



A n n u a l R e p o r t 2 0 1 7



Annual Report 2017



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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 Raza 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

Saud Ahmed Mirza
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

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S
Main Shahra-e-Faisal, Karachi -74400
Tel: (92-21) 111-111-500
Fax: (92-21) 34326031

Registered Office

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

Website

www.js.com

* On February 26, 2018 Mr. Ali Raza Siddiqui was appointed as director in place of Mr. Suleman Lalani.



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 Shariat 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. Limited (Chairman)
2. East West Life Assurance Co. Limited (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 over 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 Limited
2. Mahvash & Jahangir Siddiqui Foundation
3. Future Trust
4. Al-Abbas Sugar Mills Limited
5. Quality Energy Solutions (Private) Limited
6. Khairpur Solar Power (Private) Limited

Ali Raza Siddiqui

Director - Non - Executive

Mr. Siddiqui is a Partner at JS Private Equity. Previously, he was an Executive Director at JS Investments Limited. Before joining JS Investments Limited, he was Assistant Vice President at AIM Investments in Houston, a wholly-owned subsidiary of INVESCO (formerly known as AMVESCAP Plc). At AIM, Mr. Siddiqui was part of a 5-person team responsible for the management of over USD 60 billion in fixed income assets.

Mr. Siddiqui holds a Bachelors Degree from Cornell University with double majors in Economics and Government.

Other Directorships:

1. EFU General Insurance Limited
2. EFU Life Assurance Limited
3. Pakistan International Bulk Terminal Limited
4. Mahvash & Jahangir Siddiqui Foundation
5. Fakhr-e- Imdad Foundation
6. Future Trust
7. Organization for Social Development Initiatives
8. Manzil Pakistan

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 Directorships:

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

Other Directorships:

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 aircrafts 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. Jahangir Siddiqui & Sons Limited
4. Peregrine Aviation (Private) 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 Limited
2. JS Private Equity Companies
3. Jura Energy Corporation

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. In times of humanitarian disasters, we also run and execute fundraising programs in a joint fashion.

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 (MJSF).

The foundation aims to create sustainable livelihood opportunities and provide support to empower disadvantaged members of society. In addition to projects directly managed by MJSF, partnerships have also been formed with key international organizations including United Nations agencies, Acumen and Oxfam.

Following is an overview of MJSF's activities:

Education

The population of Pakistan is continually growing with over half the total population stated to be below the age of 25 years. These individuals have tremendous potential and the importance of education and vocational training for them cannot be understated. MJSF realizes that to ensure a bright future for the nation's children; 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, Fakhr-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, MJSF supports provision of free healthcare to the underprivileged. This deep commitment to public health is reflected 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

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 camp programs in response to the critical health care needs of the rural population who are deprived of basic health care services.



In 2017, over 18,000 patients were examined in these camps and almost 4,000 cataract surgeries were performed. In addition, 9,500 patients were 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. The 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 crops in the country.

Humanitarian Relief

Pakistan's geographical location and topography make it highly susceptible to natural disasters such as monsoon flooding, landslides, droughts and earthquakes. MJSF has a strategy whereby funding is made available for disaster relief enabling timely action. In addition, it continues support for disaster victims in the aftermath of catastrophes 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

The following is an overview of philanthropic activities of Future Trust (FT):

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. It also supported Cadet College Hasan Abdal for the construction of a Services Block and in the establishment of the "Jahangir Siddiqui Career Counseling Center".

Healthcare

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

Improvement of socio-economic conditions

Future Trust supported the "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 rain-fed agriculture and livestock which is vulnerable to seasonal rains. These hand pumps will bring relief to those villages.

Corporate Calendar 2017

Meetings	Date
Audit Committee Meeting	March 06, 2017
Board of Directors Meeting to consider accounts of the Company for the year ended December 31, 2016	March 06, 2017
25 th Annual General Meeting	April 21, 2017
Audit Committee Meeting to consider accounts of the Company for the quarter ended March 31, 2017	April 26, 2017
Board of Directors Meeting to consider accounts of the Company for the quarter ended March 31, 2017	April 27, 2017
Audit Committee and Board of Directors Meetings to consider accounts of the Company for the half yearly ended June 30, 2017	August 28, 2017
Audit Committee and Board of Directors Meetings to consider accounts of the Company for the nine months period ended September 30, 2017	October 28, 2017



Notice Of 26th Annual General Meeting

Notice is hereby given that the 26th 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 Tuesday, April 17, 2018 at 10:30 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, 2017 together with the Directors’ and Auditors’ Reports thereon and Chairman’s Review Report.
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, Messrs EY Ford Rhodes, Chartered Accountants, who being eligible have offered themselves for re-appointment.

Special Business

3. To consider and if deemed fit, pass the following resolutions as Special Resolutions under Section 199 of the Companies Act, 2017, with or without any modification(s), addition(s) or deletion(s):

“**RESOLVED** that, as and by way of Special Resolution, the Company be and is hereby authorized in terms of Section 199 of the Companies Act, 2017 to make further long term equity investment of up to PKR 1,000 million (Rupees One Billion) from time to time by purchase of Ordinary Shares of EFU General Insurance Limited, an associated company, as per terms and conditions disclosed to the members.

RESOLVED FURTHER that the above Special Resolution shall be valid for a period of three years from the date of passing of the said Special Resolution.

RESOLVED FURTHER that any two of the Chief Executive Officer, Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly and severally authorized and empowered on behalf of the Company to take all steps and actions necessary, ancillary and incidental for the acquisition of shares of EFU General Insurance Limited and to do all acts, matters, deeds and as may be necessary or expedient for the purpose of giving effect to the special resolution, in letter and spirit.”

4. To consider, and if thought fit, to pass the following resolutions as Special resolutions:
 - (a) “**RESOLVED** that the transactions carried out by Jahangir Siddiqui & Co. Ltd (the “Company”) in the normal course of business with JS Bank Limited (related party) for the year ended December 31, 2017 be and are hereby ratified, approved and confirmed.
 - (b) **RESOLVED FURTHER** that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in the normal course of business with JS Bank Limited (related party) from 01 January 2018 till the next annual general meeting and in this connection the Chief Executive Officer be and is hereby authorized 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.”

Statement under section 134(3) of the Companies Act, 2017 pertaining to the above said special businesses is annexed with the notice of the meeting sent to the members.

By Order of the Board

Hasan Shahid

CFO & Company Secretary

Karachi: March 27, 2018

NOTES:

- (i) The Company has placed the Audited Financial Statements along with Chairman's Review Report, Directors and Auditors Reports for the year ended December 31, 2017 on its website: www.js.com
- (ii) The Share Transfer Books of the Company shall remain closed from April 10, 2018 to April 17, 2018 (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 09, 2018 by the Company's Registrar i.e. Central Depository Company of Pakistan Ltd. (Share Registrar Department), CDC House, 99-B, Block-B, S.M.C.H.S., main Shahrah-e-Faisal, 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. Form of proxy is enclosed.
- (v) Form of proxy, in order to be valid must be properly filled-in/executed and 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 in Circular No. 1 of 2000:

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) Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, _____ of _____, being a member of Jahangir Siddiqui & Co. Ltd., holder of _____ ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____."

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 along with folio number and updated address for correspondence.

Mandate for e-Dividend

Under Section 242 of the Companies Act, 2017, the listed companies are required to pay cash dividend only through electronic mode. The members are requested to provide duly filled in and signed e-dividend form available at <http://www.js.com/index.php/investors/shareholders-information>.

Electronic Transmission of Financial Statements and Notices

Pursuant to Section 223(7) of the Companies Act, 2017 the Company is allowed to send financial statements and reports to its members electronically.

In this regard, members are hereby requested to convey their respective information to ensure compliance with the above referred provision. The 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.

Unclaimed Dividend/Shares

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and Shares outstanding for a period of three (3) years or more from the date due and payable shall be deposited to the credit of the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

Address of Share Registrar of the Company:

Share Registrar Department
Central Depository Company of Pakistan Limited
CDC House, 99 – B, Block ‘B’,
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400.
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcpak.com
Website: www.cdcpakistan.com

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

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 of the Notice –Investment in EFUG General Insurance Limited (“EFUG”)

- (a) EFUG is an associated company of Jahangir Siddiqui & Co. Ltd. (the “JSCL” or the “Company”) by virtue of common directorship of Mr. Ali Raza Siddiqui in both the aforesaid companies. Further, JSCL owns 41,191,152 shares of EFUG and 19,711,876 shares of JSCL are owned by EFUG.
- (b) The Board of Directors of the Company in their meeting held on March 12, 2018 has approved to invest up to PKR 1,000 million by acquiring 6,000,000 Shares of EFUG at a price not exceeding PKR 165/- per share and has recommended the same for approval of shareholders pursuant to Section 199 of the Companies Act, 2017 subject to requisite regulatory permission(s) for the same.
- (c) The directors undertake that they have carried out necessary due diligence for the proposed investment in associated undertaking. The signed recommendation of due diligence report shall be available for inspection of members in the meeting.
- (d) The Directors, sponsors, majority shareholders of JSCL and their relatives have no vested interest, directly or indirectly, in EFUG and the proposed investment except as disclosed hereunder:

Directors:

Mr. Ali Raza Siddiqui owns 800 shares
Mr. Suleman Lalani owns 35,076 shares

Sponsors:

Mr. Jahangir Siddiqui owns 12,257,000 shares, directly or indirectly

Subsidiaries of JSCL:

JS Bank Limited owns 3,943,875 shares
Energy Infrastructure Holding (Private) Limited owns 10,734,919 shares
JS Infocom Limited owns 699,200 shares



EFUG's directors interest in JSCL:

Mr. Hasanali Abdullah owns 602,205 shares

Mr. Ali Raza Siddiqui owns 16,496 shares

INFORMATION REQUIRED UNDER CLAUSE (A) OF SUB-REGULATION (1) OF REGULATION 3 OF THE COMPANIES (ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

Disclosures Regarding the Associated Company

S. No	Description	Information Required																										
1.	Name of associated company	EFU General Insurance Limited (“EFUG”)																										
2.	Criteria for Associated relationship	Common Directorship																										
3.	Earnings per share of the associated company for the last 3 years:	December 31, 2017 PKR 11.72 December 31, 2016 PKR 11.96 December 31, 2015 PKR 20.17																										
4.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	PKR 85.24 per share as of December 31, 2017																										
5.	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements.	As per Financial Statements for the Year ended December 31, 2017: <table><tr><th>Head</th><th>Rupees in ‘000’</th></tr><tr><td>Assets</td><td></td></tr><tr><td>Cash and Bank Deposits</td><td>1,594,759</td></tr><tr><td>Investments</td><td>23,170,277</td></tr><tr><td>Premium due but Unpaid-Net</td><td>2,802,182</td></tr><tr><td>Prepayments</td><td>5,202,181</td></tr><tr><td>Liabilities</td><td></td></tr><tr><td>Provision for outstanding Claims (including IBNR)</td><td>5,572,347</td></tr><tr><td>Provision for unearned Premium</td><td>8,496,686</td></tr><tr><td>Amount due to insurers/ Reinsurers</td><td>4,992,011</td></tr><tr><td>Revenue</td><td></td></tr><tr><td>Underwriting result</td><td>1,628,345</td></tr><tr><td>Investment income</td><td>821,287</td></tr></table>	Head	Rupees in ‘000’	Assets		Cash and Bank Deposits	1,594,759	Investments	23,170,277	Premium due but Unpaid-Net	2,802,182	Prepayments	5,202,181	Liabilities		Provision for outstanding Claims (including IBNR)	5,572,347	Provision for unearned Premium	8,496,686	Amount due to insurers/ Reinsurers	4,992,011	Revenue		Underwriting result	1,628,345	Investment income	821,287
Head	Rupees in ‘000’																											
Assets																												
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Investment income	821,287																											

General Disclosures

Sr. No.	Description	Information Required
1.	Maximum amount of Investment	Up to PKR 1,000 million
2.	Purpose, benefit and period of Investment	Purpose - To increase profitability by investing in income yielding securities having potential of capital appreciation. Benefits- Dividend and capital appreciation Period- Long Term
3.	Sources of funds from which securities will be acquired: Justification for investment through borrowings and cost benefit analysis: Details of collateral, guarantees provided and assets pledged for obtaining such funds:	Investment will be made from internally generated funds and borrowings. The gains/returns/dividends are expected to be more than the financing cost. Pledge / charge of listed equity securities
4.	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	The shares will be purchased from market, hence no agreement is required.
5.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives in the associated company or the transaction under consideration.	Already disclosed in statement under section 134(3) of the Companies Act, 2017 attached to the notice of Annual General Meeting.
6.	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs:	EFUG is one of the leading general insurance companies of Pakistan and has demonstrated track record of payouts in the form of dividends and bonus shares. During the year 2017, the Company has received PKR 442 million as dividend income. Further, EFUG has posted profit after tax of PKR 2,344 million and has announced final cash dividend of PKR 6.25 per share. During the period 2009 - 2011, the Company had recorded impairment aggregating to PKR 9,255 million due to significant decline in market value of shares of EFUG, however, as of December 31, 2017 the Company has unrealized gain of PKR 4,560 million owing to increase in market prices.



Disclosures with respect to Equity Investment

Sr. No.	Description	Information Required
1.	Maximum price at which securities to be acquired	Not exceeding PKR 165/- per share
2.	Maximum number of securities to be acquired	6,000,000 shares
3.	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities (From December 22, 2017 to March 14, 2018)	Current – as on March 15, 2018 PKR 146 per share Preceding twelve weeks' weighted average: PKR 150.77 per share
4.	Number of securities and percentage held before and after the proposed investment	Present shareholding: Ordinary Shares: 41,191,152 (20.06%) Shareholding after the proposed investment: Ordinary Shares: Up to 47,191,152 (23.60%)

2. Agenda Item No. 4(a) of the Notice – Transactions carried out with JS Bank Limited during the year ended 31 December, 2017

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, majority of the Directors were interested and in accordance with the provisions of Section 208 of the Companies Act, 2017, 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 special 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 31 December, 2017 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
Dividend received	174,450
Advisory and Arrangement fee paid	17,150
Bank Charges	14
Rent income received	1,222
Reimbursement of expenses to the Company	8,371
Profit received on deposit accounts	95,823
Profit receivable on deposit accounts and TDR	8,910
Receivable against reimbursement of expenses	29
Cash at bank accounts as at the year end	1,426,826

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

Mr. Kalim-ur-Rahman holds 1,500,001 ordinary shares of JS Bank Limited.

Mr. Munawar Alam Siddiqui hold 01 ordinary shares and his spouse hold 155,000 ordinary shares of JS Bank Limited.

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

Mr. Suleman Lalani, Chief Executive Officer of JSCL and his spouse hold 68,718 ordinary shares of JS Bank Limited.

3. Agenda Item No. 4(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) till next annual general meeting.

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 Code of Corporate Governance, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in the normal course of business with JS Bank Limited From 01 January 2018 till next annual general meeting.

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 4(a) above.

Inspection:

All the documents related to the special business are being kept at the registered office of the Company for inspection during usual business hours till the date of the Annual General Meeting.



Financial Highlights

(Based on Unconsolidated Financial Statements)

(Rupees in '000)

	2017	2016	2015	2014	2013	2012*
Operating Results						
Total revenue	1,532,838	946,225	4,064,879	531,083	636,214	3,489,687
Operating and administrative expenses	232,106	265,291	241,790	123,551	112,357	623,195
Finance Cost	222,357	144,682	165,065	165,239	183,359	519,427
Provision for Workers' Welfare Fund	13,607	17,750	64,376	4,645	60,191	-
(Reversal of Provision)/provision for impairment	398,012	(351,238)	439,226	10,034	63,162	(12,889)
Profit before tax and impairment losses	1,064,768	518,502	3,593,648	237,648	280,307	2,347,065
Profit before tax from continuing operations	666,765	869,740	3,154,422	227,614	217,145	2,359,954
Profit after tax from continuing operations	365,554	622,041	2,830,974	188,377	180,831	2,362,563
Financial Position						
Share Capital						
- Ordinary Shares	9,159,424	9,159,424	9,159,424	7,632,853	7,632,853	7,632,853
Reserves	18,360,984	20,895,106	16,142,424	13,831,048	6,136,099	5,989,508
Outstanding Ordinary Shares (in '000')	915,942	915,942	915,942	763,285	763,285	763,285
Liabilities						
Financings	3,508,603	1,945,264	1,387,421	1,215,882	1,029,250	2,607,104
Current Liabilities (Excluding Current portion of financing)	363,253	401,426	332,450	240,786	170,166	189,305
Assets						
Property and Equipment	6,284	5,346	7,520	6,656	7,345	8,756
Investments	29,721,331	31,500,821	24,609,371	22,399,936	12,638,960	13,298,260
Other non-current assets	5,535	3,823	4,542	5,447	407,793	18,294
Current Assets	4,714,043	5,233,188	4,684,381	587,851	2,783,813	4,939,824
Cash Flows						
Net Cash flows from operating activities	(853,940)	(1,821,657)	175,086	(1,587,259)	141,634	(391,710)
Net Cash flows from investing activities	(1,593)	(453)	(2,655)	1,452	355,161	1,921,884
Net Cash flows from financing activities	1,552,833	551,634	1,692,946	179,274	(1,584,034)	(238,364)
Changes in cash and cash equivalents	697,300	(1,270,476)	1,865,377	(1,406,533)	(1,087,239)	1,291,810
Cash and cash equivalents - year end	1,427,482	730,182	2,000,658	135,281	1,541,814	2,629,053

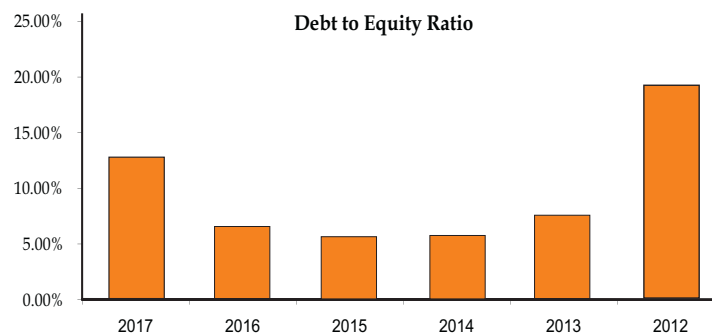
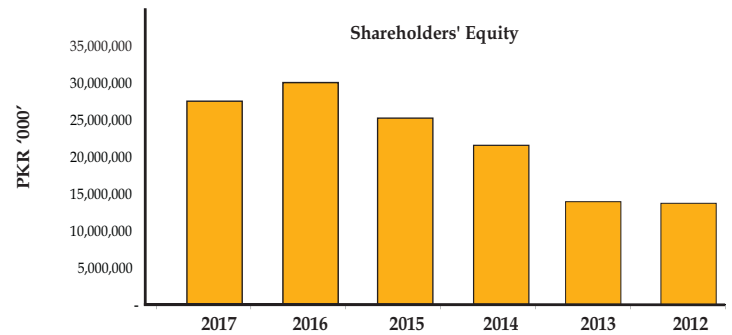
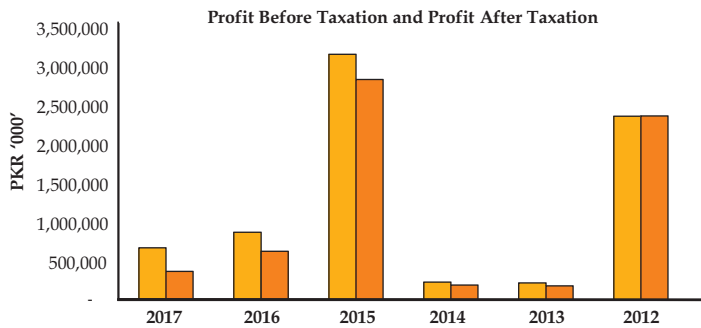
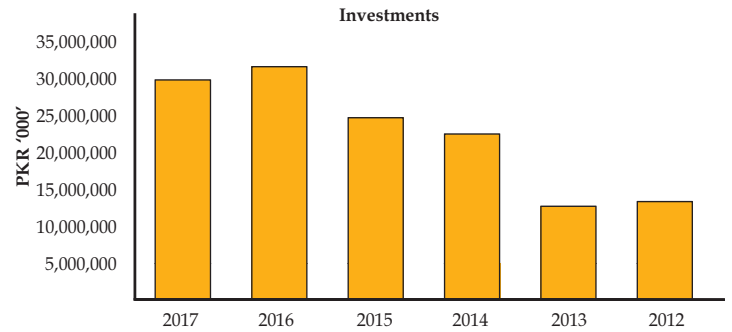
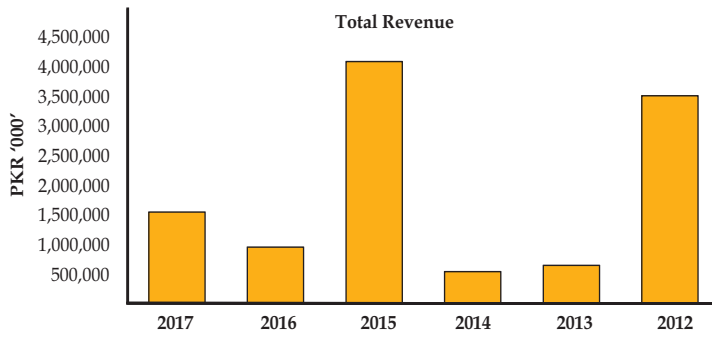
* Eighteen month period ended December 31, 2012

Financial Performance

(Based on Unconsolidated Financial Statements)

		2017	2016	2015	2014	2013	2012*
PROFITABILITY							
Gross Yield on Earning Assets	%	5%	3%	15%	2%	4%	21%
Cost/Income ratio	%	31%	45%	10%	59%	50%	34%
Return on Capital employed	%	2%	3%	12%	2%	2%	20%
LIQUIDITY							
Current Ratio		4.66	7.56	6.14	1.04	5.15	2.54
Quick / Acid test ratio		4.46	7.09	5.62	0.39	4.49	2.36
Cash to Current Liabilities		1.41	1.05	2.62	0.24	2.85	1.35
INVESTMENT MARKET RATIOS							
Basic and Diluted Earnings per Share		0.40	0.68	3.36	0.23	0.24	3.10
Price to Book ratio	%	53 %	71%	71%	48%	47%	75%
Dividend Yield ratio	%	0%	0%	0%	0%	0%	5%
Dividend Payout ratio	%	0%	0%	0%	0%	0%	24%
Cash Dividend per share		-	-	-	-	-	0.75
Market value per share at the end of the year (Rupees)		18.05	25.39	20.94	14.54	9.19	16.14
Average Market Price during the year / period (Rupees)		23.21	21.42	21.20	11.36	12.12	11.35
Average KSE 100 index during the year / period (Points)		45,622	37,617	33,649	28,975	21,025	13,462
CAPITAL STRUCTURE							
Earning assets to total assets ratio	%	99%	99%	98%	98%	97%	98%
Break up Value per Share (Rupees)		30.05	32.81	27.62	28.12	18.04	17.85
Financial Leverage Ratio	%	14%	8%	7%	7%	9%	21%
Weighted Average cost of Debt	%	8%	9%	13%	15%	10%	19%
Debt to Equity	%	13%	6%	5%	6%	7%	19%

* Eighteen month period ended December 31, 2012



Horizontal Analysis

(Rupees in '000)

	2017 VS 2016		2016 VS 2015		2015 VS 2014		2014 VS 2013		2013 VS 2012*		Eighteen Months Ended 2012* VS 2011	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Non Current Assets												
Property and Equipment	6,284	17.55	5,346	(29)	7,520	13	6,656	(9)	7,345	(16)	8,756	(16)
Investment property	1,780	(6.32)	1,900	(6)	2,020	(8)	2,192	(11)	2,471	(23)	3,191	80
Stock Exchange Membership Cards and room	-	-	-	-	-	-	-	(100)	28	(100)	11,201	(8)
Long term investments	26,688,789	(2.31)	27,320,985	22	22,325,276	-	22,320,615	90	11,769,417	3	11,451,896	24
Long term loan and advance	828	(26.01)	1,119	(36)	1,743	(30)	2,476	(99)	404,590	18,059	2,228	40
Long term security deposits	2,927	264.05	804	3	779	-	779	11	704	(58)	1,674	12
	26,700,608	(2.30)	27,330,154	22	22,337,338	-	22,332,718	83	12,184,555	6	11,478,946	24
Current Assets												
Loans and Advances	56,024	5323.43	1,033	(5)	1,092	6	1,030	18	876	(99)	100,463	18,608
Prepayment, Accrued mark up and other receivable	45,365	24.25	36,510	71	21,400	39	15,378	3	14,858	(9)	16,274	(22)
Other financial assets - Short Term Investments	3,032,542	(27.45)	4,179,836	83	2,284,095	2,780	79,321	(91)	869,543	(53)	1,846,364	-
Taxation	152,630	(46.56)	285,627	(24)	377,136	6	356,841	-	356,722	3	347,670	27
Cash and Bank Balance	1,427,482	95.50	730,182	(64)	2,000,658	1,379	135,281	(91)	1,541,814	(41)	2,629,053	97
	4,714,043	(9.92)	5,233,188	12	4,684,381	697	587,851	(79)	2,783,813	(44)	4,939,824	203
Non Current asset held for sale	-	-	-	-	-	-	-	-	-	-	-	(100)
Total Assets	31,414,651	(3.53)	32,563,342	21	27,021,719	18	22,920,569	53	14,968,368	(9)	16,418,770	35
EQUITY AND LIABILITIES												
Share Capital and Reserves												
Share Capital - ordinary Shares	9,159,424	-	9,159,424	-	9,159,424	20	7,632,853	-	7,632,853	-	7,632,853	-
Reserves	18,360,984	(12.13)	20,895,106	29	16,142,424	17	13,831,048	125	6,136,099	2	5,989,508	297
	27,520,408	(8.43)	30,054,530	19	25,301,848	18	21,463,901	56	13,768,952	1	13,622,361	49
Non Current Liabilities												
Long term financing	2,859,934	72.88	1,654,323	73	957,089	7	893,776	36	658,932	(23)	855,370	(51)
Deferred Tax Liability	22,387	(86.19)	162,122	100	-	-	-	-	-	-	-	-
Current Liabilities												
Trade and Other Payable	289,498	(22.71)	374,579	27	295,812	41	209,857	38	151,792	91	79,577	(4)
Accrued interest markup on borrowing	73,755	174.72	26,847	(27)	36,638	18	30,929	68	18,374	(83)	109,728	(10)
Current portion of long term financing	648,669	122.96	290,941	(32)	430,332	34	322,106	(13)	370,318	(79)	1,751,234	60
	1,011,922	46.15	692,367	(9)	762,782	36	562,892	4	540,484	(72)	1,941,039	49
Total Equity and Liabilities	31,414,651	(3.53)	32,563,342	21	27,021,719	18	22,920,569	53	14,968,368	(9)	16,418,770	35
PROFIT AND LOSS												
Income												
Return on Investments	1,093,479	50.70	725,579	15	628,412	79	350,867	(21)	445,325	(48)	850,844	107
Gain on sale of investments	284,120	266.43	77,537	(98)	3,247,084	3,211	98,065	963	9,229	(100)	2,453,867	398
Income from long term loans and funds Placements	103,350	3.71	99,656	(31)	143,550	239	42,316	(70)	142,408	66	85,622	68
Commission & Other Income	48,811	28.21	38,071	(17)	45,851	15	39,944	2	39,252	(60)	99,354	222
Revaluation of investments at FV through PL	3,078	(42.81)	5,382	(30,000)	(18)	(83)	(109)	(100)	-	-	-	-
	1,532,838	62.00	946,225	(77)	4,064,879	665	531,083	(17)	636,214	(82)	3,489,687	254
Expenditures												
Operating and administrative expenses	232,106	(12.51)	265,291	10	241,790	96	123,551	10	112,357	(82)	623,195	314
Finance Cost	222,357	53.69	144,682	(12)	165,065	(0)	165,239	(10)	183,359	(65)	519,427	(2)
Provision for Workers' Welfare Fund	13,607	(23.34)	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	398,012	(213.232)	(351,238)	(180)	439,226	4,277	10,034	(84)	63,162	(590)	(12,889)	(101)
	866,082	1032.36	76,485	(92)	910,457	200	303,469	(28)	419,069	(63)	1,129,733	(50)
Profit / (Loss) before taxation	666,756	(23.34)	869,740	(72)	3,154,422	1,286	227,614	5	217,145	(91)	2,359,954	(285)
Taxation												
Current	211,146	33.44	158,238	(51)	325,194	729	39,237	8	36,256	100	-	(100)
Prior	90,056	0.67	89,461	5,024	(1,746)	(100)	-	(100)	58	(102)	(2,609)	(34)
	301,202	21.60	247,699	(23)	323,448	724	39,237	8	36,314	(1,492)	(2,609)	94
Profit / (Loss) after tax	365,554	(41.23)	622,041	(78)	2,830,974	1,403	188,377	4	180,831	(92)	2,362,563	(285)
Net Profit / (Loss) for the year	365,554	(41.23)	622,041	(78)	2,830,974	1,403	188,377	4	180,831	(92)	2,362,563	(285)

* Eighteen month period ended December 31, 2012



Vertical Analysis

(Rupees in '000)

