



A n n u a l R e p o r t 2 0 1 8



Annual Report 2018



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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 shareholders' 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

Muhammad Ali
Director - Non-Executive

Saud Ahmed Mirza
Director - Independent, Non-Executive

Company Secretary

Hasan Shahid

Chief Financial Officer

Najmul Hoda Khan

Audit Committee

Saud Ahmed Mirza
Chairman

Munawar Alam Siddiqui
Member

Ali Raza Siddiqui
Member

Human Resource & Remuneration Committee

Saud Ahmed Mirza
Chairman

Chief Justice (R) Mahboob Ahmed
Member

Munawar Alam Siddiqui
Member

Suleman Lalani
Member

Executive Committee

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Member

Suleman Lalani
Member

External Auditors

EY Ford Rhodes
Chartered Accountants

Internal Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor

Bawaney & Partners

Share Registrar

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

Registered Office

20th Floor, The Centre
Plot No. 28, SB-5
Abdullah Haroon Road
Saddar, Karachi - 74400
Pakistan
UAN: (+92-21) 111 574 111

Website

www.js.com

Board of Directors

Chief Justice (R) Mahboob Ahmed

Chairman (Non-Executive Director)

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 Fatima Jinnah Medical College and Sir Ganga Ram Hospital, Lahore, Patron in Chief of Bu-Ali Seena Hospital, Lahore, Chairman Kulli Khan Waqf, an Educational Foundation for welfare of Industrial workers, a founding member of Heart Association of Lahore and the Pakistan Society for Cancer Control. He has also been the Chairman of the Pakistan Red Crescent Society. He is Vice Chairman of Al-Meezan Foundation (Judicial Foundation). He is also member Board of Governors of Nazria-e-Pakistan Trust and Chairman Pakistan Movement Workers Trust.

Other Directorships:

1. East West Insurance Co. Ltd. (Chairman)

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 Bank Limited. (Chairman)
2. JS Investments Limited.
3. Al-Abbas Sugar Mills Limited.
4. Quality Energy Solutions (Private) Limited.
5. Khairpur Solar Power (Private) Limited.
6. JS Petroleum Limited. (Chairman)
7. Future Trust-Trustee



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. Fakhre-Imdad Foundation
6. Organization for Social Development Initiatives - Trustee
7. Manzil Pakistan - Trustee

Khalid Imran

Director - Non - Executive

Mr. Khalid Imran has over 40 years of diversified banking experience in Pakistani and foreign banks. He started his career with BCCI, where he worked for 16 years in different capacities. He was Joint General Manager of BCCI Middle East Region. He then worked for 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 JS Bank in 2012 and served as its president and CEO from July 2013 to July, 2018. He received his BBA (Hons) and MBA from Karachi University.

Other Directorships:

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

Kalim-ur-Rahman

Director - Non - Executive

Mr. Kalim-ur-Rahman was formerly President & CEO of JS Bank Limited. At present, he is a Non-Executive Director of JS Bank Limited and also a member of the Board Risk Management Committee. He holds the Director's certification from the Pakistan Institute of Corporate Governance as well as the Institute of Directors in London.

Mr. Rahman is a seasoned banker with almost 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 of South Asia, Emirates Investment Bank in the UAE as General Manager and Askari Commercial Bank in Pakistan as President and CEO.

He 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.

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 aircraft including C-130, Boeing-707 and Dassault Falcon 20. He has served as a VVIP and Presidential pilot during his tenure of service and has held various key Command and Staff appointments in the PAF. He served as Director of Air Transport at Air Headquarters from 1996 to 1998 and commanded an operational air force base with over 8,500 personnel from 2000 to 2002.

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

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

Other Directorships:

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

Saud Ahmed Mirza

Director - Independent, Non - Executive

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

Mr. Mirza completed his Intermediate from Government College Peshawar in 1971, and his Bachelors 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.



Muhammad Ali

Director - Non - Executive

Mr. Ali has over 20 years of experience and expertise in Energy & Petrochemical Sectors; holding leading roles that oversaw development, construction, operations and management of mega-size projects. He has recently taken over the energy and infrastructural business portfolio of the JS Group companies as Head of Industrial Businesses where he looks after the Group's oil and gas, power generation, and energy storage and handling businesses.

Previously he served as CEO of Engro Vopak Terminal - Pakistan's largest bulk liquid chemical import terminal, CEO of Engro Elengy Terminal - Pakistan's first LNG terminal and CEO of Engro Powergen Qadirpur Limited - a 220 MW gas-fired IPP. He also ran Engro's New Ventures division where he developed and operated an 84MW gas-fired IPP in Nigeria, developed and installed a 50MW Wind IPP in Pakistan, and ran the feasibility for a 450MW LNG to power plant.

Prior to his power generation work at Engro, he was the Manager of Strategic Planning, Contracts and Procurement at Engro Fertilizer where he was a key leadership team member that developed and brought into production a \$ 1.1 billion grassroots ammonia / urea plant, which at the time was the world's largest single train project of its kind. He has been a board member of the Hub Power Company (1292 MW oil-fired IPP), Laraib Energy (84MW Hydro power IPP), Engro Powergen (developer and majority shareholder of Sindh Engro Coal Mining Company a Thar coal mining company), Engro Powergen Thar Ltd. (660MW coal IPP), GEL Nigeria (84MW Nigerian IPP) and Petroleum Institute of Pakistan.

He holds a Bachelor's degree in Electrical Engineering from University of Engineering Technology Lahore and graduated from the Advanced Management Program from INSEAD in France.

Other Directorships:

1. Hub Power Company Limited
2. Pakistan National Shipping Cooperation
3. Pakistan Refinery Limited
4. JS Petroleum Limited
5. Hawa Energy Limited
6. AzCorp Entertainment (Private) Limited

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

MAHVASH & JAHANGIR SIDDIQUI FOUNDATION (MJSF)

In 2003, entrepreneur and former Karachi Stock Exchange President, Mr. Jahangir Siddiqui with his wife Mrs. 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 a large portion of 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 has established 'Jahangir Siddiqui Hospital' at Sehwan Sharif, Sindh which will provide medical facilities to around a population of Rs. 0.5 million living in the nearby areas. MJSF has signed an agreement with Indus Hospital, for operation and maintenance of the Hospital. However, MJSF will provide funding support for running and maintenance of the Hospital.

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 wheelchairs

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

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 on going 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 under privileged 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 makes it highly susceptible to natural disasters such as monsoon flooding, landslides, droughts and earth quakes. MJSF has a strategy where by 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 (FT)

Founded in 2015, the following is an over view of philanthropic activities of Future Trust:

Education

FT has provided financial support to the following:

- 'Allama Gulam Mustafa Qasmi Chair, University of Sindh', Jamshoro for promoting educational and scholarly activities.
- 'Cadet College Hasan Abdal' for the construction of a Services Block and in the establishment of the "Jahangir Siddiqui Career Counseling Center".
- 'Milestone Charitable Trust' for educational and development requirements of children with cognitive and behavioral disorders.
- 'Markaz-e-Umeed' for educational and development requirements of mentally challenged children.
- 'Pakistan China Institute', an institute imparting Chinese language to students, in meeting its establishment and operational expenses.
- Co-sponsored 'Laar Science Festival 2018' held in Badin Thatta and Sajawal districts of Sindh. The festival provided opportunity to the students to showcase their talent in science subjects.
- 'Fakhr-e-Imdad Foundation' for creation of an Endowment Fund for pursuing the objectives of the Foundation on sustainable basis.

Healthcare

Future Trust also supported 'The Indus Hospital' for operation and maintenance of Jahangir Siddiqui Hospital at Sehwan Sharif, Sindh.

Future Trust in collaboration with MJSF, conducted medical camps in various districts of Tharparkar, Sindh and District Nowshera, Khyber Pakhtunkhwa where free diagnosis and medicines were provided to the patients. Drought is one of the biggest factor in poor development of children and increase in death ratio in District Tharparkar Sindh. Considering the fact, Future Trust sponsored distribution of Food Baskets and medicines in various villages of District Tharparkar.

FT also supported 'Sada Welfare Foundation' in up-gradation of its blood bank at National Institute of Child Health, Karachi and 'The Patients' Behbud Society for AKUH' in providing free medical treatment to deserving patients.

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 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 lives tock which is vulnerable to seasonal rains. These hand pumps will bring relief to those villages.

General

Future Trust, in collaboration with MJSF, sponsored distribution of winterization kits, in various areas of District Tharparkar.



Corporate Calendar 2018

Meetings	Date
Board of Directors' Meeting	January 09, 2018
Human Resource and Remuneration Committee Meeting	March 12, 2018
Audit Committee Meeting and Board of Directors Meeting to consider accounts of the Company for the year ended December 31, 2017	March 12, 2018
26th Annual General Meeting	April 17, 2018
Audit Committee Meeting to consider accounts of the Company for the quarter ended March 31, 2018	April 26, 2018
Board of Directors Meeting to consider accounts of the Company for the quarter ended March 31, 2018	April 27, 2018
Executive Committee Meeting	May 07, 2018
Audit Committee and Board of Directors Meeting to consider accounts of the Company for the half year ended June 30, 2018	August 28, 2018
Audit Committee and Board of Directors Meeting to consider accounts of the Company for the nine months period ended September 30, 2018	October 29, 2018
Executive Committee Meeting	December 28, 2018

Notice of 27th Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of Jahangir Siddiqui & Co. Ltd. (the "Company") will be held at Ramada Hotel, Zulfiqar Street No. 1, Phase VIII, Defence Housing Authority, Karachi on Monday, April 29, 2019 at 11:00 a.m., to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the audited unconsolidated and consolidated financial statements of the Company for the year ended December 31, 2018 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.
2. To appoint Company's Auditors and fix their remuneration. The members are hereby notified that the 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 thought fit, to ratify and approve the transactions carried out by the Company in the ordinary course of business at arm's length basis with JS Bank Limited (Related Party) during the financial year ended December 31, 2018 under the authority of the resolution passed by the members in the last annual general meeting held on 17 April, 2018 by passing the resolution as a special resolution, with or without modification.
4. To consider and if thought fit to authorize the Chief Executive of the Company to approve all transactions carried out or to be carried out with JS Bank Limited in the ordinary course of business at arm's length basis till next Annual General Meeting by passing the resolution as a special resolution, with or without modification.

Attached to this Notice is a statement of material facts and proposed special resolutions in relation to the aforesaid special business, as required under Section 134(3) of the Companies Act, 2017. This statement has been dispatched to the shareholders by post. The notice of meeting as well as statement has also been placed on Company's website: www.js.com

By Order of the Board

Hasan Shahid

Company Secretary

Karachi: April 08, 2019



NOTES

- (i) The Company has placed the Audited Financial Statements along with Chairman's Review Report, Directors and Auditors Reports for the year ended 31 December 2018 on its website: www.js.com.
- (ii) The Share Transfer Books of the Company shall remain closed from April 22, 2019 to April 29, 2019 (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 19, 2019 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)

Shareholders are requested to provide if not already provided, 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 the following link:

<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 on the Form which is available at the Company website i.e. at the following link to ensure compliance with the above referred provision:

<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.

Deposit of Physical Shares into CDC Account

The shareholders having physical shareholding may open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into script-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange. Further, Section 72 of the Act states that after the commencement of the Act from a date notified by SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act i.e. 31 May, 2017.



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 and proposed special resolutions concerning the Special Business.

1. **Agenda Item No. 3 of the Notice - Transactions carried out with JS Bank Limited during the year ended 31 December, 2018**

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 Regulation 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and in line with the related party transaction policy approved by the Board in accordance with the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018. In the case of JS Bank Limited, a majority of the Directors are 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 under the authority of the resolution passed by the members in the last annual general meeting held on 17 April, 2018.

In view of the above, the transactions conducted by the Company in the ordinary course of business at arms' length basis during the financial year ended 31 December, 2018 with JS Bank Limited as per following detail are being placed before the shareholders for their consideration and approval / ratification. The following resolution is proposed to be passed as Special Resolution with or without any modification:

"RESOLVED that the following transactions carried out by Jahangir Siddiqui & Co. Ltd. (the "Company") in the ordinary course of business at arms' length basis with JS Bank Limited (related party) for the year ended 31 December, 2018 be and are hereby ratified, approved and confirmed."

Nature of Transaction	Amount in PKR '000	Rate	Terms and Tenure
Investment in term deposit receipts	500,000	7% p.a.	7 days
Maturity of term deposit receipts	500,000	7% p.a.	7 days
Dividend received on preference shares	174,450	12% p.a.	As per issuance document of preference shares and the approval of shareholders of the Bank
Bank Charges	1,530	As per bank's Schedule of Charges	Not Applicable
Rent income received	1,385	323.55/- per sq. ft.	As per agreement
Reimbursement of expenses to the Company	11,460	At actual	Not Applicable
Profit received on deposit accounts	111,982	6.2% to 9.5% p.a.	Bank's offered deposit rate on daily product basis
Profit received on Term Deposit Receipts	671	7% p.a.	7 days
Refund of charges on cancellation of guarantee issued	810	Not Applicable	At actual on pro-rata basis
Profit receivable on bank deposit account	7,534	9.5% p.a.	Bank's offered deposit rate on daily product basis
Receivable against reimbursement of expenses	21	At actual	Not Applicable
Cash at bank accounts as at the year end	295,124	9.5% p.a.	In deposit account at Bank's offered deposit rate

Nature of Transaction	No. of shares	Rate	Terms and Tenure
Ordinary shares received against conversion of preference shares	218,062,317	1.5 ordinary shares for every 1 preference share	As per issuance document of preference shares



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 holds 01 ordinary shares and his spouse holds 155,000 ordinary shares of JS Bank Limited.

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

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

2. Agenda Item No. 4 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 ordinary course of business at arm's length transactions. 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 Listed Companies (Code of Corporate Governance) Regulations 2017, 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 2019 till next annual general meeting. However, these transactions shall be placed before the shareholders in the next AGM for their approval / ratification. The following resolution is proposed to be passed as special resolution:

"RESOLVED 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 ordinary course of business at arm's length basis with JS Bank Limited (related party) from 01 January 2019 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."

RESOLVED FURTHER that these transactions shall be placed before the shareholders in the next Annual General Meeting for ratification / approval."

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

STATEMENT UNDER REGULATION 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

The Company in their Annual General Meeting held on April 17, 2018 at Karachi by way of special resolution under section 199 of the Companies Act, 2017 and subject to requisite regulatory permission(s) approved the long-term equity investment of up to PKR 1,000 million from time to time by purchase of up to 6,000,000 ordinary shares of EFU General Insurance Limited ("EFUG"), an associated company. The special resolution is valid for a period of three years from the date of approval.

PKR in Million

Total Investment Upto	Amount of Investment till December 31, 2018	Reasons for not making complete investment in the specified time
1,000	132	Time Remaining

Material change in financial statements since date of resolution passed	December 31, 2018 (Year ended)	December 31, 2017 (Year ended)
a) Breakup value per share (PKR)	96.49	104.21
b) Earnings per share (PKR)	10.86	11.72
c) Net assets (PKR in Million)	19,298	20,841



Financial Highlights

(Based on Unconsolidated Financial Statements)

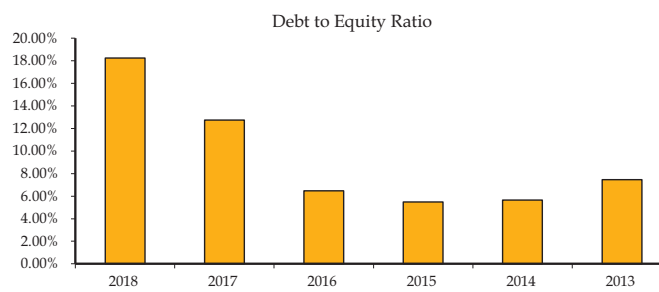
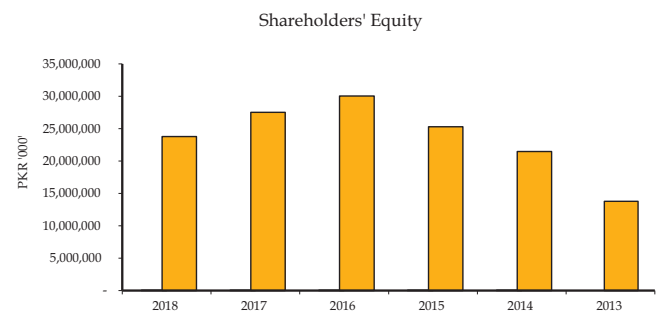
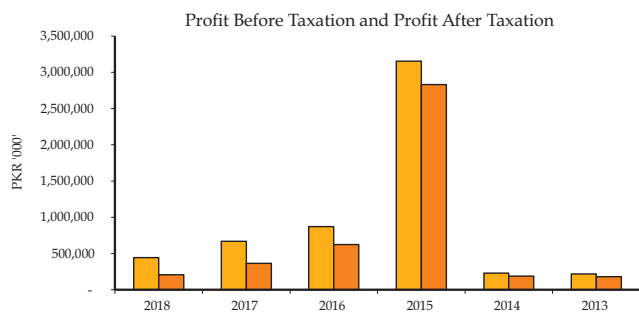
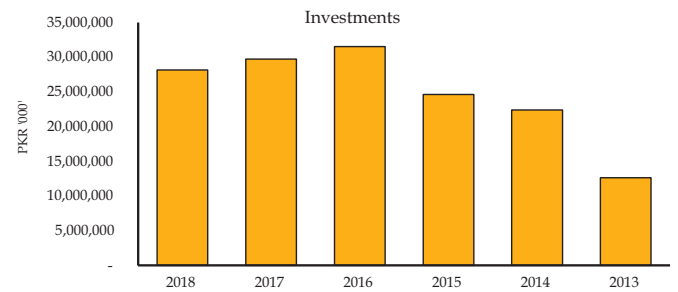
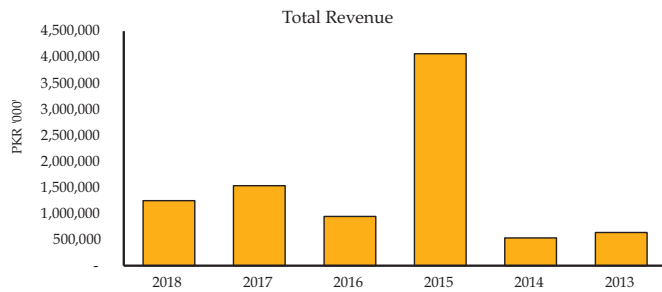
(Rupees in '000)

	2018	2017	2016	2015	2014	2013
Operating Results						
Total revenue	1,245,647	1,532,838	946,225	4,064,879	531,083	636,214
Operating and administrative expenses	225,603	232,106	265,291	241,790	123,551	112,357
Finance cost	394,729	222,357	144,682	165,065	165,239	183,359
Provision for Workers' Welfare Fund	9,005	13,607	17,750	64,376	4,645	60,191
(Reversal of) / provision for impairment	175,072	398,012	(351,238)	439,226	10,034	63,162
Profit / (loss) before tax and impairment losses	616,310	1,064,768	518,502	3,593,648	237,648	280,307
Profit / (loss) before tax from continuing operations	441,238	666,756	869,740	3,154,422	227,614	217,145
Profit / (loss) after tax from continuing operations	206,865	365,554	622,041	2,830,974	188,377	180,831
Financial Position						
Share Capital - Ordinary Shares	9,159,424	9,159,424	9,159,424	9,159,424	7,632,853	7,632,853
Reserves	14,635,087	18,360,984	20,895,106	16,142,424	13,831,048	6,136,099
Outstanding Ordinary Shares (in '000')	915,942	915,942	915,942	915,942	763,285	763,285
Liabilities						
Financings	4,343,614	3,508,603	1,945,264	1,387,421	1,215,882	1,029,250
Current liabilities (excluding current portion of financing)	577,280	363,253	401,426	332,450	240,786	170,166
Assets						
Property and equipment	88,192	6284	5,346	7,520	6,656	7,345
Investments	28,128,772	29,721,331	31,500,821	24,609,371	22,399,936	12,638,960
Other non-current assets	30,307	5,535	3,823	4,542	5,447	407,793
Current Assets	3,518,954	4,714,043	5,233,188	4,684,381	587,851	2,783,813
Cash Flows						
Net cash flows from operating activities	(1,865,391)	(853,940)	(1,821,657)	175,086	(1,587,259)	141,634
Net cash flows from investing activities	(83,566)	(1,593)	(453)	(2,655)	1,452	355,161
Net cash flows from financing activities	817,536	1,552,833	551,634	1,692,946	179,274	(1,584,034)
Changes in cash and cash equivalents	(1,131,421)	697,300	(1,270,476)	1,865,377	(1,406,533)	(1,087,239)
Cash and cash equivalents - year end	296,061	1,427,482	730,182	2,000,658	135,281	1,541,814

Financial Performance

(Based on Unconsolidated Financial Statements)

		2018	2017	2016	2015	2014	2013
PROFITABILITY							
Gross Yield on Earning Assets	%	4%	5%	3%	15%	2%	4%
Cost / Income ratio	%	52%	31%	45%	10%	59%	50%
Return on Capital employed	%	2%	2%	3%	12%	2%	2%
LIQUIDITY							
Current Ratio		2.24	4.66	7.56	6.14	1.04	5.15
Quick / Acid test ratio		2.18	4.46	7.09	5.62	0.39	4.49
Cash to Current Liabilities		0.19	1.41	1.05	2.62	0.24	2.85
INVESTMENT MARKET RATIOS							
Basic and Diluted Earnings per Share (Rupees)		0.23	0.40	0.68	3.36	0.23	0.24
Price to Book ratio	%	50%	53%	71%	71%	48%	47%
Dividend Yield ratio	%	0%	0%	0%	0%	0%	0%
Dividend Payout ratio	%	0%	0%	0%	0%	0%	0%
Market value per share at the end of the year (Rupees)		15.55	18.05	25.39	20.94	14.54	9.19
Average Market Price during the year / period		17.25	23.21	21.42	21.20	11.36	12.12
Average KSE 100 index during the year / period		42,154	45,622	37,617	33,649	28,975	21,025
CAPITAL STRUCTURE							
Earning assets to total assets ratio	%	99%	99%	99%	98%	98%	97%
Break up Value per Share (Rupees)		25.98	30.05	32.81	27.62	28.12	18.04
Financial Leverage Ratio	%	21%	14%	8%	7%	7%	9%
Weighted Average cost of Debt	%	10%	8%	9%	13%	15%	10%
Debt to Equity	%	18%	13%	6%	5%	6%	7%



Horizontal Analysis

(Rupees in '000)

	Year Ended 2018 VS 2017		Year Ended 2017 VS 2016		Year Ended 2016 VS 2015		Year Ended 2015 VS 2014		Year Ended 2014 VS 2013		Year Ended 2013 VS 2012*	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Non Current Assets												
Property and equipment	88,192	1,303.43	6,284	17.55	5,346	(29)	7,520	13	6,656	(9)	7,345	(16)
Investment properties	1,660	(6.74)	1,780	(6.32)	1,900	(6)	2,020	(8)	2,192	(11)	2,471	(23)
Intangible assets	-	-	-	-	-	-	-	-	-	-	28	(100)
Stock Exchange Membership Cards and room	-	-	-	-	-	-	-	-	(100)			
Long term investments	25,077,952	(6.04)	26,688,789	(2.31)	27,320,985	22	22,325,276	0	22,320,615	90	11,769,417	3
Long term loan and advance	25,620	2,994.20	828	(26.01)	1,119	(36)	1,743	(30)	2,476	(99)	404,590	18,059
Long term security deposits	3,027	3.42	2,927	264.05	804	3	779	-	779	11	704	(58)
	25,196,451	(5.63)	26,700,608	(2.30)	27,330,154	22	22,337,338	0	22,332,718	83	12,184,555	6
Current Assets												
Trade debts	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	65,995	17.80	56,024	5,323.43	1,033	(5)	1,092	6	1,030	18	876	(99)
Prepayment, accrued mark up and other receivable	19,043	(58.02)	45,365	24.25	36,510	71	21,400	39	15,378	3	14,858	(9)
Short term investments	3,050,820	0.60	3,032,542	(27.45)	4,179,836	83	2,284,095	2,780	79,321	(91)	869,543	(53)
Fund placements	-	-	-	-	-	-	-	-	-	-	-	-
Taxation	87,037	(42.98)	152,630	(46.56)	285,627	(24)	377,136	6	356,841	0	356,722	3
Cash and Bank balance	296,059	(79.26)	1,427,482	95.50	730,182	(64)	2,000,658	1,379	135,281	(91)	1,541,814	(41)
	3,518,954	(25.35)	4,714,043	(9.92)	5,233,188	12	4,684,381	697	587,851	(79)	2,783,813	(44)
Non Current asset held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	28,715,405	(8.59)	31,414,651	(3.53)	32,563,342	21	27,021,719	18	22,920,569	53	14,968,368	(9)
EQUITY AND LIABILITIES												
Share Capital and Reserves												
Share Capital - Ordinary Shares	9,159,424	-	9,159,424	-	9,159,424	-	9,159,424	20	7,632,853	-	7,632,853	-
Reserves	14,635,087	(20.29)	18,360,984	(12.13)	20,895,106	29	16,142,424	17	13,831,048	125	6,136,099	2
	23,794,511	(13.54)	27,520,408	(8.43)	30,054,530	19	25,301,848	18	21,463,901	56	13,768,952	1
Non Current Liabilities												
Long term financing	3,352,745	17.23	2,859,934	72.88	1,654,323	73	957,089	7	893,776	36	658,932	(23)
Deferred tax liability	-	(100.00)	22,387	(86.19)	162,122	100						
Current Liabilities												
Trade and other payable	450,749	55.70	289,498	(22.71)	374,579	27	295,812	41	209,857	38	151,792	91
Accrued interest markup on borrowing	126,531	71.56	73,755	174.72	26,847	(27)	36,638	18	30,929	68	18,374	(83)
Short term borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of long term financing	990,869	52.75	648,669	122.96	290,941	(32)	430,332	34	322,106	(13)	370,318	(79)
Taxation - net	-	-	-	-	-	-	-	-	-	-	-	-
	1,568,149	54.97	1,011,922	46.15	692,367	(9)	762,782	36	562,892	4	540,484	(72)
Total Equity and Liabilities	28,715,405	(8.59)	31,414,651	(3.53)	32,563,342	21	27,021,719	18	22,920,569	53	14,968,368	(9)
PROFIT AND LOSS												
Income												
Return on Investments	1,017,452	(6.95)	1,093,479	50.70	725,579	15	628,412	79	350,867	(21)	445,325	(48)
Gain on sale of investments	56,147	(80.24)	284,120	266.43	77,537	(98)	3,247,084	3,211	98,065	963	9,229	(100)
Income from long term loans and funds placements	115,918	12.16	103,350	3.71	99,656	(31)	143,550	239	42,316	(70)	142,408	66
Commission & other Income	59,818	22.55	48,811	28.21	38,071	(17)	45,851	15	39,944	2	39,252	(60)
Revaluation of investments at FV through PL	(3,688)	(219.82)	3,078	(42.81)	5,382	(30,000)	(18)	(83)	(109)	(100)	-	-
	1,245,647	(18.74)	1,532,838	62.00	946,225	(77)	4,064,879	665	531,083	(17)	636,214	(82)
Expenditures												
Operating and administrative expenses	225,603	(2.80)	232,106	(12.51)	265,291	10	241,790	96	123,551	10	112,357	(82)
Finance cost	394,729	77.52	222,357	53.69	144,682	(12)	165,065	(0)	165,239	(10)	183,359	(65)
Provision for Workers' Welfare Fund	9,005	(33.82)	13,607	(23.34)	17,750	(72)	64,376	1,286	4,645	(92)	60,191	100
(Reversal of) / provision for impairment against investment in subsidiaries, associate and Joint Venture - net	175,072	(56.01)	398,012	(213.32)	(351,238)	(180)	439,226	4,277	10,034	(84)	63,162	(590)
	804,409	(7.12)	866,082	1,032.36	76,485	(92)	910,457	200	303,469	(28)	419,069	(63)
Profit / (Loss) before taxation	441,238	(33.82)	666,756	(23.34)	869,740	(72)	3,154,422	1,286	227,614	5	217,145	(91)
Taxation												
Current	212,336	0.56	211,146	33.44	158,238	(51)	325,194	729	39,237	8	36,256	100
Prior	22,037	(75.53)	90,056	0.67	49,461	5,024	(1,746)	(100)	-	(100)	58	(102)
	234,373	(22.19)	301,202	21.60	247,699	(23)	323,448	724	39,237	8	36,314	(1,492)
Net Profit / (Loss) for the year	206,865	(43.41)	365,554	(41.23)	622,041	(78)	2,830,974	1,403	188,377	4	180,831	(92)

* Eighteen month period ended December 31, 2012



Vertical Analysis

(Rupees in '000)

	2018		2017		2016		2015		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Non Current Assets												
Property and equipment	88,192	0.31	6,284	0.02	5,346	0.02	7,520	0.03	6,656	0.03	7,345	0.05
Investment properties	1,660	0.01	1,780	0.01	1,900	0.01	2,020	0.01	2,192	0.01	2,471	0.02
Intangible assets	-	-	-	-	-	-	-	-	-	-	28	0.00
Long term investments	25,077,952	87.33	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
Long term loan and advance	25,620	0.09	828	0.00	1,119	0.00	1,743	0.01	2,476	0.01	404,590	2.70
Long term security deposits	3,027	0.01	2,927	0.01	804	0.00	779	0.00	779	0.00	704	0.00
	25,196,451	87.75	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
Current Assets												
Loans and advances	65,995	0.23	56,024	0.18	1,033	0.00	1,092	0.00	1,030	0.00	876	0.01
Prepayment, accrued mark up and other receivable	19,043	0.07	45,365	0.14	36,510	0.11	21,400	0.08	15,378	0.07	14,858	0.10
Short term investments	3,050,820	10.62	3,032,542	9.65	4,179,836	12.84	2,284,095	8.45	79,321	0.35	869,543	5.81
Fund placements	-	0.00	-	-	-	-	-	-	-	-	-	-
Taxation	87,037	0.30	152,630	0.49	285,627	0.88	377,136	1.40	356,841	1.56	356,722	2.38
Cash and Bank balance	296,059	1.03	1,427,482	4.54	730,182	2.24	2,000,658	7.40	135,281	0.59	1,541,814	10.30
	3,518,954	12.25	4,714,043	15.01	5,233,188	16.07	4,684,381	17.34	587,851	2.56	2,783,813	18.60
Total Assets	28,715,405	100.00	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
EQUITY AND LIABILITIES												
Share Capital and Reserves												
Share Capital - ordinary Shares	9,159,424	31.90	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
Reserves	14,635,087	50.97	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
	23,794,511	82.86	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
Non Current Liabilities												
Long term financing	3,352,745	11.68	2,859,934	9.10	1,654,323	5.08	957,089	3.54	893,776	3.90	658,932	4.40
Deferred tax liability	-	-	22,387	0.07	162,122	0.50	-	-	-	-	-	-
Current Liabilities												
Trade and other payable	450,749	1.57	289,498	0.92	374,579	1.15	295,812	1.09	209,857	0.92	151,792	1.01
Accrued interest / markup on borrowing	126,531	0.44	73,755	0.23	26,847	0.08	36,638	0.14	30,929	0.13	18,374	0.12
Short term borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of long term financing	990,869	3.45	648,669	2.06	290,941	0.89	430,332	1.59	322,106	1.41	370,318	2.47
Taxation - net	-	-	-	-	-	-	-	-	-	-	-	-
	1,568,149	5.46	1,011,922	3.22	692,367	2.13	762,782	2.82	562,892	2.46	540,484	3.61
Total Equity and Liabilities	28,715,405	100.00	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
PROFIT AND LOSS												
Income												
Return on investments	1,017,452	81.68	1,093,479	71.34	725,579	76.68	628,412	15.46	350,867	66.07	445,325	70.00
Gain on sale of investments	56,147	4.51	284,120	18.54	77,537	8.19	3,247,084	79.88	98,065	18.47	9,229	1.45
Income from long term loans and funds placements	115,918	9.31	103,350	6.74	99,656	10.53	143,550	3.53	42,316	7.97	142,408	22.38
Commission	-	-	-	-	-	-	1,440	0.04	3,056	0.58	5,546	0.87
Other income	59,818	4.80	48,811	3.18	38,071	4.02	44,411	1.09	36,888	6.95	33,706	5.30
Revaluation of investments at FV through P/L	(3,688)	(0.30)	3,078	0.20	5,382	0.57	(18)	(0.00)	(109)	(0.02)	-	-
Total income	1,245,647	100.00	1,532,838	100.00	946,225	100.00	4,064,879	100.00	531,083	100.00	636,214	100.00
Expenditures												
Operating and administrative expenses	225,603	18.11	232,106	15.14	265,291	28.04	241,790	5.95	123,551	23.26	112,357	17.66
Finance cost	394,729	31.69	222,357	14.51	144,682	15.29	165,065	4.06	165,239	31.11	183,359	28.82
Provision for Workers' Welfare Fund	9,005	0.72	13,607	0.89	17,750	1.88	64,376	1.58	4,645	0.87	60,191	9.46
(Reversal of) / provision for impairment against investment in subsidiaries, associate and Joint Venture - net	175,072	14.05	398,012	25.97	(351,238)	(37.12)	439,226	10.81	10,034	1.89	63,162	9.93
	804,409	64.58	866,082	56.50	76,485	8.08	910,457	22.40	303,469	57.14	419,069	65.87
Profit / (Loss) before taxation	441,238	35.42	666,756	43.50	869,740	91.92	3,154,422	77.60	227,614	42.86	217,145	34.13
Taxation												
Current	212,336	17.05	211,146	13.77	158,238	16.72	325,194	8.00	39,237	7.39	36,256	5.70
Prior	22,037	1.77	90,056	5.88	89,461	9.45	(1,746)	(0.04)	-	-	58	0.01
	234,373	18.82	301,202	19.65	247,699	26.18	323,448	7.96	39,237	7.39	36,314	5.71
Profit / (Loss) after tax	206,865	16.61	365,554	23.85	622,041	65.74	2,830,974	69.64	188,377	35.47	180,831	28.42

Chairman's Review

Dear Shareholders,

I am pleased to present this review report to the shareholders of Jahangir Siddiqui & Co. Ltd. ("Company" or "JSCL") 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 ("Board") of JSCL is enriched with appropriate mix of skills, core competencies, diversity, experience and knowledge and is committed to strong corporate governance to protect the overall interests of the Company and its shareholders specially minority shareholders. The Board while exercising its powers under the law has performed its duties diligently and has managed the affairs of the Company in an effective and efficient manner with proven record of meticulous compliance of ethical values, 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 has constituted highly effective Audit, Human Resource & Remuneration and Executive Committees with clear charters having adequate representation of non-executive and independent director with requisite experience and knowledge to manage the affairs of the Company. There exists a constructive relationship amongst the members of the Committees and the Board. The Company arranges orientation courses and requisite trainings, for the board members wherever required, to enable them to perform their duties in an effective manner.

The Board has engaged Pakistan Institute of Corporate Governance to perform annual evaluation of the Board, its own performance and that of its members and committees.

The Board has established policies that cover all essential areas of board's responsibility and operations of the Company.

I am pleased to report that the overall performance of the Board has been par excellence. The Board of JSCL with high level oversight on strategic planning, execution of strategies and business risks and continuous guidance has helped in effective steering of the Company by ensuring that the Company's objectives are achieved through a perfect mix of joint efforts of the management team.

