JS

Jahangir Siddiqui & Co.Ltd.

Annual Report 2011

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Contents

Abbreviations

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

Mission

our mission is to build
the most diversified
and the highest
quality financial
services organisation
in Pakistan.

Vision

our vision is to
empower every
Pakistani with the
right financial
solutions.

Company Information

Board of Directors		
	Mazharul Haq Siddiqui	Chairman
	Chief Justice (R) Mahboob Ahmed	Independent Director
	Ali J. Siddiqui	Director
	Ali Hussain	Director
	Munawar Alam Siddiqui	Director
	Stephen Christopher Smith	Director
	Munaf Ibrahim	Chief Executive Officer & Director
Audit Committee		
	Chief Justice (R) Mahboob Ahmed	Chairman
	Ali J. Siddiqui	Member
	Ali Hussain	Member
	Farah Qureshi	Secretary
Executive Committee		
	Chief Justice (R) Mahboob Ahmed	
	Ali J. Siddiqui	
	Munaf Ibrahim	
Executive Compensation Committee		
	Mazharul Haq Siddiqui	
	Chief Justice (R) Mahboob Ahmed	
Company Secretary		
	Farah Qureshi	
Chief Financial Officer		
	Kamran Qadir	
Auditors		
	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants	
Legal Advisors		
	Bawaney & Partners **Sayeed & Sayeed**	
Share Registrar		
	Technology Trade (Pvt.) Ltd. 241-C, Block-2, P.E.C.H.S., Karachi	
Registered Office		
	6th Floor, Faysal House Shahra-e-Faisal Karachi- 75530, Pakistan	
Website		
	www.js.com	

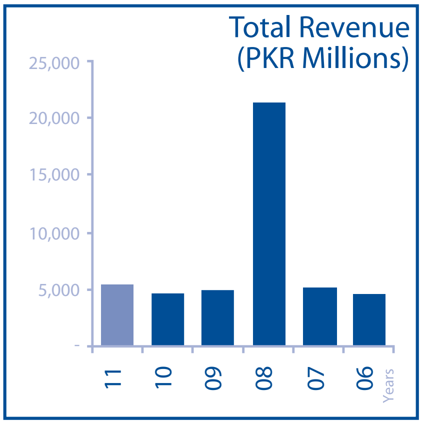
Financial Highlights

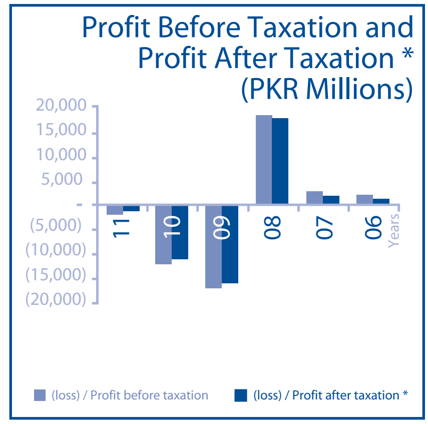
FINANCIAL HIGHLIGHTS
(BASED ON CONSOLIDATED FINANCIAL STATEMENTS)

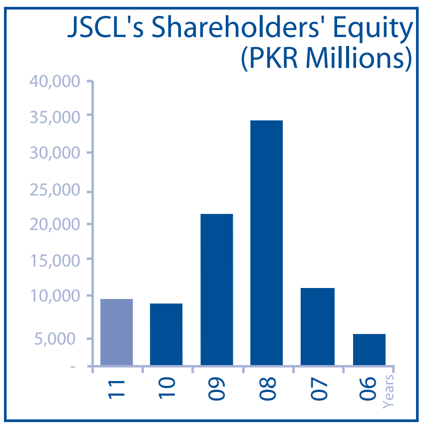
(PKR Millions)
Except as indicated

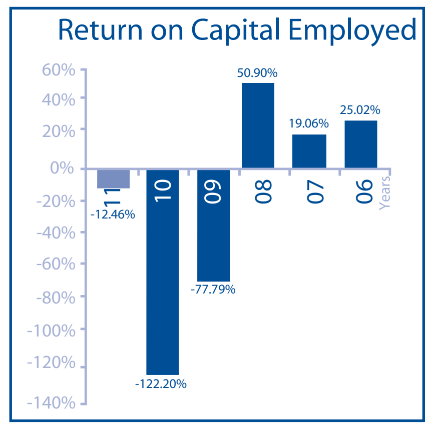
	11	10	09	08	07	06
Operating Results						
Total revenue	5,693	4,510	5,004	22,598	5,394	4,178
Operating & administrative expenses	2,566	2,825	2,455	2,329	1,412	902
Finance cost	2,979	3,088	2,353	2,299	1,149	956
(Loss) / Profit before taxation	(1,328)	(12,102)	(17,616)	17,972	2,831	2,321
(Loss) / Profit after taxation *	(1,179)	(11,136)	(16,437)	17,722	2,251	1,672
Pay outs						
- Cash (% of Face Value)	-	10	-	-	25	25
- Bonus %	-	-	243.7782003	159.740260	100	-
Assets & Liabilities						
Total assets	54,263	49,781	53,800	67,121	36,959	20,660
Current assets	40,082	33,194	28,038	35,197	27,804	15,393
Current liabilities	39,838	33,785	25,151	23,185	17,983	10,631
Financial Position						
Equity attributable to equity holders' of the parent	9,463	9,113	21,129	34,816	11,807	6,683
Ordinary share capital ('000)	7,632,853	7,632,853	7,632,853	2,220,200	350,000	350,000
Preference share class 'A'	-	-	-	-	700	-
Reserves *	1,831	1,480	13,496	32,595	10,757	6,333
Ordinary shares outstanding ('000)	763,285	763,285	763,285	222,020	35,000	35,000
Ratios						
Return on capital employed	-12.46%	-122.20%	-77.79%	50.90%	19.06%	25.02%
Return on total assets	-2.17%	-22.37%	-30.55%	26.40%	6.09%	8.09%
Current ratio	1.01	0.98	1.12	1.52	1.55	1.45
Interest cover ratio	0.60	(2.61)	(5.99)	8.71	2.96	2.75

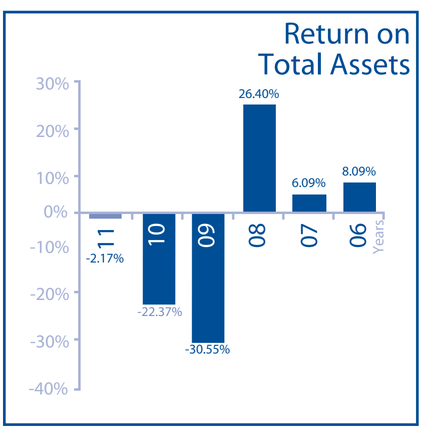
* excluding non-controlling interests

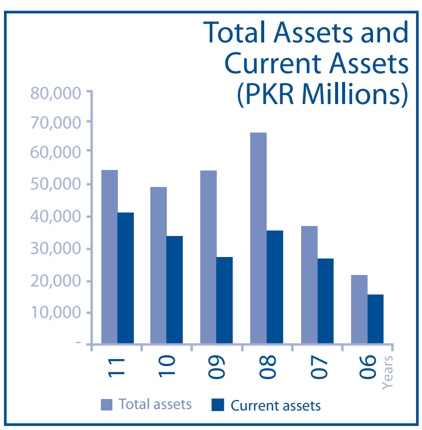

Total Revenue
(PKR Millions)
25,000
20,000
15,000
10,000
5,000
-
11
10
09
08
07
06
Years


Profit Before Taxation and
Profit After Taxation *
(PKR Millions)
20,000
15,000
10,000
5,000
-
(5,000)
(10,000)
(15,000)
(20,000)
11
10
09
08
07
06
Years
(loss) / Profit before taxation
(loss) / Profit after taxation *


JSCL's Shareholders' Equity
(PKR Millions)
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
11
10
09
08
07
06
Years


Return on Capital Employed
60%
40%
20%
0%
-20%
-40%
-60%
-80%
-100%
-120%
-140%
-12.46%
-122.20%
-77.79%
50.90%
19.06%
25.02%
11
10
09
08
07
06
Years


Return on
Total Assets
30%
20%
10%
0%
-10%
-20%
-30%
-40%
-2.17%
-22.37%
-30.55%
26.40%
6.09%
8.09%
11
10
09
08
07
06
Years


Total Assets and
Current Assets
(PKR Millions)
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
11
10
09
08
07
06
Years
Total assets
Current assets

CHAIRMANS' REPORT TO THE SHAREHOLDERS

Dear Shareholder,

We are pleased to present the audited financial statements and results of operations for Jahangir Siddiqui & Co. Ltd. ("JSCL" or the "Company") along with the consolidated financial statements of Jahangir Siddiqui & Co. Ltd. (the "Holding Company") and its subsidiaries for the financial year ended June 30, 2011.

JSCL is primarily an investment company in financial services companies but also makes long term investments in growing companies in other sectors in Pakistan. Its financial services investments cover a broad range of sectors including Commercial banking, Islamic banking, Life , Health and General Insurance, Asset management, and Securities brokerage.

Economy

The ongoing recovery in Pakistan's economy was hurt by the summer floods in 2010, with economic growth finally being reported at 2.4% in FY11 following multiple downward revisions. Severe power outages along with gas shortages also reduced production growth, with Large Scale Manufacturing growth down to 1.2%YoY in FY11, from 4.8%YoY last year. Inflation remained in double digits, averaging 13.92% in FY11.

No significant progress was made on the IMF programme which remains suspended since May 2010. The future course of the programme is likely to be decided in the coming months, where Pakistan officials are likely to meet the IMF with the latest economic data.

On a positive note, FY11 remained the best year ever for exports and remittances. Exports rose by 28.7% to reach a record balance of US$24.8 billion, boosted by high textile exports on the back of rising cotton prices. Remittances rose by 25.8% to reach their highest ever level of US$11.2 billion. Both these helped foreign exchange reserves cross US$18 billion. Imports on the other hand, grew by 16.4% to US$40.4 billion. Pakistan registered a current account surplus of US$542 million, for the first time in six years, compared to a deficit of US$3.95 billion in the previous year.

Going forward, we view the recent step by the State Bank of Pakistan (SBP) to reduce the discount rate by 50bps to 13.5% and comments of contained inflation for FY12 as positive for the economy. Whether economic data remains encouraging and leads the SBP to continue a policy of easing rates remains to be seen. However, the fragile state of the global economy as well as slippages on the domestic fiscal front remain key concerns.

Stock Market Review

The KSE-100 closed FY11 with a notable gain of 29% vs. its 10-year average gain of 30%; primarily driven by attractive valuations and strong corporate earnings growth. The local bourse outperformed the regional markets by 7%. However, the imposition of Capital Gain Tax and relatively low participation of foreign investors resulted in average daily volumes falling to a 13-year low of 95 million shares (down 41%YoY), while the average daily value traded declined to a 9-year low of PKR 3.8 billion (US$45 million).

As far as sector performance was concerned, Food producers' capitalization rose by a mammoth 128% on the back of an impressive growth in their earnings. The Chemicals sector outperformed the market by 18% amid an upward trend in primary margins. Oil and Gas exploration and production and the Banking sectors were the prominent underperformers by a respective 11% and 22% during the year, with their performance marred by concerns over circular debt and rising non-performing loans, respectively.

As far as foreign investor activity was concerned, overseas investors bought shares worth US$964 million and sold shares worth US$684 million during the year. Foreign investors as of FY11 are estimated to have shareholdings of US$2.9 billion in value.

Debt Market

A total of 3 Term Finance Certificates ("TFCs") were offered in FY11 compared to 5 in FY10. Through these 3 issues, a total of PKR 9 billion (US$105.2 million) was raised as against a total of PKR 15 billion (US$175.4 million) in FY10. High interest rates discouraged the need to raise funds from the debt capital markets.

Performance of Key Investments

JS Bank Ltd.

The balance sheet of the bank grew by 12.25% to PKR 44.20 billion as at June 30, 2011 from PKR 39.38 billion as at December 31, 2010, mainly due to an increase in the bank's deposit base from PKR 26.27 billion to PKR 33.05 billion, an increase of 25.80%. On the asset side, the growth was recorded both in investments and advances which grew by 32.33% and 18.69% respectively for the period mentioned above.

The bank has earned a profit after tax of PKR 100.39 million for the period from January 2011 to June 2011 as compared to a loss after tax of PKR 337.04 million in the corresponding period last year. The bank plans to further grow its branch network to mobilize low cost deposits. On the lending side, the bank intends to continue to focus on the corporate, commercial and SME sectors.

To meet the Minimum Capital Requirement, the SBP has permitted the Bank to increase its paid up capital through swap of new shares of the Bank against shares of JS Global Capital Limited held by Jahangir Siddiqui & Co. Ltd. and other investors. Approval from shareholders has been obtained in an Extraordinary General Meeting held on June 15, 2011 and the Bank is waiting on final approvals from regulators to complete the transaction.

JS Investments Ltd.

The assets under management (AUM) of the local mutual fund industry stood at PKR 249.94 billion as on June 30, 2011 with AUM of open-end funds at approximately PKR 223 billion and closed-end funds having AUM of around PKR 25 billion. The income funds category witnessed a significant decline of 15.7%at PKR 38.6 billion in June 2011. During FY11 growth was witnessed in the money market funds and Islamic income funds categories, which rose to PKR 77.3 billion and PKR 20.8 billion, respectively.

The Company earned profit after tax of PKR 23.928 million during the year ended June 30, 2011. The Company earned management fee income of PKR 244.683 million from funds under management compared to PKR 361.248 million during the previous financial year which was primarily due to a reduction in AUM.

The Company's investments also performed well due to prudent investment strategies and resulted in significant unrealized gain on re-measurement of investment of PKR 283.665 million.

JS Global Capital Ltd.

Operating revenue declined by 34% principally due to lower equity brokerage revenue in comparison to the corresponding period last year. This is a reflection of lower volumes at the Karachi Stock Exchange (KSE) and investor interest in the equity market remains limited.

Brisk activity was witnessed in the money market during the period due to the issuance of Government securities. Turnover in the commodities futures market continues to show steady growth.

BankIslami Pakistan Ltd.

The bank continues to focus on leveraging its existing branch network. The focus during the year was to increase its deposit base with corresponding increases in investments as well as advances. The Bank has also completed the conversion of the mortgage portfolio of Citibank that it had acquired.

With the network of the bank, low operating cost, competitive cost of funds, an established retail franchise and a brand which is well recognized, the bank looks forward to continued growth next year.

Financial Results

The Company has reported an after tax loss of PKR 1.3 billion for the year ended June 30, 2011as against PKR 8.9 billion loss for the comparative period i.e. June 30, 2010. Overall revenues for the year amounted to PKR 986 million as compared to PKR 609 million during 2010.

	(Rupees in '000)
Loss before taxation	(1,277,866)
Less: Taxation	
- Current	2,609
- Prior	(3,952)
	(1,343)
Loss after taxation	(1,276,523)

The basic loss per share is PKR 1.67.

The revenue of the Company has improved over last year supplemented by a reduction in the operating and administrative expenses by 26% to PKR 150 million from PKR 202 million last year. However, the impairment on investments by PKR 1,584 million has affected the results negatively.

Consolidated Financial Statements

In the consolidated financial statements the Company has reported a net loss of PKR 1.25 billion as compared to a net loss of PKR 11.1 billion for the comparative period June 30, 2010.

	(Rupees in '000)
Loss before taxation from continuing operations	(1,297,651)
Less: Taxation	
- Current	63,006
- Prior	(6,540)
- Deferred	(133,633)
	(77,167)
Loss after taxation from continuing operations	(1,220,484)
Loss after taxation for the year from discontinued operations	(30,521)
Loss for the year	(1,251,005)
Loss attributable to non-controlling interests	(72,208)
Loss for the year attributable to ordinary shareholders	(1,178,797)

Basic loss per share from continuing operations is PKR 1.51.

The revenues from continuing operations have improved by 34% over last year mainly on account of increase in return on investments and income on fund placements made during the year 2011.

Impairment in investments and intangibles have reduced by PKR 5,102 million and PKR 4,129 million respectively over last year reflecting a positive impact on the results for the current period over last year.

The Company holds 21,245,184 ordinary shares of the face value of PKR 10 each of its subsidiary, Network Microfinance Bank Ltd. ("NMBL") representing 70.82% of the total paid-up capital of the subsidiary.

The Board of Directors of the Company in its meeting held on May 18, 2011 approved the disposal of the entire investment of the Company in NMBL comprising of 21,245,184 ordinary shares of the face value of PKR 10 each which is 70.82% of the total paid up capital of NMBL subject to the consent of the shareholders of the Company in an Extraordinary General Meeting as required under Section 196(3)(a) of the Companies Ordinance, 1984. The disposal of the shares of NMBL was eventually approved at the Extraordinary General Meeting of the Company held on June 15, 2011 at a price as may be considered appropriate by the Board of Directors.

The Company has now entered into a Share Purchase Agreement dated September 12, 2011 with the Group of Investors, (the "Acquirers") for the sale of 21,245,184 Ordinary Shares of NMBL.

An Escrow Agreement dated September 12, 2011 has also been signed by the Company and the Acquirers with a bank in terms of which the Acquirers have deposited total sale consideration with the said bank to be released to the Company upon transfer of the Shares after obtention of all regulatory approvals and fulfillment of all legal formalities by the Acquirers, including under the provisions of the Listed Companies (Substantial Acquisition of Voting Shares and Take-overs) Ordinance, 2002, the Listed Companies (Substantial Acquisition of Voting Shares and Take-overs) Regulations, 2008 and the Competition Act, 2010.

Corporate and Financial Reporting Framework

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

- The financial statements present fairly the state of affairs of the Company, the results of its operations, cash flow statement and statement of changes in equity;
- Proper books of accounts of the Company have been maintained;
- Accounting policies as stated in the notes to the accounts have been consistently applied;
- International Financial Reporting Standards as applicable in Pakistan and the Companies Ordinance, 1984 as stated in the notes attached with the accounts, have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- The Company is financially sound and is going concern; and

There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.

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

The statement of key operating and financial data of last six years appears on Page No. 08.

The Company operates an approved contributory provident fund for all its employees eligible to the scheme. The audited financial statements for year ended June 30, 2011 indicate that the value of investments of the fund is PKR 29.1 million.

Nine meetings of the Board of Directors were held during the year.

The attendance of Directors at Board meetings were as follows:

Name of Director	Meetings Held	Meetings Eligibility	Meetings Attended
Mazharul Haq Siddiqui, Chairman	Nine	Nine	Nine
Syed Nizam Ahmed Shah (Retired on November 24, 2010)	Nine	Four	Three
Chief Justice (R) Mahboob Ahmed	Nine	Nine	Nine
Ali J. Siddiqui	Nine	Nine	Nine
Ali Raza Siddiqui (Resigned w.e.f. January 21, 2011)	Nine	Five	Three
Munawar Alam Siddiqui (Appointed on January 24, 2011)	Nine	Four	Four
Ali Hussain	Nine	Nine	Nine
Stephen Christopher Smith	Nine	Nine	Seven
Munaf Ibrahim, CEO & Director	Nine	Nine	Nine

Management's Discussion of Financial Responsibility

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

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

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

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

Credit Rating

The Directors are pleased to inform you that the Company has a long term rating of AA (Double A) and short term rating of A1+ (A one plus) assigned to it by Pakistan Credit Rating Agency Limited. These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

Auditors

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

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

Pattern of Shareholding

The Statement of Pattern of Shareholding as on June 30, 2011 appears on Page No. 126

Future Outlook

The Company is on a path of improvement. Our investment diversification and returns from strategic investments are expected to positively impact the future earnings of the Company.

Acknowledgement

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

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

For and on behalf of the
Board of Directors

Mazharul Haq Siddiqui
Chairman

Karachi: September 24, 2011

COMPOSITIONS OF AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Chief Justice (R) Mahboob Ahmed	Chairman
Ali J. Siddiqui	Member
Ali Hussain	Member

Attendance of Audit Committee Meetings

Four meetings of the Audit Committee of the Board of Directors were held during the financial year 2010-2011. The attendance of members at Audit Committee meetings was as follows:

Name	Meetings Held	Meetings Eligibility	Meetings Attended
Chief Justice (R) Mahboob Ahmed	Four	Four	Four
Syed Nizam Ahmed Shah (Retired on November 24, 2010)	Four	Two	One
Ali J. Siddiqui	Four	Four	Four
Ali Hussain (Appointed on December 07, 2010)	Four	Two	Two

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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

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

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

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

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

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going-concern assumption;

- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards; and
- Compliance with listing regulations and other statutory and regulatory requirements.

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

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

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

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

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

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

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

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

(l) Determination of compliance with relevant statutory requirements;

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

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

Notice of Meeting

Notice is hereby given that the Twentieth Annual General Meeting of Jahangir Siddiqui & Co. Ltd. (the "Company") will be held at Regent Plaza Hotel and Convention Centre, main Shahra-e-Faisal, Karachi on October 27, 2011 at 12:45 p.m. to transact the following business:

Ordinary Business

1. To receive and consider the audited financial statements of the Company for the year ended June 30, 2011 together with the Directors' and Auditors' Reports thereon.

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

Special Business

To explain the reasons for not making investment in an associated undertaking after the Company obtained approval of the shareholders by Special Resolution at previous general meeting held on November 24, 2007 under Section 208 of the Companies Ordinance, 1984 and to indicate major changes in financial position of the pertinent associated undertaking in compliance with the SRO 865(I)/2000 dated December 06, 2000.

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

Karachi: October 06, 2011

By order of the Board

Farah Qureshi
Company Secretary

NOTES

(i) The Share Transfer Books of the Company shall remain closed from October 20, 2011 to October 26, 2011 (both days inclusive) for determining the entitlement of shareholders for attending the Annual General Meeting.

(ii) Physical transfers and deposit requests under Central Depository System received at the close of business on October 19, 2011 by the Company's Registrar i.e. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Karachi will be treated as being in time for entitlement to attend the meeting.

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

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

(v) Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies must bring thier original Computerised National Identity Card (CNIC's) or original Passports for identification purpose at the time of attending the meeting.

The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form along with attested copies of CNIC or the passport of the beneficial owner and the proxy. Representatives of Corporate members sholud bring the usual documents i.e. Board of Directors' Resolution / Power of Attorney with attested specimen signatures at the time of attending the Annual General Meeting.

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

The Statement under Section 160(1)(b) of the Companies Ordinance, 1984 in compliance with the SRO 865 (I) /2000 dated December 06, 2000 for not having made investment to date

The Company in its prior general meeting held on November 24, 2007 had sought approval of the shareholders by a Special Resolution under Section 208 of the Companies Ordinance, 1984 for investment in the following associated company in which investment have not been made so far.