	2017		2016		2015		2014		2013		2012*	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Non Current Assets												
Property and Equipment	6,284	0.02	5,346	0.02	7,520	0.03	6,656	0.03	7,345	0.05	8,756	0.05
Investment property	1,780	0.01	1,900	0.01	2,020	0.01	2,192	0.01	2,471	0.02	3,191	0.02
Intangible assets	-	-	-	-	-	-	-	-	28	-	-	-
Stock Exchange Membership Cards and room	-	-	-	-	-	-	-	-	-	-	11,201	0.07
Long term investments	26,688,789	84.96	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
Long term loan and advance	828	0.00	1,119	-	1,743	0.01	2,476	0.01	404,590	2.70	2,228	0.01
Long term security deposits	2,927	0.01	804	-	779	-	779	-	704	-	1,674	0.01
	26,700,608	84.99	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
Current Assets												
Loans and Advances	56,024	0.18	1,033	-	1,092	-	1,030	-	876	0.01	100,463	0.61
Prepayment, Accrued mark up and other receivable	45,365	0.14	36,510	0.11	21,400	0.08	15,378	0.07	14,858	0.10	16,274	0.10
Other financial assets - Short Term Investments	3,032,542	9.65	4,179,836	12.84	2,284,095	8.45	79,321	0.35	869,543	5.81	1,846,364	11.25
Taxation	152,630	0.49	285,627	0.88	377,136	1.40	356,841	1.56	356,722	2.38	347,670	2.12
Cash and Bank Balance	1,427,482	4.54	730,182	2.24	2,000,658	7.40	135,281	0.59	1,541,814	10.30	2,629,053	16.01
	4,714,043	15.01	5,233,188	16.07	4,684,381	17.34	587,851	2.56	2,783,813	18.60	4,939,824	30.09
Non Current asset held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	31,414,651	100.00	32,563,342	100.00	27,021,719	100.00	22,920,569	100.00	14,968,368	100.00	16,418,770	100.00
EQUITY AND LIABILITIES												
Share Capital and Reserves												
Share Capital - ordinary Shares	9,159,424	29.16	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
Reserves	18,360,984	58.45	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
	27,520,408	87.60	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
Non Current Liabilities												
Long term financing	2,859,934	9.10	1,654,323	5.08	957,089	3.54	893,776	3.90	658,932	4.40	855,370	5.21
Deferred Tax Liability	22,387	0.07	162,122	0.50	-	-	-	-	-	-	-	-
Current Liabilities												
Trade and Other Payable	289,498	0.92	374,579	1.15	295,812	1.09	209,857	0.92	151,792	1.01	79,577	0.48
Accrued interest/ markup on borrowing	73,755	0.23	26,847	0.08	36,638	0.14	30,929	0.13	18,374	0.12	109,728	0.67
Current portion of long term financing	648,669	2.06	290,941	0.89	430,332	1.59	322,106	1.41	370,318	2.47	1,751,734	10.67
	1,011,922	3.22	692,367	2.13	762,782	2.82	562,892	2.46	540,484	3.61	1,941,039	11.82
Total Equity and Liabilities	31,414,651	100.00	32,563,342	100.00	27,021,719	100.00	22,920,569	100.00	14,968,368	100.00	16,418,770	100.00
PROFIT AND LOSS												
Income												
Return on Investments	1,093,479	71.34	725,579	76.68	628,412	15.46	350,867	66.07	445,325	70.00	850,844	24.38
Gain on sale of investments	284,120	18.54	77,537	8.19	3,247,084	79.88	98,065	18.47	9,229	1.45	2,453,867	70.32
Income from long term loans and funds Placements	103,350	6.74	99,656	10.53	143,550	3.53	42,316	7.97	142,408	22.38	85,622	2.45
Commission	-	-	-	-	1,440	0.04	3,056	0.58	5,546	0.87	-	-
Other Income	48,811	3.18	38,071	4.02	44,411	1.09	36,888	6.95	33,706	5.30	99,354	2.85
Revaluation of investments at FV through PL	3,078	0.20	5,382	0.57	(18)	(0.00)	(109)	(0.02)	-	-	-	-
Total Income	1,532,838	100.00	946,225	100.00	4,064,879	100.00	531,083	100.00	636,214	100.00	3,489,687	100.00
Expenditures												
Operating and administrative expenses	232,106	15.14	265,291	28.04	241,790	5.95	123,551	23.26	112,357	17.66	623,195	17.86
Finance Cost	222,357	14.51	144,682	15.29	165,065	4.06	165,239	31.11	183,359	28.82	519,427	14.88
Provision for Workers' Welfare Fund	13,607	0.89	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	398,012	25.97	(351,238)	(37.12)	439,226	10.81	10,034	1.89	63,162	9.93	(12,889)	(0.37)
	866,082	56.50	76,485	8.08	910,457	22.40	303,469	57.14	419,069	65.87	1,129,733	32.37
Profit / (Loss) before taxation	666,756	43.50	869,740	91.92	3,154,422	77.60	227,614	42.86	217,145	34.13	2,359,954	67.63
Taxation												
Current	211,146	13.77	158,238	16.72	325,194	8.00	39,237	7.39	36,256	5.70	-	-
Prior	90,056	5.88	89,461	9.45	(1,746)	(0.04)	-	-	58	0.01	(2,609)	(0.07)
	301,202	19.65	247,699	26.18	323,448	7.96	39,237	7.39	36,314	5.71	(2,609)	(0.07)
Profit / (Loss) after tax	365,554	23.85	622,041	65.74	2,830,974	69.64	188,377	35.47	180,831	28.42	2,362,563	67.70

* Eighteen month period ended December 31, 2012

Chairman's Review

It gives me immense pleasure to present review on overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's objectives.

The Board of Directors ("the Board") of Jahangir Siddiqui & Co. Ltd. ("JSCL") is constituted of people with integrity and knowledge which can protect the interest of the shareholders. Broadly speaking we are adhering to international best practices adopted by commercial organizations with a disciplined mind and intended to protect the overall interests of the Company and its shareholders specially minority shareholders.

Undoubtedly, the Board while exercising its powers conferred on it by the Companies Act, 2017 (repealed Companies Ordinance, 1984) and the Code of Corporate Governance has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner with demonstrated record of strict adherence to ethics, laws and regulations.

The Chairman is a non-executive director. Further, the Board has clearly defined the respective roles and responsibilities of the Chairman and the Chief Executive Officer.

The Board and its Committees have adequate representation of non-executive and independent directors having appropriate mix of skills, core competencies, diversity, experience and knowledge to manage the affairs of the Company. The Board Members are provided with orientation courses and requisite trainings to enable them to perform their duties in an effective manner. The Board has constituted highly effective Audit, Human Resource & Remuneration and Executive Committees with clear charters having constructive relationship amongst their members and the Board.

A rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors is in place by appointing Pakistan Institute of Corporate Governance. The findings of the annual evaluation are assessed and re-evaluated by the Board.

The Board provides high level oversight on strategic planning, execution of strategies and business risks. It is actively involved in monitoring ethics and business practices. Based on the aforementioned, it can reasonably be stated that the Board of JSCL has played a key role in ensuring that the Company's objectives are achieved through a joint effort with management team and guidance and oversight by the Board and its Members.

I thank you, the shareholders, for your support and continued patronage and I thank the Board and our staff for their hard work and commitment to the Company.

Chief Justice (R) Mahboob Ahmed
Chairman

Karachi: March 12, 2018

چیمبر مین کا جائزہ

میں بورڈ کی مجموعی کارکردگی اور کمپنی کے مفاد کے حصول میں بورڈ کے منوثر کردار پر جائزہ پیش کرنے میں بہت خوشی محسوس کر رہا ہوں۔

جہاں گریڈ صوبائی اینڈ کمپنی لمیٹڈ (جے ایس سی ایل) کا بورڈ آف ڈائریکٹرز (بورڈ) دیانتدار اور با علم اشخاص پر مشتمل ہے جو حصص یافتگان کے مفادات کی حفاظت کرتا ہے۔ واضح طور پر، نظم و ضبط کے ساتھ تجارتی اداروں کے اپنائے ہوئے بین الاقوامی متعارف کردہ اصولوں پر عمل پیرا ہو کر کمپنی اور اس کے حصص یافتگان بالخصوص اقلیتی حصص یافتگان کے مفادات کی حفاظت کر رہے ہیں۔

بلاشبہ بورڈ نے کمپنیز ایکٹ 2017 (منسوخ شدہ کمپنیز آرڈیننس 1984) اور کارپوریٹ گورننس کے ضابطہ میں ودیعت کئے گئے اختیارات کے استعمال میں اپنی ذمہ داریاں منوثر طریقے سے انجام دیتے ہوئے حصص یافتگان کے بہترین مفاد میں کام کیا ہے اور کمپنی کے معاملات قابلیت کے ساتھ اخلاقی اور قانونی توازن و ضوابط پر عمل پیرا ہوتے ہوئے انجام دینے کا مظاہرہ کیا ہے۔

چیمبر مین ایک نان ایگزیکٹو ڈائریکٹر ہے۔ علاوہ ازیں بورڈ نے چیمبر مین اور چیف ایگزیکٹو آفیسر کے متعلقہ کردار اور ذمہ داریوں کو واضح طور پر وضع کر دیا ہے۔ بورڈ اور اس کی کمیٹیوں پر نان ایگزیکٹو اور آزاد ڈائریکٹروں کی مناسب نمائندگی موجود ہے جن میں کمپنی کے معاملات کو منظم کرنے کے لئے مہارت، بنیادی اہلیت، تنوع، تجربے اور علم کا مناسب مرکب موجود ہے۔ بورڈ کے اراکین کو اورینٹیشن کورسز اور ضروری تربیت فراہم کی گئی ہیں تاکہ انہیں اپنے فرائض کو منوثر طریقے سے انجام دینے میں مدد ملے۔ بورڈ نے انتہائی منوثر آڈٹ، انسانی وسائل اور معاوضے اور ایگزیکٹو کمیٹیاں تشکیل دی ہیں۔ جن کے واضح ضابطے ہونے کے ساتھ ان کے ارکان کے باہمی اور بورڈ کے درمیان تعمیری تعلقات ہیں۔

اپنی کمیٹیوں اور انفرادی ڈائریکٹروں کی کارکردگی کی سالانہ جائزے کیلئے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کو مقرر کردہ منوثر میکانزم قائم کیا ہے۔ سالانہ جائزے کے نتائج پر بورڈ دوبارہ غور کرتا ہے۔

بورڈ اسٹریٹجک منصوبہ بندی، حکمت عملی پر عمل درآمد اور کاروباری خطرات پر اعلیٰ درجہ کی نگرانی کرتا ہے۔ یہ اخلاقیات اور کاروباری طریقوں کی نگرانی میں فعال طور پر مصروف ہیں۔ مندرجہ بالا کی بنیاد پر، یہ کہا جاسکتا ہے کہ (جے ایس سی ایل) کے بورڈ نے اس بات کو یقینی بنانے میں اہم کردار ادا کیا ہے کہ کمپنی کے مقاصد، منیجمنٹ اور بورڈ کے اراکین کی طرف سے ہدایت اور نگرانی مشترکہ کاوشوں کی ذریعہ حاصل ہوں۔

میں آپ حصص یافتگان کی مسلسل حمایت کے لئے مشکور ہوں اور میں بورڈ اور ہمارے اسٹاف کی انتھک محنت اور کمپنی سے مخلص ہونے کیلئے شکریہ ادا کرتا ہوں۔

چیف جسٹس (ریٹائرڈ) محبوب احمد

چیمبر مین

کراچی: ۱۲ مارچ ۲۰۱۸

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, 2017.

THE ECONOMY

The year 2017 was an eventful year for macroeconomic landscape of the country. While most of the macros remained within forecasted range, signs of crack started to appear on the external account front as import costs spiraled upwards mainly on account of increasing crude oil prices and rising machinery import costs. The overall Balance of Payments (BoP) situation remained precarious as the country continued to drain FX reserves which clocked-in at US\$20.15 billion towards the end of the year, reflecting a decline of 13% YoY from year-end 2016 numbers. The reserves witnessed an unsteady ride during the year with intra-year low of US\$18.77 billion before restoring to US\$20.15 billion level after successful issuance of Eurobonds and Sukuks worth US\$2.5 billion during November 2017. This rise in external debt levels has raised some concerns over debt sustainability of the country and intensified calls for currency devaluation by the international financial institutions. On the fiscal front as well, revenue collection continued to post improvement with YoY growth of 17.5% in 1HFY18; remained short of target. On a positive note however, electricity crises have been solved for the time being as fast track work on China Pakistan Economic Corridor (CPEC) continues. Careful management of resources and structural reforms will be vital to ensure sustainability of current growth momentum going forward. Pakistan has crossed the barrier of 5% GDP growth and barring exogenous variables, overall employment generation and growth momentum should stay strong in the medium term. Current growth momentum will be further complimented by benign interest rate and inflationary regime.

EQUITY CAPITAL MARKETS

The benchmark KSE-100 index plummeted by 15.34% (20.89% in US dollar terms) in 2017, the largest percentage based decline since 2008. A host of political and macroeconomic factors affected market performance during the year. In terms of macros, worsening BoP situation and calls of impending PKR devaluation against the greenback continued to hamper market performance for most part of the year. Breakdown analysis of market performance suggests that market recorded gains initially in anticipation of Pakistan's inclusion into the MSCI EM index. However, most of the euphoria fizzled out by the time of actual inclusion date of 1 June 2017.

FINANCIAL PERFORMANCE

The Company reported an after tax profit of PKR 366 million for the year ended December 31, 2017 as against a profit after tax of PKR 622 million for the year ended December 31, 2016. Overall revenues for the year under review have increased to PKR 1,533 million as compared to PKR 946 million for the year ended December 31, 2016 on the back of an increase in dividend income and higher capital gains on disposal of investments. The operating and administrative expenses and finance costs have increased to PKR 455 million as compared to PKR 410 million for the same period last year. The breakup value per share as of December 31, 2017 was PKR 30.05.

Further, the Company has recorded provisions for impairment on investments of PKR 398 million due to a decrease in net assets of unquoted subsidiary companies during the year.

As explained in notes to the unconsolidated financial statements for the year ended December 31, 2017, pursuant to enactment of Finance Act 2017, the Company has recorded super tax liability of PKR 25 million in respect of tax year 2017 i.e. for the year ended December 31, 2016. Further, the Company has also recorded tax on undistributed profits of PKR 65 million for the same period.

	(PKR in '000)
Profit before taxation	666,756
Less: Taxation	
- Current	211,146
- Prior	90,056
	301,202
Profit after taxation	365,554



The Earnings Per Share (“EPS”) of the Company for 2017 is PKR 0.40.

The Company has filed a Law Suit before the High Court of Sindh (the “Court”) against levy of tax on undistributed profits 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, 2017 on account of further investments and committed principal redemptions of long term borrowings of the Company in 2018.

INVESTING ACTIVITIES

Pursuant to the approval of the Board of Directors of the Company in its meeting held on October 28, 2017 of long term investments of upto PKR 2,000 million in Energy Infrastructure Holding (Private) Limited (“EIHPL”), a wholly owned subsidiary. The Company invested PKR 1,370 million in right shares of PKR 10/- each issued by EIHPL.

Subsequent to the period end, the Company has further invested PKR 500 million in the right shares of PKR 10/- each issued by EIHPL.

FINANCING ACTIVITIES DURING THE YEAR

Long Term Borrowings

During the year, the Company has issued Privately Placed Term Finance Certificates (10th Issue) of PKR 1,500 million. The mark-up on this TFC is payable semi-annually, based on the six month KIBOR average rate plus 140 basis points per annum. Further, the Company has also obtained term loan of PKR 500 million from a scheduled bank. The markup on this term loan is payable semi-annually, based on six months KIBOR average rate plus 100 basis points per annum.

The aforesaid borrowings have 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 dates.

Apart from the above, the Company has redeemed/repaid PKR 419 million on account of repayments of outstanding Term Finance Certificates (“TFCs”) and term loan.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company has contributed PKR 174 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”) 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 repealed 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. 18 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, 2017 indicate that the value of investments of the fund is PKR 12.30 million.

MANAGEMENT'S DISCLOSURE OF FINANCIAL RESPONSIBILITY AND RISK MANAGEMENT

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. 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.

JSCL's financial health is linked to the overall performance of the capital markets of the country, which in turn, are influenced by the overall macroeconomic and political environment of Pakistan. Global economic performance, geo-political environment, commodities prices, and movements in exchange rates also impact the performance of the capital markets and hence the profitability of JSCL. Discussion on risk management is covered in detail under notes 30 and 31 to the unconsolidated financial statements.

CORPORATE AFFAIRS

The Board of Directors

At present, the Board comprises of seven non-executive directors and the Chief Executive Officer ("CEO"). The Board includes a mix of Directors with the right expertise and necessary experience required to fulfill their essential oversight roles. The Board values diversity of business skills and experience as the Directors with diverse skill set, capabilities and experience gained from different geographic and cultural background are critical in today's competitive business environment.



The status of each Director (whether they are executive, non-executive or independent) has been disclosed in the Annual Report in accordance with the clause 5.19.1(b) of PSX Rule Book.

The positions of the Chairman and CEO are separate in line with the Code and best governance practices.

The Board has three sub committees comprising of Audit Committee, Human Resource & Remuneration Committee and Executive Committee, which assist the Board in the performance of its functions.

Casual Vacancy

During the year 2017, a casual vacancy occurred on the Board on August 30, 2017 due to resignation of Mr. Ali J. Siddiqui. In his place, on October 28, 2017 the Board appointed Mr. Suleman Lalani as director of the Company.

Subsequent to the Balance Sheet date, Mr. Suleman Lalani has resigned from the position of director and Mr. Ali Raza Siddiqui was appointed by the Board as Director in his place for the remainder term. Further, Mr. Suleman Lalani continues to be the CEO of the Company.

Board Meetings

Four 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	Four	Four
Mr. Ali Jehangir Siddiqui*	Three	Two
Mr. Kalim-ur-Rahman	Four	Four
Mr. Khalid Imran	Four	Four
Mr. Munawar Alam Siddiqui	Four	Four
Mr. Stephen Smith	Four	Three
Mr. Saud Ahmed Mirza	Four	Four
Mr. Suleman Lalani	Four	Four

* Resigned on August 30, 2017.

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 Jehangir Siddiqui	-	-	-	-	One	One
Mr. Saud Ahmed Mirza	Four	Four	-	-	-	-
Mr. Munawar Alam Siddiqui	Four	Four	One	One	One	One
Mr. Stephen Smith	Four	Four	-	-	-	-
Mr. Suleman Lalani	-	-	One	One	One	One

Director training program

Mr. Suleman Lalani, Mr. Ali Raza Siddiqui, Mr. Munawar Alam Siddiqui, Mr. Stephen Christopher Smith and Mr. Kalim-ur-Rahman are certified from Pakistan Institute of Corporate Governance and Mr. Saud Ahmed Mirza is certified from the Institute of Chartered Accountants of Pakistan. Further, Chief Justice (R) Mahboob Ahmed 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, 2017 to December 31, 2017 except as mentioned below:

Chief Justice (R) Mahboob Ahmed, Chairman of the Board, disposed of 500,000 shares of the Company at PKR 26.12 per share.

POST BALANCE SHEET DATE EVENT

Subsequent to the period end, on February 28, 2018, JS Bank Limited, a subsidiary of the Company, has converted its preference shares into ordinary shares of the Bank as per the terms and conditions of the issue. Accordingly, the shareholding of the Company in its subsidiary, JS Bank Limited has increased to 75.02%.

Further, on March 06, 2018, the Company has issued secured, rated term finance certificates (11th issue) of PKR 1,500 million at 6 months average KIBOR plus 140 basis points having tenure of 5 years. The TFC is currently in the process of completing its listing and other formalities.

No other material events have 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 7 million in these financial statements towards its CSR initiative. Furthermore, during the year the Company has paid PKR 30 million to Mahvash and Jahangir Siddiqui Foundation ("MJSF") and PKR 20 million to Future Trust.

MJSF makes charitable grants in the areas of healthcare, education, social enterprise and humanitarian relief.

JSCL's CEO, Mr. Suleman Lalani, and a member of the Board of Directors, Mr. Khalid Imran are Directors in MJSF.

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, a member of the Board of Directors, Mr. Kalim-ur-Rahman and Mr. Hasan Shahid Chief Financial Officer and Company Secretary are Trustees in Future Trust.

CREDIT RATING

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 ratings for the Company's 8th and 9th TFC issues of PKR 750 million and PKR 1,000 million respectively are also maintained at AA+ (Double A plus) by PACRA. The recently issued 10th TFC of PKR 1,500 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, 2018 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, 2017 is annexed to this report.

FUTURE OUTLOOK

The recent improvements in Pakistan's macroeconomic landscape on the back of advancements under the China-Pakistan Economic Corridor ("CPEC") are likely to provide better investment opportunities going forward. However, political stability and consistency in policies with a manageable PKR/USD exchange rate parity will be key for future projects.

The Company believes that its investments, particularly in the banking and insurance sectors, coupled with investments in energy, telecommunication, media and technology and infrastructural sectors through its wholly owned subsidiaries will continue to contribute positively towards 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 the Securities and Exchange Commission of Pakistan for its 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

Suleman Lalani
Chief Executive Officer

Karachi: March 12, 2018

MJSF صحت کی دیکھ بھال، تعلیم، سماجی اداروں اور انسانی حقوق کی امداد کے شعبوں میں خیراتی امداد فراہم کرتی ہے۔

جے ایس سی ایل کے سی ای او سلیمان لالانی اور بورڈ آف ڈائریکٹرز کے رکن خالد عمران MJSF میں ڈائریکٹر ہیں۔

فیوچر ٹرسٹ (TRUST) ٹرسٹ ایکٹ (Trust Act) میں قائم کردہ ایک غیر منافع بخش رفاہی ادارہ ہے۔ ایک کار خیر سے متعلق ٹرسٹ چکا 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 معیارے زندگی میں بہتری کے فروغ، ترقی اور حوصلہ افزائی کے لئے کام کرنا ہے۔

جے ایس سی ایل کے سی ای او جناب سلیمان لالانی اور بورڈ آف ڈائریکٹرز کے ارکان خالد عمران اور مسٹر حسن شاہد، چیف فنانس آفیسر اور سیکریٹری فیوچر ٹرسٹ میں ٹرسٹیز ہیں۔

کریڈٹ رینٹنگ:

پاکستان کریڈٹ رینٹنگ ایجنسی (PACRA) نے کمپنی کے لئے طویل مدتی کریڈٹ رینٹنگ (Double A) اور مختصر مدتی کریڈٹ رینٹنگ (A1+(A One Plus) کو برقرار رکھا ہے۔ مزید یہ کہ PACRA نے کمپنی کے ۵۰ ملین روپے کے آٹھویں اور ۱۰۰ ملین روپے کے نویں TFC کی رینٹنگ کو بھی (Double A Plus) AA پر برقرار رکھا ہے۔ کمپنی کے حال ہی میں جاری کردہ ۱،۵۰۰ ملین روپے والے دسویں TFC کو بھی PACRA نے (Double A Plus) AA کی رینٹنگ تجویز کی ہے۔

یہ رینٹنگ 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۔

آڈیٹرز:

موجودہ آڈیٹرز ای وائی فورڈ رہوڈز چارٹرڈ اکاؤنٹنٹس (ارنٹ اینڈ یوگلوبل 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 اتھورائٹیز 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 ۲۰۱۸ء کو ختم ہونے والے مالی سال کیلئے EY فورڈ رہوڈز چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز تعیناتی کیلئے منعقد ہونے والے سالانہ اجلاس عام میں سفارش کی ہے۔

طرز حصص داری:

31 دسمبر ۲۰۱۷ء کے اختتام پر کمپنی کی طرز حصص داری کی اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

مستقبل کے امکانات:

پاک چین اقتصادی راہداری (CPEC) میں پیش رفت کی وجہ سے حال میں ہونے والی پاکستان کے ٹیکسٹائل انڈسٹریوں میں بہتری، مستقبل میں سرمایہ کاری کے بہترین مواقع فراہم کرے گی۔ تاہم سیاسی استحکام، پالیسیوں میں مستقل مزاجی اور پاکستانی روپے / امریکی ڈالر کی مناسب ذمہ داری کی شرح مستقبل کے منصوبوں کیلئے اہم ہے۔ کمپنی اس بات پر یقین رکھتی ہے کہ سرمایہ کاری بالخصوص پیکینگ اور انشورنس کے شعبوں کے علاوہ توانائی، ٹیلی مواصلات، میڈیا اور ٹیکنالوجی کے شعبوں میں اپنی مکمل ملکیتی ذیلی اداروں کے ذریعے حصص یافتگان کی ملکیت میں اضافے کا باعث ہوگی۔

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 اور پراسیکیوٹریو ریٹائر اینڈ ایکسچینج کمیشن آف پاکستان کو کمپنیل مارکیٹ کو مستحکم کرنے کے لئے کوششوں، اچھی کارپوریٹ گورننس پر رہنمائی اور سرمایہ کاروں کے حقوق کے تحفظ کیلئے اقدامات کرنے پر دواؤ تحسین پیش کرتے ہیں۔

برائے اور مخاطب

بورڈ آف ڈائریکٹرز

سلیمان لالانی

چیف ایگزیکٹو آفیسر

چیف جسٹس (ریٹائرڈ) محبوب احمد

چیئر مین

کراچی۔ ۶ مارچ ۲۰۱۷



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

ڈائریکٹرز کے نام		آڈٹ کمیٹی		انسانی وسائل اور معاوضے کی کمیٹی		ایگزیکٹو کمیٹی	
اہلیت	مینگ میں شرکت	اہلیت	مینگ میں شرکت	اہلیت	مینگ میں شرکت	اہلیت	مینگ میں شرکت
-	-	-	-	۱	۱	-	-
-	-	-	-	-	-	۱	۱
۴	۴	-	-	-	-	-	-
۴	۳	۱	۱	۱	۱	۱	۱
۴	۲	-	-	-	-	-	-
-	-	۱	۱	۱	۱	۱	۱

ڈائریکٹرز بیتی پروگرام

جناب سلیمان لالانی، جناب علی رضا صدیقی، جناب منور عالم صدیقی، جناب اسٹیفن کرسٹوفر اسمتھ اور جناب کلیم الرحمن پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس سے سند یافتہ ہیں۔ اور جناب سعود احمد مرزا انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان سے سند یافتہ ہیں۔ مزید یہ کہ چیف جسٹس محبوب احمد (ر) ڈائریکٹرز بیتی سرٹیفکیٹ کی شرط سے مستثنیٰ ہیں۔

ڈائریکٹرز کے مفاد کا اعلان:

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری ایگزیکٹو اور ان کے زوجہ اور کم عمر بچوں نے یکم جنوری ۲۰۱۷ء سے ۳۱ دسمبر ۲۰۱۷ء کی مدت کے دوران کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی ہے علاوہ:

چیف جسٹس (ر) محبوب احمد، چیئر مین آف بورڈ نے اپنے ۵۰۰,۰۰۰ حصص فی حصص ۲۶.۱۲ روپے میں فروخت کئے۔

بیلنس شیٹ کی تاریخ کے بعد کا واقعہ

مدت ختم ہونے کے بعد ۲۸ فروری ۲۰۱۸ء کو بے ایس بینک لمیٹڈ، جو کہ کمپنی کا ایک ماتحت ادارہ ہے نے شرائط و ضوابط کے تحت ترجیحی حصص کو عام حصص میں تبدیل کر دیا۔ لہذا کمپنی کی اس کے ذیلی ادارے بے ایس بینک لمیٹڈ میں شیئر ہولڈنگ بڑھ کر ۵.۰۲ فیصد ہو گئی۔

مزید براں ۶ مارچ ۲۰۱۸ء کو کمپنی نے ۵۰۰ ملین روپے مالیت کا گیارواں محفوظ، ریٹائیڈ مدتی مالیاتی سرٹیفکیٹ جاری کیا ہے۔ اس TFC پر مارک اپ چھ ماہ اوسط کانٹریو (KIBOR) میں ۱.۴۰ فیصد اضافے کے ساتھ ششماہی ادا کیا جائیگا۔ یہ TFC پانچ سال کی مدت کا ہے TFC فی الحال لسٹنگ اور دیگر شرائط کو مکمل کرنے کے عمل میں ہے۔

اس کے علاوہ 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 ایک جسٹمنٹ 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 یا قاعدگی سے شریک ہوتی ہے۔ ان مالی گوشواروں میں کمپنی نے ۷ ملین روپے CSR خدمات کی مد میں مختص کئے ہیں۔ علاوہ ازیں اس سال کے دوران کمپنی نے ۳۰ ملین روپے مہوش اینڈ جہانگیر صدیقی فاؤنڈیشن (MJSF) کو اور ۲۰ ملین روپے فیوچر ٹرسٹ (Future Trust) کو ادا کئے ہیں۔

کمپنی اپنے اہل ملازمین کو منظور کردہ پروڈیونٹ فنڈ بھی فراہم کرتی ہے۔ ۳۰ جون ۲۰۱۷ کو ختم ہونے والے سال کے لئے آڈیٹڈ مالیاتی گوشواروں کے مطابق سرمایہ کاری کی قدر تقریباً ۱۲.۳۰ ملین روپے ہے۔

انتظامیہ کا مالی ذمہ داری اور رسک مینجمنٹ پر 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 IFRSs جو پاکستان میں قابل اطلاق ہیں اور کمپنی 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۔

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 فیصلوں کی ضرورت ہوتی ہے۔ کمپنی نے اثاثوں کی مالیت کے 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 تقرری کے شرائط کے تحت کام کرتی ہے۔

کمپنی کی مالیاتی صحت کا انحصار ملک کی کلینٹل مارکیٹ کی مجموعی کارکردگی پر ہے جو کہ پاکستان کی مجموعی اقتصادی اور سیاسی ماحول سے اثر انداز ہوتی ہے۔ عالمی معاشی پرفارمنس، سیاسی صورتحال، اشیاء کی قیمتیں اور زر مبادلہ کی شرح میں رد و بدل کا اثر کلینٹل مارکیٹس پر ہوتا ہے اور اسی طرح کمپنی کی پرفارمنس پر بھی۔ رسک مینجمنٹ پر تفصیلی مذکورہ انفرادی مالیاتی گوشواروں کے نوٹس نمبر ۳۰ اور ۳۱ میں پیش کیا گیا ہے۔