I thank you 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

March 20, 2019



چیرمین کا جائزہ

معزز حصص یافتگان،

میں جہانگیر صدیقی ایجنڈ کمپنی لمیٹڈ (جے ایس سی ایل) کے حصص یافتگان کو بورڈ کی مجموعی کارکردگی اور کمپنی کے مفاد کے حصول میں بورڈ کے موثر کردار پر جائزہ پیش کرنے میں بہت خوشی محسوس کر رہا ہوں۔

جے ایس سی ایل کا بورڈ آف ڈائریکٹرز (بورڈ) مہارتوں، بنیادی صلاحیتوں، وسیع تجربے اور علم کے مناسب مرکب کا حامل ہے اور کمپنی اور اس کے حصص یافتگان بالخصوص اقلیتی حصص یافتگان کے مفادات کے تحفظ کے لیے ایک مضبوط کارپوریٹ گورننس پر کاربند ہیں۔ بورڈ نے اختیارات کا استعمال کرتے ہوئے اپنی ذمہ داریوں کو تن دہی سے انجام دیا ہے اور کمپنی کے معاملات کو اخلاقی اقدار، قوانین اور قواعد و ضوابط کی تعمیل کے ساتھ موثر اور منظم طریقے سے سنبھالا ہے۔

چیرمین ایک غیر ایگزیکٹو ڈائریکٹر ہے۔ مزید یہ کہ بورڈ نے چیرمین اور چیف ایگزیکٹو آفیسر کے متعلقہ کردار اور ذمہ داریوں کا واضح طور پر تعین کیا ہے۔

بورڈ نے کمپنی کے معاملات کو چلانے کیلئے واضح چارٹروں کے ساتھ انتہائی موثر آڈٹ، انسانی وسائل اور معاوضے اور ایگزیکٹو کمیٹیاں تشکیل دی ہیں جن میں مطلوبہ تجربے اور علم کے حامل غیر ایگزیکٹو اور خود مختار ڈائریکٹروں کی نمائندگی ہے۔ کمیٹیوں کے ممبران اور بورڈ کے درمیان تعمیری تعلق قائم ہے۔ کمپنی اپنے بورڈ ممبران کو اپنے فرائض کو موثر طریقے سے انجام دینے کیلئے ضرورت کے مطابق تعارفی کورسز اور مطلوبہ تربیت فراہم کرتی ہے۔

بورڈ نے اپنی اور اپنے ممبران اور اپنی کمیٹیوں کی کارکردگی کو جانچنے کیلئے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کی خدمات حاصل کی ہیں۔

بورڈ نے اپنی ذمہ داریوں اور کمپنی آپریشنز کے تمام اہم امور مد نظر رکھتے ہوئے پالیسیاں تشکیل دی ہیں۔

مجھے یہ رپورٹ کرنے میں خوشی محسوس ہو رہی ہے کہ بورڈ کی مجموعی کارکردگی نہایت ہی عمدہ رہی۔ جے ایس سی ایل کے بورڈ کی اسٹریٹجک منصوبہ بندی، حکمت عملی پر عمل درآمد اور کاروباری خطرات پر اعلیٰ درجہ کی نگرانی اور بورڈ کی مسلسل رہنمائی کی وجہ سے کمپنی کی موثر اسٹیرنگ میں مدد ملنے کے ساتھ ساتھ اس بات کو یقینی بنایا ہے کہ کمپنی کے مقاصد کا حصول منہجیت ٹیم اور بورڈ کی مشترکہ کاوشوں کے کامل امتزاج کا نتیجہ ہے۔

میں آپ کی مسلسل حمایت کے لئے مشکور ہوں اور میں بورڈ اور ہمارے اسٹاف کی انتھک محنت اور کمپنی کیلئے مخلصانہ خدمات پیش کرنے کیلئے ان کا شکریہ ادا کرتا ہوں۔

چیف جسٹس (ریٹائرڈ) محبوب احمد

چیرمین

کراچی: ۲۰ مارچ ۲۰۱۹

Directors' Report to the Shareholders

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 the audited consolidated financial statements of the Company and its subsidiaries ("the Group") and auditors' reports thereon for the year ended December 31, 2018.

THE ECONOMY

Pakistan faced significant economic challenges during 2018, which included rising twin deficits, higher inflation and depleting foreign exchange reserves. The most challenging aspect during the year for the new government elected in July 2018 was the Current Account Deficit (CAD), which consistently stayed above 5 percent of GDP throughout the year. Although workers' remittances increased during the year to provide support to CAD, these were insufficient in negating the rising trade deficit, spurred by significantly higher imports. Due to pressure on the external account, the country's total liquid foreign exchange reserves declined to USD 13.75 billion at the end of 2018, as compared USD 20.18 billion at the end of last year.

Similarly, the local currency depreciated by 20 percent during the current year, which was expected as the real effective exchange rate had surged to a multi-year high earlier during 2017. Given that the local economy inherently depends on imports, a rising dollar coupled with higher oil prices inevitably led to higher headline inflation during the year. CPI for 2018 averaged 5.08 percent, compared to 4.09 percent in the previous year, whereas the transport index averaged 12.38 percent during the current year (2.98 percent in 2017) driven largely by higher crude oil prices. Moreover, core inflation during the latter half of the year stood at a multi period high. The rising trend in inflation compelled the central bank to repeatedly increase its policy rate during the year, which reached 10.0 percent by the end of 2018, compared to 5.75 percent at the beginning of the year, effectively an increase of 425 basis points. Although monetary tightening measures were implemented during the year, apart from an increase in gas prices during the latter part of the year, there was relative inaction on the fiscal side, resulting in the budget deficit shooting well above targeted levels for Fiscal Year 2018 (FY18).

On the positive side from an economic perspective, measures such as increased restrictions on the import of luxury goods, along with relief for export oriented sectors have begun to reflect in the trade deficit. Moreover, inflows from friendly countries such as Saudi Arabia, China and UAE have provided strong support to foreign exchange reserves. These inflows have also aided the government's bargaining position with the IMF. Economic outlook for 2019 will be determined by how the situation unfolds on the balance of payments scenario and further measures undertaken by the government on promises such as institutional reforms, ease of doing business and foreign direct investment.

EQUITY CAPITAL MARKETS

For the year ended 2018, the benchmark KSE-100 index performed well below par, as the index declined by 8.4 percent to close at 37,067 points. This was the second successive annual decline for the index and the first time in over two decades. The drop was steeper in dollar terms, as the index plunged by a massive 27 percent during 2018 as compared to last year. This was due to the massive rupee depreciation during the year. Total market capitalization in dollar terms plunged to 55.4 billion compared to 77.62 billion at the end of last year, down by 28.6 percent on a year on year basis. Investor sentiments remained muted throughout the year due to economic and political uncertainties as traded volumes declined by 22 percent to an average daily turnover of 184 million shares. Foreigners were net sellers during the year, as cumulative net selling stood at USD 523 million.

PRINCIPAL ACTIVITIES

Jahangir Siddiqui & Co. Ltd. ("JSCL") is primarily an investment company in financial services and also makes long term investments in growing companies in Pakistan. In financial services, its investments cover all sectors including asset management, commercial banking, investment banking, Islamic banking, securities brokerage and



insurance. JSCL also benefits from strategic long term investments including in technology, transportation, and industrial sector companies. The Company is also investing in energy and infrastructural projects.

FINANCIAL PERFORMANCE

Unconsolidated Financial Statements:

The Company reported an after tax profit of PKR 207 million for the year ended December 31, 2018 as against a profit after tax of PKR 366 million for the year ended December 31, 2017. Overall revenues for the year under review have declined to PKR 1,247 million as compared to PKR 1,533 million for the year ended December 31, 2017 on the back of lower capital gains on disposal of investments. The operating and administrative expenses have slightly declined however, the finance costs have significantly increased to PKR 395 million as compared to PKR 222 million for the same period last year due to rising interest rates and borrowings. The breakup value per share as of December 31, 2018 was PKR 25.98.

Further, the Company has recorded net provision for impairment on investments of PKR 175 million due to decrease in net assets of unquoted subsidiary company during the year.

	(PKR in '000')
Profit before taxation	441,238
Less: Taxation	
- Current	212,336
- Prior	22,037
	234,373
Profit after taxation	<u>206,865</u>

The Earnings Per Share ("EPS") of the Company for 2018 is PKR 0.23.

The Company has filed petitions before the honourable High Court of Sindh (the "Court") against levy of tax on undistributed profits and super tax and obtained interim reliefs. The matters are pending adjudication before the Court.

Consolidated Financial Statements

During the year, the Group has reported improvement in its assets base which increased to PKR 480,255 million as at December 31, 2018 from PKR 412,826 million as at December 31, 2017. The shareholders' equity was PKR 34,115 million as of the year end.

During the year, the Group reported net profit of PKR 815 million For the year ended December 31, 2018 as compared to PKR 1,750 million for the year ended December 31, 2017 i.e. declined by 53% mainly on account of net loss on disposal of investments coupled with considerable increase in finance cost.

The total income has improved by 27% over the last year mainly on account of increase in income from long term loans and fund placements during the year under review. The administrative and other expenses have increased to PKR 11,766 million i.e. enhanced by 22% over the last year. Impairment expense has reversed by PKR 220 million. However, finance cost has significantly increased to PKR 21,362 million i.e. increased by 50% over the previous year.

	(PKR in '000')
Profit before taxation	1,523,097
Less: Taxation	
- Current	771,795
- Prior	26,945
- Deferred	(90,440)
	708,300
Net profit for the year	814,797
Profit attributable to non-controlling interests	(175,430)
Profit for the year attributable to ordinary shareholders	639,367

Basic and diluted earnings per share is PKR 0.70.

During the year, 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)

JS Bank Limited ("JSBL") is a scheduled bank, incorporated in Pakistan, engaged in commercial banking and related services.

During the year, JSBL reported profit after tax of PKR 562 million as compared to PKR 973 million for the year ended December 31, 2017 despite an increase in the operating expenses incurred on launching new initiatives and a realized loss on PIB portfolio.

JS Bank continued to grow its market share backed by diversified fee business, aggressive deposit mobilization and prudent growth in advances.

Customer accessibility was strengthened through expansion in branch network, digital channels and branchless banking solutions. In 2018, the Bank widened its branch presence by adding 19 new branch locations and reaching 342 branches across Pakistan including one overseas branch in Manama, Bahrain.

Key figures are mentioned below:

	2018	2017	PKR in Million Growth
Deposits	321,413	290,078	11%
Total Assets	456,754	391,479	17%
Investments - net	148,690	169,612	-12%
Advances - net	251,991	184,140	37%
Net interest / markup income	8,809	6,242	41%
Profit before tax	905	1,621	-44%
Profit after tax	562	973	-42%



On March 05, 2019 the Bank has announced preference dividend at the rate of 12% per annum to the preference shareholders of the Bank for the period from January 01, 2018 to February 18, 2018 pro-rated For the year ended December 31, 2018.

JS Investments Limited (Sub-Subsidiary)

JS Investments Limited ("JSIL") is a public listed company incorporated in Pakistan in 1995. The company operates under the licenses of an Investment Adviser, Asset Management Company and Pension Funds Manager obtained from the Securities & Exchange Commission of Pakistan (SECP) under applicable laws. Recently, JSIL has also acquired the Private Equity and Venture Capital Fund Management Services license from SECP.

JSIL reported profit after tax of PKR 42 million during the year ended December 31, 2018 as compared to profit after tax of PKR 32 million for the year ended December 31, 2017. The assets under management were PKR 20,848 million for the year ended December 31, 2018.

JS Global Capital Limited (Sub-Subsidiary)

JS Global Capital Limited ("JSGCL") is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (PSX) and member of Pakistan Mercantile Exchange Limited (PMEX). The principal activities of the Company are share brokerage, money market brokerage, forex brokerage, commodity brokerage, advisory, underwriting, book running and consultancy services.

JSGCL posted profit after tax of PKR 26 million For the year ended December 31, 2018 as compared to PKR 85 million during the year ended December 31, 2017. The operating revenue decreased to PKR 478 million during the year. Further, JSGCL has incurred PKR 650 million for the year under review in respect of administrative and operating expenses. The decline in profitability is directly attributable to the significant lower volumes at the bourse during the period under consideration. Further, the change in tax regime during the first six months of period under consideration has also impacted the bottom line.

Other Subsidiaries

Following diversification strategy and to tap investment opportunities in energy and infrastructural sector, the Holding Company has capitalized Energy Infrastructure Holding (Private) Limited ("EIHPL") for onward investment in its subsidiaries namely JS Petroleum (Private) Limited and JS Fuel (Private) Limited for onward investment in LPG storage and oil marketing businesses respectively which are under development phases.

DISTRIBUTION

The Board has not considered any distribution to shareholders for the year ended December 31, 2018 on account of further investments and committed principal redemptions of long term borrowings of the Company in 2019.

INVESTING ACTIVITIES

During the year 2018, the Company has invested PKR 1,700 million in Energy Infrastructure Holding (Private) Limited ("EIHPL"), a wholly owned subsidiary, by way of subscription of right shares of PKR 10 each pursuant to the approval of the Board of Directors.

The Board has also approved to provide a long term loan of up to PKR 500 million to EIHPL under markup arrangement.

FINANCING ACTIVITIES DURING THE YEAR

Long Term Borrowings

During the year, the Company has issued Term Finance Certificates ("TFCs") - 11th Issue of PKR 1,500 million which is listed on Pakistan Stock Exchange Limited. The mark-up on this TFC is payable semi-annually, based on the six month KIBOR average rate plus 140 basis points per annum. The principal is payable in eight (6) equal semi-annual installments starting from the thirtieth month of the issuance dates.

Apart from the above, the Company has redeemed/repaid PKR 662 million on account of repayments of outstanding TFCs and term loan.

CONTRIBUTION TO NATIONAL EXCHEQUER

On unconsolidated and consolidated basis the company along with its subsidiaries have contributed PKR 178 million and PKR 1,876 million to the National exchequer on account of various federal and provincial governments' levies including income tax and sales tax.

CORPORATE, GOVERNANCE AND 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 Listed Companies (Code of Corporate Governance) Regulations, 2017 ("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 Companies Act, 2017 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 requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 set out by SECP have been adopted by the Company and are duly complied with. A Statement to this effect along with Statutory Auditors' Review Report thereon are provided in the Annual Report;
- 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 CCG;
- No material payment is outstanding on account of taxes, duties, levies and charges except as disclosed in the financial statements;
- The statement of summarized key operating and financial data of the last six years appears on Page No. 20; and,



- The Company operates an approved contributory provident fund for all its employees eligible to the scheme. The audited financial statements for the year ended June 30, 2018 indicate that the value of investments of the fund is PKR 20 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 Board of Directors has established a system of sound internal financial controls, for achieving effectiveness and efficiency in its operations, reliable financial reporting and compliance with applicable laws and regulations. The Audit Committee of the Board of Directors is responsible for monitoring the integrity of the Company's financial statements, control system and the independence and performance of its internal and independent auditors. The independent outsourced Internal Audit function of the Company regularly monitors implementation of financial controls.

2018 remained a challenging year for the Company with rising interest rates and underperforming stock market. 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 29 and 30 to the unconsolidated financial statements.

CORPORATE AFFAIRS

The Board of Directors

The following directors served on the board during the year:

Chief Justice (R) Mahboob Ahmed	Chairman, Non-Executive Director
Suleman Lalani	Chief Executive Officer
Ali Raza Siddiqui	Non-Executive Director
Kalim-ur-Rahman	Non-Executive Director
Khalid Imran	Non-Executive Director
Munawar Alam Siddiqui	Non-Executive Director
Muhammad Ali	Non-Executive Director
Saud Ahmed Mirza	Independent, Non-Executive Director
Stephen Christopher Smith	Resigned

At present, the Board comprises of seven non-executive directors and the Chief Executive Officer ("CEO") and all are male members. 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 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 2018, a casual vacancy occurred on the Board on September 26, 2018 due to resignation of Mr. Stephen Christopher Smith. In his place, on December 20, 2018 the Board appointed Mr. Muhammad Ali as director of the Company.

Subsequent to the Balance Sheet date, Mr. Ali Raza Siddiqui has been appointed as a member of Board Audit Committee with effect from January 02, 2019 in place of Mr. Stephen Christopher Smith.

Board Meetings

Five meetings of the Board of Directors were held during the year as mentioned in the Corporate Calendar. The attendance of Directors at Board meetings were as follows:

Name of Directors	Meetings Eligibility	Meetings Attended
Chief Justice (R) Mahboob Ahmed	Five	Five
Mr. Ali Raza Siddiqui *	Four	Three
Mr. Kalim-ur-Rahman	Five	Five
Mr. Khalid Imran	Five	Five
Mr. Munawar Alam Siddiqui	Five	Five
Mr. Stephen Christopher Smith **	Four	Two
Mr. Saud Ahmed Mirza	Five	Five
Mr. Suleman Lalani	Five	Four
Mr. Muhammad Ali ***	-	-

* Appointed on February 26, 2018.

** Resigned on September 26, 2018.

*** Appointed on December 20, 2018.



The attendance of directors at Board Sub-Committee meetings mentioned in the Corporate Calendar 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 Raza Siddiqui	-	-	-	-	Two	Two
Mr. Saud Ahmed Mirza	Four	Four	-	-	-	-
Mr. Munawar Alam Siddiqui	Four	Four	One	One	Two	Two
Mr. Stephen Christopher Smith	Three	Three	-	-	-	-
Mr. Suleman Lalani	-	-	One	One	Two	Two

Directors training program

Mr. Suleman Lalani, Mr. Ali Raza Siddiqui, Mr. Munawar Alam Siddiqui, Mr. Muhammad Ali, Mr. Kalim-ur-Rahman and Mr. Stephen Christopher Smith (resigned from the Board) 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.

Directors Remuneration Policy

The Board of Directors has approved the Directors' Remuneration Policy, as required by the law. The Remuneration of Directors including the Chairman, Chief Executive Officer, Executive Directors, non-Executive and Independent Directors is fixed by the Board as per the approved policy. A Director is also entitled to be paid travelling, hotel and other expenses incurred by him to attend the meetings.

Board Evaluation

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017, the performance evaluation of Board is conducted by the Pakistan Institute of Corporate Governance annually.

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, 2018 to December 31, 2018.

POST BALANCE SHEET DATE EVENT

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.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed at note 27 to the unconsolidated financial statements and note 47 to the consolidated financial statements for the year ended December 31, 2018.

CORPORATE SOCIAL RESPONSIBILITY

The operations of the Company do not generate significant environmental and social impacts, but the way its investee companies manage impacts of their operations may pose risks to the environment.

The Company being a responsible corporate citizen, regularly contributes towards the well-being of the underprivileged. The Company has made a provision of PKR 4 million in these financial statements towards its CSR initiative. Furthermore, during the year the Company has paid PKR 7 million to Future Trust.

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

JSCL's CEO, Mr. Suleman Lalani, two members of the Board of Directors, Mr. Kalim-ur-Rahman and Mr. Ali Raza Siddiqui, Mr. Hasan Shahid, Director Finance and Company Secretary and Mr. Najmul Hoda Khan, Chief Financial Officer 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 (listed on PSX), 9th and 10th TFC issues of PKR 750 million, PKR 1,000 million and PKR 1,500 million respectively are also maintained at AA+ (Double A plus) by PACRA. The recently issued 11th TFC (listed on PSX) 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, 2019 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, 2018 is annexed to this report.

FUTURE OUTLOOK

The macroeconomic scenario with factors such as higher inflation and a weakening local currency are continuing to prove burdensome for corporate profitability. At the same time, there has been some improvement in the trade deficit due to decreasing oil prices of late and additional restrictions on imports, but more needs to be done to bring about a sustainable change in Pakistan's international trade. The recently signed MoUs worth US\$ 21 bn with Saudi Arabia and other inflows from friendly countries such as UAE and China will also provide much needed support



to the economy. On the fiscal front, the government's crackdown on tax evaders might ultimately lead to increasing the tax net and decreasing the seemingly perpetual revenue shortfall. However, this is a longer term measure and more reforms are needed to bridge the budget deficit in the short term. Additionally, the current situation with India appears to have subsided from a very alarming position at one point, which is good news.

The Company views that its investments, especially in banking and insurance sectors, along with energy, telecommunication, media and technology and infrastructural sectors via its subsidiaries will continue to contribute significantly and 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 20, 2019

ہے کہ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی طرف سے انہیں تسلی بخش ریٹنگ عطا کی گئی ہے اور کوڈ آف پریکٹس 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 ۲۰۱۹ء کو ختم ہونے والے مالی سال کیلئے EY فورڈر ہوڈز چارٹرڈ اکاؤنٹنٹس کی بطور آڈٹرز تعیناتی کیلئے منعقد ہونے والے سالانہ اجلاس عام میں سفارش کی ہے۔

طرز حصص داری

31 دسمبر ۲۰۱۸ء کے اختتام پر کمپنی کی طرز حصص داری کی اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

مستقبل کے امکانات

اقتصادی اور معاشی صورتحال کے ساتھ بڑھتی ہوئی افراط زر اور گرتی ہوئی روپے کی قدر جیسے عوامل مسلسل کاروبار کا باعث ہیں دوسری طرف تیل کی قیمتوں میں کمی اور درآمد پر اضافی پابندیاں عائد ہونے کی وجہ سے تجارتی خسارے میں بہتری واقع ہوئی ہے لیکن پاکستان کے بین الاقوامی تجارت میں پائیدار تبدیلی کے لئے مزید اقدامات کی ضرورت ہے۔ حال ہی میں سعودی عرب کے ساتھ ۲۱ بلین امریکی ڈالر مالیت کے معاہدہ کی یادداشت پر دستخط اور دیگر دوست ممالک جیسا کہ یو اے ای اور چین سے رقوم کی آمد سے معیشت کو مدد فراہم ہوگی۔ مالی محاذ پر ٹیکس نادر ہندگان کے خلاف گورنمنٹ کا کریک ڈاؤن ٹیکس نیٹ میں اضافے کا سبب بن سکتا ہے اور بظاہر مسلسل آمدنی کی قلت کے فقدان کو کم کر سکتا ہے۔ تاہم یہ طویل مدتی اقدامات ہیں اور قلیل مدت میں بجٹ کے خسارے کو کم کرنے کیلئے مزید اصلاحات کی ضرورت ہے۔ مزید برآں بھارت کے ساتھ حالیہ صورتحال میں کشیدگی میں کمی ہوتی نظر آ رہی ہے جو کہ ایک اچھی خبر ہے۔

کمپنی اس بات کی امید رکھتی ہے کہ سرمایہ کاری بالخصوص بینکنگ اور انشورنس کے شعبوں کے علاوہ توانائی، ٹیلی مواصلات، میڈیا اور ٹیکنالوجی کے شعبوں میں اپنی مکمل ملکیتی ذیلی اداروں کے ذریعے سرمایہ کاری حصص یافتگان کی ملکیت میں اضافے کا باعث ہوگی۔

قدر شناسی

ڈائریکٹرز اپنے کلانٹس اور کاروباری شراکت داروں کی مسلسل حمایت (سپورٹ) کی بہت قدر افزائی کرتے ہیں۔ ہم اپنے ملازمین اور انتظامیہ کو ان کی لگن اور سخت محنت پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو کیپٹل مارکیٹس کو مستحکم کرنے کے لئے کوششوں، اچھی کارپوریٹ گورننس پر رہنمائی اور سرمایہ کاروں کے حقوق کے تحفظ کیلئے اقدامات کرنے پر داد و تحسین پیش کرتے ہیں۔

برائے اور منجانب

بورڈ آف ڈائریکٹرز

سلیمان لالانی

چیف ایگزیکٹو آفیسر

چیف جسٹس (ریٹائرڈ) محبوب احمد

چیئرمین

کراچی۔ ۲۰ مارچ ۲۰۱۹



ڈائریکٹرز تربیتی پروگرام

جناب سلیمان لالانی، جناب علی رضا صدیقی، جناب منور عالم صدیقی، جناب محمد علی، جناب اسٹیفن کرسٹوفر اسمتھ (بورڈ سے استعفیٰ دے چکے) اور جناب کلیم الرحمن پاکستان انسٹیٹیوٹ 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 کوڈ میں دیئے گئے استعفیٰ کے معیار کے مطابق چیف جسٹس (ر) محبوب احمد ڈائریکٹرز تربیتی سرٹیفکیٹ کی شرط سے مستثنیٰ ہیں۔

ڈائریکٹرز کی معاوضہ پالیسی

قانون کے مطابق بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی معاوضہ پالیسی منظور کی ہے۔ پالیسی کے مطابق ڈائریکٹرز کا جن میں چیئرمین، چیف ایگزیکٹو، نان ایگزیکٹو ڈائریکٹر اور خود مختار ڈائریکٹر شامل ہیں کا معاوضہ مقرر کرتا ہے۔ ڈائریکٹر مینٹگ میں شرکت کیلئے ادا کردہ سفری اور دیگر اخراجات کا حقدار ہے۔

بورڈ کی تہئیں

لنڈن کیپیٹل (کوڈ آف کارپوریٹ گورننس) ریکمپنڈیشنز، ۲۰۱۷ کے ضابطے پر عمل درآمد کیلئے بورڈ کی پرفارمنس کی تہئیں سالانہ بنیاد پر پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس انجام دیتا ہے۔

ڈائریکٹرز کے مفاد کا اعلان

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، کمپنی سیکریٹری، ایگزیکٹو اور ان کی ازواج اور کم عمر بچوں نے یکم جنوری ۲۰۱۸ء سے ۳۱ دسمبر ۲۰۱۸ء کی مدت کے دوران کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی ہے۔

بیلینس شیٹ کی تاریخ کے بعد کا واقعہ

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

ریلیٹیڈ پارٹی ٹرانزیکشنز

ریلیٹیڈ پارٹی ٹرانزیکشنز انفرادی مالیاتی گوشواروں کے نوٹ 27 اور مجموعی مالیاتی گوشواروں کے نوٹ 47 میں شامل کی گئی ہیں۔

کارپوریٹ سماجی ذمہ داری

کمپنی کی کاروائیاں ماحولیاتی اور سماجی اثرات پیدا نہیں ہوتے ہیں۔ کمپنی کے کاروباری عمل سے ماحولیات اور سماج پر کوئی برا اثر نہیں پڑتا لیکن اس کی سرمایہ کار کمپنیوں کے کاروباری عمل ماحول پر اثر انداز ہو سکتے ہیں۔ کمپنی ایک ذمہ دار کارپوریٹ شہری ہونے کی بناء پر کم مراعات یافتہ طبقے کی بحالی کی خدمات میں باقاعدگی سے شریک ہوتی ہے۔ ان مالی گوشواروں میں کمپنی نے ۳ ملین روپے CSR خدمات کی مد میں مختص کئے ہیں۔ علاوہ ازیں اس سال کے دوران کمپنی نے ۳ ملین روپے فیوچر ٹرسٹ (Future Trust) کو ادا کئے ہیں۔ فیوچر ٹرسٹ (TRUST) ٹرسٹ ایکٹ (Trust Act) میں قائم کردہ ایک غیر منافع بخش رفاہی ادارہ ہے۔ یہ ایک کار خیر سے متعلق ٹرسٹ ہے جس کا مقصد تعلیم، طبی اور صحت کی دیکھ بھال، روزگار، بحالی، تحفظ، ماحول کی بہتری، حوصلہ افزائی، مائیکرو فنانس، غربت سے نجات اور پاکستان کے لوگوں کے سماجی اقتصادی حالات اور معیار زندگی میں بہتری کے فروغ، ترقی اور حوصلہ افزائی کے لئے کام کرنا ہے۔ جے ایس سی ایل کے سی ای او جناب سلیمان لالانی، بورڈ آف ڈائریکٹرز کے دوران جناب کلیم الرحمن اور جناب علی رضا صدیقی، مسٹر حسن شاہ، ڈائریکٹر فنانس اور کمپنی سیکریٹری اور جناب نجم الہدیٰ خان، چیف فنانشل آفیسر فیوچر ٹرسٹ میں ٹرسٹیہ ہیں۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کے لئے طویل مدتی کریڈٹ ریٹنگ (Double A) AA اور مختصر مدتی کریڈٹ ریٹنگ (A1+ (A One Plus) کو برقرار رکھا ہے۔ مزید یہ کہ PACRA نے کمپنی کے ۵۰ ملین روپے کے آٹھویں (PSX پر لسٹڈ ہے)، اور ۱,۰۰۰ ملین روپے کے نویں (۵۰۰ ملین روپے کے دسویں TFCs کی ریٹنگ کو بھی (Double A Plus) AA+ پر برقرار رکھا ہے۔ حال ہی میں جاری کردہ ۱,۵۰۰ ملین روپے والے گیارھویں TFC (PSX پر لسٹڈ ہے) کو بھی PACRA نے AA+ (Double A Plus) کی ریٹنگ تجویز کی ہے۔ یہ ریٹنگ Credit Risk میں انتہائی کم خطرہ کے امکانات، مالیاتی وعدوں کی بروقت ادائیگی اور زیادہ خطرات کو جذب کرنے کی صلاحیت کو ظاہر کرتی ہے۔

آڈیٹرز

موجودہ آڈیٹرز EY نوڈر ہوؤز چارٹرڈ اکاؤنٹنٹس (ارنٹ اینڈ یوگنڈ گلوبل لمیٹڈ کی ایک ممبر فرم) ریٹائر ہو رہے ہیں اور انہوں نے دوبارہ تعیناتی کے لئے رضامندی ظاہر کی ہے۔ انہوں نے یہ یقین دہانی کرائی

موجودہ بورڈ سات غیر ایگزیکٹو ڈائریکٹرز اور چیف ایگزیکٹو حضرات پر مشتمل ہے۔ بورڈ کے ڈائریکٹرز اہل مہارت اور ضروری تجربہ رکھتے ہیں جو اہم نگرانی کی کردار کیلئے لازمی ہیں۔ بورڈ کاروباری مہارت میں تنوع اور تجربے کو اہمیت دیتا ہے کیونکہ موجودہ مسابقتی کاروباری ماحول وہ میں ڈائریکٹرز بہت اہم ہیں۔ جو مختلف جغرافیائی ثقافتی ماحول سے حاصل کردہ مہارت میں تنوع، صلاحیت اور تجربہ رکھتے ہیں۔ کوڈ اور بہترین کارپوریٹ پریکٹسز کے مطابق چیرمین اور سی ای او کی پوزیشنز 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 اسکی ذمہ داریاں ادا کرنے میں مدد فراہم کرتی ہیں۔

بورڈ میں عارضی اسامی

سال ۲۰۱۸ء کے دوران جناب اسٹیفن کرسٹوفر اسمتھ نے ۲۶ ستمبر ۲۰۱۸ء کو استعفیٰ دیا جس کی بناء پر بورڈ پر ایک عارضی جگہ خالی ہوئی۔ ان کی جگہ پر ۲۰ دسمبر ۲۰۱۸ء کو جناب محمد علی بطور ڈائریکٹر تقرر کئے گئے۔

مالی سال کے اختتام کے بعد ۲ جنوری ۲۰۱۹ء کو جناب علی رضا صدیقی کو اسٹیفن کرسٹوفر اسمتھ کی جگہ پر بورڈ آڈیٹ کمیٹی کا ممبر مقرر کیا گیا۔

بورڈ کے اجلاس

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

ڈائریکٹر کا نام	میٹنگ میں شرکت کی اہلیت	میٹنگ میں شرکت
چیف جسٹس (ر) محبوب احمد	۵	۵
جناب علی رضا صدیقی *	۴	۳
جناب کلیم الرحمن	۵	۵
جناب خالد عمران	۵	۵
جناب منور عالم صدیقی	۵	۵
جناب اسٹیفن کرسٹوفر اسمتھ **	۴	۲
جناب سعود احمد مرزا	۵	۵
جناب سلیمان لالانی	۵	۴
جناب محمد علی ***	-	-

(*) ۲۶ فروری ۲۰۱۸ء کو تقرری ہوئی۔

(**) ۲۶ ستمبر ۲۰۱۸ء کو استعفیٰ ہو گئے۔

(***) ۲۰ دسمبر ۲۰۱۸ء کو تقرری ہوئی۔

بورڈ کی ذیلی کمیٹیوں کے اجلاس میں ڈائریکٹرز کی حاضری مندرجہ ذیل رہی۔

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



- کمپنی لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۷ء جو کہ SECP کی طرف سے جاری کی گئی ہیں کو اختیار کیا ہے اور اس پر صحیح طریقے سے عمل کیا جاتا ہے۔ اسکے لیے سالانہ رپورٹ میں ایک اسٹیٹمنٹ معاً ڈیٹرز کی جائزہ رپورٹ کے پیش کی گئی 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 اہم انحراف نہیں کیا گیا ہے (جس کی تفصیلات CCG میں موجود ہیں)۔
- کوئی قابل ذکر واجب الادا سیکسز، ڈیوٹیجز، عائد کردہ محصول اور چارجز نہیں ہیں سوائے ان کے جو مالیاتی گواہی کے میں ظاہر کی گئی ہیں۔
- گزشتہ چھ سالوں کی اہم آپریٹنگ اور فنانشل معلومات صفحہ نمبر 20 پر موجود ہیں۔
- کمپنی اپنے اہل ملازمین کو منظور کردہ پروڈیوٹ فنڈ بھی فراہم کرتی ہے۔ ۳۰ جون ۲۰۱۸ء کو ختم ہونے والے سال کے لئے آڈیٹڈ مالیاتی گواہی کے مطابق سرمایہ کاری کی رقم ۲۰ بلین روپے ہے۔

انتظامیہ کا مالی ذمہ داری اور رسک مینجمنٹ پر اظہار

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

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

کمپنی کی اکاؤنٹنگ پالیسیاں رپورٹڈ نتائج کو سمجھنے کے لئے لازمی ہیں۔ اکاؤنٹنگ پالیسیاں مالی گواہی 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۔

ڈائریکٹرز نے مؤثر کارکردگی کے حصول، قابل اعتماد مالی رپورٹنگ اور قابل اطلاق قوانین پر عمل پیرا ہونے کیلئے ایک منظم اندرونی مالیاتی کنٹرول کا نظام قائم کیا ہے۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی ("BAC") ادارے کے مالیاتی گواہی اور کنٹرول کے نظام کی سالمیت اور خود مختاری اور اسکے داخلی اور خود مختار ڈیٹرز کی کارکردگی کی نگرانی کی ذمہ دار ہے۔ خود مختار آڈٹ سوز ڈائریکٹرز کی آڈٹ فنکشن باقاعدگی سے مالی کنٹرول کے عمل کو مانیٹر کرتا ہے۔

۲۰۱۸ء بڑھتی ہوئی شرح سود اور انڈر پرفارمنگ اسٹاک مارکیٹ کی وجہ سے کمپنی کیلئے چیلنجز رہا۔ کمپنی کی مالیاتی صحت کا انحصار ملک کی کمپیٹل 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 کمپیٹل مارکیٹس پر ہوتا ہے اور اسی طرح کمپنی کی پرفارمنس پر بھی۔ رسک مینجمنٹ پر تفصیلی تذکرہ انفرادی مالیاتی گواہی کے نوٹس نمبر ۲۹ اور ۳۰ میں پیش کیا گیا ہے۔

کارپوریٹ معاملات

بورڈ آف ڈائریکٹرز

مندرجہ ذیل ڈائریکٹرز سال کے دوران بورڈ پر موجود رہے۔

چیف جسٹس (ر) محبوب احمد	چیئر مین، غیر ایگزیکٹو ڈائریکٹر
سلیمان لالانی	چیف ایگزیکٹو آفیسر
علی رضا صدیقی	غیر ایگزیکٹو ڈائریکٹر
کلیم الرحمن	غیر ایگزیکٹو ڈائریکٹر
خالد عمران	غیر ایگزیکٹو ڈائریکٹر
منور عالم صدیقی	غیر ایگزیکٹو ڈائریکٹر
محمد علی	غیر ایگزیکٹو ڈائریکٹر
سعود احمد مرزا	خود مختار، غیر ایگزیکٹو ڈائریکٹر
اسٹیفن کرستوفر اسمتھ	مستعفی ہو گئے

کے ساتھ میں ۲۷۸ ملین روپے رہی۔ علاوہ ازیں JSGL نے ستر سال کے دوران ۶۵۰ ملین روپے کے انتظامی اور آپریٹنگ اخراجات میں صرف کیے۔ جائزہ کی مدت کے دوران منافع میں کمی کی بنیادی وجہ بازار حصص کے خرید و فروخت کے حجم میں نمایاں کمی تھی۔ مزید برآں پہلی ششماہی کے دوران طرز ٹیکس میں تبدیلی نے نجی سطح تک متاثر کیا۔

دیگر ذیلی ادارے

متنوع حکمت عملی پر عمل پیرا ہوتے ہوئے اور توانائی اور انفراسٹرکچر سیکٹرز میں سرمایہ کاری کے مواقعوں کو حصول کرنے کیلئے ہولڈنگ کمپنی نے انرجی انفراسٹرکچر ہولڈنگ (پرائیویٹ) لمیٹڈ میں سرمایہ کاری کی ہے تاکہ وہ اپنی ذیلی کمپنیوں میں جنکے نام ہے ایس فیول (پرائیویٹ) لمیٹڈ اور جے ایس پیٹرولیم (پرائیویٹ) لمیٹڈ ہیں تاکہ وہ بالترتیب آئل مارکنگ اور LPG اسٹوریج کے کاروباروں جو ڈیولپمنٹ فیئر میں ہیں سرمایہ کاری کر سکے۔

منافع کی تقسیم

۲۰۱۹ء میں مزید سرمایہ کاری اور طویل مدتی قرضوں کی ادائیگی کی ترجیحات کی بنیاد پر بورڈ نے ختم شدہ سال ۲۰۱۸ء میں حصص یافتگان کیلئے منافع کی تقسیم کا کوئی فیصلہ نہیں کیا ہے۔

سرمایہ کاری کی سرگرمیاں

سال ۲۰۱۸ء کے دوران کمپنی نے انرجی انفراسٹرکچر ہولڈنگ (پرائیویٹ) لمیٹڈ (EIHPL) جو مکمل ملکیت ذیلی ادارہ ہے کے رائٹ حصص میں بورڈ آف ڈائریکٹرز کی منظوری سے ۷۰۰ ملین روپے فی حصص - 10 روپے کے حساب سے سرمایہ کاری کی ہے۔

بورڈ نے EIHPL کو ۵۰۰ ملین روپے کے مارک اپ انتظام کے تحت طویل مدتی قرض فراہم کرنے کی بھی منظوری دی ہے۔

سال کے دوران فنانسنگ سرگرمیاں

طویل مدتی قرضے

سال کے دوران کمپنی نے ۵۰۰ ملین روپے کا گیارہواں مدتی مالیاتی سرٹیفکیٹ (TFCS) جاری کیا ہے۔ جو کہ پاکستان اسٹاک ایکسچینج پر لسٹڈ ہے۔ اس TFC پر چھ ماہ KIBOR شرح کی اوسط پر ۱.۴۰ فیصد اضافے کے ساتھ ششماہی مارک اپ ادا کیا جائیگا۔ اصل رقم کی ادائیگی چھ (۶) برابر نیم سالانہ اقساط میں جاری ہونے کے تیسویں مہینے سے شروع ہوگی۔