S. No.	Name of Company	Meeting Date	Amount in millions (PKR)	Reasons for not making investment
1.	JS Value Fund Ltd.	November 24, 2007	175	The Directors considered prudent to defer the investment due to the adverse economic and investment climate. However, the proposed investment will be made at an appropriate time in the best interest of the shareholders of the Company.

The changes in financial position of JS Value Fund Ltd. are given below:

JS Value Fund Ltd.

S. No.	Description	At the time of Approval under section 208	Present Status
1.	Average Market Price of the shares intended to be subscribed during preceding six months.	PKR 13.21 per share (based on October 31, 2007)	PKR 5.22 per share (based on June 30, 2011)
2.	Break-up value of shares	PKR 18.44 per share (September 30, 2007)	PKR 10.17 per share (based on June 30, 2011)
3.	Earning / (loss) per share of the investee company:		
	▪ June 30, 2005	PKR 1.24 per share	
	▪ June 30, 2006	PKR 4.42 per share	
	▪ June 30, 2007	PKR 5.55 per share	
	▪ June 30, 2009	-	PKR (10.94) per share
	▪ June 30, 2010	-	PKR (0.98) per share
	▪ June 30, 2011	-	PKR 2.20 per share

The interest of the Directors and Chief Executive of the Company is limited to their being directors and shareholders of the Company as already notified previously to the shareholders.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

(As required by the Listing Regulations)

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 35 of the Listing Regulations of Karachi Stock Exchange (Guarantee) Ltd. for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

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

4. During the year Mr. Ali Raza Siddiqui, Director tendered his resignation and Mr. Munawar Alam Siddiqui, Director was appointed to fill the casual vacancy for the remaining term.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notice of the Board meetings along with agenda and working papers, were circulated at least seven days before the meetings except in the case of emergency meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board of Directors is well aware of the requirements of the Code of Corporate Governance, and arrangements will also be made for certification under the requirement of clause (xvi) of the Code of Corporate Governance.

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

11. A party wise record of transactions entered into with related parties along with all documents and explanations has been maintained by the Company. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.

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

13. The Director's Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

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

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

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

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

19. The Board has set-up an effective internal audit function through outsourced resources of Chartered Accountants firm who have the necessary expertise for the subject.

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

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

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

For and on behalf of the
Board of Directors

Mazharul Haq Siddiqui
Chairman

Karachi: September 24, 2011

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2011 prepared by the Board of Directors of Jahangir Siddiqui & Co. Ltd. (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance dose not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended June 30, 2011.

Karachi: September 24, 2011

ERNST & YOUNG FORD RHODES SIDAT HYDER
CHARTERED ACCOUTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **JAHANGIR SIDDIQUI & Co. LTD.** (**the Company**) as at **30 June 2011** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policy consistently applied, except for the changes in accounting policy as disclosed in note 4.1, with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2011** and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner: Omer Chughtai

September 24, 2011
Karachi

Financial Statements

Balance Sheet As at June 30, 2011

	Note	2011	2010
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property and equipment	7	**10,407**	17,482
Investment property	8	**1,770**	2,411
Stock exchange membership cards and room	9	**12,201**	12,201
Long term investments	10	**9,257,029**	13,515,269
Long term loans	11	**1,594**	1,562
Long term security deposits		**1,499**	1,493
		9,284,500	13,550,418
Current Assets			
Loans and advances	12	**537**	1,668
Prepayments, interest accrued and other receivables	13	**20,817**	4,108
Short term investments		**-**	1,593,152
Taxation - net		**274,108**	222,720
Cash and bank balances	14	**1,337,243**	11,627
		1,632,705	1,833,275
Non-current assets held for sale	15	**1,270,639**	-
		2,903,344	1,833,275
		12,187,844	15,383,693
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share Capital	16	**7,632,853**	7,632,853
Reserves		**1,508,139**	2,494,877
		9,140,992	10,127,730
Non-Current Liability			
Long term financing	17	**1,743,858**	2,839,287
Current Liabilities			
Trade and other payables	18	**82,764**	95,328
Accrued interest / mark-up on borrowings	19	**122,536**	229,460
Short term borrowings	20	**-**	1,716,218
Current portion of long term financing	17	**1,097,694**	375,670
		1,302,994	2,416,676
Contingencies and Commitment	21		
		12,187,844	15,383,693

The annexed notes 1 to 38 form an integral part of these financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Profit and Loss Account For the year ended June 30, 2011

	Note	**2011**	2010
		(Rupees in '000)	
INCOME			
Return on investments	22	**410,466**	758,595
Gain on sale of investments - net	23	**493,088**	444,066
Income from long term loans and fund placements	24	**51,105**	2,662
Other income	25	**30,876**	83,521
Loss on revaluation of investments carried at fair value through profit or loss - net		**-**	(679,768)
		985,535	609,076
EXPENDITURE			
Operating and administrative expenses	26	**150,485**	201,566
Finance cost	27	**528,591**	846,211
Impairment on investments - net	28	**1,584,325**	8,537,198
		2,263,401	9,584,975
LOSS BEFORE TAXATION		**(1,277,866)**	(8,975,899)
Taxation	29		
Current		**2,609**	7,393
Prior		**(3,952)**	534
		(1,343)	7,927
NET LOSS FOR THE YEAR		**(1,276,523)**	(8,983,826)
		.... (Rupees)	
LOSS PER SHARE - Basic and diluted	30	**(1.67)**	(11.77)

The annexed notes 1 to 38 form an integral part of these financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Statement of Comprehensive Income For the year ended June 30, 2011

	2011	2010
	(Rupees in '000)	
NET LOSS FOR THE YEAR	**(1,276,523)**	(8,983,826)
OTHER COMPREHENSIVE INCOME		
Net gain on available for sale investments		
Loss during the year	**(663,708)**	(1,296,744)
Reclassification adjustments included in the profit and loss account for:		
- Disposal of investments - net	**(339,388)**	(235,716)
- Impairment on investments - net	**1,292,881**	2,128,307
	289,785	595,847
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(986,738)**	(8,387,979)

The annexed notes 1 to 38 form an integral part of these financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Cash Flow Statement For the year ended June 30, 2011

	Note	2011	2010
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(1,277,866)**	(8,975,899)
Adjustment for non cash charges and other items:			
Depreciation		**6,465**	12,130
Gain on sale of property and equipment		**(2,866)**	(3,732)
Gain on sale of NCEL membership card		**-**	(1,650)
Amortisation of transaction costs on term finance certificates		**2,360**	3,470
Interest income from special saving certificates		**(9,847)**	(46,696)
Loss on revaluation of investments carried at fair value through profit or loss - net		**-**	679,768
Dividend income		**(400,619)**	(711,898)
Liability written back		**-**	(50,000)
Impairment on investments		**1,584,325**	8,537,198
Finance cost		**526,231**	842,741
		1,706,049	9,261,331
Operating profit before working capital changes		**428,183**	285,432
Decrease / (increase) in operating assets:			
Trade debts		**-**	21,781
Loans and advances		**1,131**	(1,175)
Prepayments, interest accrued and other receivables		**(16,709)**	12,192
Short term investments		**1,593,152**	(99,871)
Long term loans and security deposits		**(38)**	383
		1,577,536	(66,690)
(Decrease) / increase in trade and other payables		**(12,196)**	14,521
Net cash generated from operations		**1,993,523**	233,263
Mark-up paid		**(633,155)**	(766,361)
Taxes paid		**(50,045)**	(75,870)
Dividend paid		**(368)**	(759,718)
Net cash inflow from / (used in) operating activities		**1,309,955**	(1,368,686)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(179)**	(2,892)
Proceeds from sale of property and equipment		**4,296**	6,244
Proceeds from sale of NCEL membership card and room		**-**	5,000
Dividend received		**400,619**	711,898
Interest income from special saving certificates		**9,847**	-
Investments acquired - net of sale		**1,693,061**	(744,340)
Net cash inflow from / (used in) investing activities		**2,107,644**	(24,090)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of term finance certificates		**(375,765)**	(313,178)
Net cash used in financing activities		**(375,765)**	(313,178)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,041,834**	(1,705,954)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**(1,704,591)**	1,363
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	**1,337,243**	(1,704,591)

The annexed notes 1 to 38 form an integral part of these financial statements.

Mazharul Haq Siddiqui	**Munaf Ibrahim**
Chairman	Chief Executive

Statement of Changes in Equity For the year ended June 30, 2011

	Issued, subscribed and paid-up capital	Reserves					
		Capital	Revenue		Other		
	Ordinary share capital	Ordinary share premium	General	Accumulated loss	Unrealised gain /(loss) on revaluation of available for sale investments - net	Total
	(Rupees in '000)					
Balance as at July 1, 2009	7,632,853	4,497,894	10,000,000	(2,827,373)	(24,380)	19,278,994
Loss for the year after taxation	-	-	-	(8,983,826)	-	(8,983,826)
Other comprehensive income	-	-	-	-	595,847	595,847
Total comprehensive loss	-	-	-	(8,983,826)	595,847	(8,387,979)
Appropriation during the year: Interim dividend @ Rs. 1 per ordinary share	-	-	-	(763,285)	-	(763,285)
Balance as at June 30, 2010	**7,632,853**	**4,497,894**	**10,000,000**	**(12,574,484)**	**571,467**	**10,127,730**
Balance as at July 1, 2010	7,632,853	4,497,894	10,000,000	(12,574,484)	571,467	10,127,730
Loss for the year after taxation	-	-	-	(1,276,523)	-	(1,276,523)
Other comprehensive income	-	-	-	-	289,785	289,785
Total comprehensive loss	-	-	-	(1,276,523)	289,785	(986,738)
Balance as at June 30, 2011	**7,632,853**	**4,497,894**	**10,000,000**	**(13,851,007)**	**861,252**	**9,140,992**

The annexed notes 1 to 38 form an integral part of these financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Notes to the Financial Statements For the year ended June 30, 2011

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPERATION

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

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are stated at cost less impairment if any, and have not been accounted for on the basis of reported results and net assets of the investees.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 New and amended IFRSs and IFRICs

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2 – Group Cash-settled Share-based Payment Arrangement
IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations
IFRS 8 – Operating Segments
IAS 1 – Presentation of Financial Statements

IAS 7	–	Statement of Cash flows Presentation of Financial Statements
IAS 17	–	Leases
IAS 36	–	Impairment of Assets
IAS 39	–	Financial Instruments : Recognition and Measurement

Issued in April 2010

IFRS 3	–	Business Combinations
IAS 27	–	Consolidated and Separate Financial Statements

The adoption of the above standards, amendments and interpretations did not have any material effect on these financial statements.

4.2 Property and equipment

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

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

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

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

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

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

4.3 Investment properties

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

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

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

4.4 Stock exchange membership cards and room

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

4.5 Investments

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

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

Unquoted investments, for which active market does not exist and fair value cannot be reasonably calculated, are carried at cost. Impairment in value, if any, is taken to profit and loss account currently.

Subsidiaries, associates and joint ventures

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

Available for sale

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

Held to maturity

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

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

4.6 Derivative financial instruments

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

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

4.7 Securities sold under repurchase / purchased under resale agreements

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

(a) Repurchase agreement borrowings

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

(b) Repurchase agreement lendings

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

4.8 Provisions

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

4.9 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any.

Deferred

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

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

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

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

4.10 Revenue recognition

(a) Return on Defence Saving Certificates (DSCs) and Special Saving Certificates (SSCs) are accounted for using the effective interest rate method.

(b) Income from Term Finance Certificates (TFCs), government securities, reverse repurchase transactions and loans and advances are recognised at rate of return implicit in the instrument / arrangement on a time proportion basis.

(c) Profit on bank deposits and rental income is recognised on an accrual basis.

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

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

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

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

4.11 Long term finances and loans

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

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

4.12 Trade debts and other receivables

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

4.13 Trade and other payables

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

4.14 Cash and cash equivalents

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

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

4.15 Staff retirement benefits

Defined contribution plan

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

Compensated absences

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

4.16 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently (for regular way purchases and sales of financial instruments refer to note 4.18).

4.17 Offsetting of financial assets and financial liabilities

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

4.18 Trade date accounting

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

4.19 Foreign currency translations

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

4.20 Dividend and appropriation to reserves

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

4.21 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (a loss event) and that loss event (or events) has impact on the estimated future cashflows of the financial asset or the group of financial assets that can be reliably estimated.

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

Non-financial assets and investments in subsidiaries and associates

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset in considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate valuation method is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may not longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in assumptions used to determine the assets recoverable amount since the last imparment loss was recognised. The reversal is limited so that the carrying amout of the asset does not exceed its carrying recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss account.

5. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

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

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

(a) determining the residual values and useful lives of property and equipment (Note 4.2 and 7);

(b) classification of investments (Note 4.5 and 10);

(c) recognition of taxation and deferred tax (Note 4.9 and 29);

(d) accounting for post employment benefits (Note 4.15);

(e) impairment of financial assets (Note 4.21 and 28); and

(f) non-current assets held for sale (Note 4.5 and 15)

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard, Interpretation or Amendment			Effective date (accounting periods beginning on or after)
IFRS 7	–	Financial Instruments : Disclosures - Amendments en hancing disclosures about transfers of financial assets	July 01, 2011
IAS 1	–	Presentation of Financial Statements - Amendments to evise the way other comprehensive income is presented	July 01, 2012
IAS 12	–	Income Tax (Amendment) - Deferred Taxes : Recovery of Underlying Assets	January 01, 2012
IAS 19	–	Employee Benefits - Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2012
IAS 24	–	Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14	–	Prepayments of a minimum funding requirement (Amendment)	January 01, 2011

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have a material affect the Company's financial statements in the period of initial application, however certain amendments will result in increased disclosure requirements.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Comission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard			Effective date (accounting periods beginning on or after)
IFRS 9	–	Financial Instruments	January 01, 2013
IFRS 10	–	Consolidated Financial Statements	January 01, 2013
IFRS 11	–	Joint Arrangements	January 01, 2013
IFRS 12	–	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	–	Fair Value Measurement	January 01, 2013

7. PROPERTY AND EQUIPMENT

7.1 Operating assets - owned

	C O S T				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2010	Additions / (disposals)	As at June 30, 2011	Rate %	As at July 1, 2010	For the year / (on disposals)	As at June 30, 2011	As at June 30, 2011
	(Rupees in '000)				(Rupees in '000)			
Office premises - leasehold	**1,041**	**-**	**1,041**	**5**	**362**	**52**	**414**	**627**
Leasehold improvements	**18,372**	**-**	**18,372**	**33**	**18,159**	**75**	**18,234**	**138**
Office equipment	**28,623**	**42**	**28,195**	**25**	**25,668**	**2,201**	**27,399**	**796**
		(470)				**(470)**		
Office furniture and fixtures	**15,743**	**-**	**15,743**	**10**	**7,733**	**1,297**	**9,030**	**6,713**
Motor vehicles	**20,005**	**137**	**15,345**	**20**	**14,380**	**2,199**	**13,212**	**2,133**
		(4,797)				**(3,367)**		
	83,784	**179**	**78,696**		**66,302**	**5,824**	**68,289**	**10,407**
		(5,267)				**(3,837)**		

	C O S T				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2009	Additions / (disposals)	As at June 30, 2010	Rate %	As at July 1, 2009	For the year / (on disposals)	As at June 30, 2010	As at June 30, 2010
	(Rupees in '000)				(Rupees in '000)			
Office premises - leasehold	1,041	-	1,041	5	310	52	362	679
Leasehold improvements	18,147	225	18,372	33	17,467	692	18,159	213
Office equipment	33,034	555	28,623	25	25,127	5,443	25,668	2,955
		(4,966)				(4,902)		
Office furniture and fixtures	15,660	83	15,743	10	6,439	1,294	7,733	8,010
Motor vehicles	24,565	2,029	20,005	20	14,513	4,008	14,380	5,625
		(6,589)				(4,141)		
	92,447	2,892	83,784		63,856	11,489	66,302	17,482
		(11,555)				(9,043)		

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

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's particulars
	(Rupees in '000)						
Motor Vehicles							
Honda City	846	550	296	850	554	Negotiation	**Crosby Securities Pakistan (Private) Ltd.** 1st Floor, P&O Plaza I.I. Chundrigar Road, Karachi
Honda Civic VTI	1,238	1,156	82	940	858	Negotiation	**Mr. M. Faheem** Gulshan-e-Iqbal, Karachi
Honda Civic	1,427	737	690	1,375	685	Negotiation	**Mr. Atif Halim** (Ex-Employee) KDA Scheme No. 1, Karachi
Honda City	400	53	347	400	53	Negotiation	**Mr. Fawad A. Aziz** (Employee)

8. INVESTMENT PROPERTY

	Note	COST As at July 1, 2010	Additions/ (disposals)	As at June 30, 2011	Rate %	ACCUMULATED DEPRECIATION As at July 1, 2010	For the year	As at June 30, 2011	WRITTEN DOWN VALUE As at June 30, 2011
		(Rupees in '000)				(Rupees in '000)			
Office premises	8.1	**12,599**	**-**	**12,599**	**5**	**10,188**	**641**	**10,829**	**1,770**

	Note	COST As at July 1, 2009	Additions/ (disposals)	As at June 30, 2010	Rate %	ACCUMULATED DEPRECIATION As at July 1, 2009	For the year	As at June 30, 2010	WRITTEN DOWN VALUE As at June 30, 2010
		(Rupees in '000)				(Rupees in '000)			
Office premises	8.1	12,599	-	12,599	5	9,547	641	10,188	2,411

8.1 The fair value of the investment property aggregating to Rs. 88.84 million (2010: Rs. 88.86 million) was arrived at on the basis of the valuation carried out by M/s. Consultancy Support and Services, an independent valuer on July 23, 2011 but was not incorporated in the books of accounts as the Company applies cost model for accounting for investments properties. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

	Note	2011	2010
		(Rupees in '000)	
9. STOCK EXCHANGE MEMBERSHIP CARDS AND ROOM			
Membership cards			
Karachi Stock Exchange (Guarantee) Limited		**100**	100
Islamabad Stock Exchange (Guarantee) Limited		**11,101**	11,101
Room - Islamabad Stock Exchange (Guarantee) Limited		**1,000**	1,000
		12,201	12,201
10. LONG TERM INVESTMENTS			
Investments in related parties			
Investment in subsidiaries	10.1	**4,200,567**	4,163,417
Investment in associates	10.2	**95,193**	1,303,215
Other related parties - Available for sale	10.3	**3,092,519**	7,688,911
		7,388,279	13,155,543
Other investments	10.4	**1,868,750**	359,726
		9,257,029	13,515,269

10.1 Investment in subsidiaries - at cost

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

Number of shares 2011	Number of shares 2010		Note	Activity	Holding 2011 %	Holding 2010 %	2011 (Rupees in '000)	2010 (Rupees in '000)
		Quoted						
525,566,192 *	395,162,551	**JS Bank Limited** Market value Rs. 1,271.87 (2010: Rs. 1,110.41) million	10.1.1	Commercial Banking	**64.49**	64.49	**2,987,267**	2,596,056
52,023,617**	52,023,617	**JS Investments Limited** Market value Rs. 265.32 (2010: Rs. 388.10) million	10.1.2	Asset Management & Investment Advisor	**52.02**	52.02	**3,046,057**	3,046,057
		Less: Impairment					**(2,780,737)**	(2,657,961)
							265,320	388,096
-	21,245,184	**Network Microfinance Bank Limited** Market value. Nil (2010: Rs. 27.83) million		Micro Finance Banking	-	70.82	-	212,452
		Less: Impairment					-	(53,113)
			15.1				-	159,339
		Un-quoted						
73,736,250	73,736,250	**JS Infocom Limited** Net assets value Rs. 389.20 (2010: Rs. 441.83) million based on audited financial statements for the year ended June 30, 2011		Telecom Media & Technology	**100.00**	100.00	**708,490**	708,490
		Less: Impairment					**(319,289)**	(266,657)
							389,201	441,833
10,000	10,000	**JS International Limited** Ordinary Shares of US$ 1/- each having net assets value Rs. 124.85 (March 31, 2010: Rs. 144.17) million based on audited financial statements for the year ended March 31, 2011		Investment services	**100.00**	100.00	**294,882**	294,882
		Less: Impairment					**(170,030)**	(150,716)
							124,852	144,166
1,895,000	1,895,000	**Credit Chex (Private) Limited** Ordinary Shares of Rs. 100/- each having negative equity balance Rs. 35.86 (2010: Rs. 19.73) million based on audited financial statements for the year ended June 30, 2011		Credit information & credit rating	**82.84**	75.00	**189,500**	189,500
		Less: Impairment					**(185,369)**	(185,369)
							4,131	4,131
63,000,000	63,000,000	**Energy Infrastructure Holding (Private) Limited** Net assets value Rs. 444.28 (2010: 429.80) million based on audited financial statements for the year ended June 30, 2011.		Power Generation & Distribution	**100.00**	100.00	**630,000**	630,000
		Less: Impairment					**(200,204)**	(200,204)
							429,796	429,796
							4,200,567	4,163,417

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

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

10.1.1 The Company holds 525,566,192 fully paid ordinary shares of Rs 10 each, representing 64.49% holding in JS Bank Limited (the Bank) as at June 30, 2011. Market value of the Company's investment as at June 30, 2011 was Rs 1,271.87 million. However, the Company calculated the recoverable amount of its investment based on value in use calculations as prescribed under IAS 36-Impairment of Assets, which was higher than the carrying value. The projections used to calculate the value in use is based on the assumption that the Bank will meet the minimum capital requirement for Banks stipulated by the State Bank of Pakistan i.e. Rs. 10 billion by 2013. These calculations have been made on a discounted cash flow based valuation methodology using a discount rate of 23% derived on the basis of the Capital Asset Pricing Model and assuming a terminal growth rate of 10%.

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

(a) Interest rate spreads

Interest rate spreads are based on prevailing industry trends and anticipated market conditions.

(b) Discount rates

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

(c) Key business assumptions

These assumptions are important as they represent management assessment of how the Bank's position might change over the projected period. Based on expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stabilisation in line with industry trends.