کارپوریٹ معاملات

بورڈ آف ڈائریکٹرز

فی الحال، بورڈ سات نان ایگزیکٹو ڈائریکٹرز اور چیف ایگزیکٹو (سی ای او) پر مشتمل ہے۔ بورڈ ایسے ڈائریکٹرز کے مرکب پر مشتمل ہے جو کہ اہل مہارت اور ضروری تجربہ رکھتے ہیں جو انکی لازمی نگرانی کے کردار کو پورا کرتی ہیں۔ بورڈ کا کاروباری مہارت میں تنوع اور تجربہ کو اہمیت دیتا ہے کیونکہ آج کل کے مسابقتی کاروباری ماحول میں ڈائریکٹرز جو کہ مختلف جغرافیائی ثقافتی ماحول سے حاصل کردہ مہارت میں تنوع، صلاحیت اور تجربہ رکھتے ہوں بہت اہم ہے۔

کوڈ اور بہترین کارپوریٹ کے مطابق جیئر مین اور سی ای او کی حیثیتیں الگ الگ ہیں۔

بورڈ کی تین ذیلی کمیٹیاں ہیں جو کہ آڈٹ کمیٹی، انسانی وسائل اور معاوضہ کمیٹی اور ایگزیکٹو کمیٹی پر مشتمل ہیں جو بورڈ کو ان کے فنکشن ادا کرنے میں مدد فراہم کرتی ہیں۔

بورڈ میں عارضی اسامی

جناب علی جہانگیر صدیقی نے ۳۰ اگست ۲۰۱۷ء کو استعفیٰ دیا جس کی بناء پر بورڈ پر ایک عارضی جگہ خالی ہوئی۔ ان کی جگہ پر ۲۸ اکتوبر ۲۰۱۷ء کو جناب سلیمان لالانی بطور ڈائریکٹر تقرر کئے گئے۔

بیلینس شیٹ کی تاریخ کے بعد جناب سلیمان لالانی نے بطور ڈائریکٹر اپنے عہدے سے استعفیٰ دے دیا اور ان کی جگہ پر علی رضا صدیقی کا تقرر کیا گیا۔ تاہم سلیمان لالانی بطوری ای او اپنے فرائض کو جاری رکھے ہوئے ہیں۔

بورڈ کے اجلاس

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

ڈائریکٹر کا نام	میٹنگ میں شرکت کی اہلیت	میٹنگ میں شرکت
چیف جسٹس (ر) محبوب احمد	۴	۴
جناب علی جہانگیر صدیقی *	۳	۲
جناب کلیم الرحمان	۴	۴
جناب خالد عمران	۴	۴
جناب منور عالم صدیق	۴	۴
جناب اسٹیفن کرستوفر اسمتھ	۴	۳
جناب سہود احمد مرزا	۴	۴
جناب سلیمان لالانی	۴	۴

(*) ۳۰ اگست ۲۰۱۷ء کو استعفیٰ دیدیا۔

تقسیم

۲۰۱۸ء میں مزید سرمایہ کاری اور طویل مدتی قرضوں کی ادائیگی کی ترجیحات کی بنیاد پر بورڈ نے ختم شدہ سال ۲۰۱۷ء میں حصص یافتگان کیلئے منافع کی تقسیم کا کوئی فیصلہ نہیں کیا ہے۔

سرمایہ کاری کی سرگرمیاں:

بورڈ آف ڈائریکٹرز نے ۱۲۸ اکتوبر ۲۰۱۷ء کو ہونے والے اجلاس میں انرجی انفراسٹرکچر ہولڈنگ (پرائیوٹ) لمیٹڈ (EIHPL)، جو مکمل ملکیت ذیلی ادارہ ہے، میں ۲,۰۰۰ ملین روپے تک کی طویل مدتی سرمایہ کاری کے فیصلے کی مد میں کمپنی نے EIHPL کے رائٹ حصص میں ۱,۳۷۰ ملین روپے کی سرمایہ کاری کی ہے۔ اس مدت کے بعد کمپنی نے (EIHPL) کے رائٹ حصص میں مزید ۵۰۰ ملین روپے کی سرمایہ کاری کی ہے۔

سال کے دوران فنانسنگ سرگرمیاں:

طویل مدتی قرضے

سال کے دوران کمپنی نے ۵۰۰ ملین روپے مالیت کا دسواں مدتی مالیاتی سرٹیفکیٹ (TFC) جاری کیا ہے۔ اس TFC پر چھ ماہ کا نیو (KIBOR) شرح کی اوسط پر ۱.۴۰ فیصد اضافے کے ساتھ ششماہی مارک اپ ادا کیا جائیگا۔ مزید کمپنی نے شیڈولڈ بینک سے ۵۰۰ ملین روپے کا مدتی قرضہ حاصل کیا ہے۔ جس پر قرضے چھ ماہ کا نیو (KIBOR) کی اوسط شرح پر ایک فیصد اضافے کے ساتھ مارک اپ ادا کیا جائیگا۔

اوپر دیے گئے قرضے پانچ سال کے مدت کے ہیں جس میں بارہ ماہ کی رعایتی مدت بھی شامل ہے۔ قرضے کی ادائیگی تاریخ اجراء سے اٹھارہ ماہ بعد آٹھ برابر کے ششماہی اقساط میں ہوں گی۔

اس کے علاوہ کمپنی نے جو مدتی مالیاتی سرٹیفکیٹ اور مدتی قرضے کے مد میں ۳۱۹ ملین روپے کی ادائیگی کی ہے۔

قومی خزانے کو ادائیگی

کمپنی نے حکومت کو ۴۷ ملین روپے کی ادائیگی مختلف وفاقی اور صوبائی لیولز (LEVELS) کی مد میں کی جن میں آئٹیکس اور سیلٹیکس شامل ہیں ادائیگی کی ہے۔

کلید سرمایہ کاری کی کارکردگی

کمپنی کی مجموعی سرمایہ کاری کی کارکردگی جہاں گریڈ ریٹنگ ایجنسیوں اور ذیلی اداروں کے مجموعی مالیاتی گوشواروں کی سالانہ رپورٹ میں حصص یافتگان کو جاری کی جانے والے ڈائریکٹرز رپورٹ میں پیش کی گئی ہے۔

کارپوریٹ مالیاتی رپورٹنگ فریم ورک

کمپنی کے ڈائریکٹرز اچھی رپورٹ گورننس کے لئے مصروف عمل ہیں اور سیکیورٹیز 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 اسٹینڈرڈ کارپوریٹ عمل درآمد کے نتائج کیش کی روانی ایکٹیوٹی میں تبدیلی اور کارپوریٹ مالیاتی 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 ترامیم کے جو اس سال قابل اطلاق بین الاقوامی فائنیشل رپورٹنگ اسٹینڈرڈز (IFRSs) میں مندرجہ ہوئیں۔ اور سنئے آنے والے IFRSs میں، اور کوئی سال کے دوران مقامی طور پر منظور کر لیا ہے۔ اکاؤنٹنگ کیلئے تخمینے معقول حد تک تجربے کی بنیاد پر ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی فائنیشل رپورٹنگ اسٹینڈرڈز اور منسوخ شدہ کمپنیز آرڈیننس ۱۹۸۴ء 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۔ اندرونی کنٹرول کے کام کو گرانٹ تھورنٹن انٹرمیڈیٹ (کن فرم گرانٹ تھورنٹن انٹرمیڈیٹ) کو سونپا گیا ہے۔
- فعال بزنس کو جاری رکھنے کیلئے کمپنی کی صلاحیت سے متعلق کوئی شبہ نہیں ہے۔
- کارپوریٹ گورننس کے بہترین ضابطہ عمل سے کچھ بھی انحراف نہیں کیا گیا ہے جس کی تفصیلات لسٹنگ ریگولیشنز میں موجود ہیں
- کوئی قابل ذکر واجب الادا ٹیکس، ڈیویڈنڈ، عائد کردہ محصول اور چارجز نہیں ہیں سوائے ان کے جو مالیاتی گوشوارے میں ظاہر کی گئی ہیں۔
- گزشتہ چھ سالوں کی اہم آپریشننگ اور فنانشل معلومات صفحہ نمبر ۱۸ پر موجود ہیں۔

ڈائریکٹرز کی رپورٹ

معزز حصہ یافتگان،

یہاں ہمارے لئے باعث مسرت ہے کہ ہم ۳۱ دسمبر ۲۰۱۷ کو ختم ہونے والے سال کے لئے جہانگیر صدیقی اینڈ کمپنی لمیٹڈ (JSCL) کی سالانہ رپورٹ کے ہمراہ آڈٹ شدہ انفرادی مالیاتی گوشوارے مع آڈیٹرز کی رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔

معیت:

سال ۲۰۱۷ ملک کے بڑے اقتصادی منظر نامہ کیلئے ایک اہم سال تھا حالانکہ زیادہ تر میکرو پیش گوئی کی حدود کے اندر رہے مشکلات کے آثار بیرونی اکاؤنٹ کے اوپر ظاہر ہونا شروع ہوئے کیونکہ خام تیل اور مشینوں کی بڑھتی ہوئی درآمدی قیمتوں کی وجہ سے درآمدی اخراجات میں اضافہ ہوا۔ ادائیگی کے مجموعی بیلنس ("BOP") کی حالت غیر مستحکم رہی کیونکہ بیرونی زرمبادلہ کے ذخائر میں مسلسل کمی واقع ہوئی جو کہ سال کے آخر تک ۱۵.۱۵ بلین امریکی ڈالر ہو گئے یعنی سالہا سال بنیاد پر ۲۰۱۶ سے ۱۳ فیصد کمی واقع ہوئی۔ نومبر ۲۰۱۷ کے دوران ۲.۵ بلین امریکی ڈالر کے یورو بانڈز اور سٹاک کے اجراء ہونے کے بعد ذخائر میں ۱۸.۷۷ بلین امریکی ڈالر سے ۱۲۰.۱۵ امریکی ڈالر تک غیر معمولی حرکت دیکھنے میں آئی بیرونی قرضوں کی سطح میں اس اضافے نے ملک کے استحکام کو اور تیزی سے روپے کی قدر میں کمی کے خدشات اٹھائے ہیں۔ مالیاتی طور پر بھی آمدنی کا مجموعی ہدف پہلی سہ ماہی ۲۰۱۸ کے ۵.۷۱ فیصد کے ہدف سے کم رہے تاہم، ایک مثبت نوٹ پر بجلی کا بحران چین پاکستان اقتصادی راہداری (CEPEC) پر تیزی سے کام کی وجہ سے کچھ وقت کیلئے حل ہو گیا ہے۔ موجودہ ترقی کی رفتار برقرار رکھنے کیلئے وسائل اور اسٹرکچرل اصلاحات کی موثر نگرانی کا انتظام ضروری ہے۔ پاکستان نے ۵ فیصد جی ڈی پی کی ترقی کا ہدف عبور کر لیا ہے۔ اور خارجی صنعت کو روکنے کیلئے مجموعی طور پر روزگار میں اضافہ اور ترقی کی رفتار درمیانی مدت میں مستحکم ترقی چاہیے۔ موجودہ ترقی کی رفتار کو برقرار رکھنے میں کم شرح سود اور افراط زر معاون ثابت ہوئے۔

ایکویٹی کپٹل مارکیٹس (Equity Capital Markets)

سال ۲۰۱۷ میں بیچ مارک کے ایس ای ۱۱۰۰ انڈیکس میں ۱۵.۳۴ فیصد کمی واقع ہوئی جبکہ امریکی ڈالر میں یہ کمی ۲۰.۸۹ فیصد رہی۔ اس خراب کارکردگی کی کئی وجوہات ہیں جن میں ملک کی بگڑتی ہوئی سیاسی اور معاشی صورتحال نمایاں تھے۔ بگڑتے ہوئے ادائیگی کے توازن کے پیش نظر ڈالر کے مقابلے میں روپے کی قدر میں متوقع کمی مارکیٹ کی مجموعی کارکردگی پر اثر انداز ہوئے MSCL امریکن مارکیٹ انڈیکس میں پاکستان کی شمولیت سے پہلے مارکیٹ میں تیزی رہی تاہم یکم جون ۲۰۱۷ کو مذکورہ انڈیکس میں شمولیت کے بعد انتہائی مندی دیکھی گئی۔

مالیاتی کارکردگی

۳۱ دسمبر ۲۰۱۷ کو ختم شدہ سال کے دوران کمپنی نے ۳۶۶ ملین روپے کا خالص منافع حاصل کیا جبکہ ۳۱ دسمبر ۲۰۱۶ میں خالص منافع ۶۲۲ ملین روپے تھا۔ مجموعی طور پر اس سال کی کل آمدنی بڑھ کر ۵۳۳ ملین روپے ریکارڈ کی گئی جو کہ ۳۱ دسمبر ۲۰۱۶ میں ۹۴۶ ملین روپے تھی۔ جس کی بنیاد پر ڈیویڈنڈ انکم میں اضافہ اور حصص کی فروخت پر ہونے والے حاصلات سرمایہ میں اضافہ ہے۔ آپریٹنگ، انتظامی اخراجات اور مالیاتی اخراجات اضافے کے ساتھ ۲۵۵ ملین روپے رہے جو کہ پچھلے سال ۴۱۰ ملین روپے تھے۔ ۳۱ دسمبر ۲۰۱۷ کو فی حصص ایک اپ ویلیو ۳۰.۰۵ روپے تھی۔

علاوہ ازیں کمپنی نے اس سال کے دوران اپنی زیلی کمپنیوں کے خالص اثاثوں کی مالیت میں کمی کے باعث ۳۹۸ ملین روپے Provision for Impairment کو ریکارڈ کیا ہے۔

جیسا کہ ۳۱ دسمبر ۲۰۱۷ کی سالانہ رپورٹ کے نوٹس میں وضاحت کی گئی ہے کہ کمپنی نے فنانس ایکٹ کے نفاذ کے بعد یک سال ۲۰۱۷ (برائے ۳۱ دسمبر ۲۰۱۶ کو ختم شدہ سال) کیلئے ۲۵ ملین روپے کا سپر ٹیکس ریکارڈ کیا ہے علاوہ ازیں کمپنی نے اسی سال کیلئے غیر تقسیم شدہ منافع پر ۶۵ ملین روپے کا ٹیکس ریکارڈ کیا ہے۔

روپے '۰۰۰

۶۶۶،۴۵۶	منافع قبل ٹیکسیشن کٹوتی: ٹیکسیشن
۲۱۱،۱۲۴	موجودہ
۹۰،۰۵۶	پچھلا
۳۰۱،۱۸۰	
۳۶۵،۴۷۶	منافع بعد از ٹیکس

۲۰۱۷ء میں کمپنی کا منافع فی حصص ۴۰ پیسے رہا۔

غیر تقسیم شدہ منافع پر انکم 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۔



Statement of Compliance with the Code of Corporate Governance For the Year Ended December 31, 2017

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. The Board includes:

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

** Subsequent to the Balance Sheet date, Mr. Suleman Lalani has resigned from the position of director and Mr. Ali Raza Siddiqui was appointed as Non-Executive Director by the Board as Director in his place for the remainder term. Further, Mr. Suleman Lalani continues to be the CEO of the Company.*

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 August 30, 2017 was filled up by the directors within 59 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 had 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 three 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 three members, of whom two are non-executive directors. 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

Suleman Lalani
Chief Executive Officer

Karachi: March 12, 2018

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, 2017 to comply with the respective requirements of the Pakistan Stock Exchange, where the Company is listed.

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

As 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 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, 2017.

EY Ford Rhodes
Chartered Accountants

Audit Engagement Partner:
Shaikh Ahmed Salman

Date: March 20, 2018
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, 2017** 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 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, 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 (XLVII of 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, 2017 and of the profit, its comprehensive loss, its changes in equity and cash flows 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).

EY Ford Rhodes
Chartered Accountants

Audit Engagement Partner:
Shaikh Ahmed Salman

Date: March 20, 2018
Place: Karachi

Unconsolidated Financial Statements

UNCONSOLIDATED BALANCE SHEET

As at December 31, 2017

ASSETS

Non-Current Assets

	Note	2017 ----- (Rupees in '000) -----	2016
Property and equipment	4	6,284	5,346
Investment property	5	1,780	1,900
Long term investments	6	26,688,789	27,320,985
Long term loans and advances	7	828	1,119
Long term security deposits		2,927	804
		26,700,608	27,330,154

Current Assets

Short term loans and advances	8	56,024	1,033
Short term prepayments and other receivables	9	35,431	27,345
Interest accrued	10	9,934	9,165
Other financial assets - Short term investments	11	3,032,542	4,179,836
Taxation - net		152,630	285,627
Cash and bank balances	12	1,427,482	730,182
		4,714,043	5,233,188
		31,414,651	32,563,342

EQUITY AND LIABILITIES

Share Capital and Reserves

Share Capital

Authorised capital	13	65,000,000	65,000,000
Issued, subscribed and paid-up capital		9,159,424	9,159,424
Reserves		18,360,984	20,895,106
		27,520,408	30,054,530

Non-Current Liabilities

Long term financing	14	2,859,934	1,654,323
Deferred tax liability	15	22,387	162,122

Current Liabilities

Trade and other payables	16	289,498	374,579
Accrued interest on borrowings		73,755	26,847
Current portion of long term financing	14	648,669	290,941
		1,011,922	692,367
		31,414,651	32,563,342

Contingencies and Commitments

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The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer



UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2017

	Note	2017 ----- (Rupees in '000) -----	2016 -----
INCOME			
Return on investments	18	1,093,479	725,579
Gain on sale of investments - net	19	284,120	77,537
Income from long term loans and fund placements	20	103,350	99,656
Other income	21	48,811	38,071
Gain on remeasurement of investments through profit or loss - held for trading		3,078	5,382
		1,532,838	946,225
EXPENDITURE			
Operating and administrative expenses	22	232,106	265,291
Finance cost	23	222,357	144,682
Provision for Workers' Welfare Fund	24	13,607	17,750
Provision / (reversal of provision) for impairment - net	6.1.5	398,012	(351,238)
		866,082	76,485
PROFIT BEFORE TAXATION		666,756	869,740
Taxation	25		
Current		211,146	158,238
Prior		90,056	89,461
		301,202	247,699
PROFIT FOR THE YEAR		365,554	622,041
		----- (Rupees) -----	
EARNINGS PER SHARE - basic and diluted	26	0.40	0.68

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

	2017	2016
	(Rupees in '000)	
PROFIT FOR THE YEAR	365,554	622,041
OTHER COMPREHENSIVE (LOSS) / INCOME:		
Items that will not be reclassified subsequently to profit and loss account	-	-
Items that may be reclassified subsequently to profit and loss		
Fair value (loss) / gain on available for sale investments during the year - net of deferred tax	(2,611,244)	4,210,303
Reclassification adjustments relating to available-for-sale investments disposed off during the year - net	(288,432)	(79,662)
Total items that may be reclassified subsequently to profit and loss	(2,899,676)	4,130,641
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(2,534,122)	4,752,682

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer



UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017

	Issued, subscribed and paid-up share capital	Ordinary share premium	Reserves		Sub-total	Total
			Unrealised gain / (loss) on revaluation of available for sale investments net	Revenue reserve Un- appropriated profit		
			(Rupees in '000)			
Balance as at December 31, 2015	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
Total comprehensive income	-	-	4,130,641	622,041	4,752,682	4,752,682
Balance as at December 31, 2016	9,159,424	4,497,894	14,635,897	1,761,315	20,895,106	30,054,530
Profit for the year	-	-	-	365,554	365,554	365,554
Other comprehensive loss	-	-	(2,899,676)	-	(2,899,676)	(2,899,676)
Total comprehensive (loss) / income	-	-	(2,899,676)	365,554	(2,534,122)	(2,534,122)
Balance as at December 31, 2017	9,159,424	4,497,894	11,736,221	2,126,869	18,360,984	27,520,408

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2017

	Note	2017 (Rupees in '000)	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the year		666,756	869,740
Adjustment for non cash charges and other items:			
Depreciation		2,005	2,747
Gain on sale of property and equipment		(1,230)	-
Interest income		(143,142)	(105,169)
Gain on revaluation of investments			
through profit or loss - held for trading		(3,078)	(5,382)
Provision / (reversal of provision) for impairment		398,012	(351,238)
Dividend income		(1,053,687)	(720,066)
Finance cost		222,357	144,682
		(578,763)	(1,034,426)
Operating profit / (loss) before working capital changes		87,993	(164,686)
(Increase) / decrease in operating assets:			
Short term loans and advances		(54,991)	59
Short term prepayments and other receivables		(6,470)	(17,757)
Long term loans, advance and security deposits		(1,832)	599
		(63,293)	(17,099)
(Decrease) / increase in trade and other payables		(85,082)	78,866
		(60,382)	(102,919)
Investments - net		(1,654,855)	(2,242,067)
Dividend received		1,052,071	719,998
Finance cost paid		(164,942)	(148,263)
Taxes paid		(168,205)	(156,190)
Interest income received		142,373	107,884
Dividend paid		-	(100)
Net cash used in operating activities		(853,940)	(1,821,657)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(2,823)	(453)
Proceeds from sale of property and equipment		1,230	-
Net cash used in investing activities		(1,593)	(453)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of term finance certificates - net of redemption		1,185,823	614,134
Long term loan obtained - net of repayment to bank		367,010	(62,500)
Net cash generated from financing activities		1,552,833	551,634
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		697,300	(1,270,476)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		730,182	2,000,658
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	1,427,482	730,182

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. THE COMPANY AND ITS OPERATIONS

Jahangir Siddiqui & Co. Ltd. (the Company) was incorporated under the repealed 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 Shahra-e-Faisal, Karachi. The principal activities of the Company are managing strategic investments, trading of securities, consultancy services, etc.

2. BASIS OF PREPERATION

2.1 Statement of Compliance

This unconsolidated financial information has 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 repealed Companies Ordinance, 1984 (now Companies Act, 2017) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case requirements differ, the provisions of the repealed Companies Ordinance and directives issued by the SECP 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.

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 23 of 2017 dated October 4, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 4.1);
- (b) classification of investments (Note 3.3, 6 and 11);
- (c) recognition of taxation and deferred tax (Note 3.7 and 25);
- (d) accounting for post employment benefits (Note 3.13); and
- (e) impairment of financial assets (Note 3.17 and 6.15).

2.5 The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year

Standard or Interpretation

IFRS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB

IFRS 12 Disclosure of Interests in Other Entities -

Clarification of the scope of the disclosure requirements in IFRS 12

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

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:



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Standard or Interpretation	Effective date (annual periods beginning on or after)
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
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IFRS 9 Financial Instruments: Classification and Measurement	July 01, 2018
IFRS 9 Prepayment Features with Negative Compensation – (Amendments)	January 01, 2019
IFRS 15 Revenue from Contracts with Customers	January 01, 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards, amendments and interpretations 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 January 01, 2018 and January 01, 2019. 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.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 16 Leases	January 01, 2019
IFRS 17 Insurance Contracts	January 01, 2021

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 4.1 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.

3.2 Investment property

Investment properties are properties 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.

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.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 venturers.

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

Investments in subsidiaries, associates and joint ventures, other than those classified as held for sale, are accounted for under the cost method in these separate financial statements. Such investments are carried in the balance sheet at cost less any impairment in value. 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.

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 or 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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.

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.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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. The tax charge as calculated above is compared with alternate corporate tax under Section 113C of the Income Tax Ordinance, 2001, and whichever is higher is provided in the financial statements.

Deferred

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

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

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

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

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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.

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.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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. 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 for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.19 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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.

4. PROPERTY AND EQUIPMENT

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Operating assets - Owned	4.1	5,220	5,346
Capital work-in-progress	4.2	1,064	-
		<u>6,284</u>	<u>5,346</u>

4.1 Operating assets - Owned

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2017	Additions/ (disposals)	As at December 31, 2017	Rate	As at January 01, 2017	For the year/ (on disposals)	As at December 31, 2017	As at December 31, 2017
	----- (Rupees in '000) -----			%	----- (Rupees in '000) -----			
Leasehold improvements	18,372	-	18,372	33	18,372	-	18,372	-
Office equipment	23,356	33	23,389	25	22,759	212	22,971	418
		-				-		
Office furniture and fixtures	15,743	-	15,743	10	15,648	58	15,706	37
Motor vehicles	9,137	1,726 (1,474)	9,389	20	4,483	1,615 (1,474)	4,624	4,765
	<u>66,608</u>	<u>1,759</u> <u>(1,474)</u>	<u>66,893</u>		<u>61,262</u>	<u>1,885</u> <u>(1,474)</u>	<u>61,673</u>	<u>5,220</u>

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2016	Additions/ (disposals)	As at December 31, 2016	Rate	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	- (72)	9,137	20	2,887	1,668 (72)	4,483	4,654
	<u>66,227</u>	<u>453</u> <u>(72)</u>	<u>66,608</u>		<u>58,707</u>	<u>2,627</u> <u>(72)</u>	<u>61,262</u>	<u>5,346</u>

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017	2016
	----- (Rupees in '000) -----	
4.2 Capital work-in-progress		
Advance against capital expenditure	1,064	-

5. INVESTMENT PROPERTY

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2017	Additions / (disposals)	As at December 31, 2017	Rate	As at January 01, 2017	For the year	As at December 31, 2017	As at December 31, 2017
	----- (Rupees in '000) -----			%	----- (Rupees in '000) -----			
Office premises	14,999	-	14,999	5	13,099	120	13,219	1,780

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2016	Additions / (disposals)	As at December 31, 2016	Rate	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

- 5.1 The fair value of the investment property aggregating to Rs.94.33 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 accounts 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.

6. LONG TERM INVESTMENTS

		2017	2016
	Note	----- (Rupees in '000) -----	
Investments in related parties			
Investment in subsidiaries	6.1	8,894,359	7,892,381
Other related parties - available for sale	6.2	15,022,216	14,333,718
		23,916,575	22,226,099
Other investments	6.3	2,772,214	5,094,886
		26,688,789	27,320,985

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For the year ended December 31, 2017

- 6.1.2.1** The net assets of JS Infocom Limited mainly comprise of listed equity securities. Pertinent to market conditions and decrease in net assets value (NAV) at the reporting date, an additional impairment charge of Rs. 389.124 million is recognised during the year.
- 6.1.2.2** The net assets of Quality Energy Solutions (Private) Limited decreased as the incorporation expenses were expensed out during the period after the issue of right shares resulting in an additional impairment charge of Rs. 8.89 million during the year.
- 6.1.3** During the year, the Company has invested Rs. 1,370 million in Energy Infrastructure Holding (Private) Limited by subscription of right shares of Rs. 10/- each. This investment was approved by the Board of Directors of the Company.
- 6.1.4** During the period, the Company invested Rs. 29.99 million in 2,999,000 right shares of Rs. 10 each issued by Quality Energy Solutions (Private) Limited.

6.1.5 Provision / (Reversal of provision) for impairment - net

	2017	2016
	----- (Rupees in '000) -----	
Opening balance	868,150	1,219,388
Charge / (reversal) of impairment for the year	398,012	(351,238)
Closing balance	<u>1,266,162</u>	<u>868,150</u>

6.2 Other related parties

Available for sale

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

Number of shares		Activity	Holding		2017	2016	
2017	2016		2017	2016			
		<u>Quoted - at fair value</u>	%	%	<u>----- (Rupees in '000) -----</u>		
41,191,152	41,191,152	EFU General Insurance Limited	General Insurance	20.60	20.60	6,298,127	6,219,864
20,047,708	20,047,708	EFU Life Assurance Limited	Life Assurance	20.05	20.05	5,081,894	4,319,680
214,258,460 *	214,258,460	BankIslami Pakistan Limited	Islamic Banking	21.26	21.26	1,990,461	2,862,493
112,157,863	112,157,863	Azgard Nine Limited	Textile Composite	24.96	24.96	1,644,234	924,181
		<u>Un-quoted - at cost</u>					
750,000	750,000	EFU Services (Private) Limited	Investment company	37.50	37.50	7,500	7,500
						15,022,216	14,333,718

* These represents 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 companies.
- 6.2.2** Included herein are equity securities having average cost of Rs. 638.29 million (December 31, 2016: Rs. 300.93 million) and having market value of Rs. 2,693.442 million (December 31, 2016: Rs. 1,172.71 million) pledged with trustee of Term Finance Certificates issued by the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

6.3 Other investments

Available for sale

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

Number of shares					2017	2016
2017	2016				(Rupees in '000)	
		Quoted - at fair value	Note			
159,080,638	147,319,799	Pakistan International Bulk Terminal Limited	6.3.1		2,378,256	4,860,080
1,602,953	2,404,430	Pakistan Stock Exchange Limited (PSX)	6.3.2		35,906	60,592
11,622,000	11,622,000	Hum Network Limited (Ordinary Shares of Re.1 each)	6.3.3		94,952	174,214
			6.3.4			
		Un-quoted - at cost				
2,399,454	-	Security General Insurance Company Limited			263,100	-
					2,772,214	5,094,886

6.3.1 During the year, Pakistan International Bulk Terminal Limited has made a 16.945% right issue of ordinary shares at Rs. 10/- each. The Company subscribed 24.96 million ordinary shares of the right issue as per its entitlement.

6.3.2 In March 2017, the Company disposed off 1,602,953 shares (i.e. 40% stake), under the Share Purchase Agreement (SPA) between the divestment committee of the PSX and Anchor investor, at a price of Rs.25.20 per share, which were classified as short term investments in prior year. The original price was Rs.28 per share from which there was a retention of 10% (i.e. Rs. 2.8 per share).

Furthermore, in June, PSX offered Initial Public Offering (IPO) in which the Company disposed-off additional 801,477 shares (i.e. 20% stake) at a price of Rs. 28 per share.