اس کے علاوہ کمپنی نے مدتی مالیاتی سرٹیفکیٹ اور مدتی قرضے کی مد میں ۶۶۲ ملین کی ادائیگی کی ہے۔

قومی خزانے کو ادائیگی

کمپنی نے انفرادی طور پر اور اپنی ذیلی کمپنیوں کے ہمراہ مجموعی طور پر قومی خزانے کو مختلف ۸ ملین روپے اور ۶۸ ملین روپے وفاقی اور صوبائی محصولات کی مد میں جن میں انکم ٹیکس اور سیلز ٹیکس شامل ہیں بالترتیب کی ادائیگی کی ہے۔

کارپوریٹ، گورننس اور مالیاتی رپورٹنگ فریم ورک

کمپنی کے ڈائریکٹرز اچھے رپورٹ گورننس کے لئے مصروف عمل ہیں اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریکمپیشنز کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے ساتھ مندرجہ ذیل معاملات تعمیل کی تصدیق کرتے ہیں:

- یہ مالیاتی گوشوارے کاروباری عمل درآمد کے نتائج کی روانی ایکویٹی میں تبدیلی اور کاروباری معاملات کو شفافیت سے ظاہر کرتی ہے۔
- کمپنی کے اکاؤنٹ کی کتابیں مناسب طریقے سے مرتب کی گئی ہیں۔
- مالیاتی گوشوارے اور اکاؤنٹس کے تخمینوں میں موزوں اکاؤنٹنگ پالیسیز استعمال کی گئی ہیں سوائے ترامیم کے جو اس سال قابل اطلاق اور بین الاقوامی فائنیشل رپورٹنگ اسٹینڈرڈز (IFRSs) میں منوثر ہوئیں۔ اور سننے آنے والے IFRSs میں، اور جنہیں سال کے دوران مقامی طور پر SECP نے 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 کمپنیز ایکٹ ۲۰۱۷ء اختیار کئے گئے ہیں۔
- اندرونی کنٹرول کے نظام کو موثر طریقے سے وضع کیا گیا اور اس پر بہتر طور پر عمل درآمد کی گئی۔ اندرونی کنٹرول کے کام کو گرانٹ تھورنٹ انجمن چارٹرڈ اکاؤنٹنٹس (رکن فرم گرانٹ تھورنٹ انٹرنیشنل) کو سونپا گیا ہے۔



اہم سرمایہ کاری کی کارکردگی

جے ایس بینک لمیٹڈ (ذیلی ادارہ)

جے ایس بینک لمیٹڈ (جے ایس بی ایل) پاکستان میں قائم شدہ ایک شیڈولڈ بینک ہے۔ اور تجارتی بینکنگ اور اس سے ملحقہ سروسز سے منسلک ہے۔

نئے اقدامات کے آغاز کی وجہ سے انتظامی اخراجات میں اضافے کے ساتھ پی آئی بی پورٹ فولیو پر نقصان کے باوجود ۳۱ دسمبر ۲۰۱۸ء کے ختم ہونے والے سال کے دوران جے ایس بینک لمیٹڈ (JSBL) نے ۵۶۲ ملین روپے کا خالص منافع حاصل کیا جو کہ ۳۱ دسمبر ۲۰۱۷ء کی تقابلی مدت میں ۹۷۳ ملین روپے تھا۔

جے ایس بینک لمیٹڈ نے متنوع فیس کاروبار، ڈپازٹ کی جارحانہ تنظیم اور ایڈوانسز میں محتاط اضافے کی مدد سے مارکیٹ میں اپنے بڑھتے ہوئے شیئر کو برقرار رکھا۔

برانچ نیٹ ورک میں اضافے نے ڈیجیٹل چینل اور برانچ لیس بینکنگ کے حل کے ذریعے کسٹمر کی رسائی کو مزید بہتر اور آسان بنایا گیا ہے۔ ۲۰۱۸ میں ۱۹ نئی شاخیں شامل کر کے کل برانچز ۳۴۲ ہو گئیں، جن میں سے منامہ بحرین کی ایک بیرون ملک شامل ہے۔

اہم اعداد و شمار درج ہیں

----- ملین روپے -----

ذپازٹس	۲۰۱۸	۲۰۱۷	تحو
	۳۲۱،۴۱۳	۲۹۰،۰۷۸	فیصد
کل اثاثے	۴۵۶،۷۵۴	۳۹۱،۴۷۹	۷۷ فیصد
خالص سرمایہ کاری	۱۴۸،۶۹۰	۱۶۹،۶۱۲	(۱۲) فیصد
خالص پیشگی	۲۵۱،۹۹۱	۱۸۴،۱۴۰	۳۷ فیصد
خالص منافع / مارک اپ آمدنی	۸،۸۰۷	۶۲۳۲	۴۱ فیصد
منافع قبل از ٹیکس	۹۰۵	۱،۶۲۱	(۴۴) فیصد
منافع بعد از ٹیکس	۵۶۲	۹۷۳	(۴۲) فیصد

۵ مارچ ۲۰۱۸ء کو بینک نے ۳۱ دسمبر ۲۰۱۸ء کو ختم ہونے والے سال میں جنوری ۲۰۱۸ء سے فروری ۲۰۱۸ء تک کی مدت کیلئے ترجیحی حصص یافتگان میں ترجیحی تقسیم شدہ منافع ۱۲ فیصد سالانہ کی شرح سے دینے کا اعلان کیا۔

جے ایس انویسٹمنٹس لمیٹڈ (ذیلی ادارہ)

جے ایس انویسٹمنٹس لمیٹڈ (جے ایس آئی ایل) ایک پبلک لمیٹڈ کمپنی ہے جو کہ پاکستان میں ۱۹۹۵ میں قائم ہوئی۔ کمپنی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) سے قابل اطلاق قوانین کے تحت حامل شدہ انویسٹمنٹ ایڈوائزر، ایسیٹ منجمنٹ کمپنی اور عینشن فنڈ منیجر کے لائسنسز کے تحت کام کرتی ہے۔ حال ہی میں جے ایس آئی ایل نے ایس ای سی پی سے پرائیوٹ ایکویٹی اور وینچر کیپٹل فنڈ منجمنٹ سروسز لائسنس حاصل کیا ہے۔

جے ایس انویسٹمنٹس لمیٹڈ ("JSIL") کے ۳۱ دسمبر ۲۰۱۸ء میں ختم ہونے والے سال کا منافع بعد از ٹیکس ۴۲ ملین روپے رہا جبکہ ۳۱ دسمبر ۲۰۱۷ء میں منافع بعد از ٹیکس ۳۲ ملین روپے تھا۔ ۱۳ دسمبر ۲۰۱۸ء میں زیر انتظام اثاثے (AUMs) ۲۰،۸۴۸ ملین روپے رہے۔

جے ایس گلوبل کیپیٹل لمیٹڈ (ذیلی ادارہ)

کمپنی پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) کی ٹریڈنگ رائٹ اثاثہ میٹ سرٹیفکیٹ (TREC) کی حامل ہے اور پاکستان مرکزی اسٹاک ایکسچینج لمیٹڈ کی ممبر ہے۔ کمپنی کی بنیادی سرگرمیوں میں حصص کی بروکریٹ، منی مارکیٹ کی بروکریٹ، ذرمبادلہ کی بروکریٹ، کوڈنی بروکریٹ، ایڈوائزر، انڈر رائٹنگ، بک رنگ اور کنسلٹنسی سروس شامل ہیں۔

جے ایس گلوبل کیپیٹل لمیٹڈ ("JSGCL") کا ۳۱ دسمبر ۲۰۱۸ء میں ختم ہونے والے سال کا منافع بعد از ٹیکس ۲۶ ملین روپے رہا جبکہ ۳۱ دسمبر ۲۰۱۷ء کو ۸۵ ملین روپے تھا۔ سال کے دوران آپرینگ آمدنی کمی

اخراجات بڑھتے ہوئے شرح سود اور قرضوں کی وجہ سے نمایاں اضافے کے ساتھ ۳۹۵ ملین روپے رہے جو کہ پچھلے سال میں ۲۲۲ ملین روپے تھے۔ ۳۱ دسمبر ۲۰۱۸ کو فی حصص بریک اپ ویلیو ۲۵.۹۸ روپے تھی۔ علاوہ ازیں کمپنی نے اس سال کے دوران اپنی زرعی کمپنیوں کے خالص اثاثوں کی مالیت میں کمی کے باعث ۷۵ ملین روپے سے Provision for Impairment کو ریکارڈ کیا ہے۔

روپے '۰۰۰

۲۳۱،۲۳۸	منافع قبل ٹیکسیشن
۲۱۲،۳۳۶	کنوٹی: ٹیکسیشن موجودہ سال
۲۲،۰۳۷	پچھلا سال
۲۳۲،۳۷۳	
۲۰۶،۸۶۵	منافع بعد از ٹیکس

۲۰۱۸ء میں کمپنی کا منافع فی حصص ۲۳ پیسے رہا۔

کمپنی نے سپرنٹنڈنٹ اور غیر تقسیم شدہ منافع پر انکم ٹیکس کی وصولی کے خلاف سندھ ہائی کورٹ میں پٹیشن دائر کی ہیں اور عبوری ریلیف حاصل کر لیا ہے۔ معاملات کے فیصلے عدالت میں زیر التوا ہیں۔

مجموعی مالیاتی گوشوارے

رواں سال کے دوران گروپ کے مجموعی اثاثوں میں بہتری آئی جو کہ ۳۱ دسمبر ۲۰۱۷ء کو ۲۱۲،۸۲۶ ملین روپے سے بڑھ کر ۳۱ دسمبر ۲۰۱۸ء کو ۲۸۰،۲۵۵ ملین روپے ہو گئے۔ حصص یافتگان کی ایکویٹی بھی سال کے آخر میں ۳۲،۱۱۵ ملین روپے تھی۔

۳۱ دسمبر ۲۰۱۸ء کو ختم ہونے والے سال کے دوران گروپ نے ۸۱۵ ملین روپے کا خالص منافع حاصل کیا جو کہ ۳۱ دسمبر ۲۰۱۷ء کی تقابلی مدت میں ۷۵۰ ملین روپے تھا۔ یعنی ۵۳ فیصد کی اس کمی بنیادی وجہ حصص کی فروخت پر ہونے والے حاصلات سرمایہ میں کمی کے ساتھ مالیاتی لاگت میں خاطر خواہ اضافہ ہے۔

سال کے دوران کل آمدنی میں گزشتہ سال سے ۲۷ فیصد اضافہ ہوا ہے جس کی بنیادی وجہ طویل مدتی قرضوں اور فیڈرل پبلیسٹ سے آمدنی میں اضافہ ہے۔ انتظامی اور دیگر اخراجات اضافے کے ساتھ ۶۶،۷۱۱ ملین روپے ہو گئے، یعنی پچھلے سال سے ۲۲ فیصد اضافہ ہوا۔ امپائرمنٹ (Impairment) اخراجات ۲۲۰ ملین روپے سے ریورس ہو گئے۔ تاہم مالی اخراجات خاطر خواہ اضافے کے ساتھ ۲۱،۳۶۲ ملین روپے ہو گئے جو کہ پچھلے سال سے ۵۰ فیصد زیادہ رہے۔

روپے '۰۰۰

۱،۵۲۳،۰۹۷	قبل ٹیکسیشن منافع
۷۷۱،۷۹۵	کنوٹی: ٹیکسیشن موجودہ سال
۲۶،۹۴۵	پچھلا سال
(۹۰،۴۴۰)	ملٹو شدہ
۷۰۸،۳۰۰	
۸۱۴،۷۹۷	سال کے لئے خالص منافع
(۱۷۵،۴۳۰)	غیر کنٹرولنگ دلچسپی سے منسوب منافع
۶۳۹،۳۶۷	عام حصص یافتگان سے منسوب سال کا منافع

بیسک (Basic) اور ڈائلوٹڈ (Diluted) منافع فی حصص ۷۰ روپے رہا۔

سال کے دوران 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 ۵۰.۰۲ فیصد ہو گئی۔ جسکی بناء پر کمپنی کے ذیلی ماتحت اداروں جے ایس گلوبل کیپٹل لمیٹڈ اور جے ایس انویسٹمنٹس لمیٹڈ جو کہ جے ایس بینک لمیٹڈ کے ماتحت ادارے ہیں میں شیئر ہولڈنگ بڑھ کر بالترتیب ۵۰.۳۸ فیصد اور ۴۸.۸۸ فیصد ہو گئی۔



ڈائریکٹرز کی رپورٹ

معزز حصص یافتگان،

یہ امر ہمارے لئے باعث مسرت ہے کہ ہم ۳۱ دسمبر ۲۰۱۸ کو ختم ہونے والے سال کے لئے جہانگیر صدیقی اینڈ کمپنی لمیٹڈ (JSCL) کی سالانہ رپورٹ کے ہمراہ آڈٹ شدہ انفرادی اور مجموعی مالیاتی گوشوارے مع آڈیٹرز کی رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔

معیشت

پاکستان کو 2018 میں اہم اقتصادی چیلنجوں کا سامنا کرنا پڑا، جس میں جڑواں خسارے میں اضافہ، بڑھتا ہوا افراط زر اور غیر ملکی زرمبادلہ کے ذخائر میں کمی کی تھا۔ جولائی 2018 میں منتخب نئی حکومت کے لئے سال کے دوران سب سے زیادہ دشوار پہلو کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) تھا، جو کہ سال بھر میں مسلسل 5 فیصد جی ڈی پی سے زائد رہا۔ اگرچہ سی اے ڈی کو مدد فراہم کرنے کے لیے سال کے دوران مزدوروں کی ترسیلات میں اضافہ ہوا، لیکن یہ تیزی سے بڑھتے ہوئی درآمدات کی بناء پر تجارتی خسارہ میں ہونے والے اضافے کو روکنے کیلئے ناکافی رہیں۔ بیرونی اکاؤنٹ پر دباؤ کی وجہ سے 2018 کے آخر میں ملک کے مجموعی غیر ملکی کرنسی کے ذخائر گزشتہ سال کے اختتام پر 20.18 بلین امریکی ڈالر کے مقابلے میں کم ہو کر 13.75 بلین امریکی ڈالر ہو گئے۔

اسی طرح سال کے دوران روپے کی قدر میں توقع کے مطابق 20 فیصد کمی دیکھنے میں آئی کیونکہ 2017 کے دوران ہی زرمبادلہ کی مؤثر شرح میں پچھلے سالوں سے زیادہ اضافہ ریکارڈ کیا گیا۔ جیسا کہ مقامی معیشت کا انحصار درآمدات پر منحصر ہے، لہذا بڑھتی ہوئی ڈالر کی قدر کے ساتھ ساتھ تیل کی بڑھتی ہوئی قیمتیں افراط زر میں ناگزیر اضافے کا سبب بنی۔ رواں سال 2018 کیلئے سی پی آئی (CPI) گزشتہ سال سے 4.09 فیصد کے مقابلے میں 5.08 فیصد رہا۔ جبکہ موجودہ سال کے دوران ڈنسیورٹ انڈیکس اوسط 12.38 فیصد (2017 میں 2.98 فیصد) رہا جس کی بڑی وجہ خام تیل کی اضافی قیمتیں ہیں۔ مزید برآں سال کی دوسرے ششماہی کے دوران بنیادی افراط زر زیادہ رہا۔ افراط زر میں بڑھتے ہوئے رجحان نے مرکزی بینک کو اپنی پالیسی ریٹ میں بار بار اضافہ کرنے پر مجبور کیا جو اس سال 2018 کے آغاز میں 5.75 فیصد کے مقابلے میں سال کے اختتام تک 10.0 فیصد تک ہو گیا۔ یعنی 425 بیسز (basis) پوائنٹس کا اضافہ ہوا۔ اگرچہ سال کے دوران مالیاتی اقدامات کا نفاذ کیا گیا مگر مالیاتی لحاظ سے کوئی رد عمل نہیں ہوا۔ جس کے نتیجے میں مالی سال 2018 کے لیے بجٹ خسارہ ہدف سے کافی اوپر رہا۔

اقتصادی نقطہ نظر سے مثبت بات یہ رہی کہ قیثات کے سامان کی درآمدات پر بڑھتی ہوئی پابندیوں کے ساتھ برآمد پر مبنی شعبوں کے لیے امداد کے اقدامات کے تجارتی خسارے پر اثرات مرتب ہو رہے ہیں۔ مزید یہ کہ دوست ممالک جیسا کہ سعودی عرب، چین اور متحدہ عرب امارات نے زرمبادلہ کے ذخائر کو ایک مضبوط سہارا فراہم کیا ہے۔ ان ترسیلات نے آئی۔ ایم۔ ایف کے ساتھ حکومت کو گفت و شنید کیلئے مضبوط پوزیشن مہیا کی ہے۔ 2019 کے لیے اقتصادی ترقی کا تعین اس بات سے ہوگا کہ صورتحال کس طرح سے ادائیگیوں کے توازن پر اثر انداز ہوتی ہے اور حکومت کی طرف سے وعدوں کو پورا کرنے کیلئے مزید اقدامات جیسا کہ اداروں میں اصلاحات، کاروباری حالات میں آسانیاں پیدا کرنا اور براہ راست بیرونی سرمایہ کاری پر کئے گئے اقدامات پر ہے۔

ایکویٹی کیپیٹل مارکیٹس (Equity Capital Markets)

سال 2018 میں بیچ مارک کے۔ ایس۔ ای 100 انڈیکس کی کارکردگی خراب رہی اور انڈیکس 8.4 فیصد کمی سے ۳۷،۰۶۷ پوائنٹس پر اختتام ہوا۔ یہ انڈیکس میں مسلسل دوسری سالانہ کمی تھی جبکہ دودھائیوں میں پہلی بار تھی۔ ڈالر کے لحاظ سے یہ کمی زیادہ ریکارڈ کی گئی یعنی گزشتہ سال کے مقابلے میں 27 فیصد رہی۔ یہ سال کے دوران روپے کی قدر میں بڑے پیمانے پر ہونے والی کمی کی وجہ سے ہوا۔ ڈالر کے لحاظ سے مارکیٹ کی سرمایہ کاری گزشتہ سال کے اختتام پر 77.62 بلین کے مقابلے میں 55.4 بلین ہو گئی یعنی سالانہ لحاظ سے 28.6 فیصد سے کمی واقع ہوئی۔

اقتصادی اور سیاسی غیر یقینی کی وجہ سے ٹریڈنگ کے حجم میں 22 فیصد کمی واقع ہوئی اور اوسط ٹریڈنگ کا حجم ۱۸۴ ملین حصص ہو گیا جو سرمایہ کاروں کی عدم دلچسپی کا باعث رہا۔ سال کے دوران بیرونی سرمایہ کاروں نے مجموعی طور پر خاص ۵۲۳ ملین امریکی ڈالر مالیت کے حصص فروخت کئے۔

مرکزی سرگرمیاں / کاروبار

جہانگیر صدیقی اینڈ کمپنی لمیٹڈ (JSCL) بنیادی طور پر مالی خدمات کے شعبے میں ایک سرمایہ کار کمپنی ہے اور پاکستان کی ابھرتی ہوئی کمپنیز میں طویل مدتی سرمایہ کاری بھی کرتی ہے۔ مالی خدمات میں اسکی سرمایہ کاری تمام شعبہ جات پر مشتمل ہے۔ جس میں اثاثوں کی نظامت، کمرشل بینکاری، سرمایہ کاری بینکاری، اسلاک بینکاری، سکیورٹیز بروکرینج اور ٹیکنالوجی، نقل و حمل، اور صنعتی کمپنیز میں طویل مدتی اسٹریٹیجک سرمایہ کاری شامل ہیں جس سے JSCL فائدہ اٹھاتی ہے۔ کمپنی انرجی اور انفراسٹرکچر کے پروجیکٹس میں بھی سرمایہ کاری کر رہی ہے۔

مالیاتی کارکردگی

انفرادی مالیاتی کارکردگی

۳۱ دسمبر ۲۰۱۸ کو ختم شدہ سال کے دوران کمپنی نے ۲۰۷ ملین روپے کا خالص منافع حاصل کیا جبکہ ۳۱ دسمبر ۲۰۱۷ میں خالص منافع ۳۶۶ ملین روپے تھا۔ مجموعی طور پر اس سال کی کل آمدنی کم ہو کر ۲۴۷ ملین روپے ریکارڈ کی گئی جو کہ ۳۱ دسمبر ۲۰۱۷ میں ۵۳۳ ملین روپے تھی جس کی بنیادی وجہ حصص کی فروخت پر ہونے والے حاصلات سرمایہ میں کمی ہے۔ آپریٹنگ اور انتظامی اخراجات میں معمولی کمی واقع ہوئی، مگر مالیاتی

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Jahangir Siddiqui & Co. Ltd.
For the year ended Decmeber 31, 2018

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("Code or Regulation") issued by the Securities and Exchange Commission of Pakistan (The Commission), 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 complied with the requirements of the Regulation in the following manner:

1. The total number of directors (including Chief Executive Officer) are eight (8) and all are male members.
2. The composition of the board is as follows:

Category	Name
Independent Director	Saud Ahmed Mirza
Other Non-Executive Directors	Chief Justice (R) Mahboob Ahmed Ali Raza Siddiqui Kalim-ur-Rahman Khalid Imran Munawar Alam Siddiqui Muhammad Ali
Executive Director	Suleman Lalani, CEO

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. 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.
5. 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.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of total eight directors (including the CEO) six directors are already certified 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. The Board has been provided with the Code and other updates on other applicable laws 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.

10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. Subsequent to the year end, on January 02, 2019, Mr. Hasan Shahid (CFO & Company Secretary) resigned from the position of CFO. In his place; Mr. Najmul Hoda Khan was appointed as CFO on the same date.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Board has formed committees comprising of members given below. The frequency of meetings of the committees were as per following:

Committees	Members
Audit Committee	<ol style="list-style-type: none"> 1. Mr. Saud Ahmed Mirza (Chairman) 2. Mr. Munawar Alam Siddiqui 3. Mr. Stephen Christopher Smith * 4. Mr. Ali Raza Siddiqui**
Human Resource & Remuneration Committee	<ol style="list-style-type: none"> 1. Mr. Saud Ahmed Mirza (Chairman) 2. Chief Justice (R) Mahboob Ahmed 3. Mr. Munawar Alam Siddiqui 4. Mr. SulemanLalani
Executive Committee	<ol style="list-style-type: none"> 1. Mr. Munawar Alam Siddiqui (Chairman) 2. Mr. Ali Raza Siddiqui 3. Mr. SulemanLalani

* Resigned on September 26, 2018.

** Appointed on January 02, 2019.

13. The terms of references of aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
 - a) Audit Committee (quarterly) - four meetings of the Committee were held during the year.
 - b) Human Resource & Remuneration Committee (yearly) - one meeting of the Committee was held during the year.
 - c) Executive Committee (on need basis) - two meetings of the Committee were held during the year.
15. 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.
16. 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 and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants ("IFAC") guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

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

CHIEF JUSTICE (R) MAHBOOB AHMED
Chairman

Karachi: March 20, 2019

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 Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Jahangir Siddiqui & Co. Ltd. (the Company) for the year ended 31 December 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is a limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations 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 and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. 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 assess and determine the company's process for identification of related parties and that 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 Regulations as applicable to the Company for the year ended 31 December 2018.

Further, we highlight below instance of non-compliance with the requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2017 as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Reference	Description
i. 10	The position of Chief Financial Officer and Company Secretary is held by same individual at year end.
ii. 12	The audit committee comprised of two members as at year end.

EY Ford Rhodes
Chartered Accountants

Date: 20 March 2019

Place: Karachi

Auditors' Report to the Members

Opinion

We have audited the annexed unconsolidated financial statements of Jahangir Siddiqui & Co. Ltd. (the Company), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
1. Valuation of Investments	
<p>As disclosed in notes 6.2 and 11 to the financial statements of the Company for the year ended 31 December 2018, the Company has investments in listed equity securities aggregating to Rs. 11.460 billion, which have been classified under the available for sale category. In addition, as disclosed in note 6.1 to the financial statements, the Company has investments in subsidiaries aggregating to Rs. 10.419 billion.</p> <p>We have identified the impairment of equity investments as a key audit matter due to volatility of share prices during the year and the change in the net assets value of the underlying entities, its impact on the financial statements and the management judgements that may be required in making the assessments about the impairment of financial assets.</p>	<p>Our key procedures included the following:</p> <ul style="list-style-type: none"> - We reviewed the appropriateness of the accounting policies and practices followed by the Company to recognize impairment of equity investments on the basis of the requirements of the financial reporting standards. - We obtained an understanding of the procedures applied by the Company to identify impairment in the equity portfolio and observed the applications of such procedures. - We evaluated management's assessment of the indicators for impairment in investments as below: <ul style="list-style-type: none"> (i) for quoted available for sale equities, by comparing the market values with the related cost to assess whether any significant or prolonged and other than temporary decline in the value of such quoted equity investments exists. (ii) for investments in unquoted subsidiaries, we evaluated the management's assessment of impairment and the approach adopted for this purpose, to which any decline in the cost of investment up to the net assets value of underlying unquoted investments is considered as an impairment. (iii) for investment in quoted subsidiary, we compared the cost of investment with the related market value. - We also checked that the Company's policy for impairment is consistently applied and impairment charge, if any, is appropriately recognized. - We checked the valuations of equity investments on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at 31 December 2018. - We also assessed the adequacy of the overall disclosures in the financial statements in respect of the equity investment portfolio in accordance with the requirements of the financial reporting framework as applicable to the Company.

2. Preparation of financial statements under Companies Act, 2017

As referred to in note 2.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 31 December 2018.

The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 2.1 to the accompanying financial statements.

The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.

We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.

We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

EY Ford Rhodes
Chartered Accountants

Place: Karachi

Date: April 04, 2019

Unconsolidated Financial Statements

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

	Note	2018 ----- (Rupees in '000) -----	2017
ASSETS			
Non-Current Assets			
Property and equipment	4	88,192	6,284
Investment property	5	1,660	1,780
Long term investments	6	25,077,952	26,688,789
Long term loans and advances	7	25,620	828
Long term security deposits		3,027	2,927
		25,196,451	26,700,608
Current Assets			
Short term loans and advances	8	65,995	56,024
Short term prepayments and other receivables	9	8,020	35,431
Interest accrued	10	11,023	9,934
Other financial assets - Short term investments	11	3,050,820	3,032,542
Taxation - net		87,037	152,630
Cash and bank balances	12	296,059	1,427,482
		3,518,954	4,714,043
		28,715,405	31,414,651
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share Capital			
Authorised capital	13	65,000,000	65,000,000
Issued, subscribed and paid-up share capital	13	9,159,424	9,159,424
Reserves		14,635,087	18,360,984
		23,794,511	27,520,408
Non-Current Liabilities			
Long term financing	14	3,352,745	2,859,934
Deferred tax liability	15	-	22,387
Current Liabilities			
Trade and other payables	16	440,206	278,951
Unclaimed dividend		10,543	10,547
Accrued interest on borrowings		126,531	73,755
Current portion of long term financing	14	990,869	648,669
		1,568,149	1,011,922
		28,715,405	31,414,651
Contingencies and Commitments			
	17		

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Najmul Hoda Khan
Chief Financial Officer



UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2018

	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
INCOME			
Return on investments	18	1,017,452	1,093,479
Gain on sale of investments - net	19	56,147	284,120
Income from long term loans and fund placements	20	115,918	103,350
Other income	21	59,818	48,811
(Loss) / gain on remeasurement of investments at fair value through profit or loss - held for trading		(3,688)	3,078
		1,245,647	1,532,838
EXPENDITURE			
Operating and administrative expenses	22	225,603	232,106
Finance cost	23	394,729	222,357
Provision for Workers' Welfare Fund	24	9,005	13,607
Provision for impairment - net	6.1.5	175,072	398,012
		804,409	866,082
PROFIT BEFORE TAXATION		441,238	666,756
Taxation	25		
Current		212,336	211,146
Prior		22,037	90,056
		234,373	301,202
PROFIT FOR THE YEAR		206,865	365,554
EARNINGS PER SHARE - basic and diluted			
	26	0.23	0.40

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Najmul Hoda Khan
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2018

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
PROFIT FOR THE YEAR	206,865	365,554
OTHER COMPREHENSIVE LOSS:		
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 on available for sale investments during the year - net of deferred tax	(3,872,349)	(2,611,244)
Reclassification adjustments relating to available-for-sale investments disposed off during the year - net	(60,413)	(288,432)
Total items that may be reclassified subsequently to profit and loss	(3,932,762)	(2,899,676)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(3,725,897)	(2,534,122)

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Najmul Hoda Khan
Chief Financial Officer



UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2018

	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 (Rupees in '000)	Revenue reserve Un- appropriated profit		
Balance as at January 01, 2017	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
Profit for the year	-	-	-	206,865	206,865	206,865
Other comprehensive loss	-	-	(3,932,762)	-	(3,932,762)	(3,932,762)
Total comprehensive (loss) / income	-	-	(3,932,762)	206,865	(3,725,897)	(3,725,897)
Balance as at December 31, 2018	9,159,424	4,497,894	7,803,459	2,333,734	14,635,087	23,794,511

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Najmul Hoda Khan
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

	2018	2017
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the year	441,238	666,756
Adjustment for non cash charges and other items:		
Depreciation	2,296	2,005
Gain on sale of property and equipment	(517)	(1,230)
Interest income	(115,918)	(143,142)
Loss / (gain) on revaluation of investments through profit or loss - held for trading	3,688	(3,078)
Provision for impairment	175,072	398,012
Dividend income	(1,016,958)	(1,053,687)
Finance cost	394,729	222,357
	(557,608)	(578,763)
Operating (loss) / profit before working capital changes	(116,370)	87,993
(Increase) / decrease in operating assets:		
Short term loans and advances	(9,971)	(54,991)
Short term prepayments and other receivables	24,768	(6,470)
Long term loans, advance and security deposits	(24,892)	(1,832)
	(10,095)	(63,293)
Increase / (decrease) in trade and other payables	161,252	(85,082)
	34,787	(60,382)
Investments - net	(2,541,350)	(1,654,855)
Dividend received	1,019,601	1,052,071
Finance cost paid	(324,479)	(164,942)
Taxes paid	(168,780)	(168,205)
Interest income received	114,829	142,373
Net cash used in operating activities	(1,865,392)	(853,940)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(84,517)	(2,823)
Proceeds from sale of property and equipment	950	1,230
Net cash used in investing activities	(83,567)	(1,593)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of term finance certificates - net of redemption	1,005,036	1,185,823
Long term loan (repaid to) / obtained from bank - net	(187,500)	367,010
Net cash generated from financing activities	817,536	1,552,833
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,131,423)	697,300
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,427,482	730,182
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	296,059	1,427,482

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Najmul Hoda Khan
Chief Financial Officer



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

1. THE COMPANY AND ITS OPERATIONS

1.1 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 and geographical location 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.

1.2 Following are significant events occurred and transactions incurred during the year:

- Issuance of new Term Finance Certificates (TFCs) - note 14.4;
- Impairment against investment in subsidiary - note 6.1.5;
- Investment in wholly owned subsidiary by way of subscription of right shares - note 6.1.3;
- Increase in State Bank of Pakistan policy rates resulting into significantly higher finance cost - note 14 and 23;
- Adoption of Companies Act, 2017 - note 2.1;

2. BASIS OF PREPERATION

2.1 Statement of Compliance

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

- International Finance Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The Act is applicable for the current year's financial statements and has brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included the disclosure of significant transactions and events affecting the Company's financial position and performance (refer note 1.2), management assessment of sufficiency of tax provision (refer note 25), change in threshold for identification of executives for disclosing their remuneration (refer note 28) and additional disclosure requirements for related parties (refer note 27) etc.

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.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

2.3 Functional and presentation currency

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

2.4 Significant accounting estimates and judgments

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

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

- (a) determining the residual values and useful lives of property and equipment (Notes 3.1 and 4);
- (b) classification of investments (Notes 3.3, 6 and 11);
- (c) recognition of taxation and deferred tax (Notes 3.7 and 25);
- (d) accounting for post employment benefits (Note 3.13); and
- (e) impairment of financial assets (Note 3.17 and 6.1.5).

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

Standard or Interpretation

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions
– (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
– (Amendments)

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Improvements to Accounting Standards Issued by the IASB

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

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, 2018

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments	July 01, 2018
IFRS 9 – Prepayment Features with Negative Compensation - (Amendments)	January 01, 2019
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 15 – Revenue from Contracts with Customers	July 01, 2018
IFRS 16 – Leases	January 01, 2019
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 28 – Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019
IFRIC 23 – Uncertainty over Income Tax Treatments	January 01, 2019
Definition of a Business – Amendments to IFRS 3	January 01, 2020
Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application. However, the Company is currently evaluating the requirements of IFRS-9 and IFRS-16, and their potential impacts on the financial statements of the Company.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 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.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

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 statement of profit or loss 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 date of statement of financial position.

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 statement of profit or loss in the year the asset is derecognized.

Maintenance and normal repairs are charged to statement of profit or loss 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 statement of profit or loss.

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 statement of profit or loss 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 statement of profit or loss 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.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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 statement of profit or loss 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 statement of profit or loss.

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 statement of financial position at cost less any impairment in value. Impairment is charged to the statement of profit or loss.

The Company reassesses, at each date of statement of financial position, 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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 statement of profit or loss. Transaction costs are charged to statement of profit or loss 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 statement of profit or loss.

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 statement of profit or loss.

Premiums and discounts on investments are amortized using the effective interest rate method and taken to statement of profit or loss 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 date of statement of financial position. 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 statement of financial position. The resultant gains and losses are recognized in the statement of profit or loss.

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 statement of financial position 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.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

(b) Repurchase agreement lendings

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

3.6 Provisions

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

3.7 Taxation

Current

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

3.8 Revenue recognition

- (a) 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.
- (b) Profit on bank deposits and rental income is recognised at effective yield on time proportionate basis.
- (c) Dividend income on equity investments is recognised when the 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

3.9 Long term finances and loans

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

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

3.10 Trade debts and other receivables

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

3.11 Trade and other payables

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

3.12 Cash and cash equivalents

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

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

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 statement of profit or loss.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

3.16 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the date of statement of financial position. Gains and losses on translation are taken to statement of profit or loss. 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 date of statement of financial position 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 statement of profit or loss, the impairment loss is reversed, with the amount of reversal recognized in statement of profit or 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 statement of profit or loss.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

3.18 Earnings per share

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

3.19 Dividend and appropriation to reserves

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

		2018	2017
	Note	----- (Rupees in '000) -----	
Operating fixed assets - Owned	4.1	5,696	5,220
Capital work-in-progress	4.2	82,496	1,064
		<u>88,192</u>	<u>6,284</u>

4.1 Operating fixed assets - Owned

	COST				ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2018	Additions/ (disposals)	As at December 31, 2018	Rate	As at January 01, 2018	For the year/ (on disposals)	As at December 31, 2018	As at December 31, 2018
	(Rupees in '000)			%	(Rupees in '000)			
Leasehold improvements	18,372	-	18,372	33	18,372	-	18,372	-
Office equipment	23,389	188	23,577	25	22,971	210	23,181	396
		-				-		
Office furniture and fixtures	15,743	-	15,743	10	15,706	30	15,736	7
Motor vehicles	9,389	2,897 (1,039)	11,247	20	4,624	1,936 (606)	5,954	5,293
	66,893	3,085 (1,039)	68,939		61,673	2,176 (606)	63,243	5,696

	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
	66,608	1,759 (1,474)	66,893		61,262	1,885 (1,474)	61,673	5,220



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

4.1.1 No disposal of fixed assets having written down value exceeding Rs. 500,000 were made during the year.

4.2 This represents advances paid to various suppliers and contractors for leasehold improvements and furniture and fixtures for new office premises. The additions and transfers during the year amounted to Rs. 84.40 (2017: Rs. 2.83) million and Rs. 2.97 (2017: Rs. 1.76) million, respectively.

5. INVESTMENT PROPERTY

	COST		Rate	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2018	As at December 31, 2018		As at January 01, 2018	For the year	As at December 31, 2018	As at December 31, 2018
	(Rupees in '000)	(Rupees in '000)	%	(Rupees in '000)			
Office premises	14,999	-	5	13,219	120	13,339	1,660

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

5.1 The fair value of the investment property aggregating to Rs.103.39 million and forced sale value aggregating to Rs.93.05 million was arrived at on the basis of the valuation carried out by KG Traders (Pvt.) Limited, an independent valuer on February 07, 2019, 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.