(d) Sensitivity to changes in assumptions

Management believes that any significant change in key assumptions on which the Bank's recoverable amount is based may result in the recoverable amount being lower than the carrying amount. Value in use calculation of the Bank is most sensitive to changes in assumptions for interest rate spreads, growth in advances & deposits and variation in terminal growth rate & discount rate. The impairment impact resulting from a change in these assumptions is shown below:

	Impact on impairment (PKR '000)		
	1% increase in discount rate	**1% reduction in long term growth rates**	**10% reduction in advances, deposits & NFI and 0.2% reduction in spreads**
Increase	(11,400)	(207,484)	(809,955)

10.1.2 The Company holds 52,023,617 fully paid ordinary shares of Rs 10 each, representing 52.02% holding in JS Investments Limited as at June 30, 2011. The Company has calculated the recoverable amount of its investment as higher of fair value less cost to sell and value in use as prescribed under IAS 36 – Impairment of Assets. Accordingly, the Company has valued its investment on market value and has recognized an impairment loss of Rs 122.78 (2010: 2,657.96) million during the year ended June 30, 2011.

10.2 Investment in associates - at cost

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

Number of shares 2011	Number of shares 2010		Note	Activity	Holding 2011 %	Holding 2010 %	2011 (Rupees in '000)	2010 (Rupees in '000)
		Quoted						
-	21,734,826	**JS Global Capital Limited** Market value. Nil (2010: Rs. 795.71) million		Dealing in & brokerage of marketable securities	-	43.47	-	3,701,314
		Less: Impairment					-	(2,493,292)
			15.2				-	1,208,022
11,238,812	11,238,812	**JS Value Fund Limited** Net asset value Rs. 114.29 (2010: Rs. 95.19) million		Closed end mutual fund	**9.48**	9.48	**135,566**	135,566
		Less: Impairment					**(40,373)**	(40,373)
							95,193	95,193
							95,193	1,303,215

10.3 Other related parties

Available for sale

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

Number of shares 2011	Number of shares 2010		Note	Activity	Holding 2011 %	Holding 2010 %	2011 (Rupees in '000)	2010 (Rupees in '000)
		Quoted - at fair value						
7,000,000	7,000,000	**Hum Network Limited** (formerly Eye Television Network Limited)		Television Network	**14.00**	14.00	**105,420**	162,540
111,256,116*	111,256,116	**BankIslami Pakistan Limited**		Islamic Banking	**21.07**	21.07	**378,271**	357,132
20,299,455	20,299,455	**EFU General Insurance Limited**		General Insurance	**16.24**	16.24	**704,594**	997,515
17,040,552	17,040,552	**EFU Life Assurance Limited**		Life Assurance	**20.05**	20.05	**1,175,798**	1,327,629
-	25,040,389	**Lucky Cement Limited**		Cement Manufacturing	-	7.74	-	1,556,010
-	405,000	**Attock Petroleum Limited**		Oil Marketing	-	0.70	-	117,349
-	24,000,000	**Pakistan International Container Terminal Limited**	10.4.1	Container Terminal	-	21.99	-	1,800,000
6,527,158	5,933,780	**Singer Pakistan Limited**	10.3.1	Electrical Goods	**17.39**	17.39	**101,824**	111,555
112,157,863	112,157,863	**Azgard Nine Limited**		Textile Composite	**24.96**	24.96	**619,112**	1,251,681
		Un-quoted - at cost						
750,000	750,000	**EFU Services (Private) Limited**		Investment company	**37.50**	37.50	**7,500**	7,500
							3,092,519	7,688,911

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

10.3.1 Subsequent to the balance sheet date on July 28, 2011, the related party relationship has ceased.

10.3.2 Included herein are equity securities costing Rs. 4,064.80 million (2010: Rs. 13,299.98 million) and having market value of Rs. 473.32 million (2010: Rs. 3,668.96 million) as at June 30, 2011, pledged with various commercial banks.

10.3.3 The cost of investments in related parties amounts to Rs. 19,992.81 million (2010: Rs. 24,447.45 million).

	Note	**2011**	2010
		(Rupees in '000)	
10.4 Other investments			
Available for sale - Equity securities (quoted)			
Pakistan International Container Terminal Limited (PICTL)	10.4.1 & 10.4.2	**1,868,750**	-
Held to maturity			
Special saving certificates (at amortised cost)		**-**	359,726
		1,868,750	359,726

10.4.1 Until last year, PICTL was a related party of the Company on the basis of common directorship. However, during the year, the common director resigned from the Board of PICTL. Consequently, the investment has been classified as other investment. The cost of investment is Rs. 2,087.89 million (2010: Rs. 2,178.67 million)

10.4.2 Included herein are equity securities costing Rs. 408.50 million (2010: Rs. Nil) and having market value of Rs. 365.63 million (2010: Rs. Nil) as at June 30, 2011, pledged with various commercial banks.

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

11. LONG TERM LOANS

	Note	**2011**	2010
		(Rupees in '000)	
Secured - considered good			
Due from:			
Executives	11.1	**1,592**	1,699
Other employees		**405**	163
	11.2	**1,997**	1,862
Current maturity of long term loans		**(403)**	(300)
		1,594	1,562

	2011	2010
	(Rupees in '000)	

11.1 Reconciliation of the carrying amount of loan to executives

	2011	2010
Opening balance	**1,699**	1,857
Disbursements	**75**	1,000
Repayments	**(182)**	(1,158)
	1,592	1,699

11.2 This represents loans provided to executives and employees of the Company for purchase of property and home appliances at mark-up rates ranging between 11.29% and 15.00% (2010: 10.50% and 15.00%) per annum in accordance with the Company's employee loan policy. Repayment is made monthly. These loans are secured against provident fund balances and salaries of the employees and are repayable over a period of two to five years. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1.70 (2010: Rs. 2.78) million.

12. LOANS AND ADVANCES

	Note	2011	2010
		(Rupees in '000)	
Current maturity of long term loans	11	**403**	300
Advances - unsecured and considered good			
to contractors		**20**	20
to employees		**114**	1,348
		134	1,368
		537	1,668

13. PREPAYMENTS, INTEREST ACCRUED AND OTHER RECEIVABLES

	Note	2011	2010
Prepayments	13.1	**607**	1,521
Interest accrued on bank deposits		**6,436**	-
Interest accrued on term deposit receipts		**671**	-
Receivable against sale of shares		**9,881**	-
Other receivables - Unsecured and considered good	13.2	**3,222**	2,587
		20,817	4,108

13.1 Included herein is a sum of Rs. 0.50 million (2010: Rs. 0.42 million) paid to related parties.

13.2 Included herein is a sum of Rs. 2.83 million (2010: Rs. 2.09 million) receivable from related parties.

	Note	2011	2010
		(Rupees in '000)	

14. CASH AND BANK BALANCES

	Note	2011	2010
Cash in hand		**38**	38
Balances with banks:			
Current accounts			
local currency		**2,191**	3,201
foreign currency		**910**	906
		3,101	4,107
Savings accounts			
local currency	14.1	**1,132,015**	5,404
foreign currency		**2,089**	2,078
	14.2	**1,134,104**	7,482
Term deposit receipts	14.3	**200,000**	-
		1,337,243	11,627

14.1 Included herein is a sum of Rs. 0.03 million (2010: Rs. 5.01 million) representing amount placed with JS Bank Limited, a subsidiary company.

14.2 These carry mark-up ranging between 5.00% and 12.45% (2010: 5.00% and 12.00%) per annum.

14.3 This represents term deposit receipts with a commercial bank carrying mark-up at the rate of 12.25% p.a. (2010: Nil) with maturity within a month.

15. NON-CURRENT ASSETS HELD FOR SALE

	Note	2011	2010
		(Rupees in '000)	
Investment in a subsidiary:			
- Network Microfinance Bank Limited (NMBL)	15.1	**159,339**	-
Less: Impairment		**(15,934)**	-
		143,405	-
Investment in an associate:			
- JS Global Capital Limited (JSGCL)	15.2	**1,208,022**	-
Less: Impairment		**(80,788)**	-
		1,127,234	-
		1,270,639	-

15.1 Pursuant to the decision of the Board of Directors of the Company in their meeting held on April 26, 2011 for disposal of entire investment in Network Microfinance Bank Limited - a subsidiary of the Company, the shareholders have also accorded their approval of the above referred disposal in their extraordinary general meeting held on June 15, 2011. Subsequent to the year end, the Company entered into a share purchase agreement dated September 12, 2011 with a group of investors (the acquirers) subject to the fulfillment of all legal formalities by the acquirers. Accordingly, investment in NMBL is classified as non-current asset held for sale and are carried at net realisable value.

15.2 The Shareholders of the Company, in order to meet the State Bank of Pakistan's minimum capital requirements for JS Bank Limited (JSBL), a subsidiary of the Company, in their extraordinary general meeting held on June 15, 2011 have passed a special resolution to dispose of entire investment in JS Global Capital Limited (JSGCL) - an associate of the Company to JSBL in exchange for issue of new shares of JSBL in the ratio of 7.26034550 shares of face value of Rs. 10 each in JSBL for every one share of the face value of Rs. 10 each in JSGCL.

The new shares of JSBL will be issued as otherwise than right shares at a price per share of Rs. 7.14332508 i.e. at a discount of Rs. 2.85667492 per share to JSCL subject to completion of legal formalities including approval of the Securities and Exchange Commission of Pakistan.

16. SHARE CAPITAL

16.1 Authorised capital

2011	2010		2011	2010
Number of shares			(Rupees in '000)	
6,000,000,000	6,000,000,000	Ordinary shares of Rs.10/- each	**60,000,000**	60,000,000
500,000,000	500,000,000	Preference shares of Rs. 10/- each	**5,000,000**	5,000,000
6,500,000,000	6,500,000,000		**65,000,000**	65,000,000

16.2 Issued, subscribed and paid-up capital

2011	2010		2011	2010
Number of shares		**Ordinary shares of Rs.10/- each:**	(Rupees in '000)	
52,415,925	52,415,925	Fully paid in cash	**524,159**	524,159
710,869,398	710,869,398	Fully paid bonus shares	**7,108,694**	7,108,694
763,285,323	763,285,323		**7,632,853**	7,632,853

17. LONG TERM FINANCING

Term Finance Certificates (TFCs)

	Note	2011	2010
Secured:			
Second issue	17.1	**498,600**	498,800
Fifth issue	17.2	**1,096,994**	1,096,314
Sixth issue	17.3	**1,245,958**	1,245,313
Unsecured:			
Fourth issue		**-**	374,530
		2,841,552	3,214,957
Less: Current portion shown under current liability		**1,097,694**	375,670
		1,743,858	2,839,287

17.1 The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 150 basis points per annum for first 5 years, and thereafter, an increase of 0.10% per annum for next 3 years and a further 0.10% per annum year for the last 2 years. These TFCs have a tenor of ten years i.e. 2004-2014 with a call option exercisable by the Company at any time during the tenor of the TFCs after the first 2 years by giving a 3 months notice. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 838.95 (2010: Rs. 802.81) million equal to the issue size with the regulatory margin as prescribed by the State Bank of Pakistan's Prudential Regulations. In the event of any sale and repurchase of marketable securities, the lead arranger will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

17.2 The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 250 basis points. These TFCs have a tenor of five and half years i.e. 2006 – 2012 with a call option exercisable by the Company any time after the expiration of one year from the date of issue upon giving to the TFC holders not less than 30 days irrevocable notice in writing at a premium equal to 1.00% of the outstanding issue price.

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

17.3 The profit on these TFCs is payable semi-annually, based on the six months KIBOR average rate plus 170 basis points. These TFCs have a tenor of six years i.e. 2007 - 2013 with a call option exercisable by the Company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value.

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

18. TRADE AND OTHER PAYABLES

	Note	**2011**	2010
		(Rupees in '000)	
Derivative financial instrument		**-**	11,926
Accrued liabilities		**76,053**	75,451
Unclaimed dividend		**4,560**	4,928
Other liabilities		**2,151**	3,023
	18.1	**82,764**	95,328

18.1 Includes payable to various related parties amounting to Rs. 0.12 (2010: Rs. 12.91) million.

	Note	2011	2010
		(Rupees in '000)	

19. ACCRUED INTEREST / MARK-UP ON BORROWINGS

		2011	2010
Accrued interest / mark-up on:			
Term finance certificates		**122,536**	126,027
Short term running finance		**-**	103,433
		122,536	229,460

20. SHORT TERM BORROWINGS - secured

	Note	2011	2010
Short term running finance under mark-up arrangements	20.1	**-**	1,716,218

20.1 The Company has short term running finance facilities under mark-up arrangements aggregating to Rs. 4,300 million (2010: Rs. 7,350 million) from various commercial banks carrying markup ranging between 15.00% and 15.66% (2010: 13.84% and 17.77%) per annum. The facilities utilized, if any, against these arrangements are secured against investments in equity securities and special saving certificates having an aggregate fair value of Rs. Nil and Rs. Nil (2010: Rs. 3,598.97 million and Rs. 359.73 million) respectively. The unavailed aggregate credit facility of running finances amounts to Rs. 4,300 million (2010: Rs. 5,634 million).

21. CONTINGENCIES AND COMMITMENT

21.1 Contingency

The Additional Commissioner of Inland Revenue – Audit Division (ACIR) has issued orders under section 122 (5A) of the Income Tax Ordinance, 2001 (the Ordinance) in respect of the tax years 2008 and 2009. According to the order, the ACIR has raised tax liability of Rs. 217.14 million in respect of the above mentioned tax years. Such additions have been made mainly because income has been classified under different heads instead of treating income from all sources as business income. Accordingly, expenses have been apportioned under section 67 of the Ordinance read with Rule 13 of Income Tax Rules, 2002. The Company filed appeals against the above orders before the Commissioner Inland Revenue – Appeals (CIR-Appeals). Further, the company has also filed Constitutional petition on point of jurisdiction for Tax year 2009 and obtained stay order against recovery of tax demand. The CIR-Appeals eliminating the tax liability restored the return versions for the above tax years. The tax department has filed appeals to the Appellate Tribunal Inland Revenue against the orders of CIR-Appeals which are currently pending for hearing.

The management of the Company is confident that the subject matter in respect of tax years 2008 and 2009 will eventually be decided in favor of the Company. Hence, no provision for any liability has been made in these financial statements.

	2011	2010
	(Rupees in '000)	

21.2 Commitment

	2011	2010
- In respect of future purchase transaction of equity securities - net	**-**	211,429

	Note	2011	2010
		(Rupees in '000)	

22. RETURN ON INVESTMENTS

	Note	2011	2010
Mark-up / interest income from:			
Financial assets at fair value through profit or loss			
Term Finance Certificates		-	1
Held-to-maturity			
Special and Defence Saving Certificates		**9,847**	46,696
		9,847	46,697
Dividend income on:			
Investments in subsidiaries and associates	22.1	**114,293**	219,933
Financial assets at fair value through profit or loss		**1,898**	138,321
Available for sale investments	22.1	**284,428**	353,644
		400,619	711,898
		410,466	758,595

22.1 Includes dividend income from various related parties amounting to Rs. 398.72 million (2010: Rs. 353.64 million).

23. GAIN ON SALE OF INVESTMENTS - net

	Note	2011	2010
		(Rupees in '000)	
Financial assets at fair value through profit or loss		**153,700**	208,350
Available for sale	23.1	**339,388**	235,716
		493,088	444,066

23.1 This includes net gain on sale on investments in related parties amouting to Rs. 339.39 (2010: Rs. 146.43) million.

24. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS

	Note	2011	2010
		(Rupees in '000)	
Interest on loan to employees		**207**	252
Return on term deposit receipts		**6,577**	-
Return on bank deposits		**44,321**	2,410
	24.1	**51,105**	2,662

24.1 This includes transactions with related parties amounting to Rs. 0.03 (2010:Rs. 0.86) million.

	Note	2011	2010
		(Rupees in '000)	

25. OTHER INCOME

Underwriting commission		-	811
Gain on sale of property and equipment		2,866	3,732
Gain on sale of membership card of National Commodity Exchange Limited (NCEL)		-	1,650
Rental income		27,998	27,193
Liability written back		-	50,000
Exchange gain		12	135
		30,876	83,521

26. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and benefits	26.1	41,608	44,626
Telephone, fax, telegram and postage		708	2,190
Vehicle running		2,827	3,115
Fee for directors / committee meetings		1,117	1,000
Utilities		474	1,040
Newspapers and periodicals		29	57
Conveyance and travelling		3,541	2,960
Repairs and maintenance		2,619	2,432
Computer expenses		193	562
Auditors' remuneration	26.2	4,839	7,506
Royalty fee	26.3	9,900	9,900
Consultancy fee		500	3,165
Advisory fee	26.4	12,000	12,000
Legal and professional charges		7,845	4,046
Printing and stationery		1,773	2,851
Rent, rates and taxes		18,814	21,770
Insurance		1,415	1,819
Entertainment		176	157
Advertisement		644	612
Office supplies		39	184
Depreciation	26.5	6,465	12,130
Fees and subscription		5,358	6,611
Brokerage and commission expense		20,714	46,195
Clearing fees		4,539	10,025
Office security		2,348	4,613
		150,485	201,566

26.1 Salaries and benefits include Rs. 2.45 million (2010: Rs.1.90 million) in respect of employee retirement benefits.

		2011	2010
		(Rupees in '000)	

26.2 Auditors' remuneration

	2011	2010
Annual audit fee	**750**	750
Half-yearly review fee	**500**	200
Certifications and other services	**3,429**	6,403
Out of pocket expenses	**160**	153
	4,839	7,506

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

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

26.5 Depreciation

	Note	2011 (Rupees in '000)	2010
Operating assets	7	**5,824**	11,489
Investment property	8	**641**	641
		6,465	12,130

27. FINANCE COST

	2011	2010
Mark-up on:		
Short term running finance	**87,355**	354,046
Long term financing	**438,437**	487,530
	525,792	841,576
Amortization of transaction costs on term finance certificates	**2,360**	3,470
Bank charges	**439**	1,165
	528,591	846,211

28. IMPAIRMENT ON INVESTMENTS - NET

	2011	2010
Subsidiaries	**194,722**	2,845,689
Associates	**-**	3,563,202
Other related parties - Available for sale	**1,292,881**	2,128,307
Non current assets held for sale	**96,722**	-
	1,584,325	8,537,198

29. TAXATION

29.1 Effective tax rate reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate has not been presented in these financial statements due to taxable loss during the year.

29.2 Current status of tax assessments

The income tax assessments of the Company have been finalized upto assessment year 2002-2003 corresponding to accounting year ended June 30, 2002. Income tax returns for the tax years 2003 to 2010 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.

29.3 Deferred taxation

The Company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilized Further, the Company has assessed and un-assessed carry forward tax losses amounting to Rs. 1,663.49 million (2010: Rs. 1,499.20 million). The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 582.22 million (2010: Rs. 524.72 million).

30. BASIC AND DILUTED LOSS PER SHARE

	2011	2010
	(Rupees in '000)	
Loss after taxation attributable to Ordinary shareholders	**(1,276,523)**	(8,983,826)

	2011	2010
	(Numbers '000)	
Weighted average number of Ordinary shares outstanding during the year	**763,285**	763,285

	2011	2010
	(Rupees)	
Loss per share:		
Basic and diluted	**(1.67)**	(11.77)

31. CASH AND CASH EQUIVALENTS

	2011	2010
	(Rupees in '000)	
Cash and bank balances	**1,337,243**	11,627
Short term running finance utilised under mark-up arrangement	**-**	(1,716,218)
	1,337,243	(1,704,591)

32. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions. Related parties comprise of subsidiaries, associates, joint ventures, companies under common directorship, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amount due from and to these related parties are shown under receivables and payables and the remuneration of Directors, Chief Executive and Executives are disclosed in note 33. The names and relationship with subsidiaries, associates, jointly controlled entities and others are given below:

	2011	2010
	(Rupees in '000)	
Subsidiary companies		
Subscription against right shares	**391,211**	44,000
Mark-up income on deposits	**33**	863
Payment of rent	**-**	5,109
Proceed from sale of property and equipment	**-**	95
Right shares received during the year 130,403,641 (2010: 440,000) shares	**391,211**	44,000
Reimbursement of expenses made	**60**	1,369
Associates		
Brokerage expense	**15,584**	36,191
Sub-lease and rental income	**27,998**	25,078
Proceeds from sale of NCEL card and room	**-**	5,000
Interest / markup paid	**-**	558
Principal redemptions against TFCs	**-**	13,458
Dividend income and dividend received	**114,293**	228,587
Dividend paid	**-**	50
Reimbursement of expenses made	**99**	245
Common Directorship		
Dividend income	**173,851**	195,342
Reimbursement of expenses received	**79**	-
Common Directorship & Key Management Personnel		
Dividend paid	**-**	1,181
Other Related Parties		
Contributions during the year to staff provident fund trust	**4,908**	5,395
Dividend income	**110,577**	158,302
Dividend paid	**-**	354,663
Interest / markup paid	**11,355**	12,980
Principal redemptions against TFCs	**16,998**	3,230
Insurance premium paid	**1,445**	18
Insurance claim received	**117**	24
Royalty paid	**9,900**	9,900
Bonus shares received during the year 593,378 (2010: 4,190,055) shares	**-**	-

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

33. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

	Directors		Chief Executive		Executives	
	2011	2010	**2011**	2010	**2011**	2010
	(Rupees in '000)					
Managerial remuneration	**-**	-	**8,000**	8,000	**13,626**	15,826
House rent allowance	**-**	-	**3,200**	3,200	**5,451**	6,330
Utilities allowance	**-**	-	**800**	800	**1,363**	1,583
Advisory fee	**6,000**	6,000	**-**	-	**-**	-
Contribution to provident fund	**-**	-	**800**	800	**1,273**	1,426
Medical	**-**	-	**190**	85	**141**	160
Reimbursable expenses	**-**	-	**722**	608	**1,222**	1,239
	6,000	6,000	**13,712**	13,493	**23,076**	26,564
Number of persons	**1**	1	**1**	1	**8**	11

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

33.2 The Company has also paid Rs. 1.12 million (2010: Rs. 1.00 million) to two non-executive directors as fee for directors/committee meetings.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

34.1 Market risk

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

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

The sensitivity has been prepared for years ended June 30, 2011 and 2010 using the amounts of financial assets and liabilities held as at those balance sheet dates.