On June 23, 2017 SECP approved PSX's application for listing and thereafter, the shares were listed on June 29, 2017. Accordingly, the remaining 1,602,953 shares (i.e. 40% stake) are valued at the closing market rate of Rs.22.40 per share as of the year end.

6.3.3 During the year, the related party / associated relationship has ceased due to cessation of common directorship.

6.3.4 Included herein are equity securities having average cost of Rs. 429.245 million (December 31, 2016: Rs. 8 million) and having market value of Rs. 722.672 million (December 31, 2016: Rs. 149.90 million) pledged with trustee of Term Finance Certificates issued by the Company.

7. LONG TERM LOANS AND ADVANCES

Loans - secured and considered good

Due from:

Executives

Other employees

Current maturity of long term loans

7.1 Reconciliation of the carrying amount of loan to executives

Opening balance

Disbursements

Repayments

Note	2017	2016
	(Rupees in '000)	
7.1	540	980
	872	1,098
7.2	1,412	2,078
	(584)	(959)
	828	1,119
	980	1,604
	500	-
	(940)	(624)
	540	980

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

- 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% to 6.01% (December 31, 2016: 5.89% and 8%) 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. 0.979 million (December 31, 2016: Rs. 1.92) million.

8. SHORT TERM LOANS AND ADVANCES

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Current maturity of long term loans	7	584	959
Advances to employees - unsecured		440	74
Loan to subsidiary	8.1	55,000	-
		<u>56,024</u>	<u>1,033</u>

- 8.1 During the year, the Company had provided short term loan of Rs. 100 million to JS Infocom Limited, a wholly owned subsidiary of the Company, carrying mark-up rate of 6 months KIBOR plus 100 basis points per annum. As on December 31, 2017, the outstanding balance of the loan amounts to Rs. 55 million which is repayable within a year (extendable for a further period of one year at the option of borrower) as per the terms of the agreement.

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
9. SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		31,062	14,756
Dividend receivable		4,259	2,711
Other Receivables		110	9,878
		<u>35,431</u>	<u>27,345</u>

10. INTEREST ACCRUED

Interest accrued on:

Bank deposits		8,909	5,078
Loan to subsidiary	8.1	1,025	-
Term finance certificates		-	4,087
		<u>9,934</u>	<u>9,165</u>

11. OTHER FINANCIAL ASSETS - SHORT TERM INVESTMENTS

Available for sale

At fair value

Equity securities - quoted		3,029,464	3,455,859
Equity securities - unquoted	6.3.2	-	40,394

At cost

Privately Placed Term Finance Certificate		-	400,000
		<u>3,029,464</u>	<u>3,896,253</u>

Assets at fair value through profit or loss

Listed equity securities	11.1	3,078	283,583
		<u>3,032,542</u>	<u>4,179,836</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

- 11.1 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. 2,789.816 million (December 31, 2016: Rs. 2,667.65).

12. CASH AND BANK BALANCES	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Cash in hand		38	38
Balances with banks:			
Current accounts			
- local currency	12.1	399	391
Savings accounts			
- local currency	12.2	1,427,045	729,753
		<u>1,427,482</u>	<u>730,182</u>

- 12.1 Included herein is a sum of Rs. 0.02 million (December 31, 2016: Rs. 0.02 million) representing amount placed with JS Bank Limited, a subsidiary company.

- 12.2 Included herein is a sum of Rs. 1,426.77 million (December 31, 2016: Rs. 729.4 million) representing amount placed with JS Bank Limited, a subsidiary company. These carry mark-up ranging between 3.7% and 6.20% (December 31, 2016: 3.00% and 6.25%) per annum.

13. SHARE CAPITAL

13.1 Authorised capital

2017 ----- (Number of shares) -----	2016 ----- (Number of shares) -----		2017 ----- (Rupees in '000) -----	2016 ----- (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
<u>6,500,000,000</u>	<u>6,500,000,000</u>		<u>65,000,000</u>	<u>65,000,000</u>

13.2 Issued, subscribed and paid-up capital

2017 ----- (Number of shares) -----	2016 ----- (Number of shares) -----		2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
205,072,990	205,072,990	Ordinary shares of Rs.10 each:		
		Fully paid in cash	2,050,730	2,050,730
710,869,398	710,869,398	Fully paid bonus shares	7,108,694	7,108,694
<u>915,942,388</u>	<u>915,942,388</u>		<u>9,159,424</u>	<u>9,159,424</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

14. LONG TERM FINANCING

		2017	2016
		(Rupees in '000)	
Term Finance Certificates (TFCs)	Note		
Eighth issue - listed on Pakistan Stock Exchange Limited	14.1	355,632	523,471
Ninth issue - Privately Placed	14.2	867,198	988,054
Tenth issue - Privately Placed	14.3	1,481,788	-
		2,704,618	1,511,525
Term Loan			
Term Loan 1	14.4	310,646	433,739
Term Loan 2	14.5	493,339	-
		3,508,603	1,945,264
Less: Current portion shown under current liabilities		648,669	290,941
		2,859,934	1,654,323

- 14.1** 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 tenure of five years i.e. 2014-2019 with a call option exercisable by the Company at any time on a coupon date during the tenure 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 market value of Rs. 812.78 (December 31, 2016: Rs. 1,172.70) million to secure the outstanding principal with 35% margin. In 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.
- 14.2** 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 tenure 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 tenure 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 18th 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 market value of Rs. 1,565.16 (December 31, 2016: Rs. 1,812.42) million to secure the outstanding principal with 35% margin. In 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.
- 14.3** During the year, the Company issued privately placed Term Finance Certificates (PPTFCs) of Rs. 1,500 million. The mark-up on this TFC is payable semi-annually, based on the six months KIBOR average rate plus 140 basis points per annum. These TFCs have tenure of five years i.e. 2017-2022, 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 tenure 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 (08) equal semi-annual installments starting from 18th 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 market value of Rs. 2,511.77 million to secure the outstanding principal with 35% margin. In 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.

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14.4 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 tenure 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 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 503.2 (December 31, 2016: 1,005.13) million with margin ranging from 30% to 40%.

14.5 During the year, the Company obtained new term loan of Rs. 500 million from a scheduled bank. The mark-up on this term loan is payable semi-annually, based on the six month KIBOR average rate plus 100 basis points per annum. This loan has tenure of five years i.e. 2017-2022, including a grace period of twelve (12) months. The principal is payable in eight (08) equal semi-annual installments starting from 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 813.023 million with margin ranging from 30% to 40%.

15. DEFERRED TAX LIABILITY

	Opening	Charge / (reversal) to profit and loss account	Reversal on surplus on revaluation of investments to Other Comprehensive Income	Closing
	(Rupees in '000)			
2017				
Taxable temporary differences on:				
Revaluation on investments classified as available-for-sale investments	162,122	-	(139,735)	22,387
2016				
Taxable temporary differences on:				
Revaluation on investments classified as available-for-sale investments	-	-	162,122	162,122

15.1 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.52.971 million (December 31, 2016: Rs.63.378 million).

16. TRADE AND OTHER PAYABLES

Note	2017 (Rupees in '000)	2016
	44,381	58,251
	73,086	108,688
	10,547	10,547
24	160,569	146,962
	-	48,059
	915	2,072
16.1	289,498	374,579

16.1 Includes payable to various related parties amounting to Rs.52.05 (December 31, 2016: Rs. 105.9) million.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 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.

For the tax year 2009, the rectification application was deemed to have been given the due effect and the rectifications applied for deemed to have been rectified due to operation of law by virtue of section 221 (3) of the Ordinance.

For both the years, the department has filed references before the Sindh High Court. The references are pending.

17.1.2 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 which 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.

17.1.3 The ACIR passed an 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 denovo 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.

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	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
17.2 Commitments			
Commitment in respect of future sale transactions of listed equity securities		-	280,072
18. RETURN ON INVESTMENTS			
Mark-up / interest income from:			
Available for sale			
Term Finance Certificates		39,792	4,087
Government securities		-	1,426
		39,792	5,513
Dividend income on:			
Investments in subsidiary	18.1	174,450	174,450
Financial assets at fair value through profit or loss account		16,406	30,904
Available for sale investments	18.2	862,831	514,712
		1,053,687	720,066
		1,093,479	725,579

18.1 This represents dividend income from JS Bank Limited, subsidiary of the Company.

18.2 This includes dividend income from various related parties amounting to Rs. 767.93 million (December 31, 2016: Rs. 475.76 million).

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
19. GAIN ON SALE OF INVESTMENTS - NET			
Financial assets at fair value through profit or loss account		(4,312)	(2,125)
Available for sale	19.1	288,432	79,662
		284,120	77,537

19.1 This includes net gain on sale of investments in related parties amounting to Nil (December 31, 2016: Rs. 70.79 million).

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
20. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS			
Return on bank deposits		99,630	78,823
Interest on loan to subsidiary		3,646	-
Interest on loans to employees		74	130
Return on term deposit receipts		-	20,703
	20.1	103,350	99,656

20.1 This includes transactions with related parties amounting to Rs. 103.27 million (December 31, 2016: Rs. 78.81 million).



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

21. OTHER INCOME

	Note	2017 ----- (Rupees in '000) -----	2016
Income from financial assets:			
Loss on remeasurement of derivatives through profit or loss		-	(5,825)
Income from non-financial assets:			
Gain on sale of property and equipment		1,230	-
Rental income		47,163	43,896
Liabilities written back		418	-
		<u>48,811</u>	<u>38,071</u>

22. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and benefits	22.1 - 22.3	47,832	42,985
Telephone, fax, telegram and postage		931	231
Vehicle running		1,192	1,081
Fee for directors / committee meetings		4,200	3,629
Utilities		1,440	1,272
Newspapers and periodicals		27	25
Conveyance and travelling		2,857	3,342
Repairs and maintenance		2,889	2,761
Computer expenses		626	346
Auditors' remuneration	22.4	2,111	2,126
Royalty fee	22.5	9,900	9,900
Consultancy fee		1,868	1,800
Advisory fee	22.6	44,944	38,667
Legal and professional charges		11,831	22,364
Printing and stationery		1,178	2,653
Rent, rates and taxes		47,859	39,214
Insurance		1,926	1,770
Entertainment		118	180
Advertisement		721	736
Depreciation	22.7	2,005	2,747
Fees and subscription		34,643	23,012
Donations	22.8	7,000	10,000
Brokerage and commission expense		2,123	3,956
Clearing fees		1,885	2,435
Others		-	48,059
		<u>232,106</u>	<u>265,291</u>

22.1 Salaries and benefits include Rs. 2.23 million (December 31, 2016: Rs. 2.01 million) in respect of employee retirement benefits.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017	2016
22.2 Number of employees at the end of the year	23	22
Average number of employees during the year	23	22

- 22.3 The Company's staff retirement benefits include provident fund - a defined contribution plan. The Company has established a separate provident fund. The information related to the provident fund as at its year ended June 30, 2017 (which is the accounting year of the fund) based on audited financial statements is as follows:

	June 30, 2017	June 30, 2016
Number of employees / members	21	20
Size of provident fund (Rupees in '000) - (total assets)	42,767	35,752
Cost of investments made (Rupees in '000)	11,471	4,594
Percentage of investment made	27%	13%
Fair value of investments (Rupees in '000)	12,305	4,704
Breakup of investment - at fair value:		
- Term finance certificates and Sukuk		
Amount of investment (Rupees in '000)	2,080	2,037
Percentage of size of investment	5%	6%
- Balance in listed equity securities		
Amount of investment (Rupees in '000)	10,225	2,666
Percentage of size of investment	24%	7%
- Balances in scheduled banks		
Amount of investment (Rupees in '000)	29,923	30,813
Percentage of size of investment	70%	86%

Investments out of the Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2017	2016
22.4 Auditors' remuneration	(Rupees in '000)	(Rupees in '000)
Annual audit fee	1,500	1,500
Half-yearly review fee	200	200
Certifications and other services	60	100
Out of pocket expenses	210	182
Others	141	144
	2,111	2,126

- 22.5 This represents royalty paid to Mr. Jahangir Siddiqui, a related party, on account of use of part of Company's name under an agreement dated April 21, 2004.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

- 22.6 This includes 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.

22.7 Depreciation	Note	2017	2016
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Operating assets	4	1,885	2,627
Investment property	5	120	120
		<u>2,005</u>	<u>2,747</u>

- 22.8 This represents donation to Future Trust (related party), wherein Mr. Suleman Lalani, Mr. Kalim-ur-Rahman and Mr. Hasan Shahid (2016: Mr. Suleman Lalani and Mr. Kalim-ur-Rahman) are trustees who are Chief Executive Officer, Director and Chief Financial Officer respectively of the Company. The registered offices of the donee i.e. Future Trust is located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

23. FINANCE COST

Mark-up on:	2017	2016
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Long term financing - Term Finance Certificates (TFCs)	164,528	101,730
Long term loans	47,307	36,732
	<u>211,835</u>	<u>138,462</u>
Amortization of transaction costs on TFCs and long term loans	10,507	6,210
Bank charges	15	10
	<u>222,357</u>	<u>144,682</u>

24. PROVISION FOR WORKERS' WELFARE FUND

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

The amendments introduced in the WWF Ordinance (along with certain other amendments) were challenged by several parties on the ground that the payments under the WWF Ordinance did not constitute 'tax' and therefore, these amendments could not be introduced through the Finance Act. The Honorable Lahore High Court in the year 2011 accepted the aforementioned argument and declared the amendments made through Finance Act as invalid. 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.

The Honorable Supreme Court of Pakistan passed a judgment on November 10, 2016, declaring the insertion of amendments introduced in the Finance Acts pertaining to Workers Welfare Fund as unlawful and thereby striking down such amendments. The review petition has been filed in the Honorable Supreme Court, which is currently pending hearing.

However on a prudent basis, the Company has recognized current year's provision of Rs. 13.61 million (2016: Rs. 17.75 million) and aggregate provision amounting to Rs. 160.58 million for the years from July 2011 to December 2017.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

25. TAXATION

25.1 Reconciliation of tax charge for the year

	2017	2016
	----- (Rupees in '000) -----	
Profit before taxation	666,756	869,740
Tax at the applicable tax rate of 30% (December 31, 2016: 31%)	200,027	269,619
Tax effect of income under FTR and differential in tax rates	(247,869)	(247,275)
Tax effect of amount relating to prior year	90,056	89,461
Tax charge on permanent differences	212,004	132,530
Tax charge on temporary differences	(1,106)	5,761
Rebate on donation paid	(1,917)	-
Tax on undistributed profits	50,007	-
Others	-	(2,397)
	<u>301,202</u>	<u>247,699</u>

25.2 Current status of tax assessments

Income tax returns for the Tax Years up to 2017 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 17.1.

25.3 Prior year tax

This includes Rs. 24.83 million as charge for super tax in respect of tax year 2017 levied through enactment of Finance Act, 2017 ("Act") which became applicable from July 01, 2017. Since the Company follows special tax year, therefore super tax payable under section 4B of the Income Tax Ordinance, 2001 (Ordinance), for the year ended December 31, 2016 (tax year 2017) is recognised during the period.

Also included herein is provision of Rs. 65.23 million as tax on undistributed profits for the tax year 2017 (year ended December 31, 2016) levied through enactment of the Act. The substituted Section 5A of the Ordinance requires that tax at the rate of 7.5% of the accounting profit before tax shall be imposed on every public company, other than scheduled bank and modaraba, that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. Since the Company follows special tax year, therefore, tax on undistributed profits for the year ended December 31, 2016 (tax year 2017) is recognized during the period on a prudent basis. The Company has filed a constitutional petition against applicability of section 5A of the Ordinance and stay has been granted by the Honorable High Court of Sindh.

26. BASIC AND DILUTED EARNINGS PER SHARE

	2017	2016
	----- (Rupees in '000) -----	
Profit after taxation attributable to Ordinary shareholders	365,554	622,041
	----- (Numbers in '000) -----	
Weighted average number of Ordinary shares outstanding during the year	915,942	915,942
Earnings per share:	----- (Rupees) -----	
Basic and diluted	0.40	0.68

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

27. CASH AND CASH EQUIVALENTS	2017	2016
	----- (Rupees in '000) -----	
Cash and bank balances	<u>1,424,482</u>	<u>730,182</u>

28. RELATED PARTY TRANSACTIONS

Related parties comprise of subsidiaries, associates, 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, associated entities not mentioned elsewhere in these unconsolidated financial statements are as follows:

TRANSACTIONS	2017	2016
	----- (Rupees in '000) -----	
Subsidiary and Sub-subsidiary Companies:		
Brokerage expense	2,850	4,942
Bank charges paid	14	10
Dividend received	174,450	174,450
Sale of government securities	-	26,300
Investment in Term Deposit Receipts	-	4,400,000
Maturity of Term Deposit Receipts	-	4,900,000
Capital gain tax paid for onward submission to NCCPL	17,544	3,582
Capital gain tax refund	746	2,016
Mark-up paid on TFCs issued by the Company	1,530	5,930
Market maker fee paid	-	472
Rent received	46,737	43,665
TFC principal repaid	6,750	14,000
Subscription of right shares	-	1,000,000
Investment in Subsidiary	1,399,990	10
Advisory and arrangement fee paid	17,150	11,600
Profit received on deposits accounts	95,823	79,326
Profit received on term deposit receipts	-	25,498
Reimbursement of expenses to the Company	32,302	23,033
Reimbursement of expenses by the Company	298	350
Capital gain tax tariff paid	50	50
Loan disbursed by the Company	100,000	-
Loan repaid by subsidiary including interest	47,621	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017	2016
	----- (No. of shares / units) -----	
Subsidiary and Sub-subsidiary Companies:		
Right shares subscribed	139,998,997	100,000,047
Shares received on incorporation	-	1,000
	----- (Rupees in '000) -----	
Common Directorship:		
Donation paid	50,000	40,000
Reimbursement of expenses to the Company	152	217
	----- (No. of shares / units) -----	
Sale of shares	-	378,000
	----- (Rupees in '000) -----	
Other Related Parties:		
Insurance refund / cancellation	103	1
Dividend income	767,931	516,834
Contribution to staff provident fund	4,465	4,016
Interest / markup paid	2,908	5,049
Principal redemptions made against TFCs	12,825	34,263
Insurance premium paid	2,092	1,672
Royalty paid	9,900	9,075
Advisory fee paid	6,000	5,500
Tax on bonus shares	-	53,649
	----- (No. of shares / units) -----	
Purchase of shares	-	2,063,500
Sale of shares	-	3,030,500
Bonus shares received	-	8,016,930
	----- (Rupees in '000) -----	
Key management personnel:		
Interest on long term loans to executives	22	70
Loans and advances disbursed during the year	1,201	200
Loan and advances repaid from executives	1,340	937
Reimbursement from CEO and Executives	-	10
Reimbursement of expenses to directors	2,041	1,796

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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BALANCES

Subsidiary and Sub-Subsidiary Companies

	2017 ----- (Rupees in '000) -----	2016
Receivable against expenses incurred on their behalf	89	9,737
Cash at bank accounts	1,426,826	730,149
Profit receivable on deposit accounts and term deposit receipts	8,910	5,144
Outstanding principal of TFCs issued by the Company	14,250	21,000
Mark-up payable on TFCs issued by the Company	263	380
Outstanding principal of loan issued by the Company	55,000	-
Mark-up receivable on loan issued by the Company	1,025	-
Payable against purchase of equity securities	44,968	52,763

Common directorship

Donation Payable	7,000	50,000
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Other Related Parties

Outstanding principal of TFCs issued by the Company	27,075	39,900
Mark-up payable on TFCs issued by the Company	499	723

Key management personnel

Loans and advances	840	768
Payable to directors for attending director / committee meetings	-	350

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	
	2017	2016	2017	2016	2017	2016
	----- (Rupees in '000) -----					
Managerial remuneration	-	-	20,890	19,900	12,036	10,903
House rent allowance	-	-	-	-	3,218	2,957
Utilities allowance	-	-	-	-	485	451
Advisory fee	4,000	6,000	-	-	-	-
Contribution to provident fund	-	-	1,089	990	719	680
Medical	-	-	1,089	990	370	355
Reimbursable expenses	-	-	-	-	126	47
	4,000	6,000	23,068	21,880	16,954	15,393
Number of persons	1	1	1	1	5	6

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- 29.1 The Company also provides certain executives with Company maintained cars.
- 29.2 Managerial remuneration includes Rs. 13.990 million (2016: Rs. 13.510 million) charged in the profit and loss account in respect of bonus to chief executive and executives of the Company.
- 29.3 The Company has paid Rs. 5.117 million (December 31, 2016: Rs. 3.63) 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, 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, 2017 and December 31, 2016 using the amounts of financial assets and liabilities held as at those balance sheet dates.

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, term finance certificates and bank loans that expose the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2017 with all other variables held constant, the net assets and income of the Company for the year would change as follows:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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December 31, 2017			
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	1,427,482	100	14,275
		(100)	(14,275)
Loan to subsidiary - asset	55,000	100	550
		(100)	(550)
Term finance certificates - liability	2,704,618	100	27,046
		(100)	(27,046)
Long term loan - liability	803,985	100	8,040
		(100)	(8,040)
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)

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.

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Fair value sensitivity analysis

The following table summarizes the Company's equity price risk as of December 31, 2017 and December 31, 2016. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Fair Value (Rupees in '000)	Price change	Effect on profit before tax (Rupees in '000)	Effect on other comprehensive income before tax (Rupees in '000)
December 31, 2017	16,921,677	5% change	154	845,930
December 31, 2016	18,247,374	5% change	14,179	898,190

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.

	December 31, 2017			
	Carrying amount	Contractual cash flows	Up to one year	Over one year to five years
	(Rupees in '000)			
Financial liabilities				
Long term financing	3,508,603	3,543,750	662,500	2,881,250
Trade and other payables	128,929	128,929	128,929	-
Accrued interest / mark-up on borrowings	73,755	73,755	73,755	-
	3,711,287	3,746,434	865,184	2,881,250

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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)			
Financial liabilities				
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	-
	<u>2,199,728</u>	<u>2,219,552</u>	<u>675,802</u>	<u>1,543,750</u>

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:

	2017	2016
	(Rupees in '000)	
Loans and advances	56,852	2,152
Long term security deposits	2,927	804
Interest accrued and other receivables	11,068	19,043
Cash and bank balances	1,427,482	730,182

The analysis below summarises the credit quality of the Company's liquid portfolio as on December 31, 2017:

Bank balances and term deposits rating by Rating Category

	2017	2016
AAA	0.02%	0.02%
A1+ to A+	99.98%	99.98%
	<u>100.00%</u>	<u>100.00%</u>

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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
	2017	2016	
Loans to employees			
House loans	100%	100%	Mortgage on property purchased
Other loans	100%	100%	Cheque equivalent to the amount of loan disbursed in favour of the Company.

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;
- 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.

31. 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.



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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, 2017 and December 31, 2016 were as follows:

	2017	2016
	----- (Rupees in '000) -----	
Long term financing	3,508,603	1,945,264
Trade and other payables	289,498	374,579
Accrued interest / mark-up on borrowings	73,755	26,847
Total debt	3,871,856	2,346,690
Cash and bank balances	1,427,482	730,182
Net debt	2,444,374	1,616,508
Share capital	9,159,424	9,159,424
Reserves	18,360,984	20,895,106
Equity	27,520,408	30,054,530
Capital	29,964,782	31,671,038
Gearing ratio	8.16%	5.10%

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 minimize risk. An increase in the gearing ratio during the year ended December 31, 2017 resulted primarily from the fact that the Company obtained a loan from scheduled bank and raised a TFC aggregating to a sum of Rs.2,000 million.

32. 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.

32.1 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:

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For the year ended December 31, 2017

- 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, 2017				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available for sale investments				
Equity Securities	20,553,294	-	-	20,553,294
Fair value through profit or loss - held for trading				
Listed Equity Securities	3,078	-	-	3,078
	<u>20,556,372</u>	<u>-</u>	<u>-</u>	<u>20,556,372</u>

December 31, 2016				
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available for sale investments				
Equity Securities	22,816,371	-	100,986	22,917,357
Fair value through profit or loss - held for trading				
Listed Equity Securities	283,583	-	-	283,583
Derivative liability	(5,825)	-	-	(5,825)
	<u>277,758</u>	<u>-</u>	<u>-</u>	<u>277,758</u>
	<u>23,094,129</u>	<u>-</u>	<u>100,986</u>	<u>23,195,115</u>



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

33. CORRESPONDING FIGURES

Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation, in the current year. However, there are no material reclassification / re-arrangement to report.

34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 12, 2018 by the Board of Directors of the Company.

35. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer

Directors' Report to the Shareholders on Consolidated Financial Statements

We are 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, 2017 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 Generally Accepted Accounting Principles ("GAAP") and the Companies Repealed Ordinance 1984, as applicable in Pakistan. Other financial data included in the Annual Report are consistent with the data in the financial statements.

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

The Audit Committee of the Board of Directors ("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.

Discussion on risk management is covered in detail under notes 43 and 44 to the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

During the year, the Group has reported considerable improvement in its assets base which increased to PKR 412,826 million as at December 31, 2017 from PKR 293,676 million as at December 31, 2016. The shareholders' equity was PKR 40,084 million as of the year end.

During the year, the Group reported net profit of PKR 1,751 million for the year ended December 31, 2017 as compared to PKR 2,980 million for the year ended December 31, 2016 i.e. declined by 41% mainly on account of considerable increase in finance cost.

The total income has improved by 22% over the last year mainly on account of increase in return on investments and income from long term loans and fund placements during the year under review. The administrative and other expenses have increased to PKR 9,650 million i.e. enhanced by 24% over the last year. Impairment expense has declined to PKR 223 million. However, finance cost has significantly increased to PKR 14,198 million i.e. increased by 52% over the previous year.



	(PKR in '000)
Profit before taxation	2,881,336
Less: Taxation	
- Current	900,033
- Prior	196,063
- Deferred	34,766
	1,130,862
Profit for the year	1,750,474
Profit attributable to non-controlling interests	(352,377)
Profit for the year attributable to ordinary shareholders	1,398,097

Basic and diluted earnings per share is PKR 1.53.

Subsequent to the period end, the shareholding of the Holding Company in JS Bank Limited, a subsidiary, has increased to 75.02% on account of conversion of preference shares of JS Bank into its ordinary shares as per the terms and conditions of the issue. Accordingly, the shareholding of the Holding Company in its sub-subsidiary i.e. JS Global Capital Limited and JS Investments Limited, subsidiaries of JS Bank Limited have increased to 50.38% and 48.88% respectively.

PERFORMANCE OF KEY INVESTMENTS

JS Bank Limited (subsidiary)

During the year, JS Bank Limited ("JSBL") reported profit after tax of PKR 973 million as compared to PKR 2,077 million for the year ended December 31, 2016.

JS Bank continues to grow its market share in terms of Deposits, Assets, Alternative Delivery Channels, Bancassurance, Home Remittances and Trade Business. Core equity of JSBL expanded to PKR 16,179 million as at December 31, 2017, a growth of 5% over the previous year, due to improved profitability.

JSBL continues to increase its footprint across the country to enhance access and convenience for customers. In 2017, the Bank widened its branch presence by adding 16 new branch locations and reaching 323 branches across 161 cities in Pakistan including one overseas branch in Manama, Bahrain.

Key figures are mentioned below:

	PKR in Million		
	2017	2016	Growth
Deposits	290,077	226,099	28%
Total Assets	388,309	264,700	47%
Investments – net	169,612	133,727	27%
Advances – net	184,140	93,794	96%
Net interest / markup income	6,242	5,376	16%
Profit before tax	1,621	3,390	-52%
Profit after tax	973	2,077	-53%

On March 3, 2018 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, 2017.

JS Investments Limited (Sub-Subsidiary)

JS Investments Limited ("JSIL") reported profit after tax of PKR 32 million during the year ended December 31, 2017 as compared to profit after tax of PKR 200 million for the year ended December 31, 2016. The assets under management were PKR 14,450 million for the year ended December 31, 2017.

JSIL earned PKR 198 million as management fee from funds under management as compared to PKR 155 million earned during the same period last year. Administrative and marketing expenses increased by 15 percent to PKR 321 million during the year compared to PKR 280 million during the same period last year.

The shareholders equity of JSIL decreased to PKR 2,162 million for the year ended December 31, 2017 from PKR 2,574 million for the year ended December 31, 2016. This was mainly due to decrease in value of underlying investment portfolio which resulted in decrease in the breakup value per share for the year end to PKR 26.97 per share from PKR 32.10 per share over the comparative period last year

JS Global Capital Limited (Sub-Subsidiary)

JS Global Capital Limited ("JSGCL") posted profit after tax of PKR 85 million for the year ended December 31, 2017 as compared to PKR 171 million during the year ended December 31, 2016. The operating revenue increased to PKR 536 million i.e. growth of 16% over the last year. Further, JSGCL has incurred PKR 634 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.

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.

Other

With an aim of diversification, three subsidiaries have been incorporated under Energy Infrastructure Holding (Private) Limited ("EIHPL") during the year namely JS Petroleum (Private) Limited, JS Fuel (Private) Limited and JS Engineering Investments 1 (Private) Limited to seek and develop business opportunities in energy, petroleum and infrastructural sectors. Accordingly, during the year and subsequently, the Holding Company has invested up to PKR 1,900 million in EIHPL

PATTERN OF SHAREHOLDING

The Statement of Pattern of Shareholding as on December 31, 2017 is annexed to this report.