5.2 The details of investment properties are as follows:

Description	Address and location	Total Area in Sq. Ft.
Islamabad building	Office No. 413, 4th Floor, Islamabad Stock Exchange Tower, 55-B Jinnah Avenue, Islamabad	1,331
Lahore building	2nd Floor, Associated House, 7-Egerten Road, Lahore	7,466

6. LONG TERM INVESTMENTS	Note	2018	2017
		(Rupees in '000)	(Rupees in '000)
Investments in related parties			
Subsidiaries	6.1	10,419,287	8,894,359
Other related parties - available for sale	6.2	8,795,889	11,387,521
		19,215,176	20,281,880
Other investments	6.3	5,862,776	6,406,909
		25,077,952	26,688,789

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

6.1 Subsidiaries - at cost

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

Number of shares		Note	Activity	Holding		2018 ----- (Rupees in '000) -----	2017
2018	2017			2018 %	2017 %		
Quoted							
973,307,324 *	755,245,007		Commercial Banking	75.02	70.42	6,127,149	4,673,400
Un-quoted							
-	145,374,878	6.1.1	Commercial Banking	-	96.92	-	1,453,749
173,736,297	173,736,297	6.1.2	Telecom Media & Technology	100.00	100.00	1,708,490	1,708,490
						(1,138,517)	(962,382)
						569,973	746,108
10,000	10,000		Investment services	100.00	100.00	294,882	294,882
						(294,882)	(294,882)
						-	-
370,000,000	200,000,000	6.1.3	Energy Petroleum & Infrastructure	100.00	100.00	3,700,000	2,000,000
3,000,000	3,000,000	6.1.4	Renewable Energy	100.00	100.00	30,000	30,000
						(7,835)	(8,898)
						22,165	21,102
						10,419,287	8,894,359

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

- 6.1.1 Preference shares issued by JS Bank Limited were converted into ordinary shares on February 28, 2018 in the ratio of 1.5 ordinary shares for every 1 preference share. Consequently, shareholding of the Company in JS Bank Limited increased to 75.02%.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

- 6.1.2** 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. 176.14 million is recognized during the year.
- 6.1.3** During the year, the Company has invested Rs. 1,700 million in Energy Infrastructure Holding (Private) Limited by subscription of right shares of Rs. 10/- each as per the approval of the Board of Directors of the Company. Investment was made in accordance with the requirements under the Act. Further, the Board of Directors of the Company in their meeting held on January 02, 2019 has approved a long term loan of upto Rs. 500 million for a period of five years to Energy Infrastructure Holding (Private) Limited.
- 6.1.4** The net assets of Quality Energy Solutions (Private) Limited mainly comprise of bank deposits. Due to interest income on bank deposits, net assets value (NAV) increased at the reporting date. Therefore, reversal in provision of impairment of Rs. 1.06 million is recognized during the year.

	2018	2017
	----- (Rupees in '000) -----	
6.1.5 Provision for impairment - net		
Opening balance	1,266,162	868,150
Charge for the year	176,135	398,012
Reversal for the year	(1,063)	-
Closing balance	<u>1,441,234</u>	<u>1,266,162</u>

6.2 Other related parties

Available for sale

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

Number of shares			Note	Activity	Holding		2018 ----- (Rupees in '000) -----	2017
2018	2017				2018 %	2017 %		
<u>Quoted - at fair value (note 6.2.1)</u>								
42,191,152	41,191,152	EFU General Insurance Limited	6.2.2	General Insurance	21.10	20.60	4,219,115	6,298,127
20,047,708	20,047,708	EFU Life Assurance Limited		Life Assurance	20.05	20.05	4,569,274	5,081,894
<u>Un-quoted - at cost (note 6.2.1)</u>								
750,000	750,000	EFU Services (Private) Limited		Investment company	37.50	37.50	7,500	7,500
		Net assets value Rs. 47.47 (June 30, 2017: Rs. 51.58) million based on audited financial statements for the year ended June 30, 2018	6.2.3				8,795,889	11,387,521

- 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** The shareholders of the Company in their Annual General Meeting held on April 17, 2018 have approved, by way of Special Resolution under section 199 of the Companies Act, 2017 to make further long term equity investment of up to Rs. 1,000 million from time to time by purchase of Ordinary Shares of EFU General Insurance Limited.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

6.2.3 Included herein are equity securities having average cost of Rs. 1,330.98 (2017: Rs. 638.29) million and having market value of Rs. 4,228.52 (2017: Rs. 2,693.44) million pledged with trustee of Term Finance Certificates issued by the Company.

6.3 Other investments

Available for sale

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

Number of shares		Note	2018	2017	
2018	2017		----- (Rupees in '000) -----		
<u>Quoted - at fair value</u>					
214,258,460 *	214,258,460	BankIslami Pakistan Limited	6.3.1	2,571,102	1,990,461
112,157,863	112,157,863	Azgard Nine Limited	6.3.1	1,295,423	1,644,234
153,730,638	159,080,638	Pakistan International Bulk Terminal Limited		1,664,903	2,378,256
1,260,953 **	1,602,953	Pakistan Stock Exchange Limited (PSX)		17,111	35,906
11,622,000	11,622,000	Hum Network Limited (Ordinary Shares of Rs. 1 each)		51,137	94,952
<u>Un-quoted - at cost</u>					
2,399,454	2,399,454	Security General Insurance Company Limited		263,100	263,100
		Net assets value Rs. 354.19			
		(December 31, 2016: Rs. 337.14)			
		million based on audited			
		financial statements for the year			
		ended December 31, 2017			
			6.3.2	5,862,776	6,406,909

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

** These include, 1,081,194 shares which are blocked for trading as per the requirements of Pakistan Stock Exchange Limited.

6.3.1 Based on the reassessment of relationship under IAS 24 (as required under Fourth Schedule to the Companies Act, 2017), Azgard Nine Limited and BankIslami Pakistan Limited are no more related parties of the Company.

6.3.2 Included herein are equity securities having average cost of Rs. 1,024.25 (2017: Rs. 429.25) million and having market value of Rs. 1,150.29 (2017: Rs. 722.67) million pledged with trustee of Term Finance Certificates issued by the Company.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

		2018	2017
	Note	(Rupees in '000)	
7. LONG TERM LOANS AND ADVANCES			
Loans - secured and considered good			
Due from:			
Executives	7.1	24,934	540
Other employees		1,999	872
		26,933	1,412
Current maturity of long term loans		(1,313)	(584)
		25,620	828

7.1 Reconciliation of the carrying amount of loan to executives

Opening balance		540	980
Disbursements	7.1.1	25,000	500
Repayments		(606)	(940)
		24,934	540

7.1.1 During the year, the Company has provided house loan to Mr. Hasan Shahid, a key management personnel, at mark-up equal to 6 months T-Bill rate prevailing at the date of disbursement of loan, per annum, in accordance with the Company's employee loan policy which is repayable in equal monthly installments over a period of fifteen years. This loan is secured against mortgage of property and loan protection policy in favour of the Company. The maximum aggregate amount due at the end of any month during the year was Rs. 24.93 (2017: Rs. 0.98) million.

		2018	2017
	Note	(Rupees in '000)	
8. SHORT TERM LOANS AND ADVANCES			
Current maturity of long term loans	7	1,313	584
Advances to employees - unsecured		53	440
Loan to subsidiary	8.1	45,000	55,000
Advance against subscription of right shares		19,629	-
		65,995	56,024

8.1 This represents a short term loan to JS Infocom Limited, a wholly owned subsidiary of the Company carrying mark-up at the rate of 6 months KIBOR plus 175 basis points per annum or the borrowing cost of the Company, whichever is higher. The outstanding balance of the loan 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

		2018	2017
9. SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES	Note	(Rupees in '000)	
Prepayments		7,753	31,062
Dividend receivable		-	4,259
Other Receivables		267	110
		8,020	35,431

10. INTEREST ACCRUED

Interest accrued on:

Bank deposits		7,539	8,909
Loan to subsidiary	8.1	2,199	1,025
Term finance certificates		1,285	-
		11,023	9,934

11. OTHER FINANCIAL ASSETS - SHORT TERM INVESTMENTS

Available for sale

Listed equity securities		2,664,507	3,029,464
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At fair value through profit or loss - Held for trading

Listed equity securities		86,313	3,078
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Held to maturity

Term Finance Certificates - Unlisted	11.1	300,000	-
	11.2	3,050,820	3,032,542

11.1 This represents investment in AA- rated, secured and privately placed term finance certificates of TPL Corp Limited - TFCs (2nd Issue), having face value of Rs. 100,000 per certificate and carries profit at the rate of 3 month KIBOR + 1.50% per annum. These TFCs will mature on December 19, 2019.

11.2 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. 1,744.77 (2017: Rs. 2,789.82) million.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

12. CASH AND BANK BALANCES	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Cash in hand		38	38
Cash at bank in:			
Current accounts	12.1	388	399
Savings accounts	12.2	295,633	1,427,045
		296,021	1,427,444
		296,059	1,427,482

12.1 Included herein is a sum of Rs. 0.02 (2017: Rs. 0.02) million representing amount placed with JS Bank Limited, a subsidiary company.

12.2 These carry mark-up ranging between 3.80% to 9.50% (2017: 3.70% to 6.20%) per annum. Included herein is a sum of Rs. 295.10 (2017: Rs. 1,426.77) million representing amount placed with JS Bank Limited, a subsidiary company.

13. SHARE CAPITAL

13.1 Authorised capital

2018 ----- (Number of shares) -----	2017 ----- (Number of shares) -----		2018 ----- (Rupees in '000) -----	2017 ----- (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

13.2 Issued, subscribed and paid-up capital

2018 ----- (Number of shares) -----	2017 ----- (Number of shares) -----		2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
		Ordinary shares of Rs. 10 each:		
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
915,942,388	915,942,388		9,159,424	9,159,424

13.2.1 There is only one class of ordinary shares issued.

13.2.2 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

14. LONG TERM FINANCING	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Term Finance Certificates (TFCs)			
Eighth issue - listed on Pakistan Stock Exchange Limited	14.1	131,167	355,632
Nineth issue - Privately Placed	14.2	620,712	867,198
Tenth issue - Privately Placed	14.3	1,487,805	1,481,788
Eleventh issue - listed on Pakistan Stock Exchange Limited	14.4	1,483,873	-
		3,723,557	2,704,618
Term Loan			
Term Loan 1	14.5	186,899	310,646
Term Loan 2	14.6	433,158	493,339
		4,343,614	3,508,603
Less: Current portion shown under current liabilities		(990,869)	(648,669)
		3,352,745	2,859,934

- 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 a 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 these 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. 293.73 (2017: Rs. 812.78) 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 these 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. 990.83 (2017: Rs. 1,565.16) 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** The profit on these TFCs is payable semi-annually, based on the six month 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 these 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. 2,415.22 (2017: 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.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

- 14.4** During the year, the Company has issued Term Finance Certificates (TFCs) of Rs. 1,500 million. The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 140 basis points per annum. These TFCs have tenure of five years i.e. 2018-2023 including a grace period of twenty four (24) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these 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 six (06) equal semi-annual installments starting from 30th month of the Issue Date. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 2,412.61 (December 31, 2017: Rs. Nil) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of pledged securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be deposited in a specified bank account. The proceeds were utilized for business expansion via investments and to meet working capital requirements.
- 14.5** 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. 321.12 (2017: Rs. 503.20) million with margin ranging from 30% to 40%.
- 14.6** 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 a 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. 690.05 (2017: Rs. 813.023) million with margin ranging from 30% to 40%.

15. DEFERRED TAX LIABILITY

	Opening	Charge / (reversal) to statement of profit or loss	Reversal to surplus on revaluation of investments / OCI	Closing
	----- (Rupees in '000) -----			
2018				
Taxable temporary differences on:				
Revaluation on investments classified as available-for-sale investments	22,387	-	(22,387)	-
2017				
Taxable temporary differences on:				
Revaluation on investments classified as available-for-sale investments	162,122	-	(139,735)	22,387

- 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. 89.13 (2017: Rs. 52.97) million.

		2018 ----- (Rupees in '000) -----	2017
16. TRADE AND OTHER PAYABLES	Note		
Payable against purchase of shares		194,775	44,381
Accrued liabilities		74,942	73,086
Provision for Workers' Welfare Fund	24	169,574	160,569
Other liabilities		915	915
	16.1	440,206	278,951

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

16.1 Includes payable to various related parties amounting to Rs. 198.78 (December 31, 2017: Rs. 52.05) million.

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. CIR-Appeals decided the appeal vide order dated no. 354 dated December 28, 2015 holding that this office has already passed the appellate order vide order no. 157 dated December 22, 2015 against the order of the ADCIR under section 122(5A) of the Ordinance dated August 5, 2013.

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.

17.1.4 The Additional Commissioner Inland Revenue - Audit Range I, Zone III, Corporate RTO Karachi (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2014 and raised the demand for Rs. 50.77 million. Against the said order, the Company has filed rectification application on



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various grounds including the adjustment of brought forward losses and credit of taxes amounting to Rs. 16.015 million. After the rectification is given the due effect, refund of Rs. 16.015 million will be arising. The Company has also filed appeal before the CIR-Appeals.

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.

17.1.5 The Additional Commissioner Inland Revenue - Audit Range I, Zone III, Corporate RTO Karachi (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2015 and raised the demand for Rs. 12.744 million. Against the said order, the Company has filed rectification application on the ground of chargeability of WWF. The Company has also filed appeal before the CIR-Appeals.

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.

17.2 Commitments	Note	2018 ----- (Rupees in '000) -----	2017 -----
------------------	------	--------------------------------------	---------------

Commitment in respect of Future purchase transactions
of listed equity securities

90,711	-
--------	---

18. RETURN ON INVESTMENTS

Mark-up / interest income from:

Available for sale

Term Finance Certificates - Unlisted

-	39,792
---	--------

Held to maturity

Term Finance Certificates - Unlisted

494	-
-----	---

Dividend income on:

Investments in subsidiary

18.1	174,450	174,450
------	---------	---------

Investments at fair value through profit or loss -
Held for trading

18.2	7,255	16,406
------	-------	--------

Available for sale investments

18.2	835,253	862,831
------	---------	---------

1,016,958	1,053,687
-----------	-----------

1,017,452	1,093,479
-----------	-----------

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

18.2 This includes dividend income from various related parties amounting to Rs. 720.75 (2017: Rs. 767.93) million.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018	2017
19. GAIN ON SALE OF INVESTMENTS - NET	Note ----- (Rupees in '000) -----	
Investments at fair value through profit or loss - Held for trading	(4,266)	(4,312)
Available for sale investments	60,413	288,432
	<u>56,147</u>	<u>284,120</u>

20. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS

Return / interest on:

Bank balances - saving accounts	110,623	99,630
Loan to subsidiary	4,326	3,646
Loans to employees	298	74
Term deposit receipts	671	-
20.1	<u>115,918</u>	<u>103,350</u>

20.1 This includes transactions with related parties amounting to Rs. 115.14 (2017: Rs. 103.27) million.

	2018	2017
21. OTHER INCOME	Note ----- (Rupees in '000) -----	
Financial assets:		
Gain on remeasurement of derivatives through profit or loss	3,675	-
Non-financial assets:		
Gain on sale of property and equipment	517	1,230
Rental income	50,865	47,163
Others	4,761	418
21.1	<u>59,811</u>	<u>48,811</u>

21.1 This includes Rs. 4.70 million received from Pakistan Stock Exchange (PSX) against retention money upon sale of PSX shares as per Share Purchase Agreement between PSX and the Anchor Investor.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

22. OPERATING AND ADMINISTRATIVE EXPENSES	Note	2018	2017
		----- (Rupees in '000) -----	
Salaries and benefits	22.1 to 22.3	61,188	47,832
Telephone, fax, telegram and postage		244	931
Vehicle running and maintenance		1,733	1,192
Directors' fee		4,650	4,200
Utilities		1,440	1,440
Newspapers and periodicals		39	27
Conveyance and travelling		3,256	2,857
Repairs and maintenance		3,064	2,889
Computer expenses		1,206	626
Auditors' remuneration	22.4	2,436	2,111
Royalty fee	22.5	13,725	9,900
Consultancy fee		1,907	1,868
Advisory fee	22.6	19,720	44,944
Legal and professional charges		10,711	11,831
Printing and stationery		1,502	1,178
Rent, rates and taxes		60,537	47,859
Insurance		2,572	1,926
Entertainment		140	118
Advertisement		1,305	721
Depreciation	22.7	2,296	2,005
Fees and subscription		24,147	34,643
Donations	22.8	4,000	7,000
Brokerage and commission expense		1,115	2,123
Clearing fees		2,195	1,885
Office security		475	-
		225,603	232,106

22.1 Salaries and benefits include Rs. 2.94 (2017: Rs. 2.23) million in respect of employee retirement benefits.

	2018	2017
22.2 Number of employees at the end of the year	23	23
Average number of employees during the year	23	23

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

- 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, 2018 based on annual financial statements of the fund audited by another firm of chartered accountants is as follows:

	June 30, 2018	June 30, 2017
Number of employees / members	23	21
Size of provident fund (Rupees in '000) - (total assets)	46,114	42,767
Cost of investments made (Rupees in '000)	20,304	11,444
Percentage of investment made	44%	27%
Fair value of investments (Rupees in '000)	19,561	12,278
Breakup of investment - at fair value:		
- Term finance certificates		
Amount of investment (Rupees in '000)	10,306	2,054
Percentage of size of investment	22%	5%
- Balance in listed equity securities		
Amount of investment (Rupees in '000)	9,256	10,225
Percentage of size of investment	20%	24%
- Balances in scheduled banks		
Amount of investment (Rupees in '000)	25,293	29,923
Percentage of size of investment	55%	70%

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. Securities and Exchange Commission of Pakistan "SECP" has promulgated new regulations, namely, "the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018" (the "Regulations") in the month of June 2018. Compliance with the Regulations is allowed to be made within a year from the date of commencement.

	2018	2017
	----- (Rupees in '000) -----	
22.4 Auditors' remuneration		
Annual audit fee	1,500	1,500
Half-yearly review fee	300	200
Other certifications and services	260	60
	2,060	1,760
Out of pocket expenses	211	210
Sindh Sales Tax	165	141
	2,436	2,111



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- 22.5 This represents royalty paid to Mr. Jahangir Siddiqui (controlling person of the Company), on account of use of part of Company's name under an agreement dated April 21, 2004 and addendum dated March 20, 2018. His registered address is D-185, Block 5, Clifton, Karachi.
- 22.6 This includes amounts paid to individuals for advisory services rendered in terms of their respective duly approved advisory agreements.

		2018	2017
22.7 Depreciation	Note	----- (Rupees in '000) -----	
Operating assets	4	2,176	1,885
Investment property	5	120	120
		<u>2,296</u>	<u>2,005</u>

- 22.8 This represents donation to Future Trust (related party), wherein Mr. Suleman Lalani, Mr. Kalim-ur-Rahman, Mr. Ali Raza Siddiqui Mr. Hasan Shahid, Mr. Najmul Hoda Khan (2017: Mr. Suleman Lalani, Mr. Kalim-ur-Rahman, Mr. Hasan Shahid and Mr. Najmul Hoda Khan) are trustees who are Chief Executive Officer, Director, Company Secretary 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.

	2018	2017
23. FINANCE COST	----- (Rupees in '000) -----	
Mark-up on:		
Term Finance Certificates (TFCs)	320,653	164,528
Term loans	56,126	47,307
	<u>376,779</u>	<u>211,835</u>
Amortization of transaction costs on TFCs and long term loans	17,474	10,507
Bank charges	476	15
	<u>394,729</u>	<u>222,357</u>

24. 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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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. 9.01 (2017: Rs. 13.61) million and retained aggregate provision amounting to Rs. 169.57 million for the years from July 2011 to December 2018.

	2018	2017
	----- (Rupees in '000) -----	
25. TAXATION		
25.1 Reconciliation of tax charge for the year		
Profit before taxation	441,238	666,756
Tax at the applicable tax rate of 29% (2017: 30%)	127,959	200,027
Tax effect of income under FTR and differential in tax rates	(155,505)	(247,869)
Tax effect of amount relating to prior year	22,037	90,056
Tax charge on permanent differences	197,987	212,004
Tax charge on temporary differences	(101)	(1,106)
Rebate on donation paid	(2,030)	(1,917)
Super Tax under section 4B for tax year 2019	21,964	-
Tax on undistributed profits under section 5A for tax year 2019	22,062	50,007
	234,373	301,202

25.2 Current status of tax assessments

25.2.1 The comparison of tax provisions as per financial statements and tax assessments for prior years are as follows:

Tax year	Tax Provisions	Tax Assessments
2016	325,194	200,562
2017	158,238	151,574
2018	211,146	161,141

The Company computes tax provisions based on generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Accordingly, the management of the Company has assessed the sufficiency of the tax provisions and believes that the tax provisions are sufficient to reflect the tax liability of the Company.

25.2.2 Income tax returns for the Tax Years up to 2018 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, 2010, 2014 and 2015 which have been disclosed in note 17.1.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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25.3 Prior year tax

This includes Rs. 38.71 million as charge for super tax in respect of tax year 2018 levied through enactment of Finance Act, 2018 ("Act") which became applicable from July 01, 2018. 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, 2017 (tax year 2018) is recognised during the year. Subsequent to the year end, the Company has received a notice from the Additional Commissioner Inland Revenue - Audit Range-A, Zone III, Corporate RTO Karachi (ACIR) under section 122(9) in respect of tax year 2018, demanding payment of super tax. The Company has filed a constitutional petition against applicability of section 4B of the Ordinance and stay has been granted by the Honorable High Court of Sindh.

Also included herein is a prior period adjustment of Rs. 16.67 million due to the decrease in tax rate on undistributed profits for the tax year 2018 brought through enactment of the Finance Act 2018. Since the Company follows special tax year, therefore, tax on undistributed profits for the year ended December 31, 2017 (tax year 2018) is adjusted during the year. The Company has filed constitutional petitions against applicability of section 5A of the Ordinance and stay have been granted by the Honorable High Court of Sindh.

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
26. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation attributable to Ordinary shareholders	206,865	365,554
	----- (Numbers in '000) -----	
Weighted average number of Ordinary shares outstanding during the year	915,942	915,942
	----- (Rupees) -----	
Earnings per share	0.23	0.40

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2018 and December 31, 2017 which would have any effect on the earnings per share if the option to convert is exercised.

27. RELATED PARTY TRANSACTIONS

27.1 Following are the names of associated companies, related parties and associated undertakings with whom the Company had entered into transactions or had agreements in place during the year:

Name of Related parties	Percentage of shareholding	Relationship
JS Bank Limited	75.02%	Subsidiary Company
JS Global Capital Limited	N/A	Sub-subsidiary Company
JS Investments Limited	N/A	Sub-subsidiary Company
JS Infocom Limited	100.00%	Subsidiary Company
Energy Infrastructure Holding (Private) Limited	100.00%	Subsidiary Company
Quality Energy Solutions (Private) Limited	100.00%	Subsidiary Company
Khairpur Solar Power (Private) Limited	N/A	Sub-subsidiary Company
EFU General Insurance Limited	21.10%	Common Directorship

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Name of Related parties	Percentage of shareholding	Relationship
EFU Life Assurance Limited	20.05%	Common Directorship
EFU Services (Private) Limited	37.50%	Common Directorship
Allianz EFU Health Insurance Limited	N/A	Common Substantial Shareholder
Future Trust	N/A	Common Directorship
Mahvash & Jahangir Siddiqui Foundation	N/A	Common Directorship
JS Lands (Private) Limited	N/A	Common Substantial Shareholder
JS Cash Fund	N/A	Fund managed by Subsidiary
Jahangir Siddiqui & Co. Ltd. - Staff Provident Fund	N/A	Post-employment Benefit Fund
JS Bank Limited - Staff Provident Fund	N/A	Post-employment Benefit Fund of Subsidiary Company
JS Global Capital Limited - Staff Provident Fund	N/A	Post-employment Benefit Fund of Sub-Subsidiary Company
Mr. Jahangir Siddiqui	43.13%	Controlling Person of the Company
Mr. Ali Raza Siddiqui	0.00%	Key Management Person
Mr. Suleman Lalani	0.04%	Key Management Person
Chief Justice (R) Mahboob Ahmed	0.04%	Key Management Person
Mr. Saud Ahmed Mirza	0.00%	Key Management Person
Mr. Munawar Alam Siddiqui	0.00%	Key Management Person
Mr. Kalim-ur-Rehman	0.00%	Key Management Person
Mr. Khalid Imran	0.00%	Key Management Person
Mr. Hasan Shahid	0.00%	Key Management Person

- 27.2 Related parties comprise of subsidiaries, sub-subsidiaries, associates, post-employment benefit funds, 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 transactions with subsidiaries, associated entities not mentioned elsewhere in these unconsolidated financial statements are as follows:

	2018	2017
	(Rupees in '000)	
27.2.1 TRANSACTIONS		
Subsidiary and Sub-subsidiary Companies:		
Brokerage expense	1,139	2,850
Bank charges paid	1,530	14
Dividend received	174,450	174,450
Investment in Term Deposit Receipts	500,000	-
Maturity of Term Deposit Receipts	500,000	-
Capital gain tax paid for onward submission to National Clearing Company of Pakistan Limited (NCCPL)	1,677	17,544
Capital gain tax refund NCCPL	262	746
Capital gain tax tariff paid for onward submission to NCCPL	30	50
Principal redemption made against TFCs issued by the Company	9,000	6,750
Mark-up paid on TFCs issued by the Company	1,592	1,530



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

		2018	2017
	Note	----- (Rupees in '000) -----	
Subsidiary and Sub-subsidiary Companies:			
Market maker fee paid	27.2.3	552	-
Rent income		50,660	46,737
Investment in right shares of a subsidiary		1,700,000	1,399,990
Advisory and arrangement fee paid	27.2.4	12,343	17,150
Profit received on deposits accounts		111,982	95,823
Profit received on term deposit receipts		671	-
Reimbursement of expenses to the Company		34,071	32,302
Reimbursement of expenses by the Company		5,024	298
Loan disbursed by the Company		-	100,000
Loan repaid by subsidiary including interest	8.1	13,790	47,621
Refund on cancellation of guarantee issued		810	-
		----- (No. of shares) -----	
Right shares received		170,000,000	139,998,997
Ordinary shares received against conversion of preference shares		218,062,317	-
Common Directorship:		----- (Rupees in '000) -----	
Dividend income		720,752	767,931
Insurance premium paid		2,581	2,092
Insurance refund / cancellation		-	103
Donation paid	22.8	7,000	50,000
Fund managed by Subsidiary Company:			
Purchase of units		200,000	-
Redemption of units		200,588	-
Post-employment Benefit Fund:			
Contribution to staff provident fund		5,875	4,465
Investment in TFCs issued by the Company		24,000	-
Principal redemptions made against TFCs		17,100	12,825
Interest / mark-up paid		2,257	2,908
Controlling Person:			
Royalty paid	22.5	13,725	9,900
Advisory fee paid	27.2.5	6,000	6,000
Key Management Personnel:			
Loans and advances disbursed during the year		25,000	1,201
Reimbursement of expenses to directors		1,274	2,041
Loan and advances repaid from executives		906	1,340
Interest on long term loans to executives		204	22

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018	2017
	----- (Rupees in '000) -----	
27.2.2 BALANCES		
Subsidiary and Sub-Subsidiary Companies:		
Receivable against expenses incurred on their behalf	177	89
Cash at bank accounts	295,124	1,426,826
Profit receivable on deposit accounts and term deposit receipts	7,534	8,910
Outstanding principal of TFCs issued by the Company	29,250	14,250
Mark-up payable on TFCs issued by the Company	860	263
Outstanding principal of loan issued by the Company	45,000	55,000
Mark-up receivable on loan issued by the Company	2,199	1,025
Payable against purchase of equity securities	199,037	44,968
Common directorship:		
Donation payable	4,000	7,000
Common Substantial Shareholder		
Rent payable	4,047	-
Prepaid rent	-	14,164
Post-employment Benefit Funds:		
Outstanding principal of TFCs issued by the Company	9,975	27,075
Mark-up payable on TFCs issued by the Company	250	499
Key Management Personnel:		
Loans and advances	24,933	840

27.2.3 This represents fee paid to JS Global Capital Limited for providing market making services in respect of listed TFCs issued by the Company.

27.2.4 This represents fee paid to JS Global Capital Limited (2017: JS Bank Limited) to act as advisor and arranger for TFCs issued by the Company.

27.2.5 This includes amount paid to Mr. Jahangir Siddiqui for advisory services rendered in terms of advisory agreement duly approved by the Board.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

28. 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*	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Managerial remuneration	-	-	24,479	20,890	16,080	12,036
House rent allowance	-	-	-	-	4,396	3,218
Utilities allowance	-	-	-	-	538	485
Advisory fee	-	4,000	-	-	-	-
Contribution to provident fund	-	-	1,198	1,089	1,142	719
Medical	-	-	1,198	1,089	568	370
Reimbursable expenses	-	-	-	-	144	126
	-	4,000	26,875	23,068	22,868	16,954
Number of persons	-	1	1	1	4	6

* These represents executives as prescribed under the Companies Act, 2017.

28.1 The Company also provides certain executives with Company maintained cars.

28.2 Managerial remuneration includes Rs. 17.59 (2017: Rs. 13.99) million charged in the statement of profit or loss in respect of bonus to chief executive and executives of the Company.

28.3 The Company has paid Rs. 4.65 (2017: Rs. 5.12) million to directors as fee for directors meeting. Directors are not entitled to any remuneration except meeting fee.

29. 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.

29.1 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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, 2018 and December 31, 2017 using the amounts of financial assets and liabilities held as at those dates of statement of financial position.

29.1.1 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 bearing bank balances (savings accounts), loan to subsidiary, term finance certificates and term loans that expose the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2018 with all other variables held constant, the net assets and income of the Company for the year would change as follows:

	2018			
	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 balances - Asset	295,633	100	2,956	-
		(100)	(2,956)	-
Loan to subsidiary - Asset	45,000	100	450	-
		(100)	(450)	-
Term Finance Certificates - Asset	300,000	100	3,000	-
		(100)	(3,000)	-
Term Finance Certificates - Liability	3,723,557	100	37,236	-
		(100)	(37,236)	-
Long Term Loans - Liability	620,057	100	6,201	-
		(100)	(6,201)	-



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	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 balances - Asset	1,427,045	100	14,270	-
		(100)	(14,270)	-
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 Loans - Liability	803,985	100	8,040	-
		(100)	(8,040)	-

29.1.2 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.

29.1.3 Equity price risk

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

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

Fair value sensitivity analysis

The following table summarizes the Company's equity price risk as of December 31, 2018 and December 31, 2017. 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	Price change	Effect on profit before tax	Effect on other comprehensive income before tax
	(Rupees in '000)		(Rupees in '000)	
2018	13,272,360	5% change	4,316	659,302
2017	16,921,677	5% change	154	845,930

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For the year ended December 31, 2018

29.2 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 date of statement of financial position 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.

	2018			
	Carrying amount	Contractual cash flows	Up to one year	Over one year to five years
	(Rupees in '000)			
Financial liabilities				
Long term financing	4,343,614	4,381,250	1,006,250	3,375,000
Trade and other payables	270,632	270,632	270,632	-
Accrued interest / mark-up on financing	126,531	126,531	126,531	-
	4,740,777	4,778,413	1,403,413	3,375,000
	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 financing	73,755	73,755	73,755	-
	3,711,287	3,746,434	865,184	2,881,250

29.3 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



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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:

	2018	2017
	----- (Rupees in '000) -----	
Loans and advances	91,615	56,852
Long term security deposits	3,027	2,927
Interest accrued and other receivables	11,290	14,303
Bank balances	296,021	1,427,444
	401,953	1,501,526

The analysis below summarises the credit quality of the Company's liquid portfolio as on December 31, 2018:

Bank balances and term deposits rating by Rating Category	2018	2017
AAA	0.02%	0.02%
A1+ to A+	99.98%	99.98%
	100.00%	100.00%

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
	2018	2017	
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.

29.4 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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.

30. CAPITAL RISK MANAGEMENT

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

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

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

The gearing ratios as at December 31, 2018 and December 31, 2017 were as follows:

	2018	2017
	----- (Rupees in '000) -----	
Long term financing	4,343,614	3,508,603
Trade and other payables	255,974	289,498
Accrued interest / mark-up on borrowings	126,531	73,755
Total debt	4,726,119	3,871,856
Less: cash and bank balances	(296,059)	(1,427,482)
Net debt	4,430,060	2,444,374
Share capital	9,159,424	9,159,424
Reserves	14,635,087	18,360,984
Equity	23,794,511	27,520,408
Capital	28,224,571	29,964,782
Gearing ratio	15.70%	8.16%



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

The Company finances its investment portfolio through equity, financing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. An increase in the gearing ratio during the year ended resulted primarily from the fact that the Company raised TFCs aggregating to a sum of Rs.1,500 million. On the other hand, the equity has declined due to decrease in unrealised gain on available for sale investments owing to under performing stock market.

31. FAIR VALUE MEASUREMENTS

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

31.1 Fair value of financial instruments

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

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

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

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

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

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

	2018			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available for sale investments				
Listed equity securities	17,052,572	-	-	17,052,572
Fair value through profit or loss - held for trading				
Listed equity securities	86,313	-	-	86,313
	17,138,885	-	-	17,138,885

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	2017			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
Available for sale investments				
Listed 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>

31.2 During the year ended December 31, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

32. 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.

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 20, 2019 by the Board of Directors of the Company.

34. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Najmul Hoda Khan
Chief Financial Officer

Consolidated Financial Statements

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Auditors' Report to the Members

Opinion

We have audited the annexed consolidated financial statements of Jahangir Siddiqui & Co. Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Key audit matter	How the matter was addressed in our audit
1. Provision against non-performing credit exposure	
<p>The Group's credit portfolios include loans and advances, and non-funded credit facilities. The credit portfolio is spread across various domestic branches and overseas operation.</p> <p>As per the Group's accounting policy (refer note 6.7 to the financial statements), the Group determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against loan losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision against certain vulnerable corporate financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realisability of collateral held by the Group.</p> <p>In view of the significance of this area in terms of its impact on the financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of loan loss provision as a significant area of audit judgment and a key audit matter.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> - We tested Group's compliance of Prudential Regulations relating to the identification and classification of non-performing loans into various categories including an analysis of downgrading of the classified loans and declassification from non-performing to regular. - We re-computed on test basis, the provision calculated by the Group, to check compliance with the Prudential Regulations. We also reviewed, on a sample basis, the underlying independent valuations of the collaterals used against the outstanding exposures to calculate the amount of provision. - We also tested internal controls over the approval, recording and monitoring of loans and advances. In addition, we selected a representative sample of borrowers from the financing portfolios and other loans kept by the Group in the watch list category and performed credit assessments. Our procedures includes review of credit documentation, repayment trends and ageing reports, borrowers financial statements to assess its financial condition, collateral held by the Group and litigation status, if any. - We also reviewed the adequacy of disclosures made in the accompanying financial statements regarding non-performing loans and provisions in terms of the requirements of Prudential Regulation and applicable reporting framework.

