# Annual Report | 2015

Jahangir Siddiqui & Co. Ltd.

Jahangir Siddiqui & Co. Ltd.

# Annual Report 2015

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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

Asad Ahmed
Director - Independent, Non-Executive

Ali Hussain
Director - Non-Executive

Ali J. Siddiqui
Director - Non-Executive

Munawar Alam Siddiqui
Director - Non-Executive

Saud Ahmed Mirza
Director - Independent, Non-Executive

Stephen Christopher Smith
Director - Non-Executive

## Chief Financial Officer & Company Secretary

Hasan Shahid

## Audit Committee

Saud Ahmed Mirza
Chairman

Munawar Alam Siddiqui
Member

Stephen Christopher Smith
Member

## Human Resource & Remuneration Committee

Chief Justice (R) Mahboob Ahmed
Chairman

Munawar Alam Siddiqui
Member

Suleman Lalani
Member

## Executive Committee

Munawar Alam Siddiqui
Chairman

Ali J. Siddiqui
Member

Suleman Lalani
Member

## External Auditors

Deloitte Yousuf Adil
Chartered Accountants

## Internal Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

## Legal Advisor

Bawaney & Partners

## Share Registrar

Technology Trade (Private) Limited
241-C, Block-2
P.E.C.H.S.
Karachi
Pakistan

## Registered Office

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

## Website

www.js.com

# Board of Directors

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

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

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

He is an active philanthropist and is President of the Muslim Education Conference, a Member of the Managing Committee of Gulab Devi Chest Hospital, a Member of Governing Body and Executive Committee of Liaquat National Hospital, Karachi, Ex-Chairman of the Board of Management 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:

- East West Insurance Co. Ltd. (Chairman)
- East West Life Assurance Co. Ltd. (Chairman)

## Suleman Lalani
Chief Executive Officer

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

Mr. Lalani started his career with JSCL in 1992 where he worked for over eight years. In year 2000 he was promoted to the position of Chief Operating Officer of Jahangir Siddiqui Investment Bank Limited, a subsidiary of JSCL. In January 2002 he joined The First MicroFinance Bank Limited as its Chief Financial Officer and Company Secretary. Mr. Lalani is a Fellow member of the Institute of Chartered Accountants of Pakistan and has over 20 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:

- JS Investments Limited
- Al-Abbas Sugar Mills Limited

## Asad Ahmed

Director - Independent, Non-Executive

Mr. Asad Ahmed holds B.Sc. Information Technology - Focusing on Ubiquitous Computing and Human Computer Interaction from Rochester Institute of Technology, Rochester New York. Currently, he is the Product Lead for the Microsoft Office Division at Microsoft Gulf since June 2012. Previously, he has served as Marketing, Operation and Program Director Qatar from 2009 to 2012 at Microsoft and Enterprise Marketing Lead based in Dubai from April 2008 to June 2009. Prior to that Mr. Asad has worked in several roles within marketing leadership in Canada for Symantec Corporation.

He carries the following awards and accreditations:

1. Microsoft Office Division Award Fy'13
2. Microsoft Gulf Excel Team Fy'12
3. Microsoft Gulf Impact Achievement Award Fy'11
4. Microsoft Circle of Excellence Fy'10 and Fy'11
5. Kelloff School of Management - Marketing Certification 2010
6. Symantec Innovation and Marketing Club 2007
7. CMO Innovation Award - Symantec Canada 2007

## Ali Hussain

Director - Non-Executive

Mr. Ali Hussain brings more than thirty years of managerial and entrepreneurial experience in both corporate and private entities. Mr. Hussain has invested, owned and managed multiple technology and financial investment companies in the international arena with global operations. Prior to starting his own business, Mr. Hussain has managed operations for Hewlett Packard, in California and Singapore. He holds a Masters degree in Engineering from Stanford University. Mr. Hussain also founded Sajjad Foundation; a private charitable foundation primarily devoted to educational health care and humanitarian projects in Singapore, Pakistan and other disadvantaged countries.

### Other Directorship:

- BankIslami Pakistan Limited
- Saj Capital Management Limited

## Ali J. Siddiqui

Director - Non-Executive

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

### Other Directorships:

- Airblue Limited
- Mahvash & Jahangir Siddiqui Foundation
- TRG Pakistan 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.

## Munawar Alam Siddiqui

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 alumni of the National Defence University.

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

As part of the CSR initiative he works as a director on the boards of Mahvash & Jahangir Siddiqui Foundation, Fakhr-e-Imdad Foundation, Karachi Education Initiative and Karigar Training Institute.

### Other Directorships:

- JS ABAMCO Commodities Limited
- Hum Network Limited
- Jahangir Siddiqui & Sons Limited

## Stephen Christopher Smith

Director - Non-Executive

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

### Other Directorships

- JS International Companies

# Board Committees

## Audit Committee

### Members

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

### Terms of Reference

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) Determination of compliance with relevant statutory requirements;

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

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

## Human Resource & Remuneration Committee

### Members

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

### Terms of Reference

#### Purpose

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

#### Compensation Policy

The JSCL executive compensation program is designed to attract, motivate, reward and retain superior management talent.The Executive Compensation Committee places heavy emphasis on pay for performance. The Committee believes substantial portions of total compensation should be at risk. Likewise, outstanding performance should lead to substantial increase in compensation.

### Committee Duties and Responsibilities

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

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

#### Compensation of Senior Executives

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

### Overall Compensation Structure

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

### Subcommittees

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

### Reporting to the Board

The Committee shall make regular reports to the Board.

### Annual Evaluation

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

### The Committee Charter

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

## Executive Committee

### Members

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

### Terms of Reference

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

(a) The Executive Committee shall convene whenever required to evaluate and recommend to management and the Board the approval of new lines of business, major additions / deletions in trading portfolio, changes in investment portfolio, and new transactions in accordance with the Risk Management Guidelines, the Statement of Investment and Operating Policy (SIOP) and other internal guidelines.

(b) The Executive Committee will review the Company's adherence to the Policy Statement and, if needed, make recommendations to the Board of Directors for changes as a result of new developments.

(c) The Executive Committee will regularly review the Company's operations based on monthly operating reports (to include a summary of the Company's net capital position based on market value) prepared and submitted by the Chief Financial Officer or other person nominated by the Board of Directors in comparison with the annual budget, and present to the Board for its review at its next regularly scheduled meeting any shortfalls or significant changes in the conditions (financial or otherwise), operations, prospects or business plan of the Company.

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

# Corporate Social Responsibility

As a responsible corporate citizen Jahangir Siddiqui & Co. Ltd. (“JSCL”) supports CSR initiatives that facilitate economic growth, social progress and environmental protection.

Partner Activities

JSCL carries out major philanthropic activities in partnership with the Mahvash & Jahangir Siddiqui Foundation (“MJSF”) or (“Foundation”). We support MJSF with both financial and human resources.

The following is an overview of MJSF’s activities:

Education

MJSF's educational programs focus on providing grants for:

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

MJSF has provided grants to leading educational institutions of Pakistan including Lahore University of Management Sciences, Karachi School for Business and Leadership and the Institute of Business Administration. MJSF also offers interest-free education loans to students.

During 2015, the first batch of Bachelors of Arts students graduated from the JS Academy for the Deaf. The same year MJSF sponsored young professionals, selected from all over Pakistan, for the European Academy of Diplomacy's Summer Programs held in Warsaw, Poland. This collaboration flows from MJSF's belief in investing in the development of individuals for the betterment of Pakistan.

## Healthcare

In the field of healthcare, MJSF supports the existing hospitals and medical facilities by:

- Upgrading and adding specialist wards at existing hospitals
- Developing healthcare facilities in rural areas
- Providing mobile health care and surgical services in difficult-to-access areas
- Running medical camps in rural areas

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

MJSFs mobile healthcare and surgical services programs in 2015 treated 9,519 patients, eye care specialists performed 2,761 cataract surgeries, and 3,307 gastro treatments, 1,158 gynecology treatments and 1,418 skin treatments were conducted.

MJSF also collaborated with Adaptive Eyewear to provide adjustable eyeglasses to various eye care charities and organizations in Pakistan. To ensure access and distribution, free camps were set up nationwide and adjustable eyeglasses were distributed as a field trial for this promising technology.

## Social Enterprise & Sustainable Development (SESD)

The SESD program funds projects that are economically productive and sustainable which remove or reduce the need for ongoing grants.

MJSF has a long established partnership with Acumen (formerly known as Acumen Fund). Through this partnership, the Foundation, to date, has contributed the equivalent of US$ 2,000,000 to Acumen. Since 2001, Acumen has actively invested in Pakistan in building social enterprises. MJSF is also a sponsor of the Acumen Pakistan Fellows Program, a one-year program designed to train individuals leading social change initiatives dedicated to addressing Pakistan's most critical poverty problems.

MJSF's interest-free micro-finance program in Chitral in Northern Pakistan for farmers that produce high quality onion seeds entered its second successful year.

## Humanitarian Relief

MJSF has a strong focus on humanitarian relief. Its activities focus on immediate relief in natural disasters as well as long-term rehabilitation. 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

MJSF is committed to providing a rapid response to natural disaster and emergencies by mobilizing its financial resources in coordination with the human resources of JSCL and related companies to provide immediate food aid, shelter and healthcare services.

During 2015, MJSF contributed 200 family size tents and 900 winterized blankets to the Pakistan Air Force which were airlifted to the earthquake affected areas.

MJSF also provided relief goods for hundreds of earthquake-affected families through the Pakistan Army.