34.1.1 Interest rate risk exposure

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

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

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

	2011					
		Interest / mark up bearing				
	Effective yield / interest rate %	Up to one year	Over one year to five years	Total	Non-interest / Markup bearing	Total June 30, 2011
		(Rupees in '000)				
June 30, 2011						
Financial assets						
Investments	-	-	-	-	9,257,029	**9,257,029**
Loans and advances	**11.29-15.00**	403	1,594	1,997	134	**2,131**
Long term security deposits	-	-	-	-	1,499	**1,499**
Interest accrued and other receivables	-	-	-	-	20,210	**20,210**
Cash and bank balances	**5.00-12.45**	1,334,104	-	1,334,104	3,139	**1,337,243**
Non-current assets held for sale		-	-	-	1,270,639	**1,270,639**
		1,334,507	**1,594**	**1,336,101**	**10,552,650**	**11,888,751**
Financial liabilities						
Long term financing	**15.34-16.00**	1,097,694	1,743,858	2,841,552	-	**2,841,552**
Trade and other payables	-	-	-	-	82,764	**82,764**
Accrued interest / mark-up on borrowings	-	-	-	-	122,536	**122,536**
		1,097,694	**1,743,858**	**2,841,552**	**205,300**	**3,046,852**

	2010					
		Interest / mark up bearing				
	Effective yield / interest rate %	Up to one year	Over one year to five years	Total	Non-interest / Markup bearing	Total June 30, 2010
		---------- (Rupees in '000) ----------				
June 30, 2010						
Financial assets						
Investments	15.01	-	359,726	359,726	14,748,695	15,108,421
Loans and advances	10.50-15.00	300	1,562	1,862	1,368	3,230
Long term security deposits	-	-	-	-	1,493	1,493
Interest accrued and other receivables	-	-	-	-	2,587	2,587
Cash and bank balances	5.00-12.00	7,482	-	7,482	4,145	11,627
		7,782	361,288	369,070	14,758,288	15,127,358
Financial liabilities						
Long term financing	8.29-17.38	375,670	2,839,287	3,214,957	-	3,214,957
Trade and other payables	-	-	-	-	95,328	95,328
Accrued interest / mark-up on borrowings	-	-	-	-	229,460	229,460
Short term borrowings	13.84-15.77	1,716,218	-	1,716,218	-	1,716,218
		2,091,888	2,839,287	4,931,175	324,788	5,255,963

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

	Increase / (decrease) in basis points	Effect on profit after tax	Effect on other components of equity
		-------------------- (Rupees in '000) --------------------	
2011	**100**	**(35,911)**	**-**
	(200)	**71,147**	**-**
2010	100	(62,753)	-
	(200)	113,853	-

34.1.2 Foreign currency risk

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

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

	Change in US$ rate	Effect on profit after tax	Effect on other components of equity
	(Rupees)	-------------------- (Rupees in '000) --------------------	
2011	**2.50**	**87**	**-**
	(2.50)	**(87)**	**-**
2010	2.50	87	-
	(2.50)	(87)	-

34.1.3 Equity price risk

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

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

The following table summarizes the Company's equity price risk as of June 30, 2011 and 2010. It shows the effects of an estimated increase of 10% in the equity market prices as on those dates. A decrease of 10% in the fair values of the quoted securities would effect profit and equity of the Company in a similar but opposite manner.

	Fair Value	Price change	Effect on profit for the year	Effect on shareholders' equity
	(Rs. in million)		--------------- (Rs. in million) -----------------	
June 30, 2011	**5,219.09**	**10% increase**	**296.76**	**150.15**
June 30, 2010	9,474.26	10% increase	767.33	180.09

34.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

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

	2011		
	Up to one year	Over one year to five years	Total
	(Rupees in '000)		
June 30, 2011			
Financial liabilities			
Long term financing	**1,097,694**	**1,743,858**	**2,841,552**
Trade and other payables	**82,764**	-	**82,764**
Accrued interest / mark-up on borrowings	**122,536**	-	**122,536**
	1,302,994	**1,743,858**	**3,046,852**

	2010		
	Up to one year	Over one year to five years	Total
	(Rupees in '000)		
June 30, 2010			
Financial liabilities			
Long term financing	375,670	2,839,287	3,214,957
Trade and other payables	95,328	-	95,328
Accrued interest / mark-up on borrowings	229,460	-	229,460
Short term borrowings	1,716,218	-	1,716,218
	2,416,676	2,839,287	5,255,963

34.3 Credit Risk

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

Concentration of credit risk and credit exposure of the financial instruments

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

The Company is exposed to credit risk on trade debts, loans, funds placements and certain advances. The Company seeks to minimise its credit risk exposure through having exposures only to customers considered creditworthy by obtaining adequate collateral. The following analyses the Company's maximum exposure to credit risk:

	2011	2010
	(Rupees in '000)	
Loans and advances	**2,131**	3,230
Long term security deposits	**1,499**	1,493
Interest accrued and other receivables	**20,210**	2,587
Cash and bank balances	**1,337,243**	11,627

The analysis below summarises the credit quality of the Company's liquid portfolio as on June 30, 2011:

Bank balances and term deposits rating by Rating Category

	2011	2010
AAA	**0.16%**	20.93%
AA- to AA+	**99.74%**	8.70%
A- to A+	**0.10%**	70.37%
Total	**100.00%**	100.00%

35. CAPITAL RISK MANAGEMENT

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

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

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

During 2011, the Company's strategy was to reduce its leveraged gearing. The gearing ratios as at June 30, 2011 and 2010 were as follows:

	2011	2010
	(Rupees in '000)	
Long term financing	**2,841,552**	3,214,957
Trade and other payables	**82,764**	95,328
Accrued interest / mark-up on borrowings	**122,536**	229,460
Short term borrowings	**-**	1,716,218
Total debt	**3,046,852**	5,255,963
Cash and bank balances	**1,337,243**	11,627
Net debt	**1,709,609**	5,244,336
Share Capital	**7,632,853**	7,632,853
Reserves	**1,508,139**	2,494,877
Equity	**9,140,992**	10,127,730
Capital	**10,850,601**	15,372,066
Gearing ratio	**16%**	34%

The Company finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. A significant decrease in the gearing ratio during 2011 resulted primarily from the fact that the Company is no longer availing the short term borrowing facilities as at year end and the redemption of the fourth issue of term finance certificates.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and;

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
	.... (Rupees in '000)			
At fair value through profit or loss				
Equity Securities- quoted	-	-	-	-
Derivative Financial Instrument	-	-	-	-
Available for sale investments				
Equity Securities- quoted	4,953,769	-	-	4,953,769
	4,953,769	-	-	**4,953,769**

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
	.... (Rupees in '000)			
At fair value through profit or loss				
Equity Securities- quoted	1,593,152	-	-	1,593,152
Derivative Financial Instrument	199,700	-	-	199,700
Available for sale investments				
Equity Securities- quoted	6,437,231	-	-	6,437,231
	8,230,083	-	-	8,230,083

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 24, 2011 by the Board of Directors of the Company.

38. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **Jahangir Siddiqui & Co. Ltd.** and its subsidiary companies as at **30 June 2011** and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of **Jahangir Siddiqui & Co. Ltd.** and subsidiary companies, **Network Microfinance Bank Limited**, **JS ABAMCO Commodities Limited**, **Energy Infrastructure Holding (Private) Limited (EHPL)** and **Credit Chex (Private) Limited**. The financial statements of **JS Investments Limited**, **JS International Limited**, **JS International LLP** and **JS Infocom Limited** were audited and the financial statements of **JS Bank Limited** were reviewed by other firms of auditors whose report have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. The financial statements of **JS Fund Management (Mauritius) Limited** are unaudited. Hence, its net assets and net profits have been incorporated in these consolidated financial statements by the management using unaudited financial statements.

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

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

In our opinion, the consolidated financial statements present fairly the financial position of **Jahangir Siddiqui & Co. Ltd.** and its subsidiary companies as at **30 June 2011** and the results of their operations for the year then ended.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner: Omer Chughtai

September 24, 2011
Karachi

Consolidated Financial Statements

Consolidated Balance Sheet As at June 30, 2011

	Note	2011	2010
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property and equipment	6	**1,696,103**	1,648,309
Intangible assets	7	**1,309,624**	1,493,649
Investment property	8	**1,770**	2,411
Membership cards and room	9	**35,701**	35,701
Long term investments	10	**6,369,573**	9,492,112
Long term loans, advances and other receivables	11	**3,538,442**	2,810,449
Long term deposits		**32,991**	30,025
Deferred taxation	12	**1,196,895**	1,074,532
		14,181,099	16,587,188
Current Assets			
Short term investments	13	**19,628,279**	16,320,716
Trade debts	14	**9,883**	261
Loans and advances	15	**12,757,227**	8,741,005
Accrued mark-up	16	**632,188**	520,418
Deposits, prepayments and other receivables	17	**317,948**	287,397
Fund placements	18	**1,663,914**	4,015,752
Taxation - net		**407,877**	383,507
Cash and bank balances	19	**4,442,934**	2,925,237
		39,860,250	33,194,293
Assets classified as held for sale	20	**222,069**	-
		54,263,418	49,781,481
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share Capital	21	**7,632,853**	7,632,853
Reserves	22	**1,830,635**	2,556,487
Equity attributable to equity holders' of the parent		**9,463,488**	10,189,340
Non-controlling interest		**2,758,829**	2,487,046
Total Equity		**12,222,317**	12,676,386
Non-Current Liabilities			
Long term financing	23	**2,016,204**	3,229,291
Deposits and other accounts	24	**108,189**	34,154
Employee benefit liability	44	**78,384**	56,199
		2,202,777	3,319,644
Current Liabilities			
Trade and other payables	25	**1,215,273**	916,379
Accrued interest / mark-up on borrowings	26	**377,804**	627,282
Short term borrowings	27	**4,212,256**	7,649,966
Current portion of non-current liabilities	28	**34,016,277**	24,591,824
		39,821,610	33,785,451
Liabilities directly associated with assets classified as held for sale	20	**16,714**	-
Contingencies and Commitments	29		
		54,263,418	49,781,481

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Profit and Loss Account For the year ended June 30, 2011

	Note	2011	2010
		(Rupees in '000)	
CONTINUING OPERATIONS			
INCOME			
Return on investments	30	**1,955,287**	1,691,029
Gain on sale of investments - net	31	**686,486**	460,328
Income from long term loans and fund placements	32	**2,107,510**	1,831,464
Fee, commission and brokerage	33	**593,232**	634,441
Other income	34	**210,007**	183,390
Loss on revaluation of investments carried at fair value through profit or loss - net		**(1,584)**	(668,659)
		5,550,938	4,131,993
EXPENDITURE			
Operating and administrative expenses	35	**2,500,862**	2,763,442
Finance costs	36	**2,977,541**	3,023,047
Impairment on investments	37	**1,292,881**	6,394,948
Impairment of intangibles	7	**175,637**	4,304,291
		6,946,921	16,485,728
		(1,395,983)	(12,353,735)
Share of profit / (loss) from:	38		
associates		**100,421**	239,725
joint venture		**(2,089)**	(2,600)
		98,332	237,125
Loss before taxation from continuing operations		**(1,297,651)**	(12,116,610)
TAXATION	39		
Current		**63,006**	55,019
Prior		**(6,540)**	(24,878)
Deferred		**(133,633)**	(960,088)
		(77,167)	(929,947)
Loss after taxation from continuing operations		**(1,220,484)**	(11,186,663)
DISCONTINUED OPERATIONS			
(Loss) / profit after taxation for the year from discontinued operations	20	**(30,521)**	14,287
LOSS FOR THE YEAR		**(1,251,005)**	(11,172,376)
Attributable to:			
Equity holders of the parent		**(1,178,797)**	(10,060,188)
Non-controlling interests		**(72,208)**	(1,112,188)
		(1,251,005)	(11,172,376)
(LOSS) / EARNINGS PER SHARE		.... (Rupees)	
Basic			
Continuing operations		**(1.51)**	(13.19)
Discontinued operations		**(0.03)**	0.01
	40	**(1.54)**	(13.18)

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2011

	Note	2011	2010
		(Rupees in '000)	
LOSS FOR THE YEAR AFTER TAXATION		**(1,251,005)**	(11,172,376)
OTHER COMPREHENSIVE INCOME / (LOSS)			
Revaluation of available for sale investments	41	**793,793**	720,522
Exchange difference of translation of net assets of foreign subsidiaries to reporting currency		**4,956**	(21,291)
Share of other comprehensive (loss) / income of associates	42	**(1,813)**	(761,623)
		796,936	(62,392)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(454,069)**	(11,234,768)
Attributable to:			
Equity holders of the parent		**(510,430)**	(10,159,989)
Non-controlling interest		**56,361**	(1,074,779)
		(454,069)	(11,234,768)

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Cash Flow Statement For the year ended June 30, 2011

	Note	2011	2010
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation from continuing operations		**(1,297,651)**	(12,116,610)
(Loss) / Profit before taxation from discontinued operations	20	**(30,142)**	14,915
		(1,327,793)	(12,101,695)
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation		**265,292**	268,591
Amortisation of intangible assets		**26,059**	60,347
Amortisation of transaction cost on term finance certificates		**2,360**	3,470
Gain on sale of property and equipment		**(20,378)**	(2,224)
Liability no longer payable written back		**-**	(79,891)
Interest income from Special Saving Certificates		**(9,847)**	(46,696)
Charge for defined benefit plan		**22,185**	23,938
Loss on revaluation of investments carried at fair value through profit and loss account - net		**1,584**	668,658
Impairment on investments		**1,299,880**	6,394,948
Impairment of intangibles		**175,637**	4,304,291
Share of profit in associates and joint venture		**(98,332)**	(237,125)
Finance cost		**2,977,064**	3,084,425
		4,641,504	14,442,732
Operating profit before working capital changes		**3,313,711**	2,341,037
(Increase) / decrease in operating assets:			
Loans and advances		**(4,016,222)**	(1,619,218)
Short term investments		**(3,205,190)**	(8,622,993)
Trade debts		**(9,622)**	21,520
Long term loans, advances and other receivables		**(730,959)**	(25,905)
Fund placements - net		**2,351,838**	(1,253,255)
Deposits, prepayments, accrued mark-up and other receivables		**(158,245)**	4,254
		(5,768,400)	(11,495,597)
Increase / (decrease) in operating liabilities:			
Trade and other payables		**319,301**	(50,410)
Deposits and other accounts		**8,829,391**	4,942,553
Net cash generated from / (used in) operations		**6,694,003**	(4,262,417)
Interest / mark-up paid		**(3,226,542)**	(2,850,837)
Taxes paid		**(81,215)**	(101,352)
Dividend paid		**(373)**	(759,729)
Net cash generated from / (used in) operating activities		**3,385,873**	(7,974,335)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(343,696)**	(377,814)
Intangible assets acquired		**(17,671)**	(22,870)
Proceeds from sale of property and equipment		**42,666**	34,944
Investments acquired - net of sale		**2,219,163**	3,442,871
Net cash generated from investing activities		**1,900,462**	3,077,131
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of Ordinary shares		**215,422**	-
Redemption of Term Finance Certificates - net		**(555,743)**	(402,437)
Repayment of long term loans		**9,393**	-
Repayment of lease liability		**-**	3,422
Securities sold under repurchase agreements - net		**(1,644,082)**	4,050,225
Net cash (used in) / generated from financing activities		**(1,975,010)**	3,651,210
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,311,325**	(1,245,994)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**(674,504)**	571,490
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	43	**2,636,821**	(674,504)

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Statement of Changes in Equity For the year ended June 30, 2011

	Attributable to equity holders' of the parent											
		Reserves										
		Capital	Revenue			Others						
	Ordinary shares Capital	Ordinary share premium	General	Foreign exchange translation	Unappro-priated profit / (accumulated loss)	Unrealised (loss)/gain on revaluation of available for sale investments - net	Statutory	Hedging	Preference share redemption	Sub-total	NON-CONTRO-LLING INTERESTS	Total
	(Rupees in '000)											
Balance as at July 1, 2009	7,632,853	5,951,464	10,000,000	29,052	(2,578,541)	(102,636)	69,226	16,423	111,430	21,129,271	3,543,608	24,672,879
Loss for the year	-	-	-	-	(10,060,188)	-	-	-	-	(10,060,188)	(1,112,188)	(11,172,376)
Other comprehensive income / (loss)	-	(666,718)	-	(5,980)	-	700,750	-	(16,423)	(111,430)	(99,801)	37,409	(62,392)
Appropriation during the year: Interim dividend @ Rs. 1 per Ordinary share	-	-	-	-	(763,285)	-	-	-	-	(763,285)	-	(763,285)
Statutory reserve	-	-	-	-	-	-	(385)	-	-	(385)	-	(385)
Acquisition of non-controlling interest	-	-	-	-	(16,272)	-	-	-	-	(16,272)	18,217	1,945
Balance as at June 30, 2010	**7,632,853**	**5,284,746**	**10,000,000**	**23,072**	**(13,418,286)**	**598,114**	**68,841**	**-**	**-**	**10,189,340**	**2,487,046**	**12,676,386**
Balance as at July 1, 2010	7,632,853	5,284,746	10,000,000	23,072	(13,418,286)	598,114	68,841	-	-	10,189,340	2,487,046	12,676,386
Issue of shares by Subsidiary (JS Bank Limited)	-	-	-	-	-	-	-	-	-	-	215,422	215,422
Loss for the year	-	-	-	-	(1,178,797)	-	-	-	-	(1,178,797)	(72,208)	(1,251,005)
Other comprehensive income	-	-	-	4,956	-	447,989	-	-	-	452,945	128,569	581,514
Statutory reserve	-	-	-	-	50,681	-	(50,681)	-	-	-	-	-
Balance as at June 30, 2011	**7,632,853**	**5,284,746**	**10,000,000**	**28,028**	**(14,546,402)**	**1,046,103**	**18,160**	**-**	**-**	**9,463,488**	**2,758,829**	**12,222,317**

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Notes to the Consolidated Financial Statements

For the year ended June 30, 2011

1. THE GROUP AND ITS OPERATIONS

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

The Holding Company was incorporated under the Companies Ordinance, 1984 on May 04, 1991 as a public unquoted company. The Holding Company is presently listed on Karachi Stock Exchange (Guarantee) Limited. The Holding Company is also a corporate member of Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited. The registered office of the Holding Company is situated at 6th Floor, Faysal House, Main Shahra-e-Faisal, Karachi. The principal activities of the Holding Company are trading of securities, maintaining strategic investments, consultancy services, underwriting, etc.

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

Subsidiary Companies	**Note**	**Holding (including indirect holding)**	
		2011	**2010**
		%	**%**
JS Investments Limited (JSIL)	1.2.1	52.02	52.02
JS Bank Limited (JSBL)	1.2.2	64.49	64.49
JS Infocom Limited	1.2.3	100.00	100.00
JS International Limited	1.2.4	100.00	100.00
JS International LLP (Sub-subsidiary)	1.2.5	100.00	100.00
Credit Chex (Private) Limited	1.2.6	82.84	82.84
JS ABAMCO Commodities Limited (Sub-subsidiary)	1.2.7	52.02	52.02
Energy Infrastructure Holding (Private) Limited	1.2.8	100.00	100.00
Network Microfinance Bank Limited	1.2.9	70.82	70.82
JS Fund Management (Mauritius) Limited (Sub-subsidiary)	1.2.10	100.00	100.00

1.2.1 JS Investments Limited

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

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

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

Asset management company of the following funds:

Closed-end funds:

- JS Value Fund Limited
- JS Growth Fund

Open end:

- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- JS KSE-30 Index Fund
- JS Aggressive Income Fund
- JS Principal Secure Fund I
- JS Principal Secure Fund II
- JS Cash Fund
- JS Large Cap Fund

Pension fund manager of the following fund:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

1.2.2 JS Bank Limited

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

The State Bank of Pakistan (SBP) through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid up capital (net of losses) for Banks / Development Finance Institutions

(DFIs) be raised to Rs.10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.7 billion paid up capital (free of losses) by the end of the financial year 2010. The paid-up capital (free of losses) of JSBL as at June 30, 2011 stood at Rs.5.926 billion.

To meet the Minimum Capital Requirement as specified by the State Bank of Pakistan (SBP) for the Bank's Balance Sheet as at 31 December 2010, the State Bank has allowed JSBL to increase the paid up capital through swap of new shares of JSBL against shares of JS Global Capital Limited (JSGCL) held by the Holding Company and other investors. JSBL is now completing the procedural formalities, which are expected to be completed by the end of third quarter 2011. Accordingly, investment in JSGCL has not been classified as held for sale as the investment will remain within the Group.

1.2.3 JS Infocom Limited

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

1.2.4 JS International Limited

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

1.2.5 JS International LLP

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

1.2.6 Credit Chex (Private) Limited

Credit Chex (Private) Limited (CCPL) was incorporated in Pakistan as a private limited company on May 16, 2006 under the Companies Ordinance, 1984. The purpose of setting up of CCPL is to provide credit information and credit rating services. The registered office of the Company is situated at 9th floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.

1.2.7 JS ABAMCO Commodities Limited

JS ABAMCO Commodities Limited (JACL) was incorporated on September 25, 2007 as a public unlisted company under the Companies Ordinance, 1984 and is a subsidiary company of JSIL (subsidiary of the Holding Company). The principal activities of JACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National Commodity Exchange Limited. (NCEL) and to carry on the business as brokers, dealers and representatives of all kinds of commodity contracts and commodity backed securities. The registered office of the Company is situated at 7th floor, The Forum, Block-9, Clifton, Karachi. The Company has not commenced its commercial operations up to the balance sheet.

1.2.8 Energy Infrastructure Holding (Private) Limited

Energy Infrastructure Holding (Private) Limited (EIHPL) was incorporated under the Companies Ordinance, 1984 on April 15, 2008 as a private limited company. The registered office of the EIHPL is situated at 7th Floor, The Forum, Khayaban-e-Jami, Clifton, Block-9, Karachi. The principal activities of EIHPL, after commencement of operations, will be to design, construct, acquire, own, operate and maintain power generation complexes and to carry on the business of electricity generation, power transmission and distribution services, over hauling and re-powering of power plants etc. EIHPL is in start-up phase and has not yet commenced its commercial operations.

1.2.9 Network Microfinance Bank Limited

Network Microfinance Bank Limited (NMBL) was incorporated on May 08, 2003 as public limited company under the Companies Ordinance, 1984 and was granted a certificate of commencement of business on December 28, 2004. Its operations started from January 01, 2005. NMBL's principal business is to provide microfinance services to the poor and under served segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The registered office of NMBL is situated at 202, Azayam Plaza, S.M.C.H.S., Shahra-e-Faisal, Karachi. (Also refer note 20)

1.2.10JS Fund Management (Mauritius) Limited

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

2. BASIS OF PREPERATION

These consolidated financial statements have been prepared on a historical cost basis, except for certain investments and derivative financial instruments that have been measured at fair value as described in notes 5.5 and 5.6 below.

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as follows.

