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# Annual Report 2016

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# Vision

To be recognized as the  
premier and best performing  
investment company in Pakistan.



# Mission

To build value for our shareholders by providing competitive returns on a sustainable basis through prudent investment decisions by employing best practices of Corporate Governance and Risk Management and conducting our business in accordance with the highest standards of ethics and legal compliance.

# Code of Conduct

**The success of our Company depends on adopting high ethical standards and business practices in conducting business. Every member of JSCL family is expected to review and strictly abide by the following code of conduct:**

1. Transparency in conducting business and appropriate public disclosures.
2. Fairness in conducting business while striving for highest returns.
3. Protecting and preserving clients' interests.
4. Adopting principle of good corporate citizenship and striving to fulfill corporate social responsibilities.
5. Financial statements should reflect fair view of business operation and should not conceal any fact.
6. Exhibit integrity, dignity and honesty in business conduct and upholding loyalty.
7. Endeavor to hire the best people, motivate them, reward them and encourage them to innovate. We are a meritocracy and an equal opportunity employer.
8. Professional communication and open environment where everyone has right to speak.
9. We value quality of work and employees' best contribution in achieving clients' and shareholder's financial goals.
10. Maintain highest level of confidentiality and privacy of data during and after employment at JSCL.
11. Avoid any business or professional activities or any beneficial interests that may result in a conflict with or be competitive with the interests of the Company.
12. Employees should not hold any position in other organization without prior approval.
13. Insider trading is strictly prohibited.
14. Avoid workplace harassment and report unethical practices immediately.
15. Treating employees equally and avoiding authority misuse.
16. Company's assets should be used effectively and proprietary information should be kept confidential.
17. Gifts and Bribery should neither be offered nor accepted except for nominal gifts with appropriate disclosure and permission.
18. Striving to provide healthy and secure environment and avoid wasting natural resources.





# Company Information

## Board of Directors

**Chief Justice (R) Mahboob Ahmed**  
Chairman - Non- Executive

**Suleman Lalani**  
Chief Executive Officer

**Ali J. Siddiqui**  
Director - Non-Executive

**Khalid Imran**  
Director - Non-Executive

**Kalim-ur-Rahman**  
Director - Non-Executive

**Munawar Alam Siddiqui**  
Director - Non-Executive

**Saud Ahmed Mirza**  
Director - Independent, Non-Executive

**Stephen Smith**  
Director - Non-Executive

## Chief Financial Officer & Company Secretary

**Hasan Shahid**

## Audit Committee

**Saud Ahmed Mirza**  
Chairman

**Munawar Alam Siddiqui**  
Member

**Stephen Smith**  
Member

## Human Resource & Remuneration Committee

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Munawar Alam Siddiqui**  
Member

**Suleman Lalani**  
Member

## Executive Committee

**Munawar Alam Siddiqui**  
Chairman

**Ali J. Siddiqui**  
Member

**Suleman Lalani**  
Member

## External Auditors

**EY Ford Rhodes**  
Chartered Accountants

## Internal Auditors

**Grant Thornton Anjum Rahman**  
Chartered Accountants

## Legal Advisor

**Bawaney & Partners**

## Share Registrar

**Technology Trade (Private) Limited**  
241-C, Block-2,  
P.E.C.H.S.,  
Karachi, Pakistan  
Tel +92-21 3439 1316-7 & 19  
E-mail: mail@tpl.com.pk

## Registered Office

6th Floor, Faysal House  
Main Shahra-e-Faisal  
Karachi - 75530  
Pakistan  
UAN: (+92-21) 111 574 111  
Fax: (+92-21) 32800090

## Website

[www.js.com](http://www.js.com)

## Board of Directors

### **Chief Justice (R) Mahboob Ahmed**

Chairman - Non-Executive

Chief Justice (R) Mahboob Ahmed was an eminent and well respected lawyer and practiced as an advocate of the High Court and the Supreme Court of Pakistan for over 20 years. He was the counsel to all statutory corporations, a number of insurance companies as well as large foreign and domestic companies. He graduated from the University of Punjab and completed his Bar in 1957. He then practiced at the Bar of Lahore High Court and the Supreme Court of Pakistan for 19 years and particularly deliberated on constitutional and commercial issues.

Mr. Mahboob Ahmed was then appointed as a Judge of the Lahore High Court in 1978 and became Chief Justice of the said Court in 1991. He was Chairman of the Provincial Election Authority of Punjab for eleven years and also Chairman of Insurance Reforms Commission of Pakistan. Mr. Mahboob Ahmed was Banking Judge of the Lahore High Court and the Company Judge of spurious companies. The task force setup by Securities and Exchange Commission of Pakistan for framing Rules for establishment of Takaful Insurance Companies was also headed by him as its Chairman. He served as the Chief Justice of the Federal Shariyat Court from 1997 to 2000. He also acted as Governor of Punjab province a number of times.

He is an active philanthropist and is President of the Muslim Education Conference, a Member of the Managing Committee of Gulab Devi Chest Hospital, a Member of Governing Body and Executive Committee of Liaquat National Hospital, Karachi, Ex-Chairman of the Board of Management of Fatima Jinnah Medical College and Sir Ganga Ram Hospital, Lahore, Patron in Chief of Bu-Ali Seena Hospital, Lahore, Chairman Kulli Khan Waqf, an Educational Foundation for welfare of Industrial workers, a founding member of Heart Association of Lahore and the Pakistan Society for Cancer Control.

He has also been the Chairman of the Pakistan Red Crescent Society. He is Vice Chairman of Al-Meezan Foundation (Judicial Foundation). He is also member Board of Governors of Nazria-e-Pakistan Trust and Chairman Pakistan Movement Workers Trust.

#### **Other Directorships:**

1. East West Insurance Co. Ltd. (Chairman)
2. East West Life Assurance Co. Ltd. (Chairman)

### **Suleman Lalani**

Chief Executive Officer

Mr. Suleman Lalani joined Jahangir Siddiqui & Co. Ltd. ("JSCL") on March 1, 2012 as Chief Executive Officer. Prior to joining JSCL he was Executive Director Finance & Operations and Company Secretary of JS Investments Limited where he served as CFO and Company Secretary for seven years.

Mr. Lalani started his career with JSCL in 1992 where he worked for over eight years. In year 2000 he was promoted to the position of Chief Operating Officer of Jahangir Siddiqui Investment Bank Limited, a subsidiary of JSCL. In January 2002 he joined The First MicroFinance Bank Limited as its Chief Financial Officer and Company Secretary. Mr. Lalani is a Fellow member of the Institute of Chartered Accountants of Pakistan and has 25 years of experience in the financial services sector. He has also completed the Board Development Series Certificate Program conducted by the Pakistan Institute of Corporate Governance.

#### **Other Directorships:**

1. JS Investments Ltd.
2. Mahvash & Jahangir Siddiqui Foundation
3. Future Trust
4. Al-Abbas Sugar Mills Ltd.
5. Quality Energy Solutions (Private) Ltd.
6. Khairpur Solar Power (Private) Ltd.



## **Ali J. Siddiqui**

Director - Non - Executive

Mr. Ali J. Siddiqui is Chairman of JS Private Equity Management, Pakistan's largest private equity firm, which he founded. He is also Chairman of JS Bank. From 2002-2003 he was an Executive Director of JS Investments Ltd. private sector mutual fund manager. Prior to JS Group, Mr. Siddiqui was a Director with Crosby, a private equity firm, and was based in Hong Kong. In 2014, he was honoured by the World Economic Forum as a Young Global Leader. Mr. Siddiqui holds a B.A. in Economics from Cornell University.

### **Other Directorships:**

1. Airblue Limited
2. JS Bank Limited (Chairman)
3. Mahvash & Jahangir Siddiqui Foundation

## **Khalid Imran**

Director - Non - Executive

Mr. Khalid Imran has over 40 years of diversified banking experience in Pakistani and foreign banks. Mr. Imran started his career with BCCI, where he worked for 16 years in different capacities. He was Joint General Manager of BCCI Middle East Region. Mr. Imran then worked with Commercial Bank of Dubai PJSC. On his return to Pakistan in 1991, he was a member of the core team which established Prime Commercial Bank Limited. He served Prime Bank in the capacity of Senior Executive Vice President and continued with Prime Bank through its acquisition by and merger into ABN Amro Bank in Pakistan and the subsequent acquisition of ABN Amro Bank in Pakistan by Royal Bank of Scotland. He joined the JS Bank team in 2012 and became President and CEO in July 2013.

Mr. Imran received his BBA (Hons) and MBA from Karachi University.

### **Other Directorship:**

1. JS Bank Limited (President & CEO)
2. Mahvash & Jahangir Siddiqui Foundation
3. First Jamia Services Limited
4. Machine Zone (Pvt.) Limited
5. Agro Tunnel (Pvt.) Limited

## **Kalim-ur-Rahman**

Director - Non - Executive

Mr. Rahman is a seasoned banker with 50 years of experience in both international and domestic banking. He has served in various leading international and domestic banks, including Grindlays Bank PLC in the UK and Pakistan, Middle East Bank Ltd. in the UAE and Pakistan as General Manager - South Asia, Emirates Investment Bank in the UAE as General Manager. Mr. Rahman served as President and CEO of Askari Commercial Bank for seven years, and lastly as President and CEO of JS Bank Limited till his retirement in 2013.

Mr. Rahman did his Senior Cambridge from Burn Hall School, Abbottabad and B.Sc. (Hons) from Government College, Lahore. He had a first class academic career throughout, and his name is inscribed on the College Roll of Honor. He is a Fellow of the Institute of Bankers in Pakistan as well as the Institute of Chartered Secretaries and Managers, Pakistan. He holds the Director's certification from PICG as well as the Institute of Directors, UK.

He is presently working as Advisor to the Mahvash & Jahangir Siddiqui Foundation, Karachi.

### **Other Directorship:**

1. JS Bank Limited
2. Excel Labs (Private) Limited
3. Future Trust

## **Air Commodore (R) Munawar Alam Siddiqui, SI (M), TI(M),**

Director - Non - Executive

Mr. Munawar Alam Siddiqui retired, as an Air Commodore from the Pakistan Air Force in 2003. His last post was Assistant Chief of Air Staff (Administration) at Pakistan Air Force Headquarters. For his meritorious services to the PAF, he was awarded Tamgha-e-Imtiaz (Military) and Sitara-e-Imtiaz (Military).

He was commissioned in the GD(P) Branch of the Pakistan Air Force in 1974. He is a qualified flying instructor and has flown over 8000 hours on different aircraft including C-130, Boeing-707 and Dassault Falcon 20. He has served as a VVIP and Presidential pilot during his tenure of service and has held various key Command and Staff appointments in the PAF. He served as Director of Air Transport at Air Headquarters from 1996 to 1998 and commanded an operational air force base with over 8,500 personnel from 2000 to 2002.

Mr. Siddiqui holds an M.Sc. in Defence and Strategic Studies from Quaid-e-Azam University, an M.Sc. in Strategic Studies from Karachi University, a B.Sc. (Honours) in War Studies from Karachi University and B.Sc. Avionics from Peshawar University. He is also an alumna of the National Defence University.

Presently, Mr. Siddiqui is Advisor to JS Investments Limited and previously he was Chairman of JS Investments Limited from 2004 to 2013.

As part of the CSR initiative he works as a director on the boards of Fakhr-e-Imdad Foundation, Karachi Education Initiative, Karachi School for Business & Leadership and Karigar Training Institute. Previously he was Chairman/Director of Mahvash & Jahangir Siddiqui Foundation. He is also Trustee of The Cardiovascular Foundation.

### **Other Directorships:**

1. JS Bank Limited
2. JS ABAMCO Commodities Limited
3. Hum Network Limited
4. Jahangir Siddiqui & Sons Limited
5. Peregrine Aviation (Pvt) Limited

## **Saud Ahmed Mirza**

Director - Independent, Non - Executive

Mr. Saud Ahmed Mirza has served as Director General Federal Investigation Agency (FIA), Additional Inspector General CID, Capital City Police Officer (CCPO) Karachi, Deputy Inspector General (DIG) CID, DIG Traffic, DIG Training, DIG Headquarters, DIG Establishment, DIG and Senior Superintendent of Police (SSP) Hyderabad and SSP Central, Karachi. He was awarded Tamgha-e-Imtiaz in 2008 and Quaid-e-Azam Police Medal in 2012. Mr. Mirza joined the police on March 23, 1979 and retired on January 31, 2014.

Mr. Mirza completed his Intermediate from Government College Peshawar in 1971, and his Bachelor's degree from the same institution in 1975. He received his Masters in Public Administration from Punjab University and a second Masters degree in Police Studies from the University of Exeter in the United Kingdom.

## **Stephen Smith**

Director - Non - Executive

Mr. Smith joined JS Group in 2004 and is responsible for JSCL's international activities. Prior to JS, Mr. Smith qualified as a Chartered Accountant at Ernst & Young, London before joining European Capital, a UK-based project and corporate finance company. He then moved to Techpacific Capital, a Hong Kong-listed finance company where he rose to become Group CFO and Company Secretary. Mr. Smith holds a Joint Honours degree in Economics and Mathematics from the University of Bristol.

### **Other Directorships:**

1. JS International Ltd.
2. JS Private Equity Companies.
3. Jura Energy Corporation.



# Board Committees

## Audit Committee

### Members

Mr. Saud Ahmed Mirza - Chairman  
Mr. Munawar Alam Siddiqui - Member  
Mr. Stephen Smith - Member

### Terms of Reference

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:
  - 1. Major judgmental areas;
  - 2. Significant adjustments resulting from the audit;
  - 3. The going-concern assumption;
  - 4. Any changes in accounting policies and practices;
  - 5. Compliance with applicable accounting standards; and
  - 6. 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.

## **Human Resource & Remuneration Committee**

### **Members**

Chief Justice (R) Mahboob Ahmed - Chairman  
Mr. Munawar Alam Siddiqui - Member  
Mr. Suleman Lalani - Member

### **Terms of Reference**

#### **Purpose**

The Human Resource & Remuneration Committee (the "Committee") shall discharge the Board's responsibilities relating to the human resource functions of the Company's executives. The Committee shall be responsible for recommending human resource policy to the Board. The Committee shall have overall responsibility for recommending selection, evaluation compensation (including retirement benefits) and succession planning of CEO, CFO and Company Secretary. The Committee shall also be responsible for consideration and approval on recommendations on such matters for key management positions who report directly to CEO.

#### **Compensation Policy**

The JSCL executive compensation program is designed to attract, motivate, reward and retain superior management talent.

The Executive Compensation Committee places heavy emphasis on pay for performance. The Committee believes substantial portions of total compensation should be at risk. Likewise, outstanding performance should lead to substantial increase in compensation.

#### **Committee Duties and Responsibilities**

##### **Compensation of Chief Executive Officer (CEO)**

The Committee shall annually review and approve corporate goals and objectives relevant to CEO's compensation, evaluate the CEO's performance in light of those goals and objectives, and approve the CEO's compensation level based on this evaluation, subject to any employment contract that may be in effect. In determining the long-term incentive component of CEO's compensation, the Committee should consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEO's at comparable companies, the awards given to the CEO in past years, and such other factors as the Committee may consider relevant.

##### **Compensation of Senior Executives**

The Committee shall periodically review and make recommendations to the Board with respect to equity-based compensation, and such other forms of compensation as the Committee may consider appropriate. The Committee shall annually review and approve for the senior executives of the Company (a) the annual base salary, (b) the annual incentive bonus, (c) the long-term incentive award, (d) employment agreements, severance arrangements, and change in control agreements or provisions, in each case as, when and if appropriate, and (e) any supplemental or special benefits. The structure of management compensation should link the interests of management, both individually and as a team, to the interests of shareholders and management compensation packages should be designed to create a commensurate level of risk and opportunity based on business and individual performance. The Committee shall make recommendations to the Board concerning incentive compensation plans and equity-based plans.



## **Overall Compensation Structure**

In addition to reviewing and setting compensation for management, the Committee should, from time to time, review broadly the overall compensation structure for employees. In doing so, the Committee should bear in mind that incentives are industry dependent and are different for different categories of employees.

## **Subcommittees**

The Committee may form, and delegate authority to, subcommittees when appropriate.

## **Reporting to the Board**

The Committee shall make regular reports to the Board.

## **Annual Evaluation**

The Committee shall conduct an annual evaluation of the Committee's performance as compared to the requirements of its Charter.

## **The Committee Charter**

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

## **Executive Committee**

### **Members**

Mr. Munawar Alam Siddiqui - Chairman  
Mr. Ali J. Siddiqui - Member  
Mr. Suleman Lalani - Member

### **Terms of reference**

The Executive Committee is appointed by the Board of Directors and includes the Chief Executive Officer as a member.

- (a) The Executive Committee shall convene whenever required to evaluate and recommend to management and the Board the approval of new lines of business, major additions/ deletions in trading portfolio, changes in investment portfolio, and new transactions in accordance with the Risk Management Guidelines, the Statement of Investment and Operating Policy (SIOP) and other internal guidelines.
- (b) The Executive Committee will review the Company's adherence to the Policy Statement and, if needed, make recommendations to the Board of Directors for changes as a result of new developments.
- (c) The Executive Committee will regularly review the Company's operations based on monthly operating reports (to include a summary of the Company's net capital position based on market value) prepared and submitted by the Chief Financial Officer or other person nominated by the Board of Directors in comparison with the annual budget, and present to the Board for its review at its next regularly scheduled meeting any shortfalls or significant changes in the conditions (financial or otherwise), operations, prospects or business plan of the Company.

The Executive Committee will implement, or as appropriate, will delegate to the Chief Executive Officer to implement, the Company's quarterly capital expenditures budget as reviewed and approved by the Board of Directors.

# Corporate Social Responsibility

As a responsible corporate entity, Jahangir Siddiqui & Co. Ltd. (JSCL) strives to support Corporate Social Responsibility (CSR) initiatives that support economic growth, social progress and environmental protection in Pakistan.

JSCL carries out major philanthropic activities in partnership with the Mahvash & Jahangir Siddiqui Foundation (MJSF) and Future Trust (FT).

## MAHVASH & JAHANGIR SIDDIQUI FOUNDATION

In 2003, entrepreneur and former Karachi Stock Exchange President, Jahangir Siddiqui with his wife Mahvash, retired university professor, founded the Mahvash & Jahangir Siddiqui Foundation. Through MJSF's various initiatives, it aims to create opportunities and provide support to empower disadvantaged members of society. In addition to projects directly managed by MJSF, it has also partnered with key international organizations including United Nations agencies, Acumen and Oxfam.

The following is an overview of MJSF's activities:

### Education

The population of Pakistan has exceeded 190 million, and continues to grow. Over half of this staggering number is below the age of 25, posing tremendous potential and yet many challenges for the nation's future, emphasizing the importance of available education and vocational training. MJSF realizes that to ensure a bright future for the nation's children even modest contributions, creative ideas and a desire to make a difference can go a long way.

MJSF's educational programs focus on providing grants for:

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

MJSF has provided support to leading educational institutions of Pakistan including Lahore University of Management Sciences, Karachi School for Business and Leadership, Institute of Business Administration Karachi, Progressive Education Network, JS Academy for the Deaf, Fakh-e-Imdad Foundation and Karigar Training Institute along with having created a unique redeemable endowment fund for Sukkur Institute of Business Administration.

### Healthcare

MJSF believes it is the fundamental right of every human being to receive adequate and affordable healthcare. Knowing how simple solutions can be effective for both prevention and treatment of many conditions, MJSF supports the provision of free healthcare to those who have little or no access to such facilities.

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

- Upgrading and adding specialist wards at existing hospitals
- Developing healthcare facilities in rural areas
- Providing mobile health care and surgical services in difficult-to-access areas
- Distribution of specialized wheel chairs in collaboration with Walkabout Foundation





MJSF is linked with numerous projects and organizations in the healthcare sector including Karachi National Hospital, National Institute of Cardiovascular Diseases, Sindh Institute of Urology and Transplantation, Indus Hospital, National Institute of Child Health and Walkabout Foundation.

MJSF initiated medical and eye camps program in response to the critical health care needs of the rural population who are deprived of basic health care services due to non-availability and access issues. As of 2016, over 80,000 patients have been examined in these camps and over 17,000 cataract surgeries have been performed. More recently, patients are also being screened for Hepatitis B and C.

### **Social Enterprise & Sustainable Development (SESD)**

Social enterprises aim to provide services at affordable prices to low-income earners so that they may build their own assets and improve their standard of living. SESD program funds projects that are economically productive and sustainable and which remove or reduce the need for ongoing grants.

MJSF is linked with numerous initiatives to help improve the lives of its fellow citizens by supporting organizations like Kashf Microfinance, Acumen Pakistan and its Fellows program, First Response Initiative of Pakistan, along with providing Iftaar for the underprivileged and supporting the Magnus Kahl Seeds project to help improve the average yield of the onions in the country.

### **Humanitarian Relief**

Pakistan's geographical location and topography make it highly susceptible to frequent natural disasters such as monsoon flooding, landslides, droughts and earthquakes. MJSF has a planning strategy whereby there is available funding for disaster relief which enables them to respond immediately. In addition it is vital to continue support for victims and their families in the aftermath of disasters so that they may rebuild their lives as effectively as possible.

The Foundation has contributed with significant humanitarian assistance during the following crises:

- 2005 - Earthquake in Azad Jammu & Kashmir (AJK) and Khyber-Pakhtunkhwa Province
- 2008 - Swat Conflict and related Internally Displaced Persons crisis
- 2010 - Super Floods
- 2014 - Thar Drought crisis
- 2015 - Earthquake in Khyber Pakhtunkhwa and Gilgit-Baltistan provinces

### **FUTURE TRUST**

Future Trust ("Trust") is a non-profit benevolent philanthropic organization, a charitable trust constituted under the Trust Act for the promotion, advancement and encouragement of education, medical and healthcare, vocations, rehabilitation, protection and improvement of the environment, self-help, microfinance, relief against poverty and general improvement of the socio-economic conditions and living standards of the people of Pakistan.

The following is an overview of philanthropic activities of Future Trust:

## **Education**

FT has provided financial support to the following organizations:

- Allama Gulam Mustafa Qasmi Chair, University of Sindh, Jamshoro for promoting educational and scholarly activities in Sindh.
- Future Trust has supported Cadet College Hasan Abdal for the construction of a Services Block and also in the establishment of the "Jahangir Siddiqui Career Counseling Centre".

## **Healthcare**

Future Trust also provides financial support to individuals suffering from cancer and other such terminal diseases.

## **Improvement of socio-economic conditions**

Future Trust supported the activities of "The i-Care Foundation" in its mission to improve the quality of life of underprivileged Pakistanis, by enhancing the level of philanthropic support to deserving charities. FT also works with them to improve their capacity to deliver more, with greater impact.

FT in collaboration with MJSF has started the installation of deep well hand-pumps in Tharparkar as it is a desert area with the lowest Human Development index in Pakistan. The major source of income of a majority of the Thar villagers remains the rain-fed agriculture and livestock. However, due to the sporadic and insufficient rainfall in 2016, there was inadequate production of crops and fodder in the whole of Thar district. These hand pumps will bring relief to those villages. During the year 2016, FT and MJSF collectively donated Rs. 9.6 million for installation of 64 hand pumps in this remote area.



## Corporate Calendar 2016

<b>Meetings</b>	<b>Date</b>
Audit Committee Meeting to consider accounts of the company for the year ended December 31, 2015	March 02, 2016
Board of Directors' Meeting to consider accounts of the Company for the year ended December 31, 2016	March 03, 2016
24 <sup>th</sup> Annual General Meeting	April 11, 2016
Audit Committee and Board of Directors' Meeting to consider accounts of the Company for the quarter ended March 31, 2016	April 28, 2016
Board of Directors' Meeting	July 28, 2016
Audit Committee and Board of Directors' Meeting to consider accounts of the Company for the half yearly ended June 30, 2016	August 26, 2016
Audit Committee and Board of Directors' Meeting to consider accounts of the Company for the nine months period ended September 30, 2016	October 27, 2016
Extraordinary General Meeting	November 24, 2016
Board of Directors' Meeting	December 07, 2016

## Notice Of 25<sup>th</sup> Annual General Meeting

Notice is hereby given that the Twenty Fifth Annual General Meeting of Jahangir Siddiqui & Co. Ltd. (the "Company") will be held at Defence Authority Creek Club, Zulfiqar Street No. 1, Phase VIII, Defence Housing Authority, Karachi on Friday, April 21, 2017 at 10:00 a.m., to transact the following businesses:

### Ordinary Business

1. To receive, consider and adopt the audited unconsolidated and consolidated financial statements of the Company for the year ended December 31, 2016 together with the Directors' and Auditors' Reports thereon.
2. To appoint Company's Auditors and fix their remuneration. Audit Committee and the Board of Directors have recommended the appointment of the retiring auditors, M/s EY Ford Rhodes, Chartered Accountants, who being eligible have offered themselves for re-appointment.

### Special Business

3. To consider, and if thought fit, to pass the following resolutions as ordinary resolution:
  - (a) “**RESOLVED** that the transactions carried out by the Company in the normal course of business with JS Bank Limited (related party) for the year ended December 31, 2016 be and are hereby ratified, approved and confirmed.”
  - (b) “**RESOLVED FURTHER** that the Chief Executive Officer of the Company be and is hereby authorised to approve all the transactions carried out and to be carried out in the normal course of business with JS Bank Limited (related party) during the year ending December 31, 2017 and in this connection the Chief Executive Officer be and is hereby authorised to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company.”

By Order of the Board

**Hasan Shahid**

CFO & Company Secretary

Karachi: March 31, 2017

### NOTES

- (i) The Company has placed the Audited Financial Statements for the year ended December 31, 2016 along with Auditors and Directors Reports thereon on its website: [www.js.com](http://www.js.com)
- (ii) The Share Transfer Books of the Company shall remain closed from April 14, 2017 to April 21, 2017 (both days inclusive) for determining the entitlement of shareholders for attending and voting at the meeting.
- (iii) Physical transfers and deposit requests under Central Depository System received at the close of business on April 13, 2017 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 the purpose of attending and voting at the meeting.
- (iv) 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. A proxy must be a member of the Company.



- (v) Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- (vi) Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan:

#### **A. For Attending the Meeting**

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the account number at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

#### **B. For Appointing Proxies**

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
  - b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
  - c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
  - d. The proxy shall produce his original CNIC or original passport as may be applicable at the time of the meeting.
  - e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
- (vii) Shareholders are requested to notify immediately of any change in their address to the Company's Registrar.
  - (viii) The Company is in the process of setting up the e-voting facility in accordance with the requirements of the Companies (E-Voting) Regulations, 2016 and in this connection, a special resolution for alteration of the Articles of Association to allow e-voting facility was passed by the members in the last Annual General Meeting. However, the e-voting facility cannot be made available to the Members for this meeting as other mandatory conditions prescribed under the aforesaid Regulations including the availability of accredited intermediary could not be satisfied.

### **IMPORTANT NOTICES TO SHAREHOLDERS**

#### **Computerized National Identity Card (CNIC) of Shareholders (Mandatory)**

CNIC number of the shareholder is, mandatory for the issuance of dividend warrants and in the absence of this information, payment of dividend shall be withheld. Shareholders are requested to provide immediately copy of their valid CNIC to the Company's Independent Share Registrar at the address given herein below. A legible scanned copy of the same can also be forwarded at [cnic@js.com](mailto:cnic@js.com) along with folio number and updated address for correspondence.

## **Mandate for e-Dividend**

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged when shareholders can get amount of the dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated April 05, 2013 has advised all listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. You are encouraged to provide a dividend mandate in favor of e-dividend by providing duly filled in and signed dividend mandate form available at <http://www.js.com/index.php/investors/shareholders-information>.

## **Electronic Transmission of Financial Statements and Notices**

Pursuant to Notification vide SRO 787 (I)/2014 dated September 08, 2014, the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving Annual Financial Statements and Notice of Annual General Meeting (Notice) through electronic mail system (e-mail). Jahangir Siddiqui & Co. Ltd. is pleased to offer this facility to our valued members who desire to receive Annual Financial Statements and Notices through email in future.

In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company website i.e. at <http://www.js.com/index.php/investors/shareholders-information>.

Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is the responsibility of the member(s) to timely update the Share Registrar of any change in his (her/its/their) registered email address at the address of Company's Share Registrar mentioned at the end of the notice

### **Address of Share Registrar of the Company:**

The Share Registrar  
Technology Trade (Private) Limited  
Dagja House  
241-C, Block -2, P.E.C.H.S.  
Off Shahrah-e-Quaideen  
Karachi  
E-mail: [mail@ttpl.com.pk](mailto:mail@ttpl.com.pk)  
Phone: +92-21-34391316-17-19



## STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the annual general meeting. The purpose of the Statement is to set forth the material facts concerning such Special Business.

### 1. Agenda Item No. 3(a) of the Notice - Transactions carried out with JS Bank Limited during the year ended December 31, 2016 to be passed as an Ordinary Resolution

The transactions carried out in normal course of business with associated companies (related parties) are approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6 (b) of the Rule Book of Pakistan Stock Exchange Limited under Code of Corporate Governance. In the case of JS Bank Limited, a majority of the Directors were interested and in accordance with the provisions of Section 216 of the Companies Ordinance, 1984, the quorum of directors could not be formed for approval of these transactions. Such transactions, therefore, are being placed before the shareholders for approval through ordinary resolution proposed to be passed in the annual general meeting.

In view of the above, the normal business transactions conducted during the financial year ended December 31, 2016 with JS Bank Limited as per following detail are being placed before the shareholders for their consideration and approval/ratification.

Nature of Transaction	Amount in PKR '000
Investment in Term Deposit Receipts	4,400,000
Maturity of Term Deposit Receipts	4,900,000
Dividend received on Preference Shares	174,450
Advisory and Arrangement fee paid	11,600
Bank Charges	10
Reimbursement of expenses to the Company	8,134
Rent income received	1,328
Profit received on deposit accounts	79,326
Profit received on Term Deposit Receipts	25,498
Profit receivable on deposit accounts and TDR	5,144
Receivable against reimbursement of expenses	668
Cash at bank accounts as at the year end	730,149

The names of Directors and nature and extent of their interest in the proposed resolution is as under:

Mr. Ali J. Siddiqui holds 500 ordinary shares of JS Bank Limited.

Mr. Kalim-ur-Rahman holds 01 ordinary share and 1,000,000 convertible non-redeemable preference shares of JS Bank Limited.

Mr. Munawar Alam Siddiqui and his spouse hold 155,001 ordinary shares of JS Bank Limited.

Mr. Khalid Imran is the President of JS Bank Limited.

Mr. Suleman Lalani, Chief Executive of JSCL and his spouse hold 54,983 ordinary shares and 9,157 convertible non-redeemable preference shares of JS Bank Limited.

**2. Agenda Item No. 3(b) of the Notice - Authorisation to the Chief Executive for the approval of transactions carried out and to be carried out with JS Bank Limited (related party) during the ensuing year ending December 31, 2017 to be passed as an Ordinary Resolution**

The Company would be conducting transactions with JS Bank Limited in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in JS Bank Limited as detailed herein above. Therefore, in order to comply with the provisions of clause 5.19.6 (b) of the Rule Book of Pakistan Stock Exchange Limited under Code of Corporate Governance, the shareholders may authorise the Chief Executive to approve transactions carried out and to be carried out in the normal course of business with JS Bank Limited during the ensuing year ending December 31, 2017.

The names of Directors and nature and extent of their interest in the proposed resolution is the same as detailed in statement under Agenda item 3(a) above.





# Financial Highlights

(Based on Unconsolidated Financial Statements)

(Rupees in '000)

	2016	2015	2014	2013	2012*	2011**
<b>Operating Results</b>						
Total revenue	946,225	4,064,879	531,083	636,214	3,489,687	985,535
Operating and administrative expenses	265,291	241,790	123,551	112,357	623,195	150,485
Finance Cost	144,682	165,065	165,239	183,359	519,427	528,591
Provision for Workers' Welfare Fund	17,750	64,376	4,645	60,191	-	-
(Reversal of Provision)/provision for impairment	(351,238)	439,226	10,034	63,162	(12,889)	1,584,325
Profit before tax and impairment losses	518,502	3,593,648	237,648	280,307	2,347,065	306,459
Profit/(loss) before tax from continuing operations	869,740	3,154,422	227,614	217,145	2,359,954	(1,277,866)
Profit/(loss) after tax from continuing operations	622,041	2,830,974	188,377	180,831	2,362,563	(1,276,523)
<b>Financial Position</b>						
Share Capital						
- Ordinary Shares	9,159,424	9,159,424	7,632,853	7,632,853	7,632,853	7,632,853
Reserves	20,895,106	16,142,424	13,831,048	6,136,099	5,989,508	1,508,139
Outstanding Ordinary Shares (in '000')	915,942	915,942	763,285	763,285	763,285	763,285
<b>Liabilities</b>						
Financings	1,945,264	1,387,421	1,215,882	1,029,250	2,607,104	2,841,552
Current Liabilities (Excluding Current portion of financing)	401,426	332,450	240,786	170,166	189,305	205,300
<b>Assets</b>						
Property and Equipment	5,346	7,520	6,656	7,345	8,756	10,407
Investments	31,500,821	24,609,371	22,399,936	12,638,960	13,298,260	9,257,029
Other non-current assets	3,823	4,542	5,447	407,793	18,294	17,064
Current Assets	5,233,188	4,684,381	587,851	2,783,813	4,939,824	2,903,344
<b>Cash Flows</b>						
Net Cash flows from operating activities	(1,821,657)	175,086	(1,587,259)	141,634	(391,710)	1,309,955
Net Cash flows from investing activities	(453)	(2,655)	1,452	355,161	1,921,884	2,107,644
Net Cash flows from financing activities	551,634	1,692,946	179,274	(1,584,034)	(238,364)	(375,765)
Changes in cash and cash equivalents	(1,270,476)	1,865,377	(1,406,533)	(1,087,239)	1,291,810	3,041,834
Cash and cash equivalents - year end	730,182	2,000,658	135,281	1,541,814	2,629,053	1,337,243

\* Eighteen month period ended December 31, 2012

\*\* Year Ended June 30, 2011

# Financial Performance

(Based on Unconsolidated Financial Statements)

(Rupees in '000)

	2016	2015	2014	2013	2012*	2011**
<b>PROFITABILITY</b>						
Gross Yield on Earning Assets %	3%	15%	2%	4%	21%	9%
Cost/Income ratio %	45%	10%	59%	50%	34%	71%
Return on Capital employed %	3%	12%	2%	2%	20%	-6%
<b>LIQUIDITY</b>						
Current Ratio	7.56	6.14	1.04	5.15	2.54	1.25
Quick / Acid test ratio	7.09	5.62	0.39	4.49	2.36	1.03
Cash to Current Liabilities	1.05	2.62	0.24	2.85	1.35	1.03
<b>INVESTMENT MARKET RATIOS</b>						
Basic and Diluted Earnings per Share	0.68	3.36	0.23	0.24	3.10	(1.67)
Price to Book ratio %	71%	71%	48%	47%	75%	41%
Dividend Yield ratio %	0%	0%	0%	0%	5%	0%
Dividend Payout ratio %	0%	0%	0%	0%	24%	0%
Cash Dividend per share	-	-	-	-	0.75	-
Market value per share at the end of the year (Rupees)	25.39	20.94	14.54	9.19	16.14	6.48
<b>Average Market Price during the year / period</b>	21.42	21.20	11.36	12.12	11.35	10.03
<b>Average KSE 100 index during the year / period</b>	37,617	33,649	28,975	21,025	13,462	11,277
<b>CAPITAL STRUCTURE</b>						
Earning assets to total assets ratio %	99%	98%	98%	97%	98%	87%
Break up Value per Share	32.81	27.62	28.12	18.04	17.85	11.98
Financial Leverage Ratio %	8%	7%	7%	9%	21%	33%
Weighted Average cost of Debt %	9%	13%	15%	10%	19%	14%
Debt to Equity %	6%	5%	6%	7%	19%	31%

\* Eighteen month period ended December 31, 2012

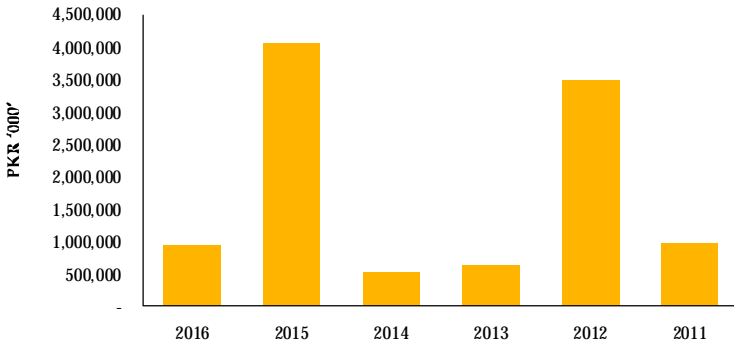
\*\* Year Ended June 30, 2011



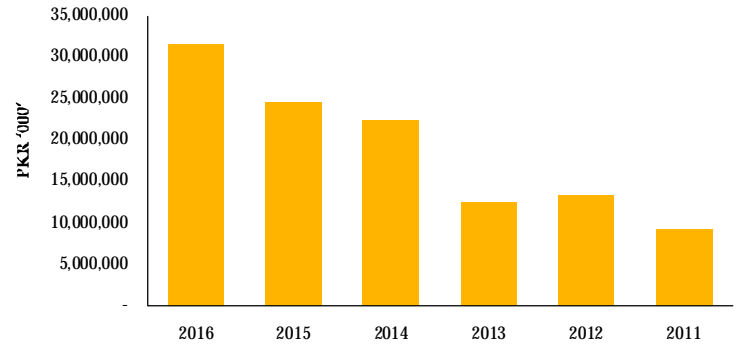
# Financial Information

(Based on Unconsolidated Financial Statements)