Key audit matter	How the matter was addressed in our audit
2. Assessment of contingencies	
<p>As disclosed in note 30.1 to the accompanying financial statements, the Group's tax assessments are under consideration at different forums of the tax authorities and/or are subject matter of court proceedings. Consequently, settlement of these assessments may take considerable amount of time. For unsettled tax positions, although the management takes into account precedent and the advice of experts, there is a risk that the final outcome may significant differ from the estimates accounted for by the Group. Since the assessment process is complex and requires careful consideration and judgment, we identified this area as a key audit matter.</p>	<p>We performed audit procedures on the completeness and accuracy of the amounts recognized as current and deferred tax.</p> <p>The audit team was supported by tax specialists in testing the tax positions and evaluating the assumptions used by the management.</p> <p>In our audit of the uncertain tax positions, we considered the correspondence with the relevant tax authorities, the appropriateness of management's assumptions and estimates in relation to uncertain tax positions, evaluated those assumptions and considering the advice management received from its tax advisor to support the accounting for the uncertain tax positions in accordance with applicable framework.</p> <p>We also assessed the adequacy of the Group's disclosure in the financial statements in respect of tax and uncertain tax positions.</p>
3. Preparation of financial statements under Companies Act, 2017	
<p>As referred to in note 2.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Group's annual financial statements for the year ended 31 December 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In the case of the Group, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 2.1 to the accompanying financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.</p> <p>We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p>

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditors' reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

EY Ford Rhodes
Chartered Accountants

Place: Karachi

Date: April 04, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

		2018	2017
		----- (Rupees in '000) -----	
ASSETS	Note		
Non-current assets			
Property and equipment	7	6,369,826	5,295,290
Intangible assets	8	742,938	413,633
Investment property	9	1,660	1,780
Long term investments	10	68,397,461	158,726,897
Long term loans, advances, prepayments and other receivables	11	102,998,993	63,828,073
Assets repossessed	12	91,421	108,289
Long term deposits		22,242	21,782
Deferred tax asset	13	1,303,083	35,203
		179,927,624	228,430,947
Current assets			
Short term investments	14	101,853,479	35,168,367
Trade debts	15	1,184,680	889,766
Loans and advances	16	149,341,063	120,349,848
Accrued mark-up	17	5,746,955	4,136,443
Short-term prepayments, deposits and other receivables	18	5,886,291	1,738,171
Other financial assets - fund placements	19	1,937,347	3,116,199
Taxation - net		1,253,057	612,284
Cash and bank balances	20	33,124,776	18,384,336
		300,327,648	184,395,414
		480,255,272	412,826,361
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	21	9,159,424	9,159,424
Reserves	22	18,946,154	24,531,192
Equity attributable to equity holders of the parent		28,105,578	33,690,616
Non-controlling interests		6,009,183	6,393,248
Total equity		34,114,761	40,083,864
Non-current liabilities			
Long term financing	23	10,823,545	7,849,234
Liabilities against assets subject to finance lease	24	34,635	3,508
Long-term deposits and other accounts	25	1,663,233	2,870,044
Deferred tax liability	13	-	-
Deferred liability - employee benefit	42	102,494	175,118
		12,623,907	10,897,904
Current liabilities			
Trade and other payables	26	15,536,365	11,418,913
Unclaimed dividend		21,072	18,185
Accrued interest / mark-up on borrowings	27	2,860,545	2,202,331
Short term borrowings	28	96,558,663	64,557,043
Current deposits and current portion of long term liabilities	29	318,539,959	283,648,121
		433,516,604	361,844,593
		480,255,272	412,826,361
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

Najmul Hoda Khan
Chief Financial Officer



CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT

For the year ended December 31, 2018

	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
INCOME			
Return on investments	31	11,263,071	11,400,117
(Loss) / gain on sale of investments - net	32	(1,136,320)	1,796,423
Income from long term loans and fund placements	33	19,940,898	10,267,506
Fee, commission and brokerage	34	3,322,029	2,845,878
(Loss) / gain on remeasurement of investments through profit or loss - held for trading - net		(72,246)	18,130
Other income	35	944,360	675,498
		34,261,792	27,003,552
EXPENDITURE			
Administrative and other expenses	36	11,757,180	9,649,647
Finance cost	37	21,362,121	14,198,100
Workers' Welfare Fund		(153,421)	51,438
(Reversal of) / provision for impairment on investments - net	38	(220,511)	223,031
		32,745,369	24,122,216
SHARE OF PROFIT FROM ASSOCIATE		6,674	-
PROFIT BEFORE TAX		1,523,097	2,881,336
Taxation	39		
- Current		771,795	900,033
- Prior		26,945	196,063
- Deferred		(90,440)	34,766
		708,300	1,130,862
PROFIT FOR THE YEAR		814,797	1,750,474
Attributable to:			
Equity holders of the parent		639,367	1,398,097
Non-controlling interests		175,430	352,377
		814,797	1,750,474
EARNINGS PER SHARE			
		----- (Rupees) -----	
Basic and diluted	40	0.70	1.53

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

Najmul Hoda Khan
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2018

	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Profit after tax for the year		814,797	1,750,474
Other comprehensive loss:			
Items that will not be classified subsequently to statement of profit or loss			
Actuarial gains on defined benefit plan	42.5	27,062	(85,542)
Related tax		(9,472)	29,940
		17,590	(55,602)
Total items that will not be classified subsequently to statement of profit or loss		17,590	(55,602)
Items that may be classified subsequently to statement of profit or loss:			
Fair value loss on revaluation of available-for-sale investments during the year - net		(8,235,110)	(4,420,019)
Reclassification adjustments relating to available-for-sale investments disposed off during the year - net		1,135,455	(542,602)
		(7,099,655)	(4,962,621)
Exchange difference on translation of net assets in foreign branches of a subsidiary		58,715	12,236
Total items that may be classified subsequently to statement of profit or loss - net of tax		(7,040,940)	(4,950,385)
Other comprehensive loss for the year		(7,023,350)	(5,005,987)
Total comprehensive loss for the year		(6,208,553)	(3,255,513)
Attributable to:			
Equity holders of the parent		(5,733,421)	(2,986,669)
Non-controlling interests		(475,132)	(268,844)
		(6,208,553)	(3,255,513)

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

Najmul Hoda Khan
Chief Financial Officer



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2018

	Attributable to ordinary equity holders of the parent								Non-controlling interests	Total
	Issued, subscribed and paid-up share capital	Reserves			Statutory	Revenue				
		Ordinary share premium	Foreign exchange translation reserve	Unrealised gain on revaluation of available for sale investments - net		Unappropriated profit / (accumulated loss)	Sub-total			
(Rupees in '000)										
Balance as at January 01, 2017	9,159,424	4,497,894	(557)	16,386,998	939,500	5,694,026	36,677,285	6,681,610	43,358,895	
Total comprehensive income / (loss) for the year										
Profit for year	-	-	-	-	-	1,398,097	1,398,097	352,377	1,750,474	
Other comprehensive income / (loss)	-	-	12,236	(4,357,847)	-	(39,155)	(4,384,766)	(621,221)	(5,005,987)	
Total comprehensive income / (loss) for the year	-	-	12,236	(4,357,847)	-	1,358,942	(2,986,669)	(268,844)	(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	6,393,248	40,083,864	
Total comprehensive income / (loss) for the year										
Profit for the year	-	-	-	-	-	639,367	639,367	175,430	814,797	
Other comprehensive income / (loss)	-	-	58,715	(6,444,699)	-	13,196	(6,372,788)	(650,562)	(7,023,350)	
Total comprehensive income / (loss) for the year	-	-	58,715	(6,444,699)	-	652,563	(5,733,421)	(475,132)	(6,208,553)	
Transfer to statutory reserve	-	-	-	-	84,373	(84,373)	-	-	-	
Transaction with owners recognized directly in equity										
Adjustment related to conversion of preference shares	-	-	-	-	-	139,815	139,815	(139,815)	-	
Proceeds from issue of Right shares by subsidiary	-	-	-	-	-	-	-	245,000	245,000	
Adjustment related to change in ownership of subsidiary	-	-	-	-	-	8,568	8,568	(8,568)	-	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(5,550)	(5,550)	
Balance as at December 31, 2018	9,159,424	4,497,894	70,394	5,584,452	1,160,931	7,632,483	28,105,578	6,009,183	34,114,761	

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

Najmul Hoda Khan
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

	2018	2017
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,523,097	2,881,336
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation	728,610	654,472
Amortisation of intangible assets	75,637	64,473
Gain on sale of property and equipment	(122,116)	(57,430)
Charge for defined benefit plan	-	89,576
Loss / (gain) on remeasurement of investments through profit or loss - held for trading - net	72,246	(18,130)
Provision for doubtful debts, loans and advances	498,506	202,814
Effect of translation of net investment in foreign branches of a subsidiary	58,715	12,236
Reversal of / (provision for) impairment on investments - net	(220,511)	223,031
Finance cost	21,362,121	14,198,100
	22,453,208	15,369,142
Operating profit before working capital changes	23,976,305	18,250,478
(Increase) / decrease in operating assets:		
Loans and advances	(29,489,721)	(34,638,162)
Trade debts	(493,951)	830,391
Long term loans, advances, prepayments and other receivables	(39,171,380)	(55,923,727)
Other financial assets - fund placements	1,178,851	8,218,215
Prepayments, deposits, accrued mark-up and other receivables	(5,559,595)	(1,981,719)
	(73,535,796)	(83,495,002)
Increase in operating liabilities:		
Trade and other payables	4,117,452	2,820,939
Deposits and other accounts	33,331,064	61,783,187
Net cash used in operations	(12,110,975)	(640,398)
Finance cost paid	(20,690,872)	(13,415,760)
Gratuity paid	(45,562)	(118,308)
Taxes paid	(1,449,142)	(898,424)
Dividend paid (including non-controlling interests)	(2,663)	(19,518)
Net cash used in operating activities	(34,299,214)	(15,092,408)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(1,793,718)	(1,654,267)
Intangible assets acquired	(404,942)	(160,022)
Proceeds from sale of property and equipment	154,198	80,288
Proceeds from / (acquisition of) assets repossessed	16,868	(14,349)
Proceeds from issuance of right shares by Subsidiary Company	245,000	-
Investments - net	15,515,652	(38,901,283)
Net cash generated from / (used in) investing activities	13,733,058	(40,649,633)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of term finance certificates - net of redemption	3,491,697	3,191,373
Long term loan (repaid to) / obtained from bank - net	(186,721)	367,009
Securities sold under repurchase agreements - net	25,035,935	43,389,357
Net cash generated from financing activities	28,340,911	46,947,739
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7,774,755	(8,794,302)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(1,370,676)	7,423,626
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6,404,079	(1,370,676)

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

Najmul Hoda Khan
Chief Financial Officer



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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.

The Branch network of the Group is disclosed in Annexure II to the these financial statements.

- 1.2 In respect to the Group, following are significant events occurred and transactions incurred during the year:

- Issuance of new Term Finance Certificates (TFCs) by the Holding Company and the subsidiary Bank - notes 23.1.4 & 23.1.7;
- Opening of 19 new banking branches by subsidiary Bank;
- The SBP vide its letter no. OSED/ SEU-26/026(01)/4617/19 dated February 27, 2019 advised the subsidiary Bank to make provision of Rs.792.327 million against certain classified loans, investments and other assets, in a phased manner spreading equally (i.e. Rs.264.109 million each) over three reporting periods of December 31, 2018, March 31, 2019 and June 30, 2019;
- Increase in State Bank of Pakistan policy rates resulting into significantly higher finance cost - note 37;
- Launch of JS Islamic Dedicated Equity Fund, JS Islamic Capital Preservation Allocation Plan - 1 to Plan - 4 under JS Islamic Hybrid Fund of Funds - 2 (IAAP II) by a subsidiary;
- JS Capital Protected Fund V managed by a subsidiary has matured;
- With respect to the subsidiary brokerage house - situation in the global and predominantly the local economic landscape, along with uncertainty in the local political scenario, until the general elections, adversely affected the equity market's performance, investor sentiment and the overall investment climate, leading to lower volumes and hence lower profits for the subsidiary brokerage house. This is reflected in note 49 Operating Segment;
- Capital expenditure incurred for purchase of freehold and leasehold lands by JS Petroluem (Private) Limited and JS Fuel (Private) Limited, subsidiary companies - note 7;
- Adoption of Companies Act, 2017 - note 2.1.

1.3 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

Subsidiary Companies	Note	Holding (including indirect holding)	
		2018 %	2017 %
JS Bank Limited (JSBL)	1.3.1 & 1.3.2	75.02	70.42
JS Investments Limited (JSIL) (Sub-subsidiary)	1.3.1 & 1.3.3	48.88	45.88
JS Global Capital Limited (JSGCL) (Sub-subsidiary)	1.3.1 & 1.3.4	50.38	47.29
JS Infocom Limited	1.3.5	100.00	100.00
JS International Limited	1.3.6	100.00	100.00
JS ABAMCO Commodities Limited (Sub-subsidiary)	1.3.7	48.88	45.88
Energy Infrastructure Holding (Private) Limited	1.3.8	100.00	100.00
Quality Energy Solutions (Private) Limited	1.3.9	100.00	100.00
Khairpur Solar Power (Private) Limited (Sub-subsidiary)	1.3.10	100.00	100.00
JS Petroleum (Private) Limited (Sub-subsidiary)	1.3.1 & 1.3.11	51.00	100.00
JS Fuel (Private) Limited (Sub-subsidiary)	1.3.12	100.00	100.00
JS Engineering Investments 1 (Private) Limited (Sub-subsidiary)	1.3.13	100.00	100.00

1.3.1 Change in Group's ownership interest in the subsidiary

Pursuant to the conversion of preference shares issued by JS Bank Limited (a subsidiary) into ordinary shares, shareholding of the Holding Company has increased in this subsidiary. Accordingly, the effective shareholding of the Holding Company in its sub-subsidiaries have also increased.

The shareholding in JS Petroleum (Private) Limited (JSPPL) has diluted due to introduction of other shareholders by way of subscription of unsubscribed right shares of JSPPL.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

1.3.2 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 341 (2017: 322) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2017: One).

1.3.3 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 Islamic Hybrid Fund of Funds
- JS Islamic Hybrid Fund of Funds - 2
- JS Islamic Dedicated Equity Fund

Pension funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

1.3.4 JS Global Capital Limited

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

1.3.5 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.

1.3.6 JS International Limited

JS International Limited was incorporated in Cayman Islands B.W.I. on July 14, 2005. The primary objective for which the Company has been established includes inward investment from non-resident Pakistanis and international institutional investors, financial advisory services to Pakistani companies expanding overseas and to foreign companies interested in investing or setting up joint ventures in Pakistan.

1.3.7 JS ABAMCO Commodities Limited

JS ABAMCO Commodities Limited (the Company) was incorporated in Pakistan as a public limited company on September 25, 2007 under the 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 date of statement of financial position.

1.3.8 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.

1.3.9 Quality Energy Solutions (Private) Limited

Quality Energy Solutions (Private) Limited (the Company) was incorporated under the repealed 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.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

1.3.11 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 subsidiary of Energy Infrastructure Holding (Private) Limited (the Parent Company) whereas Jahangir Siddiqui & Co. Ltd. (JSCL) is the ultimate holding company of the Company.

Subsequent to the year end, the shareholders of the Company in their meeting held on February 22, 2019, have approved to change the status of the Company from "Private Limited" to "Public Limited". Further, the shareholders have also appointed six directors of the Company and resolved to increase the authorized capital to PKR 1,100 million divided into 60,000,000 ordinary shares and 50,000,000 Preference Shares of Rs. 10/- each.

The Company is currently completing the legal and corporate compliances for the change in status and increase in authorized capital of the Company.

1.3.12 JS Fuel (Private) Limited

JS Fuel (Private) Limited (the Company) was incorporated under the Companies Act, 1984 (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) whereas Jahangir Siddiqui & Co. Ltd. (JSCL) is the ultimate holding company of the Company.

1.3.13 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) whereas 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 accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Finance Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by the Securities and Exchange Commission of Pakistan (SECP). However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

companies in mutual funds established under trust structure, through S.R.O 56(I) / 2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. 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 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions – (Amendments)

IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IAS 40 Investment Property – Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Improvements to Accounting Standards Issued by the IASB

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on these consolidated 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 9 – Financial Instruments	July 01, 2018
IFRS 9 – Prepayment Features with Negative Compensation - (Amendments)	January 01, 2019
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 15 – Revenue from Contracts with Customers	July 01, 2018



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Effective date (annual periods beginning on or after)
IFRS 16 – Leases	January 01, 2019
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 28 – Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019
IFRIC 23 – Uncertainty over Income Tax Treatments	January 01, 2019
Definition of a Business – Amendments to IFRS 3	January 01, 2020
Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application. However, the Company is currently evaluating the requirements of IFRS-9 and IFRS-16, and their potential impacts on the financial statements of the Company.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 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.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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 6.5 and 10);
- (c) recognition of taxation and deferred tax (notes 6.10, 13 and 39);
- (d) accounting for post employment benefits (note 6.17); and
- (e) impairment of financial assets (notes 6.22 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 when control is lost.
- The financial statements of the subsidiary companies are prepared for the same reporting year (except for JS International Limited whose audited financial statements as at September 30 have been considered) as the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interests in equity of the subsidiary companies are measured at proportionate share of net assets of the acquiree as of the acquisition date.
- Material intra-group balances and transactions have been eliminated.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Property and equipment

These are stated at costs less accumulated depreciation and accumulated impairment, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to the statement of profit or loss 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 date of statement of financial position.

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 statement of profit or loss in the year the asset is derecognized.

Maintenance and normal repairs are charged to statement of profit or loss 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 statement of profit or loss.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 date of statement of financial position.

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 date of statement of financial position 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 statement of profit or loss 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).

These are stated at cost including transaction costs less accumulated depreciation and accumulated impairment, if any. Depreciation is charged to statement of profit or loss 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 statement of profit or loss 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 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.

6.5 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 statement of profit or loss 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 statement of profit or loss.

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 date of statement of financial position, 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 statement of profit or loss reflects the Group's share of the results of its associates and joint ventures.

Investments in subsidiaries, associates and joint ventures classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss after meeting conditions as stated in IAS 39.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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 the statement of profit or loss.

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 the statement of profit or loss.

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

6.6 Advances

Loan and advances

Advances extended by subsidiary bank are stated net of general and specific provisions. General and specific provisions against funded loans are determined in accordance with the requirements of the Prudential Regulations issued by the SBP and charged to the statement of profit or loss. Advances are written off when there are no realistic prospects of recovery.

Finance lease receivables

Leases, where the subsidiary bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payment including any guaranteed residual value, if any. Net investment in finance lease is included in loans and advances to customers.

6.7 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 date of statement of financial position. 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 statement of profit or loss.

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

6.8 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 statement of financial position 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.

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(b) Repurchase agreement lendings

Investments purchased under agreement to resell at a specified future date (reverse repos) are not recognised in the statement of financial position. 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.

6.9 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 the statement of profit or loss net of expected recovery.

6.10 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 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 date of statement of financial position 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 date of statement of financial position.

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".

6.11 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

- (b) Income / return on Term Finance Certificates (TFCs), government securities, reverse repurchase transactions, certificate of deposits and loans and advances is recognised at rate of return implicit in the instrument / arrangement on a time proportion basis.
- (c) Dividend income on equity investments is recognised, when the Group's right to receive the same is established.
- (d) Capital gains or losses on sale of investments are recognised in the period in which they arise.
- (e) Commission is recognised as income at the time of affecting the transaction to which it relates. Fees are recognised when earned.
- (f) Brokerage, consultancy, management and advisory fee, commission on foreign exchange dealings and government securities, etc. are recognised as and when earned.
- (g) Rental income from investment properties, commission on portfolio trading services and return on bank deposits is recognised as services are rendered.
- (h) Trusteeship fee is recognized on an accrual basis in proportion to the provision of service.
- (i) Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.
- (j) Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.
- (k) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time the commitment is fulfilled.
- (l) Return on National Saving Certificates is accounted for using the effective interest rate method.

6.12 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.

6.13 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.

6.14 Trade and other payables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6.15 Cash and cash equivalents

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

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

6.16 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.

6.17 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 the statement of profit or loss.

- The Holding Company	10%
- JS Bank Limited (the subsidiary)	7.1%
- JS Global Capital Limited (the sub-subsidiary)	7.33%
- JS Investment 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, 2018, 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 the statement of profit or loss and actuarial gains and losses are recognised immediately in other comprehensive income.

6.18 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 the statement of profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6.19 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 statement of financial position when there is a legal enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

Trade date accounting

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

6.20 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 date of statement of financial position. Gains and losses on translation are taken to the statement of financial position. 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.

6.21 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.

6.22 Impairment

Financial assets

The Group assesses at each date of statement of financial position 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 the statement of profit or loss, the impairment loss is reversed, with the amount of reversal recognized in the statement of profit or 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 statement of profit or loss.

6.23 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.

6.24 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.

6.25 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.

6.26 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.

6.27 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

7. PROPERTY AND EQUIPMENT	Note	2018 ----- (Rupees in '000) -----	2017 -----
Operating fixed assets	7.1	5,554,252	4,974,050
Capital work-in-progress	7.2	815,574	321,240
		<u>6,369,826</u>	<u>5,295,290</u>

7.1 Operating fixed assets

	Cost				Accumulated depreciation		Written down value	
	As at January 01, 2018	Additions / (disposals) / transfers *	As at December 31, 2018	Depreciation rate per-annum %	As at January 01, 2018	For the year / (on disposal) / transfers *	As at December 31, 2018	As at December 31, 2018
	(Rupees in '000)				(Rupees in '000)			
Office premises - leasehold	2,166,876	63,510	2,253,546	1.0 - 20	277,380	43,638	322,631	1,930,915
		23,160				1,613		
		- *				-		
Land - freehold	202,696	155,051	357,747	-	-	-	-	357,747
Land - leasehold	227,970	17,196	245,166	2	-	4,404	6,819	238,347
						2,415		
Leasehold improvements	1,189,326	186,211	1,304,991	10 - 33	568,466	114,537	622,104	682,887
		(70,546)				(60,899)		
		- *				-		
Office equipment	2,731,489	413,222	3,095,234	12.5 - 33	1,581,235	342,845	1,879,648	1,215,586
		(49,477)				(44,432)		
		- *				-		
Office furniture and fixtures	568,148	74,646	627,456	10 - 20	296,338	53,644	335,142	292,314
		(15,338)				(14,840)		
		- *				- *		
Motor vehicles	997,509	430,939	1,220,681	20	386,545	169,422	384,225	836,456
		(207,767)				(171,742)		
		- *				- *		
	8,084,014	1,340,775	9,104,821		3,109,964	728,490	3,550,569	5,554,252
		(319,968)				(287,885)		
		- *				- *		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Cost				Accumulated depreciation			Written down value
	As at January 01, 2017 ----- (Rupees in '000)	As at December 31, 2017 ----- (Rupees in '000)	Depreciation Rate Per-annum %	As at January 01, 2017 ----- (Rupees in '000)	For the year / (on disposal) ----- (Rupees in '000)	As at December 31, 2017 ----- (Rupees in '000)	As at December 31, 2017 ----- (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	-	202,696	202,696	-	-	-	-	202,696
Land - leasehold	-	227,970	227,970	2	-	-	-	227,970
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

7.1.1 Details of disposal of fixed assets having written down value exceeding Rs. 500,000 each are given in Annexure-I to these consolidated financial statements.

7.1.2 The details of immovable property of the Group are as follows:

**Total area of land
in Acres**

JS Fuel (Private) Limited

- Chak no.202, RB, Faisalabad, Behru-ne-Hudood Committee 0.729

JS Petroleum (Private) Limited

- Port Qasim, Bin Qasim Town, District Malir, Karachi 15

Energy Infrastructure Holding (Private) Limited

- HUB Tehsil, District Lasbella, Balochistan 137

JS Investments Limited

- Office No. 714-717 and 718 to 727 7th Floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi 0.633

JS Bank Limited

- Plot No. 201, Situated at Upper Mall, Lahore 0.875

- Plot # 06, Survey # 362/10 (in compound of Bungalow 55 & 55/1), situated at Haider Road, Rawalpindi. 0.014

- Situated at Plot No. 21, Collage Road, F-7, Markaz, Islamabad. 0.186

- Land situated at House No. 65 Near Foreign Affair Office Shadman II, Lahore 0.103



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Total area of land in Acres
- Hut No. 182, Old Survey No. 87, Hawks Bay Beach, Karachi.	0.041
- Office No, 84,85 & 86, On second floor project known as " Pakistan/Karachi Stock Exchange", situated at Land Bearing no. 3/2 and 3/2/1, Street No. RY-3, in the area of railway Quarters, I.I. Chundrighar Road, Karachi.	0.016
- Project Known as "JS BANK LIMITED" Bahria Heights III, Pjase IV, Bahria Town, Bearing Khasra # 3508, Situated at Mouza Kotha Kalan, Rawalpindi.	0.052
- Property on Plot No. G-3, 13th floor, Inclusive of 13 parking space & along with 1/58 undivided share of main Plot building known as "OCEAN TOWER", Block no. 9, K.D.A, Scheme No. 5, Kehkashan, Clifton Karachi.	0.344
- Property on Plot No. G-3, 23th floor, Inclusive of 8 parking space & along with 1/87 undivided share of main Plot building known as "OCEAN TOWER", Block no. 9, K.D.A, Scheme No. 5, Kehkashan, Clifton Karachi.	0.225
- Commercial Land Bearing Showroom No 3, Ground Floor, along with 3 reserved car parking space in project known as " AL-TIJARAH CENTRE", With 0.554% undivided share in Plot No. 32-1-A, situated in Block No. 6, Pakistan Employee CO-operative Housing Society, Karachi.	0.048
- Property Shop Bearing Premises No. 6 & on Ground Floor, Project known as "AL-HABIB ARCADE", Situated at on Sub Plot No. G-3/X-II/A, Three Sword, Main Clifton Road, Karachi.	0.021
- Commercial property ground & first floor bearing Plot No. 21/1, Survey Sheet No. BR-5, Tenure Govt. H/1, Situated at Lakshmi Das Street, Bunder Quarters, Karachi.	0.013
- Property Shop bearing premises No. G-1, G-66 on ground floor and F-1, F-2 & F-3 at first floor, project known as "THE CENTRE", situated at plot no. 28, SB-5. Saddar Bazaar, Karachi.	0.043
- Shop No. S-01, Ground Floor, Building known as "RABIA HEIGHTS" Constructed on bearing Plot No. GRW-315, situated at Lawrence Road, Garden West Quarters, Karachi.	0.032
- Project Known as "JS BANK LIMITED DIVINE MEGA II BRANCH" situated at office no.2, divine mega II plaza opposite Honda Point, New Air port Road, Tehsil Cantt, District Lahore.	0.033
- Main Plot 55-B, Building known as "ISE TOWER" property office No. 414, 4th floor, ISE TOWER, Main Jinnah Avenue Blue Area Islamabad.	0.031
- Shop No. G-1, Ground Floor, Hamza Heights, on Plot No. A-11, Survey sheet No. 35-P/1, Survey No. 5, Union Commercial Area Block 7 & 8, Karachi CO-operative Housing Societies Limited, Karachi.	0.034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

2018 2017
----- (Rupees in '000) -----

7.2 Capital work-in-progress

Advances to suppliers against:

Civil works	669,961	112,802
Advance for purchase of land	90,829	8,018
Furniture and fixture	14,456	290
Acquisition of software and equipment	22,153	136,502
License fee	-	2,000
Vehicles	18,175	61,628
	815,574	321,240

8. INTANGIBLE ASSETS

Operating intangible assets	657,667	413,633
Capital work-in-progress	85,271	-
	742,938	413,633

8.1 Operating intangible asset

Note	Cost			Rate per-annum %	Accumulated amortization / impairment		Written down value	
	As at January 01, 2018	Additions / (disposals / adjustments)	As at December 31, 2018		As at January 01, 2018	For the year / impairment / (adjustments)	As at December 31, 2018	As at December 31, 2018
	(Rupees in '000)				(Rupees in '000)			
Software	746,336	317,671	1,064,007	20 - 33.33	341,930	75,137	417,067	646,940
		-				-		
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
8.1.1		-				-		
Membership card - Pakistan Mercantile Exchange Limited	3,500	-	3,500	-	-	-	-	3,500
		-				-		
Provisional license	-	2,000	2,000		-	500	500	1,500
8.1.2						-		
	1,032,274	319,671	1,351,945		618,641	75,637	694,278	657,667



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

Note	Cost				Accumulated amortization / impairment			Written down value	
	As at January 01, 2017	Additions / (disposals / adjustments)	As at December 31, 2017	Rate per-annum	As at January 01, 2017	For the period / impairment / (adjustments)	As at December 31, 2017	As at December 31, 2017	
	(Rupees in '000)				%	(Rupees in '000)			
Software	586,314	160,022	746,336	20 - 33.33	277,457	64,473	341,930	404,406	
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)	8.1.1	5,755	-	5,755	-	28	-	28	5,727
Membership card - Pakistan Mercantile Exchange Limited		3,500	-	3,500	-	-	-	-	3,500
		872,252	160,022	1,032,274		554,168	64,473	618,641	413,633

8.1.1 This represents TREC received from PSX in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. The Company has also received shares of PSX after completion of the demutualization process.

8.1.2 This represents the amount paid to Oil and Gas Regulation Authority (OGRA) to acquire a provisional license valid for three years for the construction of oil storage facility.

8.2 This includes an amount of Rs. 9.510 (2017: Rs.Nil) million representing advance paid by a subsidiary to Saudi National Technology Group Co. Limited situated in Riyadh, Kingdom of Saudia Arabia equivalent to \$ 75,000 for acquisition of software. The remaining payments will be made on progress billings.

9. INVESTMENT PROPERTY

					Accumulated depreciation			Written down value	
Cost									
	As at		As at		As at		As at		
	January 01,	Additions/	December 31,	Rate	January 01,	For the	December 31,	December 31,	
Note	2018	(disposals)	2018		2018	period	2018	2018	
----- (Rupees in '000) -----				%	----- (Rupees in '000) -----				
Office premises - leasehold	9.1	14,999	-	14,999	5	13,219	120	13,339	1,660

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

9.1 The fair value of the investment property aggregating to Rs.103.39 million and forced sale value aggregating to Rs.93.05 million was arrived at on the basis of the valuation carried out by KG Traders (Pvt.) Limited, an independent valuer on February 07, 2019, 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.

9.2 The details of investment property are as follows:

Description	Address and location	Total Area of land in Acres
Islamabad building	Office No. 413, 4th Floor, Islamabad Stock Exchange Tower, 55-B, Jinnah Avenue, Islamabad	0.031
Lahore building	2nd Floor, Associated House, 7-Egerten Road, Lahore	0.171

		2018	2017
	Note	(Rupees in '000)	
10. LONG TERM INVESTMENTS			
Related parties			
Investment in joint venture	10.1	-	-
Investment in associate	10.2	186,674	-
Other related parties - available for sale	10.3	9,871,381	13,028,890
		10,058,055	13,028,890
Other investments	10.4	57,784,406	145,673,007
Advance for investment		555,000	25,000
		68,397,461	158,726,897
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)
		-	-

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

10.2 Investment in associate

	2018	2017
	----- (Rupees in '000) -----	
Cost of investment	180,000	-
Share of profit from associate	6,674	-
	<u>186,674</u>	<u>-</u>

During the period, JS Bank Limited (a subsidiary) has invested in the shares of Omar Jibran Engineering Industries Limited, a public unlisted company (9.6% shareholding). The Group has classified the investment as associate on account of significant influence exercised by the Bank over the investee company.

10.3 Other related parties - Available for sale

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

Number of shares					Holding			
2018	2017		Note	Business Activity	2018 %	2017 %	2018 (Rupees in '000)	2017 (Rupees in '000)
Quoted at fair value								
51,926,071	51,926,071	EFU General Insurance Limited	10.3.2	General Insurance	25.96	25.96	5,294,607	7,939,496
20,047,708	20,047,708	EFU Life Assurance Limited	10.3.2	Life Insurance	20.05	20.05	4,569,274	5,081,894
Un-quoted at cost								
750,000	750,000	EFU Services (Private) Limited	10.3.1	Investment Company	37.50	37.50	7,500	7,500
							9,871,381	13,028,890

10.3.1 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.

10.3.2 Included herein are equity securities having average cost of Rs. 1,330.98 (2017: Rs. 638.29) million and having market value of Rs. 4,228.52 (2017: Rs. 2,693.44) 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, 2018

10.4 Other investments

Available for sale

Number of shares / units				2018	2017
2018	2017	Equity securities	Note	----- (Rupees in '000) -----	
		Quoted - at fair value			
214,258,460 *	214,258,460	BankIslami Pakistan Limited	10.4.1	2,571,102	1,990,461
112,157,863	112,157,863	Azgard Nine Limited	10.4.1	1,295,423	1,644,234
159,080,638	159,080,638	Pakistan International Bulk Terminal Limited		1,664,903	2,378,256
3,805,906	3,805,906	Pakistan Stock Exchange Limited		47,005	85,252
11,622,000	11,622,000	Hum Network Limited (Ordinary Shares of Rs. 1 each)		51,137	94,952
		At cost:			
2,399,454	2,399,454	Security General Insurance Company Limited		263,100	263,100
		ISE Tower REIT Management Limited (formerly Islamabad Stock Exchange Ltd.)		11,000	11,000
6	6	Society for Worldwide Interbank Financial Telecommunication (SWIFT)		2,406	2,406
200,000	200,000	Bykea Technology (Private) Limited	10.4.2	100,000	-
				6,006,076	6,469,661
Privately placed term finance certificates (PPTFC) unquoted (at cost)					
Agritech Limited					
PPTFC - 3rd Issue				89,928	89,928
PPTFC - 5th Issue				509,875	509,875
				599,803	599,803
Provision for impairment				(599,803)	(599,803)
Term Finance / Sukuk Certificates				-	-
- quoted				528,301	-
- unquoted - stated at cost				590,955	1,558,445
US Dollar Bonds				5,778,367	4,179,670
Government securities				21,801,421	92,066,746
				28,699,044	97,804,861
Held to maturity					
Government securities				22,982,181	41,398,485
Term Finance / Sukuk Certificates				114,005	-
Less: Current maturity of term finance certificates				(16,900)	-
				57,784,406	145,673,007

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

10.4.1 Based on the reassessment of relationship under IAS 24 (as required under Fourth Schedule to the Companies Act, 2017), Azgard Nine Limited and BankIslami Pakistan Limited are no more related parties of the group.

10.4.2 Included herein are equity securities having average cost of Rs.1,024.25 (2017: Rs.429.25) million and having market value of Rs.1,150.29 (2017: Rs.722.67) million pledged with trustee of Term Finance Certificates issued by the Company.

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

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

Name of Subsidiary	Ownership interests held by non controlling interests	
	2018	2017
JS Bank Limited (JSBL)	24.98%	29.58%
JS Global Capital Limited (JSGCL) (Sub-subsidiary)	49.62%	52.71%
JS Investments Limited (JSIL) (Sub-subsidiary)	51.12%	54.12%
JS Petroleum (Private) Limited (JSPPL) (Sub-subsidiary)	49.00%	0.00%

The following is summarized financial information for material 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		JSPPL	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)							
Total income	32,137,867	24,432,511	757,765	891,228	432,700	386,379	1,495	17
Profit / (loss) after tax	583,934	973,149	25,637	85,530	50,896	32,216	(21,500)	(4,987)
Profit attributable to NCI	151,176	287,857	13,256	45,079	25,387	17,435	(4,410)	-
Other comprehensive loss	(2,025,498)	(1,262,628)	(18,653)	(39,616)	(236,053)	(412,483)	-	-
Total comprehensive (loss) / income	(1,441,564)	(289,479)	6,984	45,914	(185,157)	(380,267)	(21,500)	(4,987)
Comprehensive (loss) / income attributable to NCI	(354,794)	(85,628)	4,000	24,201	(95,283)	(205,801)	(4,410)	-
Current assets	291,204,807	176,261,086	4,314,907	3,478,381	1,892,395	2,167,652	39,546	3,242
Non-current assets	163,795,268	211,384,042	525,140	284,073	369,440	232,822	441,226	225,555
Total Assets	455,000,075	387,645,128	4,840,047	3,762,454	2,261,835	2,400,474	480,772	228,797
Current liabilities	431,876,523	362,800,782	2,231,646	1,161,038	250,415	232,147	7,258	3,783
Non-current liabilities	8,644,376	8,650,904	-	-	34,635	3,508	-	-
Total Liabilities	440,520,899	371,451,686	2,231,646	1,161,038	285,050	235,655	7,258	3,783
Net Assets	14,479,176	16,193,442	2,608,401	2,601,416	1,976,785	2,164,819	473,514	225,014
Net Assets attributable to NCI	3,375,351	3,750,361	1,463,170	1,550,475	902,889	1,056,004	232,022	-
Cash flow from operating activities	(37,763,483)	96,304,643	612,966	461,798	(51,761)	(99,084)	(265,874)	(1,243)
Cash flow from investing activities	49,854,338	(96,175,535)	(719,825)	168,986	63,019	143,566	(220,074)	(225,555)
Cash flow from financing activities	2,318,000	1,818,800	(70)	5	(3,779)	(40,092)	499,999	230,001
Net increase in cash and cash equivalents	14,408,855	1,947,908	(106,929)	630,789	7,479	(435)	14,051	3,203
Dividends paid to NCI during the year	-	(13,968)	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

11. LONG TERM LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Long-term loans - considered good

Secured

Due from:

Executives

Employees

Note

2018

2017

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

11.1 & 11.4

2,890,980

2,337,284

12,977

12,765

2,903,957

2,350,049

Loans advanced by subsidiary bank

11.2

88,551,823

52,559,013

Net investment in finance lease by subsidiary bank

11.3

18,446,181

13,781,334

Long term prepayments

2,953

2,952

Long-term advances - considered good, unsecured

Advances - unsecured & considered good

against a room at Pakistan Mercantile Exchange Limited (PMEX)

2,500

2,500

109,907,414

68,695,848

Current maturity of long term loans and receivables

(6,908,421)

(4,867,775)

102,998,993

63,828,073

2018

2017

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

11.1 Reconciliation of the carrying amount of loans to executives

Balance at the beginning of the year

2,337,284

1,723,889

Disbursement

1,203,335

1,129,496

Repayments

(649,639)

(516,101)

Balance at the end of the year

2,890,980

2,337,284

11.2 These carry mark-up ranging from 4% to 22.46% (2017: 4% to 25%) per annum. These also include secured lendings to various financial institutions having maturity date till May 29, 2023.