# Corporate Calendar 2015

| Meetings | Date |
|---|---|
| Board of Directors Meeting | January 08, 2015 |
| Extraordinary General Meeting | February 02, 2015 |
| Audit Committee and Board of Directors Meeting to consider Accounts of the Company for the year ended December 31, 2014 | March 05, 2015 |
| 23rd Annual General Meeting | April 08, 2015 |
| Audit Committee and Board of Directors Meeting to consider accounts of the Company for the quarter ended March 31, 2015 | April 28, 2015 |
| Board of Directors Meeting | August 17, 2015 |
| Audit Committee and Board of Directors Meeting to consider accounts of the Company for the half year ended June 30, 2015 | August 25, 2015 |
| Extraordinary General Meeting | September 10, 2015 |
| Audit Committee and Board of Directors Meeting to consider accounts of the Company for the nine month period ended September 30, 2015 | October 28, 2015 |
| Board of Directors Meeting | November 27, 2015 |

# Notice Of 24th Annual General Meeting

Notice is hereby given that the Twenty Fourth Annual General Meeting of Jahangir Siddiqui & Co. Ltd. (the "Company") will be held at Defence Authority Creek Club, Zulfiqar Street No. 1, Phase VIII, Defence Housing Authority, Karachi on Monday, April 11, 2016 at 10:00 a.m., to transact the following businesses:

## Ordinary Business

1. To receive, consider and adopt the audited unconsolidated and consolidated financial statements of the Company for the year ended December 31, 2015 together with the Directors' and Auditors' Reports thereon.

2. To appoint Company's Auditors and fix their remuneration. The Board on the recommendation of the Audit Committee has proposed the appointment of M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants as auditors of the Company. A notice has also been received from one of the members of the Company under Section 253 of the Companies Ordinance, 1984 proposing the name of M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants for appointment as auditors in place of retiring auditors, M/s Deloitte Yousuf Adil Chartered Accountants.

## Special Business

3. To consider and if thought fit, to pass the following resolution as Special Resolution under Section 208 of the Companies Ordinance, 1984, with or without any modification(s), addition(s) or deletion(s) in respect of Company's investment in JS Bank Limited:

   RESOLVED by way of Special Resolution that subject to requisite regulatory permission and consent, approval of the members of Jahangir Siddiqui & Co. Limited (the "Company" or "JSCL") be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for further long term investment of PKR 48,058,738/- (Rupees Forty Eight Million Fifty Eight Thousand Seven Hundred and Thirty Eight) in JS Bank Limited to supplement the purchase consideration for 6,000,000 (Six Million) shares in Jahangir Siddiqui Investment Bank Limited (now merged into JS Bank Limited and formerly known as Citicorp Investment Bank Limited) pursuant to the terms of the agreement entered into between Citibank Overseas Investment Corporation and Jahangir Siddiqui & Co. Limited dated February 01, 1999 and any amendments thereto (the "Agreement") as per terms and conditions disclosed to the members.

   FURTHER RESOLVED that the Chief Executive Officer, the Company Secretary and/or the Chief Financial Officer of the Company be and are hereby singly authorized to pay the sum of PKR 48,058,738/- (Rupees Forty Eight Million Fifty Eight Thousand Seven Hundred and Thirty Eight) to Citibank Overseas Investment Corporation in terms of the Agreement after obtaining regulatory permission and to do all acts, deeds and things and to take all necessary actions including signing and execution of any or all documents necessary or required in this regard and complete all legal formalities and to file all necessary documents as may be necessary for implementation of the aforesaid resolution.

4. RESOLVED THAT in accordance with the provisions of Section 28 and other applicable provisions of the Companies Ordinance, 1984 and subject to requisite permission and clearance, the following new Article 88A be and is hereby inserted after the existing Article 88 in the Articles of Association of the Company:

   ### 88A. Electronic Voting:

   I. This article shall only be applicable for the purposes of electronic voting;

   II. The Company shall comply with the mandatory requirements of law regarding the use of electronic voting by its members at general meetings. Members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting pursuant to this article.

RESOLVED FURTHER THAT the Company Secretary be and is hereby authorized to take or cause to be taken any and all actions necessary and make necessary filings and complete legal formalities as may be required to implement this resolution.

By Order of the Board

Hasan Shahid
CFO & Company Secretary

Karachi: March 21, 2016

## NOTES

(i) The Company has placed the Audited Financial Statements for the year ended 31st December 2015 along with Auditors' and Directors' Reports thereon on its website: www.js.com

(ii) The Share Transfer Books of the Company shall remain closed from April 04, 2016 to April 11, 2016 (both days inclusive) for determining the entitlement of shareholders for attending and voting at the Annual General Meeting.

(iii) Physical transfers and deposit requests under Central Depository System received at the close of business on April 02, 2016 by the Company's Registrar i.e. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Karachi will be treated as being in time for the purpose of attending and voting at the meeting.

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

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

(vi) Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and / or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan:

### A. For Attending the Meeting

a. In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his / her identity by showing his / her original CNIC or original Passport along with Participant ID number and the account number at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

### B. For Appointing Proxies

a. In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport as may be applicable at the time of the meeting.

e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

(vii) Shareholders are requested to notify immediately of any change in their address to the Company's Registrar.

## IMPORTANT NOTICES TO SHAREHOLDERS

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

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

### Mandate for e-Dividend

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

### Electronic Transmission of Financial Statements and Notices

Pursuant to Notification vide SRO 787 (1) / 2014 dated September 08, 2014; the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving Annual Financial Statements and Notice of Annual General Meeting (Notice) through electronic mail system (e-mail). Jahangir Siddiqui & Co. Ltd. is pleased to offer this facility to our valued members who desire to receive Annual Financial Statements and Notices through email in future.

In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company website i.e. at shareholders information section at www.js.com.

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.

### Deduction of Withholding Tax on the amount of Dividend

Pursuant to Circular No.19 / 2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the section 150 of the Income Tax Ordinance, 2001. JSCL hereby advise to its shareholders, the important amendments, as under;

(i) The Government of Pakistan through Finance Act, 2014 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

| | | |
|---|---|---|
| a. | For filers of income tax returns | 10% |
| b. | For non-filers of income tax returns | 15% |

To enable the Company to make tax deduction on the amount of cash dividend @ 10% instead of 15%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers , are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 15% instead @ 10%.

(ii) In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint holder shall be presumed to have an equal number of shares.

(iii) For any query / problem / information, the investors may contact the Company Secretary (at the Registered Office address and number) and / or the Share Registrar at the address given at the end of the notice.

(iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar i.e. M / s. Technology Trade (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

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

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 11, 2016.

### Further Investment in JS Bank Limited

Jahangir Siddiqui & Co. Ltd. entered into an agreement with Citibank Overseas Investment Corporation ("COIC") on 01 February 1999 pursuant to which the Company acquired 6,000,000 (six million) shares of Citicorp Investment Bank Limited ("CIBL") which later merged into JS Bank Ltd.

In terms of the aforesaid Agreement, the Company is required to pay a further investment of PKR 48,058,738/- (Rupees Forty Eight Million Fifty Eight Thousand Seven Hundred and Thirty Eight) to COIC as part of the purchase consideration for the six million shares if the CIBL receive certain refunds which were pending at the time of execution of the Agreement.

As JS Bank Limited, a subsidiary of the Company has received the said refunds as a successor entity of CIBL, therefore, the aforesaid amount is due and payable by the Company to COIC. There will be no increase in the number of shares pursuant to the aforesaid payment which is being made in terms of the Agreement.

Information Required under Clause (a) of sub-regulation (1) of Regulation 3 of the Companies (Associated Companies or Associated Undertakings) Regulations, 2012

| S. No. | Description | Information Required |
|---|---|---|
| 1 | Name of associated company | JS Bank Limited ("JSBL") |
| 2 | Criteria for Associated relationship | Subsidiary |
| 3 | Purpose, benefit and period of Investment | The purpose is to make payment to the seller of shares of CIBL (now JS Bank Limited) in terms of Agreement. |
| 4 | Maximum amount of Investment | Up to PKR 48,058,738/- |
| 5 | Maximum price at which securities to be acquired | Not Applicable |
| 6 | Maximum number of securities to be acquired | Not Applicable |
| 7 | Maximum number of securities and percentage held before and after the proposed investment | Present shareholding<br>Ordinary Shares:<br>755,245,007 (70.42%)<br>Preference Shares:<br>145,374,878<br>After the proposed investment<br>Ordinary Shares:<br>755,245,007 (70.42%)<br>Preference Shares:<br>145,374,878 |
| 8 | Average of the preceding 12 weekly average price of the security intended to be acquired (From Dec 31, 2015 to Mar 11, 2016) | PKR 7.22 per share |

| S. No. | Description | Information Required |
|---|---|---|
| 9 | Break-up value of securities intended to be acquired on the basis of the latest audited financial statements. | PKR 12.65 per share (exc. Surplus),<br>PKR 14.89 per share (with Surplus)<br>As of December 31, 2015 |
| 10 | Earnings per share of the associated company for the last 3 years: | December 31, 2015 PKR 1.74<br>December 31, 2014 PKR 0.99<br>December 31, 2013 PKR 0.33 |
| 11 | Sources of funds from which securities will be acquired: | The funds for the proposed investment will be generated through internal sources . |
| 12 | Salient features of all agreements entered into with the associated company or associated undertaking with regards to proposed investment. | Not applicable as the payment will be made to COIC. |
| 13 | Director indirect interest of directors, sponsors, majority shareholders and their relatives in the associated company or the transaction under consideration. | The Directors, sponsors, majority shareholders of JSCL and their relatives have no interest, directly or indirectly, in the proposed investment or JSBL except as stated below:<br><br>JSCL's and its Directors / sponsors shareholding in JS Bank:<br><br>• JSCL holds 755,245,007 Ordinary shares (70.42% shareholding) and 145,374,878 preference shares of JSBL<br><br>• Mr. Suleman Lalani, CEO JSCL and his spouse hold 54,983 shares of JSBL.<br><br>• Mr. Jahangir Siddiqui holds 1,588,542 shares of JSBL<br><br>Directors of JSBL's shareholding in JSCL:<br><br>• Mr. Jahangir Siddiqui and his spouse hold 395,099,064 shares<br><br>• Jahangir Siddiqui Securities Services Limited holds 119,698,700 shares<br><br>• Jahangir Siddiqui & Sons Limited holds 91,037,800 shares<br><br>• Mr. Mazharul Haq Siddiqui and his spouse hold 391,600 shares<br><br>• Mr. Adil Matcheswala holds 02 shares<br><br>• Mr. Kalim ur Rehman holds 01 share |

| S. No. | Description | Information Required |
|---|---|---|
| 14 | Any others importrant detail necessary for members to understand the transaction | The Company is required to pay a further amount of PKR 48,058,738/- (Pak Rupees Forty Eight Million Fifty Eight Thousand Seven Hundred and Thirty Eight) to COIC as part of the purchase consideration for the six million shares if the CIBL receives certain refunds which were pending at the time of execution of the Agreement with COIC.<br><br>CIBL received the said refunds, however, the tax department is contesting the matter at the High Court and is expected to further contest the matter right upto the Supreme Court of (Pakistan, which is the highest of the Relevant Entities as defined in the Agreement and the matter is expected to linger on for some more years on account of which the COIC has requested JSCL to pay PKR 48,058,738/- to COIC pending the issuance of Non-Appealable Orders subject to the condition that COIC will indemnify JSCL in the event tax refunds received by CIBL become payable/ refundable to Tax Authorities pursuant to an adverse non-appealable order from the Court. |

## Alteration of Articles of Association

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 88A therein which will give the members option to be part of the decision making in the general meeting of the Company through electronic means.