For and on behalf of the
Board of Directors

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive Officer

Karachi: March 12, 2018



۳ مارچ ۲۰۱۸ء کو بینک نے ۳۱ دسمبر ۲۰۱۷ء 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 ۲۰۱۷ء میں ختم ہونے والے سال کا منافع بعد از ٹیکس ۳۲ ملین روپے رہا جبکہ ۳۱ دسمبر ۲۰۱۶ء میں منافع بعد از ٹیکس ۲۰۰ ملین روپے تھا۔ ۳۱ دسمبر ۲۰۱۷ء میں زیر انتظام اثاثے (AUMs) ۱۴،۴۵۰ ملین روپے رہے۔

JSIL نے زیر انتظام اثاثوں سے ۱۹۸ ملین روپے انتظامی آمدنی کمائی جو کہ پچھلے سال کی اسی مدت کے دوران ۱۵۵ ملین روپے تھی۔ انتظامی اور مارکیٹنگ اخراجات پچھلے سال ۲۸۰ ملین روپے کے مقابلے میں ۱۵ فیصد اضافے کے ساتھ ۳۲۱ ملین روپے ہو گئے۔

JSIL کے حصص یافتگان کی ایکویٹی ۳۱ دسمبر ۲۰۱۷ء کو کم ہو کر ۱۶۲،۱۶۲ ملین روپے ہو گئی جبکہ ۳۱ دسمبر ۲۰۱۶ء میں ۲،۵۷۴ ملین روپے تھی۔ اس کی بنیادی وجہ بنیادی سرمایہ کاری پورٹ فولیو کی قیمت میں کمی ہے جس کے نتیجے میں بریک اپ ویلیو فی حصص پچھلے سال کے مقابلے میں ۳۲.۱۰ روپے فی حصص سے کم ہو کر ۲۶.۹ روپے فی حصص ہو گئی۔

جے ایس گلوبل کمپنیل لمیٹڈ (ذیلی ادارہ)

جے ایس گلوبل کمپنیل لمیٹڈ ("JSGCL") کا ۳۱ دسمبر ۲۰۱۷ء میں ختم ہونے والے سال کا منافع بعد از ٹیکس ۸۵ ملین روپے رہا جبکہ ۳۱ دسمبر ۲۰۱۶ء کو ۱۷ ملین روپے تھا۔ کاروبار چلانے سے حاصل ہونے والی آمدنی میں ۵۳۶ ملین روپے کا اضافہ ہوا یعنی گزشتہ سال سے ۱۶ فیصد کا اضافہ ہوا۔ علاوہ ازیں JSGCL نے نئے سال کے دوران ۶۳۴ ملین روپے کے انتظامی اور آپریشن اخراجات نئی شاخوں کے قیام کی مد میں کئے گئے تاکہ ریٹیل کلائنٹ بیس (Retail Client Base) میں اضافہ ہو۔

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 فی بیڈ آپریشن اور بیک وقت اخراجات کی بنیاد کو درست رکھنا بھی شامل ہے۔

دیگر:

توسیع کے مقصد کو مد نظر رکھتے ہوئے انرجی انفراسٹرکچر ہولڈنگ (پرائیوٹ) لمیٹڈ (EIHPL) کے تحت ذیلی اداروں جے ایس پیٹرولیم (پرائیوٹ) لمیٹڈ، جے ایس انجینئرنگ انوسٹمنٹس ون (پرائیوٹ) لمیٹڈ کا وجود عمل میں لایا گیا ہے تاکہ انرجی، پیٹرولیم، اور انفراسٹرکچر کے شعبوں میں کاروبار کے مواقع پیدا کئے جائیں۔ لہذا سال کے دوران اور بعد میں ہولڈنگ کمپنی نے ۹۰۰،۰۰۰ ملین روپے تک EIHPL میں سرمایہ کاری کی۔

طرز حصص داری:

۳۱ دسمبر ۲۰۱۷ء کے اختتام پر کمپنی کی طرز حصص داری کی اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

برائے اور منجانب

بورڈ آف ڈائریکٹرز

سلیمان لالانی
چیف ایگزیکٹو آفیسر

چیف جسٹس (ریٹائرڈ) محبوب احمد

چیرمین

کراچی: ۱۲ مارچ ۲۰۱۸ء

روپے ۱۰۰۰

۲۸۸۱،۳۳۶	قبل از ٹیکسیشن منافع
۹۰۰،۰۳۳	کٹوتی: ٹیکسیشن موجودہ سال
۱۹۶،۰۶۳	پچھلا سال
۳۴،۷۶۶	مانوی شدہ
۱،۱۳۰،۸۶۲	
۱۷۵۰،۴۷۴	سال کے لئے خالص منافع
(۳۵۲،۳۷۷)	غیر کنٹرولنگ دلچسپی سے منسوب منافع
۱،۳۹۸،۰۹۷	عام حصص یافتگان سے منسوب سال کا منافع

بیسک (Basic) اور ڈائلوٹڈ (Diluted) منافع فی حصص ۱.۵۳ روپے رہا۔

مدت ختم ہونے کے بعد جے ایس بینک لمیٹڈ جو کہ کمپنی کا ایک ماتحت ادارہ ہے نے شرائط و ضوابط کے مطابق ترجیحی حصص کو عام حصص میں تبدیل کیا لہذا کمپنی کے اس ماتحت ادارے جے ایس بینک لمیٹڈ میں شیئر ہولڈنگ بڑھ کر ۵.۰۲ فیصد ہو گئی۔ لہذا کمپنی کے ذیلی ماتحت اداروں جے ایس گلوبل کمپیٹل لمیٹڈ اور جے ایس انویسٹمنٹ لمیٹڈ جو کہ جے ایس بینک لمیٹڈ کے ماتحت ادارے ہیں میں شیئر ہولڈنگ بڑھ کر با ترتیب ۵۰.۳۸ فیصد اور ۲۸.۸۸ فیصد ہو گئی۔

اہم سرمایہ کاری کی کارکردگی:

جے ایس بینک لمیٹڈ (ذیلی ادارہ)

۳۱ دسمبر ۲۰۱۷ کے ختم ہونے والے سال کے دوران جے ایس بینک لمیٹڈ (JSBL) نے ۹۷۷ ملین روپے کا خالص منافع حاصل کیا جو کہ ۳۱ دسمبر ۲۰۱۶ کی تقابلی مدت میں ۲،۰۷۷ ملین روپے تھا۔

جے ایس بینک کے مارکیٹ شیئر میں اضافہ ذخائر، اثاثوں، متبادل ترسیل چینلوں (Alternative Delivery Channels)، بکاشورنس اور گھریلو ترسیلات زر کے لحاظ سے ہوا۔ JSBL کی بنیادی ایکویٹی میں ۳۱ دسمبر ۲۰۱۷ کو بڑھ کر ۱۶،۱۷۹ ملین روپے ہو گئی یعنی بہتر منافع کی وجہ سے پچھلے سال کے مقابلے میں ۵ فیصد کی ترقی ہوئی۔

JSBL نے کسٹمرز کی رسائی اور سہولیات کو بڑھانے کے لئے اپنے اثرات کو جاری رکھتے ہوئے ۱۶ نئی شاخیں شامل کر کے ۳۲۳ شاخیں ہو گئیں جو کہ پاکستان بھر میں ۱۶۱ شہروں میں ہیں جس میں منامہ بحرین کی ایک بیرون ملک شاخ بھی شامل ہے۔

اہم اعداد و شمار درج ذیل ہیں:

----- ملین روپے -----

ذخائر	۲۰۱۷	۲۰۱۶	نمونہ
کل اثاثے	۳۸۸،۳۰۹	۲۲۶،۰۹۹	۲۸ فیصد
خالص سرمایہ کاری	۱۶۹،۶۱۲	۱۳۳،۷۲۷	۲۷ فیصد
خالص پیشگی	۱۸۴،۱۴۰	۹۳،۷۹۴	۹۶ فیصد
خالص منافع / مارک اپ آمدنی	۶،۲۴۲	۵،۳۷۶	۱۶ فیصد
منافع قبل از ٹیکس	۱،۶۲۱	۳،۳۹۰	(۵۲) فیصد
منافع بعد از ٹیکس	۹۷۳	۲،۰۷۷	(۵۳) فیصد

حصص یافتگان کے لئے مجموعی مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

یہ امر ہمارے لئے باعث مسرت ہے کہ ہم ۳۱ دسمبر ۲۰۱۷ء 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 رہے ہیں۔

مالیاتی ذمہ داری پر انتظامیہ کا 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 (GAAP) جو پاکستان میں قابل اطلاق ہیں اور منسوخ شدہ 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۔

خدا شات کے انتظام پر بحث تفصیل کے ساتھ مجموعی مالیاتی گوشواروں کے نوٹس ۴۳ اور ۴۴ میں بیان کی گئی ہے۔

مجموعی مالیاتی گوشوارے:

رواں سال کے دوران گروپ کے مجموعی اثاثوں میں خاطر خواہ بہتری آئی جو کہ ۳۱ دسمبر ۲۰۱۶ء کو ۶۷،۶۹۳ ملین روپے سے بڑھ کر ۳۱ دسمبر ۲۰۱۷ء کو ۸۲،۸۲۶ ملین روپے ہو گئے۔ حصص یافتگان کی ایکویٹی بھی سال کے آخر میں ۴۰،۰۸۴ ملین روپے تھی۔

۳۱ دسمبر ۲۰۱۷ء کو ختم ہونے والے سال کے دوران گروپ نے ۷۵،۷۱۷ ملین روپے کا خالص منافع حاصل کیا جو کہ ۳۱ دسمبر ۲۰۱۶ء کی تقابلی مدت میں ۲،۹۸۰ ملین روپے تھا۔ ۴ فیصد کی اس کمی کی بنیادی وجہ فنانس لاگت میں خاطر خواہ اضافہ ہے۔

سال کے دوران کل آمدنی میں گزشتہ سال سے ۲۲ فیصد اضافہ ہوا ہے جس کی بنیادی وجہ سرمایہ کاری کے منافع میں اضافہ، طویل مدتی قرضوں اور فنڈز پلیسمنٹ سے آمدنی میں اضافہ ہے۔ انتظامی اور دیگر اخراجات اضافے کے ساتھ ۹،۶۵۰ ملین روپے ہو گئے۔ یعنی پچھلے سال سے ۲۴ فیصد اضافہ ہوا۔ ایمپیئر میٹ (Impairment) اخراجات کم ہو کر ۲۲۳ ملین روپے ہو گئے۔ تاہم مالی اخراجات خاطر خواہ اضافے کے ساتھ ۱۴،۱۹۸ ملین روپے ہو گئے جو کہ یعنی پچھلے سال سے ۵۲ فیصد زیادہ تھے۔

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, 2017 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, JS Petroleum (Private) Limited, JS Fuel (Private) Limited, JS Engineering Investments 1 (Private) Limited, Quality Energy Solutions (Private) Limited and Khairpur Solar Power (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, 2017 and the results of their operations for the year then ended.

EY Ford Rhodes
Chartered Accountants

Audit Engagement Partner:
Shaikh Ahmed Salman

Date: March 20, 2018
Place: Karachi

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

As at December 31, 2017

ASSETS		2017	2016
	Note	(Rupees in '000)	
Non-current assets			
Property and equipment	7	5,295,290	4,313,201
Intangible assets	8	413,633	318,084
Investment property	9	1,780	1,900
Long term investments	10	158,713,491	69,302,898
Long term loans, advances, prepayments and other receivables	11	63,828,073	7,915,054
Assets repossessed	12	108,289	93,940
Long term deposits		21,782	14,199
Deferred tax asset	13	35,203	-
		228,417,541	81,959,276
Current assets			
Short term investments	14	35,181,773	91,747,293
Trade debts	15	889,766	1,720,157
Loans and advances	16	120,349,848	85,911,375
Accrued mark-up	17	4,136,443	2,414,896
Short-term prepayments, deposits and other receivables	18	1,738,171	1,477,999
Other financial assets - fund placements	19	3,116,199	11,334,414
Taxation - net		612,284	780,016
Cash and bank balances	20	18,384,336	16,330,999
		184,408,820	211,717,149
		412,826,361	293,676,425
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	21	9,159,424	9,159,424
Reserves	22	24,531,192	27,517,861
Equity attributable to equity holders of the parent		33,690,616	36,677,285
Non-controlling interests		6,393,248	6,681,610
Total equity		40,083,864	43,358,895
Non-current liabilities			
Long term financing	23	7,849,234	4,635,123
Liabilities against assets subject to finance lease	24	3,508	-
Long-term deposits and other accounts	25	2,870,044	1,037,190
Deferred tax liability	13	-	818,719
Deferred liability - employee benefit	42	175,118	118,308
		10,897,904	6,609,340
Current liabilities			
Trade and other payables	26	11,437,098	8,616,159
Accrued interest / mark-up on borrowings	27	2,202,331	1,430,498
Short term borrowings	28	64,557,043	10,320,047
Current deposits and current portion of long term liabilities	29	283,648,121	223,341,486
		361,844,593	243,708,190
		412,826,361	293,676,425
Contingencies and commitments	30		

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2017

	Note	2017 ----- (Rupees in '000) -----	2016 -----
INCOME			
Return on investments	31	11,400,117	9,563,240
Gain on sale of investments - net	32	1,796,423	3,386,575
Income from long term loans and fund placements	33	10,267,506	6,328,582
Fee, commission and brokerage	34	2,845,878	2,050,378
Gain on remeasurement of investments through profit or loss - held for trading - net		18,130	120,200
Other income	35	675,498	758,534
		27,003,552	22,207,509
EXPENDITURE			
Administrative and other expenses	36	9,649,647	7,788,946
Finance cost	37	14,198,100	9,325,008
Workers' Welfare Fund		51,438	94,773
Provision for impairment on investments - net	38	223,031	415,027
		24,122,216	17,623,754
PROFIT BEFORE TAX		2,881,336	4,583,755
Taxation	39		
- Current		900,033	1,319,849
- Prior		196,063	178,665
- Deferred		34,766	105,058
		1,130,862	1,603,572
PROFIT FOR THE YEAR		1,750,474	2,980,183
Attributable to:			
Equity holders of the parent		1,398,097	2,162,014
Non-controlling interests		352,377	818,169
		1,750,474	2,980,183
EARNINGS PER SHARE		----- (Rupees) -----	
Basic and diluted	40	1.53	2.36

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

	Note	2017 ----- (Rupees in '000) -----	2016 -----
Profit after tax for the year		1,750,474	2,980,183
Other comprehensive (loss) / income:			
Items that will not be classified subsequently to profit and loss account			
Actuarial gains on defined benefit plan	42.5	(85,542)	(56,991)
Related tax		29,940	19,947
		(55,602)	(37,044)
Total items that will not be classified subsequently to profit and loss account		(55,602)	(37,044)
Items that may be classified subsequently to profit and loss account:			
Fair value (loss) / gain on revaluation of available-for-sale investments during the year - net		(5,142,480)	3,384,880
Reclassification adjustments relating to available-for-sale investments disposed off during the year - net		(542,602)	(359,164)
Related deferred tax		722,461	631,060
		(4,962,621)	3,656,776
Exchange difference on translation of net assets of foreign branches / subsidiaries		12,236	(4,659)
Total items that may be classified subsequently to profit and loss account - net of tax		(4,950,385)	3,652,117
Other comprehensive (loss) / income for the year		(5,005,987)	3,615,073
Total comprehensive (loss) / income of the year		(3,255,513)	6,595,256
Attributable to:			
Equity holders of the parent		(2,986,669)	5,994,336
Non-controlling interests		(268,844)	600,920
		(3,255,513)	6,595,256

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017

	Attributable to ordinary equity holders of the parent						Non-controlling interests	Total
	Reserves					Revenue		
	Issued, subscribed and paid-up share capital	Ordinary share premium	Foreign exchange translation reserve	Unrealised gain on revaluation of available for sale investments - net	Statutory	Unappropriated profit	Sub-total	
	(Rupees in '000)							
Balance as at January 01, 2015	9,159,424	4,497,894	4,102	12,523,931	647,030	3,741,907	30,574,288	37,320,696
Total comprehensive income for the year								
Profit for year	-	-	-	-	-	2,162,014	2,162,014	2,980,183
Other comprehensive (loss) / income	-	-	(4,659)	3,863,067	-	(26,086)	3,832,322	3,615,073
Total comprehensive (loss) / income for the year	-	-	(4,659)	3,863,067	-	2,135,928	5,994,336	6,595,256
Transfer to statutory reserve	-	-	-	-	292,470	(292,470)	-	-
Transaction with owners recognized directly in equity								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(5,379)	(5,379)
Buy-back of shares of sub-subsidiary	-	-	-	-	-	-	(781,454)	(781,454)
Surplus arised on buy back of shares by sub-subsidiary	-	-	-	-	-	108,661	108,661	229,776
Balance as at December 31, 2016	9,159,424	4,497,894	(557)	16,386,998	939,500	5,694,026	36,677,285	43,358,895
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	1,398,097	1,398,097	1,750,474
Other comprehensive income / (loss)	-	-	12,236	(4,357,847)	-	(39,155)	(4,384,766)	(5,005,987)
Total comprehensive income / (loss) for the year	-	-	12,236	(4,357,847)	-	1,358,942	(2,986,669)	(3,255,513)
Transfer to statutory reserve	-	-	-	-	137,058	(137,058)	-	-
Transaction with owners recognized directly in equity								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(19,518)	(19,518)
Balance as at December 31, 2017	9,159,424	4,497,894	11,679	12,029,151	1,076,558	6,915,910	33,690,616	40,083,864

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2017

	Note	2017 (Rupees in '000)	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,881,336	4,583,755
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation		654,472	561,211
Amortisation of intangible assets		64,473	54,052
Gain on sale of property and equipment		(57,430)	(42,657)
Charge for defined benefit plan		89,576	61,317
Gain on remeasurement of investments through profit or loss account - net		(18,130)	(120,200)
Provision for doubtful debts		202,814	5,281
Effect of translation of net investment in foreign branches		12,236	17
Impairment on investments - net		223,031	415,027
Finance cost		14,198,100	9,325,008
		15,369,142	10,259,056
Operating profit before working capital changes		18,250,478	14,842,811
Increase in operating assets:			
Loans and advances		(34,638,162)	(13,772,178)
Trade debts		830,391	(919,310)
Long term loans, advances, prepayments and other receivables		(55,923,727)	(3,369,009)
Fund placements - net		8,218,215	(7,753,085)
Deposits, prepayments, accrued mark-up and other receivables		(1,981,719)	1,716,865
		(83,495,002)	(24,096,717)
Increase in operating liabilities:			
Trade and other payables		2,820,939	3,632,198
Deposits and other accounts		61,783,187	84,676,343
Net cash (used in) / generated from operations		(640,398)	79,054,635
Finance cost paid		(13,415,760)	(8,800,366)
Gratuity paid		(118,308)	(64,005)
Taxes paid		(898,424)	(1,296,013)
Dividend paid (including non-controlling interests)		(19,518)	(5,479)
Net cash (used in) / generated from operating activities		(15,092,408)	68,888,772
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(1,654,267)	(1,884,481)
Intangible assets acquired		(160,022)	(50,313)
Proceeds from sale of property and equipment		80,288	79,958
(Acquisition) / proceeds from assets repossessed		(14,349)	88,515
Paid to non-controlling interests against buy back of shares by a subsidiary		-	(551,678)
Investment acquired - net of sale		(38,901,283)	(22,456,738)
Net cash used in investing activities		(40,649,633)	(24,774,737)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of Term Finance Certificates - net		3,191,373	3,711,336
Long term loan obtained from / (repayment to) bank		367,009	(62,500)
Securities sold / (purchased) under repurchase agreements - net		43,389,357	(44,424,907)
Net cash generated from / (used in) financing activities		46,947,739	(40,776,071)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(8,794,302)	3,337,964
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		7,423,626	4,085,662
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	41	(1,370,676)	7,423,626

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 repealed 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 Shahra-e-Faisal, Karachi. The principal activities of the Holding Company are trading of securities, maintaining strategic investments, 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:

Subsidiary Companies	Note	Holding (including indirect holding)	
		December 31, 2017 %	December 31, 2016 %
JS Bank Limited (JSBL)	1.2.1	70.42	70.42
JS Investments Limited (JSIL) (Sub-subsidiary)	1.2.2	45.88	45.88
JS Global Capital Limited (JSGCL) (Sub-subsidiary)	1.2.3	47.29	47.29
JS Infocom Limited	1.2.4	100.00	100.00
JS International Limited	1.2.5	100.00	100.00
JS ABAMCO Commodities Limited (Sub-subsidiary)	1.2.6	45.88	45.88
Energy Infrastructure Holding (Private) Limited	1.2.7	100.00	100.00
Quality Energy Solutions (Private) Limited	1.2.8	100.00	100.00
Khairpur Solar Power (Private) Limited (Sub-subsidiary)	1.2.9	100.00	-
JS Petroleum (Private) Limited (Sub-subsidiary)	1.2.10	100.00	-
JS Fuel (Private) Limited (Sub-subsidiary)	1.2.11	100.00	-
JS Engineering Investments 1 (Private) Limited (Sub-subsidiary)	1.2.12	100.00	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

1.2.1 JS Bank Limited

JS Bank Limited (JSBL) was incorporated on March 15, 2006 as a public limited company under the repealed 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 322 (2016: 306) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2016: one) in Pakistan.

1.2.2 JS Investments Limited

JS Investments Limited (JSIL) is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed 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 Income Fund
- JS Cash Fund
- JS Large Cap Fund
- JS Capital Protected Fund - V
- JS Islamic Hybrid Fund of Funds
- JS Islamic Hybrid Fund of Funds II

Pension funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

1.2.3 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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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.

1.2.4 JS Infocom Limited

JS Infocom Limited (JS Infocom) was incorporated on August 25, 2003 as a public limited unlisted company under the repealed 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.

1.2.5 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.

1.2.6 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 repealed 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.

1.2.7 Energy Infrastructure Holding (Private) Limited

Energy Infrastructure Holding (Private) Limited (the Company) was incorporated under the repealed Companies Ordinance, 1984 (the Ordinance) on April 15, 2008 as a private limited company. The registered office of the Company is situated at 6th Floor, Faysal House, Sharah e Faisal, Karachi. The Company is a wholly owned subsidiary of Jahangir Siddiqui & Co. Ltd. (the Parent Company). The principal activities of the Company are to invest in energy, petroleum and infrastructure projects.

1.2.8 Quality Energy Solutions (Private) Limited

Quality Energy Solutions (Private) Limited (the Company) 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 Company is a wholly owned subsidiary of Jahangir Siddiqui & Co. Ltd. (the Parent Company). The principal activities of the Company are to undertake investments in power entities, listed or otherwise in Pakistan or elsewhere in the world.

1.2.9 Khairpur Solar Power (Private) Limited

Khairpur Solar Power (Private) Limited (the Company) was incorporated under the repealed Companies Ordinance, 1984 (the Ordinance) on May 05, 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 Company will be to develop, design, construct, build, own, operate, maintain and acquire solar energy project, coal fired power generation complexes and thermal, hydel, renewable energy and wind energy projects, carry on the business of electricity generation, transmission, sale and distribution services and maintain housing, transportation, communication and utility lines and other requisite logistic facilities for the construction,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

operation and maintenance of power plants. The Company is a wholly owned subsidiary of Quality Energy Solutions (Pvt.) Ltd. (the Parent Company) where as Jahangir Siddiqui & Co. Ltd. (JSCL) is the ultimate holding company of the Company.

1.2.10 JS Petroleum (Private) Limited

JS Petroleum (Private) Limited (the Company) was incorporated under the Companies Act 2017 (the Act) on October 09, 2017 as a private limited company. The registered office of the Company is situated at 6th Floor, Faysal House, Sharah e Faisal, Karachi. The principal business activity of the Company will be to invest in and undertake Oil and Gas storage facility business. The company is a wholly owned subsidiary of Energy Infrastructure Holding (Private) Limited (the Parent Company) where as Jahangir Siddiqui & Co. Ltd. (JSCL) is the ultimate holding company of the Company.

1.2.11 JS Fuel (Private) Limited

JS Fuel (Private) Limited (the Company) was incorporated under the Companies Act, 2017 (the Act) on November 24, 2017 as a private limited company. The registered office of the Company is situated at 6th Floor, Faysal House, Sharah e Faisal, Karachi. The principal business activity of the company is to conduct and to invest in oil marketing business. The company is a wholly owned subsidiary of Energy Infrastructure Holding (Private) Limited (the Parent Company) where as Jahangir Siddiqui & Co. Ltd. (JSCL) is the ultimate holding company of the Company.

1.2.12 JS Engineering Investments 1 (Private) Limited

JS Engineering Investments 1 (Private) Limited (the Company) was incorporated under the Companies Act, 2017 (the Act) on November 23, 2017 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 Company will be to invest in engineering and automotive sectors. The company is currently pursuing investment opportunities. The company is a wholly owned subsidiary of Energy Infrastructure Holding (Private) Limited (the Parent Company) where as Jahangir Siddiqui & Co. Ltd. (JSCL) is the ultimate holding company of the Company.

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 repealed Companies Ordinance, 1984 (now Companies Act, 2017) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case requirements differ, the provisions of the repealed Companies Ordinance and directives issued by the SECP shall prevail.

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 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.

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 23 of 2017 dated October 4, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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. The Holding Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year

Standard or Interpretation

IFRS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB

IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

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:

	Effective date (annual periods beginning on or after)
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
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IFRS 9 Financial Instruments: Classification and Measurement	July 01, 2018
IFRS 9 Prepayment Features with Negative Compensation – (Amendments)	January 01, 2019
IFRS 15 Revenue from Contracts with Customers	January 01, 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

The above standards, amendments and interpretations 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, 2018 and January 01, 2019. The Holding Company expects that such improvements to the standards will not have any impact on the Group'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.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 16 Leases	January 01, 2019
IFRS 17 Insurance Contracts	January 01, 2021

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 6.8 and 13);
- (d) accounting for post employment benefits (note 6.15); and
- (e) impairment of financial assets (notes 6.20 and 38).

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 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, it is charged till the date of 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 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, 2017

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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

(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. The tax charge calculated as above is compared to alternate corporate tax under section 113 of the Income Tax ordinance, 2001 and whichever is higher is provided in the financial statements.

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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

- (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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 49.

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.

- The Holding Company	10%
- JS Bank Limited (the subsidiary)	7.1%
- 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, 2017, 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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 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.

		2017	2016
7.	PROPERTY AND EQUIPMENT	Note	(Rupees in '000)
	Operating fixed assets	7.1	4,974,050
	Capital work-in-progress	7.2	321,240
			5,295,290
			4,313,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

7.1 Operating fixed assets

	Cost				Accumulated depreciation		Written down value	
	As at January 01, 2017	Additions / (disposals)	As at December 31, 2017	Depreciation rate per-annum %	As at January 01, 2017	For the year / (on disposal)	As at December 31, 2017	As at December 31, 2017
	(Rupees in '000)				(Rupees in '000)			
Office premises - leasehold	2,168,906	1,588 (3,618)	2,166,876	1.0 - 20	239,028	53,596 (15,244)	277,380	1,889,496
Land - freehold	-	430,666	430,666	2	-	-	-	430,666
Leasehold improvements	1,026,665	162,661 -	1,189,326	10 - 33	470,686	97,780 -	568,466	620,860
Office equipment	2,227,519	527,225 (23,255)	2,731,489	12.5 - 33	1,302,574	299,635 (20,974)	1,581,235	1,150,254
Office furniture and fixtures	476,878	92,285 (1,015)	568,148	10 - 20	246,836	50,219 (717)	296,338	271,810
Motor vehicles	775,112	365,762 (143,365)	997,509	20	344,883	153,122 (111,460)	386,545	610,964
	6,675,080	1,580,187 (171,253)	8,084,014		2,604,007	654,352 (148,395)	3,109,964	4,974,050

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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.

2017 2016
----- (Rupees in '000) -----

7.2 Capital work-in-progress

Advances to suppliers against:

Civil works	112,802	114,941
Advance for purchase of land	8,018	-
Furniture and fixture	290	1,785
Acquisition of software and equipment	136,502	84,923
License fee	2,000	-
Vehicles	61,628	40,479
	321,240	242,128

8. INTANGIBLE ASSETS

INTANGIBLE ASSETS					Accumulated		Written	
Cost					amortization / impairment		down value	
	As at January 01, 2017	Additions / (disposals)	As at December 31, 2017	Rate per-annum %	As at January 01, 2017	As at December 31, 2017	As at December 31, 2017	
Note	(Rupees in '000)				Charge for the year	(Rupees in '000)		
Software	586,314	160,022	746,336	20 - 33.33	277,457	64,473	341,930	
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	
Membership card - Pakistan Mercantile Exchange Limited	3,500	-	3,500	-	-	-	-	
	872,252	160,022	1,032,274		554,168	64,473	618,641	
							413,633	

Note	Cost			Rate per-annum %	Accumulated amortization / impairment		Written down value	
	As at January 01, 2016	Additions / (disposals)	As at December 31, 2016		As at January 01, 2016	As at December 31, 2016	As at December 31, 2016	
					Charge for the year			
	(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
	821,938	50,314	872,252		500,116	54,052	554,168	318,084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

- 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

		Cost				Accumulated depreciation		Written down value	
		As at January 01, 2017	Additions / (disposals)	As at December 31, 2017	Rate %	As at January 01, 2017	For the period	As at December 31, 2017	As at December 31, 2017
Note		(Rupees in '000)				(Rupees in '000)			
Office premises - leasehold	9.1	14,999	-	14,999	5	13,099	120	13,219	1,780

					Accumulated depreciation		Written down value	
Cost								
As at January 01, 2016		Additions / (disposals)	As at December 31, 2016		Rate %	As at January 01, 2016	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

- 9.1 The fair value of the investment property aggregating to Rs. 94.33 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 accounts 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.