11.3 Particulars of net investment in finance lease

2018

Later than
one and less

Not later than
one year

than five
years

Over five
years

Total

----- Rupees in '000 -----

Lease rentals receivable

7,137,126

9,082,944

138,766

16,358,836

Guaranteed residual value

1,008,255

3,552,926

7,138

4,568,319

Minimum lease payments

8,145,381

12,635,870

145,904

20,927,155

Finance charges for future periods

(1,246,019)

(1,229,811)

(5,144)

(2,480,974)

Present value of minimum lease payments

6,899,362

11,406,059

140,760

18,446,181



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2017			
	Not later than one year	Later than one and less than five years	Over 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

11.4 This includes following various loans due from respective related parties:

Name of Related Parties	Nature of Relationship	Maturity date	Interest rate	Purpose of loan	Particulars of security held	Maximum amount due at end of any month	2018 ---- (Rupees in '000) ----	2017
Jahangir Siddiqui Securities Services Ltd.	Other related parties	10-Dec-20	3 MONTH KIBOR+ 250 BPS	For Investment In Capital Markets & Other Ventures	Pledge of Shares in company name / or 3rd party	122,852	80,000	120,000
JSPE Management Ltd.	Other related parties	24-Oct-23	3 MONTH KIBOR+ 300 BPS	To Purchase Non-Commercial Vehicles for the Company	HPA & LEASE	7,949	7,934	3,397
Excel Labs (Pvt.) Ltd.	Other related parties	8-Nov-23	6 MONTH KIBOR+ 300 BPS	For Purchase A Car	HPA & LEASE	28,557	28,377	-
Mr. Munawar Alam Siddiqui	Key management personnel	25-Dec-21	1 year KIBOR + 500 BPS	Auto Consumer	HPA over Vehicle	1,685	1,400	1,770
Mr. Imran Haleem Shaikh	Key management personnel	25-Feb-20	5.00%	Personal Loan	Clean Facility / Provident Fund	755	755	1,367
Mr. Siraj Ali Mithani	Key management personnel	25-Apr-20	5.00%	Personal Loan	Clean Facility / Provident Fund	1,142	1,141	-
Mr. Siraj Ali Mithani	Key management personnel	25-Apr-20	4.00%	House Loan	Secured Against Mortgages	3,114	3,008	-
Mr. Anjum Amin Siddiqui	Key management personnel	25-Jul-20	5.00%	Personal Loan	Clean Facility / Provident Fund	400	399	-
Mr. Khalil Ur Rehman	Key management personnel	25-Mar-21	5.00%	Personal Loan	Clean Facility / Provident Fund	62	62	-
Mr. Kashan Zafar	Key management personnel	25-May-21	5.00%	Personal Loan	Clean Facility / Provident Fund	191	191	264
Mr. Kamran Jaffer	Key management personnel	25-Jun-21	5.00%	Vehicle Loan	HPA over Vehicle	6,381	6,374	8,710
Mr. Kamran Jaffer	Key management personnel	25-Jan-22	5.00%	Personal Loan	Clean Facility / Provident Fund	4,193	4,189	-
Balance c/f.							133,830	135,508

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For the year ended December 31, 2018

Name of Related Parties	Nature of Relationship	Maturity date	Interest rate	Purpose of loan	Particulars of security held	Maximum amount due at end of any month	2018 ----- (Rupees in '000) -----	2017
Balance b/f.							133,830	135,508
Mr. Muhammad Kamran Nasir	Key management personnel	10-Mar-22	3 MONTH KIBOR+ 200 BPS	For Purchase Vehicle for own use Land Cruiser Model Zx-2012	HPA & LEASE	13,803	12,605	-
Mr. Ali Pesnani	Key management personnel	25-Jul-22	5.00%	Vehicle Loan	HPA over Vehicle	1,819	1,817	-
Mr. Ashraf Shahzad Ahmed	Key management personnel	25-Apr-23	5.00%	Vehicle Loan	HPA over Vehicle	1,237	1,236	-
Mr. Muhammad Faisal Asghar	Key management personnel	25-Jun-23	5.00%	Vehicle Loan	HPA over Vehicle	2,618	2,615	-
Mr. Ashraf Shahzad Ahmed	Key management personnel	25-Jul-24	4.00%	House Loan	Secured Against Mortgages	1,686	1,685	1,948
Mr. Adnan Zakaria	Key management personnel	25-Sep-27	4.00%	House Loan	Secured Against Mortgages	16,949	16,936	7,032
Syed Tauqir Haider Rizvi	Key management personnel	25-Dec-27	4.00%	House Loan	Secured Against Mortgages	24,795	24,776	-
Mr. Basir Shamsie	Key management personnel	25-Mar-30	4.00%	House Loan	Secured Against Mortgages	27,516	27,495	23,607
Mr. Kamran Jaffer	Key management personnel	25-May-30	4.00%	House Loan	Secured Against Mortgages	23,597	23,579	25,177
Mr. Muhammad Faisal Asghar	Key management personnel	25-Aug-30	4.00%	House Loan	Secured Against Mortgages	39,436	39,405	-
Mr. Muhammad Yousuf Amanuallah	Key management personnel	25-Sep-33	4.00%	House Loan	Secured Against Mortgages	84,077	84,011	72,391
Mr. Muhammad Faisal	Key management personnel	25-Sep-36	4.00%	House Loan	Secured Against Mortgages	50,751	50,712	-
Mr. Imran Haleem Shaikh	Key management personnel	25-Aug-37	4.00%	House Loan	Secured Against Mortgages	36,117	36,089	29,117
Mr. Babbar Wajid	Key management personnel	25-Jul-38	4.00%	House Loan	Secured Against Mortgages	33,530	33,504	-
Mr. Ali Pesnani	Key management personnel	25-Jan-39	4.00%	House Loan	Secured Against Mortgages	39,838	39,807	-
Mr. Soofi Saifullah Akber	Key management personnel	25-Nov-39	4.00%	House Loan	Secured Against Mortgages	10,961	10,953	-
Mr. Khurram Shaikh	Key management personnel	25-Apr-41	4.00%	House Loan	Secured Against Mortgages	31,412	31,388	32,242
Mr. Hasan Shahid	Key management personnel	30-Nov-33	6 months T-bill Rate	House Loan	Secured Against Mortgages	24,930	24,934	-
							<u>597,377</u>	<u>327,022</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

11.5 Represents loans to executives of the Group given for housing and for purchase of home appliances and motor vehicles at rates ranging from 4% to 9% (2017: 4% to 6%) per annum in accordance with the Group's employee loan policy and their terms of employment. These loans are secured against salaries of the employees, title documents of vehicles, equitable mortgage and personal guarantees and are repayable over a period of one to fifteen years. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1,082.38 (2017: Rs. 755.19) million.

12. ASSETS REPOSSESSED

This represents property acquired by subsidiary bank under satisfaction of claims against which non-performing loan was reduced and specific provision has been reversed by Rs. 1.295 (2017: Rs. 15.436) million in the current year. The market value of these assets is Rs. 185.29 (2017: Rs. 203.34) million.

13. DEFERRED TAXATION

Taxable temporary difference:

	2018 ----- (Rupees in '000) -----	2017
Property and equipment	(225,855)	(223,039)
Unrealized gain on trading and derivative instruments	(78,810)	(24,597)
Accelerated depreciation for tax purposes	(6,884)	
Surplus on revaluation of investments	-	(12,761)

Deductible temporary differences:

Surplus on revaluation of investments	1,150,889	-
Provision against investments, loans and other assets	365,254	197,349
Unused tax losses	61,399	48,043
Unrealized loss on trading and derivative instruments	17,442	-
Intangible assets	2,244	9
Provision for donation	187	197
Provision for Workers' Welfare Fund	17,217	46,332
Accelerated depreciation for tax purposes	-	3,670
	1,303,083	35,203

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. 89.13 (2017: Rs. 52.97) million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

14. SHORT TERM INVESTMENTS	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Financial assets at fair value through profit or loss - held for trading:			
Listed equity securities			
- Related parties		113,960	126,745
- Others		1,080,125	325,492
Government securities		41,368,514	8,469,151
Term Finance Certificates - quoted		128,106	3,428
Mutual funds			
- Related parties		378,944	201,250
- Others		-	225,000
		43,069,649	9,351,066
Available for sale:			
Equity securities			
- quoted	14.1	6,338,670	7,576,628
- unquoted - stated at cost		-	-
Term Finance / Sukuk Certificates			
- quoted		151,320	-
- unquoted - stated at cost		255,018	433,270
US Dollar Bonds		90,015	170,968
Government securities		30,739,701	15,855,724
Mutual funds - related parties		1,157,455	1,728,711
		38,732,179	25,765,301
Held to maturity:			
Government securities		19,734,751	-
Term Finance Certificates - Unlisted		300,000	-
Current maturity of term finance certificates		16,900	-
Advance against subscription of sukuk certificates		-	52,000
	14.2	101,853,479	35,168,367

14.1 This includes investments in equity securities of related parties having a market value of Rs. 768.29 (2017: Rs. 985.88) million.

14.2 This includes investments pledged with various financial institutions having an aggregate market value / carrying amount of Rs. 71,136 (2017: Rs. 48,316) million.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

15. TRADE DEBTS	Note	2018	2017
		----- (Rupees in '000) -----	-----
Unsecured considered good			
Receivable against margin finance (purchase of shares)		297,727	328,167
Debtors for purchase of shares on behalf of clients		832,450	460,618
Trade debts for advisory and other services		6,890	6,588
Forex and fixed income commission receivable		5,688	7,851
Commodity		41,925	86,542
		<u>1,184,680</u>	<u>889,766</u>
Considered doubtful		403,318	403,318
		<u>1,587,998</u>	<u>1,293,084</u>
Provision for doubtful debts	15.1	(403,318)	(403,318)
		<u>1,184,680</u>	<u>889,766</u>
15.1 Provision for doubtful debts			
Opening balance as at January 01		403,318	403,318
Charged during the year		-	-
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	6,908,421	4,867,775
Term loans advanced by subsidiary bank - considered good	16.1	136,979,004	114,950,085
Term loans advanced by subsidiary bank - considered doubtful	16.2	8,309,467	3,257,997
		<u>145,288,471</u>	<u>118,208,082</u>
Provisions against non-performing loans		(3,156,296)	(2,739,313)
		<u>142,132,175</u>	<u>115,468,769</u>
Advances - considered good			
Unsecured			
Against issue of right shares		32,204	-
Quality 1 Petroleum (Private) Limited	16.3	260,000	-
Contractor and suppliers		4,335	8,258
Staff	16.4	3,928	5,046
		<u>300,467</u>	<u>13,304</u>
		<u>149,341,063</u>	<u>120,349,848</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

16.1 These carry mark-up ranging from 5% to 27% (2017: 4% to 40%) per annum and are secured by pledge of shares of listed companies, property of the borrowers and hypothecation of assets.

2018 2017
----- (Rupees in '000) -----

16.2 Term loans advanced by subsidiary bank - considered doubtful

Opening balance	2,739,313	2,659,341
(Reversal) / charge for the year - net of reversals	5,570,154	79,972
Closing balance	<u>8,309,467</u>	<u>2,739,313</u>

16.3 This represents short term loan granted to Quality 1 Petroleum (Private) Limited by Energy Infrastructure Holding (Private) Limited (a subsidiary), as per the agreement dated July 01, 2018 which carries mark-up at the rate of 3 Months KIBOR plus three percent per annum. The duration of loan is 11 months from the disbursement date.

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

16.5 This includes following various loans due from respective related parties:

Name of Related Parties	Nature of Relationship	Maturity date	Interest rate	Purpose of loan	Particulars of security held	Maximum amount due at end of any month	2018 ----- (Rupees in '000) -----	2017
Excel Labs (Pvt) Ltd.	Other related parties	28/Feb/19	1 Months KIBOR + 2.75%	Swap from Summit Bank Ltd. to meet working capital requirement.	Hypothecation on Current & Fixed Asset	7,056	6,998	-
Syed Imtiaz Bokhari	Key management personnel	25/Jul/19	4.00%	House Loan	Secured Against Mortgages	1,281	1,280	-
Jahangir Siddiqui & Sons (Pvt) Ltd.	Other related parties	31/Dec/19	1 Months KIBOR + 2%	To meet working capital requirements	Pledge of Shares in company name / or 3rd party Secured Against Mortgages	359,117	349,155	-
Jahangir Siddiqui Securities Services Ltd.	Other related parties	31/Dec/19	1 Months KIBOR+ 2%	To meet working capital requirements	Pledge of Shares in company name / or 3rd party	359,090	349,732	255,873
Mr. Siraj Ali Mithani	Key management personnel	31/Jul/19	11.01%	Running Finance	Lien over PF balance Pledge of investment in JSIL & UBL Funds	1,656	1,655	-
Syed Imtiaz Bokhari	Key management personnel	25/Aug/19	5.00%	Personal Loan	Clean Facility / Provident Fund	353	352	-
							<u>709,172</u>	<u>255,873</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

17. ACCRUED MARK-UP	Note	2018 ----- (Rupees in '000) -----	2017 -----
Loans and advances		4,217,439	2,228,235
Bank deposits		19,923	19,485
Government securities		1,419,214	1,796,199
Term Finance Certificates		90,379	92,524
		<u>5,746,955</u>	<u>4,136,443</u>

18. SHORT-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Deposits		131,303	155,998
Prepayments		1,438,706	725,242
Other receivables			
- Remuneration from related parties	18.1	187,881	199,949
- Others	18.2	4,128,401	656,982
		<u>4,316,282</u>	<u>856,931</u>
		<u>5,886,291</u>	<u>1,738,171</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, 2018 has been calculated from 0.00% to 2.00% (2017: 0.50% to 2.00%) of the net asset value of these Funds.

18.2 Included herein is a sum of Rs. 27.52 (2017: Rs. 26.26) million receivable from related parties.

19. OTHER FINANCIAL ASSETS - FUND PLACEMENTS	Note	2018 ----- (Rupees in '000) -----	2017 -----
Lending to Financial Institutions - secured	19.1	182,742	112,756
Call money lending - unsecured, considered good	19.2	1,754,605	3,003,443
		<u>1,937,347</u>	<u>3,116,199</u>

19.1 This represents the obligation of the foreign corresponding banks on the discounting of foreign documentary bills purchased by the Bank on discount. This will mature on April 25, 2019 (2017: January 02, 2018 and June 18, 2018) and carry interest at the rates of 4.7% per annum (2017: 3.75% to 4.29%).

19.2 These represent unsecured call money lendings to financial institutions carrying interest at the rates ranging from 2.85% to 8.06% (2017: 1.38% to 6.93%) per annum. These will mature between January 02, 2019 and September 23, 2019 (January 02, 2018 and June 07, 2018).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

20.	CASH AND BANK BALANCES	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
	Cash in hand		4,909,790	4,727,697
	Cash at bank in:			
	Current accounts			
	- local currency		24,134,932	10,168,664
	- foreign currency		1,519,847	1,395,668
			25,654,779	11,564,332
	Deposit accounts			
	- local currency		41,108	13,007
	- foreign currency		2,519,099	2,079,300
		20.1	2,560,207	2,092,307
			33,124,776	18,384,336

20.1 These carry mark-up ranging from 3.80% to 9.50% (2017: 3.70% to 6.20%) per annum.

21. SHARE CAPITAL

21.1 Authorised capital

2018 ----- Number of shares -----	2017 ----- Number of shares -----		2018 ----- (Rupees in '000) -----	2017 ----- (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

21.2 Issued, subscribed and paid-up capital

2018 ----- Number of shares -----	2017 ----- Number of shares -----		2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
		Ordinary shares of Rs.10 each:		
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
915,942,388	915,942,388		9,159,424	9,159,424

21.2.1 There is only one class of ordinary shares issued by the Holding Company.

21.2.2 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding in the Holding Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018	2017
	----- (Rupees in '000) -----	
22. RESERVES		
Revenue reserves		
Unappropriated profit	7,632,483	6,915,910
Other reserves		
Premium on the issue of ordinary shares	4,497,894	4,497,894
Foreign exchange translation reserve	70,394	11,679
Unrealised gain on revaluation of available for sale investments - net	5,584,452	12,029,151
Statutory reserve	1,160,931	1,076,558
	11,313,671	17,615,282
	18,946,154	24,531,192

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

	Note	2018	2017
		----- (Rupees in '000) -----	
23. LONG TERM FINANCING			
Term Finance Certificates	23.1	10,450,938	7,229,131
Term loan		372,607	620,103
		10,823,545	7,849,234

	Note		
23.1 Term Finance Certificates (TFCs)			
Secured			
Eighth issue - listed on Pakistan Stock Exchange Limited	23.1.1	125,917	341,382
Ninth issue - privately placed	23.1.2	620,712	867,198
Tenth issue - privately placed	23.1.3	1,487,805	1,481,788
Eleventh issue - listed on Pakistan Stock Exchange Limited	23.1.4	1,459,873	-
		3,694,307	2,690,368
Unsecured			
Privately Placed Term Finance Certificates First Issue	23.1.5	2,997,600	2,998,800
Privately Placed Term Finance Certificates Second Issue	23.1.6	1,999,200	2,000,000
Privately Placed Term Finance Certificates Third Issue	23.1.7	2,500,000	-
		11,191,107	7,689,168
Less: Current portion shown under current liability		740,169	460,037
		10,450,938	7,229,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- 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 a 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 these 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. 293.73 (2017: Rs. 812.78) 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 Company at any time on a coupon date during the tenure of these 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. 990.83 (2017: Rs. 1,565.16) 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** The profit on these TFCs is payable semi-annually, based on the six month 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 these 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. 2,415.22 (2017: 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** During the year, the Company has issued Term Finance Certificates (TFCs) of Rs. 1,500 million. The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 140 basis points per annum. These TFCs have tenure of five years i.e. 2018-2023 including a grace period of twenty four (24) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these 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 six (06) equal semi-annual installments starting from 30th month of the Issue Date. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 2,412.61 (December 31, 2017: Rs. Nil) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of pledged securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be deposited in a specified bank account. The proceeds were utilized for business expansion via investments and to meet working capital requirements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23.1.5 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 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 & Articles of Association.
Issue date	December 14, 2016
Tenure:	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. 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.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23.1.6 In 2017, the 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
Tenure:	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, with prior approval of SBP.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23.1.7 During the current year, the Bank has issued Rs.2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose: To contribute toward the Bank's Tier I 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 31, 2018

Maturity Date: Perpetual

Rating A (Single A)

Profit Rate: Floating rate of return at Base rate + 2.25 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-annually on a non-cumulative basis

Redemption: Not applicable

Security: The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.

Call Option: Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.

Lock-in-clause: Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

Loss absorbency clause:

Pre-Specified Trigger ("PST") Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013,, which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);
- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.

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Point of Non-Viability ("PONV") Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below:

The PONV trigger event is the earlier of:

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;
- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP; and
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

			2018	2017
23.2	Term loan	Note	----- (Rupees in '000) -----	
	Secured			
	Term loan 1	23.2.1	186,899	310,646
	Term loan 2	23.2.2	433,158	493,339
			620,057	803,985
	Less: Current portion shown under current liability		247,450	183,882
			372,607	620,103

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. 321.12 (2017: Rs. 503.20) million with margin ranging from 30% to 40%.

23.2.2 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 a 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. 690.05 (2017: Rs. 813.023) million with margin ranging from 30% to 40%.



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24. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	Note	2018	2017
		(Rupees in '000)	(Rupees in '000)
Present value of minimum lease payments	24.1	46,422	5,032
Current maturity shown under current liabilities		(11,787)	(1,524)
		<u>34,635</u>	<u>3,508</u>

24.1 The liability against asset subject to finance lease represents the lease entered into with a Modaraba for 34 different vehicles (2017: 01 vehicle). The periodic lease payments include profit rates ranging from KIBOR 3M to 6M plus 1% to 1.5% with floor of 7% to 7.5% and ceiling of 20% (2017: KIBOR 6M plus 1.5% with floor of 7.5% and ceiling of 20%) per annum. JS Investments Limited shall subject to compliance with the conditions specified in the lease agreements, purchase the assets 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:

	2018		
	Minimum lease payments	Financial charges	Present value of minimum lease payments
	(Rupees in '000)		
2019	14,801	3,014	11,787
2020	13,923	2,140	11,783
2021	12,035	1,308	10,727
2022	10,815	552	10,263
2023	1,894	32	1,862
Total	<u>53,468</u>	<u>7,046</u>	<u>46,422</u>

	2017		
	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>

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25. LONG-TERM DEPOSITS AND OTHER ACCOUNTS	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Customers			
Fixed deposits		130,237,595	131,902,422
Savings deposits		61,811,651	43,061,572
Margin accounts		3,571,392	3,967,204
	25.1	195,620,638	178,931,198
Financial Institutions			
Remunerative deposits	25.1	45,577,187	35,724,471
Non-Remunerative deposits		860,111	1,019,947
		46,437,298	36,744,418
	25.2	242,057,936	215,675,616
		(240,394,703)	(212,805,572)
Current maturity		1,663,233	2,870,044

25.1 These carry mark-up ranging from 0.75% to 11% (2017: 0.75% to 11%) per annum.

25.2 Included herein is a sum of Rs. 9,756.09 (2017: Rs. 8,344.88) million deposited in the subsidiary Bank by various related parties.

26. TRADE AND OTHER PAYABLES	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Creditor for sale of shares on behalf of clients		2,040,824	1,882,199
Accrued expenses		908,997	1,003,788
Bills payable		3,521,346	3,825,485
		6,471,167	6,711,472
Other liabilities			
Security deposits		4,603,198	3,349,562
Provision for Workers' Welfare Fund	26.1	341,964	496,547
Others		4,120,036	861,332
		9,065,198	4,707,441
		15,536,365	11,418,913

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



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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.

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 have recognized full provision in respect of Sindh WWF, where applicable, in the financial statements based on the respective legal opinions.

27. ACCRUED INTEREST / MARK-UP ON BORROWINGS	Note	2018	2017
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Long term financing		992,181	73,492
Deposits		1,868,364	2,128,839
		<u>2,860,545</u>	<u>2,202,331</u>
28. SHORT TERM BORROWINGS			
Securities sold under repurchase agreements secured against:			
Government securities	28.1	69,837,966	44,802,031
Borrowings from State Bank of Pakistan under:			
Export refinancing scheme (ERF)	28.2	15,329,309	10,970,007
Long-Term Finance Facility (LTFF)	28.3	1,055,928	1,390,366
Financing Facility for Storage of Agricultural Produce (FFSAP)	28.4	121,922	69,365
		16,507,159	12,429,738
Borrowing from banks / NBFCs - unsecured	28.5	10,213,538	7,325,274
		<u>96,558,663</u>	<u>64,557,043</u>

28.1 This represents collateralised borrowing from various financial institutions against Market Treasury Bills, Pakistan Investment Bonds, Bai Muajjal and Foreign Currency Bonds (2017: Market Treasury Bills, Pakistan Investment Bonds and Foreign Currency Bonds) carrying mark-up at the rates ranging from 3.30% to 10.40% (2017: 2.30% to 6.20%) per annum and will mature between January 02, 2019 and April 19, 2019 (2017: January 02, 2018 and March 20, 2018). The cost and market value of securities given as collateral of amounting to Rs. 72,243.46 (2017: 45,721.52) million and Rs. 69,391.10 (2017: Rs. 45,526.02) million, respectively.

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 02, 2019 and February 08, 2027 (2017: January 09, 2018 and June 26, 2018). These carry mark-up at the rate from 1.00% to 4.50% (2017: 1% to 2%) per annum.

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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 November 30, 2020 and November 30, 2028 (2017: August 25, 2019 and October 18, 2027). These carry mark-up at rates ranging from 2% to 3.50% (2017: 3.5% to 6.0%) per annum.

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 23, 2025 (2017: May 09, 2020 and July 31, 2024) and carry mark-up at the rate ranging from 2% to 2.50% (2017: 2% to 2.50%) per annum.

28.5 This includes Rs. 8,323.29 (2017: Rs. 5,637.28) million representing call money borrowings from financial institutions which will mature between January 02, 2019 and February 28, 2019 (2017: January 02, 2018 and January 29, 2018), carrying interest at the rates ranging from 0.90% to 10.30% (2017: 1.10% to 5.8%) per annum.

This also includes Rs. 1,388.62 (2017: Rs. 1,489.99) million representing obligation to the foreign corresponding banks on the discounting of foreign documentary bills purchased by the Bank on discount. These will mature on March 06, 2019 (2017: January 19, 2018 to March 05, 2019) and carry interest at the rate of 4.22% (2017: 1.65% to 4.22%) per annum.

29. CURRENT DEPOSITS AND CURRENT PORTION OF LONG TERM LIABILITIES	Note	2018	2017
		----- (Rupees in '000) -----	
Term finance certificates	23.1	740,169	460,037
Term loan	23.2	247,450	183,882
Deposits and other accounts	25	240,394,703	212,805,572
Current accounts - non-remunerative		77,145,850	70,197,106
Liabilities against finance lease	24	11,787	1,524
		318,539,959	283,648,121

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



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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. CIR-Appeals decided the appeal vide order dated no. 354 dated December 28, 2015 holding that this office has already passed the appellate order vide order no. 157 dated December 22, 2015 against the order of the ADCIR under section 122(5A) of the Ordinance dated August 5, 2013.

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.
- d) The Additional Commissioner Inland Revenue - Audit Range I, Zone III, Corporate RTO Karachi (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2014 and raised the demand for Rs. 50.77 million. Against the said order, the Company has filed rectification application on various grounds including the adjustment of brought forward losses and credit of taxes amounting to Rs. 16.015 million. After the rectification is given the due effect, refund of Rs. 16.015 million will be arising. The Company has also filed appeal before the CIR-Appeals.

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.

- e) The Additional Commissioner Inland Revenue - Audit Range I, Zone III, Corporate RTO Karachi (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2015 and raised the demand for Rs. 12.744 million. Against the said order, the Company has filed rectification application on the ground of chargeability of WWF. The Company has also filed appeal before the CIR-Appeals.

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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.

- 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 - Appeals' order whereby CIR - Appeals remanded back / set-aside the issue of apportionment of expenses.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 deleted the additions of tax amortization of management rights and remand back the issues of disallowed provisions and advertisement expenses for the tax year 2009.

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 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 was 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). The DCIR consider our request for rectification and passed order under section 221 dated February 27, 2017 as a result of the above order the demand reduced to Rs. 36.904 million. The appeal was heard and reserved for order however the order is not received till date. The DCIR passed order under section 122(1)/(5) of the Income



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Tax Ordinance, 2001 dated June 23, 2014 to reduce the refund claimed of Rs. 8.499 million to Rs. 3.102 million. The Company submitted appeal against the above order before the CIR (Appeal), the appeal was heard and reserved for order, however, the order is not received till date.

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 Continue 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 - Appeals.
- 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. 810.584 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 - Appeals on December 01, 2016 identifying various errors / details not considered. The CIR - Appeals has confirmed DCIR's order vide his order dated May 30, 2017. In pursuance of the order, 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 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 ATIR. Subsequently, recovery of aforesaid tax demand has now been stayed by the Hon'able SHC through C.P No 4915 of 2018 vide order dated June 28, 2018 with direction to the Department not to enforce recovery of tax demand till the decision of ATIR.
- 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. The DCIR passed the orders under section 4B vide order dated April 23, 2018 and May 4, 2018 for tax years 2016 and 2017 respectively to levy Super tax of above mentioned amounts under the view that SHC has not restrained the department from passing an order. In pursuance of the said orders, Company filed appeals which were confirmed by CIR - Appeal vide its order dated October 12, 2018 for both years. The Company has filed appeals before Appellant Tribunal Inland Revenue (ATIR) against the orders of CIR - Appeal which is pending. Meanwhile, the Company paid 50% of tax demand of both tax years to maintain the above suits in light of judgement of Hon'able Supreme Court of Pakistan (Civil Appeals No. 1171/2017 and other connected appeals) wherein, the pending suits are declared to be entertained on the condition that a minimum of 50% of tax demand is deposited with tax authorities during the pendency of appeal.

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For tax year 2018, a notice under section 4B of the Ordinance by the DCIR dated December 7, 2018 was issued, contending that the Company is liable to pay Super Tax amounting to Rs. 45.211 million on 'income' of Rs. 1,507.039 million. The Company has challenged the notice on constitutional grounds before SHC through C.P. No. 8670 of 2018. The SHC, vide its order dated December 14, 2018, has stated that no coercive action shall be taken against the Company.

- f) For tax year 2016, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR). Through the said order, the ACIR raised demand amounting to Rs. 241.217 million. Upon appeal filed, CIR - Appeals confirmed the ACIR's order vide its order dated December 12, 2017. In pursuance of the order of CIR - Appeal, the Company has filed appeal before ATIR which is pending for hearing. However, the recovery of aforesaid tax demands has been stayed by SHC through Suit No. 2675 of 2017 vide order dated December 26, 2017.
- g) For tax year 2017, an amended assessment order has been passed under section 122(5A) of the Ordinance by the ACIR. Through the said order, the ACIR raised a demand amounting to Rs. 17.649 million. The Company has filed an appeal before CIR - Appeal which has been heard, however, no order has been passed till date. The total tax demand was partially stayed by the order of SHC vide CP No. 5431 of 2017 dated August 16, 2017, while the remaining liability was adjusted from the available refunds as declared in the return for tax year 2017.
- h) During 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) 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 - Appeals and after being decided against the Company, it subsequently filed an appeal before Appellate Tribunal SRB. 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. Appellate Tribunal SRB vide order dated November 29, 2017 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 has filed a 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 under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed raising a tax demand amounting to Rs. 10.77 million. The Company has filed an appeal against the order with CIR - Appeals which is pending. Further, in respect of the same, rectification application has also been filed with the department. The Company and other stock brokers have also filed petition with the 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.

Furthermore, for fiscal year 2014 and 2015, SRB alleged short payment of SST vide Notice dated February 02, 2017. The Company has submitted all the required details in response to the notice and no order in this respect has been passed.

- i) 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 and subsequently issued an order raising a demand amounting to Rs.78.003 million for tax year 2010 to tax year 2013. The Company filed a rectification appeal, in addition, to filing 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 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, CIR



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- Appeals on the matter of appeal filed by the Company issued an order in favor of the department vide its order dated January 31, 2017. In pursuance of the order of CIR - Appeals the Company has filed an appeal before Appellate Tribunal SRB along with application for stay of demand which was granted initially for 30 days and was subsequently extended vide various orders. Appellate Tribunal SRB has decided the matter vide order dated December 20, 2017, received by us on April 09, 2018, whereby ATIR decided that FED is applicable only on the commission earned from trading of shares and no other type of commission comes under the ambit of FED. With this opinion, ATIR has remanded back the issue related to pre amendment era. For post amendment era, ATIR has relied upon the decision of SHC (stated above) and declared the charge of FED after July 01, 2011 null and void.

- In respect of JSBL

- Income Tax

The income tax returns filed under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2018. These returns filed were deemed to have been assessed in terms the provisions prevailing under 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 2015, the department had made certain disallowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010, 2011 & 2012 and tax years 2009, 2012 & 2013 respectively.

In respect of WWF, the Supreme Court of Pakistan has held in Judgement, PLD 2017 SC 28, that the amendments made in the WWF Ordinance through Finance Act, 2006 and 2008 were illegal and without lawful authority i.e. the banks do not fall into definition of Industrial Undertaking and thus, not liable to pay WWF. Therefore based on this, the Bank's contention is mandated and it is likely that its pending appeals in this will be decided favorably. The Bank has obtained appeal effect orders of respective years except 2013 and resultantly no demand is payable in this respect.

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 Honourable High Court of Sindh to contest applicability of SWWF in its case who has granted stay against recovery of SWWF from the Bank.

In respect of minimum tax, the Commissioner Inland Revenue-Appeals (the CIRA) has not accepted the Bank's contentions of gross loss position and also decided that non-mark-up income is the fall in the definition of turnover including capital gains and dividend income. As result the demand of Rs. 38.907 million has been payable. The Bank has contesting the matter in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008-2015, the Bank has not accepted the amendments of Rs. 5.322 billion and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIRA).

CIRA has admitted the contention of the Bank in case of tax year 2008 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.

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, and in 2015, not in favor of the Bank even on issues decided in favor in prior years. Whereas disallowance of amortization claim of goodwill have been decided in favor of department in all tax years. However, the Bank and the tax department are contesting the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

During the year, the tax department has passed appeal effect/rectification orders and allowed deleted and set-aside issues in the light of CIR(A) orders for tax year 2008 to 2014. As a result of these orders, the Bank's taxable losses has increased to Rs. 3.464 billion and reduced the demand of Rs. 1.212 billion in relevant tax years after adjustment of these losses.

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.

The Bank has not been accepting levy of Super Tax and has been contesting the matter in high court and other appellate forums. However, the Bank has recognised full provision in these unconsolidated financial statements against this levy after amendments made through Finance Act 2016 to 2018. Further, the Finance Supplementary (Second Amendment) Bill, 2019 issued dated January 23, 2019, has not yet been enacted, therefore, Super tax provision in respect of tax year 2018 of Rs. 55.505 million will be recognised once the Bill will be assented by President of Pakistan.

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 2014-2018. Orders in respect of tax years 2014, 2015 and 2017 has been passed against which appeals have been filed before the CIR(A). CIR(A) has reminded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders has been passed and demands have been rectified. Appeal for tax year 2017 has been heard and reserved for order. In respect of tax year 2018, proceedings are pending.

- 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 2018 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 2017. All assessments orders are rectified and no additional demand has been raised.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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.

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
i) Financial guarantees	3,552,003	4,680,143
ii) Performance guarantees	19,549,043	18,094,043
iii) Other guarantees	18,015,474	22,245,414
	<u>41,116,520</u>	<u>45,019,600</u>

30.1.1.1 Included herein the outstanding guarantees of Rs. 19.201 million (2017: Rs. 31.454 million) of related parties.

30.2	Commitments	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
	Documentary credits and short-term trade-related transactions			
	- letters of credit	30.2.1	<u>14,957,752</u>	<u>18,387,725</u>
	Commitments in respect of:			
	Forward exchange contracts:			
	- Purchase	30.2.2	<u>21,521,180</u>	<u>6,689,099</u>
	- Sale	30.2.2	<u>13,106,262</u>	<u>4,960,361</u>
	Undrawn formal standby facilities, credit lines and other commitments to lend	30.2.3	<u>284,137</u>	<u>21,398,301</u>
	Other commitments:			
	Forward commitments in respect of purchase of securities		<u>300,182</u>	<u>1,496,072</u>
	Forward commitments in respect of sale of securities		<u>2,497,568</u>	<u>719,515</u>
	Commitments in respect of capital expenditure		<u>255,955</u>	<u>94,975</u>
	Bank Guarantee from a commercial bank in favor of NCPL expiring on May 31, 2018		<u>400,000</u>	<u>400,000</u>
	Cross currency swaps		<u>3,992,763</u>	<u>4,223,400</u>
	Options		<u>2,631,433</u>	<u>2,421,402</u>

30.2.1 Included herein the outstanding letter of credits of Rs. 44.016 million (2017: Rs. 44.016 million) of related parties.

30.2.2 The subsidiary bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.

30.2.3 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2018	2017
	----- (Rupees in '000) -----	
31. RETURN ON INVESTMENTS		
Mark-up / interest income from:		
At fair value through profit or loss - held for trading		
Government securities	957,194	1,516,429
Available for sale		
Term Finance / Sukuk Certificates	148,168	187,960
Government securities	6,173,265	7,260,937
	6,321,433	7,448,897
Held to maturity		
Term Finance / Sukuk Certificates	2,802,187	1,194,135
	2,802,187	1,194,135
Dividend income on:		
At fair value through profit or loss - held for trading	100,072	106,178
Available for sale investments	1,082,185	1,134,478
	1,182,257	1,240,656
	<u>11,263,071</u>	<u>11,400,117</u>
32. (LOSS) / GAIN ON SALE OF INVESTMENTS - net		
At fair value through profit or loss - held for trading	(864)	171,887
Available for sale		
Listed equity securities	(254,842)	599,783
Un-listed equity securities	-	599,215
Term finance certificates	-	1,966
Sukuk certificates	3,965	-
Government securities	(1,060,562)	332,299
Mutual funds	175,983	91,273
	<u>(1,136,320)</u>	<u>1,796,423</u>
33. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS		
Interest on loans to staff	473	270
Interest on loans and advances	19,782,397	10,085,576
Interest on deposits with financial institutions	21,051	7,441
Return on reverse repurchase transactions of Government securities	136,977	174,219
	<u>19,940,898</u>	<u>10,267,506</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

34. FEE, COMMISSION AND BROKERAGE	Note	2018 ----- (Rupees in '000) -----	2017 -----
Consultancy and advisory fee		403,284	447,522
Commission income		2,333,710	1,669,947
Remuneration from funds under management	34.1	195,074	198,371
Brokerage income		385,501	524,335
Other services		4,460	5,703
		<u>3,322,029</u>	<u>2,845,878</u>

34.1 Remuneration from funds under management

Open-end funds

JS Value Fund Limited	23,537	27,022
JS Growth Fund	47,659	58,472
Unit Trust of Pakistan	32,443	36,413
JS Income Fund	21,791	22,952
JS Islamic Fund	27,262	34,752
JS Islamic Hybrid Fund of Funds	-	531
JS Fund of Funds	1,565	2,730
JS Islamic Hybrid Fund of Funds 2	14,081	69
JS Pension Savings Fund	6,003	8,496
JS Islamic Pension Savings Fund	3,648	5,153
JS Islamic Income Fund	4,402	1,646
JS Large Cap Fund	17,572	19,528
JS Capital Protected Fund V	1,399	3,167
JS Islamic Dedicated Equity Fund	16,571	-
JS Cash Fund	2,501	3,228
	<u>220,434</u>	<u>224,159</u>
Less: Sales tax	(25,360)	(25,788)
Federal excise duty	-	-
	<u>195,074</u>	<u>198,371</u>

34.1.1 Under the provisions of the NBFC Regulations and the NBFC Rules, the 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, 2018 the Company has charged management fee at the rates ranging from 0.00% to 2.00% (2017: 0.50% to 2.00%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

		2018	2017
	Note	(Rupees in '000)	
35. OTHER INCOME			
Gain on sale of property and equipment		122,116	77,386
Rental income		2,311	12,846
Liabilities written back		18,781	9,590
Return on cash margin on future contracts		4,119	10,227
Loss on remeasurement of future equity derivatives		213,672	96,220
Income under margin financing		55,060	87,746
Income from dealing in foreign currency		522,207	357,337
Other income		6,094	24,146
		944,360	675,498
36. ADMINISTRATIVE AND OTHER EXPENSES			
Salaries and benefits	36.1	5,652,248	4,671,700
Telephone, fax, telegram and postage		295,022	204,412
Vehicle running		36,235	23,990
Directors' meeting fee		21,758	19,675
Utilities		19,063	17,772
Newspapers and periodicals		598	582
Conveyance and travelling		103,750	101,354
Repairs and maintenance		806,018	584,682
Computer expenses		25,849	21,259
Auditors' remuneration	36.3	25,340	17,286
Royalty fee	36.4	41,225	24,900
Consultancy fee		47,152	15,678
Advisory fee	36.5	20,358	50,303
Legal and professional charges		168,533	159,674
Printing and stationery		211,122	189,748
Rent, rates and taxes		1,575,872	1,327,233
Insurance		107,048	103,986
Entertainment		40,867	48,068
Advertisement		367,310	324,823
Office supplies		4,896	2,510
Depreciation	36.6	728,610	654,472
Amortisation of intangible assets	8	75,637	64,473
Provision against non-performing loans, advances and receivables		458,699	202,814
Fees and subscription		196,254	126,474
Branding expense		29,542	-
Donations	36.7	26,592	39,857
Brokerage and commission expense		41,428	42,142
Clearing fees		161,045	149,438
Office security		345,555	292,197
Others	36.8	123,554	168,145
		11,757,180	9,649,647



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

36.1 Details of Provident Funds

Description	JSCL		JSBL		JSIL		JSGCL	
	2018	2017	2018	2017	2018	2017	2018	2017
	----- Audited -----		----- Draft -----	----- Audited -----	----- Draft -----	----- Audited -----	----- Audited -----	
	(Rupees in '000)							
Number of employees	23	21	2,726	2,481	103	101	195	174
Size of provident fund	46,114	42,767	1,428,729	1,108,949	15,428	22,460	89,386	66,271
Cost of investments made	20,304	11,444	513,180	864,425	1,716	7,126	87,645	50,715
Fair value of investments	19,561	12,278	492,688	917,523	2,134	6,970	87,647	50,435
Percentage of investments made at cost	44%	27%	36%	78%	11%	32%	98%	77%
Break-up of investments at cost/ market value:								
Term finance certificates and Sukuk								
Amount of investments	10,306	2,054	171,268	26,575	-	-	1,701	2,206
Percentage of size of investments	22%	5%	12%	2%	0%	0%	2%	3%
National Saving Schemes:								
Amount of investments	-	-	-	253,424	-	-	584	4,506
Percentage of size of investments	0%	-	0%	23%	0%	0%	1%	7%
Listed securities:								
Amount of investments	9,256	10,225	35,852	53,723	2,134	6,970	-	1,279
Percentage of size of investments	20%	24%	3%	5%	14%	31%	0%	2%
Government Securities:								
Amount of investment	-	-	198,604	405,962	-	-	-	-
Percentage of size of investments	0%	0%	14%	37%	0%	0%	0%	0%
Balance in scheduled banks:								
Amount of investment	25,293	29,923	999,258	69,426	14,022	13,684	85,362	42,444
Percentage of size of investments	55%	70%	70%	6%	91%	61%	95%	64%
Balance in Mutual Funds:								
Amount of investment	-	-	86,964	177,838	-	-	-	-
Percentage of size of investments	0%	-	6%	16%	0%	0%	0%	0%

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. Securities and Exchange Commission of Pakistan "SECP" has promulgated new regulations, namely, "the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018" (the "Regulations") in the month of June 2018. Compliance with the Regulations is allowed to be made within a year from the date of commencement.