The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of Shareholding annexed to the Directors Report.

## STATEMENT UNDER REGULATION 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATION, 2012

The Company in their Extraordinary General Meeting held on September 10, 2015 at Karachi by way of special resolution under section 208 of the Companies Ordinance and subject to requisite regulatory permission(s) approved the following long term equity investments in BankIslami Pakistan Limited (“BIPL”):

a. PKR 749,349,280/- for purchase of up to 74,934,928 Shares of BIPL already offered by Dubai Bank PJSC to the Company on proportionate basis at an offer price of PKR 10/- each in terms of Founding Shareholders Agreement dated September 19, 2005 ("FSA");

b. PKR 197,703,180/- for purchase of up to 13,180,212 shares of BIPL at a price of up to PKR 15/- per share if Dubai Bank PJSC accepts the Company's offer in respect of shares it has proportionately offered to other shareholders of BIPL in terms of FSA.

Subsequently, Dubai Bank showed its inability to sell its shares in BIPL to the Company or the other existing sponsor shareholder of BIPL in view of the State Bank of Pakistan's (SBP) requirement. Nevertheless, the Company approached SBP to provide its consent to the Company to acquire further shares of BIPL, however, subsequent to the year-end, the Company has received a letter from SBP under which SBP has (in accordance with its Guidelines) declined the Company's request for permission to purchase additional shareholding in BIPL from Dubai Bank. Therefore, at present, no further investment could be made in the shares of BIPL.

| Material change in financial statements since date of resolution passed | June 30, 2015 (Half Year Ended) | December 31, 2014 (Year Ended) |
|---|---|---|
| a) Breakup value per share | PKR 10.54 | PKR 10.80 |
| b) Earnings per share | PKR 0.1111 | PKR 0.5777 |
| c) Net assets | PKR 11,138.53 million | PKR 6,867.22 million |

## Inspection:

All the documents related to the special business including existing and proposed altered Articles of Association of the Company are being kept at the register office of the Company for inspection during usual business hours till the date of the Annual General Meeting.

# Financial Highlights

## (Based on Unconsolidated Financial Statements)

(Rupees in '000)

| | 2015 | 2014 | 2013 | 2012* | 2011 | 2010 |
|---|---|---|---|---|---|---|
| **Operating Results** | | | | | | |
| Total revenue | 4,064,879 | 531,083 | 636,214 | 3,489,687 | 985,535 | 609,076 |
| Operating and administrative expenses | 241,790 | 123,551 | 112,357 | 623,195 | 150,485 | 201,566 |
| Finance Cost | 165,065 | 165,239 | 183,359 | 519,427 | 528,591 | 846,211 |
| Provision for Workers' Welfare Fund | 64,376 | 4,645 | 60,191 | - | - | - |
| (Reversal of Provision)/provision for impairment | 439,226 | 10,034 | 63,162 | (12,889) | 1,584,325 | 8,537,198 |
| Profit/(loss) before tax and impairment losses | 3,593,648 | 237,648 | 280,307 | 2,347,065 | 306,459 | (438,701) |
| Profit/(loss) before tax from continuing operations | 3,154,422 | 227,614 | 217,145 | 2,359,954 | (1,277,866) | (8,975,899) |
| Profit/(loss) after tax from continuing operations | 2,830,974 | 188,377 | 180,831 | 2,362,563 | (1,276,523) | (8,983,826) |
| **Financial Position** | | | | | | |
| Share Capital - Ordinary Shares | 9,159,424 | 7,632,853 | 7,632,853 | 7,632,853 | 7,632,853 | 7,632,853 |
| Reserves | 16,142,424 | 13,831,048 | 6,136,099 | 5,989,508 | 1,508,139 | 2,494,877 |
| Outstanding Ordinary Shares (Number in '000') | 915,942 | 763,285 | 763,285 | 763,285 | 763,285 | 763,285 |
| **Liabilities** | | | | | | |
| Financings | 1,387,421 | 1,215,882 | 1,029,250 | 2,607,104 | 2,841,552 | 3,214,957 |
| Current Liabilities (Excluding Current portion of financing) | 332,450 | 240,786 | 170,166 | 189,305 | 205,300 | 2,041,006 |
| **Assets** | | | | | | |
| Property and Equipment | 7,520 | 6,656 | 7,345 | 8,756 | 10,407 | 17,482 |
| Investments | 24,609,371 | 22,399,936 | 12,638,960 | 13,298,260 | 9,257,029 | 15,108,421 |
| Other non-current assets | 4,542 | 5,447 | 407,793 | 18,294 | 17,064 | 17,667 |
| Current Assets | 4,684,381 | 587,851 | 2,783,813 | 4,939,824 | 2,903,344 | 1,833,275 |
| | 332,450 | | | | | |
| **Cash Flows** | | | | | | |
| Net Cash flows from operating activities | 175,086 | (1,587,259) | 141,634 | (391,710) | 1,309,955 | (1,368,686) |
| Net Cash flows from investing activities | (2,655) | 1,452 | 355,161 | 1,921,884 | 2,107,644 | (24,090) |
| Net Cash flows from financing activities | 1,692,946 | 179,274 | (1,584,034) | (238,364) | (375,765) | (313,178) |
| Changes in cash and cash equivalents | 1,865,377 | (1,406,533) | (1,087,239) | 1,291,810 | 3,041,834 | (1,705,954) |
| Cash and cash equivalents - year end | 2,000,658 | 135,281 | 1,541,814 | 2,629,053 | 1,337,243 | (1,704,591) |

* Eighteen month period ended December 31, 2012

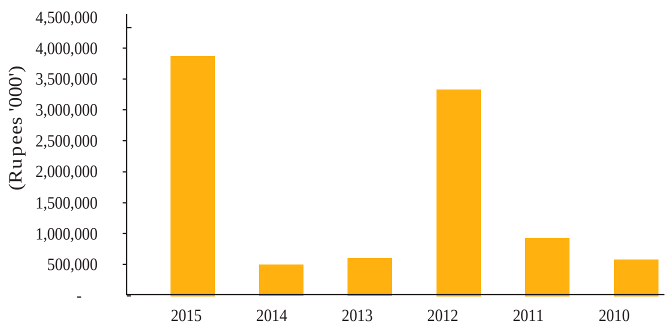
# Financial Performance

(Based on Unconsolidated Financial Statements)

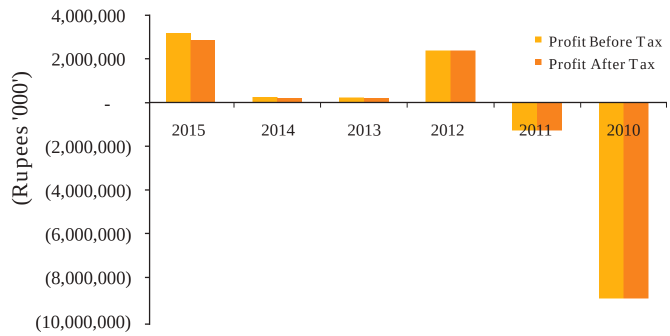
| | 2015 | 2014 | 2013 | 2012* | 2011 | 2010 |
|---|---|---|---|---|---|---|
| **PROFITABILITY** | | | | | | |
| Gross Yield on Earning Assets | 15% | 2% | 4% | 21% | 9% | 3% |
| Cost/Income ratio | 10% | 59% | 50% | 34% | 71% | 87% |
| Return on Capital employed | 12% | 2% | 2% | 20% | -6% | -45% |
| **LIQUIDITY** | | | | | | |
| Current Ratio | 6.14 | 1.04 | 5.15 | 2.54 | 1.25 | 0.76 |
| Quick / Acid test ratio | 5.62 | 0.39 | 4.49 | 2.36 | 1.03 | 0.66 |
| Cash to Current Liabilities | 2.62 | 0.24 | 2.85 | 1.35 | 1.03 | (0.71) |
| **INVESTMENT MARKET RATIOS** | | | | | | |
| Basic and Diluted Earnings per share (Rupees) | 3.36 | 0.23 | 0.24 | 3.10 | (1.67) | (11.77) |
| Price to Book ratio | 71% | 48% | 47% | 75% | 41% | 63% |
| Dividend Yield ratio | 0% | 0% | 0% | 5% | 0% | 8% |
| Dividend Payout ratio | 0% | 0% | 0% | 24% | 0% | - |
| Cash Dividend per share | - | - | - | 0.75 | - | 1.00 |
| Market value per share at the end of the year (Rupees) | 20.94 | 14.54 | 9.19 | 16.14 | 6.48 | 12.64 |
| Average Market Price during the year / period (Rupees) | 21.20 | 11.36 | 12.12 | 11.35 | 10.03 | 25.56 |
| Average KSE 100 index during the year / period | 33,649 | 28,975 | 21,025 | 13,462 | 11,277 | 9,347 |
| **CAPITAL STRUCTURE** | | | | | | |
| Break up Value per share (Rupees) | 27.62 | 28.12 | 18.04 | 17.85 | 11.98 | 13.27 |
| Earning assets to total assets ratio | 98% | 98% | 97% | 98% | 87% | 98% |
| Financial Leverage Ratio | 7% | 7% | 9% | 21% | 33% | 52% |
| Weighted Average cost of Debt | 13% | 15% | 10% | 19% | 14% | 20% |
| Debt to Equity | 5% | 6% | 7% | 19% | 31% | 32% |