10. LONG TERM INVESTMENTS

10. LONG TERM INVESTMENTS			2017	2016
	Related parties	Note	(Rupees in '000)	
	Investment in joint venture	10.1	-	-
	Other related parties - available for sale	10.2	16,663,585	14,678,160
			16,663,585	14,678,160
	Other investments	10.3	142,024,906	54,624,738
	Advance for investment		25,000	-
			158,713,491	69,302,898
10.1	Investment in joint venture			
	Gujranwala Energy Limited (GEL) - 50% holding		69,997,792	69,997,792
	Provision for impairment		(69,997,792)	(69,997,792)
			-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

10.1.1 Energy Infrastructure Holding (Private) Limited, a subsidiary company, has discontinued recognizing its share of further loss of Rs. 5,432,088/- as it exceeds its interest in the joint venture.

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 Activit	Holding		December 31, 2017	December 31, 2016
December 31, 2017	December 31, 2016	December 31, 2017 %			December 31, 2016 %			
Quoted at fair value			10.2.1				----- (Rupees in '000) -----	
214,258,460 *	214,258,460	Bank Islami Pakistan Limited		Islamic Banking	21.26	21.26	1,990,461	2,862,493
51,926,071	43,472,227	EFU General Insurance Limited		General Insurance	25.96	21.74	7,939,496	6,564,306
20,047,708	20,047,708	EFU Life Assurance Limited		Life Insurance	20.05	20.05	5,081,894	4,319,680
112,157,863	112,157,863	Azgard Nine Limited		Textile Composite	24.96	24.96	1,644,234	- 924,181
Un-quoted at cost			10.2.1					
750,000	750,000	EFU Services (Private) Limited	10.2.2	Investment Company	37.50	37.50	7,500	7,500
							16,663,585	14,678,160

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

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

10.2.2 Included herein are equity securities having average cost of Rs. 638.29 million (December 31, 2016: Rs. 300.93 million) and having market value of Rs.2,693.442 million (December 31, 2016: Rs. 1,172.71 million) pledged with trustee of Term Finance Certificates issued by the Holding Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

10.3 Other investments

Available for sale

Number of shares / units			2017	2016
2017	2016	Note	(Rupees in '000)	
Equity securities				
Quoted - at fair value				
159,080,638	147,319,799	Pakistan International Bulk Terminal Limited	2,378,256	4,860,080
3,805,906	4,808,860	Pakistan Stock Exchange Limited	85,252	121,184
11,622,000	11,622,000	Hum Network Limited (Ordinary Shares of Re.1 each)	94,952	174,214
At cost:				
2,399,454	-	Security General Insurance Company Limited	263,100	-
-	1,213,841	ISE Tower REIT Management Limited (formerly Islamabad Stock Exchange Ltd.)	-	11,000
-	6	Society for Worldwide Interbank Financial Telecommunication (SWIFT)	-	2,406
			263,100	13,406
			2,821,560	5,168,884

Privately placed term finance certificates (PPTFC) unquoted (at cost)

Agritech Limited			89,928	89,928
PPTFC - 3rd Issue			509,875	509,875
PPTFC - 5th Issue			599,803	599,803
Provision for impairment			(599,803)	(599,803)
			-	-
Term Finance / Sukuk Certificates			1,558,445	730,747
- unquoted - stated at cost			4,179,670	5,292,971
US Dollar Bonds			92,066,746	43,432,136
Government securities			97,804,861	49,455,854
Held to maturity		10.3.2	41,398,485	-
Government securities			142,024,906	54,624,738

10.3.1 In March 2017, the Group disposed off 3,205,906 shares (i.e. 40% stake), under the Share Purchase Agreement (SPA) between the divestment committee of the PSX and Anchor investor, at a price of Rs. 25.20 per share, which were classified as short term investments in prior year. The original price was Rs. 28 per share from which there was a retention of 10% (i.e. Rs. 2.8 per share).

Furthermore, in June, PSX offered Initial Public Offering (IPO) in which the Company disposed-off additional 801,477 shares (i.e. 20% stake) at a price of Rs. 28 per share.

On June 23, 2017 SECP approved PSX's application for listing and thereafter, the shares were listed on June 29, 2017. Accordingly, the remaining 3,205,906 shares (i.e. 40% stake) and the additional 600,000 shares purchased, are valued at the closing market rate of Rs. 22.40 per share as of the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

10.3.2 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), JS 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 TRE Certificates holders of ISE have been issued 1,213,841 shares of "ISE Towers REIT Management Limited".

10.3.3 These also include investments pledged with various financial institutions having an aggregate market value of Rs. 39,873.68 million (December 31, 2016: Rs. 149.9 million).

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 (NCI) to the group based on quantum of NCI.

Name of Subsidiary	Ownership interests held by non controlling interests	
	2017	2016
JS Bank Limited (JSBL)	29.58%	29.58 %
JS Global Capital Limited (JSGCL) (Sub-subsidiary)	52.71%	52.71 %
JS Investments Limited (JSIL) (Sub-subsidiary)	54.12%	54.12 %

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		JSGCL		JSIL	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Total income	24,432,511	19,942,284	891,228	748,414	386,379	493,733
Profit after tax	973,149	2,076,616	85,530	171,036	32,216	199,697
Profit attributable to NCI	287,857	614,263	45,079	94,352	17,435	91,621
Other comprehensive income	(1,262,628)	(1,296,862)	(39,616)	50,808	(412,483)	257,907
Total comprehensive income	(289,479)	779,754	45,914	221,844	(380,267)	457,604
Comprehensive income attributable to NCI	(85,628)	230,651	24,201	116,934	(205,801)	247,655
Current assets	176,261,086	199,594,065	3,479,766	4,197,470	2,167,652	2,654,037
Non-current assets	211,384,042	65,106,428	282,689	260,745	168,897	145,494
Total Assets	387,645,128	264,700,493	3,762,455	4,458,215	2,336,549	2,799,531
Current liabilities	362,800,782	242,691,308	1,161,038	1,902,712	232,147	226,431
Non-current liabilities	8,650,904	5,359,660	-	-	-	-
Total Liabilities	371,451,686	248,050,968	1,161,038	1,902,712	232,147	226,431
Net Assets	16,193,442	16,649,525	2,601,417	2,555,503	2,104,402	2,573,100
Net Assets attributable to NCI	3,750,361	3,845,853	1,550,475	1,526,276	1,056,004	1,274,217
Cash flow from operating activities	98,303,443	(16,770,865)	460,402	166,142	(99,084)	(104,965)
Cash flow from investing activities	(96,187,771)	21,483,561	170,371	(46,832)	143,566	103,384
Cash flow from financing activities	(180,000)	(180,000)	5	(551,684)	(40,092)	(18)
Net increase in cash and cash equivalents	1,935,672	4,532,696	630,778	(432,374)	4,390	(1,599)
Dividends paid to NCI during the year	(5,550)	(5,379)	-	-	(13,968)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

11. LONG TERM LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES	Note	2017	2016
		(Rupees in '000)	
Long-term loans - considered good			
Secured			
Due from:			
Executives	11.1 & 11.4	2,343,586	1,727,307
Employees		6,463	7,914
		2,350,049	1,735,221
Loans advanced by subsidiary bank	11.2	52,559,013	982,592
Net investment in finance lease by subsidiary bank	11.3	13,781,334	7,532,153
Long term prepayments		2,952	3,345
Long-term advances - considered good, unsecured			
Advances - unsecured & considered good			
against a room at Pakistan Mercantile Exchange Limited (PMEX)		2,500	2,500
		68,695,848	10,255,811
Current maturity of long term loans and receivables		(4,867,775)	(2,340,757)
		63,828,073	7,915,054
11.1 Reconciliation of the carrying amount of loans to executives			
Balance at the beginning of the year		1,727,307	1,326,773
Disbursement		1,136,821	873,664
Repayments		(520,542)	(473,130)
Balance at the end of the year		2,343,586	1,727,307
11.2	These carry mark-up ranging from 4% to 25% (2016: 0.03% to 21.5%). These also include secured lendings to various financial institutions having maturity date till November 21, 2022.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

11.3 Particulars of net investment in finance lease

	2017		
	Not later than one year	Later than one and less than five years	Total
	Rupees in '000		
Lease rentals receivable	5,222,208	6,584,317	11,806,525
Guaranteed residual value	412,388	2,911,823	3,324,211
Minimum lease payments	5,634,596	9,496,140	15,130,736
Finance charges for future periods	(776,285)	(573,117)	(1,349,402)
Present value of minimum lease payments	4,858,311	8,923,023	13,781,334
	2016		
	Not later than one year	Later than one and less than five years	Total
	Rupees in '000		
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	2,335,078	5,197,075	7,532,153

- 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 4% to 6% (December 31, 2016: 5.89% to 8%) 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. 755,186.61 million (December 31, 2016: Rs. 1,730.74 million).

12. ASSETS REPOSSESSED

This represents non banking assets acquired by subsidiary bank against satisfaction of claims. The market value of these assets Rs. 203.34 million (2016: Rs. 175.81 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

13. DEFERRED TAX ASSET / (LIABILITY)

	2017	2016
	----- (Rupees in '000) -----	
Taxable temporary difference:		
Property and equipment	(223,039)	(193,310)
Surplus on revaluation of investments	(12,761)	(907,821)
Unrealized loss on trading and derivative instruments	(24,597)	-
Deductible temporary differences:		
Unused tax losses	48,043	30,541
Provision against investments, loans and other assets	197,349	194,707
Unrealized loss on trading and derivative instruments	-	8,236
Accelerated depreciation for tax purposes	3,670	1,645
Intangible assets	9	38
Provision for donation	197	1,222
Provision for Workers' Welfare Fund	46,332	46,023
	35,203	(818,719)

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. 52.971 million (December 31, 2016: Rs. 63.378 million).

14. SHORT TERM INVESTMENTS

	Note	2017	2016
		----- (Rupees in '000) -----	
Financial assets at fair value through profit or loss - held for trading:			
Listed equity securities			
- Related parties	14.1	126,745	172,376
- Others		325,492	1,236,604
Government securities		8,469,151	65,758,485
Term Finance Certificates - quoted		3,428	12,091
Mutual funds			
- Related parties		201,250	300,008
- Others		225,000	-
		9,351,066	67,479,564
Available for sale:			
Equity securities			
- quoted	14.1	7,576,628	9,356,249
- unquoted - stated at cost		13,406	156,410
Term Finance / Sukuk Certificates			
- quoted		-	80,000
- unquoted - stated at cost		433,270	646,240
US Dollar Bonds		170,968	421,968
Government securities		15,855,724	11,292,113
Unquoted equity securities - shares in PSX	10.3.1	-	80,788
Mutual funds - related parties	14.1	1,728,711	2,233,961
		25,778,707	24,267,729
Advance against subscription of sukuk certificates		52,000	-
	14.2	35,181,773	91,747,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

- 14.1** This includes investments in equity securities of related parties having a market value of Rs. 5,067 (December 31, 2016: Rs. 3,588) million.
- 14.2** This represents advance against subscription of sukuk certificates of Dawood Hercules Corporation Limited, having tenor of five years and carrying mark-up at the rate of 1% plus 3 months KIBOR. Subsequent to year end, the units are allocated into the CDC account of JS Global Capital Limited, a subsidiary company.
- 14.3** This includes investments pledged with various financial institutions having an aggregate market value / carrying amount of Rs. 6,708 million (December 31, 2016: Rs. 3,213 million).

15. TRADE DEBTS

		2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Unsecured considered good	Note		
Receivable against margin finance (purchase of shares)		328,167	855,461
Debtors for purchase of shares on behalf of clients		460,618	776,427
Trade debts for advisory and other services		6,588	5,362
Forex and fixed income commission receivable		7,851	8,130
Commodity		86,542	74,777
		<u>889,766</u>	<u>1,720,157</u>
Considered doubtful		403,318	403,318
		<u>1,293,084</u>	<u>2,123,475</u>
Provision for doubtful debts	15.1	(403,318)	(403,318)
		<u>889,766</u>	<u>1,720,157</u>

15.1 Provision for doubtful debts

Opening balance as at January 01	403,318	398,037
Charged during the year	-	5,281
Closing balance as at December 31	<u>403,318</u>	<u>403,318</u>

16. LOANS AND ADVANCES

Current maturity of long term loans	11	4,867,775	2,340,757
Term loans advanced by subsidiary bank - considered good	16.1	115,468,769	83,564,783
Term loans advanced by subsidiary bank - considered doubtful	16.2	2,739,313	2,659,341
		<u>118,208,082</u>	<u>86,224,124</u>
Provisions against non-performing loans		(2,739,313)	(2,659,341)
		<u>115,468,769</u>	<u>83,564,783</u>
Advances - considered good			
Unsecured			
Contractor and suppliers		8,258	5,395
Staff	16.3	5,046	440
		<u>13,304</u>	<u>5,835</u>
		<u>120,349,848</u>	<u>85,911,375</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

- 16.1 These carry mark-up ranging from 4% to 40% (December 31, 2016: 2.5% to 40%) per annum and are secured by pledge of shares of listed companies, property of the borrowers and hypothecation of assets.

16.2 Particulars of provision for non-performing loans	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Opening balance	2,659,341	2,723,181
(Reversal) / charge for the year - net of reversals	79,972	(63,840)
Closing balance	<u>2,739,313</u>	<u>2,659,341</u>

- 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.

17. ACCRUED MARK-UP	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Loans and advances		2,228,235	1,324,681
Bank deposits		19,485	7,323
Government securities		1,796,199	1,063,268
Term Finance Certificates		92,524	19,624
		<u>4,136,443</u>	<u>2,414,896</u>

18. SHORT-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Deposits		155,998	459,887
Prepayments		725,242	430,957
Other receivables			
- Remuneration from related parties	18.1	199,949	134,467
- Others	18.2	656,982	452,688
		<u>856,931</u>	<u>587,155</u>
		<u>1,738,171</u>	<u>1,477,999</u>

- 18.1 This includes remuneration receivable from various Funds for services rendered as an asset management company. Remuneration for the period ended December 31, 2017 has been calculated from 0.5% to 2.00% (December 31, 2016: 0.5% to 2.00%) of the net asset value of these Funds.

- 18.2 Included herein is a sum of Rs. 26.26 million (December 31, 2016: Rs. 29.11 million) receivable from related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

19. OTHER FINANCIAL ASSETS - FUND PLACEMENTS

Securities purchased under resale agreement:	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Secured and considered good			
Government securities	19.1	-	8,699,925
Lending to Financial Institutions - secured	19.2	112,756	-
Call money lending - unsecured, considered good	19.3	3,003,443	2,634,489
		3,116,199	11,334,414

19.1 These are secured short-term lendings to various financial institutions, carrying mark-up rates Nil (2016: 5.8% to 6.1%) per annum.

19.2 This represents the obligation of the foreign corresponding banks on the discounting of foreign documentary bills purchased by the Subsidiary Bank on discount. These will mature between January 02, 2018 and June 18, 2018 (2016: Nil) and carry interest at the rates ranging from 3.75% to 4.29% per annum.

19.3 These represent unsecured call money lendings to financial institutions carrying interest at the rates ranging from 1.38% to 6.93% (2016: 0.17% to 6.00%) per annum. These will mature between January 02, 2018 and June 07, 2018 (January 03, 2017 and April 19, 2017).

20. CASH AND BANK BALANCES	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Cash in hand		4,727,697	3,509,951
Balances with banks on:			
Current accounts			
local currency		10,168,664	10,437,277
foreign currency		1,395,668	744,796
		11,564,332	11,182,073
Deposit accounts			
local currency		13,007	12,284
foreign currency		2,079,300	1,626,691
	20.1	2,092,307	1,638,975
		18,384,336	16,330,999

20.1 These carry mark-up ranging from 1% to 6.25% (December 31, 2016: 0.1% to 9.11%) per annum.

21. SHARE CAPITAL

21.1 Authorised capital

2017 ----- Number of shares -----	2016 ----- Number of shares -----		2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
6,000,000,000	6,000,000,000	Ordinary shares of Rs. 10 each	60,000,000	60,000,000
500,000,000	500,000,000	Preference shares of Rs. 10 each	5,000,000	5,000,000
6,500,000,000	6,500,000,000		65,000,000	65,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

21.2 Issued, subscribed and paid-up capital

2017 ----- Number of shares -----	2016	Ordinary shares of Rs.10 each:	2017 ----- (Rupees in '000) -----	2016
205,072,990	205,072,990	Fully paid in cash	2,050,730	2,050,730
710,869,398	710,869,398	Fully paid bonus shares	7,108,694	7,108,694
<u>915,942,388</u>	<u>915,942,388</u>		<u>9,159,424</u>	<u>9,159,424</u>

22. RESERVES

Revenue reserves

Unappropriated profit

6,915,910 5,694,026

Other reserves

Premium on the issue of ordinary shares

4,497,894 4,497,894

Foreign exchange translation reserve

11,679 (557)

Unrealised gain on revaluation of available for sale investments - net

12,029,151 16,386,998

Statutory reserve

1,076,558 939,500

17,615,282 21,823,835

24,531,192 27,517,861

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

23. LONG TERM FINANCING

Note

2017

2016

----- (Rupees in '000) -----

Term Finance Certificates

23.1

7,229,131 4,324,486

Term loans

23.2

620,103 310,637

7,849,234 4,635,123

23.1 Term Finance Certificates (TFCs)

Secured

Eighth issue - listed on Pakistan Stock Exchange Limited

23.1.1

341,382 502,471

Ninth issue - Privately Placed

23.1.2

867,198 988,054

Tenth issue - Privately Placed

23.1.3

1,481,788 -

2,690,368 1,490,525

Unsecured

Privately Placed Term Finance Certificates First Issue

23.1.4

2,998,800

Privately Placed Term Finance Certificates Second Issue

23.1.5

2,000,000 3,000,000

7,689,168 4,490,525

Less: Current portion shown under current liability

460,037 166,039

7,229,131 4,324,486

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23.2 Term loan

		2017	2016
Secured	Note	----- (Rupees in '000) -----	
Term loan 1	23.2.1	310,646	433,739
Term loan 2	23.2.2	493,339	-
		803,985	433,739
Less: Current portion shown under current liability		183,882	123,102
		620,103	310,637

23.1.1 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 tenure 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 tenure 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 market value of Rs. 812.78 (December 31, 2016: Rs. 1,172.70) million to secure the outstanding principal with 35% margin. In 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.

23.1.2 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 tenure 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 tenure 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 18th 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 market value of Rs. 1,565.16 (December 31, 2016: Rs. 1,812.42) million to secure the outstanding principal with 35% margin. In 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 During the year, the holding Company issued privately placed Term Finance Certificates (PPTFCs) of Rs. 1,500 million. The mark-up on this TFC is payable semi-annually, based on the six months KIBOR average rate plus 140 basis points per annum. These TFCs have tenure of five years i.e. 2017-2022, 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 tenure 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 (08) equal semi-annual installments starting from 18th 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 market value of Rs. 2,511.77 million to secure the outstanding principal with 35% margin. In 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.

23.1.4 In 2016, 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 repealed Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 10th redemption, subject to SBP's approval.

23.1.5 During the year, the subsidiary Bank has issued Rs. 2 billion of rated, over the counter listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. 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 requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 29, 2017
Tenor:	Up to Seven years from the Issue date.
Maturity Date:	December 29, 2024
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. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period
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 10th redemption, subject to SBP's approval.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 tenure 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 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 503.2 (December 31, 2016: 1,005.13) million with margin ranging from 30% to 40%.

23.2.2 During the year, the Holding Company obtained new term loan of Rs. 500 million from a scheduled bank. The mark-up on this term loan is payable semi-annually, based on the six month KIBOR average rate plus 100 basis points per annum. This loan has tenure of five years i.e. 2017-2022, including a grace period of twelve (12) months. The principal is payable in eight (08) equal semi-annual installments starting from 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 813.023 million with margin ranging from 30% to 40%.

24. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2017 ----- (Rupees in '000) -----	2016 -----
Present value of minimum lease payments	24.1	5,032	-
Current maturity shown under current liabilities		(1,524)	-
		<u>3,508</u>	<u>-</u>

24.1 The liability against asset subject to finance lease represents the lease entered into with a Modaraba for Mercedes Benz to Chief Executive Officer (a related party). The periodic lease payments include rates of mark up of KIBOR 6M plus 1.5% with floor of 7.5% and ceiling of 20% (2016: Nil) per annum. The Company, shall subject to compliance with the conditions specified in the lease agreement, purchase the asset from the lessor. There are no financial restriction in the lease agreements.

The amounts of future payments for the lease and the period in which the lease payments will become due are as follows:

	Minimum lease payments	Financial charges	Present value of minimum lease payments
	----- (Rupees in '000) -----		
2018	1,837	313	1,524
2019	1,720	196	1,524
2020	1,599	79	1,520
2021	466	2	464
Total	<u>5,622</u>	<u>590</u>	<u>5,032</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25. LONG-TERM DEPOSITS AND OTHER ACCOUNTS

		2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Customers	Note		
Fixed deposits		131,902,422	105,693,800
Savings deposits		43,061,572	37,520,859
Margin accounts		3,967,204	4,185,137
	25.1	178,931,198	147,399,796
Financial Institutions			
Remunerative deposits	25.1	35,724,471	26,853,900
Non-Remunerative deposits		1,019,947	903,397
		36,744,418	27,757,297
		215,675,616	175,157,093
Current maturity		(212,805,572)	(174,119,903)
		2,870,044	1,037,190

25.1 These carry mark-up ranging from 0.75% to 11% (December 31, 2016: 0.5% to 11.5%) per annum.

26. TRADE AND OTHER PAYABLES

		2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Creditor for sale of shares on behalf of clients	Note		
Accrued expenses		1,882,199	1,753,806
Bills payable		1,003,788	1,208,160
		3,825,485	2,545,227
		6,711,472	5,507,193
Other liabilities			
Security deposits		3,349,562	1,902,633
Unclaimed dividend		18,185	18,180
Unrealised loss on forward foreign exchange contracts - net		-	22,235
Provision for Workers' Welfare Fund	26.1	496,547	446,307
Payable to Citibank Overseas Investment Corporation ("COIC")		-	48,059
Others		861,332	671,552
		4,725,626	3,108,966
		11,437,098	8,616,159

26.1 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.

The amendments introduced in the WWF Ordinance (along with certain other amendments) were challenged by several parties on the ground that the payments under the WWF Ordinance did not constitute 'tax' and therefore, these amendments could not be introduced through the Finance Act. The Honorable Lahore High Court in the year 2011 accepted the aforementioned argument and declared the amendments made through

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Finance Act as invalid. 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.

The Honorable Supreme Court of Pakistan passed a judgment on November 10, 2016, declaring the insertion of amendments introduced in the Finance Acts pertaining to Workers Welfare Fund as unlawful and thereby striking down such amendments. The review petition has been filed in the Honorable Supreme Court, which is currently pending hearing.

However on a prudent basis, the Group has recognized current year's provision of Rs.51.44 million (2016: Rs.94.77 million) and aggregate provision amounting to Rs.496.55 million for the years from July 2011 to December 2017.

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. The Group companies, based on the respective legal opinions recognised full provision in the financial statements in respect of Sindh WWF.

27. ACCRUED INTEREST / MARK-UP ON BORROWINGS

	2017	2016
	(Rupees in '000)	(Rupees in '000)
Long term financing	73,492	26,847
Deposits	2,128,839	1,403,651
	2,202,331	1,430,498

28. SHORT TERM BORROWINGS

		2017	2016
		(Rupees in '000)	(Rupees in '000)
Securities sold under repurchase agreements secured against:	Note		
Government securities	28.1	44,802,031	1,412,674
Borrowings from State Bank of Pakistan under:			
Export refinancing scheme (ERF)	28.2	10,970,007	5,962,976
Long-Term Finance Facility (LTFF)	28.3	1,390,366	735,734
Financing Facility for Storage of Agricultural Produce (FFSAP)	28.4	69,365	40,845
		12,429,738	6,739,555
Borrowing from banks / NBFCs - unsecured	28.5	7,325,274	2,167,818
		64,557,043	10,320,047

28.1 This represents collateralised borrowing from various financial institutions against Market Treasury Bills, Pakistan Investment Bonds and Foreign Currency Bonds (2016: Treasury Bills) carrying mark-up at the rates ranging from 2.30% to 6.20% (2016: 5.6% to 5.75%) per annum and will mature between January 02, 2018 and March 20, 2018 (2016: January 03, 2017).

28.2 The Bank has entered into agreement with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and to be matured between January 09, 2018 and June 26, 2018. These carry mark-up at the rate from 1% to 2% (December 31, 2016: 2%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

- 28.3** These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature between August 25, 2019 and October 18, 2027 (2016: August 25, 2019 and December 31, 2026). These carry mark-up at rates ranging from 3.5% to 6% (2016: 3.5% to 6.0%) per annum. This represents collateralised borrowing from various financial institutions against Market Treasury Bills, Pakistan Investment Bonds and Foreign Currency Bonds (2016: Treasury Bills) carrying mark-up at the rates ranging from 2.30% to 6.20% (2016: 5.6% to 5.75%) per annum and will mature between January 02, 2018 and March 20, 2018 (2016: January 03, 2017).
- 28.4** These borrowings have been obtained from SBP under "Financing Facility for Storage of Agricultural Produce (FFSAP)" to encourage Private Sector to establish Silos, Warehouses and Cold Storages. These borrowings will mature between May 09, 2020 and July 31, 2024 and carry mark-up at the rate ranging between 2.00% to 2.50% (December 31, 2016: 3.5%) per annum.
- 28.5** This includes Rs. 5.637 million (2016: Rs. 0.8 million) representing call money borrowings from financial institutions which will mature between January 02, 2018 and January 29, 2018 (2016: January 05, 2017 and March 28, 2017), carrying interest at the rates ranging from 1.10% to 5.8% (2016: 1.80% to 2.76%) per annum.

This also includes Rs. 1,489 million (2016: Rs. 1,322 million) representing obligation to the foreign corresponding banks on the discounting of foreign documentary bills purchased by the Bank on discount. These will mature between January 19, 2018 to March 05, 2019 (2016: January 06, 2017 to March 14, 2017) and carry interest at the rates ranging from 1.65% to 4.22% (2016: 2.30% to 2.54%) per annum. This also includes overdrawn nostro accounts outside Pakistan.

29. CURRENT DEPOSITS AND CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2017 ----- (Rupees in '000) -----	2016
Term finance certificates	23.1	460,037	166,039
Term loan	23.2	183,882	123,102
Deposits and other accounts	25	212,805,572	174,119,903
Current accounts - non-remunerative		70,197,106	48,932,442
Liabilities against finance lease	24	1,524	-
		<u>283,648,121</u>	<u>223,341,486</u>

30. CONTINGENCIES AND COMMITMENTS

30.1 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.

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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.

For the tax year 2009, the rectification application was deemed to have been given the due effect and the rectifications applied for deemed to have been rectified due to operation of law by virtue of section 221 (3) of the Ordinance.

For both the years, the department has filed references before the Sindh High Court. The references are 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 which 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.

- c) The ACIR passed an 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 denovo 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 before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs. 162 million and 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities 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 year 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses. The ATIR vide order dated April 20, 2017 deleted the additions on proration of expenses for tax year 2006 however, confirmed the CIR(A)'s order whereby CIR(A) remanded back / set-aside the issue of apportionment of expenses.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 was deleted the additions of tax amortization of management rights and remand back the issues of disallowed provisions and advertisement. The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax year 2006 and 2009 whereby demands for these tax years were



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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 year 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 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. The ATIR vide order dated December 07, 2016 set-aside with the direction that the ACIR should examine the issue in the light of FBR Circular letter dated September 10, 2002.

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue. The ATIR of the view that the amendment of assessment is not time bared however, the ATIR deleted the addition of tax amortization of management right vide order dated February 10, 2017.

Order under section 122(1)/(5) dated December 30, 2017 for the tax year 2015 passed by the DCIR created demand of Rs. 40 million against which Company filed appeal before the CIR(A).

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 year 2009, 2014, 2015, 2016 and 2017 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.
- b) For tax year 2009, an ITRA no. 07/2013 was filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue (ATIR) in ITA no. 923/KB/2011 dated August 28, 2012 which was related to the apportionment of expenses, allowability of expenses and claiming of tax deducted at source aggregating to Rs. 61.16 million. However, the same is pending for decision before the Sindh High Court (SHC).
- 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 (ACIR). 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 (CIR-A) which is pending. The Company has also obtained stay against recovery of demand from SHC till the decision of CIR-A.
- 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 (DCIR). Through said order, an income of Rs. 810.583 million was computed under section 4B of the Ordinance and resultant demand of super tax of Rs. 24.318 million was raised. An appeal was filed against the above order before CIR-A on December 1, 2016 identifying various errors / details not considered. The Company has also obtained stay against recovery of demand from SHC till the decision of CIR-A. The CIR-A, has confirmed DCIR's order vide order dated May 30, 2017. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR along with application for stay against recovery of demand. The appeal before ATIR has been heard and order is reserved whilst

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ATIR vide order dated July 18, 2017 has granted stay for 60 days and subsequently the said stay was further extended vide various orders by the ATIR until March 14, 2018.

- e) For tax year 2016 and 2017, notices dated December 27, 2016 and January 3, 2018 were issued under section 4B of the Ordinance by the DCIR. In the said notices the DCIR has contended that the Company is liable to pay Super Tax amounting to Rs. 24.483 million and Rs. 19.490 million on 'income' of Rs. 816.122 million and Rs. 649.676 million for Tax Years 2016 and 2017 respectively. The Company has challenged both notices through writ petition before SHC on constitutional grounds wherein the SHC has, vide its orders dated January 16, 2017 and January 11, 2018 for Tax Years 2016 and 2017 respectively, has stated that no coercive action shall be taken against the Company.

Further, amended assessment order, has been passed under section 122(5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR) for the tax year 2016. Through the said order, the ACIR raised demand amounting to Rs. 241.217 million. The CIR-A confirmed the ACIR's order vide order dated December 12, 2017. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR which is pending for hearing. However, the recovery of aforesaid tax demands has been stayed by SHC vide orders dated December 12, 2016 and December 07, 2017.