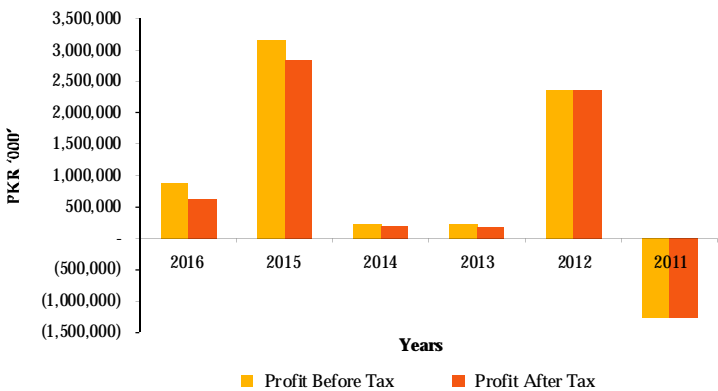
**Total Revenue**



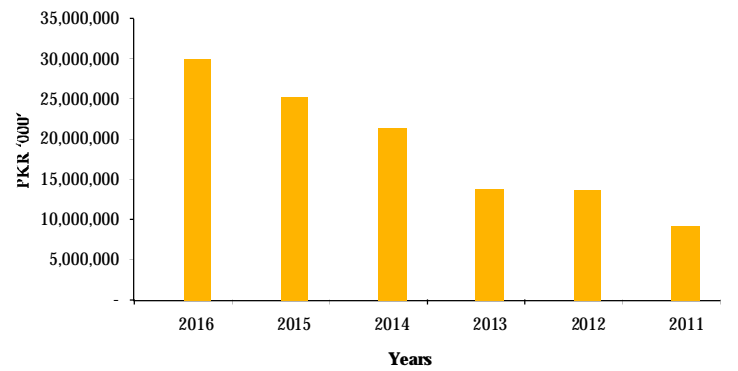
**Investments**



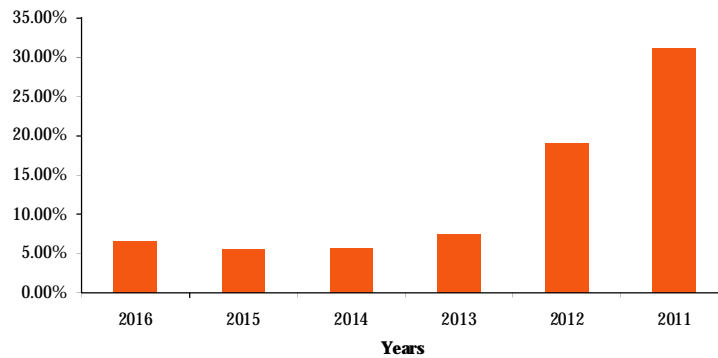
**Profit Before Taxation and Profit After Taxation**



**Shareholders' Equity**



**Debt to Equity Ratio**



# Horizontal Analysis

(Rupees in '000)

	2016 VS 2015		2015 VS 2014		2014 VS 2013		2013 VS 2012*		Eighteen Months Ended 2012* VS 2011		2011 Vs 2010	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Non Current Assets</b>												
Property and Equipment	5,346	(29)	7,520	13	6,656	(9)	7,345	(16)	8,756	(16)	10,407	(40)
Investment property	1,900	(6)	2,020	(8)	2,192	(11)	2,471	(23)	3,191	80	1,770	(27)
Stock Exchange Membership Cards and room	-	-	-	-	-	(100)	28	(100)	11,201	(8)	12,201	-
Long term investments	27,320,985	22	22,325,276	-	22,320,615	90	11,769,417	3	11,451,896	24	9,257,029	(32)
Long term loan and advance	1,119	(36)	1,743	(30)	2,476	(99)	404,590	18,059	2,228	40	1,594	2
Long term security deposits	804	3	779	-	779	11	704	(58)	1,674	12	1,499	-
	27,330,154	22	22,337,338	-	22,332,718	83	12,184,555	6	11,478,946	24	9,284,500	(31)
<b>Current Assets</b>												
Loans and Advances	1,033	(5)	1,092	6	1,030	18	876	(99)	100,463	18,608	537	(68)
Prepayment, Accrued mark up and other receivable	36,510	71	21,400	39	15,378	3	14,858	(9)	16,274	(22)	20,817	407
Other financial assets - Short Term Investments	4,179,836	83	2,284,095	2,780	79,321	(91)	869,543	(53)	1,846,364	-	-	(100)
Taxation	285,627	(24)	377,136	6	356,841	-	356,722	3	347,670	27	274,108	23
Cash and Bank Balance	730,182	(64)	2,000,658	1,379	135,281	(91)	1,541,814	(41)	2,629,053	97	1,337,243	11,401
	5,233,188	12	4,684,381	697	587,851	(79)	2,783,813	(44)	4,939,824	203	1,632,705	(11)
Non Current asset held for sale	-	-	-	-	-	-	-	-	-	(100)	1,270,639	100
<b>Total Assets</b>	<b>32,563,342</b>	<b>21</b>	<b>27,021,719</b>	<b>18</b>	<b>22,920,569</b>	<b>53</b>	<b>14,968,368</b>	<b>(9)</b>	<b>16,418,770</b>	<b>35</b>	<b>12,187,844</b>	<b>(21)</b>
<b>EQUITY AND LIABILITIES</b>												
<b>Share Capital and Reserves</b>												
Share Capital - ordinary Shares	9,159,424	-	9,159,424	20	7,632,853	-	7,632,853	-	7,632,853	-	7,632,853	-
Reserves	20,895,106	29	16,142,424	17	13,831,048	125	6,136,099	2	5,989,508	297	1,508,139	(40)
	30,054,530	19	25,301,848	18	21,463,901	56	13,768,952	1	13,622,361	49	9,140,992	(10)
<b>Non Current Liabilities</b>												
Long term financing	1,654,323	73	957,089	7	893,776	36	658,932	(23)	855,370	(51)	1,743,858	(39)
Deferred Tax Liability	162,122	100	-	-	-	-	-	-	-	-	-	-
<b>Current Liabilities</b>												
Trade and Other Payable	374,579	27	295,812	41	209,857	38	151,792	91	79,577	(4)	82,764	(13)
Accrued interest markup on borrowing	26,847	(27)	36,638	18	30,929	68	18,374	(83)	109,728	(10)	122,536	(47)
Short term borrowings	-	-	-	-	-	-	-	-	-	-	-	(100)
Current portion of long term financing	290,941	(32)	430,332	34	322,106	(13)	370,318	(79)	1,751,734	60	1,097,694	192
	692,367	(9)	762,782	36	562,892	4	540,484	(72)	1,941,039	49	1,302,994	(46)
<b>Total Equity and Liabilities</b>	<b>32,563,342</b>	<b>21</b>	<b>27,021,719</b>	<b>18</b>	<b>22,920,569</b>	<b>53</b>	<b>14,968,368</b>	<b>(9)</b>	<b>16,418,770</b>	<b>35</b>	<b>12,187,844</b>	<b>(21)</b>
<b>PROFIT AND LOSS</b>												
<b>Income</b>												
Return on Investments	725,579	15	628,412	79	350,867	(21)	445,325	(48)	850,844	107	410,466	(46)
Gain on sale of investments	77,537	(98)	3,247,084	3,211	98,065	963	9,229	(100)	2,453,867	398	493,088	11
Income from long term loans and funds Placements	99,656	(31)	143,550	239	42,316	(70)	142,408	66	85,622	68	51,105	1,820
Commission & Other Income	38,071	(17)	45,851	15	39,944	2	39,252	(60)	99,354	222	30,876	(63)
Revaluation of investments at FV through PL	5,382	(30,000)	(18)	(83)	(109)	(100)	-	-	-	-	-	(100)
	946,225	(77)	4,064,879	665	531,083	(17)	636,214	(82)	3,489,687	254	985,535	62
<b>Expenditures</b>												
Operating and administrative expenses	265,291	10	241,790	96	123,551	10	112,357	(82)	623,195	314	150,485	(25)
Finance Cost	144,682	(12)	165,065	(0)	165,239	(10)	183,359	(65)	519,427	(2)	528,591	(38)
Provision for Workers' Welfare Fund	17,750	(72)	64,376	1,286	4,645	(92)	60,191	100	-	-	-	-
(Reversal of Provision)/ provision for impairment against investment in subsidiaries, associate and Joint Venture - net	(351,238)	(180)	439,226	4,277	10,034	(84)	63,162	(590)	(12,889)	(101)	1,584,325	(81)
	76,485	(92)	910,457	200	303,469	(28)	419,069	(63)	1,129,733	(50)	2,263,401	(76)
<b>Profit / (Loss) before taxation</b>	<b>869,740</b>	<b>(72)</b>	<b>3,154,422</b>	<b>1,286</b>	<b>227,614</b>	<b>5</b>	<b>217,145</b>	<b>(91)</b>	<b>2,359,954</b>	<b>(285)</b>	<b>(1,277,866)</b>	<b>(86)</b>
<b>Taxation</b>												
Current	158,238	(51)	325,194	729	39,237	8	36,256	100	-	(100)	2,609	(65)
Prior	89,461	(100)	(1,746)	(100)	-	(100)	58	(102)	(2,609)	(34)	(3,952)	(840)
	247,699	(23)	323,448	724	39,237	8	36,314	(1,492)	(2,609)	94	(1,343)	(117)
<b>Profit / (Loss) after tax</b>	<b>622,041</b>	<b>(78)</b>	<b>2,830,974</b>	<b>1,403</b>	<b>188,377</b>	<b>4</b>	<b>180,831</b>	<b>(92)</b>	<b>2,362,563</b>	<b>(285)</b>	<b>(1,276,523)</b>	<b>(86)</b>
<b>Net Profit / (Loss) for the year</b>	<b>622,041</b>	<b>(78)</b>	<b>2,830,974</b>	<b>1,403</b>	<b>188,377</b>	<b>4</b>	<b>180,831</b>	<b>(92)</b>	<b>2,362,563</b>	<b>(285)</b>	<b>(1,276,523)</b>	<b>(86)</b>

\* Eighteen month period ended December 31, 2012

# Vertical Analysis

(Rupees in '000)

	2016		2015		2014		2013		2012*		2011	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Non Current Assets</b>												
Property and Equipment	5,346	0.02	7,520	0.03	6,656	0.03	7,345	0.05	8,756	0.05	10,407	0.09
Investment property	1,900	0.01	2,020	0.01	2,192	0.01	2,471	0.02	3,191	0.02	1,770	0.01
Intangible assets	-	-	-	-	-	-	28	-	-	-	-	-
Stock Exchange Membership Cards and room	-	-	-	-	-	-	-	-	11,201	0.07	12,201	0.10
Long term investments	27,320,985	83.90	22,325,276	82.62	22,320,615	97.38	11,769,417	78.63	11,451,896	69.75	9,257,029	75.95
Long term loan and advance	1,119	-	1,743	0.01	2,476	0.01	404,590	2.70	2,228	0.01	1,594	0.01
Long term security deposits	804	-	779	-	779	-	704	-	1,674	0.01	1,499	0.01
	27,330,154	83.93	22,337,338	82.66	22,332,718	97.44	12,184,555	81.40	11,478,946	69.91	9,284,500	76.18
<b>Current Assets</b>												
Loans and Advances	1,033	-	1,092	-	1,030	-	876	0.01	100,463	0.61	537	-
Prepayment, Accrued mark up and other receivable	36,510	0.11	21,400	0.08	15,378	0.07	14,858	0.10	16,274	0.10	20,817	0.17
Other financial assets - Short Term Investments	4,179,836	12.84	2,284,095	8.45	79,321	0.35	869,543	5.81	1,846,364	11.25	-	-
Taxation	285,627	0.88	377,136	1.40	356,841	1.56	356,722	2.38	347,670	2.12	274,108	2.25
Cash and Bank Balance	730,182	2.24	2,000,658	7.40	135,281	0.59	1,541,814	10.30	2,629,053	16.01	1,337,243	10.97
	5,233,188	16.07	4,684,381	17.34	587,851	2.56	2,783,813	18.60	4,939,824	30.09	1,632,705	13.40
Non Current asset held for sale	-	-	-	-	-	-	-	-	-	-	1,270,639	10.43
<b>Total Assets</b>	<b>32,563,342</b>	<b>100.00</b>	<b>27,021,719</b>	<b>100.00</b>	<b>22,920,569</b>	<b>100.00</b>	<b>14,968,368</b>	<b>100.00</b>	<b>16,418,770</b>	<b>100.00</b>	<b>12,187,844</b>	<b>100.00</b>
<b>EQUITY AND LIABILITIES</b>												
<b>Share Capital and Reserves</b>												
Share Capital - ordinary Shares	9,159,424	28.13	9,159,424	33.90	7,632,853	33.30	7,632,853	50.99	7,632,853	46.49	7,632,853	62.63
Reserves	20,895,106	64.17	16,142,424	59.74	13,831,048	60.34	6,136,099	40.99	5,989,508	36.48	1,508,139	12.37
	30,054,530	92.30	25,301,848	93.64	21,463,901	93.64	13,768,952	91.99	13,622,361	82.97	9,140,992	75.00
<b>Non Current Liabilities</b>												
Long term financing	1,654,323	5.08	957,089	3.54	893,776	3.90	658,932	4.40	855,370	5.21	1,743,858	14.31
Deferred Tax Liability	162,122	0.50	-	-	-	-	-	-	-	-	-	
<b>Current Liabilities</b>												
Trade and Other Payable	374,579	1.15	295,812	1.09	209,857	0.92	151,792	1.01	79,577	0.48	82,764	0.68
Accrued interest / markup on borrowing	26,847	0.08	36,638	0.14	30,929	0.13	18,374	0.12	109,728	0.67	122,536	1.01
Current portion of long term financing	290,941	0.89	430,332	1.59	322,106	1.41	370,318	2.47	1,751,734	10.67	1,097,694	9.01
	692,367	2.13	762,782	2.82	562,892	2.46	540,484	3.61	1,941,039	11.82	1,302,994	10.69
<b>Total Equity and Liabilities</b>	<b>32,563,342</b>	<b>100.00</b>	<b>27,021,719</b>	<b>100.00</b>	<b>22,920,569</b>	<b>100.00</b>	<b>14,968,368</b>	<b>100.00</b>	<b>16,418,770</b>	<b>100.00</b>	<b>12,187,844</b>	<b>100.00</b>
<b>PROFIT AND LOSS</b>												
<b>Income</b>												
Return on Investments	725,579	76.68	628,412	15.46	350,867	66.07	445,325	70.00	850,844	24.38	410,466	41.65
Gain on sale of investments	77,537	8.19	3,247,084	79.88	98,065	18.47	9,229	1.45	2,453,867	70.32	493,088	50.03
Income from long term loans and funds Placements	99,656	10.53	143,550	3.53	42,316	7.97	142,408	22.38	85,622	2.45	51,105	5.19
Commission	-	-	1,440	0.04	3,056	0.58	5,546	0.87	-	-	-	-
Other Income	38,071	4.02	44,411	1.09	36,888	6.95	33,706	5.30	99,354	2.85	30,876	3.13
Revaluation of investments at FV through PL	5,382	0.57	(18)	(0.00)	(109)	(0.02)	-	-	-	-	-	-
<b>Total Income</b>	<b>946,225</b>	<b>100.00</b>	<b>4,064,879</b>	<b>100.00</b>	<b>531,083</b>	<b>100.00</b>	<b>636,214</b>	<b>100.00</b>	<b>3,489,687</b>	<b>100.00</b>	<b>985,535</b>	<b>100.00</b>
<b>Expenditures</b>												
Operating and administrative expenses	265,291	28.04	241,790	5.95	123,551	23.26	112,357	17.66	623,195	17.86	150,485	15.27
Finance Cost	144,682	15.29	165,065	4.06	165,239	31.11	183,359	28.82	519,427	14.88	528,591	53.63
Provision for Workers' Welfare Fund	17,750	1.88	64,376	1.58	4,645	0.87	60,191	9.46	-	-	-	-
(Reversal of Provision)/provision for impairment against investment in subsidiaries, associate and Joint Venture - net	(351,238)	(37.12)	439,226	10.81	10,034	1.89	63,162	9.93	(12,889)	(0.37)	1,584,325	160.76
	76,485	8.08	910,457	22.40	303,469	57.14	419,069	65.87	1,129,733	32.37	2,263,401	229.66
Profit / (Loss) before taxation	869,740	91.92	3,154,422	77.60	227,614	42.86	217,145	34.13	2,359,954	67.63	(1,277,866)	(129.66)
<b>Taxation</b>												
Current	158,238	16.72	325,194	8.00	39,237	7.39	36,256	5.70	-	-	2,609	0.26
Prior	89,461	9.45	(1,746)	(0.04)	-	-	58	0.01	(2,609)	(0.07)	(3,952)	(0.40)
	247,699	26.18	323,448	7.96	39,237	7.39	36,314	5.71	(2,609)	(0.07)	(1,343)	(0.14)
<b>Profit / (Loss) after tax</b>	<b>622,041</b>	<b>65.74</b>	<b>2,830,974</b>	<b>69.64</b>	<b>188,377</b>	<b>35.47</b>	<b>180,831</b>	<b>28.42</b>	<b>2,362,563</b>	<b>67.70</b>	<b>(1,276,523)</b>	<b>(129.53)</b>

\* Eighteen month period ended December 31, 2012

# Directors' Report to the Shareholders

Dear Shareholders,

We are pleased to present the Annual Report of Jahangir Siddiqui & Co. Ltd. (the "Company") along with the audited unconsolidated financial statements and auditors' report for the year ended December 31, 2016.

## THE ECONOMY

2016 was a year of accelerating growth. The global credit rating agency Standard and Poor's upgraded Pakistan's long-term credit rating from B- to B with stable outlook during 2016 and affirmed the 'B' short-term rating.

Confidence in the economy also increased with the successful completion of the IMF program comprising of a USD 6.15 billion arrangement under the IMF's Extended Fund Facility, as a result of which the economy continued to stabilize and grow. Even though the IMF talked about significant challenges in its country review, the successful program completion by Pakistan was evidence of a strengthening economy. In spite of decline in exports and a higher import bill, the government managed to maintain foreign exchange reserves on the back of inflows received from China. Low energy prices contributed significantly to low levels of inflation which fell to 3.8%, the lowest rate in a decade.

The fast pace of work on the China Pakistan Economic Corridor ("CPEC") during the year led to significant growth in infrastructure spending, as a result of which the building materials and construction sectors grew rapidly.

The Government of Pakistan has set an ambitious GDP growth target of 5.7% for 2016-2017 from 4.7% which was achieved in 2015-2016.

## EQUITY CAPITAL MARKETS

The amalgamation of the stock exchanges of Karachi, Lahore and Islamabad into the Pakistan Stock Exchange ("PSX") resulted in an uptick in the trading activities due to streamlining of overall management and governance. During 2016, MSCI upgraded Pakistan from its Frontier to the Emerging Markets Index (effective May 2017) returning Pakistan to the Emerging Markets Index after nearly a decade.

In December 2016, a consortium led by the China Financial Futures Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange won the bid to purchase a 40% stake in the Pakistan Stock Exchange. This is a welcome development and is expected to lead to increased interest from Chinese investors in Pakistan's equity markets.

## FINANCIAL PERFORMANCE

During the year, the Company has witnessed notable improvement in its shareholders' equity which increased to PKR 30,054 million as at December 31, 2016 from PKR 25,302 million as at December 31, 2015 due to an improvement in the value of underlying investments translating to an increase of shareholders wealth by 18.8%. Accordingly, the breakup value per share as of the year end has increased to PKR 32.81 from PKR 27.62 per share reported as of December 31, 2015.

The Company reported an after tax profit of PKR 622 million for the year ended December 31, 2016 as against a profit after tax of PKR 2,831 million for the year ended December 31, 2015. Overall revenues for the year under review have declined to PKR 946 million as compared to PKR 4,065 million for the year ended December 31, 2015 on account of lower capital gains on disposal of investments. The operating and administrative expenses and finance costs have slightly increased to PKR 410 million as compared to PKR 407 million for the same period last year.

Further, the Company has reversed provision for investments by PKR 351 million due to a substantial increase in net assets of subsidiary companies during the year.



Pursuant to the enactment of Finance Act 2016 the Company has recorded super tax liability of PKR 89 million in respect of Tax Year 2016 i.e. for the year ended December 31, 2015.

	<b>(PKR in '000)</b>
Profit before taxation	869,740
Less: Taxation	
- Current	158,238
- Prior	89,461
	247,699
Profit after taxation	<b>622,041</b>

The Earnings Per Share ("EPS") of the Company for 2016 is PKR 0.68.

The Company has filed a Law Suit before the High Court of Sindh (the "Court") against levy of sales tax on services on renting of property and obtained interim relief. The matter is pending adjudication before the Court.

### **Distribution**

The Board has not considered any distribution to shareholders for the year ended December 31, 2016 on account of further investments and committed principal redemptions of long term borrowings of the Company in 2017.

### **INVESTING ACTIVITIES**

Pursuant to the approval of the Board of Directors of the Company in its meeting held on July 28, 2016 of long term investments of upto PKR 2,000 million in JS Infocom Limited. The Company invested PKR 1,000 million in right shares of PKR 10 each issued by JS Infocom Limited. This was done to tap investment opportunities in telecom, media and technology sectors.

### **FINANCING ACTIVITIES DURING THE YEAR**

#### **Long Term Borrowings**

During the year, the Company has issued Privately Placed Term Finance Certificates (9<sup>th</sup> Issue) of PKR 1,000 million. The mark-up on this TFC is payable semi-annually, based on the six month KIBOR average rate plus 165 basis points per annum. This TFC has a tenure of five years including a grace period of twelve (12) months. The principal is payable in eight (8) equal semi-annual installments starting from the eighteenth month of the issuance date.

Further, the Company also exercised a call option in full in respect of the 7<sup>th</sup> Issue of Term Finance Certificates and on April 30, 2016 redeemed in full the entire principal outstanding amount of PKR 250 million along with accrued profit as of the said date.

Apart from the above, the Company has redeemed/repaid PKR 185 million on account of repayments of outstanding Term Finance Certificates ("TFCs") and term loan.

The Company, to date, has issued nine TFCs out of these seven have been fully redeemed in a timely manner.

#### **CONTRIBUTION TO NATIONAL EXCHEQUER**

The Company has contributed PKR 157 million to the government on account of various federal and provincial governments' levies including income tax and sales tax.

#### **PERFORMANCE OF KEY INVESTMENTS**

The performance of key investments of the Company is given in the Directors' Report to the Shareholders on Consolidated Financial Statements of Jahangir Siddiqui & Co. Ltd. and its Subsidiaries annexed to this annual report.

## **CORPORATE FINANCIAL REPORTING FRAMEWORK:**

The Directors of the Company are committed to good corporate governance and confirm compliance with the corporate and financial reporting framework of the Code of Corporate Governance ("CCG") promulgated by the Securities and Exchange Commission of Pakistan ("SECP") and contained in the Rule Book of Pakistan Stock Exchange Limited ("PSX") for the following:

- These financial statements present fairly the state of affairs of the Company, the results of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies as stated in the notes to the accounts have been consistently applied in preparation of financial statements except for the amendments in existing International Financial Reporting Standards ("IFRSs") that became effective during the year and new IFRSs, if any, adopted locally by the SECP during the year. Accounting estimates are based on reasonable and prudent judgment;
- IFRSs 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 internal audit has been outsourced to M/s. Grant Thornton Anjum Rahman, Chartered Accountants, (a member firm of Grant Thornton International);
- The Company is financially sound and is a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the PSX Rule Book;
- No material payment is outstanding on account of taxes, duties, levies and charges except as disclosed in the financial statements;
- The statement of summarized key operating and financial data of the last six years appears on Page No. 20 and,
- 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, 2016 indicate that the value of investments of the fund is PKR 4.70 million.

## **MANAGEMENT'S DISCLOSURE OF FINANCIAL RESPONSIBILITY**

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

These financial statements and notes are prepared in accordance with approved accounting standards as applicable in Pakistan and the Companies Ordinance, 1984. 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 ("BAC") 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. BAC is comprised of three Directors and operates under terms of reference approved by the Board.



## CORPORATE AFFAIRS

### Casual Vacancy:

A casual vacancy occurred on the Board on June 17, 2016 due to resignation of Mr. Asad Ahmed. In his place, on July 28, 2016 the Board appointed Mr. Kalim-ur-Rahman as director of the Company.

### Election of Directors:

The Election of Directors of your Company was held in an Extraordinary General Meeting (EGM) of the members on November 24, 2016. The following persons were elected as Directors at the aforesaid EOGM:

1	<b>Mr. Ali J. Siddiqui</b>	Non-Executive Director
2	<b>Chief Justice (R) Mahboob Ahmed</b>	Non-Executive Director
3	<b>Mr. Kalim-ur-Rahman</b>	Non-Executive Director
4	<b>Mr. Khalid Imran</b>	Non-Executive Director
5	<b>Mr. Munawar Alam Siddiqui</b>	Non-Executive Director
6	<b>Mr. Saud Ahmed Mirza</b>	Independent, Non-Executive Director
7	<b>Mr. Stephen Smith</b>	Non-Executive Director

Further, the newly elected Board of Directors of the Company in their meeting held on December 07, 2016 re-elected Chief Justice (R) Mahboob Ahmed as the Chairman of the Board of JSCL for a term of three years beginning from December 07, 2016.

### Appointment of Chief Executive Officer

The Board re-appointed Mr. Suleman Lalani as the Company's Chief Executive Officer for a term of three years beginning from December 07, 2016. He is a Fellow member of the Institute of Chartered Accountants of Pakistan ("ICAP") and has 25 years of experience in the financial services sector.

### Abstract under Section 218(1) of the Companies Ordinance, 1984

During the year ended December 31, 2016, the Board of Directors has revised the remuneration of Mr. Suleman Lalani, Chief Executive from Rs. 900,000 to Rs. 990,000 per month effective from January 01, 2016. There was no change in other terms and conditions of his appointment.

Mr. Suleman Lalani is a deemed director of the Company and is considered as interested in the aforesaid variation of his terms of appointment.

### Board Meetings

Six meetings of the Board of Directors were held during the year. The attendance of Directors at Board meetings were as follows:

Name of Directors	Meetings Eligibility	Meetings Attended
Chief Justice (R) Mahboob Ahmed*	Six	Six
Mr. Ali J. Siddiqui*	Six	Four
Mr. Kalim-ur-Rahman*	Four	Four
Mr. Khalid Imran**	One	One
Mr. Munawar Alam Siddiqui*	Six	Four
Mr. Saud Ahmed Mirza*	Six	Six
Mr. Stephen Smith*	Six	Six
Mr. Ali Hussain***	Five	Five
Mr. Asad Ahmed****	Two	One
Mr. Suleman Lalani	Six	Six

\* Re-elected on November 24, 2016.

\*\* Elected on November 24, 2016.

\*\*\* Retired on November 24, 2016.

\*\*\*\* Resigned on June 17, 2016.

The attendance of directors at Board Sub-Committee meetings was as follows:

Name of Directors	Audit Committee		HR & Remuneration Committee		Executive Committee	
	Eligibility	Meeting Attended	Eligibility	Meeting Attended	Eligibility	Meeting Attended
Chief Justice (R) Mahboob Ahmed	-	-	One	One	-	-
Mr. Ali J. Siddiqui	-	-	-	-	Two	One
Mr. Saud Ahmed Mirza	Four	Four	-	-	-	-
Mr. Munawar Alam Siddiqui	Four	Three	One	One	Two	Two
Mr. Stephen Smith	Four	Two	-	-	-	-
Mr. Suleman Lalani	-	-	One	One	Two	Two

### Director training program

Mr. Suleman Lalani, Mr. Munawar Alam Siddiqui, Mr. Stephen Smith and Mr. Kalim ur Rahman are certified from Pakistan Institute of Corporate Governance (PICG) and Mr. Saud Ahmed Mirza is certified from the Institute of Chartered Accountants of Pakistan. During the year, Mr. Asad Ahmed (resigned during the year) obtained certification from PICG. Further, Mr. Ali J. Siddiqui is exempt from the requirement of obtaining directors training certificate as per the exemption criteria provided in the Code.

### Disclosure of interest by Directors etc.

No trades have been carried out by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, executives and their spouses and minor children during the period from January 01, 2016 to December 31, 2016.

### POST BALANCE SHEET DATE EVENT

There have not been any material events that occurred between the end of the year and the date of this report that require adjustments to the enclosed financial statements.

### CORPORATE SOCIAL RESPONSIBILITY

The Company being a responsible corporate citizen, regularly contributes towards the well-being of the under-privileged. The Company has made a provision of PKR 10 million in these financial statements towards its CSR initiative. Furthermore, during the year the Company has paid PKR 40 million to Future Trust.

Future Trust ("Trust") is a non-profit benevolent philanthropic organization, a charitable trust constituted under the Trust Act for the promotion, advancement and encouragement of education, medical and healthcare, vocations, rehabilitation, protection and improvement of the environment, self-help, microfinance, relief against poverty and general improvement of the socio-economic conditions and living standards of the people of Pakistan.

JSCL's CEO, Mr. Suleman Lalani and a member of the Board of Directors, Mr. Kalim-ur-Rahman are Trustees in Future Trust.

### CREDIT RATING

The Directors are pleased to inform you that the Pakistan Credit Rating Agency (PACRA) has maintained a long term credit rating of AA (Double A) and short term rating of A1+ (A one plus) for the Company. Further, the rating for the Company's 8<sup>th</sup> TFC issue of PKR 750 million is also maintained at AA+ (Double A plus) by PACRA. The recently issued 9<sup>th</sup> TFC of PKR 1,000 million of the Company has also been assigned rating of AA+ (Double A plus) by the PACRA.

These ratings denote a very low expectation of credit risk, the strong capacity for timely payment of financial commitments and strong risk absorption capacity.



## **AUDITORS**

The current auditors, EY Ford Rhodes, Chartered Accountants (a member firm of Ernst & Young Global Limited), being retired offered themselves for reappointment.

They have confirmed that the firm is fully compliant with the International Federation of Accountants' Guidelines of Code of Ethics, as adopted by Institute of Chartered Accountants of Pakistan (ICAP) and have satisfactory rating under Quality Control Review Program of the ICAP.

On the recommendation of the Board Audit Committee, the Board of Directors recommends the appointment of EY Ford Rhodes, Chartered Accountants for the year ending December 31, 2017 at the upcoming Annual General Meeting of the Company.

## **PATTERN OF SHAREHOLDING**

The Statement of Pattern of Shareholding of the Company as on December 31, 2016 is annexed to this report.

## **FUTURE OUTLOOK**

The improvement in macroeconomic indicators and advancement in China-Pakistan Economic Corridor (CPEC) projects will provide better investment opportunities in the country that will lead to economic stability. The Company believes that its investments particularly in banking and insurance sectors coupled with investments in energy, telecommunication, media and technology sectors through its wholly owned subsidiaries will contribute positively in enhancing shareholders' value.

## **ACKNOWLEDGEMENT**

The Directors greatly value the continued support and patronage of our clients and business partners. We also wish to appreciate our employees and management for their dedication and hard work and to regulators for their efforts to strengthen the financial markets, guidance on good corporate governance and other measures to safeguard investor rights.

For and on behalf of the  
Board of Directors

**Chief Justice (R) Mahboob Ahmed**  
Chairman

Karachi: March 06, 2017

## آڈیٹرز

موجودہ آڈیٹرز ای وائے فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس (ارنسٹ اینڈ ینگ گلوبل لمیٹڈ کی ایک ممبر فرم) ریٹائر ہو رہے ہیں اور انہوں نے دوبارہ تعیناتی کے لئے رضامندی ظاہر کی ہے۔ انہوں نے یہ یقین دہانی کرائی ہے کہ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی طرف سے انہیں تسلی بخش درجہ بندی عطا کی گئی ہے اور کوڈ آف اسٹیکس آف انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) جو کہ ICAP نے اختیار کئے ہیں سے بھی مطابقت کی تصدیق کی ہے۔

بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے ۳۱ دسمبر ۲۰۱۷ء کو ختم ہونے والے مالی سال کیلئے ای وائے فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز تعیناتی کیلئے منعقد ہونے والے سالانہ اجلاس عام میں منظوری کی سفارش کی ہے۔

## طرز حصص داری

۳۱ دسمبر ۲۰۱۶ء کے اختتام پر کمپنی کی طرز حصص داری کی اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

## مستقبل کے امکانات

میکرو اینڈ کنکس اشاریوں میں بہتری اور پاک چین اقتصادی راہداری (CPEC) منصوبوں میں پیش رفت ملک میں بہتر سرمایہ کاری کے مواقع فراہم کریں گے جس کی بنیاد پر معاشی استحکام حاصل ہوگا۔ کمپنی اس بات کی توقع رکھتی ہے کہ اسکی خاص طور پر بیدہ کاری اور انٹرنس کے شعبہ جات میں سرمایہ کاری، توانائی، ٹیلی مواصلات، میڈیا اور ٹیکنالوجی کے شعبہ جات میں اسکی ذیلی کمپنیوں کے ذریعے سرمایہ کاری حصص یافتگان کے سرمایہ کی مالیت میں اضافے کا سبب بنے گی۔

## قدر شناسی

ڈائریکٹرز اپنے کلائنٹس اور کاروباری شراکت داروں کی مسلسل حمایت (سپورٹ) کی بہت قدر افزائی کرتے ہیں۔ ہم اپنے ملازمین اور انتظامیہ کو ان کی لگن اور سخت محنت پر اور ریگولیشنز کو پیچھل مارکیٹ کو مستحکم کرنے کے لئے کوششوں، اچھی کارپوریٹ گورننس پر رہنمائی اور سرمایہ کاروں کے حقوق کے تحفظ کیلئے اقدامات کرنے پر داد و تحسین پیش کرتے ہیں۔

برائے اور مخائب

بورڈ آف ڈائریکٹرز

چیف جسٹس (ریٹائرڈ) محبوب احمد

چیئر مین

کراچی۔ ۶ مارچ ۲۰۱۷ء



## ڈائریکٹرز ٹینگ پروگرام

جناب سلیمان لالانی، جناب منور عالم صدیقی، جناب اسٹیفن اسمتھ اور جناب کلیم الرحمن پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس اور جناب سعود احمد مرزا انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان سے سند یافتہ ہیں۔ اس سال جناب اسد احمد (مستعفی) نے PICG سے سرٹیفیکیشن حاصل کی۔ علاوہ ازیں جناب علی جہانگیر صدیقی ڈائریکٹرز تریبیٹی سرٹیفیکیٹ حاصل کرنے کی شرط سے مستعفی ہیں۔

## ڈائریکٹرز کے مفاد کا اعلان

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری ایگزیکٹوز اور اُن کے ذہب اور کم عمر بچوں نے یکم جنوری ۲۰۱۶ء سے ۳۱ دسمبر ۲۰۱۶ء کی مدت کے دوران کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی ہے۔

## بیلنس شیٹ کی تاریخ کے بعد کا واقعہ

مالی سال ختم ہونے کے بعد اور اس رپورٹ کی تاریخ کے درمیان ایسے کوئی اہم واقعات رونما نہیں ہوئے ہیں جن کی وجہ سے ان منسلک مالی گواشاہدوں میں کسی ایڈجسٹمنٹ کی ضرورت ہوتی۔

## کارپوریٹ سماجی ذمہ داری

کمپنی ایک ذمہ دار کارپوریٹ شہری ہونے کی بناء پر کم مراعات یافتہ طبقے کی بہالی کی خدمات میں باقاعدگی سے شریک ہوتی ہے۔ ان مالی گواشاہدوں میں کمپنی نے ۱۰ ملین روپے CSR خدمات کی مد میں مختص کئے ہیں۔ علاوہ ازیں اس سال کے دوران کمپنی نے ۴۰ ملین روپے فیوچر ٹرسٹ (Future Trust) کو ادا کئے ہیں۔

فیوچر ٹرسٹ (TRUST) ٹرسٹ ایکٹ (Trust Act) میں قائم کردہ ایک غیر منافع بخش رفاہی ادارہ ہے۔ ایک کار خیر سے متعلق ٹرسٹ جہاں مقصد تعلیم، طبی اور صحت کی دیکھ بھال، روزگار، بہالی، تحفظ، ماحول کی بہتری، حوصلہ افزائی، مائیکرو فنانس، غربت سے نجات اور پاکستان کے لوگوں کے سماجی اقتصادی حالات اور معیار زندگی میں بہتری کے فروغ، ترقی اور حوصلہ افزائی کے لئے کام کرتا ہے۔

جے ایس سی ایل (JSCL) کے سی ای او جناب سلیمان لالانی اور بورڈ آف ڈائریکٹرز کے ایک ممبر جناب کلیم الرحمن فیوچر ٹرسٹ کے ٹرسٹی ہیں۔

## کریڈٹ ریٹنگ

ڈائریکٹرز اس بات کی اطلاع دینے پر مسرت محسوس کر رہے ہیں کہ پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کے لئے طویل مدتی کریڈٹ ریٹنگ (Double A) اور مختصر مدتی کریڈٹ ریٹنگ (A One Plus) کو برقرار رکھا ہے۔ مزید یہ کہ PACRA نے کمپنی کے ۵۰ ملین روپے کے آٹھویں TFC کی ریٹنگ کو بھی (Double A Plus) پر برقرار رکھا ہے۔ کمپنی کے حال ہی میں جاری کردہ ۱,۰۰۰ ملین روپے والے نوٹس TFC کو بھی PACRA نے (Double A Plus) کی ریٹنگ تجویز کی ہے۔

یہ ریٹنگ Credit Risk میں انتہائی کم خطرہ کے امکانات، مالیاتی وعدوں کی بروقت ادائیگی اور زیادہ خطرات کو جذب کرنے کی صلاحیت کو ظاہر کرتی ہے۔

## بورڈ کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ بورڈ کے اجلاس میں ڈائریکٹرز کی حاضری مندرجہ ذیل رہی:

ڈائریکٹر کا نام	میٹنگ میں شرکت کی اہلیت	میٹنگ میں شرکت
چیف جسٹس (ر) محبوب احمد*	۶	۶
جناب علی جہانگیر صدیقی*	۶	۴
جناب کلیم الرحمن*	۴	۴
جناب خالد عمران**	۱	۱
جناب منور عالم صدیقی*	۶	۴
جناب سعید احمد مرزا*	۶	۶
جناب اسٹیفن اسمتھ*	۶	۶
جناب علی حسین***	۵	۵
جناب اسد احمد****	۶	۱
جناب سلیمان لالانی	۶	۶

(\*) ۲۴ نومبر ۲۰۱۶ء کو دوبارہ منتخب ہوئے۔

(\*\*) ۲۴ نومبر ۲۰۱۶ء کو منتخب ہوئے۔

(\*\*\*) ۲۴ نومبر ۲۰۱۶ء کو ریٹائر ہوئے۔

(\*\*\*\*) ۱۷ جون ۲۰۱۶ء کو استعفیٰ دیدیا۔

بورڈ کی ذیلی کمیٹیوں میں ڈائریکٹرز کی حاضری مندرجہ ذیل رہی:

ایگزیکٹو کمیٹی		انسانی وسائل اور معاوضے کی کمیٹی		آڈٹ کمیٹی		ڈائریکٹرز کے نام
میٹنگ میں شرکت	اہلیت	میٹنگ میں شرکت	اہلیت	میٹنگ میں شرکت	اہلیت	
-	-	۱	۱	-	-	چیف جسٹس (ر) محبوب احمد
۲	۲	-	-	-	-	جناب علی جہانگیر صدیقی
-	-	-	-	۴	۴	جناب سعید احمد مرزا
۲	۲	۱	۱	۳	۴	جناب منور عالم صدیقی
-	-	-	-	۲	۴	جناب اسٹیفن اسمتھ
۲	۲	۱	۱	-	-	جناب سلیمان لالانی



کمپنی کی اکاؤنٹنگ پالیسیاں رپورٹڈ نتائج کو سمجھنے کے لئے لازمی ہیں۔ اکاؤنٹنگ پالیسیاں مالی گوشواروں کے نوٹس میں تفصیل سے بیان کی گئی ہیں۔ اثاثوں اور واجبات کی قدر کے تعین میں کمپنی کی سب سے زیادہ پیچیدہ اکاؤنٹنگ پالیسیوں کیلئے انتظامیہ کے اندازوں کی ضرورت ہوتی ہے۔ کمپنی نے مالیاتی تعین کے طریقوں کو مناسب انداز سے کنٹرول کرنے اور مسلسل استعمال کرنے کیلئے تفصیلی پالیسیاں اور کنٹرول کے طریقہ کار کو قائم کیا ہے۔

بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی ("BAC") ادارے کے مالیاتی گوشواروں، کنٹرول کے نظام کی سالمیت اور خود مختاری اور اسکے داخلی اور خود مختار آڈیٹرز کی کارکردگی کی نگرانی کی ذمہ دار ہے۔ BAC تین ڈائریکٹرز پر مشتمل ہے اور بورڈ کی طرف سے منظور شدہ تفری کے شرائط کے تحت کام کرتی ہے۔

### کارپوریٹ معاملات

بورڈ میں عارضی اسامی

جناب اسد احمد نے ۱۷ جون ۲۰۱۶ء کو استعفیٰ دیا جس کی بناء پر بورڈ پر ایک عارضی جگہ خالی ہوئی۔ ان کی جگہ پر ۲۸ جون ۲۰۱۶ء کو جناب کلیم الرحمن بطور ڈائریکٹر تقرر کئے گئے۔

### ڈائریکٹرز کے انتخابات

کمپنی کے ڈائریکٹرز کے انتخابات ممبران کی غیر معمولی اجلاس عام میں ۲۴ نومبر ۲۰۱۶ء کو منعقد ہوئے جس میں مندرجہ ذیل اشخاص ڈائریکٹرز کے طور پر منتخب کئے گئے:

۱	جناب علی جہانگیر صدیقی	نان ایگزیکٹیو ڈائریکٹر
۲	چیف جسٹس (ر) محبوب احمد	نان ایگزیکٹیو ڈائریکٹر
۳	جناب کلیم الرحمن	نان ایگزیکٹیو ڈائریکٹر
۴	جناب خالد عمران	نان ایگزیکٹیو ڈائریکٹر
۵	جناب منور عالم صدیقی	نان ایگزیکٹیو ڈائریکٹر
۶	جناب سعود احمد مرزا	خود مختار، نان ایگزیکٹیو ڈائریکٹر
۷	جناب اسٹیفن اسمتھ	نان ایگزیکٹیو ڈائریکٹر

علاوہ ازیں کمپنی کے ذمہ دار بورڈ آف ڈائریکٹرز نے اپنی میٹنگ مورخہ ۷ دسمبر ۲۰۱۶ء میں چیف جسٹس (ر) محبوب احمد کو ۷ دسمبر ۲۰۱۶ء سے ۳ سال کی مدت کے لئے JSCL کے بورڈ پر چیئر مین کے طور پر دوبارہ منتخب کیا۔

### چیف ایگزیکٹیو آفیسر کی تقرری

بورڈ نے جناب سلیمان اللانی کو ۷ دسمبر ۲۰۱۶ء سے ۳ سال کی مدت کے لئے بطور چیف ایگزیکٹیو آفیسر دوبارہ نامزد کیا۔ وہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس کے ایک فیلور کن (fellow member) ہیں اور مالیاتی خدمات کے شعبے میں ۲۵ سال کا تجربہ رکھتے ہیں۔

### کمپنیز آرڈیننس ۱۹۸۴ء کی شق ۲۱۸ (۱) کے تحت خلاصہ

۱۳ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز نے جناب سلیمان اللانی کو دیئے جانے والے ماہانہ مشاہرے پر نظر ثانی کی ہے جسے ۹۰۰,۰۰۰ روپے سے ۹۹۰,۰۰۰ روپے کر دیا ہے جو یکم جنوری ۲۰۱۶ء سے موثر ہوگا۔ انکی تقرری کے دیگر شرائط و ضوابط میں کوئی تبدیلی نہیں کی گئی ہے۔

جناب سلیمان اللانی کو کمپنی کا ڈائریکٹر تصور کیا جاتا ہے اور مندرجہ بالا تقرری کی شرائط میں تبدیلی میں ان کا مفاد تصور کیا جائے گا۔

مندرجہ بالا کے علاوہ کمپنی نے ۱۸۵ ملین روپے کی ادائیگی کی جو مدتی مالیاتی سرٹیفیکیٹ اور مدتی قرضہ کے لئے تھی۔ کمپنی نے آج تک نو مدتی مالیاتی قرضے جاری کر چکی ہے جن میں سے سات کی بروقت مکمل ادائیگی کی جا چکی ہے۔

### قومی خزانے کو ادائیگی

کمپنی نے حکومت کو ۵۷۵ ملین روپے کی ادائیگی مختلف وفاقی اور صوبائی لیویز کی مد میں کی جن میں اہم ٹیکس اور سٹیکس شامل ہیں۔

### مجموعی سرمایہ کاری کی کارکردگی

کمپنی کی مجموعی سرمایہ کاری کی کارکردگی جہانگیر صدیقی اینڈ کمپنی اور ذیلی ادارے کے مجموعی مالیاتی گوشوارے کی سالانہ رپورٹ میں شیئر ہولڈرز کو جاری کی جانے والے ڈائریکٹرز رپورٹ میں پیش کی گئی ہے۔

### کارپوریٹ مالیاتی رپورٹنگ فریم ورک

کمپنی کے ڈائریکٹرز اچھے کارپوریٹ گورننس کے لئے مصروف عمل ہیں اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ گورننس کے کوڈ اور پاکستان اسٹاک ایکسچینج کی رول بک میں شامل مندرجہ ذیل کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے ساتھ تعمیل کی تصدیق کرتے ہیں:

- مالیاتی اسٹیٹمنٹ کاروباری عمل درآمد کے نتائج کٹیش کی روانی ایکٹیوٹی میں تبدیلی اور کاروباری معاملات کو شفافیت سے ظاہر کرتی ہے۔
- کمپنی کے اکاؤنٹ کی کتابیں مناسب طریقے سے مرتب کی گئی ہیں۔
- مالیاتی گوشوارے اور اکاؤنٹس کے تخمینوں میں موزوں اکاؤنٹنگ پالیسیز استعمال کی گئی ہیں سوائے ان ترامیم کے جو اس سال قابل اطلاق بین الاقوامی فائینیشل (IFRSs) رپورٹنگ اسٹینڈرڈز میں موثر ہوئیں۔ اور نئے IFRSs جو اس سال کے دوران مقامی طور پر نافذ العمل ہوئے ہیں۔ اکاؤنٹنگ کیلئے تخمینے معقول حد تک تجربے کی بنیاد پر ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی فائینیشل رپورٹنگ اسٹینڈرڈز اور کمپنیز آرڈیننس ۱۹۸۴ (۱۹۸۴) اختیار کئے گئے ہیں۔
- اندرونی کنٹرول کے نظام کو موثر طریقے سے وضع کیا گیا اور اس پر بہتر طور پر عمل درآمد کی نگرانی کی گئی داخلی محاسبہ کے کام کو گرانٹ تھورٹن انجمن رجسٹری چارٹرڈ اکاؤنٹنٹس (رکن فرم گرانٹ تھورٹن انٹرنیشنل) کو سونپا گیا ہے۔
- فعال برنس کو جاری رکھنے کیلئے کمپنی کی صلاحیت سے متعلق کوئی شبہ نہیں ہے۔
- کارپوریٹ گورننس کے بہترین ضابطہ عمل کی تفصیلات لسٹنگ ریگولیشنز میں موجود ہیں جس سے کچھ بھی انحراف نہیں کیا گیا ہے۔
- کوئی قابل ذکر واجب الادا سیکسز، ڈیویڈنڈ، عائد کردہ محصول اور چارجز نہیں ہیں سوائے ان کے جو مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔
- گزشتہ چھ سالوں کی اہم آپریٹنگ اور فنانشل معلومات صفحہ نمبر ۲۰ پر موجود ہیں۔
- کمپنی اپنی اہل ملازمین کو منظور کردہ پروویڈنٹ فنڈ بھی فراہم کرتی ہے۔ ۳۰ جون ۲۰۱۶ کو ختم ہونے والے سال کے لئے آڈیٹڈ فنانشل اسٹیٹمنٹس کے مطابق سرمایہ کاری کی قدر تقریباً ۷۰۷ ملین روپے ہے۔

### انتظامیہ کا مالی ذمہ داری کا اظہار

کمپنی کی انتظامیہ سالانہ رپورٹ میں دیئے گئے مالی گوشواروں اور متعلقہ نوٹس (notes) کی تیاری کی ذمہ دار ہے۔

یہ مالی گوشوارے اور نوٹس منظور شدہ اکاؤنٹنگ اسٹینڈرڈز جو پاکستان میں قابل اطلاق ہیں اور کمپنیز آرڈیننس ۱۹۸۴ء کے مطابق تیار کئے گئے ہیں۔ سالانہ رپورٹ میں دیئے گئے دیگر مالیاتی اعداد و شمار مالیاتی گوشواروں میں دیئے گئے اعداد و شمار کے مطابق ہیں۔





علاوہ ازیں کمپنی نے اس سال کے دوران اپنی زرعی کمپنیوں کے خالص اثاثوں کی مالیت میں خاطر خواہ اضافے کے باعث ۳۵۱ ملین روپے سے امپیئر منٹ کے پروویژن (Provision for Impairment) کو ریورس (Reverse) کیا ہے۔

فنانس ایکٹ ۲۰۱۶ء کے نفاذ کے بعد کمپنی نے ٹیکس سال ۲۰۱۶ء (برائے ۳۱ دسمبر ۲۰۱۵ء) کو ختم شدہ سال) کیلئے ۸۹ ملین روپے کا سپرنٹیکس ریکارڈ کیا ہے۔  
روپے '۰۰۰

۸۶۹,۷۴۰	منافع قبل از ٹیکسیشن
	کوٹوٹی ٹیکسیشن
۱۵۸,۲۳۸	موجودہ سال
۸۹,۲۶۱	پچھلا سال
۲۴۷,۶۹۹	
۶۲۲,۰۴۱	منافع بعد از ٹیکس

۲۰۱۶ء میں کمپنی کا منافع فی حصص ۰.۶۸ روپے رہا۔

کمپنی نے اماک کو کرائے پر دینے کی خدمت کے ضمن میں سیلز ٹیکس کی وصولی کے خلاف سندھ ہائی کورٹ میں ایک مقدمہ دائر کیا ہے اور عبوری ریلیف حاصل کر لیا ہے۔ معاملہ کا فیصلہ عدالت میں زیر التوا ہے۔

### تقسیم

۲۰۱۷ء میں مزید سرمایہ کاری اور طویل مدتی قرضوں کی ادائیگی کی ترجیحات کی بنیاد پر بورڈ نے ختم شدہ سال ۲۰۱۶ء میں حصص یافتگان کیلئے منافع کی تقسیم کا کوئی فیصلہ نہیں کیا ہے۔

### سرمایہ کاری کی سرگرمیاں

بورڈ آف ڈائریکٹرز کے ۲۸ جولائی ۲۰۱۶ء کو ہونے والے اجلاس میں جے ایس انفوکوم لمیٹڈ (JS Infocom Limited) میں ۲,۰۰۰ ملین روپے تک کی طویل مدتی سرمایہ کاری کے مطابق کمپنی نے جے ایس انفوکوم کے رائٹ شیئر میں ۱,۰۰۰ ملین روپے کی سرمایہ کاری کی ہے جس کا مقصد ٹیلی کام، میڈیا اور ٹیکنالوجی کے شعبوں میں سرمایہ کاری کے مواقع سے مستفید ہونا ہے۔

### سال کے دوران فنانسنگ سرگرمیاں

#### طویل مدتی قرضے

سال کے دوران کمپنی نے ۱,۰۰۰ ملین روپے مالیت کا نواں مدتی مالیاتی سرٹیفکیٹ جاری کیا ہے۔ اس (TFC) سالانہ پر مارک اپ چھ ماہ کا بئور (KIBOR) کی اوسط پر ۱.۶۵ فیصد اضافے کے ساتھ ششماہی ادا کیا جائیگا۔ یہ TFC پانچ سال کے مدت کا ہے جس میں بارہ ماہ کی رعایتی مدت بھی شامل ہے۔ اصل زر کی ادائیگی تاریخ اجراء سے اٹھارہ ماہ بعد آٹھ برابر کی ششماہی اقساط میں ہوگی۔

## ڈائریکٹرز کی رپورٹ

معزز حصص یافتگان،

یہ امر ہمارے لئے باعث مسرت ہے کہ ہم ۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال کے لئے جہانگیر صدیقی اینڈ کمپنی لمیٹڈ (جے ایس سی ایل، JSCL) کی سالانہ رپورٹ کے ہمراہ آڈٹ شدہ انفرادی مالیاتی گوشوارے مع آڈیٹرز کی رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔

### معیشت

۲۰۱۶ء شرح نمو میں تیزی کا سال رہا۔ کریڈٹ ریٹنگ کی عالمی ایجنسی اسٹینڈرڈ اینڈ پوئرز (Standard & Poor's) نے ۲۰۱۶ء کے دوران پاکستان کی طویل مدتی کریڈٹ ریٹنگ B- سے بہتر (Upgrade) کر کے مستحکم outlook کے ساتھ B کر دی اور قبل مدتی ریٹنگ 'B' کو برقرار رکھا۔

آئی ایم ایف کی توسیعی فنڈ سہولت (Extended Fund Facility) کے تحت ۶.۱۵ ارب امریکی ڈالر پر مشتمل پروگرام کی کامیاب تکمیل سے معیشت پر اعتماد میں بھی بہتری آئی جس کے نتیجے میں معیشت مسلسل مستحکم ہوئی اور نمو میں بہتری آئی۔ اگرچہ آئی ایم ایف نے اپنے جائزہ میں قابل ذکر مشکلات کی بات کی لیکن پاکستان کی طرف سے پروگرام کی کامیاب تکمیل معیشت میں استحکام کا ثبوت ہے۔ برآمدات میں کمی اور درآمدی بل پہلے سے زیادہ ہونے کے باوجود چین سے آنے والی رقوم کی بدولت زرمبادلہ کے ذخائر برقرار رکھے ہیں کامیاب رہی۔ توانائی کی کم قیمتوں نے افراط زر کی سطح کو کم رکھنے میں نمایاں کردار ادا کیا جو گزشتہ ایک دہائی کی پست ترین سطح یعنی ۳.۸ فیصد تک آگئی۔

گزشتہ سال کے دوران چین پاکستان اقتصادی راہداری (سی پیک - CPEC) پر کام کی تیز رفتاری کی بدولت انفراسٹرکچر کے اخراجات میں نمایاں اضافہ ہوا جس کے نتیجے میں تعمیراتی سامان اور تعمیرات کے شعبوں میں تیزی سے ترقی ہوئی۔

حکومت پاکستان نے ۲۰۱۶-۲۰۱۷ء کے لئے جی ڈی پی میں ۵.۷ فیصد اضافے کا بلند نظر ہدف مقرر کیا ہے جو ۲۰۱۶-۲۰۱۷ء میں ۴.۷ فیصد رہی تھی۔

### ایکویٹی مارکیٹیں (Equity Capital Markets)

کراچی، لاہور اور اسلام آباد کے اسٹاک ایکسچینجز کو آپس میں ضم کر کے پاکستان اسٹاک ایکسچینج (PSX) بنادی گئی جس کے نتیجے میں تمام تر بیچمنٹ اور گورننس کو مرکزی دھارے میں لانے سے تجارتی سرگرمیوں میں تیزی آئی۔ ۲۰۱۶ء کے دوران ایم ایس سی آئی (MSCI) نے پاکستان کو 'فرنٹیر (Frontier)' سے اپ گریڈ کر کے 'ایمرجنگ مارکیٹس انڈیکس (Emerging Markets Index)' (مئی ۲۰۱۷ء سے) میں شامل کر دیا اور یوں پاکستان تقریباً ایک دہائی بعد 'ایمرجنگ مارکیٹس انڈیکس' میں واپس آ گیا۔

دسمبر ۲۰۱۶ء میں چائنا فنانشل فیوچرز ایکسچینج (China Financial Futures Exchange)، شنگھائی اسٹاک ایکسچینج (Shanghai Stock Exchange) اور شیژن اسٹاک ایکسچینج (Shenzhen Stock Exchange) کی زیر قیادت کنسورٹیم نے پاکستان اسٹاک ایکسچینج میں ۴۰ فیصد حصص کی بولی جیت لی۔ یہ ایک خوش آئند پیشرفت ہے اور توقع ہے کہ اس کی بدولت پاکستان ایکویٹی مارکیٹوں میں چینی سرمایہ کاروں کی دلچسپی بڑھے گی۔

### مالیاتی کارکردگی

اس سال کے دوران کمپنی کی شیئرز ہولڈرز ایکویٹی میں قابل ذکر بہتری دیکھنے میں آئی جو ۳۱ دسمبر ۲۰۱۵ء میں ۲۵.۳۰۲ بلین روپے سے بڑھ کر ۳۱ دسمبر ۲۰۱۶ء پر ۳۰.۰۵۳ بلین روپے ریکارڈ کی گئی جسکی وجہ بنیادی سرمایہ کاری کی مالیت میں بہتری ہے جسکی بناء پر حصص یافتگان کی دولت میں ۱۸.۸ فیصد اضافہ ریکارڈ کیا گیا۔ سال کے خاتمے پر بریک اپ ویلیو فی حصص ۳۱ دسمبر ۲۰۱۵ء پر ریکارڈ کی گئی ۲۷.۶۲ روپے سے بڑھ کے ۳۲.۸۱ روپے فی حصص ہوئی۔

۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال کے دوران کمپنی نے ۶۲۳ بلین روپے کا خالص منافع حاصل کیا جبکہ ۳۱ دسمبر ۲۰۱۵ء میں خالص منافع ۸۳۱.۲ بلین روپے تھا۔ مجموعی طور پر اس سال کی کل آمدنی ۹۴۶ بلین روپے رہی جبکہ پچھلے سال کی کل آمدنی ۶۰۶ بلین روپے تھی جس کی بنیادی وجہ حصص کی فروخت پر حاصل ہونے والے حاصلات سرمایہ میں کمی تھی۔ آپریٹنگ، انتظامی اخراجات اور مالیاتی اخراجات معمولی اضافے کے ساتھ ۴۱۰ بلین روپے رہے جبکہ پچھلے سال ۴۰۷ بلین روپے تھے۔



# Statement of Compliance with the Code of Corporate Governance for the Year Ended December 31, 2016

This statement is being presented to comply with the Code of Corporate Governance ("Code") contained in Regulation 5.19 of the Listing Regulations of Pakistan Stock Exchange Limited (now "PSX Rule Book"), 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 and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Saud Ahmed Mirza
Executive Director	Suleman Lalani, CEO
Non-Executive Directors	Chief Justice (R) Mahboob Ahmed Ali J. Siddiqui Kalim-ur-Rahman Khalid Imran Munawar Alam Siddiqui Stephen Smith

The independent director meets the criteria of independence under 5.19.1 (b) of the PSX Rule Book.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board on June 17, 2016 was filled up by the directors within 41 days.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, 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 notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has been provided with the Code along with briefings on various stages in order for them to properly manage the affairs of the Company as representatives of members of the Company. Further, in accordance with the criteria specified in Rule 5.19.7 of the Rule Book of Pakistan Stock Exchange Limited, five directors have already obtained certification under Directors' Training Program ("DTP") from recognized institution. One director is exempt from the requirements of DTP. All the directors on the Board are fully conversant with their duties and responsibilities as directors of the Company.

10. The Board has approved the appointment of CFO and Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises 3 members, of whom all are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the Chairman of the Committee is a non-executive director.
18. The Board has outsourced the internal audit function to M/s Grant Thornton Anjum Rahman, Chartered Accountants (a member firm of Grant Thornton International) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants ("IFAC") guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations (now PSX Rule Book) and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with except those that are not yet applicable.

For and on behalf of the  
Board of Directors

**Chief Justice (R) Mahboob Ahmed**  
Chairman

Karachi: March 06, 2017

# Auditors' Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Jahangir Siddiqui & Co. Ltd. (the Company) for the year ended December 31, 2016 to comply with the respective requirements of the Pakistan Stock Exchange Limited (formerly known as Karachi Stock Exchange 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 and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2016.

## **EY Ford Rhodes**

Chartered Accountants

## **Engagement Partner:**

Shabbir Yunus

**Date:** March 06, 2017

**Place:** Karachi

# Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of Jahangir Siddiqui & Co. Ltd. (the Company) as at December 31, 2016 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes in accounting policies as disclosed in note 2.5 to the accompanying financial statements 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 unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The unconsolidated financial statements of the Company for the year ended December 31, 2015 were audited by another firm of Chartered Accountants whose report, dated 03 March 2016, expressed an unqualified opinion thereon.

**EY Ford Rhodes**  
Chartered Accountants

**Engagement Partner:**  
Shabbir Yunus

**Date:** March 06, 2017

**Place:** Karachi

# Unconsolidated Financial Statements

# UNCONSOLIDATED BALANCE SHEET

As at December 31, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment	4	5,346	7,520
Investment property	5	1,900	2,020
Long term investments	6	27,320,985	22,325,276
Long term loans and advances	7	1,119	1,743
Long term security deposits		804	779
		<b>27,330,154</b>	22,337,338
<b>Current Assets</b>			
Short term loans and advances	8	1,033	1,092
Short term prepayments and other receivables		27,345	9,520
Interest accrued	9	9,165	11,880
Other financial assets - Short term investments	10	4,179,836	2,284,095
Taxation - net		285,627	377,136
Cash and bank balances	11	730,182	2,000,658
		<b>5,233,188</b>	4,684,381
		<b>32,563,342</b>	27,021,719
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Share Capital</b>			
Authorised capital	12	65,000,000	65,000,000
Issued, subscribed and paid-up capital		9,159,424	9,159,424
Reserves		20,895,106	16,142,424
		<b>30,054,530</b>	25,301,848
<b>Non-Current Liability</b>			
Long term financing	13	1,654,323	957,089
Deferred tax liability	14	162,122	-
<b>Current Liabilities</b>			
Trade and other payables	15	374,579	295,812
Accrued interest on borrowings		26,847	36,638
Current portion of long term financing	13	290,941	430,332
		<b>692,367</b>	762,782
		<b>32,563,342</b>	27,021,719
<b>Contingencies and Commitments</b>			
The annexed notes 1 to 33 form an integral part of these financial statements.			

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive





# UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
<b>INCOME</b>			
Return on investments	17	725,579	628,412
Gain on sale of investments - net	18	77,537	3,247,084
Income from long term loans and fund placements	19	99,656	143,550
Commission		-	1,440
Other income	20	38,071	44,411
Gain / (loss) on remeasurement of investments through profit or loss - held for trading - net		5,382	(18)
		<b>946,225</b>	4,064,879
<b>EXPENDITURE</b>			
Operating and administrative expenses	21	265,291	241,790
Finance cost	22	144,682	165,065
Provision for Workers' Welfare Fund	23	17,750	64,376
(Reversal of) / provision for impairment - net	24	(351,238)	439,226
		<b>76,485</b>	910,457
<b>PROFIT BEFORE TAXATION</b>		<b>869,740</b>	3,154,422
<b>Taxation</b>	25		
Current		158,238	325,194
Prior		89,461	(1,746)
		<b>247,699</b>	323,448
<b>PROFIT FOR THE YEAR</b>		<b>622,041</b>	2,830,974
		----- (Rupees) -----	
<b>EARNINGS PER SHARE</b> - basic and diluted	26	<b>0.68</b>	3.36

The annexed notes 1 to 33 form an integral part of these financial statements.

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive

## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2016

	2016	2015
	----- (Rupees in '000) -----	
<b>PROFIT FOR THE YEAR</b>	<b>622,041</b>	2,830,974
<b>OTHER COMPREHENSIVE INCOME / (LOSS):</b>		
<b>Items that will not be reclassified subsequently to profit and loss</b>	-	-
<b>Items that may be reclassified subsequently to profit and loss</b>		
Fair value gain on available for sale investments during the year - net of deferred tax	<b>4,210,303</b>	2,721,386
Reclassification adjustments relating to available for sale investments disposed off during the year - net	<b>(79,662)</b>	(3,240,984)
<b>Total items that may be reclassified subsequently to profit and loss</b>	<b>4,130,641</b>	(519,598)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>4,752,682</b>	2,311,376

The annexed notes 1 to 33 form an integral part of these financial statements.

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive



# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

	Reserves				Sub-total	Total
	Issued, subscribed and paid- up capital	Ordinary share premium	Unrealised gain / (loss) on revaluation of available for sale investments - net of deferred tax	Revenue reserve  (Accumulated loss) / un- appropriated profit		
----- (Rupees in '000) -----						
<b>Balance as at December 31, 2014</b>	7,632,853	4,497,894	11,024,854	(1,691,700)	13,831,048	21,463,901
Profit for the year	-	-	-	2,830,974	2,830,974	2,830,974
Other comprehensive loss	-	-	(519,598)	-	(519,598)	(519,598)
<b>Total comprehensive (loss) / income</b>	-	-	(519,598)	2,830,974	2,311,376	2,311,376
Issue of right shares	1,526,571	-	-	-	-	1,526,571
<b>Balance as at December 31, 2015</b>	9,159,424	4,497,894	10,505,256	1,139,274	16,142,424	25,301,848
Profit for the year	-	-	-	622,041	622,041	622,041
Other comprehensive income	-	-	4,130,641	-	4,130,641	4,130,641
<b>Total comprehensive income</b>	-	-	4,130,641	622,041	4,752,682	4,752,682
<b>Balance as at December 31, 2016</b>	<b>9,159,424</b>	<b>4,497,894</b>	<b>14,635,897</b>	<b>1,761,315</b>	<b>20,895,106</b>	<b>30,054,530</b>

The annexed notes 1 to 33 form an integral part of these financial statements.

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive

# UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2016

Note	2016 ----- (Rupees in '000) -----	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	869,740	3,154,422
<b>Adjustment for non cash charges and other items:</b>		
Depreciation	2,747	3,134
Gain on sale of property and equipment	-	(1,171)
Interest income	(105,169)	(143,550)
(Gain) / loss on remeasurement of investments through profit or loss - held for trading - net	(5,382)	18
(Reversal of) / provision for impairment - net	(351,238)	439,226
Dividend income	(720,066)	(602,369)
Finance cost	144,682	165,065
	<b>(1,034,426)</b>	<b>(139,647)</b>
<b>Operating (loss) / profit before working capital changes</b>	<b>(164,686)</b>	<b>3,014,775</b>
<b>(Increase) / decrease in operating assets:</b>		
Short term loans and advances	59	(62)
Short term prepayments and other receivables	(17,757)	6,246
Long term loans, advance and security deposits	599	733
	<b>(17,099)</b>	<b>6,917</b>
<b>Increase in trade and other payables</b>	<b>78,866</b>	<b>86,088</b>
	<b>(102,919)</b>	<b>3,107,780</b>
Investments - net	(2,242,067)	(3,168,277)
Dividend received	719,998	599,726
Finance cost paid	(148,263)	(154,192)
Taxes paid	(156,190)	(343,743)
Interest income received	107,884	133,925
Dividend paid	(100)	(133)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,821,657)</b>	<b>175,086</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(453)	(5,286)
Proceeds from sale of property and equipment	-	2,631
<b>Net cash used in investing activities</b>	<b>(453)</b>	<b>(2,655)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance / (redemption) of term finance certificates - net	614,134	(325,000)
Proceeds from subscription against issue of right shares	-	1,526,571
(Repayment of) / long term loan obtained from bank - net	(62,500)	491,375
<b>Net cash generated from financing activities</b>	<b>551,634</b>	<b>1,692,946</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,270,476)</b>	<b>1,865,377</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>2,000,658</b>	<b>135,281</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>730,182</b>	<b>2,000,658</b>

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The annexed notes 1 to 33 form an integral part of these financial statements.

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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## 1. THE COMPANY AND ITS OPERATIONS

Jahangir Siddiqui & Co. Ltd. (the Company) was incorporated under the Companies Ordinance, 1984 (the Ordinance) on May 04, 1991 as a public unquoted company. The Company is presently listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th Floor, Faysal House, Main Shakra-e-Faisal, Karachi. The principal activities of the Company are managing strategic investments, trading of securities, consultancy services, etc.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with the 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 (IASB) 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 unconsolidated 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.

IFRS 10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O. 633(I)/2014 dated July 10, 2014 by Securities and Exchange Commission of Pakistan (SECP). However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS 10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O. 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

### 2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 judgments which are significant to the financial statements:

- (a) determining the residual values and useful lives of property and equipment (Note 3.1 and 4);
- (b) classification of investments (Note 3.3, 6 and 10);
- (c) recognition of taxation and deferred tax (Note 3.7, 14 and 25);

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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- (d) accounting for post employment benefits (Note 3.13); and
- (e) impairment of financial assets (Note 3.17 and 24);

## **2.5 The Company has adopted the following accounting standards and the amendments and interpretations of IFRSs which became effective for the current year**

### **Standard or Interpretation**

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

### **Improvements to Accounting Standards Issued by the IASB in September 2014**

IFRS 5 Non - Current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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

The following 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:

	<b>Effective date (annual periods beginning on or after)</b>
IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2017. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 9 Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 15 Revenue from Contracts with Customers	January 01, 2018
IFRS 16 Leases	January 01, 2019

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property and equipment

These are stated at costs 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 4 to the financial statements. Depreciation is charged on additions from the month in which asset is put to use on disposals up to the month immediately preceding the disposal.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of fixed assets is derecognized 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 derecognized.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. The carrying amount of the asset replaced is derecognized.

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

### 3.2 Investment property

Investment property is a property held to earn rentals and / or for capital appreciation (including property under construction for such purposes).

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 property are derecognized 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 recognized in the profit and loss account in the year of retirement or disposal.

Transfers are made to / from 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.

### 3.3 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.

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# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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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 arrangements**

A subsidiary is an entity over which the Company has control. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

In addition, control is also established when the Company directly or indirectly holds more than fifty percent of the voting securities or otherwise has power to elect more than fifty percent of the directors of the investee.

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

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 impairment in value, if any. Impairment is charged to the profit and loss account.

The Company reassesses, at each balance sheet date, whether or not it has control, significant influence or joint control over the investee.

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 classified as held for sale**

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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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## **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 when the conditions prescribed in IAS 39 are met.

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 amortized cost. Impairment in value, if any, is taken to profit and loss account.

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

## **Trade date accounting**

All "regular way" purchases and sales of financial assets are recognized 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.

### **3.4 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 unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. The resultant gains and losses are recognized 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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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## 3.5 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.

## 3.6 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.

## 3.7 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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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.

## 3.8 Revenue recognition

- (a) Return on National Saving Certificates is 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 at effective yield on time proportionate 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.

## 3.9 Long term finances and loans

All long term finances and loans are initially recognized at cost (net of transaction costs) being the fair value of consideration received together with the associated transaction costs. Subsequently, these are carried at amortized 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.

## 3.10 Trade debts and other receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

## 3.11 Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid.

## 3.12 Cash and cash equivalents

Cash and cash equivalents comprise of cash in 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, term deposits, bank balances, net of bank overdrafts repayable on demand, if any.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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## 3.13 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.

## 3.14 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to the cash flow from the financial assets expires or is transferred. All financial liabilities are derecognized 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.

## 3.15 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.

## 3.16 Foreign currency translations

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. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## 3.17 Impairment

### Financial assets

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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In case of quoted equity securities, impairment is assessed based on significant or prolonged decline in market prices of securities.

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss recognized in profit and loss, the impairment loss is reversed, with the amount of reversal recognized in profit and loss.

## **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 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 recognized 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 recognized impairment loss is reversed only if there has been a change in assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account.

### **3.18 Borrowing costs**

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

### **3.19 Earnings per share**

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

### **3.20 Dividend and appropriation to reserves**

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 4. PROPERTY AND EQUIPMENT

	COST			Rate	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2016	Additions / (disposals)	As at December 31, 2016		As at January 01, 2016	For the year / (on disposals)	As at December 31, 2016	As at December 31, 2016
	(Rupees in '000)			%	(Rupees in '000)			
Leasehold improvements	18,372	-	18,372	33	18,372	-	18,372	-
Office equipment	22,903	453	23,356	25	22,581	178	22,759	597
		-				-		
Office furniture and fixtures	15,743	-	15,743	10	14,867	781	15,648	95
Motor vehicles	9,209	-	9,137	20	2,887	1,668	4,483	4,654
		(72)				(72)		
	66,227	453	66,608		58,707	2,627	61,262	5,346
		(72)				(72)		

	COST			Rate	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2015	Additions / (disposals)	As at December 31, 2015		As at January 01, 2015	For the year / (on disposals)	As at December 31, 2015	As at December 31, 2015
	(Rupees in '000)			%	(Rupees in '000)			
Leasehold improvements	18,372	-	18,372	33	18,372	-	18,372	-
Office equipment	22,796	260	22,903	25	22,475	147	22,581	322
		(153)				(41)		
Office furniture and fixtures	15,743	-	15,743	10	13,570	1,297	14,867	876
Motor vehicles	8,625	5,026	9,209	20	4,463	1,518	2,887	6,322
		(4,442)				(3,094)		
	65,536	5,286	66,227		58,880	2,962	58,707	7,520
		(4,595)				(3,135)		

4.1 No disposal of fixed assets having written down value exceeding Rs.50,000 were made during the year.

## 5. INVESTMENT PROPERTY

	COST			Rate	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2016	Additions / (disposals)	As at December 31, 2016		As at January 01, 2016	For the year	As at December 31, 2016	As at December 31, 2016
	(Rupees in '000)			%	(Rupees in '000)			
Office premises	14,999	-	14,999	5	12,979	120	13,099	1,900

	COST			Rate	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2015	Additions / (disposals)	As at December 31, 2015		As at January 01, 2015	For the year	As at December 31, 2015	As at December 31, 2015
	(Rupees in '000)			%	(Rupees in '000)			
Office premises	14,999	-	14,999	5	12,807	172	12,979	2,020

5.1 The fair value of the investment property aggregating to Rs. 94.33 million (December 31, 2015: Rs. 86.35 million) was arrived at on the basis of the valuation carried out by KG Traders (Pvt.) Limited, an independent valuer on January 26, 2017, but was not incorporated in the books of account as the Company applies cost model for accounting for investment property. 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

6. LONG TERM INVESTMENTS	Note	2016	2015
		----- (Rupees in '000) -----	
<b>Investments in related parties</b>			
Investment in subsidiaries	6.1	7,892,381	6,541,132
Other related parties - Available for sale	6.2	14,507,932	11,578,773
		<b>22,400,313</b>	18,119,905
<b>Other investments</b>			
	6.3	4,920,672	4,205,371
		<b>27,320,985</b>	22,325,276

## 6.1 Investment in subsidiaries - at cost

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

Number of shares		Note	Activity	Holding		2016	2015
2016	2015			2016	2015		
				%	%	----- (Rupees in '000) -----	
<b>Quoted</b>							
755,245,007 *	755,245,007		JS Bank Limited Commercial Banking Market value Rs. 8,164.20 (December 31, 2015: Rs. 5,853.15) million	70.42	70.42	4,673,400	4,673,400
<b>Un-quoted</b>							
145,374,878 *	145,374,878		JS Bank Limited Commercial Banking Convertible Preference Shares	96.92	96.92	1,453,749	1,453,749
173,736,297	73,736,250	6.1.1	JS Infocom Limited Telecom: Media & Technology Net assets value Rs. 1,135.22 (December 31, 2015: Rs. 102.26) million based on audited financial statements for the year ended December 31, 2016 Less: Impairment	100.00	100.00	1,708,490	708,490
						(573,258)	(612,416)
						1,135,232	96,074
10,000	10,000		JS International Limited Investment services Ordinary Shares of US\$ 1 each having negative equity balance of Rs.1.2 (September 30, 2015: Rs. 4.06) million based on audited financial statements for the year ended September 30, 2016 Less: Impairment	100.00	100.00	294,882	294,882
						(294,882)	(294,882)
						-	-
63,000,000	63,000,000	6.1.2	Energy Infrastructure Holding (Private) Limited Power Generation & Distribution Net assets value Rs. 1,143.988 (December 31, 2015: Rs. 321.77) million based on audited financial statements for the year ended December 31, 2016 Less: Impairment	100.00	100.00	630,000	630,000
						-	(312,091)
						630,000	317,909
1,000	-	6.1.3	Quality Energy Solutions (Private) Limited Power Generation & Distribution Ordinary Shares of Rs. 10 each having negative equity balance of Rs. 4.58 million based on audited financial statements for the year ended December 31, 2016 Less: Impairment	100.00	-	10	-
						(10)	-
						-	-
						<b>7,892,381</b>	<b>6,541,132</b>

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





# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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**6.1.1** During the year, the Company invested Rs. 1,000 million in 100,000,047 right shares of Rs. 10 each issued by JS Infocom Limited. The Company reversed impairment due to increase in the value of net assets of JS Infocom Ltd. from the carrying amount of the investment in the books of the Company.