* Eighteen month period ended December 31, 2012

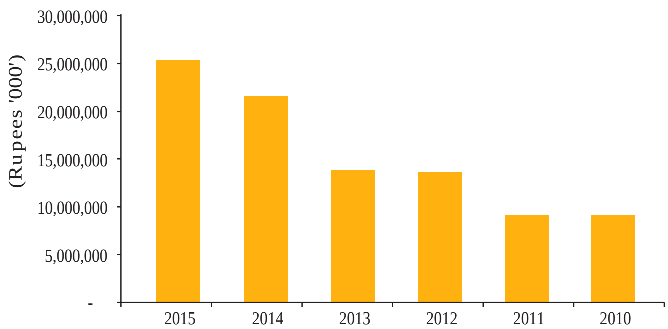
## Total Revenue



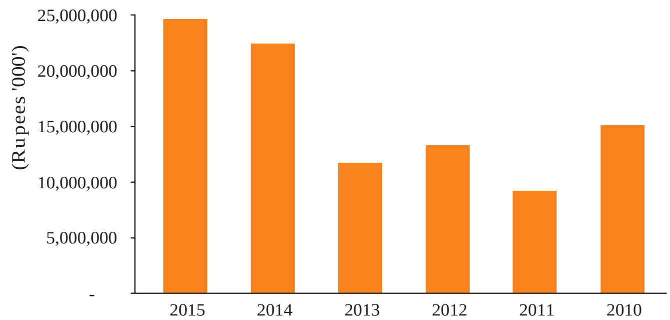

## Profit Before Taxation and Profit After Taxation



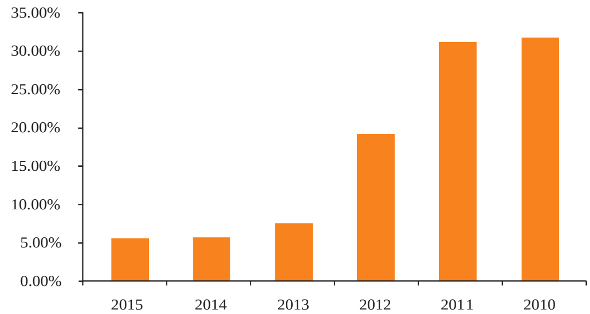

## Shareholders' Equity




## Investments




## Debt to Equity Ratio



Jahangir Siddiqui & Co. Ltd.

# Horizontal Analysis

(Rupees in '000)

| | 2015 VS 2014 | | 2014 VS 2013 | | 2013 VS 2012* | | 2012* VS 2011 | | 2011 Vs 2010 | | 2010 Vs 2009 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCE SHEET** | | | | | | | | | | | | |
| **ASSETS** | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| *Non Current Assets* | | | | | | | | | | | | |
| Property and Equipment | 7,520 | 13 | 6,656 | (9) | 7,345 | (16) | 8,756 | (16) | 10,407 | (40) | 17,482 | (39) |
| Investment properties | 2,020 | (8) | 2,192 | (11) | 2,471 | (23) | 3,191 | 80 | 1,770 | (27) | 2,411 | (21) |
| Intangible assets | - | - | - | *(100)* | *28* | *(100)* | | | - | | | |
| Stock Exchange Membership Cards and room | - | - | - | - | - | - | *11,201* | *(8)* | *12,201* | - | *12,201* | - |
| Long term investments | 22,325,276 | - | 22,320,615 | 90 | 11,769,417 | 3 | 11,451,896 | 24 | 9,257,029 | (32) | 13,515,269 | (34) |
| Long term loan and advances | 1,743 | (30) | 2,476 | (99) | 404,590 | 18,059 | 2,228 | 40 | 1,594 | 2 | 1,562 | (20) |
| Long term security deposits | 779 | - | 779 | 11 | 704 | (58) | 1,674 | 12 | 1,499 | 0 | 1,493 | - |
| | 22,337,338 | (25) | 22,332,718 | 83 | 12,184,555 | 6 | 11,478,946 | 24 | 9,284,500 | (31) | 13,550,418 | (34) |
| *Current Assets* | | | | | | | | | | | | |
| Loans and Advances | 1,092 | 6 | 1,030 | 18 | 876 | (99) | 100,463 | 18,608 | 537 | (68) | 1,668 | (98) |
| Prepayment, Accrued mark up and other recievable | 21,400 | 39 | 15,378 | 3 | 14,858 | (9) | 16,274 | (22) | 20,817 | 407 | 4,108 | (75) |
| Short Term Investments | 2,284,095 | 2,780 | 79,321 | (91) | 869,543 | (53) | 1,846,364 | - | - | (100) | 1,593,152 | (26) |
| *Taxation* | *377,136* | *6* | *356,841* | - | *356,722* | *3* | *347,670* | *27* | *274,108* | *23* | *222,720* | *44* |
| *Cash and Bank Balance* | *2,000,658* | *1,379* | *135,281* | *(91)* | *1,541,814* | *(41)* | *2,629,053* | *97* | *1,337,243* | *11,401* | *11,627* | *(89)* |
| | *4,684,381* | *697* | *587,851* | *(79)* | *2,783,813* | *(44)* | *4,939,824* | *203* | *1,632,705* | *(11)* | *1,833,275* | *(27)* |
| *Non Current asset held for sale* | - | - | - | - | - | - | - | *(100)* | *1,270,639* | *100* | - | - |
| Total Assets | *27,021,719* | 18 | 22,920,569 | 53 | 14,968,368 | (9) | 16,418,770 | 35 | 12,187,844 | (21) | 15,383,693 | (34) |
| **EQUITY AND LIABILITIES** | | | | | | | | | | | | |
| *Share Capital and Reserves* | | | | | | | | | | | | |
| Share Capital - ordinary Shares | 9,159,424 | 20 | 7,632,853 | - | 7,632,853 | - | 7,632,853 | - | 7,632,853 | - | 7,632,853 | - |
| Reserves | 16,142,424 | 17 | 13,831,048 | 125 | 6,136,099 | 2 | 5,989,508 | 297 | 1,508,139 | (40) | 2,494,877 | (79) |
| | 25,301,848 | 18 | 21,463,901 | 56 | 13,768,952 | 1 | 13,622,361 | 49 | 9,140,992 | (10) | 10,127,730 | (47) |
| *Non Current Liabilities* | | | | | | | | | | | | |
| Long term financing | 957,089 | 7 | 893,776 | 36 | 658,932 | (23) | 855,370 | (51) | 1,743,858 | (39) | 2,839,287 | (12) |
| *Current Liabilities* | | | | | | | | | | | | |
| Trade and Other Payable | 295,812 | 41 | 209,857 | 38 | 151,792 | 91 | 79,577 | (4) | 82,764 | (13) | 95,328 | (25) |
| Accrued interest markup on borrowing | 36,638 | 18 | 30,929 | 68 | 18,374 | (83) | 109,728 | (10) | 122,536 | (47) | 229,460 | 50 |
| short term borrowings | - | - | - | - | - | - | - | - | - | (100) | 1,716,218 | 1,607 |
| Current portion of long term financing | 430,332 | 34 | 322,106 | (13) | 370,318 | (79) | 1,751,734 | 60 | 1,097,694 | 192 | 375,670 | 20 |
| | *762,782* | *36* | *562,892* | *4* | *540,484* | *(72)* | *1,941,039* | *49* | *1,302,994* | *(46)* | *2,416,676* | *249* |
| Total Equity and Liabilities | *27,021,719* | 18 | 22,920,569 | 53 | 14,968,368 | (9) | 16,418,770 | *35* | *12,187,844* | *(21)* | *15,383,693* | (34) |
| **PROFIT AND LOSS** | | | | | | | | | | | | |
| *Income* | | | | | | | | | | | | |
| Return on Investments | 628,412 | 79 | 350,867 | (21) | 445,325 | (48) | 850,844 | 107 | 410,466 | (46) | 758,595 | 37 |
| Gain on sale of investments | 3,247,084 | 3,211 | 98,065 | 963 | 9,229 | (100) | 2,453,867 | 398 | 493,088 | 11 | 444,066 | (83) |
| Income from long term loans and funds Placements | 143,550 | 239 | 42,316 | (70) | 142,408 | 66 | 85,622 | 68 | 51,105 | 1,820 | 2,662 | (99) |
| Commission & Other Income | 45,851 | 15 | 39,944 | 2 | 39,252 | (60) | 99,354 | 222 | 30,876 | (63) | 83,521 | (32) |
| *Revaliuation of investments at FV through P&L* | (18) | (83) | (109) | (100) | - | - | - | - | - | (100) | (679,768) | 74 |
| | 4,064,879 | 665 | 531,083 | (17) | 636,214 | (82) | 3,489,687 | 254 | 985,535 | 62 | 609,076 | (81) |
| *Expenditures* | | | | | | | | | | | | |
| Operating and administrative expenses | 241,790 | 96 | 123,551 | 10 | 112,357 | (82) | 623,195 | 314 | 150,485 | (25) | 201,566 | *(12)* |
| Finance Cost | 165,065 | (0) | 165,239 | (10) | 183,359 | (65) | 519,427 | (2) | 528,591 | (38) | 846,211 | 48 |
| Provision for Workers' Welfare Fund | 64,376 | 1,286 | 4,645 | (92) | 60,191 | 100 | - | - | - | - | - | - |
| (Reversal of Provision) / provision for impairment - net | 439,226 | 4,277 | 10,034 | (84) | 63,162 | (590) | (12,889) | (101) | 1,584,325 | (81) | 8,537,198 | (49) |
| | 910,457 | 200 | 303,469 | (28) | 419,069 | (63) | 1,129,733 | (50) | 2,263,401 | (76) | 9,584,975 | (45) |
| *Profit / (Loss) before taxation* | 3,154,422 | 1,286 | 227,614 | 5 | 217,145 | (91) | 2,359,954 | (285) | (1,277,866) | (86) | (8,975,899) | (38) |
| *Taxation* | | | | | | | | | | | | |
| Current | *325,194* | *729* | *39,237* | *8* | *36,256* | *100* | - | *(100)* | *2,609* | *(65)* | *7,393* | *710* |
| *Prior* | *(1,746)* | *100* | - | *(100)* | *58* | *(102)* | *(2,609)* | *(34)* | *(3,952)* | *(840)* | *534* | *100* |
| | *323,448* | *724* | *39,237* | *8* | *36,314* | *(1,492)* | *(2,609)* | *94* | *(1,343)* | *(117)* | *7,927* | *768* |
| *Net Profit / (Loss) for the year / period* | 2,830,974 | 1,403 | 188,377 | 4 | 180,831 | (92) | 2,362,563 | (285) | (1,276,523) | (86) | (8,983,826) | (38) |