- 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 fiscal year 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 before the CIR-A and after being decided against the Company, it subsequently filed an appeal before ATIR. During the year 2014, the Company paid an amount of Rs. 7.15 million in respect of the abovementioned liability before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption from application of penalty and 75% of default surcharge. However, during the year ATIR vide order dated November 29, 2017 has decided the issue of Sindh Sales Tax (SST) in favor of the Company. However, the issue of SST on advisory and consultancy services and commission earned on purchase/sale of mutual funds have been remanded back whilst the issue relating to SST on commission on foreign exchange dealing, services rendered outside Sindh and levy of default surcharge and penalty have been decided against the Company. The Company is in process of filing reference application before SHC in respect of the issues decided against the Company and remanded back.

During 2014, the Company also received another show cause notice from SRB demanding payment of sales tax amounting to Rs. 34.69 million for fiscal year 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 CIR-A 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 SHC 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. It is expected that CIR-A will follow the abovementioned decision of ATIR while disposing the appeal.

Furthermore, for fiscal year 2014 and 2015, SRB alleged short payment of SST vide dated February 2, 2017. The Company has submitted all the required details in response to the notice and no order in this respect has been passed.

- 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 as the remaining demand of Rs. 22.526 million represented duplicate levy which the Company had already paid as SST 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 18th amendment to the Constitution, the services that were previously subjected to FED under

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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, during the year an appeal filed before CIR-A against the said order by the relevant tax authorities was adjudicated in their favor vide order dated January 31, 2017. In pursuance of the order of CIR-A the Company has filed an appeal before ATIR along with application for stay of demand which was granted initially for 30 days and was subsequently extended vide various orders.

	2017	2016
	----- (Rupees in '000) -----	
30.1.1 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	31,008,823	18,055,350
ii) Banking companies and other financial institutions	5,532,988	2,777,027
iii) Others	8,477,789	6,673,175
	<u>45,019,600</u>	<u>27,505,552</u>
30.1.1.1 Included herein the outstanding guarantees of Rs. 76.504 million (2016: Rs. 17.140 million) of related parties.		
30.1.2 Trade related contingent Liabilities	2017	2016
	----- (Rupees in '000) -----	
Documentary credits	<u>21,558,098</u>	<u>20,505,270</u>
30.1.2.1 Included herein the outstanding letter of credits of Rs. 44.016 million (2016: Rs. 2,194.048 million) of related parties.		
30.2 Commitments		
Commitments in respect of:		
Forward exchange contracts:	2017	2016
	----- (Rupees in '000) -----	
- Purchase	<u>6,689,099</u>	<u>9,872,524</u>
- Sale	<u>4,960,361</u>	<u>10,004,614</u>
Forward commitments to extend credit	<u>21,398,301</u>	<u>234,062</u>
Other commitments:		
Forward commitments in respect of purchase of securities	<u>1,496,072</u>	<u>3,989,680</u>
Forward commitments in respect of sale of securities	<u>719,515</u>	<u>6,029,401</u>
Commitments in respect of capital expenditure	<u>94,975</u>	<u>59,876</u>
Bank Guarantee from a commercial bank in favour of NCCPL on May 31, 2018	<u>400,000</u>	<u>-</u>
Cross currency swaps	<u>4,223,400</u>	<u>1,753,050</u>
Options	<u>2,421,402</u>	<u>-</u>

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31. RETURN ON INVESTMENTS

Mark-up / interest income from:

At fair value through profit or loss - held for trading

Government securities

Available for sale

Term Finance / Sukuk Certificates

Government securities

Held to maturity

Term Finance / Sukuk Certificates

Dividend income on:

At fair value through profit or loss - held for trading

Available for sale investments

	2017	2016
	----- (Rupees in '000) -----	
Government securities	1,516,429	921,326
Available for sale		
Term Finance / Sukuk Certificates	187,960	209,655
Government securities	7,260,937	7,637,954
	7,448,897	7,847,609
Held to maturity		
Term Finance / Sukuk Certificates	1,194,135	-
	10,159,461	7,847,609
Dividend income on:		
At fair value through profit or loss - held for trading	106,178	322,117
Available for sale investments	1,134,478	472,188
	1,240,656	794,305
	11,400,117	9,563,240

32. GAIN ON SALE OF INVESTMENTS - net

At fair value through profit or loss - held for trading

Available for sale

Listed equity securities

Un-listed equity securities

Term finance certificates

Government securities

Mutual funds

At fair value through profit or loss - held for trading	171,887	75,198
Available for sale		
Listed equity securities	599,783	516,679
Un-listed equity securities	599,215	-
Term finance certificates	1,966	4,448
Government securities	332,299	2,779,039
Mutual funds	91,273	11,211
	1,796,423	3,386,575

33. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS

Interest on loans to staff

Interest on loans and advances

Interest on deposits with financial institutions

Return on reverse repurchase transactions

of Government securities

Return on term deposit receipts

Interest on loans to staff	270	227
Interest on loans and advances	10,085,576	6,239,367
Interest on deposits with financial institutions	7,441	4,210
Return on reverse repurchase transactions		
of Government securities	174,219	83,329
Return on term deposit receipts	-	1,449
	10,267,506	6,328,582

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34. FEE, COMMISSION AND BROKERAGE	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Consultancy and advisory fee		447,522	188,204
Commission income		1,669,947	1,260,045
Remuneration from funds under management	34.1	198,371	155,353
Brokerage income		524,335	441,618
Other services		5,703	5,158
		<u>2,845,878</u>	<u>2,050,378</u>

34.1 Remuneration from funds under management

Open-end funds

JS Value Fund Limited	27,022	27,444
JS Growth Fund	58,472	55,389
Unit Trust of Pakistan	36,413	34,830
JS Income Fund	22,952	10,482
JS Islamic Fund	34,752	16,863
JS Islamic Hybrid Fund of Funds	531	-
JS Fund of Funds	2,730	2,187
JS Islamic Hybrid Fund of Funds 2	69	-
JS Pension Savings Fund	8,496	7,641
JS Islamic Pension Savings Fund	5,153	4,542
JS Islamic Government Securities Fund	1,646	1,841
JS Large Cap Fund	19,528	21,224
JS Capital Protected Fund V	3,167	1,996
JS Cash Fund	3,228	3,706
	<u>224,159</u>	<u>188,145</u>
Less: Sales tax	(25,788)	(20,939)
Federal excise duty	-	(11,853)
	<u>198,371</u>	<u>155,353</u>

34.1.1 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, 2017 the Company has charged management fee at the rates ranging from 0.50% to 2% (2016: 0.50% to 2%).

35. OTHER INCOME	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Gain on sale of property and equipment	77,386	42,657
Rental income	12,846	15,334
Liabilities written back	9,590	-
Return on cash margin on future contracts	10,227	7,652
Gain / (loss) on remeasurement of future equity derivatives	96,220	(972)
Income under margin financing	87,746	95,195
Income from dealing in foreign currency	357,337	312,718
Other income	24,146	285,950
	<u>675,498</u>	<u>758,534</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

36. ADMINISTRATIVE AND OTHER EXPENSES	Note	2017 ----- (Rupees in '000) -----	2016
Salaries and benefits	36.1	4,671,700	3,565,376
Telephone, fax, telegram and postage		204,412	222,522
Vehicle running		23,990	17,922
Directors' meeting fee		19,675	19,730
Utilities		17,772	18,521
Newspapers and periodicals		582	540
Conveyance and travelling		101,354	87,446
Repairs and maintenance		584,682	511,868
Computer expenses		21,259	15,647
Auditors' remuneration	36.2	17,286	13,388
Royalty fee	36.3	24,900	24,900
Consultancy fee		15,678	5,597
Advisory fee	36.4	50,303	44,817
Legal and professional charges		159,674	293,268
Printing and stationery		189,748	145,668
Rent, rates and taxes		1,327,233	1,012,433
Insurance		103,986	99,819
Entertainment		48,068	35,746
Advertisement		324,823	328,469
Office supplies		2,510	2,922
Depreciation	36.5	654,472	561,211
Amortisation of intangible assets	8	64,473	54,052
Provision against non-performing loans, advances and receivables		202,814	5,281
Fees and subscription		126,474	78,379
Donations	36.6	39,857	89,374
Brokerage and commission expense		42,142	45,757
Clearing fees		149,438	103,523
Office security		292,197	240,501
Others		168,145	144,269
		9,649,647	7,788,946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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36.1 Details of Provident Funds

Description	JSCL		JSBL		JSIL		JSGCL	
	2017	2016	2017	2016	2017	2016	2017	2016
	Audited				Draft		Audited	
	(Rupees in '000)							
Number of employees	21	20	2,481	1,870	101	83	174	193
Size of provident fund	42,767	35,752	893,887	800,784	22,460	29,685	66,271	43,662
Cost of investments made	11,471	4,594	829,578	762,096	7,126	18,311	50,715	43,153
Fair value of investments	12,305	4,704	855,199	845,482	6,970	21,431	50,435	43,223
Percentage of investments made at cost	27%	13%	93%	95%	32%	62%	77%	99%
Break-up of investments at cost/ market value:								
Term finance certificates and Sukuk								
Amount of investments	2,080	2,037	36,777	34,862	-	-	2,206	1,653
Percentage of size of investments	5%	6%	4%	-	-	-	3%	4%
National Saving Schemes:								
Amount of investments	-	-	225,155	185,000	-	-	4,506	4,902
Percentage of size of investments	-	-	25%	23%	-	-	7%	11%
Listed securities:								
Amount of investments	10,225	2,666	10,698	12,461	6,970	16,448	1,279	12,046
Percentage of size of investments	24%	7%	1%	2%	31%	55%	2%	28%
Government Securities:								
Amount of investment	-	16,706	459,245	427,892	-	-	-	-
Percentage of size of investments	-	47%	51%	53%	-	-	-	-
Balance in scheduled banks:								
Amount of investment	29,923	30,813	38,688	38,688	13,684	7,885	42,444	24,552
Percentage of size of investments	70%	86%	4%	5%	61%	27%	64%	56%
Balance in Mutual Funds:								
Amount of investment	-	-	123,234	101,881	-	4,983	-	-
Percentage of size of investments	-	-	14%	13%	-	17%	-	-

Investments out of the Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

36.2 Auditors' remuneration

	EY Ford Rhodes		Other Auditors		
	Holding company	Subsidiary companies	Subsidiary companies	2017	2016
	(Rupees in '000)				
Annual audit fee	1,500	5,395	100	6,995	4,836
Half-yearly review fee	200	980	-	1,180	1,100
Certifications and other services	60	6,777	-	6,837	5,145
Out of pocket expenses	210	1,804	6	2,020	1,878
Others	141	113	-	254	429
	2,111	15,069	106	17,286	13,388

36.3 This represents royalty paid to Mr. Jahangir Siddiqui, a related party, on account of use of part of Company's name under agreements approved by the Board of Directors of the respective Companies.

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

36.5 Depreciation

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Operating assets	7.1	654,352	561,091
Investment property	9	120	120
		654,472	561,211

36.6 This represents donation to Future Trust (related party), wherein Mr. Suleman Lalani, Mr. Kalim-ur-Rahman and Mr. Hasan Shahid (2016: Mr. Suleman Lalani and Mr. Kalim-ur-Rahman) are trustees who are Chief Executive Officer, Director and Chief Financial Officer respectively of the Holding Company. The registered offices of the donee i.e. Future Trust is located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

37. FINANCE COST

Mark-up on:	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Short term running finance	3,863	-
Long term financing	162,998	96,429
Borrowing from banks / NBFCs	712,904	355,091
Deposits	11,564,159	7,362,810
Repurchase transactions of securities	1,734,670	1,504,055
Markup on finance lease	287	-
	14,178,881	9,318,385
Commission expense of bank guarantee	6,102	-
Amortisation of transaction costs	10,507	6,210
Bank charges	2,610	413
	14,198,100	9,325,008

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38. IMPAIRMENT ON INVESTMENTS	2017	2016
	----- (Rupees in '000) -----	
Available for sale investments	223,031	415,027
	223,031	415,027

39. TAXATION

	Note	2017			2016		
		Current	Prior	Deferred	Current	Prior	Deferred
		(Rupees in '000)					
Jahangir Siddiqui & Co. Ltd.	39.1	211,146	90,056	-	158,238	89,461	-
JS Investments Limited	39.2	41,154	14,640	(20,509)	44,436	(7,429)	(26,909)
JS Infocom Limited	39.3	1,861	32	-	1,579	7	-
Energy Infrastructure Holding (Pvt) Ltd.	39.4	32,943	112	-	13,210	204	-
JS Global Capital Limited	39.5	97,145	17,925	(2,156)	71,065	-	(3,093)
JS Abamco Commodities Limited		321	-	(147)	439	-	(10)
JS Bank Limited	39.6	515,275	73,298	57,578	1,030,882	96,422	135,070
Quality Energy Solutions (Pvt.) Ltd.		125	-	-	-	-	-
Khairpur Solar Power (Pvt.) Ltd.		63	-	-	-	-	-
		900,033	196,063	34,766	1,319,849	178,665	105,058
Total Taxation				1,130,862			1,603,572

39.1 Income tax returns for the Tax Years up to 2017 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 30 Contingencies and Commitments.

Prior year includes Rs. 24.83 million as charge for super tax in respect of tax year 2017 levied through enactment of Finance Act, 2017 ("Act") which became applicable from July 01, 2017. Since the Company follows special tax year, therefore super tax payable under section 4B of the Income Tax Ordinance, 2001 (Ordinance), for the year ended December 31, 2016 (tax year 2017) is recognised during the year.

Prior year also includes a provision of Rs. 65.23 million as tax on undistributed profits for the tax year 2017 (year ended December 31, 2016) levied through enactment of the Act. The substituted Section 5A of the Ordinance requires that tax at the rate of 7.5% of the accounting profit before tax shall be imposed on every public company, other than scheduled bank and modaraba, that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. Since the Company follows special tax year, therefore, tax on undistributed profits for the year ended December 31, 2016 (tax year 2017) is recognized during the period on a prudent basis. The Company has filed a constitutional petition against applicability of section 5A of the Ordinance and stay has been granted by the Honorable High Court of Sindh.

39.2 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 30 Contingencies and commitments.

39.3 The income tax assessments of JS Infocom Limited for the tax years 2004 to 2017 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- 39.4 The income tax assessments of Energy Infrastructure Holding (Private) Limited for the tax year 2009 & 2017 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.
- 39.5 Except for tax year 2009, 2014, 2015, 2016 and 2017 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.

For tax year 2009, an ITRA no. 07/2013 was filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue (ATIR) in ITA no. 923/KB/2011 dated August 28, 2012 which was related to the apportionment of expenses, allowability of expenses and claiming of tax deducted at source aggregating to Rs. 61.16 million. However, the same is pending for decision before the Sindh High Court (SHC).

39.6 Income tax

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2008 through 2017. The said returns so filed were deemed to have been 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 2015. 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 2014, 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.

In respect of WWF, the Supreme Court of Pakistan has held that the amendments in the WWF Ordinance through Finance Act, 2006 and 2008 were not validly made. Accordingly, as of now the Bank's contention is mandated and it is likely that its pending appeals in this will be decided favorably. As a consequence of introduction of Sindh Workers' Welfare Fund Act, the Bank is required to pay WWF to Sindh Revenue Board effective from tax year 2015. The Bank has filed petition before the High Court of Sindh to contest applicability of SWWF in its case who has granted stay against recovery of SWWF from the Bank.

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 tax year 2009-2015, 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 2014, 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. Appeal for tax year 2015 is filed before CIRA subsequent to year end, where it is pending for hearing and decision.

Further 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 the 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.

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The management of Bank is confident that the appeals filed on various forums in respect of the above matters will be decided in the Bank's favor and accordingly no demand for payment would arise.

Withholding tax monitoring

Withholding tax monitoring was initiated against the Bank for tax year 2015 and an order has been passed against which appeal is filed before CIRA which is pending for hearing.

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) creating a 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' amounting to Rs.277.488 million for the tax periods from July 2011 to December 2013. The issue is common amongst the banking industry. An appeal was filed by the Bank before Commissioner SRB (Appeals) which has been decided in favor of the tax department except tax imposed on FX gain on Western Union remittance. The Bank and tax department have filed appeals before Appellate Tribunal which are pending for hearing.

The management of Bank is confident that the appeals filed in respect of the above matter will be decided in the Bank's favor and accordingly no demand for payment would arise.

Azad Jammu & Kashmir Operations

The Bank has commenced operations in Azad Jammu & Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2017 with the tax authorities of such region. The Commissioner has issued notices for amendment of assessment under section 122 of the Income Tax Ordinance, 2001 (as adopted in AJK Region) for the tax year 2011 to 2016. All assessments orders are rectified and no additional demand has been raised.

40. EARNINGS PER SHARE

	2017	2016
Attributable to equity holders' of the parent:	----- (Rupees in '000) -----	
Profit after taxation attributable to Ordinary shareholders	1,389,097	2,162,014
	----- (Numbers in '000) -----	
Number of Ordinary shares outstanding during the year	915,942	915,942
Earnings per share:	----- (Rupees) -----	
Basic	1.53	2.36

40.1 Diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue as at December 31, 2017 and December 31, 2016.

41. CASH AND CASH EQUIVALENTS

	2017	2016
	----- (Rupees in '000) -----	
Cash and bank balances	18,384,336	16,330,999
Borrowing from bank / NBFCs	(19,755,012)	(8,907,373)
	(1,370,676)	7,423,626

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42. DEFERRED LIABILITY - EMPLOYEE BENEFIT

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

42.2 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 a risk to the Bank, because the benefits are based on the final salary, if the final salary is higher it will impacts the liability accordingly.

- 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 actual withdrawals experience is different than expected and will impact the obligation accordingly.

- 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 11 years.

42.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme is 3,095 (2016: 2,325).

42.4 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, 2017 based on the Projected Unit Credit Method, using the following significant assumptions:

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		2017	2016
Valuation discount rate	per annum	9.50%	8.00%
Valuation discount rate for interest cost for the year	per annum	8.00%	9.00%
Expected return on plan assets	per annum	9.50%	8.00%
Future salary increase rate	per annum	10.50%	9.00%
Effective duration of the discounted future cash flows	years	11	9.31
Normal retirement age	years	60	60
Withdrawal rates		Moderate SLIC	Moderate SLIC
Mortality rates		2001 - 2005 Setback 1 Year	2001 - 2005 Setback 1 Year

42.5 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)	
	2017	2016	2017	2016	2017	2016
(Rupees in '000)						
Balance as at January 01,	367,635	235,572	249,327	171,567	118,308	64,005
Included in profit or loss						
Current service cost	84,931	58,437	-	-	84,931	58,437
Negative past service cost	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Interest cost / income	29,076	21,022	24,431	18,142	4,645	2,880
	114,007	79,459	24,431	18,142	89,576	61,317
Included in other comprehensive income						
Actuarial gains / losses arising from:						
- financial assumptions	611	31,859	(10,273)	(393)	10,884	32,252
- Experience adjustments	74,658	24,739	-	-	74,658	24,739
	75,269	56,598	(10,273)	(393)	85,542	56,991
Others movements						
Contribution made during the year	-	-	118,308	64,005	(118,308)	(64,005)
Benefits paid during the year	(6,182)	(3,994)	(6,182)	(3,994)	-	-
	(6,182)	(3,994)	112,126	60,011	(118,308)	(64,005)
Balance as at December 31,	550,729	367,635	375,611	249,327	175,118	118,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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42.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

		Cost		Fair value of plan assets			
		2017	2016	2017	2016	2017	2016
Note		(Rupees in '000)			(Percentage)		
Cash and cash equivalent		9,146	13,298	9,146	13,298	2.4%	5.3%
Government Securities	42.6.1	368,046	223,111	366,465	236,029	97.6%	94.7%
		377,192	236,409	375,611	249,327	100%	100%

42.6.1 This represents investments held in Pakistan Investment Bonds (PIBs) and Term Finance Certificates (TFCs). The fair values of these securities are determined based on quoted market prices in active markets.

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, 2017	17,411	21,450	130,589	469,756	9,092,944	9,732,150

42.7 Sensitivity analysis

42.7.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis 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 of defined benefit obligation (Rupees in '000)	Fair value of any plan assets	Net defined benefit liability
Current results	-	550,729	375,611	175,118
Discount rate				
1% Increase	10.5%	493,611	375,611	118,000
1% Decrease	8.5%	612,313	375,611	236,702
Salary Rate				
1% Increase	10.5%	612,313	375,611	236,702
1% Decrease	8.5%	492,727	375,611	117,116
Withdrawal rate				
10% Increase	Moderate + one year	532,944	375,611	157,333
10% Decrease	Moderate - one year	565,531	375,611	189,920
Mortality rate				
One year age set back	Adjusted SLIC 2001-05 - one year	549,331	375,611	173,720
One year age set forward	Adjusted SLIC 2001-05 + one year	547,637	375,611	172,026

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

42.8 Experience Adjustments

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

Particulars	2017	2016	2015	2014	2013
	(Rupees in '000)				
Defined benefit obligation	550,729	367,635	235,572	154,368	116,676
Fair value of plan assets	(375,611)	(249,327)	(171,567)	(133,019)	(115,387)
Net defined benefit liability	175,118	118,308	64,005	21,349	1,289
Remeasurement gain / (loss) on obligation	75,269	56,598	12,774	3,493	(740)
Remeasurement gain / (loss) on plan assets	10,273	393	(3,104)	3,655	2,408
Other comprehensive income	85,542	56,991	9,670	7,148	1,668

42.9 The average duration of the benefit obligation at December 31, 2017 is with in one year.

42.10 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 Rs.123.419 million. The amount of re-measurements to be recognised in other comprehensive income for year ending December 31, 2017 will be worked out as at the next valuation.

43. FINANCIAL INSTRUMENTS BY CATEGORY

	2017			
	Loans and receivables	Assets at fair value through profit and loss	Available for sale	Total
	(Rupees in '000)			
ASSETS				
Long term investments	-		158,713,491	158,713,491
Loans, advances, deposits and other receivables	172,156,540	-	-	172,156,540
Net investment in finance lease	13,781,334	-	-	13,781,334
Short term investments	-	9,351,066	25,778,707	35,129,773
Trade debts	889,766	-	-	889,766
Fund placements	3,116,199	-	-	3,116,199
Accrued mark-up	4,136,443	-	-	4,136,443
Cash and bank balances	18,384,336	-	-	18,384,336
	212,464,618	9,351,066	184,492,198	406,307,882

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	Fair value through profit or loss	At Amortized Cost	Total
	(Rupees in '000)		
LIABILITIES			
Long term financing	-	5,129,853	5,129,853
Deposits and other accounts	-	285,872,722	285,872,722
Trade and other payables	1,882,199	9,554,899	11,437,098
Short term borrowings	-	64,557,043	64,557,043
	1,882,199	365,114,517	366,996,716

2016

	Loans and receivables	Assets at fair value through profit and loss	Available for sale	Total
	(Rupees in '000)			
ASSETS				
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

	Fair value through profit or loss	At Amortized Cost	Total
	(Rupees in '000)		
LIABILITIES			
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	244,599,850	246,353,656

44. 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.



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44.1 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.

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, 2017 and December 31, 2016 respectively using the amounts of financial assets and liabilities held as at those balance sheet dates.

44.1.1 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 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 instructions and sukuks that expose the Group to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2017, 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
		(Rupees in '000)	
December 31, 2017			
Assets	100	1,510,541	-
	(100)	(1,510,541)	-
Liabilities	100	680,656	-
	(100)	(680,656)	-
December 31, 2016			
Assets	100	1,038,845	-
	(100)	(1,038,845)	-
Liabilities	100	56,723	-
	(100)	(56,723)	-

Sensitivity analysis for fixed rate instruments

As at December 31, 2017 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, 2017, with all other variables held constant, the comprehensive income of the Group for the year would change as follows:

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December 31, 2017	Increase / (decrease) in basis points	Effect on profit before tax	Effect on other comprehensive income
		----- (Rupees in '000) -----	
Assets	100	143,642	-
	(100)	(143,642)	-
December 31, 2016			
Assets	100	547,242	-
	(100)	(547,242)	-

44.1.2 Foreign currency risk

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

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

	Change in foreign currency rate (Percentage)	Effect on profit before tax	Effect on other comprehensive income
		----- (Rs. in million) -----	
December 31, 2017	2.50%	12,495	-
	(2.50%)	(12,495)	-
December 31, 2016	2.50%	132,324	-
	(2.50%)	(132,324)	-

44.1.3 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, 2017 and December 31, 2016. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would effect profit and equity of the Group in a similar but opposite manner.

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	Fair Value (Rupees in '000)	Price change	Effect on profit before tax	Effect on other comprehensive income (Rupees in '000)
December 31, 2017	27,243,410	5% increase	22,612	1,339,559
December 31, 2016	30,591,367	5% increase	70,449	1,459,119

44.2 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.

December 31, 2017						
Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	
(Rupees in '000)						
Financial liabilities						
Long term financing	3,508,603	3,543,750	281,250	381,250	1,006,250	1,875,000
Liability subject to finance lease	5,032	5,032	380	1,145	1,524	1,983
Deposits and other accounts	290,077,566	290,077,566	254,586,082	32,621,440	1,949,163	920,881
Trade and other payables	9,430,963	9,430,963	6,286,980	232,333	1,020,464	1,891,186
Sub-ordinated loans	4,998,800	4,998,800	1,000	1,000	2,000	4,994,800
Accrued interest / mark-up	73,755	73,755	73,755	-	-	-
Short term borrowings	3,879,278	3,879,278	3,879,278	-	-	-
	311,973,997	312,009,144	265,108,725	33,237,168	3,979,401	9,683,850
December 31, 2016						
Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	
(Rupees in '000)						
Financial liabilities						
Long term financing	4,635,123	4,941,500	137,334	279,616	594,256	3,930,294
Deposits and other accounts	224,089,535	224,089,535	206,739,962	16,212,383	403,922	733,268
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	-	-	-
	249,091,362	248,951,432	224,895,060	16,491,999	998,178	6,566,195

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44.3 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.

44.3.1 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.

	Neither past due nor impaired					
December 31, 2017	High grade	Standard grade	Sub-standard grade	Past due but not impaired	Individually impaired	Total
	(Rupees in '000)					
Cash and bank balances	17,350,069	-	-	-	-	17,350,069
Due from banks	431,985	602,282	-	-	-	1,034,267
Cash collateral on securities borrowed and reverse repurchase agreements	386,556	2,729,643	-	-	-	3,116,199
Financial assets at fair value through profit or loss	9,351,066	-	-	-	-	9,351,066
Loans and advances:						
Corporate lending	27,771,706	74,267,304	25,218,622	-	404,148	127,661,779
Agriculture	793,065	1,893,123	-	-	-	2,686,188
Medium Enterprise Lending	11,861,178	14,708,298	186,773	-	145,922	26,902,171
Small business lending	2,527,473	2,295,289	52,596	-	3,500	4,878,858
Banks	4,481,312	1,786,924	-	-	-	6,268,236
Consumer lending	1,111,891	4,997,607	285,974	-	14,096	6,409,568
Residential mortgages	3,023,940	3,756,445	195,737	-	26,195	7,002,317
Employees and contractors	2,368,805	-	-	-	-	2,368,805
Trade debts	328,167	158,281	-	403,318	-	889,766
Accrued mark-up	1,908,208	2,228,235	-	-	-	4,136,443
Financial investments available for sale:						
Government securities	107,922,470	-	-	-	-	107,922,470
Quoted - other debt securities	53,995	4,258,946	-	-	37,696	4,350,638
Unquoted - debt securities	1,991,715	-	-	-	-	1,991,715
Equity investments	-	26,568,774	-	-	506,405	27,075,179
Financial investments held - to - maturity:						
Government securities	41,398,485	-	-	-	-	41,398,485
	235,062,086	140,251,151	25,939,702	403,318	1,137,962	402,794,219



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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
Loans and advances:						
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
Financial investments available for sale:						
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
	186,286,042	89,176,506	3,239,778	1,121,833	703,186	280,530,345

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44.3.2 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	
	2017	2016	2017	2016	2017	2016
Segment by class of business						
	(Rupees in '000)					
Mining and quarrying	57,529	71,326	-	-	-	-
Agri finance	2,584,965	-	-	-	-	-
Brokerage	2,681,932	-	-	-	-	-
Cement	209,356	-	-	-	424,293	-
Textile and glass	23,307,277	14,224,534	-	-	88,353	65,022
Chemical and pharmaceuticals	7,202,379	4,567,903	-	-	988,697	400,000
Fertilizer and pesticides	3,206,664	4,786,479	-	-	789,379	149,860
Automobile and transportation equipment	3,599,906	1,958,955	-	-	-	-
Tyre, rubber and plastic	2,176,760	1,684,546	-	-	-	-
Electronics and electrical appliances	301,375	200,835	-	-	-	-
Construction and real estate	5,479,348	9,938,526	-	-	-	-
Power and water, oil and gas	16,777,864	3,769,024	-	-	1,900,479	357,143
Metal and steel	6,477,004	3,441,932	-	-	71,244	-
Paper / board / furniture	1,125,618	737,077	-	-	-	-
Food / confectionery / beverages	36,076,698	14,760,439	-	-	95,885	-
Trust and non-profit organisations	361,330	289,779	-	-	-	-
Sole proprietorships	-	4,266,829	-	-	-	-
Transport, storage and communication	29,734,831	5,962,599	-	-	182,322	217,822
Financial	3,005,047	3,252,827	-	-	4,406,634	120,768,009
Insurance and security	159,353	29,804	-	-	679,573	-
Engineering, IT and other services	4,639,050	8,346,803	-	-	592,717	-
Sugar	2,176,604	2,981,865	-	-	-	-
Individuals	20,136,724	8,032,581	889,766	1,720,157	-	-
Wholesale and retail trade	11,037,390	-	-	-	-	-
Government	-	-	-	-	-	-
Others	4,402,230	3,181,107	-	-	46,720	-
	186,917,234	96,485,770	889,766	1,720,157	10,266,296	121,957,856
Segment by geographic location						
In Pakistan	186,917,234	96,485,770	889,766	1,720,157	10,266,296	121,957,856
Outside Pakistan	-	-	-	-	-	-
	186,917,234	96,485,770	889,766	1,720,157	10,266,296	121,957,856

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44.3.3 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:

	2017	2016
	----- (Rupees in '000) -----	
Government Securities		
Government Securities	141,934,382	109,190,621
	<u>141,934,382</u>	<u>109,190,621</u>
Mutual Funds		
Rated AA- to AA+	1,929,961	2,533,969
	<u>1,929,961</u>	<u>2,533,969</u>
Debt Securities		
Term Finance Certificates-listed	3,428	92,091
Rated AA- to AA+	433,270	646,240
	<u>436,698</u>	<u>738,331</u>

44.3.4 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
	2017	2016	
Loans and advances to banks			
Call money lendings	-	-	None
Lending to financial institutions	100%	100%	Property / Stock
Repurchase agreement lendings	100%	100%	Government Securities
Loans and advances to retail customers			
Running, cash, etc. finances	100%	100%	Cash / Property / Stock / Gold
Term loan	100%	100%	Cash / Property / Stock / Gold
Trade loans	100%	100%	Cash / Stock
House and personal loans	100%	100%	Property
Auto loans	100%	100%	Mortgage of vehicles
Loans and advances to corporate customers			
Advances to corporate customers	100%	100%	Mortgage on fixed assets and lien on liquid assets

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45. 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, 2017, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at December 31, 2017 was as follows:

	2017	2016
	----- (Rupees in '000) -----	
Long term financing	3,001,014	1,924,264
Deposits and other accounts	285,872,722	224,089,535
Trade and other payables	11,437,098	8,616,159
Accrued interest / mark-up on borrowings	2,202,331	1,430,498
Short term borrowings	64,557,043	10,320,047
Total debt	367,070,208	246,380,503
Cash and bank balances	18,384,336	16,330,999
Fund placements	3,116,199	11,334,414
	21,500,535	27,665,413
Net debt	345,569,673	218,715,090
Share capital	9,159,424	9,159,424
Reserves	24,531,192	27,517,861
Equity	33,690,616	36,677,285
Capital	379,260,289	255,392,375
Gearing ratio	91%	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.