**6.1.2** Net assets of Energy Infrastructure Holding (Private) Limited (EIHPL), a subsidiary company, include investments in shares having carrying value of Rs. 835.740 million (December 31, 2015: Rs. 545.27 million) and Rs. 54 million (December 31, 2015: Rs. 54 million in Term Deposit Receipts) in current account that are pledged with a bank (inclusive of 40% margin) as collateral in respect of exposure against guarantees issued on behalf of Gujranwala Energy Limited (GEL), a joint venture (JV). During the year ended June 30, 2010, the JV was not able to meet the financial close mandated with National Bank of Pakistan and was not allowed to make amendments in the power purchase agreement by Private Power and Infrastructure Board (PPIB). Accordingly, the operations of GEL were ceased. Further, it was not able to raise the requisite funds and deposit initial mobilization advance with Wartsila Finland. In the meantime, GEL filed petition in the High Court of Sindh (the Court) to protect the Company from the encashment of guarantees. The High Court of Sindh vide order dated February 03, 2016 vacated the stay on encashment of guarantees.

On application dated February 04, 2016 filed by GEL, the Honourable Single Judge suspended the aforesaid order for vacation of injunction for a week. Being aggrieved, GEL preferred appeal before the double bench of the Court and obtained restraining order dated February 10, 2016 from encashment of above mentioned performance and commitment guarantees issued to PPIB and Wartsila Finland, respectively. The Honourable double bench of the Court vide their order dated May 06, 2016 dismissed the appeal.

Further, EIHPL has filed another suit no. 1564/2015 in the Honourable High Court of Sindh to protect itself from the encashment of above mentioned guarantees by more than 50%. The Honourable Single Judge vide order dated August 26, 2015 has restrained the bank from encashment of guarantees by more than 50% of the total guarantee amount against the collaterals provided by EIHPL until adjudication of the matter.

Meanwhile, the bank encashed the performance and commitment guarantees on the demand of PPIB and Wartsila Finland, respectively. EIHPL and the bank have signed a settlement agreement dated December 13, 2016 whereby EIHPL will pay Rs. 231.235 million being its 50% portion of the guarantee amount paid by the bank to Wartsila, Finland and Private Power and Infrastructure Board (PPIB). Under the agreement, the bank will release the shares pledged by EIHPL. The parties have also filed compromise application in the Honourable High Court of Sindh (the Court) in suit no. 1564/2015 which has been allowed by the Court vide its order dated December 29, 2016. As a result, EIHPL has reversed the excess provision against encashment of guarantees.

Subsequent to the year end on January 04, 2017, EIHPL has paid Rs. 231.235 million to the bank as per the settlement agreement. Simultaneously, the bank released all the securities held as collateral.

The Company reversed impairment due to increase in the value of net assets of EIHPL from the carrying amount of the investment in the books of the Company.

**6.1.3** During the year, on May 09, 2016, a wholly owned subsidiary was incorporated for the purpose of investment in power projects and the Board of Directors of the Company has approved an equity investment of Rs. 1,100 million in its capital from time to time.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 6.2 Other related parties

### Available for sale

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

Number of shares		Note	Activity	Holding		2016	2015	
2016	2015			2016	2015			
				%	%	----- (Rupees in '000) -----		
		<b>Quoted - at fair value</b>						
		6.2.1						
11,622,000	12,000,000		<b>Hum Network Limited</b> (Ordinary Shares of Re. 1 each)	Television Network	1.23	1.27	174,214	157,680
214,258,460 *	214,258,460		<b>BankIslami Pakistan Limited</b>	Islamic Banking	21.26	21.26	2,862,493	2,463,972
41,191,152	31,110,722		<b>EFU General Insurance Limited</b>	General Insurance	20.60	19.44	6,219,864	4,464,389
20,047,708	20,047,708		<b>EFU Life Assurance Limited</b>	Life Assurance	20.05	20.05	4,319,680	3,989,494
112,157,863	112,157,863		<b>Azgard Nine Limited</b>	Textile Composite	24.96	24.96	924,181	495,738
		<b>Un-quoted - at cost</b>						
750,000	750,000	6.2.1	<b>EFU Services (Private) Limited</b>	Investment company	37.50	37.50	7,500	7,500
		6.2.2					14,507,932	11,578,773

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

**6.2.1** The Company has not accounted for investment in these companies as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in these associated companies.

**6.2.2** Included herein are equity securities having average cost of Rs. 308.93 million (December 31, 2015: Rs. 443.72 million) and having market value of Rs. 1,322.60 million (December 31, 2015: Rs. 1,534.55 million) pledged with trustee of Term Finance Certificates issued by the Company.

## 6.3 Other investments

### Available for sale

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

Number of shares		Note	2016	2015
2016	2015			
		----- (Rupees in '000) -----		
		<b>Quoted - at fair value</b>		
147,319,799	159,850,000		4,860,080	4,205,298
		<b>Un-quoted - at fair value (2015 - at cost)</b>		
2,404,430	4,007,383	6.3.1	60,592	73
			4,920,672	4,205,371

**6.3.1** Pursuant to demutualization of the PSX, the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received 4,007,383 shares and TREC from the PSX (formerly KSE) against its membership card.

The above arrangement resulted in allocation of 4,007,383 shares of Rs. 0.2 each with a total face value of Rs. 73,000 and TREC to the Company by the KSE (now PSX). Out of total shares issued by the KSE, the Company has actually received 40% equity shares i.e. 1,602,953 shares. The remaining 60% shares have been transferred to CDC sub-account in the Company's name under the KSE's participant IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

The Institute of Chartered Accountants of Pakistan in its technical guide dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/carrying value of the membership card between the two distinct assets on a reasonable basis.

The above mentioned face value (Rs. 73 thousand) of the shares issued by the KSE to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the Stock Exchange in accordance with the requirements of the Demutualization Act. In other words, shares worth Rs. 73 thousand received by the Company represent its share in the fair value of the net assets of the KSE. Under the current circumstances where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

The SPA between PSX, the divestment committee of PSX and the Anchor Investor has been signed. However, the SPA is subject to fulfilment / completion of certain conditions and formalities and until these conditions are fulfilled, the SPA shall not be considered as consummated.

Given the above, the Company has revalued its entire shareholding in PSX at the year end at the rate of Rs. 25.2 per share (i.e. the sale price of Rs. 28/share after deducting 10% retention (i.e. Rs. 2.8) as stated above), resulting in surplus on revaluation of investment of Rs. 100.913 million which has been recognized in other comprehensive income. Since the transaction of 40% sale of equity stake is expected to be completed within a period of one year, the same has been classified under short-term investments.

## 7. LONG TERM LOANS AND ADVANCES

### Loans - secured and considered good

#### Due from:

- Executives
- Other employees

Current maturity of long term loans

Note	2016 ------(Rupees in '000)-----	2015
	<b>980</b>	1,604
	<b>1,098</b>	1,007
	<b>2,078</b>	2,611
	<b>(959)</b>	(868)
	<b>1,119</b>	1,743
	<b>1,604</b>	2,156
	-	500
	<b>(624)</b>	(1,052)
	<b>980</b>	1,604

### 7.1 Reconciliation of the carrying amount of loan to executives

- Opening balance
- Disbursements
- Repayments

**7.2** This represents loans provided to executives and employees of the Company for purchase of property and home appliances at mark-up rates ranging between 5.89% and 8% (December 31, 2015: 6.95% and 9.97%) per annum in accordance with the Company's employee loan policy. Repayment is made monthly. These loans are secured against mortgage of property and salaries of the employees and are repayable over a period of one to seven years. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1.92 million (December 31, 2015: Rs. 1.72) million.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

8. SHORT TERM LOANS AND ADVANCES	Note	2016 ----- (Rupees in '000) -----	2015
Current maturity of long term loans	7	959	868
Advances to employees - unsecured		74	224
		1,033	1,092
<b>9. INTEREST ACCRUED</b>			
Government securities - Pakistan Investment Bonds		-	1,287
Bank deposits		5,078	10,593
Term finance certificates		4,087	-
		9,165	11,880
<b>10. OTHER FINANCIAL ASSETS - SHORT TERM INVESTMENTS</b>			
<b>Available for sale</b>			
<b>At fair value</b>			
- Government securities		-	25,643
- Equity securities - quoted		3,455,859	2,193,241
- Equity securities - unquoted	6.3.1	40,394	-
<b>At cost</b>			
- Privately Placed Term Finance Certificate		400,000	-
		3,896,253	2,218,884
<b>Assets at fair value through profit or loss</b>			
- Listed equity securities		283,583	65,211
	10.1	4,179,836	2,284,095
<b>10.1</b> Included herein are equity securities pledged with bank and trustee of Term Finance Certificates issued by the Company having an aggregate market value / carrying amount of Rs. 2,667.65 million (December 31, 2015: Rs. 1,004.85 million).			
11. CASH AND BANK BALANCES	Note	2016 ----- (Rupees in '000) -----	2015
<b>Cash in hand</b>		38	38
<b>Balances with banks:</b>			
<b>Current accounts</b>			
- local currency	11.1	391	918
<b>Savings accounts</b>			
- local currency	11.2	729,753	999,702
<b>Term deposit receipts</b>		-	1,000,000
		730,182	2,000,658
<b>11.1</b> Included herein is a sum of Rs. 0.02 million (December 31, 2015: Rs. 0.02 million) representing amount placed with JS Bank Limited, a subsidiary company.			



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**11.2** Included herein is a sum of Rs. 729.4 million (December 31, 2015: Rs. 999.19 million) representing amount placed with JS Bank Limited, a subsidiary company. These carry mark-up ranging between 3.00% and 6.25% (December 31, 2015: 3.00% and 6.50%) per annum.

## 12. SHARE CAPITAL

### 12.1 Authorised capital

2016	2015		Note	2016	2015
----- (Number of shares) -----				----- (Rupees in '000) -----	
<b>6,000,000,000</b>	6,000,000,000	Ordinary shares of Rs.10 each		<b>60,000,000</b>	60,000,000
<b>500,000,000</b>	500,000,000	Preference shares of Rs.10 each		<b>5,000,000</b>	5,000,000
<b>6,500,000,000</b>	6,500,000,000			<b>65,000,000</b>	65,000,000

### 12.2 Issued, subscribed and paid-up capital

2016	2015	Ordinary shares of Rs.10 each:		2016	2015
----- (Number of shares) -----				----- (Rupees in '000) -----	
		<b>Fully paid in cash</b>			
<b>205,072,990</b>	52,415,925	Opening balance		<b>2,050,730</b>	524,159
-	152,657,065	Issued during the year		-	1,526,571
<b>205,072,990</b>	205,072,990	Closing balance		<b>2,050,730</b>	2,050,730
<b>710,869,398</b>	710,869,398	<b>Fully paid bonus shares</b>		<b>7,108,694</b>	7,108,694
<b>915,942,388</b>	915,942,388			<b>9,159,424</b>	9,159,424

## 13. LONG TERM FINANCING

### Term Finance Certificates (TFCs)

#### Secured:

Seventh issue - listed on Pakistan Stock Exchange Limited

Eighth issue - listed on Pakistan Stock Exchange Limited

Ninth issue - Privately Placed

#### Term Loan from a Bank

Less: Current portion shown under current liabilities

13.1	-	249,448
13.2	<b>523,471</b>	644,192
13.3	<b>988,054</b>	-
	<b>1,511,525</b>	893,640
13.4	<b>433,739</b>	493,781
	<b>1,945,264</b>	1,387,421
	<b>290,941</b>	430,332
	<b>1,654,323</b>	957,089

**13.1** The Company exercised the Call Option in respect of TFC (30-10-2012) bearing symbol JSTFC6 in accordance with clause 3.16 of the Trust Deed dated June 14, 2012. The Option Redemption Date was April 30, 2016, on which date the Company redeemed in full the entire principal outstanding amount of Rs. 250 million along with accrued profit as of the said date and premium at the rate of 0.25% of the prepaid amount i.e. Rs. 125 million which was otherwise due on October 30, 2016.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

- 13.2** The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 175 basis points per annum. These TFCs have a tenor of five years i.e. 2014-2019 with a call option exercisable by the Company at any time on a coupon date during the tenor of the TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. The instrument is structured to redeem the principal in ten (10) stepped up semi-annual installments starting from the 6th month of the Issue Date. 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. 1,172.70 (December 31, 2015: Rs. 1,070.55) million to secure the outstanding principal with 35% margin. In the event of any sale and repurchase of marketable securities, the trustee 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.
- 13.3** The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 165 basis points per annum. These TFCs have a tenor of five years i.e. 2016-2021, including a grace period of twelve (12) months, with a call option exercisable by the Company at any time on a coupon date during the tenor of the TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. The instrument is structured to redeem the principal in eight (8) equal semi-annual installments starting from the 18<sup>th</sup> month of the Issue Date. 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. 1,812.42 million to secure the outstanding principal with 35% margin. In the event of any sale and repurchase of marketable securities, the trustee 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.
- 13.4** The mark-up on this term loan is payable semi-annually, based on the six month KIBOR average rate plus 150 basis points per annum. This loan has a tenor of five years i.e. 2015-2020 including a grace period of twelve (12) months. The principal is payable in eight (08) equal semi-annual installments starting from 18<sup>th</sup> month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 1,005.13 (December 31, 2015: Rs. 1,004.85) million with margin ranging from 30% to 40%.

### 14. DEFERRED TAX LIABILITY

	2016			
	Opening	Charge / (reversal) to profit and loss account	Charge to surplus on revaluation of investments / OCI	Closing
<b>Taxable temporary differences on:</b>	----- (Rupees in '000) -----			
Revaluation on investments classified as available for sale investments	-	-	<b>162,122</b>	<b>162,122</b>
	-	-	<b>162,122</b>	<b>162,122</b>

- 14.1** 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. The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 63.378 million (December 31, 2015: Rs. 43.46 million).



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

<b>15. TRADE AND OTHER PAYABLES</b>	<b>Note</b>	<b>2016</b> ----- <b>(Rupees in '000)</b> -----	<b>2015</b>
Creditors for purchase of shares		<b>58,251</b>	13,860
Accrued liabilities		<b>108,688</b>	140,028
Unclaimed dividend		<b>10,547</b>	10,647
Provision for Workers' Welfare Fund	23	<b>146,962</b>	129,212
Payable to Citibank Overseas Investment Corporation ("COIC")	15.1	<b>48,059</b>	-
Other liabilities		<b>2,072</b>	2,065
	15.2	<b>374,579</b>	295,812

**15.1** The Board of Directors of the Company in their meeting held on October 28, 2015 decided to pay a sum of Rs. 48.059 million to Citibank Overseas Investment Corporation ("COIC") which was part of the purchase consideration for the six million shares in Jahangir Siddiqui Investment Bank Limited (now merged into JS Bank Limited and formerly known as Citicorp Investment Bank Limited) pursuant to the terms of the agreement entered into between COIC and Jahangir Siddiqui & Co. Ltd. dated February 01, 1999 (Agreement). The amount was to be paid if and when JS Bank Limited (the successor company of Jahangir Siddiqui Investment Bank Limited) receives certain refunds which were pending at the time of execution of the Agreement. There will be no increase in the number of shares pursuant to the aforesaid payment which is being made in terms of the Agreement. Pursuant to the approval of the Board of Directors of the Company, the members of the Company in their Annual General Meeting held on April 11, 2016, also approved the payment to COIC, by way of special resolution under Section 208 of the Companies Ordinance, 1984, subject to the requisite regulatory permission(s).

The Company has recorded the liability payable to COIC as an expense since it did not fulfil the criteria to be recognized as an asset under currently applicable financial reporting framework.

**15.2** Includes payable to various related parties amounting to Rs. 105.9 (December 31, 2015: Rs. 93.86) million.

## **16. CONTINGENCIES AND COMMITMENTS**

<b>16.1 Commitments</b>	<b>2016</b> ----- <b>(Rupees in '000)</b> -----	<b>2015</b>
Commitment in respect of future sale transactions of listed equity securities	<b>280,072</b>	65,852

## **16.2 Contingencies**

**16.2.1** The Commissioner Inland Revenue-Appeals (CIR-Appeals) deleted the additions made as per orders passed under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) eliminating the resulting tax liability and restored the return versions for the tax years 2008 and 2009. The tax department filed appeals before the Appellate Tribunal Inland Revenue (ATIR) against the orders of CIR-Appeals. The ATIR also decided the subject matter in respect of tax years 2008 and 2009 in favour of the Company. However, appeal effect orders passed by the department in respect of aforesaid tax years resulted in refund of Rs. 11.02 million for the tax year 2009. Rectification applications for both the years were filed with the ACIR to allow appeal effect in accordance with the orders passed by the appellate forums. The rectification application for the tax year 2008 was rejected by the ACIR on the contention that another amended order under section 122(5A) as discussed below is in field and previous order is no more in the field. Against the rejection, appeal was filed with the CIR-Appeals which is pending.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**16.2.2** The Additional Commissioner of Inland Revenue – Audit Division (ACIR) had passed an order under section 122(5A) of the Ordinance in respect of the tax year 2008 and raised an undue demand of Rs. 96.48 million by unlawfully charging minimum tax at 0.5% under section 113 of the Ordinance on capital gains on sale of listed securities of Rs. 19,255.04 million despite the fact that such capital gains are treated under separate head of income as 'Capital Gains' and not as part of 'Income from Business'. Further, capital gains on sale of listed securities are not covered under the exclusive definition of 'turnover' stipulated in section 113 of the Ordinance. The Company filed an appeal against the above order before the CIR-Appeals. The CIR-Appeals, vide his order dated December 22, 2015, annulled the said order on the issue of charging of minimum tax under section 113 and treatment of capital gain on sale of listed securities as business income. Against the order of CIR-Appeals, the tax department has filed an appeal before the ATIR. The appeal is pending.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence, no provision for liability in this respect has been made in these financial statements.

**16.2.3** The ACIR issued order under section 122(5A) of the Ordinance in respect of tax year 2010 and created a demand of Rs. 63.49 million. Against the order, the Company filed rectification application on various grounds including credit for taxes of Rs. 54.10 million which was not given by the ACIR. After the rectification, the demand was reduced to Rs. 9.64 million. The Company also preferred appeal before the CIR-Appeals who confirmed the order of the ACIR. Aggrieved by the order of the CIR-Appeals, the Company preferred appeal before the ATIR. The ATIR heard the appeal on November 20, 2015 and remanded the case back to the department for de novo consideration i.e. for fresh proceedings because of the lack of thorough consideration of the relevant facts and circumstances as well as the business of the Company by the ACIR and the CIR-Appeals.

### 17. RETURN ON INVESTMENTS

#### Mark-up / interest income from:

##### Available for sale

Term Finance Certificates  
Government securities

##### Dividend income on:

Investments in subsidiary  
Financial assets at fair value through profit or loss - held of trading  
Available for sale investments

Note	2016 ------(Rupees in '000)-----	2015
	<b>4,087</b>	12,794
	<b>1,426</b>	13,249
	<b>5,513</b>	26,043
17.1	<b>174,450</b>	151,031
	<b>30,904</b>	14,296
17.1	<b>514,712</b>	437,042
	<b>720,066</b>	602,369
	<b>725,579</b>	628,412

**17.1** This includes dividend income from various related parties amounting to Rs. 650.21 million (December 31, 2015: Rs. 578.56 million).

### 18. GAIN ON SALE OF INVESTMENTS - net

Financial assets at fair value through profit or loss account - held of trading  
Available for sale

Note	2016 ------(Rupees in '000)-----	2015
	<b>(2,125)</b>	6,100
18.1	<b>79,662</b>	3,240,984
	<b>77,537</b>	3,247,084

**18.1** This includes net gain on sale of investments in related parties amounting to Rs. 70.79 million (December 31, 2015: Rs. 3,078.3 million).





# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
<b>19. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS</b>			
Interest on loan to employees		130	240
Return on term deposit receipts		20,703	74,473
Return on bank deposits		78,823	68,837
	19.1	<u>99,656</u>	<u>143,550</u>
<b>19.1</b>	This includes returns on balances with related party amounting to Rs. 78.81 million (December 31, 2015: Rs. 143.21 million).		
<b>20. OTHER INCOME</b>			
<b>Income from financial assets:</b>			
(Loss) / gain on remeasurement of derivatives through profit and loss - held for trading		(5,825)	174
<b>Income from non-financial assets:</b>			
Gain on sale of property and equipment		-	1,171
Participation fee		-	3,261
Rental income	20.1	43,896	39,805
		<u>38,071</u>	<u>44,411</u>
<b>20.1</b>	Included herein rental income of Rs. 43.75 (December 31, 2015: Rs. 38.63) million received from related parties in respect of lease and sub lease agreements.		
<b>21. OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	21.1 - 21.3	42,985	42,543
Telephone, fax, telegram and postage		231	538
Vehicle running		1,081	1,200
Fee for directors / committee meetings		3,629	5,517
Utilities		1,272	1,364
Newspapers and periodicals		25	20
Conveyance and travelling		3,342	2,923
Repairs and maintenance		2,761	3,000
Computer expenses		346	7,170
Auditors' remuneration	21.4	2,126	2,000
Royalty fee	21.5	9,900	9,900
Consultancy fee		1,800	1,806
Advisory fee	21.6	38,667	28,057
Legal and professional charges		22,364	17,486
Printing and stationery		2,653	1,433
Rent, rates and taxes		39,214	34,594
Insurance		1,770	1,764
Entertainment		180	194
Advertisement		736	938
Depreciation	21.7	2,747	3,134
Fees and subscription		23,012	12,977
Donations	21.8	10,000	50,000
Brokerage and commission expense		3,956	7,683
Clearing fees		2,435	5,549
Others	15.1	48,059	-
		<u>265,291</u>	<u>241,790</u>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**21.1** Salaries and benefits include Rs. 2.01 million (December 31, 2015: Rs. 1.78 million) in respect of employee retirement benefits.

	2016	2015
<b>21.2</b> Number of employees at the end of the year	22	22
Average number of employees during the year	22	22

**21.3** The Company's staff retirement benefits includes provident fund - a defined contribution plan. The Company has established a separate provident fund. The information related to the provident fund as at June 30, 2016 which is the accounting year of the fund) based on financial statements audited by another firm of chartered accountants is as follows:

	June 30, 2016	June 30, 2015
Number of employees	20	19
Size of provident fund (Rupees in '000) - Total assets	35,752	29,300
Cost of investment made (Rupees in '000)	4,594	21,272
Percentage of investment made	13%	73%
Fair value of investment (Rupees in '000)	4,704	22,365
<b>Breakup of investment - at fair value:</b>		
- Term finance certificates		
Amount of investment (Rupees in '000)	2,037	4,271
Percentage of size of investment	6%	15%
- Balance in listed equity securities		
Amount of investment (Rupees in '000)	2,666	1,388
Percentage of size of investment	7%	5%
- Investment in Government Securities		
Amount of investment (Rupees in '000)	-	16,706
Percentage of size of investment	-	57%
- Balances in scheduled banks		
Amount of cash balances (Rupees in '000)	30,813	6,872
Percentage of size of total assets of Provident Fund	86%	23%

Investments out of the Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the Rules formulated for this purpose.

	2016	2015
	----- (Rupees in '000) -----	
<b>21.4 Auditors' remuneration</b>		
Annual audit fee	1,500	1,500
Half-yearly review fee	200	200
Certifications and other services	100	193
Out of pocket expenses	182	107
Others	144	-
	<b>2,126</b>	<b>2,000</b>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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

**21.6** This represents amount paid to individuals and a director for advisory services rendered in terms of their respective advisory agreements duly approved by the Board of Directors.

	Note	2016 ------(Rupees in '000)-----	2015
<b>21.7 Depreciation</b>			
Operating assets	4	2,627	3,008
Investment property	5	120	279
		<u>2,747</u>	<u>3,287</u>

**21.8** This represents donation to Future Trust (related party), wherein Mr. Suleman Lalani and Mr. Kalim-ur-Rahman (2015: Mr. Suleman Lalani and Mr. Ali J. Siddiqui) are trustees who are Chief Executive Officer and Director respectively of the Company. The registered office of the donee i.e. Future Trust is located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

	2016 ------(Rupees in '000)-----	2015
<b>22. FINANCE COST</b>		
Mark-up on long term financing	144,672	165,054
Bank charges	10	11
	<u>144,682</u>	<u>165,065</u>

## 23. PROVISION FOR WORKERS' WELFARE FUND

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

Aggrieved by the amendments made through the Finance Act, 2008, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the WWF Ordinance in 2011. However, the Honorable High Court of Sindh in the year 2013 did not accept the above arguments and declared the amendments made through Finance Act as valid. Both these decisions were later challenged in the Honorable Supreme Court of Pakistan.

During the year, the Honourable Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, declaring the amendments introduced through the Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing.

In view of the above developments regarding the applicability of Federal WWF, the Company sought a legal opinion to conclude on the reversal of Federal WWF provision. However, based on legal advice, the Company has decided to retain the provision for WWF in the financial statements.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh WWF Act, 2014. As per Sindh WWF Act, 2014, financial institutions are liable to pay Sindh WWF. The Company, based on the legal opinion, believes that it cannot be concluded at this stage that a company should not to be treated as a financial institution. On a prudent basis, the Company has recognised full provision in the financial statements in respect of Sindh WWF.

	Note	2016 ----- <b>(Rupees in '000)</b> -----	2015
<b>24. (REVERSAL OF) / PROVISION FOR IMPAIRMENT - NET</b>			
Subsidiaries	6.1.1 & 6.1.2	<b><u>(351,238)</u></b>	<u>439,226</u>
<b>25. TAXATION</b>			
<b>25.1 Reconciliation of tax charge for the year</b>			
Profit before taxation		<b><u>869,740</u></b>	<u>3,154,422</u>
Tax at the applicable tax rate of 31% (December 31, 2015: 32%)		<b>269,619</b>	1,009,415
Tax effect of income under FTR and differential in tax rates		<b>(247,275)</b>	(926,122)
Tax effect of amount relating to prior year		<b>89,461</b>	(1,746)
Tax charge on permanent differences		<b>132,530</b>	265,283
Tax charge on temporary differences		<b>5,761</b>	(230)
Tax losses utilised		-	(23,426)
Others		<b>(2,397)</b>	274
		<b><u>247,699</u></b>	<u>323,448</u>

### 25.2 Current status of tax assessments

Income tax returns for the tax year up to 2015 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001, except for tax years 2008, 2009 and 2010 which have been disclosed in note 16.

### 25.3 Super tax

Super tax liability for the tax year 2016 levied through enactment of Finance Act, 2016 which became applicable from July 01, 2016. Since the Company follows a special tax year, therefore super tax payable under section 4B of the Income Tax Ordinance, 2001, for the year ended December 31, 2015 (tax year 2016) is recognized during the period.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	----- (Rupees in '000) -----	
<b>26. EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit after taxation attributable to ordinary shareholders	<b>622,041</b>	2,830,974
	----- (Number in '000) -----	
Weighted average number of ordinary shares outstanding during the year	<b>915,942</b>	842,476
<b>Earnings per share:</b>	----- (Rupees) -----	
Basic and diluted	<b>0.68</b>	3.36
<b>27. CASH AND CASH EQUIVALENTS</b>	----- (Rupees in '000) -----	
Cash and bank balances	<b>730,182</b>	2,000,658

## 28. RELATED PARTY TRANSACTIONS

Related parties comprise of subsidiaries, associates, joint ventures, companies under common directorship, directors and key management personnel (including their associates). The Company carries out transactions with related parties at agreed terms. 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 29. The names, relationships and transactions with subsidiaries, associates, jointly controlled entities not mentioned elsewhere in these unconsolidated financial statements are as follows:

<b>TRANSACTIONS</b>	2016	2015
	----- (Rupees in '000) -----	
<b>Subsidiary and Sub-subsidiary Companies:</b>		
Brokerage expense	<b>4,942</b>	9,550
Bank charges paid	<b>10</b>	4
Dividend received	<b>174,450</b>	151,031
Purchase of government securities	-	5,597,021
Sale of government securities	<b>26,300</b>	3,623,501
Investment in Term Deposit Receipts	<b>4,400,000</b>	5,500,000
Maturity of Term Deposit Receipts	<b>4,900,000</b>	4,500,000
Capital gain tax paid for onward submission to NCCPL	<b>3,582</b>	266,596
Capital gain tax refund	<b>2,016</b>	-
Bankers to the right issue commission paid	-	804
Mark-up paid on TFCs issued by the Company	<b>5,930</b>	13,753
Market maker fee paid	<b>472</b>	518
Rent income	<b>43,665</b>	39,822
TFC principal repaid	<b>14,000</b>	-
Subscription of right shares	<b>1,000,000</b>	-
Investment in subsidiary	<b>10</b>	-
Advisory and arrangement fee paid	<b>11,600</b>	-
Profit received on deposits accounts	<b>79,326</b>	-
Profit received on term deposit receipts	<b>25,498</b>	-
Reimbursement of expenses to the Company	<b>23,033</b>	19,411
Reimbursement of expenses by the Company	<b>350</b>	425
Capital gain tax tariff paid	<b>50</b>	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	2016	2015
	----- (No. of shares) -----	
Right shares subscribed	100,000,047	-
Shares received on incorporation	1,000	
	----- (Rupees in '000) -----	
<b>Common Directorship:</b>		
Dividend income	-	19,488
Payment against subscription of right shares	-	918,416
Donation paid	40,000	16,635
Underwriting commission received	-	1,440
Reimbursement of expenses to the Company	217	436
	----- (No. of shares) -----	
Sale of shares	378,000	120,300,000
Shares received against right subscription	-	91,841,563
	----- (Rupees in '000) -----	
<b>Other Related Parties:</b>		
Insurance refund / cancellation	1	44
Insurance claim received	-	1,430
Dividend income	516,834	408,042
Contributions to Staff Provident Fund	4,016	3,583
Interest / mark-up paid	5,049	13,943
Principal redemptions made against TFCs	34,263	33,700
Insurance premium paid	1,672	1,913
Royalty paid	9,075	10,725
Advisory fee paid	5,500	6,500
Investment in right shares	-	382,293
Amount received against issuance of right shares	-	935,000
Tax on bonus shares	53,649	-
	----- (No. of shares) -----	
Purchase of shares	2,063,500	-
Sale of shares	3,030,500	55,626,860
Bonus shares received	8,016,930	-
Shares received against subscription of right shares	-	38,229,300
Shares issued against subscription of right shares	-	93,500,016



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	----- (Rupees in '000) -----	
<b>Key management personnel:</b>		
Interest on long term loans to executives	70	142
Loans and advances disbursed during the year	200	650
Loan and advances repaid by executives	937	1,223
Proceeds from sale of vehicles	-	326
Amount received against issuance of right shares	-	16,815
Reimbursement from CEO and Executives	10	-
Reimbursement of expenses to directors	1,796	1,421
	----- (No. of shares) -----	
Shares issued against subscription of right shares	-	1,681,484
<b>BALANCES</b>		
	----- (Rupees in '000) -----	
<b>Subsidiary and Sub-Subsidiary Companies</b>		
Receivable against expenses incurred on their behalf	9,737	1,245
Cash at bank accounts	730,149	999,214
Investment in term deposit receipt	-	1,000,000
Profit receivable on deposit accounts and term deposit receipts	5,144	10,593
Mark-up payable on TFC issued by the company	380	2,290
Principal outstanding of TFC's issued by the company	21,000	118,200
Payable against purchase of equity securities - net	52,763	13,860
<b>Common directorship</b>		
Donation Payable	50,000	80,000
<b>Other Related Parties</b>		
Principal outstanding of TFCs issued by the company	39,900	74,163
Mark-up payable on TFCs issued by the company	723	1,341
<b>Key management personnel</b>		
Loans and advances	768	1,411
Payable to directors for attending director / committee meetings	350	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 29. 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:

	Director		Chief Executive		Executives	
	2016	2015	2016	2015	2016	2015
	----- (Rupees in '000) -----					
Managerial remuneration	-	-	9,900	9,000	7,393	4,935
House rent allowance	-	-	-	-	2,957	1,974
Utilities allowance	-	-	-	-	451	234
Advisory fee	6,000	6,000	-	-	-	-
Contribution to provident fund	-	-	990	900	680	462
Medical	-	-	990	900	355	260
Bonus	-	-	10,000	10,000	3,510	2,700
Reimbursable expenses	-	-	-	-	47	103
	<b>6,000</b>	<b>6,000</b>	<b>21,880</b>	<b>20,800</b>	<b>15,393</b>	<b>10,668</b>
Number of persons	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>4</b>

29.1 The Company has also provided the CEO and certain executives with Company maintained cars.

29.2 The Company has paid Rs. 3.63 (December 31, 2015: Rs. 5.52) million to directors as fee for directors meeting.

## 30. 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 Committee, ultimately responsible for the management of risk associated with the Company's activities, has 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.

### 30.1 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, investments, cash and bank balances 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.

The sensitivity has been prepared for the year ended December 31, 2016 and December 31, 2015 using the amounts of financial assets and liabilities held as at those balance sheet dates.





# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 30.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows 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:

### Sensitivity analysis for variable rate instruments

Presently, the Company holds interest rate bearing bank deposits and term finance certificates that expose the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2016 with all other variables held constant, the net assets and income of the Company for the year would change as follows:

December 31, 2016				
Carrying Amount	Increase / (decrease) in basis points	Effect on profit before tax	Effect on other comprehensive income before tax	
(Rupees in '000)		----- (Rupees in '000) -----		
Bank deposits - asset	730,182	100	7,302	-
		(100)	(7,302)	-
Term Finance Certificates - liability	1,511,525	100	15,115	-
		(100)	(15,115)	-
Long term loan - liability	433,739	100	4,337	-
		(100)	(4,337)	-
December 31, 2015				
Carrying Amount	Increase / (decrease) in basis points	Effect on profit before tax	Effect on other comprehensive income before tax	
(Rupees in '000)		----- (Rupees in '000) -----		
Bank deposits - asset	999,702	100	9,997	-
		(100)	(9,997)	-
Term Finance Certificates - liability	893,640	100	8,936	-
		(100)	(8,936)	-
Long term loan - liability	493,781	100	4,938	-
		(100)	(4,938)	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## 30.1.2 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.

## 30.1.3 Equity price risk

Equity price risk is the risk that the fair value of 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 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.

### Fair value sensitivity analysis

The following table summarizes the Company's equity price risk as of December 31, 2016 and December 31, 2015. 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 affect profit and equity of the Company in a similar but opposite manner.

	Fair Value	Price change	Effect on profit before tax	Effect on other comprehensive income before tax
	(Rupees in '000)		(Rupees in '000)	
<b>December 31, 2016</b>	<b>18,247,374</b>	<b>5% change</b>	<b>14,179</b>	<b>898,190</b>
December 31, 2015	18,035,023	5% change	3,261	898,491

## 30.2 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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	December 31, 2016			
	Carrying amount	Contractual cash flows	Up to one year	Over one year to five years
----- (Rupees in '000) -----				
<b>Financial liabilities</b>				
Long term financing	1,945,264	1,962,500	418,750	1,543,750
Trade and other payables	227,617	230,205	230,205	-
Accrued interest / mark-up on borrowings	26,847	26,847	26,847	-
	<b>2,199,728</b>	<b>2,219,552</b>	<b>675,802</b>	<b>1,543,750</b>

	December 31, 2015			
	Carrying amount	Contractual cash flows	Up to one year	Over one year to five years
----- (Rupees in '000) -----				
<b>Financial liabilities</b>				
Long term financing	1,387,421	1,655,414	1,109,296	546,118
Trade and other payables	166,600	166,600	166,600	-
Accrued interest / mark-up on borrowings	36,638	36,638	36,638	-
	<b>1,590,659</b>	<b>1,858,652</b>	<b>1,312,534</b>	<b>546,118</b>

### 30.3 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 analysis summarizes the Company's maximum exposure to credit risk:

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For the year ended December 31, 2016

	2016	2015
	----- (Rupees in '000) -----	
Loans and advances	2,152	2,835
Long term security deposits	804	779
Interest accrued and other receivables	19,043	15,965
Cash and bank balances	730,182	2,000,620

The analysis below summarises the credit quality of the Company's liquid portfolio as on December 31, 2016:

Bank balances and term deposits rating by Rating Category	2016	2015
AAA	0.02%	0.03%
A1 to A1+	99.98%	99.97%
	<u>100.00%</u>	<u>100.00%</u>

## Collaterals held and other credit enhancements, and their financial effect

The Company holds collateral against the loans it gives to the employees. The table below sets out the principal type of collateral held against different types of loans.

Type of credit exposure	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	2016	2015	
<b>Loans to employees</b>			
House loans	100%	100%	Mortgage on property purchased Cheque equivalent to the amount of loan disbursed in favour of the Company
Other loans	100%	100%	

### 30.4 Operational risk

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

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

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

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

## 30.5 Capital Risk Management

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

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

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

The gearing ratios as at December 31, 2016 and December 31, 2015 were as follows:

	2016	2015
	----- (Rupees in '000) -----	
Long term financing	1,945,264	1,387,421
Trade and other payables	374,579	295,812
Accrued interest / mark-up on borrowings	26,847	36,638
<b>Total debt</b>	<b>2,346,690</b>	1,719,871
Cash and bank balances	730,182	2,000,658
<b>Net debt / (surplus)</b>	<b>1,616,508</b>	(280,787)
Share capital	9,159,424	9,159,424
Reserves	20,895,106	16,142,424
<b>Equity</b>	<b>30,054,530</b>	25,301,848
<b>Capital</b>	<b>31,671,038</b>	25,021,061
<b>Gearing ratio</b>	<b>5.10%</b>	-

The Company finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. A significant increase in the gearing ratio resulted primarily from the fact that the Company issued TFC 9 in current year. Last year, 20% right issue was made which improved the liquidity position and gearing ratio of the Company.

## 31. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 31.1 Fair value of financial instruments

Financial assets which are tradeable 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)

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>Available for sale investments</b>				
Equity securities	22,816,371	-	100,986	22,917,357
<b>Fair value through profit and loss - held for trading</b>				
Listed Equity Securities	283,583	-	-	283,583
Derivative liability	(5,825)	-	-	(5,825)
	277,758	-	-	277,758
	<b>23,094,129</b>	<b>-</b>	<b>100,986</b>	<b>23,195,115</b>
	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>Available for sale investments</b>				
Equity securities	17,969,812	-	-	17,969,812
Government securities	-	25,643	-	25,643
	17,969,812	25,643	-	17,995,455
<b>Fair value through profit and loss - Held for trading</b>				
Listed Equity Securities	65,211	-	-	65,211
Derivative asset	174	-	-	174
	65,385	-	-	65,385
	<b>18,035,197</b>	<b>25,643</b>	<b>-</b>	<b>18,060,840</b>



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**32. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on March 06, 2017 by the Board of Directors of the Company.