** Eighteen month period ended December 31, 2012*

# Vertical Analysis

(Rupees in '000)

## BALANCE SHEET

## ASSETS

| | 2015 | | 2014 | | 2013 | | 2012* | | 2011 | | 2010 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| *Non-Current Assets* | | | | | | | | | | | | |
| Property and Equipment | 7,520 | 0.03 | 6,656 | 0.03 | 7,345 | 0.05 | 8,756 | 0.05 | 10,407 | 0.09 | 17,482 | 0.11 |
| Investment properties | 2,020 | 0.01 | 2,192 | 0.01 | 2,471 | 0.02 | 3,191 | 0.02 | 1,770 | 0.01 | 2,411 | 0.02 |
| Intangible assets | - | - | - | - | 28 | 0.00 | - | - | - | - | - | - |
| Stock Exchange Membership Cards and room | - | - | - | - | - | - | 11,201 | 0.07 | 12,201 | 0.10 | 12,201 | 0.08 |
| Long term investments | 22,325,276 | 82.62 | 22,320,615 | 97.38 | 11,769,417 | 78.63 | 11,451,896 | 69.75 | 9,257,029 | 75.95 | 13,515,269 | 87.85 |
| Long term loan and advance | 1,743 | 0.01 | 2,476 | 0.01 | 404,590 | 2.70 | 2,228 | 0.01 | 1,594 | 0.01 | 1,562 | 0.01 |
| Long term security deposits | 779 | 0.00 | 779 | 0.00 | 704 | 0.00 | 1,674 | 0.01 | 1,499 | 0.01 | 1,493 | 0.01 |
| | 22,337,338 | 82.67 | 22,332,718 | 97.43 | 12,184,555 | 81.40 | 11,478,946 | 69.91 | 9,284,500 | 76.17 | 13,550,418 | 88.07 |
| *Current Assets* | | | | | | | | | | | | |
| Loans and Advances | 1,092 | 0.00 | 1,030 | 0.00 | 876 | 0.01 | 100,463 | 0.61 | 537 | 0.00 | 1,668 | 0.01 |
| Prepayment, Accrued mark up and other recievable | 21,400 | 0.08 | 15,378 | 0.07 | 14,858 | 0.10 | 16,274 | 0.10 | 20,817 | 0.17 | 4,108 | 0.03 |
| Short Term Investments | 2,284,095 | 8.45 | 79,321 | 0.35 | 869,543 | 5.81 | 1,846,364 | 11.25 | - | - | 1,593,152 | 10.36 |
| Taxation | 377,136 | 1.40 | 356,841 | 1.56 | 356,722 | 2.38 | 347,670 | 2.12 | 274,108 | 2.25 | 222,720 | 1.45 |
| Cash and Bank Balance | 2,000,658 | 7.40 | 135,281 | 0.59 | 1,541,814 | 10.30 | 2,629,053 | 16.01 | 1,337,243 | 10.97 | 11,627 | 0.08 |
| | 4,684,381 | 17.33 | 587,851 | 2.57 | 2,783,813 | 18.60 | 4,939,824 | 30.09 | 1,632,705 | 13.39 | 1,833,275 | 11.93 |
| Non Current asset held for sale | - | - | - | - | - | - | | - | 1,270,639 | 10.43 | - | - |
| Total Assets | 27,021,719 | 100.00 | 22,920,569 | 100.00 | 14,968,368 | 100.00 | 16,418,770 | 100.00 | 12,187,844 | 100.00 | 15,383,693 | 100.00 |

## EQUITY AND LIABILITIES

| | 2015 | | 2014 | | 2013 | | 2012* | | 2011 | | 2010 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| *Share Capital and Reserves* | | | | | | | | | | | | |
| Share Capital - ordinary Shares | 9,159,424 | 33.90 | 7,632,853 | 33.30 | 7,632,853 | 50.99 | 7,632,853 | 46.49 | 7,632,853 | 62.63 | 7,632,853 | 49.62 |
| Reserves | 16,142,424 | 59.74 | 13,831,048 | 60.34 | 6,136,099 | 40.99 | 5,989,508 | 36.48 | 1,508,139 | 12.37 | 2,494,877 | 16.22 |
| | 25,301,848 | 93.64 | 21,463,901 | 93.64 | 13,768,952 | 91.98 | 13,622,361 | 82.97 | 9,140,992 | 75.00 | 10,127,730 | 65.84 |
| *Non Current Liabilities* | | | | | | | | | | | | |
| Long term financing | 957,089 | 3.54 | 893,776 | 3.90 | 658,932 | 4.40 | 855,370 | 5.21 | 1,743,858 | 14.31 | 2,839,287 | 18.46 |
| *Current Liabilities* | | | | | | | | | | | | |
| Trade and Other Payable | 295,812 | 1.09 | 209,857 | 0.92 | 151,792 | 1.01 | 79,577 | 0.48 | 82,764 | 0.68 | 95,328 | 0.62 |
| Accrued interest / markup on borrowing | 36,638 | 0.14 | 30,929 | 0.13 | 18,374 | 0.12 | 109,728 | 0.67 | 122,536 | 1.01 | 229,460 | 1.49 |
| short term borrowings | - | - | - | - | - | - | - | - | - | - | 1,716,218 | 11.16 |
| Current portion of long term financing | 430,332 | 1.59 | 322,106 | 1.41 | 370,318 | 2.47 | 1,751,734 | 10.67 | 1,097,694 | 9.01 | 375,670 | 2.44 |
| | 762,782 | 2.82 | 562,892 | 2.46 | 540,484 | 3.61 | 1,941,039 | 11.82 | 1,302,994 | 10.70 | 2,416,676 | 15.71 |
| Total Equity and Liabilities | 27,021,719 | 100.00 | 22,920,569 | 100.00 | 14,968,368 | 100.00 | 16,418,770 | 100.00 | 12,187,844 | 100.00 | 15,383,693 | 100.00 |

## PROFIT AND LOSS

| | 2015 | | 2014 | | 2013 | | 2012* | | 2011 | | 2010 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| *Income* | | | | | | | | | | | | |
| Return on Investments | 628,412 | 15.46 | 350,867 | 66.07 | 445,325 | 70.00 | 850,844 | 24.38 | 410,466 | 41.65 | 758,595 | 124.55 |
| Gain on sale of investments | 3,247,084 | 79.88 | 98,065 | 18.47 | 9,229 | 1.45 | 2,453,867 | 70.32 | 493,088 | 50.03 | 444,066 | 72.91 |
| Income from long term loans and funds Placements | 143,550 | 3.53 | 42,316 | 7.97 | 142,408 | 22.38 | 85,622 | 2.45 | 51,105 | 5.19 | 2,662 | 0.44 |
| Commission | 1,440 | 0.04 | 3,056 | 0.58 | 5,546 | 0.87 | - | - | - | - | - | - |
| Other Income | 44,411 | 1.09 | 36,888 | 6.95 | 33,706 | 5.30 | 99,354 | 2.85 | 30,876 | 3.13 | 83,521 | 13.71 |
| Revaluation of investments at FV through P&L | (18) | (0.00) | (109) | (0.02) | - | - | - | - | - | - | (679,768) | (111.61) |
| Total Income | 4,064,879 | 100.00 | 531,083 | 100.00 | 636,214 | 100.00 | 3,489,687 | 100.00 | 985,535 | 100.00 | 609,076 | 100.00 |
| *Expenditures* | | | | | | | | | | | | |
| Operating and administrative expenses | 241,790 | 5.95 | 123,551 | 23.26 | 112,357 | 17.66 | 623,195 | 17.86 | 150,485 | 15.27 | 201,566 | 33.09 |
| Finance Cost | 165,065 | 4.06 | 165,239 | 31.11 | 183,359 | 28.82 | 519,427 | 14.88 | 528,591 | 53.63 | 846,211 | 138.93 |
| Provision for Workers' Welfare Fund | 64,376 | 1.58 | 4,645 | 0.87 | 60,191 | 9.46 | - | - | - | - | - | - |
| (Reversal of Provision) / provision for impairment - net | 439,226 | 10.81 | 10,034 | 1.89 | 63,162 | 9.93 | (12,889) | (0.37) | 1,584,325 | 160.76 | 8,537,198 | 1,401.66 |
| | 910,457 | 22.40 | 303,469 | 57.13 | 419,069 | 65.87 | 1,129,733 | 32.37 | 2,263,401 | 229.66 | 9,584,975 | 1,573.68 |
| *Profit / (Loss) before taxation* | 3,154,422 | 77.60 | 227,614 | 42.89 | 217,145 | 34.13 | 2,359,954 | 67.63 | (1,277,866) | (129.66) | (8,975,899) | (1,473.68) |
| *Taxation* | | | | | | | | | | | | |
| Current | 325,194 | 8.00 | 39,237 | 7.39 | 36,256 | 5.70 | - | - | 2,609 | 0.26 | 7,393 | 1.21 |
| Prior | (1,746) | (0.04) | - | - | 58 | 0.01 | (2,609) | (0.07) | (3,952) | (0.40) | 534 | 0.09 |
| | 323,448 | 7.96 | 39,237 | 7.39 | 36,314 | 5.71 | (2,609) | (0.07) | (1,343) | (0.14) | 7,927 | 1.30 |
| *Net Profit / (Loss) for the Year / Period* | 2,830,974 | 69.64 | 188,377 | 35.50 | 180,831 | 28.42 | 2,362,563 | 67.70 | (1,276,523) | (129.53) | (8,983,826) | (1,474.98) |

* Eighteen month period ended December 31, 2012

# Directors' Report to the Shareholders

Dear Shareholders,

It gives me immense pleasure to present to you the annual report of Jahangir Siddiqui & Co. Ltd. (the "Company") along with the audited unconsolidated financial statements of the Company and Auditors' report for the year ended December 31, 2015.