The Group has adopted the following new and amended IFRS and IFRIC interpretations effective as of 30 June 2011:

New and amended IFRSs and IFRICs

IFRS 2 – Share Based Payment – Amendments regarding Vesting Conditions and Cancellations

IFRS 3 – Business Combinations (Revised)

IAS 32 – Financial Instruments: Presentation - Classification of Right Issues (Amendment)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instrument

Improvements to Various Standards issued by IASB

Issued in 2009

IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 – Operating Segments

IAS 1 – Presentation of Financial Statements

IAS 7 – Statement of Cash flows

IAS 17 – Leases

IAS 36 – Impairment of Assets

IAS 39 – Financial Instruments : Recognition and Measurement

Issued in 2010

IFRS 3 – Business Combinations

IAS 27 – Consolidated and Separate Financial Statements.

The adoption of the above standards, amendments and interpretations did not have any material effect on the financial statements other than as described below:

2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

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

Standard or Interpretation			Effective date (accounting periods beginning on or after)
IFRS 7	–	Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 1	–	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IAS 12	–	Income Tax (Amendment) - Deferred Taxes: Recovery of underlying Assets	January 01, 2012
IAS 19	–	Employee Benefits - Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2013
IAS 24	–	Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14	–	Prepayment of a Minimum Funding Requirement (Amendment)	January 01, 2011

The Group expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Group's financial statements in the period of initial application, however certain amendments will result in increased disclosure requirements.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2011. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

Standard or Interpretation or Amendment			Effective date (accounting periods beginning on or after)
IFRS 9	–	Financial Instruments - Classification and Measurement	January 01, 2013
IFRS 10	–	Consolidated Financial Statements	January 01, 2013
IFRS 11	–	Joint Arrangements	January 01, 2013
IFRS 12	–	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	–	Fair Value Measurement	January 01, 2013

3. BASIS OF CONSOLIDATION

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

Subsidiaries are consolidated from the date on which control is transferred to the Group and ceases from the date on which control is transferred out of the Group. All material intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the interests in JS Bank Limited, JS Investments Limited, Credit Chex (Private) Limited, JS ABAMCO Commodities Limited and Network Microfinance Bank Limited not held by the Group.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

(a) determining the residual values and useful lives of property and equipment (Note 5.1);
(b) classification of investments (Note 5.5);
(c) recognition of taxation and deferred tax (Note 5.14);
(d) accounting for post-employment benefits (Note 5.21);
(e) impairment of financial assets (Note 5.25); and.
(f) non-currents assets held for sale (Note 5.24 & 20).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 6 to the financial statements. In respect of additions depreciation is charged from the month in which asset is put to use and on disposal up to the month immediately preceding the deletion.

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

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

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

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

5.2 Intangible assets

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

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

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

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

5.3 Investment properties

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

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

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

5.4 Membership cards and room

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

5.5 Investments

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

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

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

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

Associates and joint ventures

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

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

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

Financial assets at fair value through profit or loss

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

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

Available for sale

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

Impairment loss, if any, on Avialable for Sale investments is charged to profit and loss account in accordance with the requirements of IAS - 39 " Financial Instruments: Recognition and measurement ".

Held to maturity

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

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

5.6 Derivative financial instruments

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

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

5.7 Securities sold under repurchase / purchased under resale agreements

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

(a) Repurchase agreement borrowings

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

(b) Repurchase agreement lendings

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

5.8 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently (for regular way purchases and sales of financial instruments refer to note 5.10).

5.9 Offsetting of financial assets and financial liabilities

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

5.10 Trade date accounting

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

5.11 Foreign currency translations

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

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

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

5.12 Provisions

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

5.13 Financial liabilities through profit and loss

Financial liabilities through profit and loss includes the obligation to deliver securities borrowed by a short seller (i.e. securities sold that are not yet owned).

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

5.14 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any.

Deferred

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

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

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

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

5.15 Revenue recognition

(a) Return on investments in National Saving Schemes have been accounted for using the effective interest rate method.

(b) Income / return on Term Finance Certificates (TFCs), government securities, reverse repurchase transactions, certificate of deposits and loans and advances is recognised at rate of return implicit in the instrument / arrangement on a time proportion basis.

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

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

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

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

(g) Rental income from investment properties, commission on portfolio trading services and return on bank deposits is recognised on accrual basis.

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

5.16 Long term finances, loans and advances

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

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

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

5.17 Trade debts and other receivables

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

5.18 Trade and other payables

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

5.19 Cash and cash equivalents

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

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

5.20 Segment reporting

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

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

5.21 Staff retirement benefits

Defined contribution plan

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

Defined benefit plan

JS Bank Limited (a subsidiary company) operates an unfunded gratuity scheme covering all employees, which requires contribution to be made in accordance with the acturial recommendations. The most recent valuation in this regard was carried out as at December 31, 2010, using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised acturial gains and losses at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

5.22 Compensated absences

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

5.23 Dividend and other appropriations to reserves

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

5.24 Non-current assets held for sale

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

5.25 Impairment

Financial assets

The company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (as incurred loss event) and that loss event (or events) has impact on the estimated future cashflows of the financial asset or the group of financial assets that can be reliably estimated.

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

Non-financial assets and investments in associates and joint ventures

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate valuation method is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may not longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in assumptions used to determine the assets recoverable amount since the last imparment loss was recognised. The reversal is limited so that the carrying amout of the asset does not exceed its carrying recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss account.

	Note	2011	2010
		(Rupees in '000)	

6. PROPERTY AND EQUIPMENT

	Note	2011	2010
Operating assets	6.1	**1,663,914**	1,631,114
Capital work-in-progress	6.2	**32,189**	17,195
		1,696,103	1,648,309

6.1 Operating assets

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2010	Additions / (disposals)/ transfers*	As at June 30, 2011	Depreciation Rate Per-annum	As at July 1, 2010	For the year / (on disposals) / transfers*	As at June 30, 2011	As at June 30, 2011
	(Rupees in '000)			%	(Rupees in '000)			
Owned:								
Office premises - freehold	675,608	117,281	786,485	1.0 - 20	79,967	23,584	97,388	689,097
		(6,404)				(6,163)		
		-				-		
Leasehold Improvements	463,880	36,943	488,475	10 - 33	93,499	45,986	132,708	355,767
		(8,390)				(6,064)		
		(3,958) *				(713) *		
Office equipment	800,774	80,103	862,911	12.5 - 33	377,262	133,025	497,836	365,075
		(11,373)				(6,874)		
		(6,593) *				(5,577) *		
Office furniture and fixtures	186,759	32,065	210,302	10 - 20	59,327	20,234	76,373	133,929
		(5,042)				(1,817)		
		(3,480) *				(1,371) *		
Motor vehicles	221,072	62,310	239,757	20	106,924	41,822	119,711	120,046
		(33,216)				(21,219)		
		(10,409) *				(7,816) *		
	2,348,093	**328,702**	**2,587,930**		**716,979**	**264,651**	**924,016**	**1,663,914**
		(64,425)				**(42,137)**		
		(24,440) *				**(15,477) ***		

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at July 1, 2009	Additions / (disposals)/ transfers	As at June 30, 2010	Depreciation Rate Per-annum	As at July 1, 2009	For the year / (on disposals) / transfers	As at June 30, 2010	As at June 30, 2010
	(Rupees in '000)			%	(Rupees in '000)			
Owned:								
Office premises - freehold	630,414	53,768	675,608	1.0 - 20	62,718	21,472	79,967	595,641
		(7,412)				(4,064)		
		(1,162)				(159)		
Leasehold Improvements	371,516	120,955	463,880	10 - 33	64,169	43,907	93,499	370,381
		(28,591)				(14,577)		
		-				-		
Office equipment	654,503	188,445	800,774	12.5 - 33	265,695	141,605	377,262	423,512
		(27,910)				(23,612)		
		(14,264)				(6,426)		
Office furniture and fixtures	157,921	38,842	186,759	10-20	43,794	20,027	59,327	127,432
		(8,581)				(4,293)		
		(1,423)				(201)		
Motor vehicles	209,054	26,968	221,072	20	74,163	40,939	106,924	114,148
		(14,950)				(8,178)		
		-				-		
	2,023,408	**428,978**	**2,348,093**		**510,539**	**267,950**	**716,979**	**1,631,114**
		(87,444)				**(54,724)**		
		(16,849)				**(6,786)**		

* Represents transfer of assets classified as held for sale during the year. (Refer note 20)

	2011	2010
	(Rupees in '000)	

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

Continuing operations	**262,091**	263,237
Discontinued operations	**2,560**	4,713
	264,651	267,950

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

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit / (Loss)	Mode of disposal	Buyer's particulars
	(Rupees in '000)						
Motor vehicles:							
Honda City	846	550	296	850	554	Negotiation	Crosby Securities Pakistan (Private) Ltd 1st Floor, P&O Plaza I.I. Chundrigar Road, Karachi.
Honda Civic VTI	1,238	1,156	82	940	858	Negotiation	Mr. M. Faheem Gulshan-e-Iqbal, Karachi
Honda Civic	1,427	737	690	1,375	685	Negotiation	Mr. Atif Halim (ex-employee) KDA Scheme No-1, Karachi
Honda City	400	53	347	400	53	Negotiation	Mr. Fawad A. Aziz (employee)
Mitsibushi Lancer	1,029	772	257	625	368	Negotiation	Pak Islamabad Motors Limited
Honda City	791	593	198	386	188	Negotiation	Muhammad Qadeer
Honda	1,859	651	1,208	1,775	567	Insurance Claim	EFU General Insurance Ltd.
Honda	4,716	1,808	2,908	3,807	899	Negotiation	MIDWAY MOTORS 3N Block 2 Khalid Bin Walid Road, PECHS, Karachi
Honda	1,376	871	505	1,403	898	Negotiation	Network Microfinance Bank Ltd. 202, Azayam Plaza, Off FTC Bldg, Shahra-e-Faisal, Karachi.
Honda	1,319	528	791	1,389	598	Insurance Claim	EFU General Insurance Ltd.
Toyota	994	712	282	975	694	Insurance Claim	- do -
Suzuki	651	401	250	730	480	Negotiation	Jawad Khalil (employee)
Toyota	969	808	161	1,062	901	Negotiation	Mehmood A Jalali (employee)
Honda	1,506	1,255	251	1,505	1,254	Negotiation	Maj. Basit Ali (employee)
Honda	969	791	178	1,127	949	Negotiation	Itehad Motors Madina BAA Apartment, showroom No. 10, 55 Muslimabad, New M.A Jinnah Road, Karachi
Toyota	994	745	249	1,090	842	Negotiation	Midway Motors 3N Block 2 Khalid Bin Walid Road, PECHS, Karachi
Honda	1,506	1,305	201	1,450	1,249	Negotiation	Honda SITE C-1, SITE, Main Maripur Road,Karachi.
Furniture and fixtures:							
Various Office Furniture	7,389	6,967	422	416	(6)	Negotiation	Agro Pakistan Limited Mr. Imran Ali Shah
Other Furniture	556	179	377	537	160	Negotiation	EFU General Insurance Ltd.
Office equipment:							
Office equipment	130	70	60	66	6	Insurance Claim	EFU General Insurance Ltd.
UPS	280	67	213	198	(15)	Insurance Claim	- do -
UPS	280	61	219	198	(21)	Insurance Claim	- do -
CCTV	128	39	89	71	(18)	Insurance Claim	- do -
PABX	108	45	63	34	(29)	Insurance Claim	- do -
Note Counting Machine	93	34	59	90	31	Insurance Claim	- do -
CCTV system with camera	138	32	106	47	(59)	Insurance Claim	- do -
Other machinery	645	214	431	377	(54)	Insurance Claim	- do -
Leasehold improvements:							
Building Scrap	326	84	242	317	75	Insurance Claim	- do -

		2011	2010
		(Rupees in '000)	
6.2	**Capital work-in-progress Advances to suppliers against:**		
	Furniture and fixture	**7,091**	991
	Acquisition of software and equipment	**8,239**	2,828
	Vehicles	**16,859**	13,376
		32,189	17,195

7. INTANGIBLE ASSETS

		COST				ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	Note	As at July 1, 2010	Additions / (disposal)/ transfers*	As at June 30, 2011	Rate	As at July 1, 2010	For the year / Impairment / transfers*	As at June 30, 2011	As at June 30, 2011
		(Rupees in '000)			%	(Rupees in '000)			
Software		212,896	17,671 - (5,166) *	225,401	20 - 33.33	70,347	26,059 - (5,166) *	91,240	134,161
Managements rights	7.2	3,050,865	- -	3,050,865	-	2,249,816	- 175,637	2,425,453	625,412
Goodwill		2,664,147	-	2,664,147	-	2,114,096	-	2,114,096	550,051
Non-compete fee		126,683	-	126,683	33.33	126,683	-	126,683	-
Technical know how		150,000	-	150,000	100	150,000	-	150,000	-
		6,204,591	**17,671** **-** **(5,166) ***	**6,217,096**		**4,710,942**	**26,059** **175,637** **(5,166) ***	**4,907,472**	**1,309,624**

	COST				ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at July 1, 2009	Additions / (disposal)/ transfers	As at June 30, 2010	Rate	As at July 1, 2009	For the year / Impairment / transfers	As at June 30, 2010	As at June 30, 2010
	(Rupees in '000)			%	(Rupees in '000)			
Software	190,026	22,870	212,896	20 - 33.33	41,596	28,751	70,347	142,549
Managements rights	3,050,865	-	3,050,865	-	6,812	10,589 2,232,415	2,249,816	801,049
Goodwill	2,679,147	- (15,000)	2,664,147	-	42,220	- 2,071,876	2,114,096	550,051
Non-compete fee	126,683	-	126,683	33.33	105,676	21,007	126,683	-
Technical know how	150,000	-	150,000	100	150,000	-	150,000	-
	6,196,721	**22,870** **(15,000)** **-**	**6,204,591**		**346,304**	**60,347** **4,304,291** **-**	**4,710,942**	**1,493,649**

* Represents transfer of assets classified as held for sale during the year. (Refer note 20)

	2011	2010
	(Rupees in '000)	
7.1 The amortization for the year has been allocated as follows:		
Continuing operations	**25,178**	59,098
Discontinued operations	**881**	1,249
	26,059	60,347

7.2 Cost represents the fair value of the management rights of a subsidiary's mutual funds on the date of its acquisition.

Management rights impairment testing

The recoverable amount of management rights of JS Investments Limited (JSIL) have been determined through value in use calculations using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the plans and strategy of the new management of JSIL and have also considered the reduction in fund sizes and decreased demand of products and services during the current year.

The cash flow projections have been discounted using pre-tax discount rates ranging between 22% and 27%. The discount rates applied are based on management estimates of the rate of return of respective funds using the Capital Asset Pricing Model. As a result of this analysis, management has recognised an impairment loss of Rs 175.637 million against management rights previously being carried at Rs 801.049 million.

Key assumptions used in value in use calculations

The calculations of value in use are most sensitive to the following assumptions:

a) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated by using the Capital Asset Pricing Model for computing cost of equity.

b) Key business assumptions

These assumptions are important because, by using industry data, historical performance, judgment for growth rates, management assesses how the AUM position might change over the projected period. Management expects AUM growth to be comparatively lower than historical performance due to adverse economic conditions and lack of investor confidence.

c) Sensitivity to changes in key assumptions

Management is of the view that any adverse change in a key assumption would result in a further impairment loss particularly if AUM growth or incremental sales targets are not met.

8. INVESTMENT PROPERTY

	Note	COST As at July 1, 2010	COST Additions / (disposal)	COST As at June 30, 2011	Rate %	ACCUMULATED DEPRECIATION As at July 1, 2010	ACCUMULATED DEPRECIATION For the year	ACCUMULATED DEPRECIATION As at June 30, 2011	WRITTEN DOWN VALUE As at June 30, 2011
		(Rupees in '000)				(Rupees in '000)			
Office premises - leasehold	8.1	**12,599**	**-**	**12,599**	**5**	**10,188**	**641**	**10,829**	**1,770**

	Note	COST As at July 1, 2009	COST Additions / (disposal)	COST As at June 30, 2010	Rate %	ACCUMULATED DEPRECIATION As at July 1, 2009	ACCUMULATED DEPRECIATION For the year	ACCUMULATED DEPRECIATION As at June 30, 2010	WRITTEN DOWN VALUE As at June 30, 2010
		(Rupees in '000)				(Rupees in '000)			
Office premises - leasehold	8.1	12,599	-	12,599	5	9,547	641	10,188	2,411

8.1 The fair value of the investment property aggregating to Rs. 88.84 million (2010: Rs. 88.86 million) was arrived at on the basis of the valuation carried out by M/s. Consultancy Support and Services, an independent valuer on July 23, 2011 but was not incorporated in the books of accounts as the company applies cost model for accounting investments properties. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

	Note	2011	2010
		(Rupees in '000)	
9. MEMBERSHIP CARDS AND ROOM			
Stock Exchange Membership cards			
Karachi Stock Exchange (Guarantee) Limited		**100**	100
Islamabad Stock Exchange (Guarantee) Limited		**32,101**	32,101
National Commodity Exchange Membership card		**2,500**	2,500
Room - Islamabad Stock Exchange (Guarantee) Limited		**1,000**	1,000
		35,701	35,701
10. LONG TERM INVESTMENTS			
Related parties			
Investment in associates	10.1	**1,271,363**	1,295,460
Investment in joint venture	10.3	**64,998**	67,087
Other related parties - Available for sale	10.4	**3,092,519**	7,688,911
		4,428,880	9,051,458
Other investments	10.5	**1,940,693**	440,654
		6,369,573	9,492,112

	2011	2010
	(Rupees in '000)	

10.1 Investment in associates - Quoted

	2011	2010
JS Global Capital Limited	**1,136,276**	1,208,022
JS Value Fund Limited	**135,087**	87,438
	1,271,363	1,295,460

10.1.1 All investments in associates and joint venture are in companies which are incorporated in Pakistan.

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

Name of Associate	Interest held 2011	Interest held 2010	Revenues / (Losses)	Total Assets	Total Liabilities	Net Assets
Quoted	%	%	(Rupees in '000)			
JS Global Capital Limited Market value Rs. 403.62 (2010: Rs. 795.71) million	**43.47**	43.47	89,121	2,860,238	264,975	2,595,263
JS Value Fund Limited Net asset value Rs. 114.29 (2010: Rs. 95.19) million.	**23.67**	23.67	260,582	1,226,111	20,343	1,205,768
			349,703	**4,086,349**	**285,318**	**3,801,031**

10.3 Investment in joint venture

Summarised financial information of the joint venture of the Group along with it respective share is as follows:

Name of Joint Venture	Country of incorporation	Revenues	Total Assets	Total Liabilities	Net Assets	Share of net assets 2011	Share of net assets 2010	Interest held %
		(Rupees in '000)						
Un-quoted								
Gujranwala Energy Limited	Pakistan	**(3,525)**	**116,142**	**12,794**	**103,348**	**64,998**	67,087	**50**
		(3,525)	**116,142**	**12,794**	**103,348**	**64,998**	67,087	

10.3.1 The principal business activity of the Joint venture is to generate and supply the electricity to PEPCO. During financial year 2007, the proposed project of 200 MW was approved by Private Power & Infrastructure Board (PPIB) as a fast track project and the Venture was assigned to achieve its Commercial Operation Date (COD) latest by 31 March 2009. Meanwhile, the Venture Tariff was also notified by National Electric Power Regulatory Authority (NEPRA) on 19 April 2007. However, the Venture could not finalize certain related arrangements requisite for COD. The Venture got extension in achieving its COD from PPIB by December 2010 and June 2011.

10.4 Other related parties - Available for sale

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

Number of shares 2011	Number of shares 2010		Note	Activity	Holding 2011 %	Holding 2010 %	2011 (Rupees in '000)	2010 (Rupees in '000)
		Quoted at fair value						
7,000,000	7,000,000	**Hum Network Limited** (formerly Eye Television Network Limited)		Television Network	**14.00**	14.00	**105,420**	162,540
111,256,116 *	111,256,116	**BankIslami Pakistan Limited**		Islamic Banking	**21.07**	21.07	**378,271**	357,132
20,299,455	20,299,455	**EFU General Insurance Limited**		General Insurance	**16.24**	16.24	**704,594**	997,515
17,040,552	17,040,552	**EFU Life Assurance Limited**		Life Insurance	**20.05**	20.05	**1,175,798**	1,327,629
-	25,040,389	**Lucky Cement Limited**		Cement Manufacturing	-	7.74	-	1,556,010
-	405,000	**Attock Petroleum Limited**		Oil Marketing	-	0.70	-	117,349
-	24,000,000	**Pakistan International Container Terminal Limited**	10.5.1	Container Termianl	-	21.99	-	1,800,000
6,527,158	5,933,780	**Singer Pakistan Limited**	10.4.3	Electrical Goods	**17.39**	17.39	**101,824**	111,555
112,157,863	112,157,863	**Azgard Nine Limited**		Textile Composite	**24.96**	24.96	**619,112**	1,251,681
		Un-quoted at cost						
750,000	750,000	**EFU Services (Private) Limited**		Investment Company	**37.50**	37.50	**7,500**	7,500
							3,092,519	7,688,911

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

10.4.1 Included herein are equity securities costing Rs. 4,064.80 million (2010: Rs. 13,299.98 million) and having market value of Rs. 473.32 million (2010: Rs. 3,668.96 million) as at June 30, 2011, pledged with various commercial banks.

10.4.2 The cost of investments in related parties amounts to Rs. 19,992.81 million (2010: Rs. 24,447.45 million).

10.4.3 Subsequent to the balance sheet dated on July 28, 2011, the related party relationship has ceased.

10.5 Other investments

	Note	2011 (Rupees in '000)	2010 (Rupees in '000)
Available for sale			
Equity securities			
quoted (at fair value)	10.5.1 & 10.5.2	**1,868,750**	-
Term Finance / Sukuk Certificates			
unquoted (at cost)	10.5.3	**89,928**	89,928
Provision held		**(17,985)**	(9,000)
		71,943	80,928
Held to maturity			
Special Saving Certificates		**-**	359,726
		1,940,693	440,654

10.5.1 Until last year, PICTL was a related party of the Group on the basis of common directorship. However, during the year, the common director resigned from the Board of PICTL. Consequently, the investment has been classified as other investment. The Cost of investment is Rs. 2,087.89 million (2010: Rs. 2,178.67 million).

10.5.2 This represents equity securities costing Rs.408.50 (2010: Rs. Nil) million and having market value of Rs. 365.63 (2010: Rs. Nil) million as at June 30, 2011, pledged with various commercial banks.

10.5.3 This represents investment in term finance certificates (TFC) issued by Agritech Limited, a subsidiary of Azgard Nine Limited, having a tenure of five years i.e. FY 2009- FY 2014. The profit on these TFCs is payable quarterly, based on the three months KIBOR average rate plus 325 basis points per annum.