**33. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive

# Directors' Report to the Shareholders on Consolidated Financial Statements

I am pleased to present to you the Annual Report on the audited consolidated financial statements of Jahangir Siddiqui & Co. Ltd. ("the Company") and its subsidiaries ("the Group") and auditors' report thereon for the year ended December 31, 2016 on behalf of the Board of Directors of the Company.

## **MANAGEMENT'S DISCLOSURE OF FINANCIAL RESPONSIBILITY**

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

These consolidated financial statements and notes are prepared in accordance with approved accounting standards as applicable in Pakistan and the Companies Ordinance, 1984. 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 ("BAC") 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. BAC is comprised of three Directors and operates under the terms of reference approved by the Board.

## **CONSOLIDATED FINANCIAL STATEMENTS**

During the year, the Group has reported considerable improvement in its assets base which increased to PKR 293,676 million as at December 31, 2016 from PKR 239,711 million as at December 31, 2015. The shareholders' equity also increased to PKR 43,359 million as of the year end as compared to PKR 37,321 million posted last year.

During the year, the Group reported net profit of PKR 2,980 million for the year ended December 31, 2016 as compared to PKR 5,624 million for the year ended December 31, 2015.

The total income has decreased by 47% over the last year mainly on account of decrease in return on investments and lower capital gain on sale of investments earned during the year under review.

The administrative and other expenses have increased to PKR 7,789 million i.e. enhanced by 13% over the last year. Impairment expense has also increased to PKR 415 million. Nevertheless, finance cost has decreased to PKR 9,325 million i.e. declined by 3.68%.





(PKR in '000)

Profit before taxation	4,583,755
Less: Taxation	
- Current	1,319,849
- Prior	178,665
- Deferred	105,058
	1,603,572
<b>Profit for the year</b>	<b>2,980,183</b>
Profit attributable to non-controlling interests	(818,169)
<b>Profit for the year attributable to ordinary shareholders</b>	<b>2,162,014</b>

Basic and diluted earnings per share is PKR 2.36.

## PERFORMANCE OF KEY INVESTMENTS

### JS Bank Limited (subsidiary)

During the year, JS Bank Limited ("JSBL") witnessed remarkable performance by posting admirable results and continued on growth trajectory.

JS Bank continues to grow its market share in terms of Deposits, Assets, Alternative Delivery Channels (ADC), bancassurance and home remittances. Core equity of JSBL expanded to PKR 15,427 million as at December 31, 2016, a growth of 13.70% over the previous year, due to improved profitability.

JSBL has made significant investments in its franchise and continued growth in branches which stood at 306 as at December 31, 2016 from 277 as at December 31, 2015 by adding 29 new branches reaching 306 branches in 152 cities across Pakistan. JS Bank also received a banking license in Bahrain and its Wholesale Banking Branch was inaugurated in Bahrain in January 2016.

Key figures are mentioned below:

	PKR in Million		
	2016	2015	Growth
Deposits	226,099	141,840	59%
Total Assets	265,883	218,476	22%
Investments – net	133,727	116,030	15%
Advances – net	93,794	76,666	23%
Net interest / markup income	5,376	4,774	13%
Profit before tax	3,390	3,174	07%
Profit after tax	2,077	2,025	03%

On February 23, 2017 the Bank has announced preference dividend at the rate of 12% per annum to the preference shareholders of the Bank for the year ended December 31, 2016.

### **JS Investments Limited (Sub-Subsidiary)**

JS Investments Limited ("JSIL") reported profit after tax of PKR 200 million during the year ended December 31, 2016 as compared to profit after tax of PKR 174 million for the year ended December 31, 2015. The assets under management were PKR 13,520 million for the year ended December 31, 2016.

The shareholders equity of JSIL increased to PKR 2,574 million for the year ended December 31, 2016 from PKR 2,108 million for the year ended December 31, 2015. This was mainly due to an increase in investments which resulted in increase in the breakup value per share for the year end to PKR 32.10 per share from PKR 26.29 per share over the comparative period last year.

On February 14, 2017 the Company has announced dividend at the rate of 5% per annum to the shareholders of the Company for the year ended December 31, 2016.

### **JS Global Capital Limited (Sub-Subsidiary)**

JS Global Capital Limited ("JSGCL") posted profit after tax of PKR 171 million for the year ended December 31, 2016 as compared to PKR 251 million during the year ended December 31, 2015. The operating revenue declined to PKR 464 million i.e. a decrease of 6.3% over the last year. Further, JSGCL has incurred PKR 499 million for the year under review in respect of administrative and operating expenses owing to opening of new branches in an effort to increase its retail client base.

During the year, JSGCL bought back 11,993,000 shares from its shareholders which resulted in an increased in effective shareholding of the Group to 47.29% from 35.95% reported for the year ended December 31, 2015.

The Company is focused on maintaining its growth momentum in the long run. Management is acutely monitoring its resources to reap the maximum benefits for its shareholders. This involves optimizing revenue generation from treasury management, core brokerage and fee based operations whilst at the same time rationalizing its cost base.

### **PATTERN OF SHAREHOLDING**

The Statement of Pattern of Shareholding as on December 31, 2016 is annexed to this report.

**For and on behalf of the  
Board of Directors**

**Chief Justice (R) Mahboob Ahmed**  
Chairman

Karachi: March 06, 2017

۲۳ فروری ۲۰۱۷ء کو بینک نے ۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال کیلئے ترجیحی حصص یافتگان میں ترجیحی تقسیم شدہ منافع ۱۲ فیصد کی شرح سے دینے کا اعلان کیا۔

### جے ایس انوسٹمنٹس لمیٹڈ (ذیلی ادارہ)

جے ایس انوسٹمنٹس لمیٹڈ ("JSIL") کے ۳۱ دسمبر ۲۰۱۶ء میں ختم ہونے والے سال کا منافع بعد از ٹیکس ۲۰۰ ملین روپے رہا جبکہ ۳۱ دسمبر ۲۰۱۵ء میں منافع بعد از ٹیکس ۱۷۷ ملین روپے تھا۔ ۳۱ دسمبر ۲۰۱۶ء میں زیر انتظام اثاثے (AUMs) ۱۳,۵۲۰ ملین روپے رہے۔

JSIL کے حصص یافتگان کی ایکویٹی ۳۱ دسمبر ۲۰۱۶ء کو بڑھ کر ۲,۵۷ ملین روپے ہو گئی جبکہ ۳۱ دسمبر ۲۰۱۵ء میں ۲,۱۰۸ ملین روپے تھی۔ اس کی بنیادی وجہ سرمایہ کاری میں اضافہ ہے جس کے نتیجے میں بریک اپ و بلیوئی حصص پچھلے سال کے مقابلے میں ۲۶.۲۹ روپے فی حصص سے بڑھ کر ۳۲.۱۰ روپے فی حصص ہو گئی۔

۳۱ فروری ۲۰۱۷ء کو کمپنی نے ۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال کے لئے حصص یافتگان میں تقسیم شدہ منافع ۱۵ فیصد کی شرح سے دینے کا اعلان کیا ہے۔

### جے ایس گلوبل کیپیٹل لمیٹڈ (ذیلی ادارہ)

جے ایس گلوبل کیپیٹل لمیٹڈ ("JSGCL") کے ۳۱ دسمبر ۲۰۱۶ء میں ختم ہونے والے سال کا منافع بعد از ٹیکس ۱۷۱ ملین روپے رہا جبکہ ۳۱ دسمبر ۲۰۱۵ء کو ۲۵۱ ملین روپے تھا۔ کاروبار چلانے سے حاصل ہونے والی آمدنی میں ۲۶۴ ملین روپے کی کمی یعنی گزشتہ سال سے ۳ فیصد کمی ہوئی۔ علاوہ ازیں JSGCL نے نئے سال کے دوران ۲۹۹ ملین روپے کے انتظامی اور آپریشن اخراجات نئی شاخوں کو افتتاح کرنے کی مدد میں کئے یہ کوشش کلائنٹ بیس (Client Base) کو بڑھانے کے لئے کی گئی ہے۔

سال کے دوران JSGCL نے حصص یافتگان سے ۱۱,۹۹۳,۰۰۰ حصص واپس خریدے جس کے نتیجے میں ۳۱ دسمبر ۲۰۱۵ء کو بنائی گئی موثر ہولڈنگ ۳۵.۹۵ فیصد سے بڑھ کر ۴۷.۲۹ فیصد ہو گئی۔

کمپنی کی توجہ طویل عرصے تک ترقی کی رفتار برقرار رکھنے پر مرکوز ہے انتظامیہ اپنے وسائل کی سختی سے جانچ کر رہی ہے تاکہ اس کے حصص یافتگان کو زیادہ سے زیادہ فائدہ حاصل ہو اس میں امور خزانہ کی طرف سے محصول آمدنی کا صحیح استعمال، بروکریج اور نی بیس آپریشن اور بیک وقت اخراجات کی بنیاد کو درست رکھنا بھی شامل ہے۔

### طرز حصص داری

۳۱ دسمبر ۲۰۱۶ء کے اختتام پر کمپنی کی طرز حصص داری کی اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

برائے اور منجانب

بورڈ آف ڈائریکٹرز

چیف جسٹس (ریٹائرڈ) محبوب احمد

چیئر مین

کراچی: ۶ مارچ ۲۰۱۷ء

روپے ۱۰۰۰

۲,۵۸۳,۷۵۵	قبل از ٹیکسیشن منافع
	کٹوتی: ٹیکسیشن
۱,۳۱۹,۸۴۹	موجودہ سال
۱۷۸,۶۶۵	پچھلا سال
۱۰۵,۰۵۸	ملتی شدہ
۱,۶۰۳,۵۷۲	
۲,۹۰۸,۱۸۳	سال کے لئے خالص منافع
(۸۱۸,۱۶۹)	غیر کنٹرولنگ دلچسپی سے منسوب منافع
۲,۱۶۲,۰۱۴	نام حصص یافتگان سے منسوب سال کا منافع

بیسک (Basic) اور ڈائلوٹڈ (Diluted) کا منافع فی حصص ۲۳۶ روپے رہا۔

اہم سرمایہ کاری کی کارکردگی

بے ایس بینک لمیٹڈ (ذیلی ادارہ)

سال کے دوران بے ایس بینک لمیٹڈ ("JSBL") نے قابل ذکر کارکردگی کا مظاہرہ کیا اور ترقی کی راہ پر اپنا سفر جاری رکھا۔

بے ایس بینک کے مارکیٹ شیئر میں اضافہ ذخائر، اثاثوں، متبادل ترسیل چینلز (Alternative Delivery Channels)، بیکائٹس اور گھریلو ترسیلات زر کے لحاظ سے ہوا۔ JSBL کی بنیادی ایکویٹی میں ۳۱ دسمبر ۲۰۱۶ء کو ۱۵,۴۲۷ ملین روپے کا اضافہ ہوا، بہتر منافع کی وجہ سے پچھلے سال کے مقابلے میں ۱۳ فیصد کی ترقی ہوئی۔

JSBL نے اپنے فری چانز میں قابل ذکر سرمایہ کاری کی اور شاخوں میں مسلسل ترقی کی بنیاد پر ۳۱ دسمبر ۲۰۱۶ء کو ۳۰۶ شاخیں ہو گئیں جبکہ ۳۱ دسمبر ۲۰۱۵ء میں ۲۷۷ شاخیں تھیں اس طرح ۲۹ نئی شاخیں شامل کر کے ۳۰۶ شاخوں پر پہنچ گئے جو پاکستان بھر میں ۱۵۲ شہروں میں ہیں۔ بے ایس بینک نے بحریں میں بھی بینکاری کا ایک لائسنس حاصل کیا اور جنوری ۲۰۱۶ء میں ہول سیل بینکاری شارخ کا افتتاح کیا۔

اہم اعداد و شمار درج ذیل ہیں:

----- ملین روپے -----

نمونہ	۲۰۱۵	۲۰۱۶	
۵۹ فیصد	۱۴۱,۸۴۰	۲۲۶,۰۹۹	ذخائر
۲۲ فیصد	۲۱۸,۴۷۶	۲۶۵,۸۸۳	کل اثاثے
۱۵ فیصد	۱۱۶,۰۳۰	۱۳۳,۷۲۷	خالص سرمایہ کاری
۲۳ فیصد	۷۶,۶۶۶	۹۳,۷۹۴	خالص پیشگی
۱۳ فیصد	۴,۷۷۴	۵,۳۷۶	خالص منافع امارک اپ آمدنی
۷ فیصد	۳,۱۷۴	۳,۳۹۰	منافع قبل از ٹیکس
۳ فیصد	۲,۰۲۵	۲,۰۷۷	منافع بعد از ٹیکس

## حصص یافتگان کے لئے مجموعی مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

یہ امر میرے لئے باعث مسرت ہے کہ میں ۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال کے لئے جہانگیر صدیقی اینڈ کمپنی لمیٹڈ اور اسکی ذیلی کمپنیوں (گروپ) کی سالانہ رپورٹ میں آڈٹ شدہ مجموعی مالیاتی گوشواروں کے ہمراہ آڈیٹرز کی رپورٹ منجانب بورڈ آف ڈائریکٹرز آپ کی خدمت میں پیش کر رہا ہوں۔

### انتظامیہ کا مالیاتی ذمہ داری پر اظہار

کمپنی کی انتظامیہ سالانہ رپورٹ میں دیئے گئے مجموعی مالیاتی گوشواروں اور متعلقہ نوٹس (notes) کی تیاری کی ذمہ دار ہے۔

یہ مجموعی مالیاتی گوشوارے اور نوٹس منظور شدہ اکاؤنٹنگ اسٹینڈرڈز جو پاکستان میں قابل اطلاق ہیں اور کمپنیز آرڈیننس ۱۹۸۴ء کے مطابق تیار کئے گئے ہیں۔ سالانہ رپورٹ میں دیئے گئے دیگر مالیاتی اعداد و شمار مجموعی مالیاتی گوشواروں میں دیئے گئے اعداد و شمار کے مطابق ہیں۔ کمپنی کی اکاؤنٹنگ پالیسیاں رپورٹ کئے گئے نتائج کو سمجھنے کیلئے لازمی ہیں۔ اکاؤنٹنگ پالیسیاں مالی گوشواروں کے نوٹس میں تفصیل سے بیان کی گئی ہیں۔ اثاثوں اور واجبات کی قدر کے تعین میں کمپنی کی سب سے زیادہ پیچیدہ اکاؤنٹنگ پالیسیوں کیلئے انتظامیہ کے اندازوں کی ضرورت ہوتی ہے۔ کمپنی نے قدر کے تعین کے طریقوں کو منصفانہ، اچھی طرح سے کنٹرول کرنے اور مسلسل استعمال کرنے کیلئے تفصیلی پالیسیاں اور کنٹرول کے طریقہ کار کو قائم کیا ہے۔

بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی ("BAC") ادارے کے مالیاتی گوشواروں، کنٹرول کے نظام کی سالمیت اور خود مختاری اور اسکے داخلی اور خود مختار آڈیٹرز کی کارکردگی کی نگرانی کی ذمہ دار ہے۔ BAC تین ڈائریکٹرز پر مشتمل ہے اور بورڈ کی طرف سے منظور شدہ تقرری کے شرائط کے تحت کام کرتی ہے۔

### مجموعی مالیاتی گوشوارے

رواں سال کے دوران گروپ کے مجموعی اثاثوں میں خاطر خواہ بہتری آئی جو کہ ۳۱ دسمبر ۲۰۱۵ء کو ۱۱,۷۱,۳۳۹ ملین روپے سے بڑھ کر ۳۱ دسمبر ۲۰۱۶ء کو ۶,۶۷,۲۹۳ ملین روپے ہو گئے۔ حصص یافتگان کی ایکویٹی بھی گزشتہ سال کے مقابلے میں ۳۲,۳۲۱ ملین روپے سے بڑھ کر اس سال ۳۳,۳۵۹ ملین روپے ہو گئی۔

۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے سال کے دوران گروپ نے ۲,۹۸۰ ملین روپے کا خالص منافع حاصل کیا جو کہ ۳۱ دسمبر ۲۰۱۵ء کی تقابلی مدت میں ۵,۶۲۳ ملین روپے تھا۔ سال کے دوران کل آمدنی میں گزشتہ سال سے ۳۷ فیصد کمی ہوئی جس کی بنیادی وجہ سرمایہ کاری کے منافع میں کمی اور سرمایہ کاری کے فروخت پر حاصل ہونے والے حاصلات سرمایہ میں کمی ہے۔

انتظامی اور دیگر اخراجات میں ۷۸۹ ملین روپے سے اضافہ ہوا یعنی پچھلے سال سے ۱۳ فیصد بڑھ گیا۔ امپائرمنٹ (Impairment) اخراجات بھی بڑھ کر ۲۱۵ ملین روپے ہو گئے۔ تاہم مالی اخراجات میں ۹,۳۲۵ ملین روپے کی کمی یعنی ۳۶۸ فیصد سے کمی ہوئی۔

# Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Jahangir Siddiqui & Co. Ltd. (the Holding Company) and its subsidiary companies (together referred to as "the Group") as at December 31, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Jahangir Siddiqui & Co. Ltd. and its subsidiary companies namely JS Bank Limited, JS Global Capital Limited, JS Investments Limited, JS ABAMCO Commodities Limited, Energy Infrastructure Holding (Private) Limited and Quality Energy Solutions (Private) Limited except for JS Infocom Limited and JS International Limited which were audited by other firms of auditors whose reports 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.

These consolidated 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 in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at December 31, 2016 and the results of their operations for the year then ended.

The consolidated financial statements of the Group for the year ended December 31, 2015 were audited by another firm of chartered accountants whose report dated 03 March 2016 expressed an unqualified opinion thereon.

## **EY Ford Rhodes**

Chartered Accountants

## **Engagement Partner:**

Shabbir Yunus

**Date:** March 06, 2017

**Place:** Karachi

# Consolidated Financial Statements

# CONSOLIDATED BALANCE SHEET

As at December 31, 2016

ASSETS	Note	2016 ----- (Rupees in '000) -----	2015
<b>Non-current assets</b>			
Property and equipment	7	4,313,201	3,027,113
Intangible assets	8	318,084	321,822
Investment property	9	1,900	2,020
Long term investments	10	68,958,456	88,967,268
Long term loans, advances, prepayments and other receivables	11	7,911,929	4,545,534
Assets repossessed	12	93,940	182,455
Long term deposits		14,199	11,585
		<b>81,611,709</b>	97,057,797
<b>Current assets</b>			
Short term investments	14	92,091,735	46,664,723
Trade debts	15	1,720,157	800,847
Loans and advances	16	85,914,500	72,147,603
Accrued mark-up	17	2,414,896	4,618,665
Short-term prepayments, deposits and other receivables	18	1,477,999	991,095
Other financial assets - fund placements	19	11,334,414	3,581,329
Taxation - net		780,016	962,570
Cash and bank balances	20	16,330,999	12,886,399
		<b>212,064,716</b>	142,653,231
		<b>293,676,425</b>	239,711,028
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	21	9,159,424	9,159,424
Reserves	22	27,517,861	21,414,864
Equity attributable to equity holders of the parent		<b>36,677,285</b>	30,574,288
Non-controlling interests		<b>6,681,610</b>	6,746,408
<b>Total equity</b>		<b>43,358,895</b>	37,320,696
<b>Non-current liabilities</b>			
Long term liabilities	23	4,635,123	863,289
Long-term deposits and other accounts	24	1,037,190	695,664
Deferred taxation	12	818,719	1,109,469
Deferred liability - employee benefit	41	118,308	64,005
		<b>6,609,340</b>	2,732,427
<b>Current liabilities</b>			
Trade and other payables	25	8,616,159	4,984,061
Accrued interest / mark-up on borrowings	26	1,430,498	912,066
Short term borrowings	27	10,320,047	54,638,318
Current deposits and current portion of long term liabilities	28	223,341,486	139,123,460
		<b>243,708,190</b>	199,657,905
		<b>293,676,425</b>	239,711,028
<b>Contingencies and commitments</b>	29		

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive





# CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
<b>INCOME</b>			
Return on investments	30	9,563,240	9,969,735
Gain on sale of investments - net	31	3,386,575	5,344,748
Income from long term loans and fund placements	32	6,328,582	6,121,881
Fee, commission and brokerage	33	2,050,378	1,771,616
Gain on remeasurement of investments through profit or loss - held for trading - net		120,200	130,230
Other income	34	758,534	454,707
		<b>22,207,509</b>	23,792,917
<b>EXPENDITURE</b>			
Administrative and other expenses	35	7,788,946	6,891,247
Finance cost	36	9,325,008	9,681,422
Workers' Welfare Fund		94,773	139,661
Provision for impairment on investments - net	37	415,027	291,092
		<b>17,623,754</b>	17,003,422
<b>PROFIT BEFORE TAX</b>		<b>4,583,755</b>	6,789,495
<b>Taxation</b>	38		
- Current		1,319,849	932,032
- Prior		178,665	(10,728)
- Deferred		105,058	244,368
		<b>1,603,572</b>	1,165,672
<b>PROFIT FOR THE YEAR</b>		<b>2,980,183</b>	5,623,823
<b>Attributable to:</b>			
Equity holders of the parent		2,162,014	4,290,372
Non-controlling interests		818,169	1,333,451
		<b>2,980,183</b>	5,623,823
<b>EARNINGS PER SHARE</b>			
		----- (Rupees) -----	
<b>Basic and diluted</b>	39	<b>2.36</b>	5.09

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2016

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>Profit after tax for the year</b>		<b>2,980,183</b>	5,623,823
<b>Other comprehensive (loss) / income:</b>			
<b>Items that will not be classified subsequently to profit and loss account</b>			
Actuarial loss on defined benefit plan	41.5	(56,991)	(9,670)
Related tax		19,947	3,385
		(37,044)	(6,285)
<b>Total items that will not be classified subsequently to profit and loss account</b>		<b>(37,044)</b>	(6,285)
<b>Items that may be classified subsequently to profit and loss account:</b>			
Fair value gain on revaluation of available for sale investments during the year - net		3,384,880	5,718,012
Reclassification adjustments relating to available for sale investments disposed off during the year - net		(359,164)	(4,815,759)
Related deferred tax		631,060	(557,110)
		3,656,776	345,143
Exchange difference on translation of net assets of foreign subsidiaries		(4,659)	(2,275)
<b>Total items that may be classified subsequently to profit and loss account - net of tax</b>		<b>3,652,117</b>	342,868
Other comprehensive income for the year		3,615,073	336,583
<b>Total comprehensive income for the year</b>		<b>6,595,256</b>	5,960,406
<b>Attributable to:</b>			
Equity holders of the parent		5,994,336	4,426,491
Non-controlling interests		600,920	1,533,915
		<b>6,595,256</b>	5,960,406

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

	Attributable to ordinary equity holders of the parent								Total
	Issued, subscribed and paid-up capital	Reserves				Revenue		Non- controlling interests	
		Ordinary share premium	Foreign exchange translation reserve	Unrealised gain on revaluation of available for sale investments - net	Statutory	Unappropriated profit / (accumulated loss)	Sub-total		
(Rupees in '000)									
<b>Balance as at December 31, 2014</b>	7,632,853	4,497,894	6,377	12,381,111	361,752	(300,050)	24,579,937	5,615,494	30,195,431
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	4,290,372	4,290,372	1,333,451	5,623,823
Other comprehensive (loss) / income	-	-	(2,275)	142,820	-	(4,426)	136,119	200,464	336,583
Total comprehensive (loss) / income for the year	-	-	(2,275)	142,820	-	4,285,946	4,426,491	1,533,915	5,960,406
Transfer to statutory reserve	-	-	-	-	285,278	(285,278)	-	-	-
<b>Transaction with owners recognized directly in equity</b>									
Issue of right shares of the Holding Company	1,526,571	-	-	-	-	-	1,526,571	-	1,526,571
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(4,805)	(4,805)
Buy-back of shares of sub-subsidiary	-	-	-	-	-	-	-	(446,895)	(446,895)
Surplus arised on buy back of shares by sub-subsidiary	-	-	-	-	-	41,289	41,289	48,699	89,988
<b>Balance as at December 31, 2015</b>	9,159,424	4,497,894	4,102	12,523,931	647,030	3,741,907	30,574,288	6,746,408	37,320,696
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	2,162,014	2,162,014	818,169	2,980,183
Other comprehensive (loss) / income	-	-	(4,659)	3,863,067	-	(26,086)	3,832,322	(217,249)	3,615,073
Total comprehensive (loss) / income for the year	-	-	(4,659)	3,863,067	-	2,135,928	5,994,336	600,920	6,595,256
Transfer to statutory reserve	-	-	-	-	292,470	(292,470)	-	-	-
<b>Transaction with owners recognized directly in equity</b>									
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(5,379)	(5,379)
Buy-back of shares by subsidiary	-	-	-	-	-	-	-	(781,454)	(781,454)
Surplus on buy back of shares by subsidiary	-	-	-	-	-	108,661	108,661	121,115	229,776
<b>Balance as at December 31, 2016</b>	9,159,424	4,497,894	(557)	16,386,998	939,500	5,694,026	36,677,285	6,681,610	43,358,895

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2016

Note	2016 (Rupees in '000)	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,583,755	6,789,495
<b>Non-cash adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation	561,211	462,166
Amortisation of intangible assets	54,052	46,618
Gain on sale of property and equipment	(42,657)	(38,328)
Charge for defined benefit plan	61,317	54,335
Gain on remeasurement investments through profit and loss account - held for trading - net	(120,200)	(130,230)
Provision for doubtful debts	5,281	675,455
Effect of translation of net investment in foreign branches	17	-
Impairment on investments - net	415,027	291,092
Finance cost	9,325,008	9,681,422
	<b>10,259,056</b>	<b>11,042,530</b>
<b>Operating profit before working capital changes</b>	<b>14,842,811</b>	<b>17,832,025</b>
<b>Increase in operating assets:</b>		
Loans and advances	(13,772,178)	(16,861,521)
Trade debts	(919,310)	(204,885)
Long term loans, advances, prepayments and other receivables	(3,369,009)	1,952,065
Fund placements - net	(7,753,085)	7,498,913
Deposits, prepayments, accrued mark-up and other receivables	1,716,865	178,545
	<b>(24,096,717)</b>	<b>(7,436,883)</b>
<b>Increase in operating liabilities:</b>		
Trade and other payables	3,632,198	1,051,524
Deposits and other accounts	84,676,343	32,121,197
<b>Net cash generated from operations</b>	<b>79,054,635</b>	<b>43,567,863</b>
Finance cost paid	(8,800,366)	(9,914,820)
Gratuity paid	(64,005)	(21,349)
Taxes paid	(1,296,013)	(1,366,014)
Dividend paid (including non-controlling interests)	(5,479)	(4,938)
<b>Net cash generated from operating activities</b>	<b>68,888,772</b>	<b>32,260,742</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(1,884,481)	(1,246,907)
Intangible assets acquired	(50,313)	(112,581)
Proceeds from sale of property and equipment	79,958	74,943
Proceeds / (acquisition) from asset held for sale	88,515	(40,555)
Paid to non-controlling interests against buy back of shares by a subsidiary	(551,678)	(356,907)
Investment acquired - net of sale	(22,456,738)	(33,048,005)
<b>Net cash used in investing activities</b>	<b>(24,774,737)</b>	<b>(34,730,012)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance / (redemption of) term finance certificates - net	3,711,336	(313,786)
Long term loan (repayment to) / obtained from bank	(62,500)	491,374
Proceeds from subscription against issue of right shares of the Holding Company	-	1,526,571
Securities purchased under repurchase agreements - net	(44,424,907)	(1,039,233)
<b>Net cash (used in) / generated from financing activities</b>	<b>(40,776,071)</b>	<b>664,926</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,337,964</b>	<b>(1,804,344)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>4,085,662</b>	<b>5,890,006</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>7,423,626</b>	<b>4,085,662</b>

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The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 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, managing 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 Cayman Islands.

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 Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 6th Floor, Faysal House, Main Shakra-e-Faisal, Karachi. The principal activities of the Holding Company are maintaining strategic investments, trading of securities, consultancy services, etc.

## 1.2 Composition of the Group

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

<u>Subsidiary Companies</u>	Note	<u>Holding (including indirect holding)</u>	
		2016 %	2015 %
<b>JS Bank Limited (JSBL)</b>	1.2.2	<b>70.42</b>	70.42
<b>JS Investments Limited (JSIL)</b> (Sub-subsidiary)	1.2.3	<b>45.88</b>	45.88
<b>JS Global Capital Limited (JSGCL)</b> (Sub-subsidiary)	1.2.1 & 1.2.4	<b>47.29</b>	35.95
<b>JS Infocom Limited</b>	1.2.5	<b>100.00</b>	100.00
<b>JS International Limited</b>	1.2.6	<b>100.00</b>	100.00
<b>JS ABAMCO Commodities Limited</b> (Sub-subsidiary)	1.2.7	<b>45.88</b>	45.88
<b>Energy Infrastructure Holding (Private) Limited</b>	1.2.8	<b>100.00</b>	100.00
<b>Gujranwala Energy Limited</b>	1.2.9	<b>50.00</b>	50.00
<b>Quality Energy Solutions (Private) Limited</b>	1.2.10	<b>100.00</b>	-

### 1.2.1 Change in Group's ownership interest in the subsidiary

During the period, JS Global Capital Limited, a sub-subsidiary of the Holding Company, bought back 11,993,000 shares from its shareholders which resulted in an increase in effective shareholding of the Group to 47.29% from 35.95% reported as on December 31, 2015.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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## 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 Pakistan Stock Exchange Limited. The registered office of JSBL is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi and it operates with 306 (2015: 277) branches / sub-branches and one wholesale banking branch in Bahrain (2015: Nil) in Pakistan.

## 1.2.3 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 Pakistan Stock Exchange Limited 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 license of an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). JSIL also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

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

### Open end:

- JS Growth Fund
- JS Value Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Government Securities Fund
- JS Cash Fund
- JS Large Cap Fund
- JS Capital Protected Fund - V

### Pension funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

## 1.2.4 JS Global Capital Limited (JSGCL)

JS Global Capital Limited (JSGCL) was incorporated as a private limited company on June 28, 2000. Subsequently, JSGCL obtained listing on Pakistan Stock Exchange Limited on February 07, 2005. JSGCL is a trading right entitlement certificate holder of Pakistan Stock Exchange Limited and member of Pakistan Mercantile Exchange Limited. The principal activities of JSGCL are share brokerage, money market, forex and commodity brokerage, advisory, underwriting, book running and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of JSGCL is situated at 6th Floor, Faysal House, Shahra-e-Faisal, Karachi, Pakistan.

## 1.2.5 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 is established to undertake telecommunication, media and technology business or invest in companies engaged in providing telecommunication, media and technology services.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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## 1.2.6 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.

## 1.2.7 JS ABAMCO Commodities Limited

JS ABAMCO Commodities Limited (the Company) was incorporated in Pakistan as a public limited company on September 25, 2007 under the Companies Ordinance, 1984 and is a wholly owned subsidiary of JS Investments Limited (the Holding Company). The principal object of the Company is to carry out business in commodity market and related brokerage, advisory and consultancy services. The registered office of the Company is situated at 7th Floor, The Forum, Block-9 Clifton, Karachi. The Company has not commenced its core operations of commodity, brokerage and related advisory services upto the balance sheet date.

## 1.2.8 Energy Infrastructure Holding (Private) Limited

Energy Infrastructure Holding (Private) Limited was incorporated under the Companies Ordinance, 1984 on April 15, 2008 as a private limited company. The registered office of the Company is situated at 6th Floor, Faysal House, Shahrah-e-Faisal, Karachi. The principal activities of Company 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. The Company is a wholly owned subsidiary of Jahangir Siddiqui & Co. Ltd. (the parent company). The Company is seeking investment opportunity in the energy sector.

## 1.2.9 Gujranwala Energy Limited

Gujranwala Energy Limited, a joint venture of Energy Infrastructure Holding (Private) Limited (wholly owned subsidiary of the Holding Company), is a public limited company incorporated on September 14, 2006 under the provision of the Companies Ordinance, 1984. The registered office of the Company is situated in Lahore. Its principal activity would be to generate and supply the electricity to PEPCO.

## 1.2.10 Quality Energy Solutions (Private) Limited

Quality Energy Solutions (Private) Limited, a wholly owned subsidiary, was incorporated under the Companies Ordinance, 1984 (the Ordinance) on May 09, 2016 as a private limited company. The registered office of the Company is situated at 6th Floor, Faysal House, Sharah e Faisal, Karachi. The principal activities of the Company will be to undertake investments in power entities, listed or otherwise in Pakistan or elsewhere in the world.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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 (IASB) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O. 633(I)/2014 dated July 10, 2014 by the Securities and Exchange Commission of Pakistan (SECP). However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O. 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

## 2.2 Basis of measurement

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

## 2.3 Functional and presentation currency

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

## 3. New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2016

The Holding Company has adopted the following accounting standards and the amendments and interpretations of IFRSs which became effective for the current year:

### Standard or Interpretation

IAS 16 Property, Plant and Equipment, IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

### Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

The following 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:

	<b>Effective date (annual periods beginning on or after)</b>
IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018

The above standards and amendments are not expected to have any material impact on the Group's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after January 01, 2017. The Group expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 9 Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 15 Revenue from Contracts with Customers	January 01, 2018
IFRS 16 Leases	January 01, 2019

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 year in which the estimate is revised and in any future years affected.

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

- (a) determining the residual values and useful lives of property and equipment (note 6.1);
- (b) classification of investments (notes 6.4 and 10);
- (c) recognition of taxation and deferred tax (notes 6.12 and 13);
- (d) accounting for post employment benefits (note 6.19); and
- (e) impairment of financial assets (notes 6.23 and 37).

## 5. BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies together - "the Group".
- Subsidiary companies are fully consolidated from the date on which control is obtained and are excluded from consolidation from the date of when control is lost.
- The financial statements of the subsidiary companies are prepared for the same reporting year (except for JS International Limited whose audited financial statements as at September 30 have been considered) as the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interests in equity of the subsidiary companies are measured at proportionate share of net assets of the acquiree as of the acquisition date.
- Material intra-group balances and transactions have been eliminated.

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 6.1 Property and equipment

These are stated at costs 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

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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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 7.1 to the financial statements. Depreciation is charged on additions from the month in which asset is put to use on disposals up to the month immediately preceding the disposal.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of fixed assets is derecognized 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 derecognized.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. The carrying amount of the asset replaced is derecognized.

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

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specified assets as and when assets are available for use.

## 6.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method taking into account residual value, if any, at the rates specified in note 8 to these financial statements. Amortization is charged from the date the asset is available for use while in the case of assets disposed of, up to the month immediately preceding the disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each balance sheet date.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss account when the asset is derecognized.

## 6.3 Investment property

Investment property is a property held to earn rentals and / or for capital appreciation (including property under construction for such purposes).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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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 property is derecognized when either it is 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 recognized in the profit and loss account in the year of retirement or disposal.

Transfers are made to / from 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.

## 6.4 Investments

The management of the Group Companies (the Holding Company, subsidiaries and sub-subsidiaries) determine the appropriate classification of 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 recognized at cost, being the fair value of the consideration given including transaction costs associated with the investment except in the case of investments at fair value through profit or loss 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.

### **Subsidiaries, associates and joint arrangements**

A subsidiary is an entity over which the Group has control. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

In addition, control is also established when the Holding Company directly or indirectly holds more than fifty percent of the voting securities or otherwise has power to elect more than fifty percent of the directors of the investee.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has not control or joint control over those policies.

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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The Group reassesses, at each balance sheet date, whether or not it has control, significant influence or joint control over the investee.

Investments in subsidiaries are consolidated on a line by line basis. Investments in associates and joint ventures, other than those classified as held for sale, are accounted for under the equity method in these consolidated financial statements. Under equity method, investments are carried at cost, plus post-acquisition changes in the Group's share of net assets of the entity, less and impairment in value. The profit and loss account reflects the Group's share of the results of its associates and joint ventures.

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.

## **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 after meeting conditions as stated in IAS 39.

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 value with any resulting gains or losses recognized 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 amortized cost. Impairment in value, if any, is taken to profit and loss account.

Premium and discount on investments are amortized using the effective interest rate method and taken to profit and loss account from investments.

## **6.5 Derivative financial instruments**

Derivative instruments held by the Group 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 unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. The resultant gains and losses are recognized in the profit and loss account.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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

## 6.6 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 liabilities. 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.

## 6.7 Provisions

Provisions are recognized 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.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Bank to settle the obligation. The loss is charged to profit and loss account net of expected recovery.

## 6.8 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 recognized for all taxable temporary differences. Deferred tax assets are recognized 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 and taxable temporary differences will be available against which the deductible temporary differences and unused tax losses can be utilized.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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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 utilized.

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 substantially enacted at the balance sheet date.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

## 6.9 Revenue recognition

- (a) Mark-up / return / interest income on loans and advances and investments is recognised on accrual basis using effective interest method. Mark-up / return / interest income on non-performing loans and advances and investments is recognised on receipt basis.
  - (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 Group'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) Commission is recognised as income at the time of affecting the transaction to which it relates. Fees are recognised when earned.
  - (f) Brokerage, consultancy, management 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 as services are rendered.
  - (h) Trusteeship fee is recognized on an accrual basis in proportion to the provision of service.
  - (i) Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.
  - (j) Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.
  - (k) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time the commitment is fulfilled.
  - (l) Return on National Saving Certificates is accounted for using the effective interest rate method.
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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## 6.10 Long term finances, loans and advances

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

Transaction costs relating to long term finances and loans are being amortized over the period of agreement using the effective interest rate method.

## 6.11 Trade debts and other receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

## 6.12 Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid.

## 6.13 Cash and cash equivalents

Cash and cash equivalents comprise of cash in 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, term deposits, bank balances, net of bank overdrafts repayable on demand, if any.

## 6.14 Segment reporting

Segment results are reported to Board of Directors of the Holding Company (being chief operating decision making authority) and include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, tax assets and liabilities and common Holding Company's expenses.

The Group's reportable segments under IFRS-8 are disclosed in note 48.

## 6.15 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 rates defined below of basic salary. Contribution by the Group is charged to profit and loss account.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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- The Holding Company	10.00%
- JS Bank Limited (the subsidiary)	7.10%
- JS Global Capital Limited (the sub-subsidiary)	7.33%
- JS Investments Limited (the sub-subsidiary)	7.33%

## Defined benefit plan

JS Bank Limited (a subsidiary company) operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2016, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

## 6.16 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to the cash flow from the financial assets expires or is transferred. All financial liabilities are derecognized 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.

