees ------------	

15.1.2 Jahangir Siddiqui & Co. Limited (JSCL)

Percentage of shareholding - JSCL holds 75.02% shares of JS Bank Limited (JSBL)

Amount paid	-	30,000
Amount received	-	25,000

15.1.3 JS Bank Limited (JSBL)

Percentage of shareholding - JSBL holds 65.16% shares of the Company

Proceeds received from disposal of office premises	**606,831,542**	-
Proceeds received from disposal of office equipment and furniture and fixtures	**467,458**	-
Rent received	**2,763,395**	3,443,774
Rent paid	**1,764,404**	3,672,787
Management fee sharing on distribution of mutual funds	**12,399,571**	386,593
Amount paid	**791,984**	834,889
Amount received	**63,656**	678,916
Return on bank deposits	**2,943,269**	899,197

		--------- (Un-Audited) ---------	
		June 30, 2019	**June 30, 2018**
		------------ Rupees ------------	
15.1.4	**Associated company - Jahangir Siddiqui & Sons Limited (JSSL)**		
	Rent received	**2,704,176**	5,408,352
	Amount paid	**618,175**	1,281,427
	Amount received	**-**	985,401
15.1.5	**Associated company - Mahvish & Jahangir Siddiqui Foundation (MJSF)**		
	Rent received	**330,940**	661,880
	Amount paid	**198,048**	358,944
	Amount received	**341,549**	366,651
15.1.6	**Associated company - Fakhr-e-Imdad Foundation (FIF)**		
	Amount paid	**52,821**	102,039
15.1.7	**Associated company - EFU General Insurance**		
	Percentage of shareholding - JSCL holds 21.10%		
	Insurance premium paid	**3,570,603**	2,876,921
15.1.8	**Associated company - EFU Life Assurance**		
	Percentage of shareholding - JSCL holds 20.05%		
	Insurance premium paid	**1,859,781**	1,422,415
	Amount paid	**-**	238,553
15.1.9	**Associated company - ABAMCO Limited Staff Provident Fund (the Fund)**		
	Amount paid	**112,460**	1,101,937
	Amount received	**84,259**	1,175,703
	Provident fund contributions made	**5,076,772**	4,470,989

	--------- (Un-Audited) ---------	
	June 30, 2019	June 30, 2018
	------------ Rupees ------------	
15.1.10 Associated company - JS Global Capital Limited (JSGCL)		
Amount paid	**45,667**	67,530
Amount received	**45,667**	-
15.1.11 Future Trust		
Donation paid	**745,747**	657,461
15.1.12 Transactions made with key management personnel		
Remuneration	**53,131,232**	50,862,871
Directors' fee	**475,000**	275,000
Disbursements of personal loans and advances	**2,787,400**	-
Repayments of loans and advances	**1,006,998**	2,006,231
Use of name and advisory for the period	**7,500,000**	5,000,000

15.2 Balances outstanding with related parties

	(Un-Audited) June 30, 2019	(Audited) December 31, 2018
15.2.1 Funds under management		
	-------------- Rupees --------------	
Receivable from funds under management	**124,934,117**	126,783,451
Payable to funds under management	**793,537**	365,436
15.2.2 Jahangir Siddiqui & Company Limited (JSCL)		
Basis of relationship - ultimate parent company		
Other receivable	**23,372**	34,672
15.2.3 JS Bank Limited (JSBL)		
Basis of Relationship - parent company		
Bank balances	**18,810,437**	20,947,481
Other receivable	**1,424,559**	706,231
Rent payable	**147,082**	478,766
Rent receivable	**3,833,997**	3,894,359
Other payables	**10,411,742**	3,086,247
Profit on bank deposits	**81,725**	65,484

		(Un-Audited) June 30, 2019	(Audited) December 31, 2018
		---------- Rupees ----------	
15.2.4	**Associated company - Jahangir Siddiqui & Sons Limited (JSSONS)**		
	Other receivable	**2,335,367**	1,717,192
	Rent receivable	**2,486,352**	2,270,018
15.2.5	**Associated Company - Mahvish & Jahangir Siddiqui Foundation (MJSF)**		
	Other receivable	**186,376**	329,877
	Rent receivable	**379,929**	243,141
15.2.6	**Associated company - Fakhr-e-Imdad Foundation (FIF)**		
	Other receivable	**1,007,169**	954,347
15.2.7	**Associated company - JS Global Capital Limited (JSGCL)**		
	Other receivable	**399,379**	357,579
	Rent receivable	**181,957**	181,957
	Rent payable	**1,272,831**	1,272,831
15.2.8	**Future Trust**		
	Donation payable	**-**	745,747
15.2.9	**Outstanding from key management personnel**	**2,392,002**	478,265

15.2.10 Key management personnel and directors hold 1,011 (December 31, 2018: 6,514) shares in the Company.

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

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

16. FAIR VALUE OF FINANCIAL AND OTHER ASSETS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

The following table shows the financial and non-financial assets recognised at fair value, analysed between those whose fair value is based on:

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

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

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

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

	June 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	---------------------------------- (Rupees) ----------------------------------			
Financial assets classified as 'at fair value through profit or loss'				
Units of mutual funds - related parties	-	**1,922,360,798**	-	**1,922,360,798**
Term finance certificate	-	**125,000,000**	-	**125,000,000**
	-	**2,047,360,798**	-	**2,047,360,798**

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Financial assets classified as 'available-for-sale'				
Units of mutual funds - related parties	-	1,157,454,903	-	1,157,454,903
Financial assets classified as 'at fair value through profit or loss - held-for-trading'				
Units of mutual funds - related parties	-	378,944,032	-	378,944,032
Term finance certificate	-	125,000,000	-	125,000,000
Non-financial assets				
Office premises	-	287,258,750	-	287,258,750
	-	1,948,657,685	-	1,948,657,685

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

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

16.1.2 Investment in term finance certificate, issued by Bank AL Habib Limited, for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan (SECP).

16.2 During the period ended June 30, 2019, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

17. SUBSEQUENT EVENT

Subsequent to period ended June 30, 2019, the Company, with the approval of the Company's shareholders in extraordinary general meeting held on July24, 2019 and in compliance of Section 88 of The Companies Act, 2017 read in conjunction with the Listing Companies (Buy Back of Shares) Regulations, 2019, accorded to buy back up to a maximum of its 27,973,840 issued, subscribed and paid-up ordinary sharesthrough tender offer at a price of Rs.18 per share from August 02, 2019 to August 31, 2019 (both days inclusive). However, certain shareholders have filed a petition in the Honorable Sindh High Court challenging the Board's resolution for buy back the minimum-free float shares. In view of the same, notice be issued to the Company and other respondents to restrain from carrying out the impugned buy back resolution till further order. The Company, based on advice of its lawyer, withdrew the offer letter to the petitionersthrough its letters dated August 05, 2019. To the extent of shareholders other than petitioners, the purchase period of the buy back process will continue till August 31, 2019.

18. GENERAL

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

18.2 These consolidated interim financial statements were authorised for issue on August 22, 2019. by the Board of Directors of the Company.

18.3 The figures in the consolidated interim financial statements have been rounded off to the nearest rupee.

18.4 The figures of the consolidated condensed interim statement of profit or loss and consolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2019 and June 30, 2018 have not been subject to limited scope review by the external auditors.

18.5 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report, other than reclassification of trade deposits, short term prepayments and other receivables due to adoption of IFRS 16, as disclosed in note 4.1.3.

Chief Executive Officer	**Director**	**Chief Financial Officer**

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