2018 2017
----- (Rupees in '000) -----

36.2 Number of employees of the Group at the end of the year

Average number of employees of the Group during the year

5,068	4,915
4,999	3,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

36.3 Auditors' remuneration

	EY Ford Rhodes		Other Auditors	2018	2017
	Holding company	Subsidiary companies	Subsidiary companies		
	(Rupees in '000)				
Annual audit fee	1,500	4,898	100	6,498	6,995
Half-yearly review fee	300	1,083	-	1,383	1,180
Other certifications and services	260	13,326	-	13,586	6,838
	2,060	19,307	100	21,467	15,013
Out of pocket expenses	211	1,941	7	2,159	2,020
Sindh Sales Tax	165	1,549	-	1,714	254
	2,436	22,797	107	25,340	17,286

36.4 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.

36.5 Represents amount paid / payable to individuals including Mr. Jahangir Siddiqui for advisory services rendered in terms of their respective agreements duly approved by the Board of Directors of the respective Companies.

36.6 Depreciation	Note	2018	2017
		(Rupees in '000)	
Operating assets	7.1	728,490	654,352
Investment property	9	120	120
		728,610	654,472

36.7 This represents donation to Future Trust (related party), wherein Mr. Suleman Lalani, Mr. Kalim-ur-Rahman, Mr. Ali Raza Siddiqui Mr. Hasan Shahid, Mr. Najmul Hoda Khan (2017: Mr. Suleman Lalani, Mr. Kalim-ur-Rahman, Mr. Hasan Shahid and Mr. Najmul Hoda Khan) are trustees who are Chief Executive Officer, Director, Company Secretary 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.

It also includes an amount of Rs. 6.74 (2017: Rs. Nil) million donated to the Supreme Court of Pakistan and The Prime Minister of Pakistan Diamer-Bhasha And Mohmand Dams Fund by subsidiary Bank.

36.8 This includes Rs. 14.75 (2017: Rs. 12.83) million representing penalties imposed by State Bank of Pakistan to subsidiary bank.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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		2018	2017				
		----- (Rupees in '000) -----					
37. FINANCE COST							
Mark-up on:							
Short term running finance		-	3,863				
Long term financing		318,764	162,998				
Borrowing from banks / NBFCs		1,169,125	712,904				
Deposits		14,872,365	11,564,159				
Repurchase transactions of securities		4,975,964	1,734,670				
Mark-up on finance lease		3,284	287				
		21,339,502	14,178,881				
Commission expense of bank guarantee		4,635	6,102				
Amortisation of transaction costs		17,474	10,507				
Bank charges		510	2,610				
		21,362,121	14,198,100				
38. IMPAIRMENT ON INVESTMENTS							
Available for sale investments		(220,511)	223,031				
		(220,511)	223,031				
39. TAXATION							
		2018		2017			
	Note	Current	Prior	Deferred	Current	Prior	Deferred
----- (Rupees in '000) -----							
Jahangir Siddiqui & Co. Ltd.	39.2	212,336	22,037	-	211,146	90,056	-
JS Investments Limited	39.3	27,165	(5,234)	(3,594)	41,154	14,640	(20,509)
JS Infocom Limited	39.4	1,379	50	-	1,861	32	-
Energy Infrastructure Holding (Pvt) Ltd.	39.5	29,714	(258)	-	32,943	112	-
JS Global Capital Limited	39.6	59,423	9,617	4,159	97,145	17,925	(2,156)
JS Abamco Commodities Limited		521	-	157	321	-	(147)
JS Bank Limited	39.7	440,917	699	(91,162)	515,275	73,298	57,578
Quality Energy Solutions (Pvt.) Ltd.		171	17	-	125	-	-
Khairpur Solar Power (Pvt.) Ltd.		169	17	-	63	-	-
		771,795	26,945	(90,440)	900,033	196,063	34,766
Total Taxation				708,300			1,130,862

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- 39.1 The group does not follow group taxation. The comparison of tax provisions and tax assessments of the holding Company for prior years are as follows:

Tax year	Tax Provisions	Tax Assessments
	----- (Rupees in '000) -----	
2016	325,194	200,562
2017	158,238	151,574
2018	211,146	161,141

The holding Company computes tax provisions based on generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Accordingly, the management of the holding Company has assessed the sufficiency of the tax provisions and believes that the tax provisions are sufficient to reflect the tax liability of the holding Company.

- 39.2 Income tax returns for the Tax Years up to 2018 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, 2010, 2014 and 2015 which have been disclosed in note 30 Contingencies and Commitments.

Prior year includes Rs. 38.71 million as charge for super tax in respect of tax year 2018 levied through enactment of Finance Act, 2018 ("Act") which became applicable from July 01, 2018. 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, 2017 (tax year 2018) is recognised during the year. Subsequent to the year end, the Company has received a notice from the Additional Commissioner Inland Revenue - Audit Range-A, Zone III, Corporate RTO Karachi (ACIR) under section 122(9) in respect of tax year 2018, demanding payment of super tax. The Company has filed a constitutional petition against applicability of section 4B of the Ordinance and stay has been granted by the Honorable High Court of Sindh.

Prior year also includes a prior period adjustment of Rs. 16.67 million due to the decrease in tax rate on undistributed profits for the tax year 2018 brought through enactment of the Finance Act 2018. Since the Company follows special tax year, therefore, tax on undistributed profits for the year ended December 31, 2017 (tax year 2018) is adjusted during the year. The Company has filed constitutional petitions against applicability of section 5A of the Ordinance and stay have been granted by the Honorable High Court of Sindh.

- 39.3 The income tax assessments of the Company has been finalized up to 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 2018 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 disclosed in note 30 Contingencies and Commitments
- 39.4 The income tax assessments for the tax years 2004 to 2018 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.
- 39.5 The income tax assessments for the tax years 2009 to 2018 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.
- 39.6 Except for tax year 2009, 2014, 2015, 2016, 2017 and 2018 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

- 39.7 Income tax returns for the tax years 2007 to 2018 were filed under section 114 of the Income Tax Ordinance, 2001. These returns filed were deemed to have been assessed in terms of the provisions prevailing under income tax laws as applicable in Pakistan except for tax years 2008 to 2015 which have been disclosed in note 30 Contingencies and Commitments.

Current year includes, Rs. 33.47 million as charge for super tax under section 4B of Income Tax Ordinance, 2001 in respect of tax year 2019. The subsidiary Bank has not been accepting levy of Super Tax and has been contesting the matter in high court and other appellate forums. However, the subsidiary Bank has recognised full provision against this levy after amendments made through Finance Act, 2016.

	2018	2017
40. EARNINGS PER SHARE	----- (Rupees in '000) -----	
Attributable to equity holders' of the parent:		
Profit after taxation attributable to Ordinary shareholders	639,367	1,398,097
	----- (Numbers in '000) -----	
Number of Ordinary shares outstanding during the year	915,942	915,942
Earnings per share:	----- (Rupees) -----	
Basic	0.70	1.53

- 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, 2018 and December 31, 2017.

	2018	2017
41. CASH AND CASH EQUIVALENTS	----- (Rupees in '000) -----	
Cash and bank balances	33,124,776	18,384,336
Borrowing from bank / NBFCs	(26,720,697)	(19,755,012)
	6,404,079	(1,370,676)

42. DEFERRED LIABILITY - EMPLOYEE BENEFIT

42.1 General description

The subsidiary Bank operates a recognized gratuity fund for all employees who opted for this 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 subsidiary 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 and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 subsidiary 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.

- Longevity risk

This is the risk that 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 under-performing 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 (gratuity fund) is 3,522 (2017: 3,095).

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, 2018 based on the Projected Unit Credit Method, using the following significant assumptions:

	2018	2017
Valuation discount rate for year end obligation	13.75%	9.50%
Valuation discount rate for interest cost for the year	9.50%	8.00%
Expected return on plan assets	13.75%	9.50%
Future salary increase rate		
- upto three years	10.50%	10.50%
- more than three years	13.75%	10.50%
Effective duration of the discounted future cash flows	11	11
Normal retirement age	60	60
Withdrawal rates	Moderate	Moderate
Mortality rates	SLIC 2001-2005, Setback 1 Year	SLIC 2001-2005, Setback 1 Year



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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)	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Balance as at January 01,	548,530	367,635	373,412	249,327	175,118	118,308
Included in profit or loss						
Current service cost	119,060	84,931	-	-	119,060	84,931
Past service cost	2,525	-	-	-	2,525	-
Interest cost / income	51,168	29,076	43,197	24,431	7,971	4,645
	172,753	114,007	43,197	24,431	129,556	89,576
Included in other comprehensive income						
Actuarial gains / losses arising from:						
- financial assumptions	(127,462)	611	(25,329)	(10,273)	(102,133)	10,884
- Experience adjustments	75,071	74,658	-	-	75,071	74,658
	(52,391)	75,269	(25,329)	(10,273)	(27,062)	85,542
Others movements						
Contribution made during the year	-	-	175,118	118,308	(175,118)	(118,308)
Benefits paid during the year	(16,939)	(6,182)	(16,939)	(6,182)	-	-
Benefits payable during the year	(2,891)	(2,199)	(2,891)	(2,199)	-	-
	(19,830)	(8,381)	155,288	109,927	(175,118)	(118,308)
Balance as at December 31,	649,062	548,530	546,568	373,412	102,494	175,118

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

	Note	Cost		Fair value of plan assets		
		2018	2017	2018	2017	Percentage
		(Rupees in '000)		(Rupees in '000)		
Cash and cash equivalent		245,411	9,146	245,411	9,146	44.7%
Government Securities	42.6.1	315,000	368,046	304,063	366,465	55.3%
		560,411	377,192	549,474	375,611	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.

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Maturity profile

Expected maturity analysis of undiscounted defined benefit obligation (benefit payments) 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, 2018	27,055	38,929	184,327	848,062	18,055,928	19,154,301
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	Fair value of any plan assets	Net defined benefit liability
(Rupees in '000)				
Current results	-	649,062	546,568	102,494
Discount rate				
1% Increase	14.75%	590,606	546,568	44,038
1% Decrease	12.75%	716,238	546,568	169,670
Salary Rate				
1% Increase	14.75%	717,386	546,568	170,818
1% Decrease	12.75%	588,581	546,568	42,013
Withdrawal rate				
10% Increase	Moderate + one year	632,272	546,568	85,704
10% Decrease	Moderate - one year	667,335	546,568	120,767
Mortality rate				
One year age set back	Adjusted SLIC 2001-05 - one year	648,733	546,568	102,165
One year age set forward	Adjusted SLIC 2001-05 + one year	649,413	546,568	102,845

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 consolidated statement of financial position.

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42.8 Experience Adjustments

The re-measurement gains / losses arise due to actual experience varying from the actuarial assumptions for the year.

Particulars	2018	2017	2016	2015	2014
	(Rupees in '000)				
Defined benefit obligation	649,062	550,729	367,635	235,572	154,368
Fair value of plan assets	(546,568)	(375,611)	(249,327)	(171,567)	(133,019)
Net defined benefit liability	102,494	175,118	118,308	64,005	21,349
Remeasurement gain / (loss) on obligation	(52,391)	75,269	56,598	12,774	3,493
Remeasurement gain / (loss) on plan assets	25,329	10,273	393	(3,104)	3,655
Other comprehensive income	(27,062)	85,542	56,991	9,670	7,148

42.9 The average duration of the payment of benefit obligation at December 31, 2018 is with in one year.

42.10 The subsidiary 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. 132.323 million. The amount of re-measurements to be recognised in other comprehensive income for year ending December 31, 2018 will be worked out as at the next valuation.

43. FINANCIAL INSTRUMENTS BY CATEGORY

		2018		
	Loans and receivables	Assets at fair value through profit and loss	Available for sale	Total
----- (Rupees in '000) -----				
ASSETS				
Long term investments	23,079,286	-	45,131,501	68,210,787
Loans, advances, deposits and other receivables	239,802,408	-	-	239,802,408
Net investment in finance lease	18,446,181	-	-	18,446,181
Short term investments	20,051,651	43,069,649	38,732,179	101,853,479
Trade debts	1,184,680	-	-	1,184,680
Fund placements	1,937,347	-	-	1,937,347
Accrued mark-up	5,746,955	-	-	5,746,955
Cash and bank balances	33,124,776	-	-	33,124,776
	343,373,284	43,069,649	83,863,680	470,306,613
		Fair value through profit or loss	At Amortized Cost	Total
----- (Rupees in '000) -----				
LIABILITIES				
Long term financing		-	5,749,570	5,749,570
Deposits and other accounts		-	319,203,786	319,203,786
Trade and other payables		2,040,824	13,495,541	15,536,365
Short term borrowings		-	96,558,663	96,558,663
		2,040,824	435,007,560	437,048,384

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2017				
	Loans and receivables	Assets at fair value through profit and loss	Available for sale	Total
----- (Rupees in '000) -----				
ASSETS				
Long term investments	41,398,485		117,315,006	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
	<u>253,863,103</u>	<u>9,351,066</u>	<u>143,093,713</u>	<u>406,307,882</u>
		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
		<u>1,882,199</u>	<u>365,114,517</u>	<u>366,996,716</u>

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.

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.



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The following discussion includes sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The sensitivity has been prepared for the year ended December 31, 2018 and December 31, 2017 respectively using the amounts of financial assets and liabilities held as at those dates of statement of financial position.

44.1.1 Interest rate risk exposure

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

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

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

Sensitivity analysis for variable rate instruments

Presently, the Group holds interest rate bearing bank deposits, government securities, term finance certificates, loans and advances to customers and financial institutions and sukus that expose the Group to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2018, 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
December 31, 2018		----- (Rupees in '000) -----	
Assets	100	3,931,313	-
	(100)	(3,931,313)	-
Liabilities	100	193,373	-
	(100)	(193,373)	-
December 31, 2017			
Assets	100	1,510,541	-
	(100)	(1,510,541)	-
Liabilities	100	680,656	-
	(100)	(680,656)	-

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Sensitivity analysis for fixed rate instruments

As at December 31, 2018 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, 2018, with all other variables held constant, the comprehensive income of the Group for the year would change as follows:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on other comprehensive income
December 31, 2018		----- (Rupees in '000) -----	
Assets	100	(2,861,905)	-
	(100)	2,861,905	-
December 31, 2017			
Assets	100	(143,642)	-
	(100)	143,642	-

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, 2018	2.50%	(5,186)	-
	(2.50%)	5,186	-
December 31, 2017	2.50%	143,642	-
	(2.50%)	(143,642)	-

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.



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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, 2018 and December 31, 2017. 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.

	Fair Value Rs. in million	Price change	Effect on profit before tax	Effect on other comprehensive income
	----- (Rs. in million) -----			
December 31, 2018	23,026,206	5% increase	59,704	1,091,606
December 31, 2017	27,243,410	5% increase	22,612	1,339,559

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.

2018							
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	More than five years
(Rupees in '000)							
Financial liabilities							
Long term financing	4,343,614	4,381,250	568,750	437,500	1,062,500	2,312,500	-
Liability subject to finance lease	46,422	46,422	5,893	5,894	11,783	22,852	-
Deposits and other accounts	321,413,263	321,413,263	289,085,791	30,664,239	1,187,357	475,876	-
Trade and other payables	15,145,139	15,145,139	11,101,381	484,408	1,288,951	2,264,507	5,892
Sub-ordinated loans	7,496,800	7,496,800	1,000	1,000	2,000	2,998,200	4,494,600
Accrued interest / mark-up	2,860,545	2,860,545	2,860,545	-	-	-	-
Borrowings	100,078,587	100,078,587	97,827,731	141,529	29,827	1,180,654	898,846
	451,384,370	451,422,006	401,451,091	31,734,570	3,582,418	9,254,589	5,399,338
2017							
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	More than 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	4,998,799	1,000	1,000	2,000	6,000	4,988,799
Accrued interest / mark-up	2,217,235	2,217,235	2,217,235	-	-	-	-
Borrowings	68,381,321	68,381,321	66,919,908	14,289	31,234	481,152	934,738
	378,619,520	378,654,666	330,292,835	33,251,457	4,010,635	5,176,202	5,923,537

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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			Past due but not impaired	Individually impaired	Total
December 31, 2018	High grade	Standard grade	Sub-standard grade			
	(Rupees in '000)					
Cash and bank balances	32,156,201	-	-	-	-	32,156,201
Due from banks	788,564	180,011	-	-	-	968,575
Cash collateral on securities borrowed and reverse repurchase agreements	182,631	1,754,716	-	-	-	1,937,347
Financial assets at fair value through profit or loss	43,069,649	-	-	-	-	43,069,649
Loans and advances:						
Corporate lending	16,695,478	137,428,439	11,103,368	-	4,380,472	169,607,757
Agriculture	1,192,932	3,050,877	-	-	72,451	4,316,261
Medium Enterprise Lending	11,504,108	21,611,082	372,763	-	308,768	33,796,720
Small business lending	7,111,388	6,739,062	62,696	-	129,663	14,042,809
Banks	4,989,726	2,711,163	-	-	-	7,700,889
Consumer lending	2,257,556	5,413,447	794,102	118,434	57,160	8,640,700
Residential mortgages	4,848,101	5,152,994	639,382	13,499	371,065	11,025,042
Employees and contractors	3,209,877	-	-	-	-	3,209,877
Trade debts	297,727	483,635	-	403,318	-	1,184,680
Accrued mark-up	1,529,516	4,217,439	-	-	-	5,746,955
Financial investments available for sale:						
Government securities	52,541,122	-	-	-	-	52,541,122
Quoted - other debt securities	1,080,838	5,467,165	-	-	-	6,548,003
Unquoted - debt securities	845,973	-	-	-	-	845,973
Equity investments	-	21,874,370	-	-	341,757	22,216,127
Financial investments held - to - maturity:						
Government securities	42,716,932	-	-	-	-	42,716,932
	227,018,319	216,084,400	12,972,311	535,252	5,661,336	462,271,619



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	Neither past due nor impaired			Past due but not impaired	Individually impaired	Total
December 31, 2017	High grade	Standard grade	Sub-standard grade			
	(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
	235,062,087	140,251,151	25,939,702	403,318	1,137,961	402,794,218

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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	
	2018	2017	2018	2017	2018	2017
(Rupees in '000)						
Segment by class of business						
Mining and quarrying	56,973	57,529	-	-	-	-
Agri finance	4,260,641	2,584,965	-	-	-	-
Brokerage	4,846,099	2,681,932	-	-	-	-
Cement	1,606,779	209,356	-	-	-	424,293
Textile and glass	28,264,018	23,307,277	-	-	65,022	88,353
Chemical and pharmaceuticals	8,337,182	7,202,379	-	-	149,860	988,697
Fertilizer and pesticides	3,811,120	3,206,664	-	-	143,094	789,379
Automobile and transportation equipment	4,582,078	3,599,906	-	-	-	-
Tyre, rubber and plastic	2,442,392	2,176,760	-	-	-	-
Electronics and electrical appliances	260,812	301,375	-	-	-	-
Construction and real estate	7,265,975	5,479,348	-	-	-	-
Power and water, oil and gas	31,236,480	16,777,864	-	-	887,576	1,900,479
Metal and steel	10,075,944	6,477,004	-	-	-	71,244
Paper / board / furniture	1,462,601	1,125,618	-	-	-	-
Food / confectionery / beverages	34,521,566	36,076,698	-	-	-	95,885
Trust and non-profit organisations	478,904	361,330	-	-	-	-
Sole proprietorships	-	-	-	-	-	-
Transport, storage and communication	48,599,175	29,734,831	-	-	158,712	182,322
Financial	2,194,635	3,005,047	273,990	392,197	6,493,402	4,406,634
Insurance and security	169,843	159,353	326,374	3,449	-	679,573
Engineering, IT and other services	5,591,012	4,639,050	-	-	-	592,717
Sugar	2,819,626	2,176,604	-	-	-	-
Individuals	33,034,338	20,136,724	584,269	489,995	-	-
Wholesale and retail trade	13,490,993	11,037,390	-	-	-	-
Government	-	-	-	-	-	-
Others	6,088,559	4,402,230	47	4,125	412,003	46,720
	255,497,745	186,917,234	1,184,680	889,766	8,309,669	10,266,296
Segment by geographic location						
In Pakistan	253,624,102	186,214,300	1,184,680	889,766	8,309,669	10,266,296
Outside Pakistan	1,873,643	702,934	-	-	-	-
	255,497,745	186,917,234	1,184,680	889,766	8,309,669	10,266,296



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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:

	2018	2017
	----- (Rupees in '000) -----	
Mutual Funds		
Rated AA- to AA+	1,536,399	1,929,961
	1,536,399	1,929,961
Debt Securities		
Term Finance Certificates-listed	807,727	3,428
Rated AA- to AA+	845,973	1,991,715
	1,653,700	1,995,143

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
	2018	2017	
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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, 2018, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at December 31, 2018 was as follows:

	2018	2017
	----- (Rupees in '000) -----	
Long term financing	3,881,206	3,001,014
Deposits and other accounts	319,203,786	285,872,722
Trade and other payables	15,536,365	11,437,098
Accrued interest / mark-up on borrowings	2,860,545	2,202,331
Short term borrowings	96,558,663	64,557,043
Total debt	438,040,565	367,070,208
Cash and bank balances	33,124,776	18,384,336
Fund placements	1,937,347	3,116,199
	35,062,123	21,500,535
Net debt	402,978,442	345,569,673
Share capital	9,159,424	9,159,424
Reserves	18,946,154	24,531,192
Equity	28,105,578	33,690,616
Capital	431,084,020	379,260,289
Gearing ratio	93%	91%

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

46. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

46.1 Fair value of financial instruments

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

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

- **Level 1** Quoted prices in active markets for identical assets or liabilities;
- **Level 2** Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3** Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2018			
	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	-	378,944	-	378,944
Listed equity securities	1,194,085	-	-	1,194,085
Government securities	-	41,368,514	-	41,368,514
Term finance certificates	-	128,106	-	128,106
Available-for-sale investments				
Open end mutual funds	-	1,157,455	-	1,157,455
Listed equity securities	21,832,121	-	-	21,832,121
Unlisted equity investments	-	-	384,006	384,006
Government securities	-	52,541,122	-	52,541,122
Sukuk and term finance certificates (quoted)	-	679,621	-	679,621
Sukuk and term finance certificates (unquoted)	-	-	845,973	845,973
Foreign currency bond (US\$)	-	5,868,382	-	5,868,382
	23,026,206	102,122,144	1,229,979	126,378,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Off balance sheet financial instruments				
Forward exchange contracts				
Purchase	-	21,946,624	-	21,946,624
Sale	-	13,319,774	-	13,319,774
Forward government securities				
Purchase	-	209,530	-	209,530
Sale	-	1,494,554	-	1,494,554
Cross currency swaps (notional principal)	-	5,254,792	-	5,254,792
Options (notional principal)	-	2,627,781	-	2,627,781

	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
	27,243,410	122,900,648	2,300,721	152,444,779

Off balance sheet financial instruments				
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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

47.1 Following are the names of associated companies, related parties and associated undertakings with whom the group had entered into transactions or had agreements in place during the year:

Name of Related parties	Percentage of shareholding	Relationship
EFU General Insurance Limited	28.85%	Common Directorship
EFU Life Assurance Limited	21.83%	Common Directorship
EFU Services (Private) Limited	37.50%	Common Directorship
Allianze EFU Health Insurance Limited	N/A	Common Substantial Shareholder
Future Trust	N/A	Common Directorship
Mahvash & Jahangir Siddiqui Foundation	N/A	Common Directorship
Fakhr-e-Imdad Foundation	N/A	Common Directorship
Jahangir Siddiqui Private Equity	N/A	Common Directorship
JS Lands (Private) Limited	N/A	Common Substantial Shareholder
JS Growth Fund	N/A	Fund managed by Subsidiary
JS Value Fund	N/A	Fund managed by Subsidiary
Unit Trust of Pakistan	N/A	Fund managed by Subsidiary
JS Income Fund	N/A	Fund managed by Subsidiary
JS Islamic Fund	N/A	Fund managed by Subsidiary
JS Fund of Funds	N/A	Fund managed by Subsidiary
JS Islamic Income Fund	N/A	Fund managed by Subsidiary
JS Cash Fund	N/A	Fund managed by Subsidiary
JS Large Cap Fund	N/A	Fund managed by Subsidiary
JS Islamic Hybrid Fund of Funds	N/A	Fund managed by Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

Name of Related parties	Percentage of shareholding	Relationship
JS Islamic Hybrid Fund of Funds - 2	N/A	Fund managed by Subsidiary
JS Islamic Dedicated Equity Fund	N/A	Fund managed by Subsidiary
JS Pension Savings Fund	N/A	Fund managed by Subsidiary
JS Islamic Pension Savings Fund	N/A	Fund managed by Subsidiary
CDC Trustee - Unit Trust of Pakistan	N/A	Fund managed by Subsidiary
Jahangir Siddiqui & Co. Ltd. - Staff Provident Fund	N/A	Post-employment Benefit Fund
		Post-employment Benefit Fund
JS Bank Limited - Staff Provident Fund	N/A	of subsidiary company
		Post-employment Benefit Fund
JS Global Capital Limited - Staff Provident Fund	N/A	of sub-subsidiary company
		Post-employment Benefit Fund
ABAMCO Limited Staff Provident Fund	N/A	of sub-subsidiary company
EFU General Insurance Limited (Employees Gratuity Fund)	N/A	Post-employment Benefit Fund
		of Group Company
EFU General Insurance Limited (Officer Pension Fund)	N/A	Post-employment Benefit Fund
		of Group Company
EFU General Insurance Limited (Employees Provident Fund)	N/A	Post-employment Benefit Fund
		of Group Company
EFU Life Assurance Ltd (Employees Provident Fund)	N/A	Post-employment Benefit Fund
		of Group Company
EFU Life Assurance Ltd (Employees Pension Fund)	N/A	Post-employment Benefit Fund
		of Group Company
Allianz EFU Health Insurance Limited (Employee Provident Fund)	N/A	Post-employment Benefit Fund
		of Group Company
EFU Life Assurance Limited (Window Takaful Operations)	N/A	Common Directorship
EFU General Insurance Limited (Window Takaful Operations)	N/A	Common Directorship
Mr. Jahangir Siddiqui	43.13%	Controlling Person of the group
Jahangir Siddiqui Securities Services Limited	15.90%	Subsidiary of controlling person
Jahangir Siddiqui & Sons Limited	13.21%	Subsidiary of controlling person
		Key Management Person of the group
Mr. Ali Raza Siddiqui	0.00%	Key Management Person of the group
Mr. Ali Jahangir Siddiqui	0.00%	Key Management Person of the group
Mr. Suleman Lalani	0.04%	Key Management Person of the group
Chief Justice (R) Mahboob Ahmed	0.04%	Key Management Person of the group
Mr. Saud Ahmed Mirza	0.00%	Key Management Person of the group
Mr. Munawar Alam Siddiqui	0.00%	Key Management Person of the group
Mr. Kalim-ur-Rehman	0.00%	Key Management Person of the group
Mr. Khalid Imran	0.00%	Key Management Person of the group



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

Name of Related parties	Percentage of shareholding	Relationship
Mr. Hasan Shahid	0.00%	Key Management Person of the group
Mr. Muhammad Kamran Nasir	0.00%	Key Management Person of the group
Mr. Adil Matcheswala	0.00%	Key Management Person of the group
Mr. Rizwan Khan	0.00%	Key Management Person of the group
Mr. Ashraf Nawabi	0.00%	Key Management Person of the group
Mr. Junaid Mirza	0.00%	Key Management Person of the group
Mr. Basir Shamsie	0.00%	Key Management Person of the group
Mr. Kamran Jaffer	0.00%	Key Management Person of the group
Mr. Imran Ali Khan Soomro	0.00%	Key Management Person of the group
Mr. Raja Abdullah	0.00%	Key Management Person of the group
Mr. Muhammad Yousuf Amanuallah	0.00%	Key Management Person of the group
Mr. Aamir Ali	0.00%	Key Management Person of the group
Mr. Muhammad Kamran Mirza	0.00%	Key Management Person of the group
Syed Imtiaz Bokhari	0.00%	Key Management Person of the group
Mr. Adnan Zakaria	0.00%	Key Management Person of the group
Mr. Imran Haleem Shaikh	0.00%	Key Management Person of the group
Mr. Ashraf Shahzad Ahmed	0.00%	Key Management Person of the group
Mr. Syed Tauqir Haider Rizvi	0.00%	Key Management Person of the group
Mr. Muhammad Faisal	0.00%	Key Management Person of the group
Mr. Babbar Wajid	0.00%	Key Management Person of the group
Mr. Siraj Ali Mithani	0.00%	Key Management Person of the group
Mr. Kashan Zafar	0.00%	Key Management Person of the group
Mr. Muhammad Faisal Asghar	0.00%	Key Management Person of the group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

Name of Related parties	Percentage of shareholding	Relationship
Mr. Ali Pesnani	0.00%	Key Management Person of the group
Mr. Khurram Shaikh	0.00%	Key Management Person of the group
Mr. Fasih Ur Rehman	0.00%	Key Management Person of the group
Mr. Anjum Amin Siddiqui	0.00%	Key Management Person of the group
Mr. Soofi Saifullah Akber	0.00%	Key Management Person of the group
Mr. Rafiq Ghulam Hussain	0.00%	Key Management Person of the group
Mr. Asim Qamar Siddiqui	0.00%	Key Management Person of the group
Syed Asad Mustafa Shafqat	0.00%	Key Management Person of the group
Mr. Mamoon Hameed Farooqi	0.00%	Key Management Person of the group
Syed Tauqir Haider Rizvi	0.00%	Key Management Person of the group
Mr. Shahid Ali Khan	0.00%	Key Management Person of the group
Mr. Mohammad Faisal Asghar	0.00%	Key Management Person of the group
Mr. Zubair Jabbar	0.00%	Key Management Person of the group
Mr. Zaheer Masood	0.00%	Key Management Person of the group

47.2 Related parties of the group comprise of 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:

	2018	2017
	----- (Rupees in '000) -----	
TRANSACTIONS		
Common Directorship:		
Remuneration paid	303,378	315,418
Dividend income	763,413	846,436
Rent Income	14,894	15,316
Brokerage / commission / service income	428,081	217,294
Insurance claim received	18,314	23,455
Insurance premium paid	309,566	216,846
Expenses incurred on behalf of related parties	6,109	6,090
Reimbursement of expenses by related parties	4,270	9,918



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	2018	2017
	----- (Rupees in '000) -----	
Common Directorship:		
Interest / mark-up expense	742,792	647,163
Donation paid during the year	7,000	50,000
Letter of credit	57,641	70,953
Loans and advances disbursed	6,894,300	5,340,108
Loans and advances repaid	6,351,154	4,962,991
Deposits in banks accounts	160,708,700	135,188,188
Withdrawals from bank accounts	159,396,796	131,892,575
Interest / mark-up earned	282,622	204,971
Borrowings received from related parties	280,850,000	110,840,000
Borrowings repaid to related parties	280,050,000	106,840,000
Fund managed by Subsidiary Company:		
Purchase of shares / units	2,960,326	1,171,687
Redemption of units	3,153,991	1,373,343
Remuneration of management fee	195,074	198,371
Dividend income	3,882	40,746
Reimbursement of expenses from funds	37,259	16,620
Other expenses incurred on behalf of funds	42,243	22,637
Commission income	4,320	8,282
Gain / (loss) on sale of securities - net	1,617	2,018
Post-employment Benefit Fund:		
Contribution to staff provident fund trust	3,359,052	2,560,479
Investment in TFCs issued by the Company	24,000	-
Principal redemption against TFCs	17,100	12,825
Interest / mark-up paid	2,257	2,908
Expenses incurred on behalf of related parties	1,524	372
Reimbursement of expenses by related parties	1,598	299
Controlling Person:		
Royalty paid	41,225	29,900
Advisory fee paid	61,500	48,000
Common Substantial Shareholder:		
Subscription of Right Shares	175,000	-
Insurance premium paid	9,929	6,144
Insurance claim received	5,376	4,518
Key Management Personnel:		
Loans and advances disbursed during the year	29,544	5,506
Reimbursement of expenses to directors	2,479	5,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018	2017
	----- (Rupees in '000) -----	
Key Management Personnel:		
Loan and advances repaid from executives	7,977	7,087
Interest on long term loans to executives	27,729	16,674
Interest / mark-up expense	5,797	5,572
Deposits in banks accounts	2,160,277	1,199,515
Withdrawals from bank accounts	2,172,451	1,209,276
Commission income	339	206
Brokerage income	269	181
Remuneration to key management personnel	265,747	189,493
Fee paid to directors for attending director / committee meetings	17,111	15,475
Loans and advances disbursed	323,922	124,628
Loans and advances repaid	284,576	100,690
Purchase of vehicle	7,223	-
Disposal of fixed asset	869	-
Other Related Parties:		
Purchase of Sukuk / TFCs	72,610	-
Sale of Sukuk / TFCs	445,280	1,012,500
Investment in TFCs issued by the Holding company	9,000	-
Dividend income	119,902	50,948
Loans and advances disbursed	260,000	-
Preference dividend paid	1,479	1,479
BALANCES		
Common Directorship:		
Advances	2,821,605	2,114,695
Borrowings	4,800,000	4,000,000
Deposits	9,652,833	8,227,301
Rent receivable	2,513	2,664
Receivable against expenses incurred on behalf of companies	3,001	2,066
Donation payable	4,000	7,000
Subordinated loans	289,784	40,000
Interest payable on deposits	42,582	66,683
Interest payable on subordinated loans	1,441	25
Interest receivable	72,735	24,128
Receivable against bancassurance / bancatakaful	74,935	74,720
Interest payable on deposits	339	179



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018	2017
	----- (Rupees in '000) -----	
Common Substantial Shareholder:		
Rent payable	10,117	-
Prepaid rent	-	14,164
Post-employment Benefit Fund:		
Principal outstanding of TFCs issued by the company	9,975	27,075
Mark-up payable on TFCs issued by the company	250	499
Receivable against expenses incurred on behalf of companies	-	73,766
Payable against contribution to the fund	-	8,566
Subordinated loans	99,960	100,000
Interest payable on subordinated loans	100	62
Payable to defined benefit plan	102,494	175,118
Other Related Parties:		
Advances	555,000	-
Trade debts	126,548	2,231
Trade payable	20,888	14,324
Prepaid rent	-	27,317
Other receivables	7,776	1,692
Security deposit	3,035	3,035
Provision against other assets	2,438	44,806
Prepaid insurance	3,468	8,012
Provision for diminution in value of investments	65,022	65,022
Investments	1,964,110	1,828,603
Interest payable on borrowings	1,355	1,907
Fund managed by Subsidiary Company:		
Payable from funds under management	365	1,844
Receivable from funds under management	126,783	119,187
Key management personnel:		
Advances	455,798	400,278
Deposits	103,258	117,582
Loans and advances payable	29,479	7,954
Trade debts	751	167
Trade payable	908	44
Interest mark-up accrued	853	480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Managerial remuneration	-	-	105,372	62,995	1,635,532	2,023,805
House rent allowance	-	-	1,472	1,375	4,396	3,218
Utilities allowance	-	-	164	153	11,208	485
Car allowance	-	-	-	-	126,600	109,553
Sub-brokerage, commission and performance bonus	-	-	47,349	42,500	265,668	360,698
Advisory and consultancy fee	-	4,000	-	-	-	-
Retirement benefits	-	-	9,324	3,242	221,808	228,353
Medical	-	-	7,029	4,648	146,138	201,731
Reimbursable expenses	-	-	33	4	8,632	4,913
Fee for attending meetings	21,758	20,117	-	-	-	-
	21,758	24,117	170,743	114,917	2,419,982	2,932,756
Number of persons	19	15	6	6	604	1,564

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

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.
Energy Infrastructure and petroleum	Principally engaged in investment in oil marketing sector and storage of petroleum, LPG and allied products.
Others	Other operations of the Group comprise of telecommunication, media and information technology, underwriting and consultancy services, research, corporate finance and power generation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

The following tables present revenue and profit information for the Group's operating segments For the year ended December 31, 2018 and 2017 respectively.