Agritech Limited and its holding company Azgard Nine Limited, failed to meet their financial obligations during the year. Pursuant to their adverse financial conditions, it is least probable that economic benefits, in form of interest/profit on loan, associated with the transactions will flow to the company, therefore, no interest/profit has been accrued during the year.

11. LONG TERM LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2011	2010
		(Rupees in '000)	
Long-term loans - considered good			
Secured			
Due from:			
Executives	11.1 & 11.2	**1,592**	1,699
Employees		**3,020**	2,503
		4,612	4,202
Loans advanced by JS Bank Limited		**3,294,970**	2,505,125
Un-secured			
Micro credit advanced by NMBL		**-**	107,288
Micro lease advanced by NMBL		**-**	1,160
Provision held for micro credit and leases		**-**	(5,823)
		-	102,625
Long-term advances - considered good, unsecured			
Advance against a room at National Commodity Exchange Limited		**2,500**	2,500
Long-term receivable from related party			
Unsecured, considered good	11.3	**340,000**	340,000
		3,642,082	2,954,452
Provision held for long-term receivable from related party		**(102,000)**	(51,000)
		3,540,082	2,903,452
Current maturity of long term loans and receivables		**(1,640)**	(93,003)
		3,538,442	2,810,449

	2011	2010
	(Rupees in '000)	
11.1 Reconciliation of the carrying amount of loans to executives		
Balance at the beginning of the year	**1,699**	2,670
Disbursement	**75**	1,400
Repayments	**(182)**	(2,371)
Balance at the end of the year	**1,592**	1,699

11.2 Represents loans to executives and employees of the Group given for housing and for purchase of home appliances and motor vehicles at rates ranging from 6.98% to 15.00% (2010: 7.75% to 15.00%) per annum in accordance with the Group's employee loan policy and their terms of employment. These loans are secured against provident fund balances and salaries of the employees, title documents of vehicles, equitable mortgage and personal guarantees and are repayable over a period of one to five years. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1.70 (2010: Rs. 2.78) million.

11.3 This represents subordinated loan given to Agritech Limited (a subsidiary of Azgard Nine Limited - a related party of the Holding Company) convertible into ordinary shares of Agritech Limited at Rs. 10/- or break up value whichever is less. The mark up is payable semi annualy at the rate of six months KIBOR + 3.25% p.a. and is reset on semi annual basis. Pursuant to the reason mentioned in note no 10.5.3 interest has been accrued during the year.

12. DEFERRED TAXATION

	2011	2010
	(Rupees in '000)	
Taxable temporary difference		
Differences in account and tax bases of:		
- Property and equipment	**(150,666)**	(173,739)
- Intangible assets	**(230,661)**	(179,434)
Deductible temporary differences		
Unused tax losses	**1,356,677**	1,236,271
Provision against investments and loans	**220,983**	179,130
Deferred cost	**235**	708
Deficit on revaluation of investments	**327**	11,596
	1,196,895	1,074,532

12.1 The Holding Company has not recorded deferred tax assets in view of uncertainty with respect to the availability of taxable profits in the future against which such losses can be utilised. Further, the Holding Company has assessed and un-assessed carry forward tax losses amounting to Rs. 1,663.49 (2010: Rs. 1,499.20) million. The amount of deferred tax asset not recognised in these financial statements amounts to Rs. 582.22 (2010: Rs. 524.72) million.

	Note	2011	2010
		(Rupees in '000)	

13. SHORT TERM INVESTMENTS

	Note	2011	2010
Assets at fair value through profit or loss			
Listed equity securities			
- Related parties	13.2	**46,920**	52,979
- Others	13.2	**244,734**	1,834,478
Government securities		**9,588,545**	48,832
Term Finance Certificates - Quoted		**60,559**	-
Open-end fund units (at redemption price)		**-**	33,649
		9,940,758	1,969,938
Available for sale			
Equity securities			
- quoted	13.2	**830,759**	731,446
- unquoted - stated at cost		**155,028**	63,829
Term Finance / Sukuk Certificates			
- quoted		**1,455,766**	1,257,136
- unquoted - stated at cost		**1,244,717**	825,513
Commercial Paper		**34,897**	-
US Dollar Bonds		**182,932**	237,113
Government securities		**5,263,933**	10,656,535
Open-end fund units (at redemption price)		**519,489**	506,517
		9,687,521	14,278,089
Held to maturity			
Government Securities - Treasury Bills		**-**	72,689
	13.3	**19,628,279**	16,320,716

13.1 The above investments are carried at market value except where mentioned specifically. The cost of the above investments amounts to Rs. 19,696.36 (2010: Rs. 16,792.57) million.

13.2 This includes investments in equity securities of related parties having market value of Rs. 1,670.88 (2010: Rs. 571.72) million.

13.3 This includes investments pledged with banks having market value of Rs. 3,259.54 (2010: Rs. 1,455.56) million costing Rs. 3,274.23 (2010: Rs. 1,985.09) million.

14. TRADE DEBTS - Unsecured considered good

	2011	2010
	(Rupees in '000)	
Receivable against sale of shares	**9,881**	-
Trade debts for advisory and other services	**2**	261
	9,883	261

	Note	2011	2010
		(Rupees in '000)	

15. LOANS AND ADVANCES

	Note	2011	2010
Current maturity of long term loans	11	**1,640**	93,003
Term loans advanced by JSBL - considered good	15.1	**13,189,211**	9,146,565
Provision against non-performing loans	15.2	**(434,776)**	(500,548)
		12,754,435	8,646,017
Advances - considered good			
Unsecured			
Contractor and suppliers		**24**	126
Staff	15.3	**1,128**	1,859
		1,152	1,985
		12,757,227	8,741,005

15.1 These carry mark-up ranging from 1% to 23% (2010: 5% to 20%) per annum and are secured by pledge of shares of listed companies, property of the borrowers and hypothecation of assets.

15.2 Particulars of provision for non-performing loan

	2011	2010
	(Rupees in '000)	
Opening balance	**500,548**	335,222
(Reversal) / Charge for the year	**(65,772)**	165,326
Closing balance	**434,776**	500,548

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

16. ACCRUED MARK-UP

	2011	2010
	(Rupees in '000)	
Loans and advances	**426,346**	423,313
Reverse repurchase transactions	**878**	58,218
Bank deposits	**7,420**	7,237
Government securities	**165,300**	23,434
Term Finance Certificates	**32,244**	8,216
	632,188	520,418

	Note	2011	2010
		(Rupees in '000)	

17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2011	2010
Deposits		**2,094**	1,901
Prepayments		**157,784**	159,248
Other receivables			
Remuneration from related parties	17.1	**2,385**	2,618
Others	17.2	**155,685**	123,630
		158,070	126,248
		317,948	287,397

17.1 This represents remuneration receivable from various Funds for services rendered as an asset management company. Remuneration for the period ended June 30, 2011 has been calculated from 1.00% to 3.00% (2010: 1.00% to 3.00%) of the net asset value of these Funds.

17.2 Included herein is a sum of Rs. 2.83 (2010. Rs. 2.51) million receivable from related parties.

18. FUND PLACEMENTS

	Note	2011	2010
		(Rupees in '000)	
Securities purchased under resale agreement:			
Secured and considered good			
Government securities		**422,386**	2,828,271
Call money lending		**1,241,528**	1,187,481
		1,663,914	4,015,752

19. CASH AND BANK BALANCES

	Note	2011	2010
Cash in hand		**116**	121
Balances with banks on:			
Current accounts			
local currency		**2,371,084**	1,733,739
foreign currency		**602,144**	4,428
		2,973,228	1,738,167
Deposit accounts			
local currency		**1,140,857**	546,851
foreign currency		**74,733**	25,552
	19.1	**1,215,590**	572,403
Term Deposit Receipts	19.2	**254,000**	614,546
		4,442,934	2,925,237

19.1 These carry mark-up ranging from 5.00% to 12.45% (2010: 4.00% to 12.00%) per annum.

19.2 These carry mark-up at the rate ranging from 11.55% to 14.83% (2010: 2% to 13.84%) per annum.

20. DISCONTINUED OPERATION

Pursuant to the decision of the Board of Directors of the Holding Company in their meeting held on April 26, 2011 for disposal of entire investment in Network Microfinance Bank Limited (NMBL) - a subsidiary of the Holding Company, the shareholders also accorded their approval of the above referred disposal in their extraordinary general meeting held on June 15, 2011. Subsequent to the year end, the Company entered into a share purchase agreement dated September 12, 2011 with a group of investors (the acquirers) subject to the fulfillment of all legal formalities by the acquirers. Accordingly, investment in NMBL is classified as non-current asset held for sale and is carried at net realisable value. Further, figures for the year ended 30 June 2010 have also been re-presented so that the disclosures relate to all operations that have been discontinued by the end of the reporting period.

The results of the discontinued operations for the year are presented below:

	2011	2010		
	NMBL	NMBL	IFS	Total
	........(Unaudited)........			
	.... (Rupees in '000)			
Income				
Return on investment	**19,581**	11,622	34,664	46,286
Income from long term loan and fund placements	**20,545**	43,578	-	43,578
Fee, commision and brokerage	**9**	1,746	1,936	3,682
Other income	**3,642**	2,220	1,314	3,534
Gain on sale of investments	**-**	-	43,940	43,940
Gain on revaluation of held for trading financial instruments - net	**-**	1	-	1
	43,777	59,167	81,854	141,021
Expenditure				
Operating and administrative expenses	**65,037**	57,850	3,408	61,258
Financial charges	**1,883**	4,363	60,485	64,848
Impairment	**6,999**	-	-	-
	73,919	62,213	63,893	126,106
(Loss) / profit before tax from discontinued operation	**(30,142)**	(3,046)	17,961	14,915
Taxation-current	**(379)**	(434)	(194)	(628)
(Loss) / profit for the year from discontinued operation	**(30,521)**	(3,480)	17,767	14,287

The major classes of assets and liabilities of Network Microfinance Bank Limited and Investment Finance Services (IFS) classified as held for sale as at 30 June 2011 are as follows:

	2011	2010
	(Rupees in '000)	
Assets		
Property and equipment	**6,512**	-
Intangible assets	**-**	1,500
Loans, advances and other receivables	**10,559**	-
Short term investments	**197,182**	9,462
Deposits, accrued markup, advance taxation, prepayments and other receivables	**1,523**	4,057
Deferred tax asset	**-**	1
Cash and bank balances	**6,293**	910
Assets classified as held for sale	**222,069**	15,930
Liabilities		
Accrued markup, trade and other payables	**2,551**	-
Deposits and other accounts	**14,163**	-
Liabilities directly associated with assets classified as held for sale	**16,714**	-
Net assets directly associated with disposal group	**205,355**	-

The net cash flows of the discontinued operations are as follows:

	2011	2010
Operating	**(9,540)**	(29,706)
Investing	**(120,276)**	46,885
Net cash (outflow)/inflow	**(129,816)**	17,179
	---------(Rupees)---------	
Loss per share:		
Basic and diluted from discontinued operation	**(0.78)**	(0.10)

21. SHARE CAPITAL

21.1 Authorised capital

2011	2010		2011	2010
Number of shares				
6,000,000,000	6,000,000,000	Ordinary shares of Rs.10/- each	**60,000,000**	60,000,000
500,000,000	500,000,000	Preference shares of Rs.10/- each	**5,000,000**	5,000,000
6,500,000,000	6,500,000,000		**65,000,000**	65,000,000

21.2 Issued, subscribed and paid-up capital

2011	2010		2011	2010
Number of shares				
		Ordinary shares of Rs.10/- each:		
52,415,925	52,415,925	Fully paid in cash	**524,159**	524,159
710,869,398	710,869,398	Fully paid bonus shares	**7,108,694**	7,108,694
763,285,323	763,285,323		**7,632,853**	7,632,853

22. RESERVES

	Note	2011 (Rupees in '000)	2010 (Rupees in '000)
Capital reserve			
Premium on the issue of ordinary shares		**5,284,746**	5,284,746
Revenue reserves			
General reserve		**10,000,000**	10,000,000
Foreign exchange translation reserve		**28,028**	23,072
Accumulated loss		**(14,546,402)**	(13,418,286)
		(4,518,374)	(3,395,214)
Other			
Unrealised gain on revaluation of available for sale investments -net		**1,046,103**	598,114
Statutory reserve		**18,160**	68,841
		1,830,635	2,556,487

23. LONG TERM FINANCING

	Note	2011 (Rupees in '000)	2010 (Rupees in '000)
Long term loans	23.1	**14,529**	5,136
Term Finance Certificates	23.2	**1,743,858**	2,839,287
Liability against Class A, B & C TFCs	23.3	**257,817**	384,868
		2,016,204	3,229,291

23.1 This represents interest free unsecured loan from a director. This loan is repayable on demand and carry an option to be converted into ordinary shares of Credit Chex (Private) Limited - a subsidiary company.

23.2 Term Finance Certificates (TFCs)

	Note	2011 (Rupees in '000)	2010 (Rupees in '000)
Secured			
Second issue	23.2.1	**498,600**	498,800
Fifth issue	23.2.2	**1,096,994**	1,096,314
Sixth issue	23.2.3	**1,245,958**	1,245,313
Unsecured			
Fourth issue		**-**	374,530
		2,841,552	3,214,957
Less: Current portion shown under current liability		**1,097,694**	375,670
		1,743,858	2,839,287

23.2.1 The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 150 basis points per annum for first 5 years, and thereafter, an increase of 0.10% per annum for next 3 years and a further 0.10% per annum year for the last 2 years. These TFCs have a tenor of ten years i.e. 2004-2014 with a call option exercisable by the Company at any time during the tenor of the TFCs after the first 2 years by giving a 3 months notice. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited.

The account contains marketable securities having a market value of Rs. 838.95 (2010: Rs. 802.81) million equal to the issue size with the regulatory margin as prescribed by the State Bank of Pakistan's Prudential Regulations. In the event of any sale and repurchase of marketable securities, the lead arranger will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

23.2.2 The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 250 basis points. These TFCs have a tenor of five and half years i.e. 2006 – 2012 with a call option exercisable by the Company any time after the expiration of one year from the date of issue upon giving to the TFC holders not less than 30 days irrevocable notice in writing at a premium equal to 1.00% of the outstanding issue price.

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

23.2.3 The profit on these TFCs is payable semi-annually, based on the six months KIBOR average rate plus 170 basis points. These TFCs have a tenor of six years i.e. 2007 - 2013 with a call option exercisable by the Company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value.

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

23.3 Liability against Class A, B & C TFCs

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

Unit Trust of Pakistan
JS Income Fund
JS Islamic Fund
JS Growth Fund
JS Large Cap Fund
JS Value Fund Limited

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

Total Issue Size	Rs. 702.5 million
Private Placement / Pre-IPO	Rs. 502.5 million
Initial Public Offering (IPO)	Rs. 200 million
Tenor	7 years
Rate	6 month KIBOR plus 200 bps (payable semi-annually)
Floor	8.00%
Ceiling	16.00%
Repayment period	From January 2007 to January 2014

24. DEPOSITS AND OTHER ACCOUNTS

	Note	2011	2010
		(Rupees in '000)	
Fixed deposits		**12,256,121**	9,638,259
Savings deposits	24.1	**10,331,738**	8,534,241
Current accounts - Non-remunerative		**10,255,879**	5,902,320
Margin accounts		**106,875**	46,402
		32,950,613	24,121,222
Current Maturity	28	**32,842,424**	24,087,068
		108,189	34,154
Particulars of deposits			
In local currency		**30,815,155**	22,361,272
In foreign currencies		**2,135,458**	1,759,950
		32,950,613	24,121,222

24.1 This represent deposits received from customers. The maturity period ranges from three months to five years. The rate of return payable on these deposits ranging from 5.25% to 14.40% (2010: 0.25% to 16.00%) per annum.

25. TRADE AND OTHER PAYABLES

	Note	2011	2010
		(Rupees in '000)	
Payable against purchase of shares		**-**	11,926
Accrued expenses		**281,227**	248,861
Bills payable		**677,162**	517,683
		958,389	778,470
Other liabilities			
Security deposits		**46,198**	818
Unclaimed dividend		**10,154**	10,527
Unrealised loss on forward foreign exchange contracts - net		**1,269**	2,471
Disputed tax liability	25.1	**49,293**	49,293
Others		**149,970**	74,800
		256,884	137,909
		1,215,273	916,379

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

26. ACCRUED INTEREST / MARK-UP ON BORROWINGS

	Note	2011	2010
		(Rupees in '000)	
Long term financing		**122,536**	126,027
Deposits		**243,532**	386,800
Short term borrowings		**11,736**	114,455
		377,804	627,282

27. SHORT TERM BORROWINGS

	Note	2011	2010
		(Rupees in '000)	
Securities sold under repurchase agreements secured against:			
Government securities		**2,406,143**	4,050,225
Borrowing from banks/ NBFCs - unsecured	27.1	**1,495,120**	1,734,224
Short term running finance under mark-up arrangements	27.2	**310,993**	1,865,517
		4,212,256	7,649,966

27.1 Represents amount borrowed from banks / NBFCs having mark-up rates ranging from 7.75% - 12.15% (2010: 7.75% to 13.84%) per annum.

27.2 The Group has short term running finance facilities under mark-up arrangements aggregating to Rs. 4,550 (2010: Rs. 5,400) million from various commercial banks having mark-up ranging from 14.83% to 15.85% (2010: 13.84% to 17.77%) per annum calculated on a daily product basis. The facilities utilised against these arrangements are secured against shares of listed companies, equitable mortgage of office premises and and certificates of funds under managment having an aggregate fair value of Rs. 839.16 (2010: Rs. 4,252.32) million.

28. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2011	2010
		(Rupees in '000)	
Long term financing			
Term finance certificates	23.2	**1,097,694**	375,670
Liability against Class A, B & C TFCs	23.3	**76,159**	129,086
Deposits and other accounts	24	**32,842,424**	24,087,068
		34,016,277	24,591,824

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

In respect of Holding Company

The Additional Commissioner of Inland Revenue – Audit Division (ACIR) has issued orders under section 122 (5A) of the Income Tax Ordinance, 2001 (the Ordinance) in respect of the tax years 2008 and 2009. According to the order, the ACIR has raised tax liability of Rs. 217.14 million in respect of the above mentioned tax years. Such additions have been made mainly because income has been classified under different heads instead of treating income from all sources as business income. Accordingly, expenses have been apportioned under section 67 of the Ordinance read with Rule 13 of Income Tax Rules, 2002. The Company filed appeals against the above orders before the Commissioner Inland Revenue – Appeals (CIR-Appeals). Further, the company has also filed Constitutional petition on point of jurisdiction for Tax year 2009 and obtained stay order against recovery of tax demand. The CIR-Appeals eliminating the tax liability restored the return versions for the above tax years. The tax department has filed appeals to the Appellate Tribunal Inland Revenue against the orders of CIR-Appeals which are currently pending for hearing.

The management of the Company is confident that the subject matter in respect of tax year 2009 will eventually be decided in favor of the Company. Hence, no provision for any liability has been made in these financial statements.

In respect of JSIL

JSIL has filed appeals against orders passed for the tax years 2002, 2006 and 2009 against demand of Rs. 4.6 million, Rs. 162 million and Rs. 66 million respectively mainly on account of disallowances on arbitrary basis, taxability of a portion of capital gain in dividend received from mutual funds and allocation of expenses between various source of income taxed at normal and low rate exempt income. Management and tax advisors are confident that good ground exist to contest these disallowance at appellate forums, these additions can not be maintainable and eventually outcome will come in favour of JSIL. Hence, no provision has been made in the condensed interim financial information.

29.1.1 Contingency in respect of Joint Venture - Gujranwala Energy Limited (GEL)

(a) GEL in order to achieve the financial close, had mandated National Bank of Pakistan ("NBP") to arrange PKR 14,135 million. The aforesaid mandate was executed on 14 April 2008. However, due to circular debt issue, the overall situation related to power generating companies and the excessively harsh terms prescribed by PPIB and deteriorating law and order and financial situation the financial close could not be achieved with in the envisaged time period. The Venture, as a result thereof, approached Private Power and Infrastructure Board ("PPIB") with the request to make certain amendments in the power purchase agreement to facilitate the financial close but PPIB did not respond positively towards the Venture's request and as consequence thereof GEL has filed a suit under the petition in the Honorable High Court of Sindh to protect its right and interest including encashment of performance guarantee amounting to US $ 1,000,000 extended to PPIB. The Honorable High Court of Sindh has ordered the plaintiff (GEL) to keep the guarantee alive and have restricted PPIB from encashing the guarantee till the adjudication of the application filed by GEL . The stay order is still infield and the case is pending for adjudication. Accordingly, no related adjustment has been made in these financial statements.

(b) With reference to Note 29.1.1 (a) and 10.3.1, GEL has also extended commitment bank guarantee amounting to 3,000,000 Euro in favour of Wartsila Finland (supplier of engines). As explained above the venture could not raise the requisite funds and deposit initial mobilization advance with Wartisla. GEL filed a Suit in Honourable High Court of Sindh to stop encashment of such guarantee. The Honorable High Court of Sindh has restricted Wartsila from en-cashing the guarantee till the adjudication of the application filed by the Venture but the Company has to keep the guarantee alive. The stay order is still infield and the case is pending for adjudication. Accordingly, no related adjustment has been made in these financial statements.

29.1.2 Contingency in respect of Credit Chex (Pvt) Limited (CCPL) – a subsidiary

(a) CCPL entered into an agreement with a foreign supplier in respect of software license, maintenance and royalty fee in the year 2009. The total amount of liability against the services obtained by CCPL as at 30 June 2010 was Rs.13,696,000 (after the renegotiation agreement entered into between the CCPL and the foreign supplier and certain payments made to the foreign supplier subsequent to the renegotiation agreement, as mentioned in the aforesaid note). However, during the year, CCPL considers that the foreign supplier has breached certain terms of the agreement and accordingly, CCPL believes that no amount is payable as a fee and charges and therefore, CCPL has extinguished all its liabilities towards the foreign supplier. However, during the year, director of CCPL has received a notice for the payment of outstanding dues amounting to GBP 239,422 (approximately Rs. 33,520,000) from the legal advisor of the foreign supplier (i.e. outstanding debt plus interest thereon in relation to unpaid invoices relating to the support, licensing and maintenance of software for CCPL). The aforementioned notice is considered to be the final demand for repayment by the foreign supplier, and failure for repayment could lead to debt recovery action against the CCPL. However, the CCPL based on the opinion of its legal advisor believes that no amount is payable to the foreign suppliers under the aforesaid agreement and accordingly, no provision has been made for any claim by the foreign supplier in these financial statements.