## OVERVIEW OF ECONOMY

Pakistan's economy continued to show signs of improvement during 2015. The Government is working to overcome the acute energy crisis in the country by setting up new power plants and the USD 46 billion China Pakistan Economic Corridor infrastructure investments can prove to be a game changer for Pakistan's economic growth. The country's recent macroeconomic outlook looks promising as inflation is at a multi-decade low of 2.1% YoY in 1H FY16, Current Account deficit has shrunk to 0.9% of GDP in 1H FY16 from 1.8% during 1H FY15 and foreign exchange reserves have jumped to an all-time high.

## EQUITY CAPITAL MARKET

The Pakistan Stock Exchange (formerly the Karachi Stock Exchange) took a breather in 2015 after three consecutive stellar years, as the benchmark KSE-100 index notched up a modest 2.13% return for the year. However, the index still managed to outperform its regional peers by 7%. The flat performance of the local bourse was largely due to the meltdown in global equity markets, poor performance of oil stocks and the huge negative effect on the KSE-100 as they are index heavyweights and selling of shares in Pakistan by foreign institutional shareholders. Trading volumes also improved during the year as the KSE Average Daily Turnover was 18% YoY higher at 247 million shares / day.

## FINANCIAL RESULTS

During the year, the Company has witnessed significant improvement in the profitability which coupled with an increase in capital base due to the issue of 20% ordinary right shares resulted in notable increase in shareholders' equity of the Company to PKR 25,302 million as at December 31, 2015 from PKR 21,464 million as at December 31, 2014. The breakup value per share as of the year end was PKR 27.62 per share.

The Company reported an after tax profit of PKR 2,831 million for the year ended December 31, 2015 as against a profit after tax of PKR 188 million for the year ended December 31, 2014. This substantial increase in the profitability is the outcome of prudent investment and disinvestment decisions of the board and management of the Company which resulted in a net capital gain of PKR 3,246 million on sale of equity investments. Overall revenues for the year under review amounted to PKR 4,065 million as compared to PKR 531 million for the year ended December 31, 2014. The operating and administrative expenses and finance costs increased to PKR 407 million as compared to PKR 289 million for the same period last year. In addition, as a matter of abundant prudence, the Company has recognized provision for impairment of PKR 439 million against investment in subsidiaries during the year under review.

| | | |
|---|---|---|
| | | (PKR in '000) |
| Profit before taxation | | 3,154,422 |
| Less: Taxation | | |
| - Current | 325,194 | |
| - Prior | (1,746) | |
| | | 323,448 |
| Profit after taxation | | 2,830,974 |

The Earnings Per Share (EPS) of the Company for 2015 is PKR 3.36.

The excellent results have also been reflected in the Company's share price which closed at PKR 20.94 per share on December 31, 2015 compared to PKR 14.54 per share on December 31, 2014 showing an increase of 44% during the year. This is significantly higher than the performance of KSE-100 Index which showed a modest return of 2.13% during the year.

The Board has not considered any distribution to shareholders for the year ended December 31, 2015 on account of further investments and committed principal redemptions of long term borrowings of the Company in 2016.

The Company had filed a Writ Petition before the High Court of Sindh (the "Court") against levy of Workers' Welfare Fund and obtained interim relief. The matter is pending adjudication before the Court.

## INVESTMENT / DISINVESTMENT ACTIVITIES DURING THE YEAR

### Investment in shares of BankIslami Pakistan Limited ("BIPL")

On December 31, 2014 BIPL announced another right issue of PKR 4,320.40 million. The shareholders of the Company in their Extraordinary General Meeting held on February 2, 2015 approved an investment of up to PKR 1,669 million as per its entitlement and underwriting commitment. Accordingly, pursuant to a subscription and underwriting agreement with BIPL, the Company invested a sum of PKR 918.41 million in 91,841,563 ordinary right shares as per its entitlement and no shares were offered to the Company under the underwriting commitment.

Furthermore, during the year the Company received a letter from Dubai Bank PJSC, Dubai ("Dubai Bank") offering JSCL and another shareholder of BIPL under our Shareholders' Agreement, a right of first refusal on proportionate basis in respect of 144,200,144 Shares of BIPL (constituting 14.3068% of total issued Shares of BIPL) intended to be sold by Dubai Bank.

Accordingly, pursuant to the approval of the Board of Directors of the Company in their meeting held on August 17, 2015 the shareholders of the Company in their Extraordinary General Meeting held on September 10, 2015 by way of special resolution under section 208 of the Companies Ordinance and subject to requisite regulatory permission(s) approved the following long term equity investments in BIPL:

a. PKR 749,349,280/- for purchase of up to 74,934,928 Shares of BIPL already offered by Dubai Bank PJSC to the Company on proportionate basis at an offer price of PKR 10/- each in terms of Founding Shareholders Agreement dated September 19, 2005 ("FSA");

b. PKR 197,703,180/- for purchase of up to 13,180,212 shares of BIPL at a price of up to PKR 15/- per share if Dubai Bank PJSC accepts the Company's offer in respect of shares it has proportionately offered to other shareholders of BIPL in terms of FSA.

However, Dubai Bank showed its inability to sell its shares in BIPL to the Company or the other existing sponsor shareholder of BIPL in view of the State Bank of Pakistan's ("SBP") restraining notification to Dubai Bank. Nevertheless, the Company approached SBP to provide its consent to the Company to acquire further shares of BIPL. Subsequent to the period end, the Company has received a letter from SBP under which SBP has (in accordance with its Guidelines) declined the Company's request for permission to purchase additional shareholding in BIPL from Dubai Bank.

### Investment in right shares of Pakistan International Bulk Terminal Limited ("PIBT")

During the year PIBT issued 34% ordinary right shares of PKR 10/- each. The Company has invested PKR 382.29 million in 38,229,299 ordinary right shares including 100,000 unsubscribed right shares.

Investment in Shares of EFU General Insurance Limited ("EFUG")

During the year the Company increased its holding in EFUG from 16.24% last year to 19.44% by acquiring 5,127,420 ordinary shares of EFUG.

Investment in Shares of TRG Pakistan Limited ("TRG")

During the year, the Company acquired 45,446,567 ordinary shares of TRG including subscription of 7,265,902 ordinary right shares of TRG as per its entitlement.

Disposal of Investments

During the year the Company has disposed of the following investments:

- 7,897,860 ordinary shares of Singer Pakistan Limited;
- 120,300,000 ordinary shares of Hum Network Limited; and
- 47,729,000 ordinary shares of Pakistan International Bulk Terminal Limited

The above disposals resulted in sale proceeds aggregating PKR 3,275.71 million and the Company earned capital gain aggregating PKR 3,078.03 million.

## FINANCING ACTIVITIES DURING THE YEAR

### 20% Right Issue at PAR value

During the year, the Company issued 20% Right Shares at Par value of PKR. 10/- per share to all the existing shareholders of the Company which was successfully subscribed and the Company raised a sum of PKR 1,526.70 million against issuance of 152,657,065 ordinary right shares.

### Long Term Borrowings

During the year, the Company has obtained a term loan of PKR 500 million from a commercial bank. 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 including a grace period of twelve (12) months. The principal is payable in eight (8) equal semi-annual installments starting from 18$^{th}$ month of the drawdown date.

During the year 2015, your Company has redeemed PKR 325 million on account of repayments of outstanding Term Finance Certificates ("TFCs").

JSCL, to date, has issued eight TFCs out of these six have been fully redeemed in a timely manner.

## CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company has contributed PKR 344 million to the government on account of various federal and provincial governments' levies including income tax and sales tax.

## PERFORMANCE OF KEY INVESTMENTS

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

## CORPORATE FINANCIAL REPORTING FRAMEWORK

The Directors of your Company are committed to good corporate governance and confirm compliance with the corporate and financial reporting framework of the Code of Corporate Governance promulgated by the Securities and Exchange Commission of Pakistan ("SECP") and contained in the Rule Book of Pakistan Stock Exchange Limited 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 Securities and Exchange Commission of Pakistan during the year. Accounting estimates are based on reasonable and prudent judgment;

- International Financial Reporting Standards as applicable in Pakistan and the Companies Ordinance, 1984 as stated in the notes attached with the accounts, have been followed in preparation of the financial statements;

- The system of internal control is sound in design and has been effectively implemented and monitored. The internal audit has been outsourced to M/s. Grant Thornton Anjum Rahman Chartered Accountants, a member firm of Grant Thornton International.

- The Company is financially sound and is a going concern;

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

- 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. 22; and,

- The Company operates an approved contributory provident fund for all its employees eligible to the scheme. The audited financial statements for year ended June 30, 2015 indicate that the value of investments of the fund is PKR 22.36 million.

## MANAGEMENT'S DISCLOSURE OF FINANCIAL RESPONSIBILITY

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

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

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

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

## CORPORATE AFFAIRS

### Board Meetings

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

| Name of Directors | Meetings Eligibility | Meetings Attended |
|---|---|---|
| Chief Justice (R) Mahboob Ahmed | Seven | Six |
| Mr. Asad Ahmed | Seven | Four |
| Mr. Ali Hussain | Seven | Six |
| Mr. Ali J. Siddiqui | Seven | Six |
| Mr. Munawar Alam Siddiqui | Seven | Six |
| Mr. Saud Ahmed Mirza | Seven | Seven |
| Mr. Stephen Christopher Smith | Seven | Six |
| Mr. Suleman Lalani | Seven | Seven |

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

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

### Director training program

Mr. Suleman Lalani and Mr. Munawar Alam Siddiqui are certified from Pakistan Institute of Corporate Governance (PICG) and Mr. Saud Ahmed Mirza is certified from the Institute of Chartered Accountants of Pakistan. During the year Mr. Stephen Christopher Smith has also obtained certification from PICG.