Year ended December 31, 2018

Revenue	Capital market and brokerage	Banking	Investment advisor / assets manager	Energy infrastructure and petroleum	Others	Total segments (Rupees in '000)	Adjustments and eliminations	Consolidated
Segment revenues	2,003,412	32,144,541	432,700	189,614	13,625	34,783,892	(515,426)	34,268,466
Inter-segment revenues	(423,068)	(40,004)	(8,958)	(40,904)	(2,492)	(515,426)	515,426	-
Total revenue	1,580,344	32,104,537	423,742	148,710	11,133	34,268,466	-	34,268,466
Results								
Profit for the year	(190,566)	543,930	41,938	(92,758)	3,523	306,067	508,730	814,797

Year ended December 31, 2017

Revenue	Capital market and brokerage	Banking	Investment advisor / assets manager	Energy infrastructure and petroleum	Others	Total segments (Rupees in '000)	Adjustments and eliminations	Consolidated
Segment revenues	2,424,066	24,432,511	386,379	260,264	11,458	27,514,678	(511,126)	27,003,552
Inter-segment revenues	(435,737)	(56,441)	(7,655)	(9,242)	(2,051)	(511,126)	511,126	-
Total revenue	1,988,329	24,376,070	378,724	251,022	9,407	27,003,552	-	27,003,552
Results								
Profit for the year	15,347	914,360	27,436	193,424	(106,126)	1,044,441	706,033	1,750,474

The following tables present assets and liabilities information for the Group's operating segments For the year ended December 31, 2018 and 2017 respectively.

Assets

December 31, 2018	33,555,452	456,128,494	2,261,835	4,756,220	714,323	497,416,324	(17,161,052)	480,255,272
December 31, 2017	35,154,719	387,548,454	2,400,474	3,821,359	895,221	429,820,227	(16,993,866)	412,826,361

Liabilities

December 31, 2018	7,152,540	441,649,318	285,050	28,281	52,901	449,168,090	(3,027,579)	446,140,511
December 31, 2017	5,032,894	371,355,012	235,655	873,454	61,102	377,558,117	(4,815,620)	372,742,497

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018	2017
	(Rupees in '000)	
50. GEOGRAPHIC INFORMATION		
Revenues from external customers		
Pakistan	34,261,792	27,003,552
Non-current assets		
Pakistan	7,114,424	5,710,703

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 20, 2019 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

Najmul Hoda Khan
Chief Financial Officer



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

ANNEXURE I

Details of disposal of fixed assets having written down value exceeding Rs.500,000 each (refer note 7.1.1)

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship with Bank (if any)
	Rupees in '000						
Vehicles							
Suzuki cultus VXR	1,158	362	796	859	63	Employee via bid	Raja Kamran
Suzuki cultus VXR	1,140	356	784	975	191	Third party via bid	Automotive Progress Services care of Mandviwalla Motors
Suzuki cultus VXR	1,155	361	794	847	53	Employee via bid	Asma Gilani
Toyota Corolla	1,719	1,158	561	1,675	1,114	Negotiation	Wasim Mirza
Toyota Corolla	1,895	1,200	695	1,600	905	Negotiation	Wasim Mirza
Toyota Corolla	1,890	1,045	845	1,756	911	Negotiation	Mohammad Azeem
Mercedes	4,000	240	3,760	4,250	490	Negotiation	Talib Marvi
Toyota Corolla	1,753	1,168	585	1,585	1,000	Negotiation	Usman Shahid
Toyota Corolla	1,863	838	1,025	1,580	555	Negotiation	Noman Khan
Toyota Corolla	1,753	1,227	526	1,605	1,079	Negotiation	Sultan Hasan
Toyota Corolla	1,828	1,036	792	1,570	778	Negotiation	Usman Ghani
Toyota Corolla	1,328	797	531	1,755	1,224	Negotiation	Kamal Ahmed
Toyota Corolla	2,198	879	1,319	1,805	487	Negotiation	Kamal Ahmed
Toyota Corolla	1,828	1,157	671	1,850	1,179	Negotiation	Taimoor Ahmed
Toyota Corolla	1,863	838	1,025	1,930	905	Negotiation	Bilal Zahid
Toyota Corolla	2,198	989	1,209	2,000	791	Insurance Claim	EFU General Insurance Limited - related party,
Suzuki Cultus	1,391	153	1,238	1,200	(38)	Negotiation	EFU General Insurance Limited - related party,
Suzuki Cultus	1,039	520	519	881	362	Negotiation	Usman Shahid
Suzuki Cultus	1,124	281	843	940	97	Negotiation	Saeed ur Rehman
Suzuki Cultus	1,129	169	960	1,035	75	Insurance Claim	EFU General Insurance Limited - related party,
Suzuki Cultus	1,099	495	604	1,018	414	Negotiation	Haseeb Tariq
Suzuki Cultus	1,099	586	513	993	480	Negotiation	Khuram Imtiaz
Suzuki Cultus	1,129	470	659	1,001	342	Negotiation	Usman Shahid
Suzuki Cultus	1,094	529	565	980	415	Negotiation	Khurram Imtiaz
Suzuki Cultus	1,099	568	531	993	462	Negotiation	Wasim Mirza
Aggregate of other vehicles in own use with individual book value not exceeding Rupees 500,000	167,922	153,848	14,074	128,917	114,843	Negotiation	Various
Balance c/f.	207,694	171,270	36,424	165,600	129,176		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

ANNEXURE I

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship with Bank (if any)
	Rupees in '000						
Balance b/f.	207,694	171,270	36,424	165,600	129,176		
Various lease hold improvements scrapped	11,540	7,016	4,524	54	4,470	Negotiation	Various
Aggregate of other items of asset in own use with individual book value not exceeding Rupees 500,000	140,365	122,810	17,555	9,172	(8,383)	Negotiation	Various
	359,599	301,096	58,503	174,826	125,263		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

ANNEXURE II

The Branch network of the group is disclosed hereunder:

JS Bank Limited:

SINDH

Gulshan Chowranghi Branch
Tel: 021 - 34833290 - 3

UP Morr Branch
Tel: 021 - 3694 8010 - 15

Karachi

Shaheen Complex Branch
Tel: 111 - 572 - 265
021 - 32272569 - 80

Dhoraji Branch
Tel: 021 - 34946280 - 2

Orangi Town Branch Karachi
Tel: 021 - 3669 7927 - 30

Karachi Stock Exchange Branchi
Tel: 021 - 3246 2851 - 4

Shah Faisal Colony Branch
Tel: 021 - 34686191 - 4

IBA City Campus Branch Karachi
Tel: 021 - 3229 4811 - 13

S.I.T.E. Branch
Tel: 021 - 3255 0080 - 4

Islamia College Branch
Tel: 021 - 34924021 - 4

26th Street DHA Phase V Branch
Tel: 021 - 3505 5826

Khy-e-Ittehad, DHA Phase II Ext,
Branch
Tel: 021 - 35313811 - 4

M.A. Jinnah Road Branch
Tel: 021 - 32742006 - 8

Landhi Branch
Tel: 021 - 3504 6923 - 25
Progressive Centre,

Park Towers Clifton Branch
Tel: 021 - 35832011 - 9

Lucky Star Branch
Tel: 021 - 35622431 - 9

Shahrah-e-Faisal Branch
Tel: 021 - 34324682 - 5

Teen Talwar Branch
Tel: 021 - 35834127
021 - 3583 6974

Gulshan-e-Hadeed Branch
Tel: 021 - 34715201 - 3

Khy-e-Bokhari I DHA Phase IV
Branch
Tel: 021 - 3534 0353 - 60

Gulshan-e-Iqbal Branch
Tel: 021 - 34829055 - 60

Cloth Market Branch
Tel: 021 - 3246 4042 - 8

Korangi Road, DHA Phase I Branch
Tel: 021 - 35803541

Shahrah-e-Faisal Branch
Tel: 021 - 34373240 - 4

Hawks Bay Branch
Tel: 021 - 3235 4060 - 3

Hayderi Market Branch
Tel: 021 - 3667 7904

North Nazimabad Branch
Tel: 021 - 36721010 - 2

Garden West Branch
Tel: 021 - 3224 0093 - 7

Shershah Branch
Tel: 021 - 32581013 -17

Gulistan-e-Jauhar Branch
Tel: 021 - 34662002 - 5

Timber Market Branch
Tel: 021 - 32763079

Malir Cantt Branch
Tel: 021 - 3449 0225 - 27/29

Safoora Goth Branch
Tel: 021 - 34661805 - 9

Abul Hasan Isphahani Road Branch
Tel: 021 - 3469 354 - 9

Ocean Mall Branch
Tel: 021 - 3516 601-02

Jheel Park Branch
Tel: 021 - 34544831 - 5

Jodia Bazar Branch
Tel: 021 - 3243 5304 -6

Regal Chowk Saddar Branch
Tel: 021 - 3563 0591-99

Nazimabad Branch
Tel: 021 - 36612325

New Challi Branch
Tel: 021 - 3260 210 - 3

Marriott Road Branch
Tel: 021 - 32469609 - 11

Korangi Industrial Area Branch
Tel: 021 - 35055826
021 - 35052773

North Napier Branch
Tel: 021- 32467791 - 94

The center Saddar Branch
Tel: 021 - 35165560 - 7

Zamzama Branch
Tel: 021 - 35295224 - 5

Electronic Market Branch
Tel: 021 - 32700430 - 33

DHA Phase 8 Branch
Tel: 0345 - 8211949 - 51

Urdu Bazar Branch
Tel: 021 - 3260 3075 - 77

Bohara Pir Branch
Tel: 021 - 32713124 - 7

Bahadarabad Branch
Tel: 021 - 3492 2802 - 05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

ANNEXURE II

F.B Area Branch
Tel: 021 - 36316229

Khy-e-Shahbaz, DHA Phase VI
Branch
Tel: 021 - 35243415 - 9

Papoosh Nagar Branch
Tel: 021 - 36700071 - 3

Boat Basin Branch
Tel: 35177900 - 07

New Sabzi Mandi Branch
Tel: 0345 - 8211641 - 43

Clifton Block-2 Branch
Tel: +92 213 5177909

Chase Shaheed-e-Millat Road
Branch
Tel: 021 - 34370270 - 71

Fishries Branch
Karachi
Tel: 021 - 32384011 - 14

Garden East Branch
Tel: 021 - 32244281 - 82 - 83

Soldier Bazar Branch
Tel: 021 - 32244531 - 32 - 33

Hyderabad

Saddar Branch
Tel: 022 - 2730925 - 7

Latifabad Branch
Tel: 022 - 3817971 - 4

Cloth Market Branch
Tel: 022 - 26182700 - 13

Qasimabad Branch
Tel: 022 - 2652191

Citizen Colony Branch
Tel: 022 - 2100892 - 95

SITE Branch
Tel: 022 - 3885192

DHA Branch
Tel: 022 - 2108078

Sohrab Goth Branch
Tel: 021 - 3469 0612 - 17

North Karachi Industrial Area Branch
Tel: 021 - 36962910 - 11

Chak 41 Jamrao Branch
Tel: 0345 - 8211961
0345 - 8211971

Jamshoro Branch
Tel: 022 - 3878101 - 4

Mirpurkhas Branch
Tel: 0233 - 876001 - 4

Kot Ghulam Muhammad Branch
Tel: 0233 - 866242 - 4

Sukkur

Shaheed Gunj Branch
Tel: 071 - 5627481 - 2

Society Branch
Tel: 071 - 5633826

Military Road Branch
Tel: 071 - 5630830 - 31

Pano Aqil Branch
Tel: 071 - 5690403

Larkana Branch
Tel: 074 - 405 8603 - 5

Khairpur Branch
Tel: 024 - 3715316 - 8

Maatli Branch Badin
Tel: 029 - 7841514

Nawabshah Branch
Tel: 024 - 4330 561 - 4

Sultanabad Branch
Tel: 0233 - 500498

Tando Allahyar Branch
Tel: 0223 - 892001 - 4

Chambar Branch
Tel: 0223 - 897033 - 35

Khadda Market DHA Phase V
Branch
Tel: 021 - 35242401 - 4

Delhi Colony Branch
Tel: 021 - 35168645 - 6

Ghotki Branch
Tel: 072 - 3600484 - 85

Kandhkot Branch Kashmir
Tel: 072 - 2573048

Shikarpur Branch
Tel: 072 - 6540374 - 75

Shahdadkot Branch
Tel: 074 - 4013160

Shahdadpur Branch
Tel: 0235 - 84317475

Mithi Branch
Tel: 0232 - 261651

Tando Adam Branch
Tel: 0235 - 571880 - 81

Mehar Branch
Tel: 025 - 4730186

Dadu Branch
Tel: 025 - 471160102

Jacobabad Branch
Tel: 0722 - 652677

Badin Branch
Tel: 0297 - 861201

Tando Jam Branch
Tel: 022 - 2765612 - 14

Thatta Branch
Tel: 029 - 8550934

Umerkot Branch
Tel: 0238 - 570157 - 59

Sheikh Berkiyo Branch
Tel: 0335 - 2929824 - 23

Behar Colony Kotri Branch
Tel: 022 - 3871401 - 03 - 06



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

ANNEXURE II

Anaj Mandi Branch Tel: 022 - 2638802 - 3	Moro Branch Tel: 0242 - 413200 - 3	Bhiria City Branch Tel: 0242 - 432131 - 35
Latifabad No: 6 Branch Tel: 022 - 3411521 - 6	Kunri Branch Tel: 0238 - 558163 - 6	Khipro Branch Tel: 023 - 5879073-6
Kohsar Society Branch Tel: 022 - 3400914	Tando Mohammad Khan Branch Tel: 022 - 3340617 - 8	Daharki Branch Ghotki Tel: 072 - 3641290
Sanghar	Digri Branch Tel: 023 - 3870305 - 7	Kashmore Branch Kandhkot Tel: 072 - 257770 - 07
Sanghar Branch Tel: 0235 - 800162 - 5	Sehwan Sharif Branch Tel: 025 - 4620305 - 7	Golarchi Branch Badin Tel: 0297 - 853253 - 57
		Naushehro Feroz Branch
BALUCHISTAN	Bhagbanpura Branch Tel: 042 - 36858873 - 74	Ferozepur Road Branch Tel: 042 - 35402151-3
Quetta	Chouberg Branch Tel: 042 - 37362981 - 8	The Mall Branch Tel: 042 - 36285673 - 7
Canth Branch Tel: 081 - 2863301	Wapda Town Branch Tel: 042 - 35211557 - 64	Gulberg Branch Tel: 042 - 35771036 - 38
M.A. Jinnah Road Branch Tel: 081 - 286 5501 - 4	M.M. Alam Road Branch Tel: 042 - 35778721 - 30	Mughalpura Branch Tel: 042 - 36533818 - 822
Zarghoon Road Branch Tel: 081 - 2472985	Model Town Branch Tel: 042 - 35915614 - 8	Gulshan Ravi Branch Tel: 042 - 35464541 - 43
Dera Murad Jamali Branch Nairabad Tel: 0838 - 710266	Circular Road Branch Tel: 042 - 37379325 - 8	New Garden Town Branch Tel: 042 - 35940463 - 7
Usta Muhammad Branch Jafarabad Tel: 083 - 8612421/23	Brandreth Road Branch Tel: 042 - 37381316 - 9	Timber Market Ravi Road Branch Tel: 042 - 37721924 - 7
Gawadar Branch Tel: 086 - 4210246	DHA T Block Branch Tel: 042 - 35707651 - 9	Walton Road Branch Tel: 042 - 36677204 - 06
Dukki Branch Tel: 0824 - 666172	Shah Alam Market Branch Tel: 042 - 37375734 - 7	PECO Road Branch Tel: 042 - 35203014
Khanozai Branch Tel: 082 - 6427207	Cavalry Branch Tel: 042 - 366 10282 - 4	Mcleod Road Tel: 042 - 36311176
Muslim Bagh Qilla Saifullah Balochistan, Zhob Tel: 082-3669335 - 36	Raiwind Road Branch Tel: 042 - 529 1247 - 8	Sunder Industrial Estate Tel: 0311 - 0013425/6
Loralai Tel: 0824 - 410102 - 03 - 04	Urdu bazar Branch Tel: 042 - 37115918	Valancia Society Tel: 042 - 35226045
Khuzdar Tel: 0848550336	Badami Bagh Branch Tel: 042 - 37946853	Daroghawala Tel: 042 - 36858872
Ormara Tel: 0863310140, 144, 143,142 & 147	Bahria Town Branch Tel: 042 - 35976212	State Life Employees Housing Scheme

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

ANNEXURE II

PUNJAB

Lahore

Upper Mall Branch
Tel: 042 - 111 - 572 - 265

Allama Iqbal Town Branch
Tel: 042 - 35434253 - 5

Azam Cloth Market Branch
Tel: 042 - 37671195 - 6

Shadman Branch
Tel: 042 - 37503701 - 8

College Road Township Branch
Tel: 042 - 35117491 - 94

Devine Mega Mall Branch
Tel: 042 - 35700081 - 85

Wazirabad Branch
Tel: 055 - 6605841 - 4

Ali Pur Chatta Branch
Tel: 0556 - 333220
0556 - 333151 - 3

Faisalabad

Grain Market Branch
Tel: 041 - 2633382 - 84

Karkhana Bazar Branch
Tel: 041 - 2624501 - 3

Liaquat Road Branch
Tel: 041 - 241 2263 - 65

Satiana Road Branch
Tel: 041 - 8556381 - 85

Gulistan Colony Branch
Tel: 041 - 8785791 - 5

Ghulam Mohammad Branch
Tel: 041 - 2692192 - 94

Jaranwala
Tel: 041 - 4313037

Multan

Abdali Road Branch
Tel: 061 - 4574496

Ichra Bazar Branch
Tel: 042 - 37428406

Shahdara Branch
Tel: 0423 - 7931903-5

Shadbagh Branch
Tel: 042 - 37604549 - 51

DHA Phase VI Branch
Tel: 042 - 37180747

Johar Town Branch
Tel: 042 - 35241084 - 90

Zarar Shaheed Raod Branch
Tel: 042 - 36639902 - 05

DHA Z - Block Branch
Tel: 042 - 35692957 - 59

Ugoki Branch
Tel: 052 - 3513952

Kasur

Kasur Branch
Tel: 049 - 276158 - 4

Agrow Kasur Branch
Tel: 049 - 2771308 - 9

Allahabad Theeng Morr Branch
Tel: 049 - 201 6310
049 - 2016312

Pattoki Branch
Tel: 049 - 4424053/4

Sheikhupura

Sheikhupura Branch
Tel: 056 - 3810273 - 6

Agrow Sheikhupura Branch
Tel: 056 - 3035790

Agrow Warburton Branch
Tel: 056 - 2794065 - 8

Nankana Sahab Branch
Tel: 056 - 2877503 - 4

Gujranwala

G.T. Road Branch
Tel: 055 - 3257363
055 - 3257365
055 - 3257617

Bank Square Branch
Tel: 055 - 4234401 - 3

Sheikhupura Road Branch
Tel: 055 - 4233854 - 57

Muridke Branch
Tel: 042 - 37951054 - 7

Kamoki Branch
Tel: 055 - 6810282 - 83 - 85

Ghakkhar Mandi Branch
Tel: 055 - 3882556 - 59
055 - 3882561

Dipalpur Branch
Tel: 044 - 454 2246 - 9

Okara Branch
Tel: 044 - 252872 - 30

Gojra Branch
Tel: 046 - 3513637

Pirmahal Branch
Tel: 046 - 3367406 - 7

Toba Tek Singh Branch
Tel: 046 - 2512052 - 5

Layyah Branch
Tel: 060 - 6415045

Chah Chand Wala Branch Rajanpur
Tel: 060 - 4567122

Haroonaabad Branch
Tel: 063 - 2250614 - 15

Chishtian Branch
Tel: 063 - 2023490

Rahim Yar Khan Branch
Tel: 068 - 5879511 - 4

Chak 72 NP Rahim Yar Khan

Sadiqabad Branch
Tel: 068 - 5803933 - 38



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

ANNEXURE II

Vehari Road Branch
Tel: 061 - 6241101 - 02

Bosan Road Branch
Tel: 061 - 6223416

Mouza Gajju Hatta Branch
Tel: 061 - 4396046 - 9

Wapda Town Phase 1 Branch
Tel: 061 - 6524733 - 38

Sialkot

Aziz Shaheed Road Branch
Tel: 052 - 427 2351 - 4

Shahab Pura Branch
Tel: 052 - 4242681

Paris Road Sialkot
Tel: 052 - 4269535/6

Nekapura Branch
Tel: 052 - 3543582 - 4

Daska Branch
Tel: 052 - 6610461 - 4

KHYBER PAKHTOONKHWA

Peshawar

Cantt Branch
Tel: 091 - 5279981

University Road Branch
Tel: 091 - 5711572 - 5

Karkhano Bazar Branch
Tel: 091 - 5893134 - 7

G.T Road Branch
Tel: 091 - 2593901 - 4

Dabgari Gardens Branch
Tel: 091 - 2591422 - 7

Grain Market Branch
Tel: 091 - 2590673 - 8

Shakus Branch
Tel: 091 - 5602382/83/85

Sahiwal

Sahiwal Branch
Tel: 040 - 422 2733 - 5

Chichawatni Branch
Tel: 040 - 5481792

Chak No. 89 Branch
Tel: 040 - 4550409 - 10 - 11 - 16

Pak Pattan

Pak Pattan Branch
Tel: 0457 - 352591 - 4

Ada Noor Pur Branch
Tel: 0457 - 419629

Qaboola Branch
Tel: 0457 - 851248 - 51

Dinga Branch
Tel: 0537 - 401368

Gulyana Branch
Tel: 0537 - 588460 - 64

Kharian Branch
Tel: 0537 - 534211

Lala Musa Branch
Tel: 0537 - 519656 - 8

Chahkdarah

Malakand Agency
Tel: 094 - 5703335 - 336 - 337

Dara Adam Khel
Tel: 092 - 22810187

Dir Upper
Shaidu, Nowshera

AZAD JAMMU & KASHMIR (AJK)

Chaksawari Branch
Tel: 05827 - 454790

Mirpur Branch
Tel: 05827 - 437281 - 4

Jatlan Branch
Tel: 05827 - 404388

Dadyal Branch
Tel: 0586 - 3044668 - 70

Mouza Kachi Jamal Branch
Khanpur
Tel: 0685577190 - 195

Narowal Branch
Tel: 054 - 2411271 - 73

Jehlum Branch
Tel: 054 - 4611840 - 3

Chakwal Branch
Tel: 054 - 3554317

Rabwa Branch
Tel: 047 - 6214042 - 5

Jhang Branch
Tel: 047 - 7652941 - 43

Chiniot Branch
Tel: 047 - 6332713 - 14

Hasilpur Branch
Tel: 062 - 2441305 - 8

Bhawalpur Branch
Tel: 062 - 2889176 - 78

Gujrat Branch
Tel: 053 - 353 8091 - 4

INTERNATIONAL BRANCH

Bahrain Branch
Tel: 00973 - 1710460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

ANNEXURE II

Naz Cinema	Naarr Branch Tel: 05826 - 420784 - 85
Topi Branch Tel: 0938 - 272003 - 4	Muzaffarabad Branch Tel: 05822 - 929765 - 7
Bafa Branch Mansehra Tel: 0997 - 5110024 - 6	Kotli Branch Tel: 05826 - 448228 -30
Mansehra Branch Tel: 0997 - 301882 - 84	Khui Ratta Branch Tel: 05826 - 414906 -7
Mardan Branch Tel: 0937 - 873445 - 873452	Shensa Branch Tel: 05826 - 422779 - 422300
D I Khan Branch Tel: 0966 - 733216 -19	Rawalakot Branch Tel: 05824 - 445961 - 63
Mingora Branch Tel: 0946 - 711740 - 43	Charroi Branch 05826 - 415474 - 76
Abbottabad Branch Tel: 099 - 233 1491 - 4	Hattian Muzaffarabad Branch Tel: 058 - 22424011 - 14
Saleh Khana Branch Tel: 0923 - 651113 - 17	Seri Branch Tel: 058 - 26 - 432731 - 4
Timergara Branch Tel: 0945 - 821921	Chitral Branch Tel: 0943 - 413027 - 29
HariPur Branch Tel: 0995 - 627370	Bagh Branch Tel: 0346 - 5449449
Bannu Branch Tel: 0928 - 6601673	GILGIT BALTISTAN
Nowshera Branch Tel: 092 - 3612004	Gilgit Branch Tel: 0581 - 150615 - 7
Mattani Changan Thordar Branch Tel: 093 - 8537567	Chilas Branch
	Skardu

JS Investments Limited:

Lahore (Branch Office)

1st Floor, Block C, Abul Hassan Isfahani Road, Faisal Town.

Islamabad (Branch Office)

Office # 414, 4th Floor, PSX Building, Jinnah Avenue.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

ANNEXURE II

JS Global Capital Limited:

Karachi (Branch Offices)

Stock Exchange Branch

Room No. 634, 6th Floor, Stock Exchange Building, Stock Exchange Road.

Gulshan-e-Iqbal Branch

Suite No. 607-A, 6th Floor, Al Ameen Towers, Plot No E-2, Block 10, Gulshan-e- Iqbal, Main NIPA.

Hyderabad (Branch Office)

Ground Floor, State Life Building No. 3, Thandi Sarak.

Islamabad & Rawalpindi (Branch Office)

Rawalpindi Branch

Shop No. 1 & 2, 1st Floor, Falcon Empire , Plaza No 101, Civic Center, Phase IV, Bahria Town.

Islamabad Branch

Room No. 413, 4th Floor, ISE Towers, 55-B, Jinnah Avenue.

Faisalabad (Branch Office)

Office no G-04, Ground Floor, Mezan Executive Tower, Plot No 4, Liaquat Road.

Lahore (Branch Office)

Lahore Branch 1

Office No. 135-Y, 1st Floor, Street No. 11, Phase -III, D.H.A., Lahore Cantt.

Lahore Branch 2

Plot No. 434-G/1, MA Johar Town.

Multan (Branch Office)

Office No. 608-A, Sixth Floor, The United Mall, Plot No. 74, Abdali Road.

Peshawar (Branch Office)

First Floor, State life Building No. 34, The Mall Road, Peshawar Cantt.

Abbottabad (Branch Office)

Room No. 1, Second Floor, Zaman Plaza, Near Ayub Teaching Hospital.

Pattern of Shareholding

As of December 31, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. ALI RAZA SIDDIQUI	1	16,496	0.00
MR. MUNAWAR ALAM SIDDIQUI	1	7	0.00
MR. KALIM-UR-RAHMAN	1	1	0.00
MR. SAUD AHMED MIRZA	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
MR. MUHAMMAD ALI	1	1,000	0.00
Associated Companies, undertakings and related parties			
EFU GENERAL INSURANCE LIMITED	1	19,711,876	2.15
EFU LIFE ASSURANCE LIMITED	1	8,564,242	0.94
ALLIANZ EFU HEALTH INSURANCE LIMITED	1	178,614	0.02
MR. JAHANGIR SIDDIQUI	1	395,076,100	43.13
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	1	145,613,200	15.90
JAHANGIR SIDDIQUI & SONS LIMITED	1	120,973,300	13.21
EFU SERVICES (PRIVATE) LIMITED	1	113,446	0.01
THE EASTERN EXPRESS COMPANY (PRIVATE) LIMITED	1	9,648,500	1.05
TRUSTEE - FUTURE TRUST	1	888,500	0.10
Executives	3	15,170	0.00
Public Sector Companies and Corporations	2	1,938,884	0.21
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	9	533,704	0.06
Mutual Funds			
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	5,500,000	0.60
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	840,000	0.09
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	575,441	0.06
General Public			
a. Local	6736	83,035,307	9.07
b. Foreign	3	75,748	0.01
Foreign Companies	6	69,149,859	7.55
Others	98	52,471,753	5.73
Totals	6878	915,942,388	100.00

Share holders holding 5% or more	Shares Held	Percentage
MR. JAHANGIR SIDDIQUI	395,076,100	43.13
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	145,613,200	15.90
JAHANGIR SIDDIQUI & SONS LIMITED	120,973,300	13.21
SAJ CAPITAL MANAGEMENT LIMITED	52,139,195	5.69



Pattern of Shareholding

As of December 31, 2018

No. # Of Shareholders	Shareholdings Slab			Total Shares Held
1099	1	to	100	32,100
1344	101	to	500	506,306
1022	501	to	1000	917,146
1968	1001	to	5000	5,151,692
548	5001	to	10000	4,252,997
208	10001	to	15000	2,607,345
120	15001	to	20000	2,183,892
96	20001	to	25000	2,205,321
48	25001	to	30000	1,374,352
26	30001	to	35000	851,505
28	35001	to	40000	1,068,247
38	40001	to	45000	1,635,995
49	45001	to	50000	2,418,644
15	50001	to	55000	787,868
18	55001	to	60000	1,056,137
19	60001	to	65000	1,195,409
11	65001	to	70000	744,815
12	70001	to	75000	868,876
10	75001	to	80000	774,818
4	80001	to	85000	334,461
5	85001	to	90000	444,567
6	90001	to	95000	552,971
19	95001	to	100000	1,887,500
2	100001	to	105000	204,894
6	105001	to	110000	651,040
5	110001	to	115000	563,323
7	115001	to	120000	833,750
6	120001	to	125000	740,630
4	125001	to	130000	515,740
1	130001	to	135000	134,902
2	135001	to	140000	279,365
4	140001	to	145000	568,823
6	145001	to	150000	894,923
1	150001	to	155000	151,340
4	155001	to	160000	628,222
3	160001	to	165000	484,500
2	165001	to	170000	336,000
3	170001	to	175000	516,919
3	175001	to	180000	538,614
1	180001	to	185000	182,000
2	190001	to	195000	381,467
5	195001	to	200000	995,821
3	200001	to	205000	602,489
3	205001	to	210000	628,400
3	210001	to	215000	640,303
2	215001	to	220000	438,500

Pattern of Shareholding

As of December 31, 2018

No. # Of Shareholders	Shareholdings'Slab			Total Shares Held
2	220001	to	225000	445,437
1	225001	to	230000	227,400
1	235001	to	240000	240,000
5	245001	to	250000	1,245,277
2	250001	to	255000	501,432
2	255001	to	260000	513,974
3	265001	to	270000	801,244
1	275001	to	280000	276,043
2	280001	to	285000	565,878
3	320001	to	325000	970,300
1	325001	to	330000	328,022
2	335001	to	340000	671,500
1	340001	to	345000	343,660
1	345001	to	350000	350,000
1	350001	to	355000	350,500
3	355001	to	360000	1,073,986
2	360001	to	365000	724,900
1	375001	to	380000	378,926
1	380001	to	385000	384,146
1	390001	to	395000	395,000
3	395001	to	400000	1,200,000
1	400001	to	405000	402,600
1	440001	to	445000	442,532
1	450001	to	455000	453,500
1	470001	to	475000	472,602
1	475001	to	480000	480,000
1	480001	to	485000	483,000
1	495001	to	500000	500,000
1	505001	to	510000	510,000
1	530001	to	535000	535,000
1	540001	to	545000	544,500
1	555001	to	560000	559,210
1	575001	to	580000	575,441
1	595001	to	600000	600,000
2	605001	to	610000	1,219,000
1	620001	to	625000	625,000
1	655001	to	660000	660,000
1	695001	to	700000	700,000
1	785001	to	790000	788,830
1	815001	to	820000	816,000
1	835001	to	840000	840,000
1	885001	to	890000	888,500
1	915001	to	920000	915,500
1	995001	to	1000000	1,000,000
1	1015001	to	1020000	1,016,000
1	1130001	to	1135000	1,135,000



Pattern of Shareholding

As of December 31, 2018

No. # Of Shareholders	Shareholdings'Slab			Total Shares Held
1	1210001	to	1215000	1,214,500
1	1260001	to	1265000	1,263,500
1	1325001	to	1330000	1,329,596
1	1400001	to	1405000	1,400,500
1	1930001	to	1935000	1,934,560
1	2015001	to	2020000	2,017,450
1	2160001	to	2165000	2,165,000
1	2510001	to	2515000	2,514,000
1	3620001	to	3625000	3,624,100
1	3740001	to	3745000	3,741,500
1	3845001	to	3850000	3,850,000
1	5465001	to	5470000	5,469,000
1	5495001	to	5500000	5,500,000
1	8560001	to	8565000	8,564,242
1	9645001	to	9650000	9,648,500
1	16320001	to	16325000	16,321,500
1	19710001	to	19715000	19,711,876
1	36955001	to	36960000	36,956,000
1	52135001	to	52140000	52,139,195
1	120970001	to	120975000	120,973,300
1	145610001	to	145615000	145,613,200
1	179890001	to	6726912278	395,076,100
6878				915,942,388

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Form of Proxy

27th Annual General Meeting

The Company Secretary
Jahangir Siddiqui & Co. Ltd.
20th Floor, The Centre Plot No. 28,
SB-5, Abdullah Haroon Road
Saddar, Karachi- 74400, Pakistan

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 27th Annual General Meeting of the Company to be held on April 29, 2019 and /or any adjournment thereof.

As witness my / our hand / seal this _____ day of April, 2019.

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 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, 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.

The Company Secretary
Jahangir Siddiqui & Co. Ltd.
20th Floor, The Centre
Plot No. 28, SB-5
Abdullah Haroon Road
Saddar, Karachi- 74400
Pakistan.

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کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: -----

اہم نوٹ:

- 1- کمپنی کا کوئی ممبر کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے، حصہ لینے اور ووٹ دینے کیلئے عوامی مقرر کر سکتا ہے۔
- 2- باقاعدہ مکمل اور دستخط شدہ پراکسی فارم اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے دفتر بمقام جہانگیر صدیقی اینڈ کمپنی لمیٹڈ، 20th فلور، دی سینٹر، پلاٹ نمبر 28، SB-5، عبداللہ ہارون روڈ، صدر، کراچی-74400، پاکستان موصول ہو جانا چاہئیں۔
- 3- ایسا کوئی شخص بطور عوامی اجلاس میں شریک نہیں ہو سکتا جو کمپنی کا ممبر نہ ہو، ماسوائے کوئی کارپوریشن کسی غیر ممبر کو اپنا عوامی مقرر کر سکتی ہے۔
- 4- اگر کوئی ممبر ایک سے زائد عوامی مقرر کرتا ہے اور ایک سے زائد عوامی فارم کمپنی کو موصول ہوتے ہیں تو ایسے تمام فارم منسوخ تصور کئے جائیں گے۔
- 5- فریکل حصص کے مالکان اور سی ڈی سی میں رجسٹرڈ حصص کے مالکان اور/یا ان کے عوامی کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ شناختی مقاصد کیلئے پیش کرنا ہوگا۔ باقاعدہ مکمل اور دستخط شدہ پراکسی فارم بینک 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 ہینڈل مالک اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نمونے کے دستخط جمع کروائی جائے (اگر پہلے سے پراکسی فارم کے ہمراہ جمع نہیں کروائی گئی)

درست ٹکٹ چپکائیں

کمپنی سیکریٹری
جہانگیر صدیقی اینڈ کمپنی لمیٹڈ
20th فلور، دی سینٹر، پلاٹ نمبر 28، SB-5،
عبداللہ ہارون روڈ، صدر، کراچی-74400، پاکستان



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Jahangir Siddiqui & Co. Ltd.

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