46. 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

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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 6.20 to these financial statements.

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.

46.1 The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
At fair value through profit or loss				
Open end Mutual funds	-	426,250	-	426,250
Term finance certificates	-	3,428	-	3,428
Listed equity securities	452,237	-	-	452,237
Government Securities	-	8,469,151	-	8,469,151
Available-for-sale investments				
Open end mutual funds	-	1,728,711	-	1,728,711
Listed equity securities	26,791,173	-	-	26,791,173
Unlisted equity investments	-	-	309,006	309,006
Sukuk and term finance certificates	-	-	1,991,715	1,991,715
Government securities	-	107,922,470	-	107,922,470
Foreign currency bond (US\$)	-	4,350,638	-	4,350,638
Held to maturity				
Government securities	-	41,398,485	-	41,398,485
	27,243,410	164,299,133	2,300,721	193,843,264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<u>Off balance sheet financial instruments</u>				
Forward exchange contracts				
Purchase	-	6,851,332	-	6,851,332
Sale	-	5,061,071	-	5,061,071
Forward government securities				
Purchase	-	1,495,823	-	1,495,823
Sale	-	116,000	-	116,000
Cross currency swaps (notional principal)	-	4,489,958	-	4,489,958
Options (notional principal)	-	2,426,276	-	2,426,276
	2016			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<u>On balance sheet financial instruments</u>				
At fair value through profit or loss				
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
Available-for-sale investments				
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
	30,470,183	128,823,735	201,972	159,495,890
<u>Off balance sheet financial instruments</u>				
Forward exchange contracts				
Purchase	-	9,816,883	-	9,816,883
Sale	-	9,977,367	-	9,977,367
Future transaction of listed equity securities	1,029,817	-	-	1,029,817
Forward government securities				
Purchase	-	3,988,403	-	3,988,403
Sale	-	4,996,791	-	4,996,791
Cross currency swaps (notional principal)	-	1,758,882	-	1,758,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

46.2 Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).
Term Finance Certificates and Bonds	Investments in debt securities (comprising Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration, etc.

47. 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 48. The relationship and transactions with the related parties are given below:

	2017	2016
	----- (Rupees in '000) -----	
Common Directorship		
Sale of Government securities	-	1,721,049
Commission income	23,526	72
Expenses incurred on behalf of the Company	152	1,118
Interest / mark-up expense	163,237	-
Donation paid during the year	54,074	40,000
Letter of credit	92,267	42,688
Advances disbursed	-	18,640,900
Advances repaid	2,276	18,642,302
Deposits in banks accounts	36,189,984	27,432,054
Withdrawals from bank accounts	32,472,240	27,573,379
Interest / mark-up earned	171	232,606
Loans received from related parties	-	47,800,000
Borrowings received from related parties	110,840,000	700,000
Borrowings repaid to related parties	106,840,000	48,500,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017 ----- (Number) -----	2016 -----
Common Directorship		
Sale of shares	-	378,000
Key Management Personnel		
Interest on long term loan to executive	27,887	19,320
Interest / mark-up expense	2,471	2,654
Loan disbursed	3,056	2,591
Loan repaid	2,421	2,490
Deposits in banks accounts	1,235,286	1,213,860
Withdrawals from bank accounts	1,224,262	1,233,811
Royalty and advisory fee paid	-	16,000
Remuneration to key management personnel	604,138	499,657
Remuneration to executives	13,068	21,880
Fee paid to directors for attending director / committee meetings	15,475	16,106
Reimbursement of expenses to directors	2,041	1,796
Advances disbursed	426,791	279,095
Advances repaid	196,488	196,670
Other Related Parties		
Sale of Government securities	71,367,700	30,141,032
Purchase of Government securities	1,231,313	1,633,431
Sale of Sukuk	1,063,697	295,977
Sale of forward foreign exchange contracts	8,846,524	10,613,895
Purchase of forward foreign exchange contracts	5,725,413	6,109,909
Commission income	159,705	89,540
Letter of credit	104,937	138,578
Remuneration of management fee	198,371	155,353
Letter of guarantees	1,701	-
Sale of shares / units	-	102,370
Contribution to staff provident fund trust	161,763	120,698
Contribution to staff benefit plan gratuity	118,308	64,005
Dividend income	938,130	611,749
Brokerage / commission / service income	181	14,768
Royalty paid	29,900	19,075
Advisory fee paid	48,000	41,500
Rental income	15,813	15,094



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Other related Party		
Principal redemption against TFCs	12,825	34,263
Interest / mark-up earned	205,349	602,537
Interest / mark-up paid	2,908	5,049
Interest/ mark-up expense	426,272	319,979
Other expenses incurred on behalf of related parties	28,931	22,308
Reimbursement of expenses from related parties	30,929	19,251
Advances disbursed	4,733,347	5,343,766
Advances repaid	4,305,382	24,681,634
Insurance premium paid	221,113	155,454
Insurance refund cancellation	103	1
Redemption of units	54,481	400
Redemption of investment	723,708	889,088
Investments in funds under management	574,512	771,731
Proceeds against insurance claim / cancellation	23,352	10,621
Deposits in banks accounts	99,514,082	67,265,419
Withdrawals from bank accounts	99,941,724	65,471,254
Preference dividend paid	1,479	1,479
Services received	514	586
Tax on bonus shares	-	53,649

	2017 ----- (Number) -----	2016 ----- (Number) -----
Purchase of shares	-	2,063,500
Sale of shares	-	3,030,500
Bonus shares received	-	8,016,930

	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Common Directorship		
Advances	3,397	478,064
Borrowings	4,000,000	956,255
Deposits	4,673,999	56,583
Receivable against expenses incurred on behalf of companies	-	597
Donation payable	7,000	50,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Other Related Parties

	2017	2016
	(Rupees in '000)	
Advances	2,165,752	1,349,098
Prepaid Rent	27,317	-
Security Deposit	3,035	-
Deposits	6,628,381	7,056,023
Rent Payable	2,238	2,290
Principal outstanding of TFCs issued by the company	27,075	39,900
Mark-up payable on TFCs issued by the company	499	723
Other receivables	10,414	8,146
Payable from funds under management	1,844	134,470
Receivable from funds under management	119,187	118,155
Payable against contribution to staff provident fund	9	456

Key management personnel

Advances	708,367	478,064
Deposits	67,607	56,583
Loans and advances payable	3,120	502
Payable to directors for attending director / committee meetings	-	350

48. 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	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Managerial remuneration	-	-	62,995	48,760	2,023,805	1,449,602
House rent allowance	-	-	1,375	2,301	3,218	6,823
Utilities allowance	-	-	153	484	485	1,740
Car allowance	-	-	-	-	109,553	6,085
Sub-brokerage, commission and performance bonus	-	-	42,500	45,750	360,698	296,578
Advisory and consultancy fee	4,000	6,000	-	-	-	-
Retirement benefits	-	-	3,242	2,635	228,353	162,101
Medical	-	-	4,648	3,517	201,731	144,660
Reimbursable expenses	-	-	4	21	4,913	83,266
Fee for attending meetings	20,117	15,651	-	-	-	-
	24,117	21,651	114,917	103,468	2,932,756	2,150,855
Number of persons	15	15	6	4	1,564	1,124

48.1 The Group also provides certain Chief Executives and Executives with Group maintained cars.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

49. OPERATING SEGMENT INFORMATION

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

Capital market and brokerage	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.
Banking	Principally engaged in providing investment and commercial banking.
Investment advisor / assets manager	Principally providing investment advisory and asset management services to different mutual funds and unit trusts.
Others	Other operations of the Group comprise of telecommunication, 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, 2017

The following tables present revenue and profit information for the Group's operating segments for the year ended December 31, 2017 and 2016 respectively.

Year ended December 31, 2017

	Capital market and brokerage	Banking	Investment advisor / assets manager	Others	Total segments	Adjustments and eliminations	Consolidated
(Rupees in '000)							
Revenue							
Segment revenues	2,424,066	24,432,511	386,379	271,722	27,514,678	(511,126)	27,003,552
Inter-segment revenues	(435,737)	(56,441)	(7,655)	(11,293)	(511,126)	511,126	-
Total revenue	1,988,329	24,376,070	378,724	260,429	27,003,552	-	27,003,552
Results							
Profit for the year	15,347	914,360	27,436	87,298	1,044,441	706,033	1,750,474

Year ended December 31, 2016

	Capital market and brokerage	Banking	Investment advisor / assets manager	Others	Total segments	Adjustments and eliminations	Consolidated
(Rupees in '000)							
Revenue							
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	-
Total revenue	1,309,693	19,994,622	498,307	404,887	22,207,509	-	22,207,509
Results							
Profit for the year	408,131	2,128,954	204,271	359,542	3,100,898	(120,715)	2,980,183

The following tables present assets and liabilities information for the Group's operating segments for the year ended December 31, 2017 and year ended December 31, 2016 respectively.

Assets

	Capital market and brokerage	Banking	Investment advisor / assets manager	Others	Total segments	Adjustments and eliminations	Consolidated
(Rupees in '000)							
December 31, 2017	35,051,644	387,645,128	2,336,549	4,751,703	429,785,024	(16,958,663)	412,826,361
December 31, 2016	36,918,064	264,700,493	2,799,531	2,690,387	307,108,475	(13,432,050)	293,676,425
Liabilities							
December 31, 2017	4,929,819	371,451,686	171,730	969,679	377,522,914	(4,780,417)	372,742,497
December 31, 2016	4,308,031	248,050,968	225,791	360,717	252,945,507	(2,627,977)	250,317,530



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

50. GEOGRAPHIC INFORMATION

	2017	2016
	(Rupees in '000)	
Revenues from external customers		
Pakistan	27,003,552	22,207,509
Non-current assets		
Pakistan	5,710,703	4,633,185

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

51. RECLASSIFICATIONS

- 51.1 Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation, in the current year. However, there are no material reclassification / re-arrangement to report.

52. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 12, 2018 by the Board of Directors of the Holding Company.

53. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Hasan Shahid
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Annexure I

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship
			Rupees in '000				
<u>Vehicles</u>							
Honda Civic	2,096	1,816	279	1,506	1,226	Negotiation	Noman Hasan
Honda Civic	1,891	1,828	63	1,191	1,128	Negotiation	Waqas Nadeem
Honda Civic	2,096	1,851	245	1,424	1,179	Negotiation	Wali Najam
Honda Civic	2,091	1,882	209	1,600	1,391	Insurance Claim	EFU General Insurance Limited - related party
Honda Civic	1,975	1,975	-	1,345	1,345	Negotiation	Anisa Majeed
Honda Civic	1,859	1,859	-	978	978	Negotiation	Nusrat Iqbal
Honda Civic	2,146	858	1,288	1,618	330	Negotiation	Aslam Hasan
Honda Civic	2,386	1,113	1,273	1,842	569	Negotiation	Sher Ali
Honda Civic	2,363	71	2,292	2,100	(192)	Insurance Claim	EFU General Insurance Limited - related party
Honda Civic	2,396	1,757	639	1,608	969	Negotiation	Sanam Zaidi
Honda Civic	2,326	2,287	39	1,410	1,371	Negotiation	Sultan Hasan
Honda Civic	1,893	1,893	-	1,119	1,119	Negotiation	Sultan Hasan
Honda Civic	2,146	1,145	1,002	1,663	661	Negotiation	Muhammad Altaf
Honda Civic	1,830	1,830	-	1,057	1,057	Negotiation	Nusrat Iqbal
Honda Civic	4,000	4,000	-	1,596	1,596	Negotiation	Nusrat Iqbal
Honda Civic	1,893	1,893	-	1,097	1,097	Negotiation	Nusrat Iqbal
Honda Civic	2,096	1,712	384	1,416	1,032	Negotiation	Zahid Qadri
Honda Civic	1,893	1,893	-	1,242	1,242	Negotiation	Zahid Qadri
Toyota Corolla	1,828	701	1,127	1,775	648	Insurance Claim	EFU General Insurance Limited - related party
Toyota Corolla	1,514	1,514	-	1,162	1,162	Negotiation	Syed Adil
Toyota Corolla	1,753	789	964	1,450	486	Insurance Claim	EFU General Insurance Limited - related party
Toyota Corolla	2,198	220	1,978	2,150	172	Insurance Claim	EFU General Insurance Limited - related party
Toyota Corolla	1,673	1,282	391	1,230	840	Negotiation	Khurram Khan
Toyota Corolla	1,673	1,282	391	1,282	892	Negotiation	Shayan Sohail
Toyota Corolla	1,688	1,153	535	1,261	727	Negotiation	Muhammad Altaf
Toyota Corolla	1,529	1,529	-	1,198	1,198	Negotiation	Wasim Mirza
Toyota Corolla	1,683	953	729	1,418	689	Negotiation	Usman Waheed
Toyota Corolla	2,750	2,750	-	1,464	1,464	Negotiation	Sohail Mansoor
Toyota Corolla	1,828	670	1,158	1,700	543	Insurance Claim	EFU General Insurance Limited - related party
Toyota Corolla	1,673	1,617	56	1,184	1,128	Negotiation	Muhammad Umer
Toyota Corolla	1,673	1,561	112	1,259	1,148	Negotiation	Numeri Abbar
Toyota Corolla	1,683	1,122	561	1,342	781	Negotiation	Khurram Imtiaz
Toyota Corolla	1,683	1,122	561	1,344	784	Negotiation	Sajid Hussain
Toyota Corolla	1,710	1,482	228	1,307	1,079	Negotiation	Sajid Hussain
Toyota Corolla	1,608	1,608	-	1,278	1,278	Negotiation	Adnan Basir
Toyota Corolla	1,733	1,242	491	1,297	806	Negotiation	Umair Asad
Toyota Corolla	1,608	1,608	-	1,192	1,192	Negotiation	Qasim Paracha
Toyota Corolla	1,608	1,608	-	1,235	1,235	Negotiation	Saeed Rehman
Toyota Corolla	1,864	112	1,752	1,780	28	Negotiation	EFU General Insurance Limited - related party
Toyota Corolla	1,683	1,178	505	1,335	830	Negotiation	Shehzada
Balance c/f.	78,010	58,762	19,248	56,452	37,204		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

Annexure I

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship
Rupees in '000							
<u>Vehicles</u>							
Balance b/f.	7,8010	58,762	19,248	56,452	37,204		
Toyota Corolla	1,710	1,539	171	1,159	988	Negotiation	Atif Sheikh
Toyota Corolla	1,828	792	1,036	1,571	535	Negotiation	Adnan Naseer
Toyota Corolla	1,673	1,673	-	1,195	1,195	Negotiation	Muhammad Umer
Toyota Corolla	1,828	792	1,036	1,615	579	Negotiation	Shahid
Toyota Corolla	1,708	1,309	399	1,356	958	Negotiation	Numeri Abbar
Mercedes	4,000	4,000	-	2,266	2,266	Negotiation	Waqas Younus
Suzuki Cultus	998	732	266	707	441	Negotiation	Nusrat Iqbal
Suzuki Cultus	1,007	671	336	744	408	Negotiation	Noman Hasan
Suzuki Cultus	1,039	520	520	783	264	Negotiation	Shayan Sohail
Suzuki Cultus	1,039	485	554	808	254	Negotiation	Farooq-E-Azam
Suzuki Cultus	1,099	220	879	1,050	171	Insurance Claim	EFU General Insurance Limited - related party
Suzuki Cultus	1,032	654	378	850	472	Negotiation	EFU General Insurance Limited - related party
Suzuki Cultus	1,007	789	218	706	488	Negotiation	Noman Hasan
Suzuki Cultus	1,039	606	433	730	297	Negotiation	Usman Shahid
Suzuki Cultus	1,039	520	520	888	368	Negotiation	Syed Adil Ali
Suzuki Cultus	1,002	768	234	689	455	Negotiation	Muhammad Shahbaz
Suzuki Cultus	1,007	755	252	738	486	Negotiation	Qasim Paracha
Suzuki Cultus	1,039	571	468	798	330	Negotiation	Saleem Ahmed
Suzuki Cultus	1,039	468	572	862	290	Negotiation	Saleem Ahmed
Suzuki Cultus	1,039	641	398	788	390	Negotiation	Saeed Ur Rehman
Suzuki Cultus	1,039	589	450	789	339	Negotiation	Wasim Mirza
Suzuki Cultus	1,034	603	431	827	396	Negotiation	Aleem Khan
Suzuki Cultus	1,007	789	218	704	485	Negotiation	Sajjid Hussain
Suzuki Cultus	1,034	483	552	732	180	Negotiation	Nusrat Iqbal
	109,294	79,726	29,567	79,805	50,237		
<u>Electrical, Office and Computer Equipment</u>							
Generator	902	592	310	756	446	Insurance Claim	EFU General Insurance Limited - related party
Generator	902	620	282	701	419	Insurance Claim	EFU General Insurance Limited - related party
Generator	1,025	1,014	11	450	439	Negotiation	S.M. Jafer
Generator	901	545	356	65	(291)	Negotiation	AL-Fareed Electronics
Others (note 12.2.3)	44,973	42,640	2,334	26,525	24,191		
	157,996	125,136	32,860	108,301	75,441		

Pattern of Shareholding

As of December 31, 2017

	No. of Shares Holders	No. of Shares Held	Percentage %
1 DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN			
MR. STEPHEN CHRISTOPHER SMITH	1	20	0.00
MR. MUNAWAR ALAM SIDDIQUI	1	7	0.00
MR. KALIM UR REHMAN	1	1	0.00
MR. SAUD AHMED	1	120	0.00
MR. KHALID IMRAN	1	1	0.00
MR. SULEMAN LALANI	1	359,315	0.04
MR. MAHBOOB AHMED	1	378,926	0.04
MRS. NASEEM MAHBOOB	1	282,878	0.03
2 ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	1	151,808,200	16.57
JAHANGIR SIDDIQUI & SONS LIMITED	1	102,563,800	11.20
EFU SERVICES (PRIVATE) LTD.	1	113,446	0.01
THE EASTERN EXPRESS COMPANY (PRIVATE) LIMITED	1	14,313,500	1.56
TRUSTEE - FUTURE TRUST	1	888,500	0.10
EFU GENERAL INSURANCE LIMITED	1	19,711,876	2.15
EFU LIFE ASSURANCE LTD	1	8,564,242	0.94
3 EXECUTIVES			
EMPLOYEES OF THE COMPANY (OTHER THAN CEO AND DIRECTORS)	3	15,170	0.00
4 NIT AND ICP			
IDBL (ICP UNIT)	1	4,324	0.00
5 BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES,	4	504,593	0.06
6 INSURANCE COMPANIES	3	2,116,787	0.23

Pattern of Shareholding

As of December 31, 2017

	No. of Shares Holders	No. of Shares Held	Percentage %
7 MODARABAS AND MUTUAL FUNDS			
FIRST UDL MODARABA	1	3,427	0.00
FIRST FIDELITY LEASING MODARABA	1	5,157	0.00
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1	2,265,000	0.25
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	51,203	0.01
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	5,600,000	0.61
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	840,000	0.09
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	575,441	0.06
8 FOREIGN INVESTORS	17	69,456,808	7.58
9 OTHERS	102	39,861,806	4.35
10 INDIVIDUAL - LOCAL	6945	495,657,840	54.11
Totals	7097	915,942,388	100.00

SHARE HOLDERS HOLDING 5% OR MORE

SAJ CAPITAL MANAGEMENT LTD	52,139,195	5.69
JAHANGIR SIDDIQUI & SONS LIMITED	102,563,800	11.20
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	151,808,200	16.57
JAHANGIR SIDDIQUI	395,076,100	43.13

Pattern of Shareholding

As of December 31, 2017

No. of Shareholders		Shareholding				Total Shares Held
1123	Shareholding	From	1	To	100	33,114
1388	Shareholding	From	101	To	500	519,618
1048	Shareholding	From	501	To	1000	933,085
2000	Shareholding	From	1001	To	5000	5,167,301
578	Shareholding	From	5001	To	10000	4,483,181
217	Shareholding	From	10001	To	15000	2,722,899
124	Shareholding	From	15001	To	20000	2,261,196
107	Shareholding	From	20001	To	25000	2,482,874
61	Shareholding	From	25001	To	30000	1,744,204
25	Shareholding	From	30001	To	35000	817,956
33	Shareholding	From	35001	To	40000	1,259,282
34	Shareholding	From	40001	To	45000	1,462,995
54	Shareholding	From	45001	To	50000	2,665,044
20	Shareholding	From	50001	To	55000	1,054,390
12	Shareholding	From	55001	To	60000	705,637
19	Shareholding	From	60001	To	65000	1,199,032
10	Shareholding	From	65001	To	70000	676,437
11	Shareholding	From	70001	To	75000	791,906
10	Shareholding	From	75001	To	80000	777,014
4	Shareholding	From	80001	To	85000	335,461
5	Shareholding	From	85001	To	90000	444,892
6	Shareholding	From	90001	To	95000	554,746
21	Shareholding	From	95001	To	100000	2,084,500
10	Shareholding	From	105001	To	110000	1,089,040
6	Shareholding	From	110001	To	115000	672,781
7	Shareholding	From	115001	To	120000	835,250
5	Shareholding	From	120001	To	125000	615,630
3	Shareholding	From	125001	To	130000	383,240
4	Shareholding	From	130001	To	135000	535,291
2	Shareholding	From	135001	To	140000	276,097
2	Shareholding	From	140001	To	145000	287,500
5	Shareholding	From	145001	To	150000	750,000
4	Shareholding	From	150001	To	155000	606,576
8	Shareholding	From	155001	To	160000	1,260,935
1	Shareholding	From	160001	To	165000	161,000
5	Shareholding	From	165001	To	170000	839,495
4	Shareholding	From	170001	To	175000	689,263
3	Shareholding	From	175001	To	180000	534,614
2	Shareholding	From	180001	To	185000	365,759
2	Shareholding	From	190001	To	195000	381,467
7	Shareholding	From	195001	To	200000	1,395,821
1	Shareholding	From	200001	To	205000	201,489
2	Shareholding	From	205001	To	210000	418,400
2	Shareholding	From	210001	To	215000	426,803
2	Shareholding	From	215001	To	220000	436,500
1	Shareholding	From	220001	To	225000	225,000
1	Shareholding	From	225001	To	230000	227,400
1	Shareholding	From	235001	To	240000	240,000
1	Shareholding	From	240001	To	245000	240,644
5	Shareholding	From	245001	To	250000	1,245,277
2	Shareholding	From	250001	To	255000	505,432
2	Shareholding	From	255001	To	260000	516,474
3	Shareholding	From	265001	To	270000	803,378



Pattern of Shareholding

As of December 31, 2017

No. of Shareholders		Shareholding				Total Shares Held
2	Shareholding	From	275001	To	280000	553,657
2	Shareholding	From	280001	To	285000	565,878
1	Shareholding	From	300001	To	305000	305,000
1	Shareholding	From	310001	To	315000	313,500
2	Shareholding	From	320001	To	325000	646,800
2	Shareholding	From	335001	To	340000	671,500
2	Shareholding	From	340001	To	345000	684,160
2	Shareholding	From	355001	To	360000	716,486
3	Shareholding	From	360001	To	365000	1,088,902
1	Shareholding	From	375001	To	380000	378,926
2	Shareholding	From	380001	To	385000	769,146
1	Shareholding	From	385001	To	390000	387,000
2	Shareholding	From	395001	To	400000	800,000
2	Shareholding	From	400001	To	405000	807,600
1	Shareholding	From	425001	To	430000	427,000
1	Shareholding	From	440001	To	445000	442,532
1	Shareholding	From	445001	To	450000	450,000
2	Shareholding	From	450001	To	455000	904,000
1	Shareholding	From	470001	To	475000	472,602
1	Shareholding	From	475001	To	480000	480,000
3	Shareholding	From	495001	To	500000	1,500,000
2	Shareholding	From	505001	To	510000	1,020,000
1	Shareholding	From	540001	To	545000	544,500
2	Shareholding	From	545001	To	550000	1,098,000
2	Shareholding	From	555001	To	560000	1,115,210
1	Shareholding	From	575001	To	580000	575,441
2	Shareholding	From	595001	To	600000	1,200,000
1	Shareholding	From	605001	To	610000	609,000
1	Shareholding	From	620001	To	625000	625,000
1	Shareholding	From	625001	To	630000	629,000
1	Shareholding	From	635001	To	640000	640,000
1	Shareholding	From	655001	To	660000	660,000
1	Shareholding	From	745001	To	750000	747,659
1	Shareholding	From	775001	To	780000	780,000
1	Shareholding	From	785001	To	790000	788,830
1	Shareholding	From	835001	To	840000	840,000
1	Shareholding	From	885001	To	890000	888,500
1	Shareholding	From	915001	To	920000	915,500
2	Shareholding	From	1015001	To	1020000	2,034,000
1	Shareholding	From	1090001	To	1095000	1,090,120
1	Shareholding	From	1210001	To	1215000	1,214,500
1	Shareholding	From	1325001	To	1330000	1,329,596
1	Shareholding	From	1395001	To	1400000	1,400,000
1	Shareholding	From	1400001	To	1405000	1,400,500
1	Shareholding	From	1495001	To	1500000	1,500,000
1	Shareholding	From	1930001	To	1935000	1,934,560
1	Shareholding	From	1995001	To	2000000	2,000,000
1	Shareholding	From	2015001	To	2020000	2,017,450
1	Shareholding	From	2260001	To	2265000	2,265,000
1	Shareholding	From	2510001	To	2515000	2,514,000
1	Shareholding	From	2995001	To	3000000	3,000,000
1	Shareholding	From	3620001	To	3625000	3,624,100
1	Shareholding	From	3845001	To	3850000	3,850,000

Pattern of Shareholding

As of December 31, 2017

No. of Shareholders		Shareholding				Total Shares Held
1	Shareholding	From	3930001	To	3935000	3,934,500
1	Shareholding	From	5595001	To	5600000	5,600,000
1	Shareholding	From	8560001	To	8565000	8,564,242
1	Shareholding	From	14310001	To	14315000	14,313,500
1	Shareholding	From	16320001	To	16325000	16,321,500
1	Shareholding	From	16995001	To	17000000	17,000,000
1	Shareholding	From	18350001	To	18355000	18,351,000
1	Shareholding	From	19710001	To	19715000	19,711,876
1	Shareholding	From	52135001	To	52140000	52,139,195
1	Shareholding	From	102560001	To	102565000	102,563,800
1	Shareholding	From	151805001	To	151810000	151,808,200
1	Shareholding	From	395075001	To	395080000	395,076,100
7,097						915,942,388

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 26th Annual General Meeting of the Company to be held on April 17, 2018 and /or any adjournment thereof.

As witness my / our hand / seal this _____ day of April, 2018.

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.

سالانہ اجلاس عام

شاہرہ فیصل، کراچی-75530

کمپیوٹرائزڈ قومی شناختی کارڈ یا اسپورٹ نمبر: _____

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 پر کسی فارم اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے دفتر بمقام جہانگیر صدیقی اینڈ کمپنی لمیٹیڈ، 6th فلور، فیصل ہاؤس، شاہہ 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 پر کسی 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 بینیفیشل مالک اور پر کسی 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 پر کسی فارم کے ہمراہ جمع نہیں کروائی گئی)۔

درست ٹکٹ چکائیں

کمپنی سیکریٹری
جہانگیر صدیقی اینڈ کمپنی لمیٹیڈ
6th فلور، فیصل ہاؤس،
شاہہ فیصل، کراچی۔ 75530



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