## Disclosure of interest by Directors etc.

During the year, the Board of Directors have approved that transactions carried out in the shares of the Company by a holder of statutory position should be treated as material information or transaction to be reported to the stock exchange and SECP in terms of clause (xxiii) of the Code of Corporate Governance.

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, 2015 to December 31, 2015. Further, pursuant to the approval of the Board of Directors the following personnel have subscribed unsubscribed right shares in addition to their entitlement:

| | | |
|---|---|---|
| Mr. Ali Hussain | Director | 75,000 ordinary right shares |
| Mr. Suleman Lalani | Chief Executive Officer | 100,000 ordinary right shares |
| Mr. Hasan Shahid | CFO & Company Secretary | 15,000 ordinary right shares |

## SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the year and the date of this report.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company being a responsible corporate citizen, regularly contributes towards the well-being of the under-privileged. The Company has made a provision of PKR 50 million in these financial statements towards its CSR initiative. Furthermore, during the year, the Company has paid PKR 16.63 million to Mahvash & Jahangir Siddiqui Foundation ("MJSF").

MJSF makes charitable grants in the areas of healthcare, education and social enterprise. MJSF also works nationally to provide immediate humanitarian relief during periods of crisis by delivering medical services, clean water, nutrition, housing and sanitation to individuals.

JSCL's directors namely Mr. Munawar Alam Siddiqui and Mr. Ali J. Siddiqui are also directors in MJSF.

## CREDIT RATING

The Directors are pleased to inform you that the Company has a long term rating of AA (Double A) and short term rating of A1+ (A one plus) assigned to it by PACRA. Furthermore, the ratings of the Company's 7th issue and 8th issue of term finance certificates of PKR 1,000 million and PKR 750 million are also maintained at AA+ (Double A plus). 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, Deloitte Yousuf Adil Chartered Accountants (a member firm of Deloitte Touche Tohmatsu), have retired. 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.

The Company has received a letter from a shareholder requesting to consider appointment of Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants as Company's auditors in place of the retiring auditors for the year ending December 31, 2016.

Accordingly, the Board Audit Committee has recommended appointment of Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants as Company's auditors for the ensuing year i.e. December 31, 2016. The Board of Directors recommends the appointment of Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants for the year ending December 31, 2016 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, 2015 is annexed to this report.

## FUTURE OUTLOOK

A considerable size of Company's investment portfolio comprises of investments in banking sector. JS Bank Limited has reported substantial growth in its size of balance sheet and in terms of profitability. Furthermore, the Company also expects that its investment in BankIslami Pakistan Limited will bode well as BIPL is now MCR compliant. Moreover, the Company has also increased its stake in EFU General Insurance Limited. Despite a low interest rate environment, the Company believes that the aforesaid investments will contribute positively towards the Company's profitability in the form of future dividend income.

## ACKNOWLEDGEMENT

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

The Securities and Exchange Commission of Pakistan has taken landmark initiative for investors' education and protection by launching the educational web portal i.e. "Jama Punji" as gateway to educating different segments of the society through digital technology. Investors are advised to visit www.jamapunji.pk to learn and benefit from the above website as it provides useful information on financial planning and investments.

For and on behalf of the
Board of Directors

Chief Justice (R) Mahboob Ahmed
Chairman
Karachi: March 03, 2016

# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance ("Code") contained in respective requirements of the Karachi Stock Exchange Limited (now Pakistan Stock Exchange Limited), for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

| Category | Names |
|---|---|
| Independent Director | Saud Ahmed Mirza<br>Asad Ahmed |
| Executive Director | Suleman Lalani, CEO |
| Non-Executive Directors | Chief Justice (R) Mahboob Ahmed<br>Ali J. Siddiqui<br>Munawar Alam Siddiqui<br>Ali Hussain<br>Stephen Christopher Smith |

The independent directors meet the criteria of independence under 5.19.1(b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the period.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

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

9. The Board has been provided with the Code along with briefings on various stages in order for them to properly manage the affairs of the Company as representatives of members of the Company. Mr. Suleman Lalani and Mr. Munawar Alam Siddiqui are certified from Pakistan Institute of Corporate Governance (‘PICG’)

and Mr. Saud Ahmed Mirza is certified from the Institute of Chartered Accountants of Pakistan. During the year, Mr. Stephen Christopher Smith obtained certification from PICG. In addition, arrangements are in process for other Directors for acquiring certification under Directors Training Program offered by Institutions (local or foreign) that meet the criteria specified by Securities and Exchange Commission of Pakistan.

10. The Board has approved the appointment of Chief Financial Officer and Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. However, the Head of Internal Audit had resigned in April 2015. Further, the Secretary Audit Committee who had been coordinating with the outsourced internal audit function was not designated as Head of Internal Audit. The Board subsequently approved the appointment of Head of Internal Audit.

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

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an Audit Committee. It comprises of 3 members, of whom all are non-executive directors and the Chairman of the Committee is an independent director.

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

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of 3 members, of whom 2 are non-executive directors and the Chairman of the Committee is a non-executive director.

18. The Board has outsourced the internal audit function to M/s Grant Thornton Anjum Rahman, Chartered Accountants (a member firm of Grant Thornton International) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations (now Rule Book of the Pakistan Stock Exchange) and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and stock exchange.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the Code have been complied with except those that are not yet applicable.

For and on behalf of the
Board of Directors

Chief Justice (R) Mahboob Ahmed
Chairman
Karachi: March 03, 2016

# Auditors’ Review Report to the Members on the Statementof Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Jahangir Siddiqui & Co. Ltd. (the Company) for the year ended December 31, 2015 to comply with the respective requirements of the Karachi Stock Exchange Limited (now Pakistan Stock Exchange Limited), where the Company is listed.

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

As 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. Weare not required to consider whether the Board of Directors' statement on internal control covers all risk and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended December 31, 2015.

Further, we highlight paragraph 10 of the Statement of Compliance wherein it is stated that the Company has subsequently appointed Head of Internal Audit and Secretary to Audit Committee as per the requirement of the Code.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Dated: March 03, 2016
Place: Karachi

# Auditors’ Report to the Members

We have audited the annexed unconsolidated balance sheet of Jahangir Siddiqui & Co. Ltd. (the Company) as at December 31, 2015, and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, (hereafter referred to as the 'financial statements') and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) In our opinion:

  i. the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) In our opinion and to the best of our information and according to the explanations given to us, unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2015 and of the profit, comprehensive income, its changes in equity and cash flows for the year then ended; and

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

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: March 03, 2016
Place: Karachi

# Unconsolidated Financial Statements

# UNCONSOLIDATED BALANCE SHEET
## As at December 31, 2015

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property and equipment | 4 | 7,520 | 6,656 |
| Investment property | 5 | 2,020 | 2,192 |
| Long term investments | 6 | 22,325,276 | 22,320,615 |
| Long term loans and advances | 7 | 1,743 | 2,476 |
| Long term security deposits | | 779 | 779 |
| | | 22,337,338 | 22,332,718 |
| **Current Assets** | | | |
| Short term loans and advances | 8 | 1,092 | 1,030 |
| Short term prepayments and other receivables | | 9,520 | 13,123 |
| Interest accrued | 9 | 11,880 | 2,255 |
| Other financial assets - Short term investments | 10 | 2,284,095 | 79,321 |
| Taxation - net | | 377,136 | 356,841 |
| Cash and bank balances | 11 | 2,000,658 | 135,281 |
| | | 4,684,381 | 587,851 |
| | | 27,021,719 | 22,920,569 |
| **EQUITY AND LIABILITIES** | | | |
| **Share Capital and Reserves** | | | |
| **Share Capital** | | | |
| Authorised capital | 12 | 65,000,000 | 65,000,000 |
| Issued, subscribed and paid-up capital | | 9,159,424 | 7,632,853 |
| Reserves | | 16,142,424 | 13,831,048 |
| | | 25,301,848 | 21,463,901 |
| **Non-Current Liability** | | | |
| Long term financing | 13 | 957,089 | 893,776 |
| **Current Liabilities** | | | |
| Trade and other payables | 14 | 295,812 | 209,857 |
| Accrued interest on borrowings | | 36,638 | 30,929 |
| Current portion of long term financing | 13 | 430,332 | 322,106 |
| | | 762,782 | 562,892 |
| | | 27,021,719 | 22,920,569 |
| **Contingencies and commitments** | 15 | | |

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

| | |
|---|---|
| Chief Justice (R) Mahboob Ahmed<br>Chairman | Suleman Lalani<br>Chief Executive |

# UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
## For the year ended December 31, 2015

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Return on investments | 16 | 628,412 | 350,867 |
| Gain on sale of investments - net | 17 | 3,247,084 | 98,065 |
| Income from long term loans and fund placements | 18 | 143,550 | 42,316 |
| Commission | | 1,440 | 3,056 |
| Other income | 19 | 44,411 | 36,888 |
| Loss on remeasurement of investments through profit or loss - held for trading | | (18) | (109) |
| | | 4,064,879 | 531,083 |
| Operating and administrative expenses | 20 | 241,790 | 123,551 |
| Finance cost | 21 | 165,065 | 165,239 |
| Provision for Workers' Welfare Fund | 22 | 64,376 | 4,645 |
| Provision for impairment - net | 23 | 439,226 | 10,034 |
| | | 910,457 | 303,469 |
| PROFIT BEFORE TAXATION | | 3,154,422 | 227,614 |
| Taxation | 24 | | |
| Current | | 325,194 | 39,237 |
| Prior | | (1,746) | - |
| | | 323,448 | 39,237 |
| PROFIT FOR THE YEAR | | 2,830,974 | 188,377 |
| | | --------------- (Rupees) --------------- | |
| | | | Restated |
| EARNINGS PER SHARE - Basic and diluted | 25 | 3.36 | 0.23 |