	2011	2010
	(Rupees in '000)	
29.1.3 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.		
i) Government	**693,437**	510,776
ii) Banking companies and other financial institutions	**80,706**	18,866
iii) Others	**591,717**	632,664
	1,365,860	1,162,306
29.1.4 Other contingencies		
Claims not acknowledged as debts	**66,481**	66,463
Trade related contingent Liabilities		
Documentary credits	**1,837,310**	1,750,888

29.2 Commitments

Forward purchase of government securities	**1,229,735**	153,567
Forward sale commitments	**397,989**	-
Future purchase transaction of equity securities	**-**	211,429
Commitments in respect of forward exchange contracts:		
Purchase	**1,966,183**	3,762,253
Sale	**1,602,492**	3,438,680
Forward commitments to extend credit	**396,371**	-
Other commitments		
Commitments in respect of capital expenditure	**5,315**	5,564
Assets acquired under operating lease	**-**	9,889

30. RETURN ON INVESTMENTS

	Note	2011	2010
		(Rupees in '000)	
Mark-up / interest income from:			
At fair value through profit or loss			
Government securities		165,605	8,544
Term Finance Certificates		-	1
		165,605	8,545
Available for sale			
Term Finance / Sukuk Certificates		1,411,388	12,834
Government securities		-	1,068,940
Held to maturity			
Defence and Special Saving Certificates		9,847	46,696
		1,586,840	1,137,015
Dividend income on:			
At fair value through profit or loss		15,883	153,168
Available for sale investments		352,564	400,846
		368,447	554,014
		1,955,287	1,691,029

31. GAIN / (LOSS) ON SALE OF INVESTMENTS - net

	Note	2011	2010
Subsidiary, associates and joint ventures		-	(35,248)
At fair value through profit or loss		148,137	278,936
Available for sale		538,349	216,640
		686,486	460,328

32. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS

	Note	2011	2010
Interest on loans to staff		581	252
Interest on loans and advances		1,865,879	1,603,680
Interest on deposits with financial institutions		44,321	16
Return on reverse repurchase transactions of Government securities		172,665	215,036
Return on term deposit receipts		24,064	12,480
		2,107,510	1,831,464

33. FEE, COMMISSION AND BROKERAGE

	Note	2011	2010
Underwriting commission		-	811
Commission income		273,001	167,096
Remuneration from funds under management	33.1	244,683	361,248
Other services		75,548	105,286
		593,232	634,441

	2011	2010
	(Rupees in '000)	

33.1 Remuneration from funds under management

	2011	2010
Closed-end funds		
JS Value Fund Limited	**23,312**	24,801
JS Large Cap Fund	**-**	47,561
JS Growth Fund	**61,817**	66,425
	85,129	138,787
Open-end funds		
Unit Trust of Pakistan	**41,445**	61,838
JS Income Fund	**11,396**	58,984
JS Islamic Fund	**5,523**	9,001
JS Aggressive Asset Allocation Fund	**2,765**	5,685
JS Fund of Funds	**4,383**	4,697
JS KSE - 30 Index Fund (Formerly UTP - A - 30 + Fund)	**1,065**	1,522
JS Capital Protected Fund	**-**	6,337
JS Capital Protected Fund II	**-**	3,020
JS Capital Protected Fund IV	**9,996**	11,671
JS Pension Savings Fund	**2,449**	2,421
JS Islamic Pension Savings Fund	**1,641**	1,541
JS Aggressive Income Fund	**1,171**	2,409
JS Principal Secure Fund I	**18,450**	45,351
JS Principal Secure Fund II	**8,934**	4,809
JS Large Cap Fund	**36,798**	-
JS Cash Fund	**13,538**	3,175
	159,554	222,461
	244,683	361,248

34. OTHER INCOME

	2011	2010
Gain on sale of property and equipment	**17,790**	2,224
Rental income	**44,034**	13,804
Return on bank deposit accounts	**8,159**	13,114
Income from dealing in foreign currency	**103,076**	53,337
Liability written back	**-**	79,891
Other income	**36,948**	21,020
	210,007	183,390

	Note	2011	2010
		(Rupees in '000)	

35. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2011	2010
Salaries and benefits		**1,020,657**	954,099
Telephone, fax, telegram and postage		**89,175**	121,051
Vehicle running		**3,084**	10,831
Directors' meeting fee		**4,957**	4,795
Utilities		**15,073**	16,634
Newspapers and periodicals		**262**	328
Conveyance and travelling		**26,468**	20,113
Repairs and maintenance		**232,374**	180,645
Computer expenses		**9,705**	21,427
Auditors' remuneration	35.1	**13,933**	19,871
Royalty fee	35.2	**19,900**	19,900
Consultancy fee		**28,854**	26,933
Advisory fee	35.3	**13,440**	13,440
Legal and professional charges		**28,727**	40,509
Printing and stationery		**45,399**	46,756
Rent, rates and taxes		**443,504**	407,709
Insurance		**9,465**	9,466
Entertainment		**558**	430
Advertisement		**55,181**	69,421
Office supplies		**918**	202
Depreciation	35.4	**262,732**	263,878
Amortisation of intangible assets	7.1	**25,178**	59,098
Provision against non-performing loans, advances and receivables		**2,549**	216,336
Fees and subscription		**29,092**	38,978
Donations		**264**	-
Brokerage and commission expense		**46,958**	56,142
Clearing fees		**6,022**	11,734
Office security		**6,364**	11,637
Workers' welfare fund		**614**	1,821
Others		**59,455**	119,258
		2,500,862	2,763,442

35.1 Auditors' remuneration

Auditors' remuneration includes the following:

	Ernst & Young Ford Rhodes Sidat Hyder		Other Auditors		
	Holding company	Subsidiary companies	Subsidiary companies	2011	2010
	(Rupees in '000)				
Annual audit fee	**1,500**	**1,147**	**1,227**	**3,874**	5,439
Half-yearly review fee	**500**	**-**	**600**	**1,100**	420
Certifications and other services	**2,679**	**4,700**	**1,303**	**8,682**	13,376
Out of pocket expenses	**160**	**95**	**22**	**277**	627
	4,839	**5,942**	**3,152**	**13,933**	19,862

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

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

	Note	**2011**	2010
		(Rupees in '000)	
35.4 Depreciation			
Operating assets	6.1.1	**262,091**	263,237
Investment property	8	**641**	641
		262,732	263,878

36. FINANCE COST

	2011	2010
Mark-up on:		
Short term running finance	**105,333**	346,285
Long term financing	**507,298**	570,334
Borrowing from banks/ NBFCs	**229,222**	159,661
Deposits	**1,702,318**	1,601,620
Repurchase transactions of securities	**409,280**	324,728
	2,953,451	3,002,628
Amortisation of transaction costs	**2,360**	3,470
Bank charges	**21,730**	16,949
	2,977,541	3,023,047

37. IMPAIRMENT ON INVESTMENTS

	2011	2010
Associate	**-**	4,117,816
Available for sale investments	**1,292,881**	2,277,132
	1,292,881	6,394,948

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

	2011		**2010**	
	Profit / (loss) after tax	**Share of Profit / (loss) after tax**	**Profit /(loss) after tax**	**Share of Profit / (loss) after tax**
	………………………. (Rupees in '000) ………………………			
Associates				
JS Global Capital Limited	**89,121**	**38,741**	(77,357)	(37,129)
JS Value Fund Limited	**260,582**	**61,680**	(115,852)	(27,422)
Azgard Nine Limited	**-**	**-**	779,351	304,276
	349,703	**100,421**	586,142	239,725
Joint Venture				
Gujranwala Energy Limited	**(3,525)**	**(2,089)**	(5,199)	(2,600)
	346,178	**98,332**	580,943	237,125

38.1 This includes net excess loss of Rs. 1.109 million (2010: Rs. Nil) booked in prior years on the basis of unaudited financial statements now reversed.

39. TAXATION

	Note	2011 Current	2011 Prior	2011 Deferred	2010 Current	2010 Prior	2010 Deferred
		.... (Rupees in '000)					....
Jahangir Siddiqui & Co. Ltd.	39.1	**2,609**	**(3,952)**	**-**	7,393	534	-
JS Investments Limited	39.2	**11,526**	**-**	**(8,815)**	4,059	(3,370)	3,356
JS Bank Limited	39.3	**42,051**	**-**	**(124,818)**	24,790	-	(963,444)
JS Infocom Limited	39.4	**2,682**	**(2,593)**	**-**	15,009	(22,794)	-
Credit Chex (Private) Limited	39.5	**-**	**-**	**-**	7	-	-
Energy Infrastructure Holding (Pvt) Ltd	39.6	**4,138**	**5**	**-**	3,394	752	-
MOBEX Limited		**-**	**-**	**-**	367	-	-
		63,006	**(6,540)**	**(133,633)**	55,019	(24,878)	(960,088)
Total Taxation				**(77,167)**			(929,947)

39.1 The income tax assessments of the Holding Company upto tax year 2005 corresponding to accounting year ended June 30, 2005 have been finalised. Income tax returns for the tax years 2003 to 2010 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.

39.2 The income tax assessments of JS Investments Limited has been finalized upto and including the assessment year 2002-2003 (financial year ended June 30, 2002). The income tax assessments for the tax years 2003 to 2005, 2007, 2008 and 2010 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax ordinance 2001.

39.3 The income tax assessments of the JS Bank Limited for tax year 2006 to 2010 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.

39.4 The income tax assessments of JS Infocom Limited for the tax years 2004 to 2010 have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.

39.5 The income tax assessments of Credit Chex (Private) Limited for the tax years 2006 to 2010 have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.

39.6 The income tax assessments of Energy Infrastructure Limited for the tax year 2009 & 2010 has been filed and is deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.

40. BASIC (LOSS) / EARNINGS PER SHARE

	2011	2010
	(Rupees in '000)	
Attributable to equity holders' of the parent:		
Loss from continuing operations	**(1,155,141)**	(10,066,965)
(Loss) / profit after taxation for the year from discontinued operations	**(23,656)**	6,777
Loss after taxation attributable to Ordinary shareholders	**(1,178,797)**	(10,060,188)
	(Numbers in '000)	
Number of Ordinary shares outstanding during the year	**763,285**	**763,285**
	---------(Rupees)---------	
(Loss) / earnings per share:		
Basic		
Continuing operations	**(1.51)**	(13.19)
Discontinued operations	**(0.03)**	0.01
	(1.54)	(13.18)

40.1 Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at June 30, 2011 and 2010 which would have any effect on the earnings per share if the option to convert is exercised.

41. REVALUATION OF AVAILABLE FOR SALE INVESTMENTS

	2011	2010
	(Rupees in '000)	
Loss during the year	**39,261**	(1,339,970)
Reclassification adjustments included in the profit and loss account for:		
- Gain on sale of investments - net	**(538,349)**	(216,640)
- Impairment on investments	**1,292,881**	2,277,132
	793,793	720,522

42. SHARE OF OTHER COMPREHENSIVE (LOSS) / INCOME OF ASSOCIATES

	2011	2010
	(Rupees in '000)	
Available for sale financial assets		
(Loss) / gain arising during the year	**(1,813)**	17,112
Reclassification adjustment for profit included in the profit and loss account	-	525
	(1,813)	17,637
Share premium		
Loss arising during the year	-	(96,455)
Reclassification adjustment for Losses included in the profit and loss account	-	(570,263)
	-	(666,718)
Hedging		
Loss arising during the year	-	(2,307)
Reclassification adjustment for Losses included in the profit and loss account	-	(14,116)
	-	(16,423)
Foreign exchange translation		
Gain arising during the year	-	13,399
Reclassification adjustment for profit included in the profit and loss account	-	1,912
	-	15,311
Preference share redemption		
Movement during the year	-	20,582
Reclassification adjustment for Losses included in the profit and loss account	-	(132,012)
	-	(111,430)
	(1,813)	(761,623)

43. CASH AND CASH EQUIVALENTS

	2011	2010
Cash and bank balances	**4,442,934**	2,925,237
Short-term running finance utilised under mark-up arrangement	**(310,993)**	(1,865,517)
Borrowing from bank / NBFCs	**(1,495,120)**	(1,734,224)
	2,636,821	(674,504)

44. DEFINED BENEFIT PLAN

44.1 General description

JS Bank Limited operates a unfunded gratuity scheme for all employees who opted for the new staff retirement benefit scheme introduced by the management with effect from January 01, 2007.

44.2 Number of employees under the schemes

The number of employees covered under the following defined benefit scheme 830 (2010: 820)

44.3 Principal actuarial assumptions

The actuarial valuations were carried out on December 31, 2010 based on the Projected Unit Credit Method, using the following significant assumptions:

	December 31, 2010	December 31, 2009	Source of estimation
Discount rate	**14%**	14%	Yield on government bonds.
Expected rate of salary increase	**14%**	14%	Linked to seniority, promotion, future salary increase and supply and demand in employment market

	December 31, 2010	December 31, 2009
	(Rupees in '000)	
Current service cost	**15,224**	15,851
Interest cost	**6,012**	2,886
Transitional liability	**485**	486
	21,721	19,223
Present Value of Defined benefit obligation	**49,634**	36,247
Net acturial losses not recognised	**8,860**	1,012
Unrecognised transitional liability	**(485)**	(971)
	58,009	36,288
Opening net liability	**36,288**	17,065
Expense for the year	**21,721**	19,223
	58,009	36,288

Three year data on plans and experience adjustments

	December 31, 2010	December 31, 2009	December 31, 2008
		(Rupees in '000)	
Present value of defined benefit obligation	49,634	36,247	19,242
Experience adjustment on obligation - gain /(loss)	7,848	1,732	(141)
	57,482	**37,979**	**19,101**

The Bank amortizes transitional liability over a period of five years.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

45.1 Market risk

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

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

The sensitivity has been prepared for years ended June 30, 2011 and 2010 using the amounts of financial assets and liabilities held as at those balance sheet dates.

45.1.1 Interest rate risk exposure

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

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

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

	2011						
		Interest / mark up bearing					
	Effective yield / interest rate	Up to one year	Over one year to five years	Over five years	Total	Non-interest / Markup bearing	Total
	%	(Rupees in '000)					
Financial assets							
Investments	**4.97-25.17**	13,007,013	4,173,751	650,585	**17,831,349**	8,166,503	**25,997,852**
Loans, advances and receivables	**1.00 - 23.00**	12,756,074	879,333	2,656,610	**16,292,017**	3,652	**16,295,669**
Security deposits	**-**	-	-	-	**-**	35,085	**35,085**
Trade debts	**-**	-	-	-	**-**	9,883	**9,883**
Accrued markup and other receivables	**-**	-	-	-	**-**	790,258	**790,258**
Fund placements	**11.55 - 14.83**	1,663,914	-	-	**1,663,914**	-	**1,663,914**
Cash and bank balances	**5.00-12.45**	1,469,590	-	-	**1,469,590**	2,973,344	**4,442,934**
		28,896,591	**5,053,084**	**3,307,195**	**37,256,870**	**11,978,725**	**49,235,595**
Financial liabilities							
Long term financing	**15.34-16.00**	1,173,853	2,001,675	-	**3,175,528**	14,529	**3,190,057**
Employee benefit liability	**-**	-	-	-	**-**	78,384	**78,384**
Deposits and other accounts	**0.25-16.00**	32,842,423	85,390	22,800	**32,950,613**	-	**32,950,613**
Trade and other payables	**-**	-	-	-	**-**	1,215,273	**1,215,273**
Accrued interest / mark-up	**-**	-	-	-	**-**	377,804	**377,804**
Short term borrowings	**7.75-12.15**	4,212,256	-	-	**4,212,256**	-	**4,212,256**
		38,228,532	**2,087,065**	**22,800**	**40,338,397**	**1,685,990**	**42,024,387**

June 30, 2010	Effective yield / interest rate %	2010 Interest / mark up bearing Up to one year	Over one year to five years	Over five years	Total	Non-interest / Markup bearing	Total
		(Rupees in '000)					
Financial assets							
Investments	**2.95-15.09**	10,514,667	1,963,870	1,094,663	**13,573,200**	12,239,628	**25,812,828**
Loans, advances and receivables	**5.00-20.00**	8,749,635	2,646,245	149,226	**11,545,106**	6,348	**11,551,454**
Security deposits	**-**	-	-	-	**-**	31,926	**31,926**
Trade debts	**-**	-	-	-	**-**	261	**261**
Accrued markup and other receivables	**-**	-	-	-	**-**	646,666	**646,666**
Fund placements	**2.00-13.84**	4,630,298	-	-	**4,630,298**	-	**4,630,298**
Cash and bank balances	**5.00-13.00**	499,945	-	-	**499,945**	1,810,746	**2,310,691**
		24,394,545	**4,610,115**	**1,243,889**	**30,248,549**	**14,735,575**	**44,984,124**
Financial liabilities							
Long term financing	**8.29-17.38**	504,756	3,224,155	-	**3,728,911**	5,136	**3,734,047**
Employee benefit liability	**-**	-	-	-	**-**	56,199	**56,199**
Deposits and other accounts	**0.25-16.00**	24,081,932	39,290	-	**24,121,222**	-	**24,121,222**
Trade and other payables	**-**	-	-	-	**-**	916,379	**916,379**
Accrued interest / mark-up	**-**	-	-	-	**-**	627,282	**627,282**
Short term borrowings	**7.75-12.15**	7,649,966	-	-	**7,649,966**	-	**7,649,966**
		32,236,654	**3,263,445**	**-**	**35,500,099**	**1,604,996**	**37,105,095**

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

	Increase / (decrease) in basis points	Effect on profit after tax	Effect on other components of equity
		(Rupees in '000)	
2011	**100**	**(66,175)**	**(149,858)**
	(200)	**131,674**	**299,715**
2010	100	(83,924)	(83,695)
	(200)	156,105	174,772

45.1.2 Foreign currency risk

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

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

	Change in foreign currency rate	Effect on profit after tax	Effect on other components of equity
	(Rupees)	------------------- (Rupees in '000)	--------------------
2011	**2.50**	**947**	**11,777**
	(2.50)	**(947)**	**(11,777)**
2010	2.50	6,027	17,742
	(2.50)	(6,027)	(17,742)

45.1.3 Equity price risk

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

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

The following table summarizes the Group's equity price risk as of June 30, 2011 and 2010. It shows the effects of an estimated increase of 10% in the equity market prices as on those dates. A decrease of 10% in the fair values of the quoted securities would effect profit and equity of the Group in a similar but opposite manner.

	Price change	Fair Value	Effect on profit for the year	Effect on shareholders' equity
		------------------------	(Rs. in million)	------------------------
June 30, 2011	**10% increase**	**5,519.91**	**296.76**	**180.23**
June 30, 2010	10% increase	9,005,13	767.34	180.09

45.2 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Group has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Group’s financial liabilities. The contractual maturities of liabilities at the year-end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which the liabilities will be settled.

June 30, 2011	Up to one year	Over one year to five years	Over five years	Total
	-------------------	(Rupees in '000)	-------------------	
Financial liabilities				
Long term financing	1,188,382	2,001,675	-	**3,190,057**
Employee benefit liability	-	78,384	-	**78,384**
Deposits and other accounts	32,842,423	85,390	22,800	**32,950,613**
Trade and other payables	1,215,273	-	-	**1,215,273**
Accrued interest / mark-up	377,804	-	-	**377,804**
Short term borrowings	4,212,256	-	-	**4,212,256**
	39,836,138	**2,165,449**	**22,800**	**42,024,387**

June 30, 2010	Up to one year	Over one year to five years	Over five years	Total
	-------------------	(Rupees in '000)	-------------------	
Financial liabilities				
Long term financing	509,892	3,224,115	-	3,734,047
Employee benefit liability	-	56,199	-	56,199
Deposits and other accounts	24,087,068	34,154	-	24,121,222
Trade and other payables	916,379	-	-	916,379
Accrued interest / mark-up	627,282	-	-	627,282
Short term borrowings	7,649,966	-	-	7,649,966
	33,790,587	3,314,508	-	37,105,095

45.3 Credit Risk

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

Concentration of credit risk and credit exposure of the financial instruments

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

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

	2011	2010
	(Rupees in '000)	
Trade debts	**9,883**	261
Loans and advances	**16,880,441**	11,551,454
Long term security deposits	**35,085**	31,926
Interest accrued and other receivables	**169,874**	646,666
Fund placements	**1,663,914**	4,630,298

Credit quality by class of financial assets

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk.