## 6.17 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 recognized amount and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

## Trade date accounting

All "regular way" purchases and sales of financial assets are recognized 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.

## 6.18 Foreign currency translations

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. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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## 6.19 Foreign operations

The assets and liabilities of foreign branches are translated to Rupees at exchange rates prevailing at the balance sheet date. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

## 6.20 Impairment

### Financial assets

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

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss recognized in profit and loss, the impairment loss is reversed, with the amount of reversal recognized in profit and loss. Reversal in case of available for sale equity security is taken to 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 recognized 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 recognized impairment loss is reversed only if there has been a change in assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account.

## 6.21 Business combination

### Acquisition of business not under common control

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

## Acquisition of business under common control

Acquisition of business under common control is accounted for under 'pooling of interest method'. The assets and liabilities of the combining businesses for the period in which the combination occurs are merged on the date of combination at their respective book values. Appropriate adjustments are made to the book values to reflect application of consistent accounting policies in the combining businesses. Any difference between the amount of net assets merged and consideration transferred in form of cash or other assets are adjusted against equity.

## 6.22 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Group are not treated as the assets of the Group and accordingly are not included in these consolidated financial statements.

## 6.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 6.24 Borrowings / deposits and their cost

Borrowing / deposit costs are recognised as an expense in the period in which these are incurred to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of the asset.

## 6.25 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.

Note	2016 ----- (Rupees in '000) -----	2015
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## 7. PROPERTY AND EQUIPMENT

Operating fixed assets	7.1	<b>4,071,073</b>	2,788,770
Capital work-in-progress	7.2	<b>242,128</b>	238,343
		<b>4,313,201</b>	3,027,113

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 7.1 Operating fixed assets

	Cost			Depreciation rate per-annum %	Accumulated depreciation			Written down value
	As at January 01, 2016	Additions / (disposals) / transfers *	As at December 31, 2016		As at January 01, 2016	For the year / (on disposal) / transfers *	As at December 31, 2016	As at December 31, 2016
	(Rupees in '000)				(Rupees in '000)			
Office premises - leasehold	1,361,448	818,819	2,168,906	1.0 - 20	207,001	41,091	239,028	1,929,878
		(11,361) *				(9,064) *		
Leasehold improvements	767,449	273,478	1,026,665	10 - 33	384,605	89,679	470,686	555,979
		(14,262) *				(3,598) *		
Office equipment	1,850,596	453,526	2,227,519	12.5 - 33	1,127,037	249,185	1,302,574	924,945
		(76,603) *				(73,648) *		
Office furniture and fixtures	392,243	103,320	476,878	10 - 20	219,439	45,855	246,836	230,042
		(18,685) *				(18,458) *		
Motor vehicles	629,207	231,552	775,112	20	274,091	135,281	344,883	430,229
		(85,647) *				(64,489) *		
		- *				- *		
	5,000,943	1,880,695	6,675,080		2,212,173	561,091	2,604,007	4,071,073
		(195,197)				(160,193)		
		(11,361) *				(9,064) *		

	Cost			Depreciation Rate per-annum %	Accumulated depreciation			Written down value
	As at January 01, 2015	Additions / (disposals)	As at December 31, 2015		As at January 01, 2015	For the year / (on disposal)	As at December 31, 2015	As at December 31, 2015
	(Rupees in '000)				(Rupees in '000)			
Office premises - leasehold	930,130	431,318	1,361,448	1.0 - 20	179,348	27,653	207,001	1,154,447
		- *				- *		
Leasehold improvements	666,968	100,481	767,449	10 - 33	314,809	69,796	384,605	382,844
		- *				- *		
Office equipment	1,548,853	335,116	1,850,596	12.5 - 33	942,342	209,925	1,127,037	723,559
		(33,373) *				(25,230) *		
Office furniture and fixtures	345,231	48,231	392,243	10 - 20	180,804	38,663	219,439	172,804
		(1,219) *				(28) *		
Motor vehicles	548,748	176,195	629,207	20	226,597	115,957	274,091	355,116
		(95,736) *				(68,463) *		
		- *				- *		
	4,039,930	1,091,341	5,000,943		1,843,900	461,994	2,212,173	2,788,770
		(130,328)				(93,721)		
		- *				- *		



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**7.1.1** Details of disposal of fixed assets having written down value exceeding Rs. 50,000 each are given in Annexure I to these consolidated financial statements.

	2016	2015
	----- (Rupees in '000) -----	
<b>7.2 Capital work-in-progress</b>		
<b>Advances to suppliers against:</b>		
Civil works	114,941	119,555
Advance for purchase of land	-	51,000
Furniture and fixture	1,785	4,632
Acquisition of software and equipment	84,923	56,347
Vehicles	40,479	6,809
	<b>242,128</b>	<b>238,343</b>

## 8. INTANGIBLE ASSETS

Note	Cost			Rate per-annum %	Accumulated amortization / impairment			Written down value
	As at January 01, 2016	Additions / (disposals / adjustments)	As at December 31, 2016		As at January 01, 2016	For the year / impairment / (adjustments)	As at December 31, 2016	As at December 31, 2016
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Software	536,000	50,314	586,314	20 - 33.33	223,405	54,052	277,457	308,857
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	-
Trading Right Entitlement Certificate (TREC)	5,755	-	5,755	-	28	-	28	5,727
Membership card - Pakistan Mercantile Exchange Limited	3,500	-	3,500	-	-	-	-	3,500
	<b>821,938</b>	<b>50,314</b>	<b>872,252</b>		<b>500,116</b>	<b>54,052</b>	<b>554,168</b>	<b>318,084</b>

Note	Cost			Rate per-annum %	Accumulated amortization / impairment			Written down value
	As at January 01, 2015	Additions / (disposals / adjustments)	As at December 31, 2015		As at January 01, 2015	For the period / impairment / (adjustments)	As at December 31, 2015	As at December 31, 2015
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Software	423,419	112,581	536,000	20 - 33.33	176,787	46,618	223,405	312,595
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	-
Trading right entitlement certificate (TREC)	5,755	-	5,755	-	28	-	28	5,727
Membership card - Pakistan Mercantile Exchange Limited	3,500	-	3,500	-	-	-	-	3,500
	<b>709,357</b>	<b>112,581</b>	<b>821,938</b>		<b>453,498</b>	<b>46,618</b>	<b>500,116</b>	<b>321,822</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**8.1** These represent Trading Right Entitlement Certificates (TRECs) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act). The Group has also received shares of PSX after completion of the demutualisation process. The TRECs have been recorded at Rs.5.75 million.

## 9. INVESTMENT PROPERTY

Note	Cost			Rate	Accumulated depreciation			Written down value	
	As at January 01, 2016	Additions / (disposals)	As at December 31, 2016		As at January 01, 2016	For the period	As at December 31, 2016	As at December 31, 2016	
	(Rupees in '000)				(Rupees in '000)				
Office premises - leasehold	9.1	14,999	-	14,999	5	12,979	120	13,099	1,900

Note	Cost			Rate	Accumulated depreciation			Written down value	
	As at January 01, 2015	Additions / (disposals)	As at December 31, 2015		As at January 01, 2015	For the period	As at December 31, 2015	As at December 31, 2015	
	(Rupees in '000)				(Rupees in '000)				
Office premises - leasehold	9.1	14,999	-	14,999	5	12,807	172	12,979	2,020

**9.1** The fair value of the investment property aggregating to Rs. 94.33 million (December 31, 2015: Rs. 86.35 million) was arrived at on the basis of the valuation carried out by KG Traders (Private) Limited, an independent valuer on January 26, 2017, but was not incorporated in the books of accounts as the Holding 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.

10. LONG TERM INVESTMENTS	Note	2016	2015
		(Rupees in '000)	
<b>Related parties</b>			
Investment in joint venture	10.1	-	-
Other related parties - Available for sale	10.2	14,507,932	11,578,773
		14,507,932	11,578,773
<b>Other investments</b>	10.3	54,450,524	77,388,495
		68,958,456	88,967,268

### 10.1 Investment in joint venture

**10.1.1** Net assets of Energy Infrastructure Holding (Private) Limited (EIHPL), a subsidiary company, include investments in shares having carrying value of Rs. 835.740 million (December 31, 2015: Rs. 545.27 million) and Rs. 54 million (December 31, 2015: Rs. 54 million in Term Deposit Receipts) in current account that are pledged with a bank (inclusive of 40% margin) as collateral in respect of exposure against guarantees issued on behalf of Gujranwala Energy Limited (GEL), a joint venture (JV). During the year ended June 30, 2010, the JV was not able to meet the financial close mandated with National Bank of Pakistan and was not allowed



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

to make amendments in the power purchase agreement by Private Power and Infrastructure Board (PPIB). Accordingly, the operations of GEL were ceased. Further, it was not able to raise the requisite funds and deposit initial mobilization advance with Wartsila Finland. In the meantime, GEL filed petition in the High Court of Sindh (the Court) to protect the Holding Company from the encashment of guarantees. The High Court of Sindh vide order dated February 03, 2016 vacated the stay on encashment of guarantees.

On application dated February 04, 2016 filed by GEL, the Honourable Single Judge suspended the aforesaid order for vacation of injunction for a week. Being aggrieved, GEL preferred appeal before the double bench of the Court and obtained restraining order dated February 10, 2016 from encashment of above mentioned performance and commitment guarantees issued to PPIB and Wartsila Finland, respectively. The Honourable double bench of the Court vide their order dated May 06, 2016 dismissed the appeal.

Further, EIHPL has filed another suit no. 1564/2015 in the Honourable High Court of Sindh to protect itself from the encashment of above mentioned guarantees by more than 50%. The Honourable Single Judge vide order dated August 26, 2015 has restrained the bank from encashment of guarantees by more than 50% of the total guarantee amount against the collaterals provided by EIHPL until adjudication of the matter.

Meanwhile, the bank encashed the performance and commitment guarantees on the demand of PPIB and Wartsila Finland, respectively. EIHPL and the bank have signed a settlement agreement dated December 13, 2016 whereby EIHPL will pay Rs. 231.235 million being its 50% portion of the guarantee amount paid by the bank to Wartsila, Finland and Private Power and Infrastructure Board (PPIB). Under the agreement, the bank will release the shares pledged by EIHPL. The parties have also filed compromise application in the Honourable High Court of Sindh (the Court) in suit no. 1564/2015 which has been allowed by the Court vide its order dated December 29, 2016. As a result, EIHPL has reversed the excess provision against encashment of guarantees.

Subsequent to the year end on January 04, 2017, EIHPL has paid Rs. 231.235 million to the bank as per the settlement agreement. Simultaneously, the bank released all the securities held as collateral.

## 10.2 Other related parties - Available for sale

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

Number of shares		Note	Business Activity	Holding		2016 % ----- (Rupees in '000) -----	2015	
2016	2015			2016 %	2015 %			
		<b>Quoted at fair value</b>						
<b>11,622,000</b>	12,000,000	10.2.1	<b>Hum Network Limited</b> (Ordinary Shares of Re.1 each)	Television Network	<b>1.23</b>	1.27	<b>174,214</b>	157,680
<b>214,258,460</b> *	214,258,460		<b>BankIslami Pakistan Limited</b>	Islamic Banking	<b>21.26</b>	21.26	<b>2,862,493</b>	2,463,972
<b>41,191,152</b>	31,110,722		<b>EFU General Insurance Limited</b>	General Insurance	<b>20.60</b>	19.44	<b>6,219,864</b>	4,464,389
<b>20,047,708</b>	20,047,708		<b>EFU Life Assurance Limited</b>	Life Insurance	<b>20.05</b>	20.05	<b>4,319,680</b>	3,989,494
<b>112,157,863</b>	112,157,863		<b>Azgard Nine Limited</b>	Textile Composite	<b>24.96</b>	24.96	<b>924,181</b>	495,738
		<b>Un-quoted at cost</b>						
<b>750,000</b>	750,000	10.2.1	<b>EFU Services (Private) Limited</b>	Investment Company	<b>37.50</b>	37.50	<b>7,500</b>	7,500
		10.2.2					<b>14,507,932</b>	<b>11,578,773</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**10.2.1** The Group has not accounted for investment in these companies as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Group does not have significant influence in these associated companies.

**10.2.2** Included herein are equity securities having average cost of Rs. 308.93 million (December 31, 2015: Rs. 443.72 million) and having market value of Rs. 1,322.60 million (December 31, 2015: Rs. 1,534.55 million) pledged with trustee of Term Finance Certificates issued by the Holding Company.

## 10.3 Other investments

### Available for sale

Number of shares / units			2016	2015
2016	2015	Note	----- (Rupees in '000) -----	
<b>Equity securities</b>				
<b>Quoted - at fair value</b>				
<b>147,319,799</b>	159,850,000	Pakistan International Bulk Terminal Ltd.	<b>4,860,080</b>	4,205,298
<b>Un-quoted</b>				
<b>At fair value / (2015: at cost)</b>				
<b>4,808,860</b>	8,014,766	- Pakistan Stock Exchange Limited	<b>121,184</b>	15,346
<b>At cost:</b>				
<b>1,213,841</b>	3,034,603	- ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange Ltd.)	<b>11,000</b>	11,000
<b>6</b>	-	- Society for Worldwide Interbank Financial Telecommunication (SWIFT)	<b>2,406</b>	-
			<b>134,590</b>	26,346
<b>Privately placed term finance certificates (PPTFC) unquoted (at cost)</b>				
<b>Agritech Limited</b>				
		PPTFC - 3rd Issue	<b>89,928</b>	89,928
		PPTFC - 5th Issue	<b>509,875</b>	509,875
			<b>599,803</b>	599,803
		Provision for impairment	<b>(599,803)</b>	(599,803)
			<b>-</b>	-
		Term Finance / Sukuk Certificates		
		- unquoted - stated at cost	<b>730,747</b>	1,253,535
		US Dollar Bonds	<b>5,292,971</b>	1,249,880
		Government securities	<b>43,432,136</b>	70,653,436
			<b>49,455,854</b>	73,156,851
			<b>54,450,524</b>	77,388,495

### 10.3.1 Provision for impairment

Opening provision as at January 01	<b>599,803</b>	449,860
Net charge for the year	<b>-</b>	149,943
Closing provision as at December 31	<b>599,803</b>	599,803





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**10.3.2** Pursuant to demutualization of the PSX, the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Group received 8,014,766 shares and TREC from the PSX (formerly KSE) against its membership card.

The above arrangement resulted in allocation of 4,007,383 shares the Holding company and the sub subsidiary each by the KSE (now PSX) having face value Rs. 15.346 million. Out of total shares issued by the KSE, the Group has actually received 40% equity shares i.e. 3,205,906 shares. The remaining 60% shares have been transferred to CDC sub-account's in the Holding company's and the sub subsidiary's name under the KSE's participant IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Group.

The Institute of Chartered Accountants of Pakistan in its technical guide dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/carrying value of the membership card between the two distinct assets on a reasonable basis.

The above mentioned face value (Rs. 15.346 million) of the shares issued by the KSE to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the Stock Exchange in accordance with the requirements of the Demutualization Act. In other words, shares worth Rs. 15.346 million received by the Group represent its share in the fair value of the net assets of the KSE. Under the current circumstances where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

The SPA between PSX, the divestment committee of PSX and the Anchor Investor has been signed. However, the SPA is subject to fulfillment / completion of certain conditions and formalities and until these conditions are fulfilled, the SPA shall not be considered as consummated.

Given the above, the Company has revalued its entire shareholding in PSX at the year end at the rate of Rs. 25.2 per share (i.e. the sale price of Rs. 28 / share after deducting 10% retention (i.e. Rs. 2.8) as stated above), resulting in surplus on revaluation of investment of Rs. 221.972 million which has been recognized in other comprehensive income. Since the transaction of 40% sale of equity stake is expected to be completed within a period of one year, the same has been classified under short-term investments.

**10.3.3** In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Bank has received 3,034,603 shares of Rs. 10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange (ISE), in lieu of its Membership Card held by the Bank. Further, upon integration of Islamabad Stock Exchange under the "ISE Scheme of Integration" in 2016 TREC Certificates holders of ISE have been issued 1,213,841 shares of "ISE Towers REIT Management Limited".

## 10.3.4 Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group

The table below shows Non-Wholly owned subsidiaries that have material non-controlling interests to the group based on quantum of NCI.

Name of Subsidiary	Ownership interests held by non controlling interests	
	2016	2015
<b>JS Bank Limited (JSBL)</b>	<b>29.58%</b>	29.58%
<b>JS Global Capital Limited (JSGCL)</b> (Sub-subsidiary)	<b>52.71%</b>	64.05%
<b>JS Investments Limited (JSIL)</b> (Sub-subsidiary)	<b>54.12%</b>	54.12%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The following is summarized financial information for subsidiaries and sub-subsidiaries of Holding Company, prepared in accordance with approved accounting standards as applicable in Pakistan, modified for differences in group accounting policies. The information is before inter-company eliminations with other companies in the group.

	JSBL		JSG-CL		JSIL	
	2016	2015	2016	2015	2016	2015
----- (Rupees in '000) -----						
Total income	19,942,284	18,617,607	748,414	864,281	493,733	439,007
Profit after tax	2,076,616	2,025,547	171,036	251,295	199,697	174,272
Profit attributable to NCI	614,263	1,060,479	94,352	160,954	91,621	64,115
Other comprehensive income	(1,296,862)	1,018,646	50,808	7,782	257,907	(167,436)
Total comprehensive income	779,754	3,044,193	221,844	259,077	457,604	6,836
Comprehensive income attributable to NCI	230,651	900,472	116,934	165,939	247,655	4,321
Current assets	199,594,065	134,280,273	4,197,470	3,426,341	2,654,037	2,193,965
Non-current assets	65,106,428	84,195,390	260,745	106,253	145,494	113,618
<b>Total Assets</b>	<b>264,700,493</b>	<b>218,475,663</b>	<b>4,458,215</b>	<b>3,532,594</b>	<b>2,799,531</b>	<b>2,307,583</b>
Current liabilities	242,691,308	200,052,698	1,902,712	647,256	226,431	200,006
Non-current liabilities	5,359,660	2,455,062	-	-	-	-
<b>Total Liabilities</b>	<b>248,050,968</b>	<b>202,507,760</b>	<b>1,902,712</b>	<b>647,256</b>	<b>226,431</b>	<b>200,006</b>
<b>Net Assets</b>	<b>16,649,525</b>	<b>15,967,903</b>	<b>2,555,503</b>	<b>2,885,338</b>	<b>2,573,100</b>	<b>2,107,577</b>
<b>Net Assets attributable to NCI</b>	<b>3,845,853</b>	<b>3,620,576</b>	<b>1,526,276</b>	<b>2,065,484</b>	<b>1,274,217</b>	<b>1,026,562</b>
Cash flow from operating activities	(16,770,865)	34,992,128	166,142	(114,512)	(104,965)	(43,580)
Cash flow from investing activities	21,483,561	(32,598,090)	(46,832)	294,692	103,384	400,094
Cash flow from financing activities	(180,000)	(155,836)	(551,684)	(181)	(18)	(356,949)
<b>Net increase in cash and cash equivalents</b>	<b>4,532,696</b>	<b>2,238,202</b>	<b>(432,374)</b>	<b>179,999</b>	<b>(1,599)</b>	<b>(435)</b>
Dividends paid to NCI during the year	(5,379)	(4,805)	-	-	-	-

11. LONG TERM LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES	Note	2016	2015
		----- (Rupees in '000) -----	
<b>Long-term loans - considered good</b>			
<b>Secured</b>			
<b>Due from:</b>			
Executives	11.1 & 11.4	1,724,182	1,326,773
Employees		7,914	4,720
		<b>1,732,096</b>	1,331,493
<b>Loans advanced by subsidiary bank</b>	11.2	<b>982,592</b>	999,956
<b>Net investment in finance lease by subsidiary bank</b>	11.3	<b>7,532,153</b>	3,226,785
<b>Long term prepayments</b>		<b>3,345</b>	-
<b>Long-term advances - considered good, unsecured</b>			
<b>Advances - unsecured &amp; considered good</b>			
against a room at Pakistan Mercantile Exchange Limited (PMEX)		2,500	2,500
		<b>10,252,686</b>	5,560,734
<b>Current maturity of long term loans and receivables</b>		<b>(2,340,757)</b>	(1,015,200)
		<b>7,911,929</b>	4,545,534



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	----- (Rupees in '000) -----	
<b>11.1 Reconciliation of the carrying amount of loans to executives</b>		
Balance at the beginning of the year	1,326,773	1,089,260
Disbursement	870,446	475,469
Repayments	(473,037)	(237,956)
Balance at the end of the year	<u>1,724,182</u>	<u>1,326,773</u>

**11.2** These carry mark-up ranging from 0.03% to 21.5% (2015: 0.03% to 23%). These also include secured lendings to various financial institutions having maturity date till June 03, 2018.

	2016		
	Not later than one year	Later than one and less than five years	Total
	----- Rupees in '000 -----		
<b>11.3 Particulars of net investment in finance lease</b>			
Lease rentals receivable	2,619,528	3,804,142	6,423,670
Guaranteed residual value	150,701	1,732,591	1,883,292
Minimum lease payments	2,770,229	5,536,733	8,306,962
Finance charges for future periods	(435,151)	(339,658)	(774,809)
Present value of minimum lease payments	<u>2,335,078</u>	<u>5,197,075</u>	<u>7,532,153</u>
	2015		
	Not later than one year	Later than one and less than five years	Total
	----- Rupees in '000 -----		
Lease rentals receivable	1,142,904	1,682,078	2,824,982
Guaranteed residual value	59,353	701,002	760,355
Minimum lease payments	1,202,257	2,383,080	3,585,337
Finance charges for future periods	(191,239)	(167,313)	(358,552)
Present value of minimum lease payments	<u>1,011,018</u>	<u>2,215,767</u>	<u>3,226,785</u>

**11.4** 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 5.89% to 8% (December 31, 2015: 6.46% to 9.97%) per annum in accordance with the Group's employee loan policy and their terms of employment. These loans are secured against salaries of the employees, title documents of vehicles, equitable mortgage and personal guarantees and are repayable over a period of one to fifteen years. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1,730.74 million (December 31, 2015: Rs. 1,330.47 million).

## 12. ASSETS REPOSSESSED

These represent non-banking asset acquired by subsidiary bank against satisfaction of claims. The market value of these assets is Rs. 175.81 million (2015: Rs. 245.28 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. DEFERRED TAXATION	2016	2015
	----- (Rupees in '000) -----	
<b>Taxable temporary difference:</b>		
Property and equipment	193,310	162,577
Surplus on revaluation of investments	907,821	1,310,484
<b>Deductible temporary differences:</b>		
Unused tax losses	(30,541)	(9,532)
Provision against investments and loans	(194,707)	(271,120)
Unrealized loss on derivative instruments	(8,236)	(14,366)
Accelerated depreciation for tax purposes	(1,645)	(356)
Intangible assets	(38)	(213)
Provision for donation	(1,222)	(1,067)
Provision for Workers' Welfare Fund	(46,023)	(66,938)
	<b>818,719</b>	<b>1,109,469</b>

**13.1** The Holding 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. The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 63.378 million (December 31, 2015: Rs. 43.46 million).

14. SHORT TERM INVESTMENTS	2016	2015
	Note ----- (Rupees in '000) -----	
<b>Assets at fair value through profit or loss - held for trading:</b>		
Listed equity securities		
- Related parties	14.1 172,376	159,200
- Others	1,236,604	1,172,172
Government securities	65,758,485	22,537,891
Term Finance Certificates - quoted	12,091	14,903
Mutual funds - related party	300,008	221,640
	<b>67,479,564</b>	<b>24,105,806</b>
<b>Available for sale:</b>		
Equity securities		
- quoted	14.1 9,700,691	5,747,811
- unquoted - stated at cost	156,410	-
Term Finance / Sukuk Certificates		
- quoted	80,000	84,035
- unquoted - stated at cost	646,240	670,926
US Dollar Bonds	421,968	-
Government securities	11,292,113	14,084,867
Unquoted equity securities - shares in PSX	10.3.2 80,788	-
Mutual funds - related party	14.1 2,233,961	1,971,278
	<b>24,612,171</b>	<b>22,558,917</b>
	14.2 <b>92,091,735</b>	<b>46,664,723</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**14.1** This includes investments in equity securities of related parties having a market value of Rs. 3,588 million (December 31, 2015: Rs. 2,656 million).

**14.2** This includes investments pledged with various financial institutions having an aggregate market value / carrying amount of Rs. 3,213 million (December 31, 2015: Rs. 1,600 million).

**2016**                      **2015**  
**Note** ----- **(Rupees in '000)** -----

## 15. TRADE DEBTS

### Unsecured considered good

Receivable against margin finance (purchase of shares)		<b>855,461</b>	643,735
Debtors for purchase of shares on behalf of clients		<b>776,427</b>	78,172
Trade debts for advisory and other services		<b>5,362</b>	5,123
Forex and fixed income commission receivable		<b>8,130</b>	17,036
Commodity		<b>74,777</b>	56,781
		<b>1,720,157</b>	800,847
Considered doubtful		<b>403,318</b>	398,037
		<b>2,123,475</b>	1,198,884
Provision for doubtful debts	15.1	<b>(403,318)</b>	(398,037)
		<b>1,720,157</b>	800,847

### 15.1 Provision for doubtful debts

Opening balance as at January 01		<b>398,037</b>	397,674
Charged during the year		<b>5,281</b>	363
Closing balance as at December 31		<b>403,318</b>	398,037

## 16. LOANS AND ADVANCES

### Current maturity of long term loans

	11	<b>2,340,757</b>	1,015,200
Term loans advanced by subsidiary bank - considered good	16.1	<b>83,564,783</b>	71,120,415
Term loans advanced by subsidiary bank - considered doubtful	16.2	<b>2,659,341</b>	2,723,181
		<b>86,224,124</b>	73,843,596
Provisions against non-performing loans		<b>(2,659,341)</b>	(2,723,181)
		<b>83,564,783</b>	71,120,415

### Advances - considered good

#### Unsecured

Contractor and suppliers		<b>5,395</b>	8,781
Staff	16.3	<b>3,565</b>	3,207
		<b>8,960</b>	11,988
		<b>85,914,500</b>	72,147,603

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**16.1** These carry mark-up ranging from 2.5% to 40% (December 31, 2015: 2.5% to 23%) per annum and are secured by pledge of shares of listed companies, property of the borrowers and hypothecation of assets.

2016                      2015  
----- (Rupees in '000) -----

**16.2 Particulars of provision for non-performing loans**

Opening balance	<b>2,723,181</b>	2,058,819
(Reversal) / charge for the year - net of reversals	<b>(63,840)</b>	664,362
Closing balance	<b>2,659,341</b>	2,723,181

**16.3** 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.

2016                      2015  
Note ----- (Rupees in '000) -----

**17. ACCRUED MARK-UP**

Loans and advances	<b>1,324,681</b>	1,112,880
Bank deposits	<b>7,323</b>	10,774
Government securities	<b>1,063,268</b>	3,407,740
Term Finance Certificates	<b>19,624</b>	87,271
	<b>2,414,896</b>	4,618,665

**18. SHORT-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

Deposits		<b>459,887</b>	187,208
Prepayments		<b>430,957</b>	321,851
Other receivables			
- Remuneration from related parties	18.1	<b>134,467</b>	122,064
- Others	18.2	<b>452,688</b>	359,972
		<b>587,155</b>	482,036
		<b>1,477,999</b>	991,095

**18.1** This includes remuneration receivable from various Funds for services rendered as an asset management company. Remuneration for the period ended December 31, 2016 has been calculated from 0.5% to 2.00% (December 31, 2015: 0.5% to 2.00%) of the net asset value of these Funds.

**18.2** Included herein is a sum of Rs. 29.11 million (December 31, 2015: Rs. 6.848 million) receivable from related parties.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
<b>19. OTHER FINANCIAL ASSETS - FUND PLACEMENTS</b>			
<b>Securities purchased under resale agreement:</b>			
<b>Secured and considered good</b>			
Government securities	19.1	8,699,925	2,952,883
<b>Call money lending - unsecured, considered good</b>	19.2	2,634,489	628,446
		<b>11,334,414</b>	<b>3,581,329</b>

**19.1** These are secured short-term lendings to various financial institutions, carrying mark-up rates ranging from 5.8% to 6.1% (2015: 6.43% to 6.55%). These are due to mature between January 03, 2017 and January 06, 2017.

**19.2** These represent unsecured call money lendings to financial institutions carrying interest at the rates 0.17% to 6% (2015: 1.9%) per annum. This is due to mature between January 03, 2016 and April 19, 2017.

	Note	2016 ----- (Rupees in '000) -----	2015
<b>20. CASH AND BANK BALANCES</b>			
<b>Cash in hand</b>		3,509,951	2,842,412
<b>Balances with banks on:</b>			
<b>Current accounts</b>			
local currency		10,437,277	5,977,865
foreign currency		744,796	815,861
		<b>11,182,073</b>	6,793,726
<b>Deposit accounts</b>			
local currency		12,284	1,082,432
foreign currency		1,626,691	2,113,829
	20.1	<b>1,638,975</b>	3,196,261
<b>Term Deposit Receipts</b>		-	54,000
		<b>16,330,999</b>	<b>12,886,399</b>

**20.1** These carry mark-up ranging from 0.1% to 9.11% (December 31, 2015: 3% to 6.5%) per annum.

## 21. SHARE CAPITAL

### 21.1 Authorised capital

2016	2015		2016	2015
----- 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
<b>6,500,000,000</b>	<b>6,500,000,000</b>		<b>65,000,000</b>	<b>65,000,000</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 21.2 Issued, subscribed and paid-up capital

2016	2015		2016	2015
----- Number of shares -----			----- (Rupees in '000) -----	
Ordinary shares of Rs.10 each:				
<b>Fully paid in cash</b>				
205,072,990	52,415,925	Opening balance	2,050,730	524,159
-	152,657,065	Issued during the year	-	1,526,571
205,072,990	205,072,990	Closing balance	2,050,730	2,050,730
<b>Fully paid bonus shares</b>				
710,869,398	710,869,398		7,108,694	7,108,694
915,942,388	915,942,388		9,159,424	9,159,424

## 22. RESERVES

### Revenue reserves

Unappropriated profit

5,694,026      3,741,907

### Other reserves

Premium on the issue of ordinary shares

4,497,894      4,497,894

Foreign exchange translation reserve

(557)      4,102

Unrealised gain on revaluation of available for sale investments - net

16,386,998      12,523,931

Statutory reserve

939,500      647,030

21,823,835      17,672,957

27,517,861      21,414,864

22.1 The amounts above reflect the effect of deferred taxation wherever applicable, (Refer note 13).

## 23. LONG TERM LIABILITIES

Term Finance Certificates

Note      2016      2015  
----- (Rupees in '000) -----

23.1      4,324,486      429,623

Term loan

23.2      310,637      433,666

4,635,123      863,289





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

<b>23.1 Term Finance Certificates (TFCs)</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
<b>Secured</b>		----- (Rupees in '000) -----	
Seventh issue - listed on Pakistan Stock Exchange Limited	23.1.1	-	249,448
Eighth issue - listed on Pakistan Stock Exchange Limited	23.1.2	<b>502,471</b>	525,992
Ninth issue - privately placed	23.1.3	<b>988,054</b>	-
		<b>1,490,525</b>	775,440
<b>Unsecured</b>			
Privately Placed Term Finance Certificates	23.1.4	<b>3,000,000</b>	-
		<b>4,490,525</b>	775,440
Less: Current portion shown under current liability		<b>166,039</b>	345,818
		<b>4,324,486</b>	429,622
<b>23.2 Term loan</b>			
<b>Secured</b>			
Term loan	23.2.1	<b>433,739</b>	493,780
Less: Current portion shown under current liability		<b>123,102</b>	60,114
		<b>310,637</b>	433,666

**23.1.1** The Holding Company exercised the Call Option in respect of TFC (30-10-2012) bearing symbol JSTFC6 in accordance with clause 3.16 of the Trust Deed dated June 14, 2012. The Option Redemption Date was April 30, 2016, on which date the Holding Company redeemed in full the entire principal outstanding amount of Rs. 250 million along with accrued profit as of the said date and premium at the rate of 0.25% of the prepaid amount i.e. Rs. 125 million which was otherwise due on October 30, 2016.

**23.1.2** The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 175 basis points per annum. These TFCs have a tenor of five years i.e. 2014-2019 with a call option exercisable by the Holding Company at any time on a coupon date during the tenor of the TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. The instrument is structured to redeem the principal in ten (10) stepped up semi-annual installments starting from the 6<sup>th</sup> month of the Issue Date. 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. 1,172.70 (December 31, 2015: Rs. 1,070.55) million to secure the outstanding principal with 35% margin. In the event of any sale and repurchase of marketable securities, the trustee 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.

**23.1.3** The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 165 basis points per annum. These TFCs have a tenor of five years i.e. 2016-2021, including a grace period of twelve (12) months, with a call option exercisable by the Holding Company at any time on a coupon date during the tenor of the TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. The instrument is structured to redeem the principal in eight (8) equal semi-annual installments starting from the 18<sup>th</sup> month of the Issue Date. 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. 1,812.42 million to secure the outstanding principal with 35% margin. In the event of any sale and repurchase of marketable securities, the trustee 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**23.1.4** During the current year, the subsidiary Bank has issued Rs.3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Article of Association.
Issue date:	December 14, 2016
Tenor:	Up to Seven years from the Issue date.
Maturity Date:	December 14, 2023
Rating	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date.
Profit Payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The issue is unsecured and subordinated as to payment of principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10 <sup>th</sup> redemption, subject to SBP's approval.

**23.2.1** The mark-up on this term loan is payable semi-annually, based on the six month KIBOR average rate plus 150 basis points per annum. This loan has a tenor of five years i.e. 2015-2020 including a grace period of twelve (12) months. The principal is payable in eight (08) equal semi-annual installments starting from 18<sup>th</sup> month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 1,005.13 (December 31, 2015: Rs. 1,004.85) million with margin ranging from 30% to 40%.

<b>24. LONG-TERM DEPOSITS AND OTHER ACCOUNTS</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
		----- <b>(Rupees in '000)</b> -----	
<b>Customers</b>			
Fixed deposits		<b>105,693,800</b>	61,877,181
Savings deposits		<b>37,520,859</b>	30,207,993
Margin accounts		<b>4,185,137</b>	1,557,573
	24.1	<b>147,399,796</b>	93,642,747
<b>Financial Institutions</b>			
Remunerative deposits	24.1	<b>26,853,900</b>	10,996,136
Non-Remunerative deposits		<b>903,397</b>	203,863
		<b>27,757,297</b>	11,199,999
		<b>175,157,093</b>	104,842,746
Current maturity		<b>(174,119,903)</b>	(104,147,082)
		<b>1,037,190</b>	695,664



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**24.1** These carry mark-up ranging from 0.5% to 11.5% (December 31, 2015: 0.5% to 11.5%) per annum.

<b>25. TRADE AND OTHER PAYABLES</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
		----- (Rupees in '000) -----	
Creditor for sale of shares on behalf of clients		<b>1,753,806</b>	448,218
Accrued expenses		<b>1,208,160</b>	1,214,931
Bills payable		<b>2,545,227</b>	1,612,608
		<b>5,507,193</b>	3,275,757
<b>Other liabilities</b>			
Security deposits		<b>1,902,633</b>	765,196
Unclaimed dividend		<b>18,180</b>	21,406
Unrealised loss on forward foreign exchange contracts - net		<b>22,235</b>	41,047
Provision for Workers' Welfare Fund	25.1	<b>446,307</b>	360,012
Payable to Citibank Overseas Investment Corporation ("COIC")	25.2	<b>48,059</b>	-
Others		<b>671,552</b>	520,643
		<b>3,108,966</b>	1,708,304
		<b>8,616,159</b>	4,984,061

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

Aggrieved by the amendments made through the Finance Act, 2008, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the WWF Ordinance in 2011. However, the Honourable High Court of Sindh in the year 2013 did not accept the above arguments and declared the amendments made through Finance Act as valid. Both these decisions were later challenged in the Honourable Supreme Court of Pakistan.

During the year, the Honourable Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, declaring the amendments introduced through the Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing.

In view of the above developments regarding the applicability of Federal WWF, the Group Companies (the Holding Company, its subsidiaries and its sub subsidiaries) sought respective legal opinions to conclude on the reversal of Federal WWF provision. However, based on legal advice, the Group Companies have decided to retain the provision for WWF in the financial statements.

Further, as a consequence of the 18<sup>th</sup> amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh WWF Act, 2014. The Group Companies, based on the respective legal opinions recognised full provision in the financial statements in respect of Sindh WWF.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**25.2** The Board of Directors of the Holding Company in their meeting held on October 28, 2015 decided to pay a sum of Rs. 48.059 million to Citibank Overseas Investment Corporation (“COIC”) which was part of the purchase consideration for the six million shares in Jahangir Siddiqui Investment Bank Limited (now merged into JS Bank Limited and formerly known as Citicorp Investment Bank Limited) pursuant to the terms of the agreement entered into between COIC and Jahangir Siddiqui & Co. Ltd. dated February 01, 1999 (Agreement). The amount was to be paid if and when JS Bank Limited (the successor company of Jahangir Siddiqui Investment Bank Limited) receives certain refunds which were pending at the time of execution of the Agreement. There will be no increase in the number of shares pursuant to the aforesaid payment which is being made in terms of the Agreement. Pursuant to the approval of the Board of Directors of the Holding Company, the members of the Holding Company in their Annual General Meeting held on April 11, 2016, also approved the payment to COIC, by way of special resolution under Section 208 of the Companies Ordinance, 1984, subject to the requisite regulatory permission(s).

The Holding Company has recorded the liability payable to COIC as an expense since it did not fulfill the criteria to be recognized as an asset under currently applicable financial reporting framework.

	Note	2016 ----- (Rupees in '000) -----	2015
<b>26. ACCRUED INTEREST / MARK-UP ON BORROWINGS</b>			
Long term financing		26,847	36,638
Deposits		1,403,651	875,428
		<b>1,430,498</b>	912,066
<b>27. SHORT TERM BORROWINGS</b>			
Securities sold under repurchase agreements secured against:			
Government securities	27.1	1,412,674	45,837,581
Borrowing from SBP	27.1	6,739,555	5,246,052
Borrowing from banks / NBFCs - unsecured	27.2	2,167,818	3,554,685
		<b>10,320,047</b>	54,638,318

**27.1** This represents collateralised borrowing from SBP against Pakistan Investment Bonds carrying mark-up at the rate of 5.6% to 5.75% (2015: 6.5%) per annum and would mature on January 03, 2017 (2015: January 04, 2016).

**27.2** Included herein is Rs. 0.8 million (2015: Rs. 3,500 million) representing call money borrowings from financial institutions, carrying interest at the rate of 1.8% to 2.76% (2015: 6.05%) per annum. This also includes overdrawn nostro accounts outside Pakistan.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 28. CURRENT DEPOSITS AND CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2016 ----- (Rupees in '000) -----	2015
Term finance certificates	23.1	<b>166,039</b>	345,818
Term loan	23.2	<b>123,102</b>	60,114
Deposits and other accounts	24	<b>174,119,903</b>	104,147,082
Current accounts - Non-remunerative		<b>48,932,442</b>	34,570,446
		<b>223,341,486</b>	<b>139,123,460</b>

## 29. CONTINGENCIES AND COMMITMENTS

### 29.1 Contingencies

#### - In respect of Holding Company

- a) The Commissioner Inland Revenue-Appeals (CIR-Appeals) deleted the additions made as per orders passed under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) eliminating the resulting tax liability and restored the return versions for the tax years 2008 and 2009. The tax department filed appeals before the Appellate Tribunal Inland Revenue (ATIR) against the orders of CIR-Appeals. The ATIR also decided the subject matter in respect of tax years 2008 and 2009 in favour of the Company. However, appeal effect orders passed by the department in respect of aforesaid tax years resulted in refund of Rs. 11.02 million for the tax year 2009. Rectification applications for both the years were filed with the ACIR to allow appeal effect in accordance with the orders passed by the appellate forums. The rectification application for the tax year 2008 was rejected by the ACIR on the contention that another amended order under section 122(5A) as discussed below is in field and previous order is no more in the field. Against the rejection, appeal was filed with the CIR-Appeals which is pending.
- b) The Additional Commissioner of Inland Revenue – Audit Division (ACIR) had passed an order under section 122(5A) of the Ordinance in respect of the tax year 2008 and raised an undue demand of Rs. 96.48 million by unlawfully charging minimum tax at 0.5% under section 113 of the Ordinance on capital gains on sale of listed securities of Rs. 19,255.04 million despite the fact that such capital gains are treated under separate head of income as 'Capital Gains' and not as part of 'Income from Business'. Further, capital gains on sale of listed securities are not covered under the exclusive definition of 'turnover' stipulated in section 113 of the Ordinance. The Company filed an appeal against the above order before the CIR-Appeals. The CIR-Appeals, vide his order dated December 22, 2015, annulled the said order on the issue of charging of minimum tax under section 113 and treatment of capital gain on sale of listed securities as business income. Against the order of CIR-Appeals, the tax department has filed an appeal before the ATIR. The appeal is pending.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence, no provision for liability in this respect has been made in these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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- c) The ACIR issued order under section 122(5A) of the Ordinance in respect of tax year 2010 and created a demand of Rs. 63.49 million. Against the order, the Company filed rectification application on various grounds including credit for taxes of Rs. 54.10 million which was not given by the ACIR. After the rectification, the demand was reduced to Rs. 9.64 million. The Company also preferred appeal before the CIR-Appeals who confirmed the order of the ACIR. Aggrieved by the order of the CIR-Appeals, the Company preferred appeal before the ATIR. The ATIR heard the appeal on November 20, 2015 and remanded the case back to the department for de novo consideration i.e. for fresh proceedings because of the lack of thorough consideration of the relevant facts and circumstances as well as the business of the Company by the ACIR and the CIR-Appeals.

- **In respect of JSIL**

- a) In respect of the appeals filed by the Company against orders passed for tax years 2006 and 2009 against demand of Rs. 162 million and Rs. 66 million respectively, the Deputy Commissioner Inland Revenue (DCIR) Appeal previously had not accepted the basis of addition and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of above said order of CIR (Appeals) for tax years 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses, which is currently pending for adjudication.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 has deleted the additions of tax amortization of Management rights and remanded back the issues of disallowed provisions and advertisement expenses.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax years 2006 and 2009 whereby demands for these tax years were reduced at Rs. 77.33 million and Rs. 59.93 million respectively. As the allocation of expenditure in the said appeal effect orders were not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

In respect of second appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax years 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

The Company has filed second appeal for tax year 2006 in the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenditure made by tax authorities in appeal effect order earlier confirmed by CIR (Appeals). The said appeal before ATIR is currently pending for adjudication.

The CIR (Appeals) also rectified the order passed by his predecessor for tax Year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs. 29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend, which is pending for adjudication.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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Management, based on views of its legal counsel, is confident of a favorable outcome in respect of above matters.

- **In respect of JSGCL**

- a) Except for tax years 2005, 2009, 2014, 2015 and 2016 income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 'the Ordinance' unless selected by taxation authorities for audit purposes.

Tax year 2005 has been selected for audit and proceedings are pending in the Regional Tax Office (RTO). There is no progress in this regard in current period.

- b) For tax year 2009, the ITRA no. 07/2013 filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue in ITA no. 923/KB/2011 dated August 28, 2011 relating to apportionment of expenses, allowability of expenses and claiming of tax deducted at source amounting to Rs. 61.16 million which is pending for hearing before the Honourable High Court of Sindh at Karachi.
- c) For tax year 2014, an amended assessment order dated April 28, 2016, has been passed under section 122 (5A) of the Ordinance by the Additional Commissioner Inland Revenue. Through said order, the ACIR raised demand amounting to Rs. 20.081 million. The Company has filed rectification application identifying various errors / details not considered by the ACIR and requested ACIR to rectify the same. In addition to that, the Company has also filed an appeal to the Commissioner Inland Revenue Appeals - IV (CIR-A) which is pending. The Company has also obtained stay against recovery of demand from Sindh High Court (SHC) till the decision of CIR-A. Tax advisor of the Company is of the opinion that no liability would accrue in this regard.
- d) For tax year 2015, an order dated November 23, 2016 was passed under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue - IV (DCIR). Through said order, an income of Rs. 810,583,651 was computed under section 4B of the Ordinance and resultant demand of super tax of Rs. 24,317,509 was raised. An appeal has been filed against the above order before CIR-A on December 1, 2016 identifying various errors / details not considered. In addition to that, the Company has also filed petition before SHC, and has been granted stay against recovery of the aforesaid demand.
- e) For tax year 2016, a notice dated December 27, 2016 was issued under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue - IV [DCIR]. Through said notice, an income of Rs. 816,122,310 was computed and resultant demand of Super Tax of Rs. 24,483.669 was raised. The Company has challenged the notice through a petition before SHC on constitutional grounds wherein the SHC, vide its order dated January 16, 2017, has stated that no action shall be taken against the Company.
- f) During 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) demanding payment of sales tax amounting to Rs. 19.65 million for the period from July 2011, to June 2012, under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently an order was passed reducing the demand to Rs. 9.86 million along with default surcharge. The Company filed an appeal against the said order which was decided against it. The Company has also filed an appeal before tribunal which is pending adjudication and no order has been passed in this regard. During 2014, the Company paid an amount of Rs. 7.15 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.
-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

During 2014, the Company also received another show cause notice from SRB demanding payment of sales tax amounting to Rs. 34.69 million for the period from July 2012 to December 2013 under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed reducing demand to Rs. 10.77 million. The Company has filed an appeal against the order with Commissioner Inland Revenue (Appeals) which is pending. Further, in respect of the same, rectification application has also been filed with the department. The Company and other stock brokers have also filed petition with the High Court and has been granted interim stay against recovery of demand. However, the Company has paid an amount of Rs. 9.24 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

On prudent basis, the Company has made a provision against the amount paid to SRB in these financial statements.

- g) Tax department has issued show cause notice dated June 08, 2015 confronting (alleged) non payment of Federal Excise Duty (FED) on Company's services under Federal Excise Act, 2005. In response thereto, an extension request was filed. The department however issued order without rejecting the application and raised FED demand of Rs. 78.003 million on account of non-payment of Federal Excise Duty (FED) for tax year 2010 to tax year 2013. The Company filed a rectification appeal amounting to Rs. 55.3 million against the said order on account of certain computational errors. However, the remaining demand of Rs. 22.526 million represents duplicate levy as the Company has already paid Sindh sales tax under Sindh Sales Tax on Services Act on such services. The Company has also filed an appeal in the SHC, through Stockbroker Association (of which the Company is also the member) against aforementioned order on the grounds that after 18<sup>th</sup> amendment to the Constitution, the services that were previously subjected to FED under the federal laws are now subject to the provincial sales tax and the Company has accordingly discharged its tax obligation. The SHC initially, stayed Federal Board of Revenue from demanding sales tax on services from stockbrokers and subsequently, disposed of the order in Company's favor. However, the relevant tax authorities have filed the petition in Honourable Supreme Court of Pakistan which is pending adjudication.

**2016**                      **2015**  
----- (Rupees in '000) -----

### 29.1.1 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.

i) Government	<b>18,055,350</b>	13,374,471
ii) Banking companies and other financial institutions	<b>2,777,027</b>	590,642
iii) Others	<b>6,673,175</b>	2,888,172
	<b>27,505,552</b>	16,853,285





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	----- (Rupees in '000) -----	
<b>29.1.2 Other contingencies</b>		
Claims not acknowledged as debts	-	66,884
Trade related contingent Liabilities documentary credits	<b>20,505,270</b>	11,134,071
<b>29.2 Commitments</b>		
<b>Commitments in respect of forward exchange contracts:</b>		
Purchase	<b>9,872,524</b>	9,076,271
Sale	<b>10,004,614</b>	5,218,707
Forward commitments to extend credit	<b>234,062</b>	1,396,767
<b>Other commitments:</b>		
Forward commitments in respect of purchase	<b>3,989,680</b>	-
Forward commitments in respect of sale	<b>6,029,401</b>	1,035,179
Commitments in respect of capital expenditure	<b>59,876</b>	616,466
Cross currency swaps	<b>1,753,050</b>	2,627,850
<b>30. RETURN ON INVESTMENTS</b>		
<b>Mark-up / interest income from:</b>		
<b>At fair value through profit or loss - held for trading</b>		
Government securities	<b>921,326</b>	795,105
Term Finance Certificates	-	5,941
	<b>921,326</b>	801,046
<b>Available for sale</b>		
Term Finance / Sukuk Certificates	<b>209,655</b>	218,362
Government securities	<b>7,637,954</b>	8,271,908
	<b>7,847,609</b>	8,490,270
<b>Dividend income on:</b>		
At fair value through profit or loss - held for trading	<b>322,117</b>	60,478
Available for sale investments	<b>472,188</b>	617,941
	<b>794,305</b>	678,419
	<b>9,563,240</b>	9,969,735

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 (Rupees in '000)	2015
<b>31. GAIN ON SALE OF INVESTMENTS - net</b>			
<b>At fair value through profit or loss - held for trading</b>		<b>75,198</b>	37,708
<b>Available for sale</b>			
Listed equity securities		516,679	3,987,076
Term finance certificates		4,448	-
Government securities		2,779,039	1,319,863
Mutual funds		11,211	101
		<b>3,386,575</b>	<b>5,344,748</b>
<b>32. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS</b>			
Interest on loans to staff		227	295
Interest on loans and advances		6,239,367	5,951,679
Interest on deposits with financial institutions		4,210	5,562
Return on reverse repurchase transactions of Government securities		83,329	160,237
Return on term deposit receipts		1,449	4,108
		<b>6,328,582</b>	<b>6,121,881</b>
<b>33. FEE, COMMISSION AND BROKERAGE</b>			
Consultancy and advisory fee		188,204	150,983
Commission income		1,260,045	1,017,070
Remuneration from funds under management	33.1	155,353	159,721
Brokerage income		441,618	439,923
Other services		5,158	3,919
		<b>2,050,378</b>	<b>1,771,616</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	----- (Rupees in '000) -----	
<b>33.1 Remuneration from funds under management</b>		
<b>Open-end funds</b>		
JS Value Fund Limited	27,444	26,143
JS Growth Fund	55,389	65,756
Unit Trust of Pakistan	34,830	40,063
JS Income Fund	10,482	8,129
JS Islamic Fund	16,863	16,135
JS Aggressive Asset Allocation Fund	-	2,213
JS Fund of Funds	2,187	1,494
JS KSE - 30 Index Fund	-	663
JS Pension Savings Fund	7,641	8,745
JS Islamic Pension Savings Fund	4,542	4,629
JS Islamic Government Securities Fund	1,841	1,669
JS Large Cap Fund	21,224	28,468
JS Capital Protected Fund V	1,996	-
JS Cash Fund	3,706	8,046
	<b>188,145</b>	212,153
Less: Sales tax	<b>(20,939)</b>	(26,877)
Federal excise duty	<b>(11,853)</b>	(25,555)
	<b>155,353</b>	159,721

**33.1.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, JSIL is entitled to an accrued remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund that has been verified by the trustee and is paid in arrears on monthly basis and thereafter of an amount equal to two percent of such assets of the Fund. During the year ended December 31, 2016, JSIL has charged management fee at the rates ranging from 0.50% to 2% (2015: 0.50% to 2%).

	2016	2015
	----- (Rupees in '000) -----	
<b>34. OTHER INCOME</b>		
Gain on sale of property and equipment	42,657	38,328
Rental income	15,334	19,091
Return on cash margin on future contracts	7,652	9,350
Loss on remeasurement of future equity derivatives	(972)	(36,771)
Income under margin financing	95,195	78,176
Income from dealing in foreign currency	312,718	287,741
Other income	285,950	58,792
	<b>758,534</b>	454,707

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

		2016	2015
	Note	----- (Rupees in '000) -----	
<b>35. ADMINISTRATIVE AND OTHER EXPENSES</b>			
Salaries and benefits	35.1	<b>3,565,376</b>	2,704,876
Telephone, fax, telegram and postage		<b>222,522</b>	152,353
Vehicle running		<b>17,922</b>	9,091
Directors' meeting fee		<b>19,730</b>	14,148
Utilities		<b>18,521</b>	17,518
Newspapers and periodicals		<b>540</b>	459
Conveyance and travelling		<b>87,446</b>	63,579
Repairs and maintenance		<b>511,868</b>	378,269
Computer expenses		<b>15,647</b>	19,204
Auditors' remuneration	35.2	<b>13,388</b>	11,022
Royalty fee	35.3	<b>24,900</b>	24,900
Consultancy fee		<b>5,597</b>	3,777
Advisory fee	35.4	<b>44,817</b>	35,567
Legal and professional charges		<b>293,268</b>	59,003
Printing and stationery		<b>145,668</b>	8,732
Rent, rates and taxes		<b>1,012,433</b>	891,341
Insurance		<b>99,819</b>	119,833
Entertainment		<b>35,746</b>	2,521
Advertisement		<b>328,469</b>	175,330
Office supplies		<b>2,922</b>	2,469
Depreciation	35.5	<b>561,211</b>	462,166
Amortisation of intangible assets	8	<b>54,052</b>	46,618
Provision against non-performing loans, advances and receivables		<b>5,281</b>	675,455
Fees and subscription		<b>78,379</b>	54,986
Donations	35.6	<b>89,374</b>	117,030
Brokerage and commission expense		<b>45,757</b>	10,253
Clearing fees		<b>103,523</b>	93,242
Office security		<b>240,501</b>	176,400
Exchange loss		-	147
Provision against guarantees	10.1.1	-	479,079
Others		<b>144,269</b>	81,879
		<b>7,788,946</b>	<b>6,891,247</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 35.1 Details of Provident Funds

Description	JSCL		JSBL		JSIL		JSGCL	
	2016	2015	2016	2015	2016	2015	2016	2015
	----- Audited -----		Draft		----- Audited -----			
	----- (Rupees in '000) -----							
Number of employees	20	19	1,870	1,477	83	72	193	128
Size of provident fund	35,752	29,300	800,784	607,995	29,685	22,975	43,662	40,465
Cost of investments made	4,594	21,272	762,096	369,208	18,311	15,581	43,153	40,046
Fair value of investments	4,704	22,365	845,482	369,208	21,431	15,776	43,223	40,160
Percentage of investments made	13%	73%	95%	61%	62%	68%	99%	99%
<b>Break-up of investments at cost/ market value:</b>								
<b>Term finance certificates:</b>								
Amount of investments	2,037	4,271	34,862	-	-	-	1,653	1,817
Percentage of size of investments	6%	15%	4%	-	-	-	4%	4%
<b>National Saving Schemes:</b>								
Amount of investments	-	-	185,000	35,000	-	-	4,902	4,503
Percentage of size of investments	-	-	23%	6%	-	-	11%	11%
<b>Listed securities:</b>								
Amount of investments	2,666	1,388	12,461	37,401	9,860	6,015	12,046	8,882
Percentage of size of investments	7%	5%	2%	6%	33%	26%	28%	22%
<b>Government Securities:</b>								
Amount of investment	-	16,706	427,892	296,807	-	-	-	-
Percentage of size of investments	-	57%	53%	49%	-	-	-	-
<b>Balance in scheduled banks:</b>								
Amount of investment	30,813	6,872	38,688	21,969	7,885	6,958	24,552	24,844
Percentage of size of investments	86%	23%	5%	4%	27%	30%	56%	61%
<b>Balance in Mutual Funds:</b>								
Amount of investment	-	-	101,881	25,700	11,751	9,760	-	-
Percentage of size of investments	-	-	13%	4%	40%	42%	-	-

Investments out of the Provident Funds have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 35.2 Auditors' remuneration

	EY Ford Rhodes		Other	2016	2015
	Holding company	Subsidiary companies	Subsidiary companies		
	----- (Rupees in '000) -----				
Annual audit fee	1,500	2,725	611	4,836	5,077
Half-yearly review fee	200	900	-	1,100	1,100
Certifications and other services	100	5,045	-	5,145	3,308
Out of pocket expenses	182	1,677	19	1,878	1,537
Others	144	274	11	429	-
	<b>2,126</b>	<b>10,621</b>	<b>641</b>	<b>13,388</b>	<b>11,022</b>

35.3 This represents royalty payable under agreements approved by the Board of Directors of the respective Companies.

35.4 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	2016 ----- (Rupees in '000) -----	2015
35.5 Depreciation			
Operating assets	7.1	561,091	461,994
Investment property	9	120	172
		<b>561,211</b>	<b>462,166</b>

## 36. FINANCE COST

### Mark-up on:

Short term running finance	-	3,976
Long term financing	96,429	99,926
Borrowing from banks / NBFCs	355,091	450,251
Deposits	7,362,810	6,230,587
Repurchase transactions of securities	1,504,055	2,891,267
	<b>9,318,385</b>	<b>9,676,007</b>
Amortisation of transaction costs	6,210	5,164
Bank charges	413	251
	<b>9,325,008</b>	<b>9,681,422</b>

## 37. IMPAIRMENT ON INVESTMENTS

Available for sale investments	415,027	291,092
	<b>415,027</b>	<b>291,092</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 38. TAXATION

	Note	2016			2015		
		Current	Prior	Deferred	Current	Prior	Deferred
----- (Rupees in '000) -----							
Jahangir Siddiqui & Co. Ltd.	38.1	158,238	89,461	-	325,194	(1,746)	-
JS Investments Limited	38.2	44,436	(7,429)	(26,909)	33,170	36	(8,184)
JS Infocom Limited	38.3	1,579	7	-	2,414	-	-
Energy Infrastructure Holding (Pvt) Ltd.	38.4	13,210	204	-	2,709	-	-
JS Global Capital Limited	38.5	71,065	-	(3,093)	119,071	(9,018)	15,013
JS Abamco Commodities Limited		439	-	(10)	52	-	135
JS Bank Limited	38.6	1,030,882	96,422	135,070	449,422	-	237,404
		<b>1,319,849</b>	<b>178,665</b>	<b>105,058</b>	<b>932,032</b>	<b>(10,728)</b>	<b>244,368</b>
<b>Total Taxation</b>				<b>1,603,572</b>			<b>1,165,672</b>

**38.1** Income tax returns for the tax year up to 2015 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001, except for tax years 2008, 2009 and 2010 which have been disclosed in Note 29 Contingencies and commitments.

Super tax liability for the tax year 2016 levied through enactment of Finance Act, 2016 which became applicable from July 01, 2016. Since the Company follows a special tax year, therefore super tax payable under section 4B of the Income Tax Ordinance, 2001, for the year ended December 31, 2015 (tax year 2016) is recognized during the period.

**38.2** The income tax assessments of the Company has been finalized upto and including the assessment year 2002-2003 (financial year ended June 30, 2002). The income tax assessments for the tax years 2003 to 2005, 2007, 2008 and 2010 to 2016 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax Ordinance, 2001. The details of tax years 2006 and 2009 have been described in Note 29 Contingencies and commitments.

**38.3** The income tax assessments of JS Infocom Limited for the tax years 2004 to 2016 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.

**38.4** The income tax assessments of Energy Infrastructure Holding (Private) Limited for the tax year 2009 & 2016 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.

**38.5** Except for tax years 2005, 2009, 2014, 2015 and 2016 income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 'the Ordinance' unless selected by taxation authorities for audit purposes. Tax year 2005 has been selected for audit and proceedings are pending in the Regional Tax Office (RTO). There is no progress in this regard in current period.

For tax year 2009, the ITRA no. 07/2013 filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue in ITA no. 923/KB/2011 dated August 28, 2011 relating to apportionment of expenses, allowability of expenses and claiming of tax deducted at source amounting to Rs. 61.16 million which is pending for hearing before the Honorable High Court of Sindh at Karachi.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 38.6 Income tax

JS Bank (the Bank) has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2008 through 2016. The said returns so filed were deemed to be assessed in terms of the returns filed under the provisions of prevailing income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2013. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Based on the amended assessments in tax year 2008 to tax year 2013, the department has made certain disallowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010 & 2011 and tax years 2009 & 2012 respectively. The Bank has not accepted the amendments and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIRA). With regard to appeals filed for tax year 2009 to 2013, the CIRA has decided the appeals accepting the Bank's contentions in respect of significant issues. Whereas, the contentious matter of levy of workers welfare fund and disallowance of amortization claim of goodwill have been decided in favor of department. However, the Bank is contesting the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008, CIRA has admitted the contention of the Bank that the amended order is barred by time and, decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIRA in ATIR where it is pending for hearing and decision.

For the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIRA decision that allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The matter of allowability of amortization relating to goodwill is contentious issue, therefore based on the opinion of lawyer there are arguments available to contend that goodwill on merger is a tax claimable deduction. Especially in the recent decision given by the High Court of Sindh in the case of merger of other bank in Pakistan where the court has ruled favorably that goodwill generated in merger is 'intangible' and amortization relating to goodwill is allowable deduction.

In respect of WWF, the Supreme Court of Pakistan (SCP) has recently held that the amendments in the WWF Ordinance through Finance Act, 2006 and 2008 are not validly made. Based on decision of SCP, now it has been cleared that persons on whom the WWF levy was made applicable due to the provisions of Finance Bill 2006 and 2008 will no longer be required to pay for WWF; nor to FBR and neither to WWF Department. Accordingly, as of now the Bank's contention is mandated and it is likely that its pending appeals in this will be decided favorably.

The management of the Bank is confident that the decision in respect of the above matters will be in the Bank's favour and accordingly no demand for payment would arise.

## Sales tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) and created demand of Rs. 48.838 million (besides Rs. 4.440 million is charged as penalty) against the Bank for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services/incomes' of amounting to Rs. 277.488 million for the tax periods from July





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

2011 to December 2013. The issue is common amongst the banking industry. The Bank has filed an appeal against the said Order before Commissioner SRB (Appeals) and subsequently the Commissioner SRB (Appeals) is also not favoring on the ground that such services/income is taxable under the tariff heading of 9813.499 i.e. "Other services not specified elsewhere" and chargeable to tax from November 01, 2011 onward to the end of the periods in question therein, along with the default surcharge to be calculated at the time of payment, however CIR Appeals set aside the receipts on account of FX gain on Western Union remittance and declared as non-taxable services.

The Bank has not accepted the adjudication so made and has filed an appeal and obtain stay against recovery of tax demand before Appellate Tribunal which is pending for hearing and decision.

## Azad Jammu & Kashmir Operations

The Bank has commenced its operations in Azad Jammu & Kashmir from tax year 2009 and it has filed separate returns for the tax years 2009 to 2016 with the tax authorities of such region. The Commissioner has issued notice to select the return filed for the Tax Year 2011-2015 for imitating audit proceeding which are finalised during the year and no additional demand has been raised.

	2016	2015
	----- (Rupees in '000) -----	
<b>39. EARNINGS PER SHARE</b>		
<b>Attributable to equity holders' of the parent:</b>		
Profit after taxation attributable to Ordinary shareholders	<b>2,162,014</b>	4,290,372
	----- (Numbers in '000) -----	
Number of Ordinary shares outstanding during the year	<b>915,942</b>	842,476
<b>Earnings per share:</b>	----- (Rupees) -----	
<b>Basic</b>	<b>2.36</b>	5.09

**39.1** Diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue as at December 31, 2016 and December 31, 2015.

	2016	2015
	----- (Rupees in '000) -----	
<b>40. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>16,330,999</b>	12,886,399
Borrowing from bank / NBFCs	<b>(8,907,373)</b>	(8,800,737)
	<b>7,423,626</b>	4,085,662

## 41. DEFERRED LIABILITY - EMPLOYEE BENEFIT

### 41.1 General description

JS Bank (the subsidiary) operates a recognized gratuity fund for all employees who opted for the new staff retirement benefit scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees,

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

retirees, employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

**41.2** The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- **Salary increase risk:**

This is the risk that the salary at the time of cessation of service is higher than that assumed by us. This is a risk to the Bank because the benefits are based on the final salary; if the final salary is higher than what we have assumed, the benefits will also be higher.

- **Discount rate risk**

The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- **Mortality / withdrawal risk:**

This is the risk that the actual mortality/withdrawal experience is different than that assumed by us.

- **Longevity risk**

This is the risk that when actual lifetime of retirees is longer than expectation. The risk is measured at plan level over the entire population.

- **Investment risk**

This is the risk that the assets are underperforming and are not sufficient to meet the liabilities.

- **Maturity profile**

The weighted average duration of the defined benefit obligation works out to 8.97 years.

**41.3 Number of employees under the schemes**

The number of employees covered under defined benefit scheme is 2,325 (2015: 1,778).

**41.4 Principal actuarial assumptions**

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2016 based on the Projected Unit Credit Method, using the following significant assumptions:

		<b>2016</b>	<b>2015</b>
Valuation discount rate	<b>per annum</b>	<b>8.00%</b>	9.00%
Expected return on plan assets	<b>per annum</b>	<b>8.00%</b>	9.00%
Future salary increase rate	<b>per annum</b>	<b>9.00%</b>	9.00%
Effective duration of the discounted future cash flows	<b>years</b>	<b>9.31</b>	8.97
Normal retirement age	<b>years</b>	<b>60</b>	60
Withdrawal rates		<b>Moderate</b>	Moderate
Mortality rates		<b>Adjusted SLIC 2001-05</b>	SLIC 2001-05



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 41.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability (asset)	
	2016	2015	2016	2015	2016	2015
	----- (Rupees in '000) -----					
<b>Balance as at January 01,</b>	<b>235,572</b>	154,368	<b>171,567</b>	133,019	<b>64,005</b>	21,349
<b>Included in profit or loss</b>						
Current service cost	<b>58,437</b>	44,657	-	-	<b>58,437</b>	44,657
Negative past service cost	-	(30,465)	-	-	-	(30,465)
Past service cost	-	38,942	-	-	-	38,942
Interest cost / income	<b>21,022</b>	17,256	<b>18,142</b>	16,055	<b>2,880</b>	1,201
	<b>79,459</b>	70,390	<b>18,142</b>	16,055	<b>61,317</b>	54,335
<b>Included in other comprehensive income</b>						
Actuarial gains / losses arising from:						
- Financial assumptions	<b>31,859</b>	255	<b>(393)</b>	-	<b>32,252</b>	255
- Experience adjustments	<b>24,739</b>	12,519	-	3,104	<b>24,739</b>	9,415
	<b>56,598</b>	12,774	<b>(393)</b>	3,104	<b>56,991</b>	9,670
<b>Others</b>						
Contribution made during the year	-	-	<b>64,005</b>	21,349	<b>(64,005)</b>	(21,349)
Benefits paid during the year	<b>(3,994)</b>	(1,960)	<b>(3,994)</b>	(1,960)	-	-
	<b>(3,994)</b>	(1,960)	<b>60,011</b>	19,389	<b>(64,005)</b>	(21,349)
<b>Balance as at December 31,</b>	<b>367,635</b>	235,572	<b>249,327</b>	171,567	<b>118,308</b>	64,005

41.6 The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	Note	Fair value of plan assets			
		2016	2015	2016	2015
		----- (Rupees in '000) -----		Percentage	
Cash and cash equivalent		<b>13,298</b>	39,177	<b>5.3%</b>	22.8%
Government Securities	41.6.1	<b>236,029</b>	132,390	<b>94.7%</b>	77.2%
		<b>249,327</b>	171,567	<b>100%</b>	100%

41.6.1 This represents investments held in Pakistan Investment Bonds (PIBs) and T-Bills, the fair values of the these securities are determined based on quoted market prices in active markets having a cost of Rs. 223.111 million (2015: Rs. 122.900 million).

### Maturity profile

Expected maturity analysis of undiscounted defined benefit obligation for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 6-10 years	Over 10 and above	Total
Balance as at December 31, 2016	<b>15,120</b>	<b>16,880</b>	<b>81,797</b>	<b>188,089</b>	<b>600,842</b>	<b>902,728</b>

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### 41.7 Sensitivity analysis

41.7.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value	Fair value	Net defined
		of defined benefit obligation	of any plan assets	benefit liability
----- (Rupees in '000) -----				
<b>Current results</b>	-	<b>367,635</b>	<b>249,327</b>	<b>118,308</b>
<b>Discount rate</b>				
1% Increase	9%	<b>335,766</b>	<b>247,208</b>	<b>88,558</b>
1% Decrease	7%	<b>404,232</b>	<b>251,507</b>	<b>152,725</b>
<b>Salary Rate</b>				
1% Increase	10%	<b>405,362</b>	<b>249,327</b>	<b>156,035</b>
1% Decrease	8%	<b>334,226</b>	<b>249,327</b>	<b>84,899</b>
<b>Withdrawal rate</b>				
10% Increase	Moderate + one year	<b>306,204</b>	<b>249,327</b>	<b>56,877</b>
10% Decrease	Moderate - one year	<b>422,550</b>	<b>249,327</b>	<b>173,223</b>
<b>Mortality rate</b>				
One year age set back	Adjusted SLIC 2001-05 - one year	<b>368,118</b>	<b>249,327</b>	<b>118,791</b>
One year age set forward	Adjusted SLIC 2001-05 + one year	<b>367,154</b>	<b>249,327</b>	<b>117,827</b>

Furthermore in presenting the above sensitivity analysis, the present value of the define benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in JSBL unconsolidated statement of financial position.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 41.8 Experience Adjustments

The remeasurement gains / (losses) arise due to actual experience varying from the actuarial assumptions for the year:

Particulars	2016	2015	2014	2013
	(Rupees in '000)			
Defined benefit obligation	367,635	235,572	154,368	116,676
Fair value of plan assets	(249,327)	(171,567)	(133,019)	(115,387)
Net defined benefit liability	118,308	64,005	21,349	1,289
Remeasurement gain / (loss) on obligation	56,598	12,774	3,493	(740)
Remeasurement gain / (loss) on plan assets	393	(3,104)	3,655	2,408
Other comprehensive income	56,991	9,670	7,148	1,668

41.9 The average duration of the benefit obligation at December 31, 2016 is within one year.

41.10 The Bank contributes to the gratuity fund as per actuarial's expected charge for the next financial year. Based on actuarial advice and management estimates, the charge in respect of defined benefit obligation for the next one year works out to be 4.7% of annual basic salaries of amounting to Rs. 161.693 million. The amount of remeasurements to be recognised in other comprehensive income for year ending December 31, 2016 will be worked out as at the next valuation.

## 42. FINANCIAL INSTRUMENTS BY CATEGORY

	2016			Total
	Loans and receivables	Assets at fair value through profit and loss	Available for sale	
(Rupees in '000)				
<b>ASSETS</b>				
Long term investments	-	-	68,958,456	68,958,456
Loans, advances, deposits and other receivables	87,786,474	-	-	87,786,474
Net investment in Finance Lease	7,532,153	-	-	7,532,153
Short term investments	-	67,479,564	24,612,171	92,091,735
Trade debts	1,720,157	-	-	1,720,157
Fund placements	11,334,414	-	-	11,334,414
Accrued mark-up	2,414,896	-	-	2,414,896
Cash and bank balances	16,330,999	-	-	16,330,999
	127,119,093	67,479,564	93,570,627	288,169,284
<b>LIABILITIES</b>				
Long term financing	-	-	3,327,915	3,327,915
Deposits and other accounts	-	-	224,089,535	224,089,535
Trade and other payables	1,753,806	6,862,353	-	8,616,159
Short term borrowings	-	-	10,320,047	10,320,047
	1,753,806	6,862,353	244,599,850	246,353,656

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	2015			
	Loans and receivables	Assets at fair value through profit and loss	Available for sale	Total
	----- (Rupees in '000) -----			
<b>ASSETS</b>				
Long term investments	-	-	88,967,268	88,967,268
Loans, advances, deposits and other receivables	74,469,032	-	-	74,469,032
Net investment in Finance Lease	3,226,785	-	-	3,226,785
Short term investments	-	24,105,806	22,558,917	46,664,723
Trade debts	800,847	-	-	800,847
Fund placements	3,581,329	-	-	3,581,329
Accrued mark-up	4,618,665	-	-	4,618,665
Cash and bank balances	12,886,399	-	-	12,886,399
	99,583,057	24,105,806	111,526,185	235,215,048

	Fair value through profit or loss	At Amortized Cost	Total
	----- (Rupees in '000) -----		
<b>LIABILITIES</b>			
Long term financing	-	2,144,648	2,144,648
Deposits and other accounts	-	140,288,620	140,288,620
Trade and other payables	-	3,368,071	3,368,071
Short term borrowings	-	54,638,318	54,638,318
	-	200,439,657	200,439,657

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

The Executive 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.

### 43.1 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, investments at fair value through profit and loss, available for sale investments, fund placements and derivative financial instruments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

The sensitivity has been prepared for the year ended December 31, 2016 and December 31, 2015 respectively using the amounts of financial assets and liabilities held as at those balance sheet dates.

## 43.1.1 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 Groups's interest rate exposure on financial instruments is disclosed as follows.

### Sensitivity analysis for variable rate instruments

Presently, the Group holds interest rate bearing bank deposits, government securities, term finance certificates, loans and advances to customers and financial institutions and sukus that expose the Group to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2016, with all other variables held constant, the net assets and income of the Group for the year would change as follows:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on other comprehensive income
<b>December 31, 2016</b>		----- (Rupees in '000) -----	
<b>Assets</b>	<b>100</b>	<b>1,038,845</b>	-
	<b>(100)</b>	<b>(1,038,845)</b>	-
<b>Liabilities</b>	<b>100</b>	<b>56,723</b>	-
	<b>(100)</b>	<b>(56,723)</b>	-
December 31, 2015			
Assets	100	882,303	-
	(100)	(882,303)	-
Liabilities	100	15,590	-
	(100)	(15,590)	-

### Sensitivity analysis for fixed rate instruments

As at December 31, 2016 the Group holds Pakistan Investment Bonds and Market Treasury Bills which are classified in both categories, i.e. held for trading and available for sale exposing the Group to fair value interest rate risks, respectively. In case of 100 basis points increase / decrease in KIBOR on December 31, 2015, with all other variables held constant, the comprehensive income of the Group for the year would change as follows:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on other comprehensive income
<b>December 31, 2016</b>		----- (Rupees in '000) -----	
<b>Assets</b>	<b>100</b>	<b>547,242</b>	-
	<b>(100)</b>	<b>(547,242)</b>	-
December 31, 2015			
Assets	100	847,383	(256)
	(100)	(847,383)	256

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### 43.1.2 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).

	<b>Change in foreign currency rate (Percentage)</b>	<b>Effect on profit before tax</b>	<b>Effect on other comprehensive income</b>
		----- (Rs. in '000) -----	
<b>December 31, 2016</b>	<b>2.50%</b>	<b>132,324</b>	-
	<b>(2.50%)</b>	<b>(132,324)</b>	-
December 31, 2015	2.50%	31,247	-
	(2.50%)	(31,247)	-

### 43.1.3 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 December 31, 2016 and December 31, 2015. 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.

	<b>Fair Value Rupees in '000</b>	<b>Price change</b>	<b>Effect on profit before tax</b>	<b>Effect on other comprehensive income</b>
			----- (Rs. in '000) -----	
<b>December 31, 2016</b>	<b>30,591,367</b>	<b>10% increase</b>	<b>70,449</b>	<b>1,459,119</b>
December 31, 2015	22,871,100	10% increase	66,569	1,825





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## 43.2 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.

Carrying amount	December 31, 2016				
	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
----- (Rupees in '000) -----					
<b>Financial liabilities</b>					
Long term financing	4,635,123	4,941,500	137,334	279,616	3,930,294
Deposits and other accounts	224,089,535	224,089,535	206,739,962	16,212,383	403,922
Trade and other payables	8,616,159	8,169,852	6,267,219	-	1,902,633
Accrued interest / mark-up	1,430,498	1,430,498	1,430,498	-	-
Short term borrowings	10,320,047	10,320,047	10,320,047	-	-
	<b>249,091,362</b>	<b>248,951,432</b>	<b>224,895,060</b>	<b>16,491,999</b>	<b>998,178</b>
					<b>6,566,195</b>

Carrying amount	December 31, 2015				
	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
----- (Rupees in '000) -----					
<b>Financial liabilities</b>					
Long term financing	1,387,421	1,655,414	231,632	314,487	740,124
Deposits and other accounts	141,840,487	141,840,487	131,605,175	9,539,648	55,410
Trade and other payables	5,183,251	5,183,251	4,429,428	-	753,823
Accrued interest / mark-up	40,426	40,426	40,426	-	-
Short term borrowings	54,638,318	54,638,318	54,622,997	5,970	6,137
	<b>203,089,903</b>	<b>203,357,896</b>	<b>190,929,658</b>	<b>9,860,105</b>	<b>430,718</b>
					<b>2,134,201</b>

## 43.3 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.

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## 43.3.1 Analysis of credit quality

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk. Government debt securities have been excluded as these carry zero percent credit risk.