	Neither past due nor impaired					
	High grade grade	Standard grade	Sub-Standard grade	Past due but not impaired	Individually impaired	Total
	………… (Rupees in '000) …………					
June 30, 2011						
Cash and bank balances	4,442,818	-	-	-	-	**4,442,818**
Due from banks	-	1,241,528	-	-	-	**1,241,528**
Cash collateral on securities borrowed and reverse repurchase agreements	422,386	-	-	-	-	**422,386**
Financial assets at fair value through profit or loss	9,588,545	60,559	-	-	-	**9,649,104**
Loans and advances:						
Corporate lending	1,114,767	9,751,201	761,666	50,728	2,622,581	**14,300,943**
Small business lending	1,319,679	304,440	3,124	-	13,161	**1,640,404**
Consumer lending	86,288	76,272	-	-	1,231	**163,791**
Residential mortgages	182,266	-	-	-	-	**182,266**
Employees and contractors	8,265	-	-	-	-	**8,265**
Financial investments available for sale:						
Quoted - Government debt securities	5,263,933	-	-	-	-	**5,263,933**
Quoted - Other debt securities	-	1,156,006	-	299,760	-	**1,455,766**
Unquoted - Debt securities	-	1,462,546	-	-	71,943	**1,534,489**
	22,428,947	**14,052,552**	**764,790**	**350,488**	**2,708,916**	**40,305,693**

	Neither past due nor impaired					
	High grade grade	Standard grade	Sub-Standard grade	Past due but not impaired	Individually impaired	Total
	………… (Rupees in '000) …………					
June 30, 2010						
Cash and bank balances	2,925,116	-	-	-	-	2,925,116
Due from banks	-	1,187,481	-	-	-	1,184,481
Cash collateral on securities borrowed and reverse repurchase agreements	2,828,271	-	-	-	-	2,828,271
Financial assets at fair value through profit or loss	48,832	-	-	-	-	48,832
Loans and advances:						
Corporate lending	378,322	6,827,960	2,919,721	-	506,716	10,632,719
Small business lending	321,635	74,585	1,656	-	13,832	411,708
Consumer lending	83,870	160,845	83,220	-	21,179	349,114
Residential mortgages	149,226	-	-	-	-	149,226
Employees and contractors	8,687	-	-	-	-	8,687
Financial investments available for sale:						
Quoted - Government debt securities	10,656,535	-	-	-	-	10,656,535
Quoted - Other debt securities	-	957,376	-	299,760	-	1,257,136
Unquoted- Debt securities	-	1,062,626	-	-	80,928	1,143,554
Financial investments held to maturity - unquoted	-	359,726	-	-	-	359,726
	17,400,494	10,630,599	3,004,597	299,760	622,655	31,958,105

46. CAPITAL RISK MANAGEMENT

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

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

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

During 2011, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2011 and 2010 were as follows:

	2011	2010
	(Rupees in '000)	
Long term financing	**32,950,613**	24,121,222
Deposits and other accounts	**3,190,057**	3,734,047
Trade and other payables	**1,293,657**	972,578
Accrued interest / mark-up on borrowings	**377,804**	627,282
Short term borrowings	**4,212,256**	7,649,966
Total debt	**42,024,387**	37,105,095
Cash and bank balances	**4,442,934**	2,925,237
Fund Placements	**1,663,914**	4,015,752
	6,106,848	6,940,989
Net debt	**35,917,539**	30,164,106
Share Capital	**7,632,853**	7,632,853
Reserves	**1,830,635**	2,556,487
Equity	**9,463,488**	10,189,340
Capital	**45,381,027**	40,353,446
Gearing ratio	**79%**	75%

The Group finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
	………(Rupees in '000)………			
At fair value through profit or loss				
Open end mutual funds	-	34,888	-	**34,888**
Term finance certificates	-	60,559	-	**60,559**
Listed equity securities	291,654	-	-	**291,654**
Government Securities	-	9,588,544	-	**9,588,544**
Available-for-sale investments				
Open end mutual funds	-	975,962	-	**975,962**
Close end mutual funds	331,157	-	-	**331,157**
Listed equity securities	5,012,759	-	-	**5,012,759**
Sukkuk and term finance certificates	-	2,872,785	-	**2,872,785**
Government securities		5,644,049		**5,644,049**
	5,635,570	**19,176,787**	**-**	**24,812,357**

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
	………(Rupees in '000)………			
At fair value through profit or loss				
Open end mutual funds	-	33,650	-	**33,650**
Government securities	-	48,839	-	**48,839**
Listed equited securities	1,593,152	-	-	**1,593,152**
Available for sale investments				
Open end mutual funds	-	506,517	-	**506,517**
Close end mutual funds	621,439	-	-	**621,439**
Listed equity securities	6,902,108	-	-	**6,902,108**
Term finance certificates	-	1,347,064	-	**1,347,064**
Government securities	-	10,893,641	-	**10,893,641**
	9,116,699	**12,829,711**	**-**	**21,946,410**

48. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions. Related parties comprise of associated companies, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amount due from and to these related parties are shown under receivables and payables, reverse repos are shown under fund placements and the remuneration of chief executive and executives are disclosed in note 50. The relationship and transactions with the related parties are given below:

	2011	2010
	(Rupees in '000)	
Associates		
Brokerage expense	**15,584**	24,642
Sub-lease rental income	**31,353**	26,130
Rent Expense	**5,863**	5,028
Dividend income including preferred dividend	**114,293**	230,000
Dividend paid	**-**	50
Markup income	**-**	5,338
Markup income received	**-**	7,761
Principal redemptions against TFCs	**-**	20
Proceed from sale of NCEL card and room	**-**	5,000
Markup Paid	**913**	-
Reimbursement of expenses	**2,084**	603
Other expenses	**2,945**	785
Common Directorship		
Consultancy and advisory fee received	**73,959**	105,581
Dividend income	**173,851**	-
Rent Expense	**3,501**	7,280
Reimbursement of expenses received	**79**	-
Common Directorship & Key Management Personnel		
Staff Provident Fund	**4,131**	9,480
Dividend paid	**-**	1,181
Director / Chief Executive Officer (CEO)		
Royalty and advisory fee paid	**9,900**	9,900
Markup income from CEO of a subsidiary company	**-**	1,706
Repayment of long term loan by CEO of a subsidiary company	**-**	15,000
Investment Advisor / Asset Manager		
Remuneration income	**244,683**	361,248
Dividend Income	**52,037**	40,077
Commission Income	**35**	3,634
Preliminary expenses incurred on behalf of the fund	**-**	2,870
Preliminary expenses incurred on behalf of the fund -reimbursed	**2,929**	5,745
Other expenses incurred on behalf of the fund	**307**	967
Reimbursement of other expenses incurred on behalf of the fund	**227**	1,124

	2011	2010
	(Rupees in '000)	

Other Related Parties

Investment disposed off - at cost	**285,360**	126,007
Other expenses incurred	**-**	552
Investment made in fund under management	**50,544**	70,000
Bonus/ additional shares / units (in numbers)	**271,203**	72,953
Contribution during the year to staff provident fund trust	**4,908**	5,395
Dividend income	**110,577**	158,302
Dividend paid	**-**	354,663
Principal redemption against TFCs	**16,998**	3,230
Interest / markup paid	**11,355**	12,980
Insurance premium paid	**1,445**	18
Insurance claim received	**117**	24

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

49. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVES AND EXECUTIVES

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

	Directors		Chief Executives		Executives	
	2011	2010	2011	2010	2011	2010
	.... (Rupees in '000)					
Managerial remuneration	**9,477**	13,793	**74,801**	56,190	**226,949**	249,457
House rent allowance	**3,772**	5,125	**13,525**	10,420	**99,250**	103,890
Utilities allowance	**947**	1,346	**2,875**	2,890	**22,896**	24,084
Car Allowance	**1,359**	1,531	**903**	560	**45,443**	8,447
Sub-brokerage, commission and performance bonus	**-**	5	**-**	-	**-**	27
Advisory fee	**9,480**	6,000	**-**	-	**-**	-
Retirement benefits	**1,396**	2,728	**3,066**	6,040	**35,506**	53,505
Medical	**656**	630	**1,435**	1,062	**20,830**	4,989
Reimbursable expenses	**505**	13	**726**	945	**33,563**	3,747
	27,592	31,171	**97,331**	78,107	**484,437**	448,146
Number of persons	**5**	5	**5**	6	**210**	239

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

50. OPERATING SEGMENT INFORMATION

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

Capital market operations Principally engaged in trading of equity securities and maintaining strategic and trading portfolios.

Banking Principally engaged in providing investment, commercial banking and microfinancing services.

Investment advisor / assets manager

Principally providing investment advisory and asset management services to different mutual funds and unit trusts.

Others

Other operations of the Group comprise of telecommunication and information technology, underwriting and consultancy services, research and corporate finance, credit information and credit rating services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	Continuing operations				Discontinued operations	
	Capital market operations	Banking	Investment advisor/asset manager	Others	NMBL	Total
	.... (Rupees in '000)					
June 30, 2011						
Return on investments	287,761	1,577,463	70,997	19,066	19,581	**1,974,868**
Gain on sale of investments - net	493,088	134,809	64,152	(5,563)	-	**686,486**
Income from long-term loans and fund placements	51,105	2,037,753	374	18,278	20,545	**2,128,055**
Fee and commission	-	272,966	244,718	75,548	-	**593,232**
Gain/(loss) on revaluation of investments carried at fair						**-**
value through profit and loss account - net	-	(251)	-	(1,333)	-	**(1,584)**
Unallocated revenue	-	-	-	-	3,651	**213,658**
	831,954	**4,022,740**	**380,241**	**105,996**	**43,777**	**5,594,715**
Share of profit / (loss) - net :						
Associates	100,421	-	-	-	-	**100,421**
Joint ventures	(2,089)	-	-	-	-	**(2,089)**
	930,286	**4,022,740**	**380,241**	**105,996**	**43,777**	**5,693,047**
Operating and administrative expenses	85,149	1,883,693	220,192	240,054	65,037	**2,494,125**
Finance cost	472,073	2,361,928	143,496	44	1,883	**2,979,424**
Impairment against investments	1,292,881	-	-	-	6,999	**1,299,880**
Impairment of intangibles	-	-	175,637	-	-	**175,637**
	1,850,103	4,245,621	539,325	240,098	73,919	**6,949,066**
Segment results	**(919,817)**	**(222,881)**	**(159,084)**	**(134,102)**	**(30,142)**	**(1,256,019)**
Unallocated expenditure	-	-	-	-	-	**71,774**
Loss before taxation	**(919,817)**	**(222,881)**	**(159,084)**	**(134,102)**	**(30,142)**	**(1,327,793)**
Taxation:						
Segment	2,609	42,051	11,526	6,820	379	**63,385**
Prior period	(3,952)	-	-	(2,588)	-	**(6,540)**
Deferred	-	(124,818)	(8,815)	-	-	**(133,633)**
	(1,343)	(82,767)	2,711	4,232	379	**(76,788)**
Loss after taxation	**(918,474)**	**(140,114)**	**(161,795)**	**(138,334)**	**(30,521)**	**(1,251,005)**
Non-controlling interest	-	(10,642)	71,393	4,592	6,865	**72,208**
Loss attributable to holding company	**(918,474)**	**(150,756)**	**(90,402)**	**(133,742)**	**(23,656)**	**(1,178,797)**
Segment assets	7,877,218	43,000,035	2,165,823	983,003	222,069	**54,248,148**
Unallocated assets						**15,270**
Total assets						**54,263,418**
Segment liabilites	3,097,859	38,173,230	692,773	60,525	16,714	**42,041,101**
Unallocated liabilities						**-**
Total laibilities						**42,041,101**
Depreciation						**265,292**
Capital Expenditure						**428,978**

	Continuing operations				Discontinued operations	
	Capital market operations	Banking	Investment advisor/asset manager	Others	NMBL and Investment Finance Services	Total
	……………………………….. (Rupees in '000) ………………………………..					
June 30, 2010						
Return on investments	513,184	1,110,086	40,078	27,681	46,286	1,737,315
Gain on sale of investments - net	468,817	41,046	10,448	(59,983)	43,940	504,268
Income from long-term loans and fund placements	252	1,817,167	-	14,045	43,578	1,875,042
Fee and commission	811	161,716	364,882	107,032	3,682	638,123
Gain/(loss) on revaluation of investments carried at fair value through profit and loss account - net	(679,768)	(764)	-	11,873	1	- (668,658)
Unallocated revenue	-	-	-	-	3,534	186,924
	303,296	3,129,251	415,408	100,648	141,021	4,273,014
Share of profit / (loss) - net :						
Associates	239,725	-	-	-	-	239,725
Joint ventures	(2,600)	-	-	-	-	(2,600)
	540,421	3,129,251	415,408	100,648	141,021	4,510,139
Operating and administrative expenses	98,868	2,033,242	272,983	278,033	61,258	2,744,384
Finance cost	793,110	2,102,436	127,403	98	64,848	3,087,895
Impairment against investments	6,216,612	178,336	-	-	-	6,394,948
Impairment of intangibles	-	52,574	4,251,717	-	-	4,304,291
	7,108,590	4,366,588	4,652,103	278,131	126,106	16,531,518
Segment results	(6,568,169)	(1,237,337)	(4,236,695)	(177,483)	14,915	(12,021,379)
Unallocated expenditure	-	-	-	-	-	80,316
Loss before taxation	(6,568,169)	(1,237,337)	(4,236,695)	(177,483)	14,915	(12,101,695)
Taxation:						
Segment	7,393	24,790	4,059	18,777	628	55,647
Prior period	534	-	(3,370)	(22,042)	-	(24,878)
Deferred	-	(963,444)	3,356	-	-	(960,088)
	7,927	(938,654)	4,045	(3,265)	628	(929,319)
Loss after taxation	(6,576,096)	(298,683)	(4,240,740)	(174,218)	14,287	(11,172,376)
Non-controlling interest	-	49,413	1,059,125	11,160	(7,510)	1,112,188
Loss attributable to holding company	(6,576,096)	(249,270)	(3,181,615)	(163,058)	6,777	(10,060,188)

Segment assets	11,189,327	35,123,165	2,366,185	1,063,924	15,929	49,758,530
Unallocated assets						22,951
Total assets						49,781,481
Segment liabilites	5,292,575	30,925,865	811,262	67,442	-	37,097,144
Unallocated liabilities						7,951
Total laibilities						37,105,095
Depreciation						268,591
Capital Expenditure						866,394

	2011	2010
	(Rupees in '000)	

51. GEOGRAPHIC INFORMATION

	2011	2010
Revenues from external customers		
Pakistan	**5,537,062**	4,325,384
Cayman Islands Section B.W.I	**73,471**	112,283
United Kingdom	**38,737**	28,532
	5,649,270	4,466,199
Non-current assets		
Pakistan	**3,029,535**	3,166,407
United Kingdom	**13,663**	13,663
	3,043,198	3,180,070

Non-current assets consist of property and equipment, investment properties, intangible assets and membership cards and rooms.

52. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on september 24, 2011 by the Board of Directors of the Holding Company.

53. COMPARATIVE FIGURES

53.1 Prior year's figures have been reclassified as follows, for better presentation:

Item	From	To	Amount (Rs. '000)
Term Deposit Receipts	Fund placements	Cash and Bank Balances	614,546
Amortisation of intangible assets	Others	Amortisation of intangible assets	21,609

53.2 During the year, allocation of loss to the non-controlling interest has been adjusted taking into account account the impairment charge for the prior year of Rs. 1,076.19 million and consequently, the related comparative information has been revised.

54. GENERAL

Figures have been rounded off to nearest thousand rupee.

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

FORM 34

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

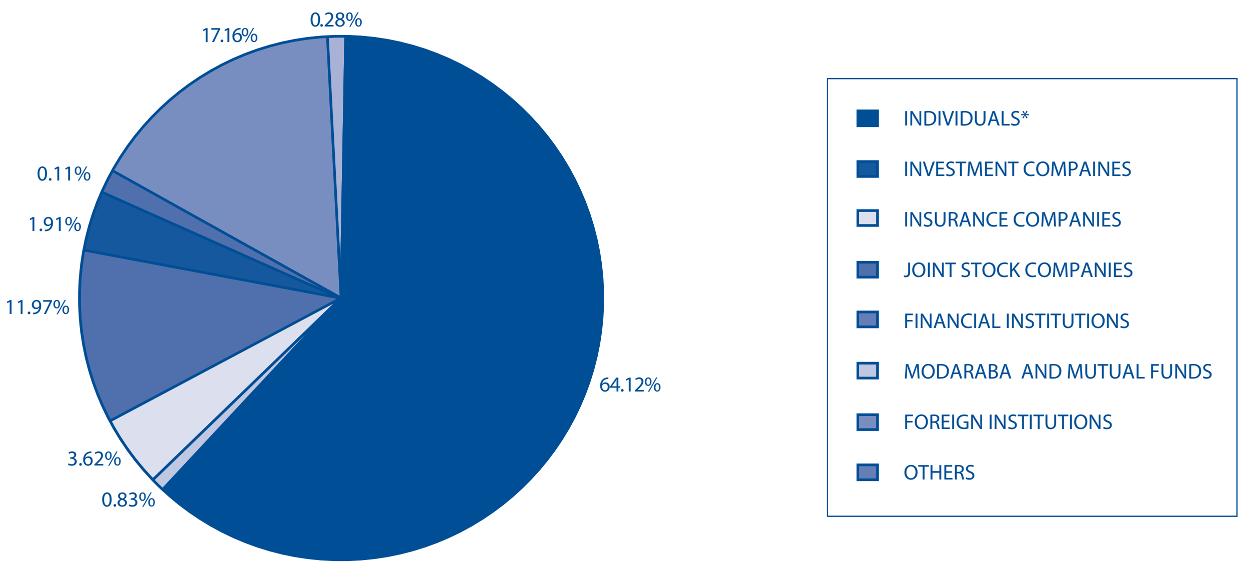
PATTERN OF SHAREHOLDING AS ON JUNE 30, 2011

No. of Shareholders		Shareholdings				Total Shares Held
1,201	Shareholdings	From	1	To	100	61,810
2,710	Shareholdings	From	101	To	500	1,015,876
2,591	Shareholdings	From	501	To	1,000	2,331,192
5,449	Shareholdings	From	1,001	To	5,000	14,711,077
1,685	Shareholdings	From	5,001	To	10,000	13,087,873
616	Shareholdings	From	10,001	To	15,000	7,849,150
428	Shareholdings	From	15,001	To	20,000	7,834,695
272	Shareholdings	From	20,001	To	25,000	6,275,373
154	Shareholdings	From	25,001	To	30,000	4,323,863
98	Shareholdings	From	30,001	To	35,000	3,243,634
99	Shareholdings	From	35,001	To	40,000	3,802,834
67	Shareholdings	From	40,001	To	45,000	2,880,039
121	Shareholdings	From	45,001	To	50,000	5,945,944
84	Shareholdings	From	50,001	To	60,000	4,684,241
55	Shareholdings	From	60,001	To	70,000	3,644,110
78	Shareholdings	From	70,001	To	80,000	5,883,340
39	Shareholdings	From	80,001	To	90,000	3,376,847
67	Shareholdings	From	90,001	To	100,000	6,610,461
89	Shareholdings	From	100,001	To	150,000	10,991,918
57	Shareholdings	From	150,001	To	200,000	10,161,210
25	Shareholdings	From	200,001	To	250,000	5,653,453
23	Shareholdings	From	250,001	To	300,000	6,364,295
7	Shareholdings	From	315,001	To	340,000	2,272,071
14	Shareholdings	From	350,001	To	400,000	5,372,662
4	Shareholdings	From	400,001	To	450,000	1,675,729
5	Shareholdings	From	470,001	To	500,000	2,449,026
12	Shareholdings	From	510,001	To	600,000	6,764,761
13	Shareholdings	From	620,001	To	700,000	8,617,480
5	Shareholdings	From	700,001	To	780,000	3,675,365
7	Shareholdings	From	800,001	To	865,000	5,795,239
2	Shareholdings	From	900,001	To	995,000	1,896,389
8	Shareholdings	From	1,040,001	To	1,365,000	9,689,101
7	Shareholdings	From	1,545,001	To	2,000,000	12,378,926
7	Shareholdings	From	2,155,001	To	4,000,000	20,960,546
1	Shareholdings	From	4,235,001	To	4,240,000	4,237,000
1	Shareholdings	From	5,150,001	To	5,155,000	5,153,194
1	Shareholdings	From	7,130,001	To	7,135,000	7,131,392
1	Shareholdings	From	7,135,001	To	7,140,000	7,136,869
1	Shareholdings	From	7,240,001	To	7,245,000	7,240,827
1	Shareholdings	From	8,595,001	To	8,600,000	8,600,000
1	Shareholdings	From	14,745,001	To	14,750,000	14,746,837
1	Shareholdings	From	17,805,001	To	17,810,000	17,809,897
1	Shareholdings	From	43,365,001	To	43,370,000	43,367,582
1	Shareholdings	From	44,320,001	To	44,325,000	44,322,111
1	Shareholdings	From	62,025,001	To	62,030,000	62,029,000
1	Shareholdings	From	329,230,001	To	329,235,000	329,230,084
16,111						**763,285,323**

S.No	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUALS*	15,868	489,458,827	64.12%
2	INVESTMENT COMPANIES	4	6,360,015	0.83%
3	INSURANCE COMPANIES	8	27,603,084	3.62%
4	JOINT STOCK COMPANIES	158	91,369,800	11.97%
5	FINANCIAL INSTITUTIONS	12	14,557,922	1.91%
6	MODARABA AND MUTUAL FUNDS	14	805,823	0.11%
7	FOREIGN INSTITUTIONS	28	130,961,107	17.16%
8	OTHERS	19	2,168,745	0.28%
	TOTAL	**16,111**	**763,285,323**	**100.00%**

* INCLUDES 15,461 CDC BENEFICIAL OWNERS AS PER LIST APPEARING ON CDS

CATEGORIES OF SHAREHOLDERS



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

MAZHARUL HAQ SIDDIQUI	22,964	
CHIEF JUSTICE (R) MAHBOOB AHMED	732,439	
ALI J. SIDDIQUI	320,122	
STEPHEN CHRISTOPHER SMITH	17	
MUNAF IBRAHIM	1,854,038	
NASEEM MAHBOOB AHMED	235,732	
AKHTER JABEEN SIDDIQUI	368,636	
	3,533,948	**0.46%**

2	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**		
	EFU LIFE ASSURANCE LTD.	7,136,869	
	EFU GENERAL INSURANCE LTD.	17,809,897	
	EFU SERVICES (PVT) LTD.	94,539	
	SAJ CAPITAL MANAGEMENT LTD.	43,367,582	
		68,408,887	**8.96%**
3	**NIT AND ICP**		
	IDBP (ICP UNIT)	4,324	
	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	993,701	
		998,025	**0.13%**
4	**BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES**		
	BANKS	10,696,002	
	DEVELOPMENT FINANCE INSTITUTIONS	5,516,690	
	NON BANKING FINANCE COMPANIES	3,707,220	
		19,919,912	**2.61%**
5	**INSURANCE COMPANIES**	**2,656,318**	**0.35%**
6	**MODARABAS AND MUTUAL FUNDS**		
	MODARABAS	104,913	
	MUTUAL FUNDS	700,910	
		805,823	**0.11%**
7	**SHAREHOLDERS HOLIDNG SHARES 10% OR MORE**		
	JAHANGIR SIDDIQUI	329,230,084	
		329,230,084	**43.13%**
8	**EXECUTIVES**		
	MOHAMMAD RASHID RAZA	1,784	
		1,784	**0.00%**

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

NO TRADES HAVE BEEN CARRIED OUT BY DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN DURING THE PERIOD FROM JULY 01, 2010 TO JUNE 30, 2011.

FORM OF PROXY
20th Annual General Meeting

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

I/We ____________________ of ____________________ being member(s) of

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

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

Mr./ Ms. ____________________ of (full address) ____________________

____________________ or failing him / her Mr./ Ms. ____________________ of (full address) ____________________

____________________ as my/ our proxy to attend, act and vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held on October 27, 2011 and / or any adjournment thereof.

As witness my / our hand / seal this ____________ day of October 2011. Signed by ____________________.

Witness:

1. Name ____________________

   Signature ____________________

   Address ____________________

   ____

   CNIC or ____________________

   Passport No. ____________________

2. Name ____________________

   Signature ____________________

   Address ____________________

   ____

   CNIC or ____________________

   Passport No. ____________________

Signature on
Rs. 5/-
Revenue Stamp

The Signature should agree with the specimen registered with the Company

Important:

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

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

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

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

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

AFFIX
CORRECT
POSTAGE

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

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