December 31, 2016	Neither past due nor impaired			Past due but not impaired	Individually impaired	Total
	High grade	Standard grade	Sub-standard grade			
----- (Rupees in '000) -----						
Cash and bank balances	14,395,739	-	-	-	-	14,395,739
Due from banks	1,784,559	150,701	-	-	-	1,935,260
Cash collateral on securities borrowed and reverse repurchase agreements	11,334,414	-	-	-	-	11,334,414
Financial assets at fair value through profit or loss	67,479,564	-	-	-	-	67,479,564
<b>Loans and advances:</b>						
Corporate lending	23,878,821	54,827,416	3,237,298	-	685,020	82,628,555
Small business lending	1,136,526	1,971,188	2,480	-	-	3,110,194
Banks	2,899,004	388,072	-	-	-	3,287,076
Consumer lending	1,642,271	32,296	-	577,967	826	2,253,360
Residential mortgages	2,389,356	-	-	140,548	17,340	2,547,244
Employees and contractors	1,741,056	-	-	-	-	1,741,056
Trade debts	855,461	461,378	-	403,318	-	1,720,157
Accrued mark-up	1,086,035	1,328,861	-	-	-	2,414,896
<b>Financial investments available for sale:</b>						
Government securities	54,724,249	-	-	-	-	54,724,249
Quoted - other debt securities	-	5,372,971	-	-	-	5,372,971
Unquoted - debt securities	941,987	435,000	-	-	-	1,376,987
Equity investments	-	24,208,623	-	-	-	24,208,623
	<b>186,289,042</b>	<b>89,176,506</b>	<b>3,239,778</b>	<b>1,121,833</b>	<b>703,186</b>	<b>280,530,345</b>



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December 31, 2015	Neither past due nor impaired			Past due but not impaired	Individually impaired	Total
	High grade	Standard grade	Sub-standard grade			
	----- (Rupees in '000) -----					
Cash and bank balances	11,674,229	-	-	-	-	11,674,229
Due from banks	855,387	356,783	-	-	-	1,212,170
Cash collateral on securities borrowed and reverse repurchase agreements	2,952,883	-	-	-	-	2,952,883
Financial assets at fair value through profit or loss	24,105,806	-	-	-	-	24,105,806
<b>Loans and advances:</b>						
Corporate lending	29,799,121	36,129,147	4,406,734	17,623	269,439	70,622,064
Small business lending	163,235	626,518	9,239	-	-	798,992
Banks	1,213,620	648,067	-	-	-	1,861,687
Consumer lending	252,826	640,368	-	36,481	1,150	930,825
Residential mortgages	1,130,122	-	-	-	5,966	1,136,088
Employees and contractors	1,343,481	-	-	-	-	1,343,481
Trade debts	800,847	-	-	-	-	800,847
Accrued mark-up	53,731	4,564,934	-	-	-	4,618,665
<b>Financial investments available for sale:</b>						
Government securities	84,738,303	-	-	-	-	84,738,303
Quoted - other debt securities	-	1,333,915	-	-	-	1,333,915
Unquoted - debt securities	-	1,924,462	-	-	-	1,924,462
Equity investments	-	21,531,882	-	-	-	21,531,882
	<u>159,083,591</u>	<u>67,756,076</u>	<u>4,415,973</u>	<u>54,104</u>	<u>276,555</u>	<u>231,586,299</u>

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### 43.3.2 Concentration of credit risk

The Group monitors concentration of credit risk by sector and geographic locations. An analysis of concentration of credit risk from loans and advances and investments is given below

	Loans and advances		Trade debts		Investment debt securities	
	2016	2015	2016	2015	2016	2015
----- (Rupees in '000) -----						
<b>Segment by class of business</b>						
Mining and quarrying	71,326	61,460	-	-	-	-
Textile and Glass	14,224,534	9,109,117	-	-	65,022	-
Chemical and pharmaceuticals	4,567,903	4,106,028	-	-	400,000	-
Fertilizer and pesticides	4,786,479	2,801,899	-	-	149,860	395,896
Automobile and transportation equipment	1,958,955	3,195,335	-	-	-	-
Tyre, rubber and plastic	1,684,546	1,167,412	-	-	-	-
Electronics and electrical appliances	200,835	118,399	-	-	-	-
Construction and real estate	9,938,526	5,219,528	-	-	-	-
Power and water, Oil and Gas	3,769,024	2,794,337	-	-	357,143	428,571
Metal and steel	3,441,932	1,405,162	-	-	-	-
Paper / board / furniture	737,077	577,514	-	-	-	-
Food / confectionery / beverages	14,760,439	22,072,862	-	-	-	-
Trust and non-profit organisations	289,779	194,596	-	-	-	-
Sole proprietorships	4,266,829	2,333,592	-	-	-	-
Transport, storage and communication	5,962,599	1,429,447	-	-	217,822	166,714
Financial	3,252,827	8,602,282	-	-	120,768,009	2,281,993
Insurance and security	29,804	44,689	-	-	-	-
Engineering, IT and other services	8,346,803	7,559,660	-	-	-	-
Sugar	2,981,865	2,600,367	-	-	-	-
Individuals	8,032,581	5,051,753	1,720,157	814,707	-	-
Others	3,181,107	2,544,065	-	-	-	-
	<b>96,485,770</b>	<b>82,989,504</b>	<b>1,720,157</b>	<b>814,707</b>	<b>121,957,856</b>	<b>3,273,174</b>
<b>Segment by geographic location</b>						
In Pakistan	<b>96,485,770</b>	<b>82,989,504</b>	<b>1,720,157</b>	<b>814,707</b>	<b>121,957,856</b>	<b>3,273,174</b>
Outside Pakistan	-	-	-	-	-	-
	<b>96,485,770</b>	<b>82,989,504</b>	<b>1,720,157</b>	<b>814,707</b>	<b>121,957,856</b>	<b>3,273,174</b>



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## 43.3.3 Trading assets

The table below sets out the credit quality of trading debt securities. The analysis is based on PACRA and JCRVIS ratings where applicable:

	2016	2015
	----- (Rupees in '000) -----	
<b>Government Securities</b>		
Government Securities	<b>109,190,621</b>	22,537,891
	<b>109,190,621</b>	22,537,891
<b>Mutual Funds</b>		
Rated AA- to AA+	<b>2,533,969</b>	221,640
	<b>2,533,969</b>	221,640
<b>Debt Securities</b>		
Term Finance Certificates-listed	<b>92,091</b>	127,438
Rated AA- to AA+	<b>646,240</b>	-
	<b>738,331</b>	127,438

## 43.3.4 Collaterals held and other credit enhancements, and their financial effect

The group holds collateral against its certain exposures. The table below sets out the principal type of collateral held against different types of financial assets:

Type of credit exposure	Percentage of exposure that is subject to collateral requirements		Principle type of collateral held
	2016	2015	
<b>Loans and advances to banks</b>			
Call money lendings	-	-	None
Lending to financial institutions	<b>100%</b>	100%	Property / Stock
Repurchase agreement lendings	<b>100%</b>	100%	Government Securities
<b>Loans and advances to retail customers</b>			
Running, cash, etc. finances	<b>100%</b>	100%	Cash / Property / Stock
Term loan	<b>100%</b>	100%	Property / Stock
Trade loans	<b>100%</b>	100%	Cash / Stock
House and personal loans	<b>100%</b>	100%	Property
Auto loans	<b>100%</b>	100%	Mortgage of vehicles
<b>Loans and advances to corporate customers</b>			
Advances to corporate customers	<b>100%</b>	100%	Mortgage on fixed assets and lien on liquid assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 44. CAPITAL RISK MANAGEMENT

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

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

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

During the year ended December 31, 2016, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at December 31, 2016 was as follows:

	2016	2015
	----- (Rupees in '000) -----	
Long term financing	1,924,264	1,269,220
Deposits and other accounts	224,089,535	139,413,192
Trade and other payables	8,616,159	4,984,061
Accrued interest / mark-up on borrowings	1,430,498	912,066
Short term borrowings	10,320,047	54,638,318
<b>Total debt</b>	<b>246,380,503</b>	201,216,857
Cash and bank balances	16,330,999	12,886,399
Fund placements	11,334,414	3,581,329
	<b>27,665,413</b>	16,467,728
<b>Net debt</b>	<b>218,715,090</b>	184,749,129
Share capital	9,159,424	9,159,424
Reserves	27,517,861	21,414,864
<b>Equity</b>	<b>36,677,285</b>	30,574,288
<b>Capital</b>	<b>255,392,375</b>	215,323,417
<b>Gearing ratio</b>	<b>86%</b>	86%

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.

## 45. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 6.19 to these financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

## Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Unobservable inputs for the asset or liability.

	2016			Total
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
<b><u>On balance sheet financial instruments</u></b>				
<b>At fair value through profit or loss</b>				
Open end Mutual funds	-	300,008	-	300,008
Term finance certificates	12,091	-	-	12,091
Listed equity securities	1,408,980	-	-	1,408,980
Government Securities	-	65,758,485	-	65,758,485
<b>Available for sale investments</b>				
Open end mutual funds	-	2,233,963	-	2,233,963
Listed equity securities	29,061,203	-	201,972	29,263,175
Sukuk and term finance certificates	-	80,000	-	80,000
Government securities	-	54,724,249	-	54,724,249
Foreign currency bond (US\$)	-	5,714,939	-	5,714,939
	<b>30,482,274</b>	<b>128,811,644</b>	<b>201,972</b>	<b>159,495,890</b>
<b><u>Off balance sheet financial instruments</u></b>				
<b>Forward exchange contracts</b>				
Purchase	-	9,816,883	-	9,816,883
Sale	-	9,977,367	-	9,977,367
<b>Future transaction of listed equity securities</b>	<b>1,029,817</b>	<b>-</b>	<b>-</b>	<b>1,029,817</b>
<b>Forward government securities</b>				
Purchase	-	3,988,403	-	3,988,403
Sale	-	4,996,791	-	4,996,791
<b>Cross currency swaps (notional principal)</b>	<b>-</b>	<b>1,758,882</b>	<b>-</b>	<b>1,758,882</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2015			Total
	Level 1	Level 2	Level 3	
<b>On balance sheet financial instruments</b>				
<b>At fair value through profit or loss</b>				
Open end Mutual funds	-	221,640	-	221,640
Term finance certificates	14,903	-	-	14,903
Listed equity securities	1,408,980	-	-	1,408,980
Government Securities	-	22,537,891	-	22,537,891
<b>Available for sale investments</b>				
Open end mutual funds	-	1,971,278	-	1,971,278
Listed equity securities	21,256,496	-	-	21,256,496
Sukuk and term finance certificates	-	1,417,570	-	1,417,570
Government securities	-	84,738,303	-	84,738,303
	<u>22,680,379</u>	<u>110,886,682</u>	<u>-</u>	<u>133,567,061</u>
<b>Off balance sheet financial instruments</b>				
<b>Forward exchange contracts</b>				
Purchase	-	9,010,743	-	9,010,743
Sale	-	5,232,871	-	5,232,871
<b>Future transaction of listed equity securities</b>	<u>772,304</u>	<u>-</u>	<u>-</u>	<u>772,304</u>
<b>Forward government securities</b>				
Sale	-	267,074	-	267,074
<b>Cross currency swaps (notional principal)</b>	<u>-</u>	<u>2,638,243</u>	<u>-</u>	<u>2,638,243</u>

## 46. RELATED PARTY TRANSACTIONS

Related parties comprise of subsidiaries, companies with common directors, 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 47. The relationship and transactions with the related parties are given below:

	2016	2015
	----- (Rupees in '000) -----	
<b>Common Directorship</b>		
Payment against subscription of right shares	-	918,416
Sale of Government securities	<b>1,721,049</b>	78,139
Purchase of Government securities	-	42,960
Dividend income	-	19,488
Commission income	<b>72</b>	1,484
Brokerage / commission / service income	-	16,369
Payment of insurance premium	-	30,328
Expenses incurred on behalf of the Company	<b>1,118</b>	186
Reimbursement of expenses by the Company	-	436
Interest / mark-up expense	-	145,234





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	----- (Rupees in '000) -----	
Sale of units of JS Income Fund	-	514,310
Donation paid during the year	<b>40,000</b>	16,635
Letter of credit	<b>42,688</b>	21,937
Payment on account of expenses to associated companies	-	638
Sale of forward foreign exchange contracts	-	9,715,600
Purchase of forward foreign exchange contracts	-	7,112,125
Advances disbursed	<b>18,640,900</b>	1,157,367
Advances repaid	<b>18,642,302</b>	1,123,871
Deposits in banks accounts	<b>27,432,054</b>	7,751,811
Withdrawals from bank accounts	<b>27,573,379</b>	6,704,218
Interest / mark-up earned	<b>232,606</b>	26,075
Amount repaid	-	64,300,000
Loans received from related parties	<b>47,800,000</b>	-
Loans disbursed to related parties	<b>700,000</b>	-
Loans repaid to / from related parties	<b>48,500,000</b>	-
Right shares received during the year	-	91,841,563
Sale of shares	<b>378,000</b>	120,300,000
Purchase of units of JS Income Fund	-	520,612

## Key Management Personnel

Interest on long term loan to executive	<b>19,320</b>	14,388
Proceeds from sale of vehicles	-	326
Interest / mark-up expense	-	2,005
Loan disbursed	<b>2,591</b>	219,264
Loan repaid	<b>2,490</b>	76,841
Deposits in banks accounts	-	863,036
Withdrawals from bank accounts	-	829,563
Royalty and advisory fee paid	<b>16,000</b>	24,000
Investment made in the fund/(s)	-	1,230,261
Investment in the fund/(s) disposed off or matured	-	1,594,427
Dividend income	-	18,982
Commission income	-	3,736
Other expenses incurred on behalf of the fund/(s)	-	4,970

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	----- (Rupees in '000) -----	
Reimbursement of expenses to directors	1,796	1,421
Advances disbursed	279,095	217,429
Advances repaid	196,670	73,794
	----- (No. of shares) -----	
Shares issued against subscription of right shares	-	1,681,484
	----- (Rupees in '000) -----	
<b>Other Related Parties</b>		
Sale of Government securities	<b>30,141,032</b>	37,336,249
Purchase of Government securities	<b>1,633,431</b>	12,580,673
Sale of Sukuk	<b>295,977</b>	15,260
Sale of forward foreign exchange contracts	<b>10,613,895</b>	9,715,600
Purchase of forward foreign exchange contracts	<b>6,109,909</b>	7,112,125
Call borrowings / repurchase transactions	-	67,800,000
Commission income	<b>89,540</b>	97,238
Letter of credit	<b>138,578</b>	34,139
Remuneration of management fee	<b>155,353</b>	159,722
Investment in right shares	-	382,293
Letter of guarantees	-	107,623
Sale of shares / units	<b>102,370</b>	-
Contribution to staff provident fund trust	<b>120,698</b>	92,122
Contribution to staff benefit plan gratuity	<b>64,005</b>	21,349
Dividend income	<b>611,749</b>	462,286
Brokerage / commission / service income	<b>14,768</b>	190
Royalty paid	<b>19,075</b>	30,725
Advisory fee paid	<b>41,500</b>	24,000
Rental income	<b>15,094</b>	16,354
Donation paid	<b>3,557</b>	75,255
Management fee sharing on distribution of mutual funds	-	2
Principal redemption against TFCs	<b>34,263</b>	33,700
Interest / mark-up earned	<b>602,537</b>	199,600
Interest / mark-up paid	<b>5,049</b>	13,943
Interest / mark-up expense	-	281,263
Other expenses incurred on behalf of related parties	<b>22,308</b>	6,879
Reimbursement of expenses from related parties	<b>19,251</b>	15,248



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	----- (Rupees in '000) -----	
Advances disbursed	<b>5,343,766</b>	5,746,165
Advances repaid	<b>24,681,634</b>	5,137,035
Insurance premium paid	<b>155,454</b>	81,102
Insurance refund cancellation	<b>1</b>	44
Redemption of units	<b>400</b>	-
Redemption of investment	<b>889,088</b>	-
Investments in funds under management	<b>771,731</b>	-
Proceeds against insurance claim / cancellation	<b>10,621</b>	10,022
Deposits in banks accounts	<b>67,265,419</b>	60,574,317
Withdrawals from bank accounts	<b>65,471,254</b>	60,961,428
Preference dividend paid	<b>1,479</b>	-
Services received	<b>586</b>	228
Tax on bonus shares	<b>53,649</b>	-
Payment against buy back of own shares	-	1,313
Other payments made	<b>11,111</b>	66,666
Rent receivable	-	801
Rent payable	-	2,290
Sale proceeds of operating fixed assets	-	2,285
	----- (No. of shares) -----	
Purchase of shares	<b>2,063,500</b>	-
Sale of shares	<b>3,030,500</b>	55,626,860
Bonus shares received	<b>8,016,930</b>	-
Shares received against subscription of right shares	-	38,229,300

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## BALANCES WITH RELATED PARTIES

2016                      2015  
----- (Rupees in '000) -----

### Common Directorship

Advances	<b>478,064</b>	395,763
Borrowings	<b>956,255</b>	3,500,000
Deposits	<b>56,583</b>	1,108,568
Receivable against expenses incurred on behalf of companies	<b>597</b>	307
Donation payable	<b>50,000</b>	80,000

### Other Related Parties

Advances	<b>1,349,098</b>	2,044,664
Deposits	<b>7,056,023</b>	4,808,073
Trade debts	-	1,108
Trade payable	<b>2,290</b>	1,026
Principal outstanding of TFCs issued by the company	<b>39,900</b>	74,163
Mark-up payable on TFCs issued by the company	<b>723</b>	1,341
Other receivables	<b>8,146</b>	1,660
Payable against contribution to staff provident fund	<b>456</b>	753

### Key management personnel

Advances	<b>478,064</b>	395,639
Deposits	<b>56,583</b>	76,534
Loans and advances payable	<b>502</b>	2,048
Trade payable	-	221
Payable to directors for attending director / committee meetings	<b>350</b>	-



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 47. 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	
	2016	2015	2016	2015	2016	2015
	----- (Rupees in '000) -----					
Managerial remuneration	-	3,722	48,760	36,322	1,449,602	840,816
House rent allowance	-	-	2,301	7,546	6,823	166,986
Utilities allowance	-	-	484	1,941	1,740	38,148
Car allowance	-	-	-	-	6,085	82,403
Sub-brokerage, commission and performance bonus	-	-	45,750	34,000	296,578	231,821
Advisory and consultancy fee	6,000	6,000	-	-	-	-
Retirement benefits	-	-	2,635	2,280	162,101	101,351
Medical	-	-	3,517	2,429	144,660	51,423
Reimbursable expenses	-	-	21	21	83,266	393
Fee for attending meetings	15,651	7,531	-	-	-	-
	<b>21,651</b>	<b>17,253</b>	<b>103,468</b>	<b>84,539</b>	<b>2,150,855</b>	<b>1,513,341</b>
Number of persons	<b>15</b>	<b>13</b>	<b>4</b>	<b>4</b>	<b>1,124</b>	<b>696</b>

47.1 The Group also provides certain Chief Executives and Executives with Group maintained cars.

## 48. OPERATING SEGMENT INFORMATION

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

<b>Capital market and brokerage</b>	Principally engaged in trading of equity securities, maintaining strategic and trading portfolios and earning share brokerage and money market, forex and commodity brokerage, advisory, underwriting, book running and consultancy services.
<b>Banking</b>	Principally engaged in providing investment and commercial banking.
<b>Investment advisor / assets manager</b>	Principally providing investment advisory and asset management services to different mutual funds and unit trusts.
<b>Others</b>	Other operations of the Group comprise of telecommunication, media and information technology, underwriting and consultancy services, research and corporate finance and power generation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

The following tables present revenue and profit information for the Group's operating segments for the year ended December 31, 2016 and 2015 respectively.

	(Rupees in '000)						
	Capital market and brokerage	Banking	Investment advisor / assets manager	Others	Total segments	Adjustments and eliminations	Consolidated
<b>Year ended December 31, 2016</b>							
<b>Revenue</b>							
Segment revenues	1,694,639	19,942,284	493,733	418,262	22,548,918	(341,409)	22,207,509
Inter-segment revenues	(384,946)	52,338	4,574	(13,375)	(341,409)	341,409	-
<b>Total revenue</b>	<b>1,309,693</b>	<b>19,994,622</b>	<b>498,307</b>	<b>404,887</b>	<b>22,207,509</b>	<b>-</b>	<b>22,207,509</b>
<b>Results</b>							
Profit for the year	408,131	2,128,954	204,271	359,542	3,100,898	(120,715)	2,980,183
<b>Year ended December 31, 2015</b>							
<b>Revenue</b>							
Segment revenues	4,929,160	18,617,607	439,007	197,643	24,183,417	(390,500)	23,792,917
Inter-segment revenues	(374,414)	(3,727)	(2,734)	(9,625)	(390,500)	390,500	-
<b>Total revenue</b>	<b>4,554,746</b>	<b>18,613,880</b>	<b>436,273</b>	<b>188,018</b>	<b>23,792,917</b>	<b>-</b>	<b>23,792,917</b>
<b>Results</b>							
Profit / (loss) for the year	2,707,855	2,021,820	171,358	(470,684)	4,430,529	1,193,294	5,623,823
<b>The following tables present assets and liabilities information for the Group's operating segments for the year ended December 31, 2016 and year ended December 31, 2015 respectively.</b>							
	(Rupees in '000)						
	Capital market and brokerage	Banking	Investment advisor / assets manager	Others	Total segments	Adjustments and eliminations	Consolidated
<b>Assets</b>							
December 31, 2016	36,918,064	264,700,493	2,799,531	2,690,387	307,108,475	(13,432,050)	293,676,425
December 31, 2015	30,437,384	218,475,663	2,299,742	1,512,614	252,725,403	(13,014,375)	239,711,028
<b>Liabilities</b>							
December 31, 2016	4,308,031	248,050,968	225,791	360,717	252,945,507	(2,627,977)	250,317,530
December 31, 2015	2,250,198	202,507,760	192,165	494,672	205,444,795	(3,054,463)	202,390,332



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	----- (Rupees in '000) -----	
<b>49. GEOGRAPHIC INFORMATION</b>		
<b>Revenues from external customers</b>		
Pakistan	22,207,509	23,792,900
United Kingdom	-	17
	<b>22,207,509</b>	<b>23,792,917</b>
<b>Non-current assets</b>		
Pakistan	<b>4,633,185</b>	3,350,955

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

## 50. RECLASSIFICATIONS

50.1 Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison, which as follows:

Component	Description	Reclassification from	Reclassification to	Rs. in '000
Balance Sheet	Assets acquired in satisfaction of claims	Current assets - Assets classified as held for sale	Non Current assets - Assets Repossessed	182,455

## 51. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 06, 2017 by the Board of Directors of the Holding Company.

## 52. GENERAL

Figures have been rounded off to nearest thousand rupee.

**Chief Justice (R) Mahboob Ahmed**  
Chairman

**Suleman Lalani**  
Chief Executive

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## Annexure I

Details of disposal of fixed assets having written down value exceeding Rs.50,000 each (refer note 7.1.1)

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship
	----- Rupees in '000 -----						
<b>Vehicles</b>							
Honda Civic	2,386	1,432	954	1,800	846	Insurance Claim	EFU General Insurance Limited - related party,
Honda Civic	1,891	1,639	252	1,171	919	Negotiation	Muhammad Saeed
Honda Civic	2,129	1,029	1,100	1,511	411	Negotiation	Mian Humanyun
Honda Civic	2,326	1,667	659	1,657	998	Negotiation	Riaz Ahmed
Toyota Corolla	1,524	1,448	76	1,220	1,144	Negotiation	Salma Saeed
Toyota Corolla	1,673	1,059	614	1,300	686	Negotiation	Anwar Madani
Toyota Corolla	8,000	3,600	4,400	5,364	964	Negotiation	Farooq Motors
Toyota Corolla	1,673	1,199	474	1,243	769	Negotiation	Syed Wali najam
Toyota Corolla	1,673	1,394	279	1,153	874	Negotiation	Syed Wali najam
Toyota Corolla	1,688	1,069	619	1,370	751	Negotiation	Naeem Ashraf
Suzuki Cultus	934	171	763	883	120	Negotiation	Muhammad Haroon
Toyota Corolla	1,875	1,437	437	1,460	1,023	Negotiation	Tariq Usman Bhatti (ex-employee)
Toyota Corolla	1,516	1,011	505	1,200	695	Negotiation	Raheel Mithani
Honda City	1,516	1,012	504	1,275	771	Negotiation	Kashif
<b>Balance c/f</b>	<b>30,804</b>	<b>19,167</b>	<b>11,636</b>	<b>22,607</b>	<b>10,971</b>		





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship
	----- Rupees in '000 -----						
<b>Balance b/f</b>	<b>30,804</b>	<b>19,167</b>	<b>11,636</b>	<b>22,607</b>	<b>10,971</b>		
Toyota Corolla	1,843	246	1,597	1,843	246	Insurance Claim	EFU General Insurance Limited - related party,
Toyota Corolla	1,683	673	1,010	1,500	490	Insurance Claim	EFU General Insurance Limited - related party,
Suzuki Cultus	957	686	271	689	418	Negotiation	Nusrat Iqbal
Suzuki Cultus	957	686	271	671	400	Negotiation	Nusrat Iqbal
Suzuki Cultus	1,002	501	501	790	289	Negotiation	Rizwan Hafeez Abbasi
Suzuki Cultus	998	599	399	758	359	Negotiation	Numeri Abbar
Suzuki Cultus	1,022	528	494	805	311	Negotiation	Numeri Abbar
Suzuki Cultus	1,037	519	518	787	269	Negotiation	Danish Ali
Suzuki Cultus	1,007	554	453	739	286	Negotiation	Hasan Akhtar Abbasi
Suzuki Cultus	1,094	109	985	1,035	50	Insurance Claim	EFU General Insurance Limited - related party,
Suzuki Cultus	998	615	383	755	372	Insurance Claim	Faisal Dabeer
Suzuki Cultus	993	662	331	700	369	Insurance Claim	Mian Humayun
<b>Electrical, office and computer equipment</b>							
Others	55,778	52,536	3,243	28,278	25,034		
	<b>100,173</b>	<b>78,081</b>	<b>22,092</b>	<b>61,956</b>	<b>39,864</b>		

# PATTERN OF SHAREHOLDING

As of December 31, 2016

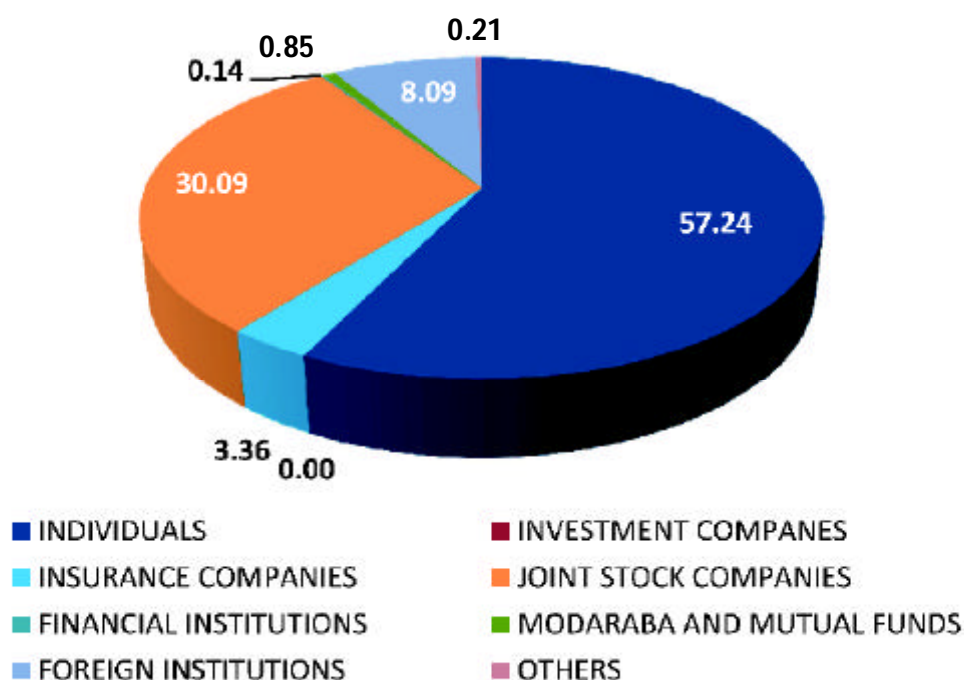
No. of Shareholders	Shareholding				Total Shares Held	
1189	Shareholding	From	1	To	100	35,451
1567	Shareholding	From	101	To	500	596,651
1309	Shareholding	From	501	To	1000	1,174,770
2542	Shareholding	From	1001	To	5000	6,789,812
764	Shareholding	From	5001	To	10000	6,052,633
931	Shareholding	From	10001	To	50000	21,976,068
174	Shareholding	From	50001	To	100000	13,005,790
118	Shareholding	From	100001	To	250000	19,140,010
59	Shareholding	From	255001	To	500000	21,859,032
30	Shareholding	From	505001	To	1000000	21,789,678
1	Shareholding	From	1095001	To	1100000	1,100,000
1	Shareholding	From	1210001	To	1215000	1,214,500
1	Shareholding	From	1245001	To	1250000	1,250,000
1	Shareholding	From	1295001	To	1300000	1,300,000
1	Shareholding	From	1325001	To	1330000	1,329,596
1	Shareholding	From	1490001	To	1495000	1,492,500
1	Shareholding	From	1495001	To	1500000	1,500,000
1	Shareholding	From	1590001	To	1595000	1,590,120
1	Shareholding	From	1655001	To	1660000	1,657,004
1	Shareholding	From	1775001	To	1780000	1,780,000
1	Shareholding	From	1830001	To	1835000	1,834,000
1	Shareholding	From	1860001	To	1865000	1,862,500
1	Shareholding	From	1880001	To	1885000	1,884,500
1	Shareholding	From	1930001	To	1935000	1,934,560
1	Shareholding	From	1995001	To	2000000	2,000,000
1	Shareholding	From	2000001	To	2005000	2,000,200
1	Shareholding	From	2335001	To	2340000	2,337,500
1	Shareholding	From	2995001	To	3000000	3,000,000
1	Shareholding	From	3620001	To	3625000	3,624,100
1	Shareholding	From	3860001	To	3865000	3,862,500
1	Shareholding	From	3995001	To	4000000	4,000,000
1	Shareholding	From	4385001	To	4390000	4,385,500
1	Shareholding	From	8560001	To	8565000	8,564,242
1	Shareholding	From	9645001	To	9650000	9,650,000
1	Shareholding	From	9900001	To	9905000	9,903,500
1	Shareholding	From	14310001	To	14315000	14,313,500
1	Shareholding	From	15535001	To	15540000	15,535,500
1	Shareholding	From	19710001	To	19715000	19,711,876
1	Shareholding	From	52135001	To	52140000	52,139,195
1	Shareholding	From	91500001	To	91505000	91,502,800
1	Shareholding	From	140185001	To	140190000	140,186,700
1	Shareholding	From	395075001	To	395080000	395,076,100
<b>8,715</b>						<b>915,942,388</b>



# PATTERN OF SHAREHOLDING

As of December 31, 2016

S NO.	CATEGORY OF SHAREHOLDER	NUMBER OF SHAREHOLDER	TOTAL	PERCENTAGE
1	INDIVIDUALS	8571	524,323,259	57.24
2	INVESTMENT COMPANES	1	4,324	0.00
3	INSURANCE COMPANIES	5	30,792,905	3.36
4	JOINT STOCK COMPANIES	101	275,633,547	30.09
5	FINANCIAL INSTITUTIONS	5	1,321,593	0.14
6	MODARABA AND MUTUAL FUNDS	5	7,810,228	0.85
7	FOREIGN INSTITUTIONS	12	74,117,270	8.09
8	OTHERS	15	1,939,262	0.21
<b>TOTAL</b>		<b>8715</b>	<b>915,942,388</b>	<b>100.00</b>



## 1. DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN

	NO. OF SHARES HELD	Percentage %
MR. SULEMAN LALANI	359,315	
MR. ALI J. SIDDIQUI	384,146	
MR. MAHBOOB AHMED	878,926	
MRS. NASEEM MAHBOOB	282,878	
MR. KHALID IMRAN	1	
MR. MUNAWAR ALAM SIDDIQUI	7	
MR. KALIM-UR-RAHMAN	1	
MR. SAUD AHMED MIRZA	120	
MR. STEPHEN SMITH	20	
<b>TOTAL</b>	<b>1,905,414</b>	<b>0.21</b>

# PATTERN OF SHAREHOLDING

As of December 31, 2016

	NO. OF SHARES HELD	Percentage %
<b>2. ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES</b>		
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	140,186,700	
THE EASTERN EXPRESS COMPANY (PRIVATE) LIMITED	14,313,500	
EFU GENERAL INSURANCE LIMITED	19,711,876	
EFU LIFE ASSURANCE LIMITED	8,564,242	
EFU SERVICES (PRIVATE) LIMITED	113,446	
JAHANGIR SIDDIQUI & SONS LIMITED	91,502,800	
<b>TOTAL</b>	<b>274,392,564</b>	<b>29.96</b>
<b>3. NIT AND ICP</b>		
IDBL (ICP UNIT)	4,324	
<b>TOTAL</b>	<b>4,324</b>	<b>0.00</b>
<b>4. BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS &amp; NON BANKING FINANCE COMPANIES</b>		
BANKS	1,317,001	
NON-BANKING FINANCE COMPANIES	4,592	
<b>TOTAL</b>	<b>1,321,593</b>	<b>0.14</b>
<b>5. INSURANCE COMPANIES (OTHER THAN DISCLOSED IN "2" ABOVE)</b>		
INSURANCE COMPANIES	2,516,787	
<b>TOTAL</b>	<b>2,516,787</b>	<b>0.27</b>
<b>6. MODARABAS AND MUTUAL FUNDS</b>		
MODARABAS	8,584	
<b>MUTUAL FUNDS</b>		
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1,884,500	
CDC - TRUSTEE AKD INDEX TRACKER FUND	59,203	
CDC - TRUSTEE AKD OPPORTUNITY FUND	4,385,500	
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	840,000	
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	632,441	
<b>TOTAL</b>	<b>7,810,228</b>	<b>0.85</b>
<b>7. SHAREHOLDERS HOLDING SHARES 5% OR MORE</b>		
MR. JAHANGIR SIDDIQUI	395,076,100	
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	140,186,700	
JAHANGIR SIDDIQUI & SONS LIMITED	91,502,800	
<b>TOTAL</b>	<b>626,765,600</b>	<b>68.43</b>
<b>8. EXECUTIVES</b>		
EMPLOYEES OF THE COMPANY (OTHER THAN CEO AND DIRECTORS)	15,165	
<b>TOTAL</b>	<b>15,165</b>	<b>0.00</b>

# Form of Proxy

## Annual General Meeting

The Company Secretary  
Jahangir Siddiqui & Co. Ltd.  
6th Floor, Faysal House, Shahrah-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. / Mrs. / Ms. \_\_\_\_\_ of \_\_\_\_\_ (Folio. No./ CDC A/c No.) \_\_\_\_\_ or failing him/her Mr. / Mrs. / Ms. \_\_\_\_\_ of \_\_\_\_\_ (Folio. No./ CDC A/c No.) \_\_\_\_\_ being member of the Company, as my / our proxy to attend, act and vote for me /us and on my / our behalf at the 25<sup>th</sup> Annual General Meeting of the Company to be held on April 21, 2017 and /or any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of April, 2017.

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

In the presence of

**Witness:**

1. Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
CNIC or Passport No.: \_\_\_\_\_
2. Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
CNIC or Passport No.: \_\_\_\_\_

**Signature**

**The Signature should agree with the specimen registered with Company.**

**Important:**

1. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
2. This proxy form, duly completed and signed, must be received at the Office of the Company situated at 6th Floor, Faysal House, Shahrah-e-Faisal, Karachi, not less than 48 hours before the time of holding meeting.
3. 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.
4. If member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
5. Beneficial Owner of physical shares and the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxy are required to produce their original Computerized National Identity Card 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,  
Shahrah-e- Faisal,  
Karachi - 75530  
Pakistan.



اہم نوٹ:

- 1- کمپنی کا کوئی ممبر کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے، حصہ لینے اور ووٹ دینے کیلئے عوضی مقرر کر سکتا ہے۔
- 2- باقاعدہ مکمل اور دستخط شدہ پراکسی فارم اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے دفتر بمقام جہانگیر صدیقی اینڈ کمپنی لمیٹڈ، 6th فلور، فیصل ہاؤس، شاہراہ فیصل، کراچی۔ 75530، پاکستان موصول ہو جانا چاہیے۔
- 3- ایسا کوئی شخص بطور عوضی اجلاس میں شریک نہیں ہو سکتا جو کمپنی کا ممبر نہ ہو، ماسوائے کوئی کارپوریشن کسی غیر ممبر کو اپنا عوضی مقرر کر سکتی ہے۔
- 4- اگر کوئی ممبر ایک سے زائد عوضی مقرر کرتا ہے اور ایک سے زائد عوضی فارم کمپنی کو موصول ہوتے ہیں تو ایسے تمام فارم منسوخ تصور کئے جائیں گے۔
- 5- فزیکل حصص کے مالکان اور سی ڈی سی میں رجسٹرڈ حصص کے مالکان اور/یا ان کے عوضی کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ شناختی مقاصد کیلئے پیش کرنا ہوگا۔ باقاعدہ مکمل اور دستخط شدہ پراکسی فارم کمپنی میں مقررہ وقت پر جمع کروادیا جائے، جس پر دو گواہوں کے دستخط، نام، پتہ، کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر درج ہو۔ اس کے ہمراہ پینشنل مالک اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نمونے کے دستخط جمع کروائی جائے (اگر پہلے سے پراکسی فارم کے ہمراہ جمع نہیں کروائی گئی)

درست ٹکٹ چرکائیں

کمپنی سیکریٹری  
جہانگیر صدیقی اینڈ کمپنی لمیٹڈ  
6th فلور، فیصل ہاؤس،  
شاہراہ فیصل، کراچی۔ 75530
















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