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

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| PROFIT FOR THE YEAR | 2,830,974 | 188,377 |
| OTHER COMPREHENSIVE INCOME: | | |
| Items that will not be reclassified subsequently to profit and loss | - | - |
| Items that may be reclassified subsequently to profit and loss | | |
| Fair value gain on available for sale investments during the year - net | 2,721,386 | 7,604,617 |
| Reclassification adjustments relating to available for sale investments disposed off in the year - net | (3,240,984) | (98,045) |
| Total items that may be reclassified subsequently to profit and loss | (519,598) | 7,506,572 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 2,311,376 | 7,694,949 |

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

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

| | Note | Issued, subscribed and paid-up share capital | Reserves | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Ordinary share premium | Unrealised gain on revaluation of available for sale investments - net | Revenue reserve: Accumulated (loss) / unappropriated profit | Sub-total | |
| | | (Rupees in '000) | | | | | |
| Balance as at December 31, 2013 | | 7,632,853 | 4,497,894 | 3,518,282 | (1,880,077) | 6,136,099 | 13,768,952 |
| Profit for the year | | - | - | - | 188,377 | 188,377 | 188,377 |
| Other comprehensive income | | - | - | 7,506,572 | - | 7,506,572 | 7,506,572 |
| Total comprehensive income | | - | - | 7,506,572 | 188,377 | 7,694,949 | 7,694,949 |
| Balance as at December 31, 2014 | | 7,632,853 | 4,497,894 | 11,024,854 | (1,691,700) | 13,831,048 | 21,463,901 |
| Profit for the year | | - | - | - | 2,830,974 | 2,830,974 | 2,830,974 |
| Other comprehensive income | | - | - | (519,598) | - | (519,598) | (519,598) |
| Total comprehensive income | | - | - | (519,598) | 2,830,974 | 2,311,376 | 2,311,376 |
| Transactions with owners | | | | | | | |
| Issue of right shares | 12.3 | 1,526,571 | - | - | - | - | 1,526,571 |
| Balance as at December 31, 2015 | | 9,159,424 | 4,497,894 | 10,505,256 | 1,139,274 | 16,142,424 | 25,301,848 |

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

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

# UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2015

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | 3,154,422 | 227,614 |
| Adjustment for non cash charges and other items: | | | |
| Depreciation | | 3,134 | 3,287 |
| Gain on sale of property and equipment | | (1,171) | (1,206) |
| Loss on revaluation of investments through profit or loss - held for trading | | 18 | 109 |
| Provision for impairment - net | | 439,226 | 10,034 |
| Dividend income | | (602,369) | (330,775) |
| Interest income | | (143,550) | (42,316) |
| Finance cost | | 165,065 | 165,239 |
| | | (139,647) | (195,628) |
| Operating profit before working capital changes | | 3,014,775 | 31,986 |
| Decrease / (increase) in current assets: | | | |
| Short term loans and advances | | (62) | (154) |
| Short term prepayments and other receivables | | 6,246 | (10,647) |
| Long term loans, advances and security deposits | | 733 | (526) |
| | | 6,917 | (11,327) |
| Increase in trade and other payables | | 86,088 | 58,852 |
| Movement in working capital: | | 3,107,780 | 79,511 |
| Investments - net | | (3,168,277) | (1,864,519) |
| Dividend received | | 599,726 | 330,775 |
| Finance cost paid | | (154,192) | (145,326) |
| Taxes paid | | (343,743) | (39,356) |
| Interest income received | | 133,925 | 52,443 |
| Dividend paid | | (133) | (787) |
| Net cash generated from / (used in) operating activities | | 175,086 | (1,587,259) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure incurred | | (5,286) | (310) |
| Proceeds from sale of property and equipment | | 2,631 | 1,762 |
| Net cash (used in) / generated from investing activities | | (2,655) | 1,452 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| (Redemption) / Proceeds from issuance of term finance certificates - net | | (325,000) | 179,274 |
| Proceeds from subscription against issue of right shares | | 1,526,571 | - |
| Long term loan obtained from bank - net | | 491,375 | - |
| Net cash generated from financing activities | | 1,692,946 | 179,274 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | 1,865,377 | (1,406,533) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 135,281 | 1,541,814 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 26 | 2,000,658 | 135,281 |

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

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

## 1. THE COMPANY AND ITS OPERATIONS

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

### 2.4 Significant accounting estimates and judgments

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

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

(a) determining the residual values and useful lives of property and equipment (Note 3.1 and 4);

(b) classification of investments (Note 3.3, 6 and 10);

(c) recognition of taxation and deferred tax (Note 3.7 and 24);

(d) accounting for post employment benefits (Note 3.13); and

(e) impairment of financial assets (Note 3.17 and 23);

### 2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2015

The following standards, amendments and interpretations are effective for the year ended December 31, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

**IFRS 10 – Consolidated Financial Statements** — Effective from accounting period beginning on or after January 01, 2015

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

**IFRS 11 – Joint Arrangements** — Effective from accounting period beginning on or after January 01, 2015

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Ventures. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

**IFRS 12 – Disclosure of Interests in Other Entities** — Effective from accounting period beginning on or after January 01, 2015

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

| | |
|---|---|
| IFRS 13 – Fair Value Measurement | Effective from accounting period beginning on or after January 01, 2015 |

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

| | |
|---|---|
| Amendments to IAS 19 Employee Benefits: Employee contributions | Effective from accounting period beginning on or after July 01, 2014 |

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

| | |
|---|---|
| IAS 27 (Revised 2011) – Separate Financial Statements | Effective from accounting period beginning on or after January 01, 2015 |

The revised standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised standard are carried forward unchanged from the previous standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

| | |
|---|---|
| IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures | Effective from accounting period beginning on or after January 01, 2015 |

Similar to the previous standard, the new standard deals with how to apply the equity method of accounting. However, the scope of the revised standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

Certain annual improvements have also been made to a number of IFRSs.

### 2.6 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

**Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations** — Effective from accounting period beginning on or after January 01, 2016

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

Entities should apply the amendments prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. Earlier application is permitted.

**Amendments to IAS 1 - Disclosure initiative** — Effective from accounting period beginning on or after January 01, 2016

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgment. Certain key highlights in the amendments are as follows:

- An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

- An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.

- In the other comprehensive income, section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following terms:

  - the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss; and

  - the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Application of the amendments need not be disclosed.

**Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortization** — Effective from accounting period beginning on or after January 01, 2016

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

| Amendments to IAS 16 and IAS 41 Agriculture - Bearer plants | Effective from accounting period beginning on or after January 01, 2016 |
|---|---|

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

Amendments to IAS 27 - Equity method in separate financial statements
Effective from accounting period beginning on or after January 01, 2016

The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements either:

- at cost
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or
- Using the equity method as described in IAS 28 Investments in Associates and Joint ventures.

The same accounting method must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

| Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture | Effective from accounting period beginning on or after January 01, 2016 |
|---|---|

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.

- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements."

IFRS 10 has been amended to reflect the following:

- Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments apply prospectively to transactions occurring in annual periods beginning on or after January 01, 2016 with earlier application permitted.

| Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities - Applying the consolidation exception | Effective from accounting period beginning on or after January 01, 2016 |
|---|---|

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all of its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively for annual periods beginning on or after January 01, 2016 with earlier application permitted.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property and equipment

These are stated at costs less accumulated depreciation and accumulated impairment, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to the profit and loss account by applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 4 to the financial statements. Depreciation is charged on additions from the month in which asset is put to use on disposals up to the month immediately preceding the disposal.

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

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

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

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

### 3.2 Investment property

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

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

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

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

## 3.3 Investments

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

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

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

### Subsidiaries, associates and joint arrangements

A subsidiary is an entity over which the 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.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is 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 Company reassesses, at each balance sheet date, whether or not it has control, significant influence or joint control over the investee.

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

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 include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit and loss when the conditions prescribed in IAS 39 are met.

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

#### Available for sale

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

#### Held to maturity

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

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

#### Trade date accounting

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

### 3.4 Derivative financial instruments

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

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

### 3.5 Securities sold under repurchase / purchased under resale agreements

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

#### (a) Repurchase agreement borrowings

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

(b) Repurchase agreement lendings

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

### 3.6 Provisions

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

### 3.7 Taxation

#### Current

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

#### Deferred

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

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

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

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

### 3.8 Revenue recognition

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

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

(c) Profit on bank deposits and rental income is recognized at effective yield on time proportionate basis.

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

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

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

### 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 finances and loans are being amortized 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 profit and loss account.

### 3.15 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet when there is a legal enforceable right to set off the recognized amount and the Company 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.

### 3.16 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to profit and loss account. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

### 3.17 Impairment

#### Financial assets

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

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

#### Non-financial assets and investments in subsidiaries and associates

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

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

### 3.18 Borrowing costs

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

### 3.19 Earnings per share

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

### 3.20 Dividend and appropriation to reserves

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

## 4. PROPERTY AND EQUIPMENT

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

| | COST | | | | ACCUMULATED DEPRECIATION | | | WRITTEN DOWN VALUE |
|---|---|---|---|---|---|---|---|---|
| | As at January 1, 2014 | Additions/ (disposals) | As at December 31, 2014 | Rate | As at January 1, 2014 | For the year/ (on disposals) | As at December 31, 2014 | As at December 31, 2014 |
| | ---------- (Rupees in '000) ---------- | | | % | ------------------------ (Rupees in '000) ------------------------ | | | |
| Office premises - leasehold | 1,041 | -<br>(1,041) | - | 5 | 544 | 33<br>(577) | - | - |
| Leasehold improvements | 18,372 | - | 18,372 | 33 | 18,372 | - | 18,372 | - |
| Office equipment | 26,451 | 171<br>(3,826) | 22,796 | 25 | 26,181 | 120<br>(3,826) | 22,475 | 321 |
| Office furniture and fixtures | 15,743 | - | 15,743 | 10 | 12,273 | 1,297 | 13,570 | 2,173 |
| Motor vehicles | 6,092 | 2,704<br>(171) | 8,625 | 20 | 2,984 | 1,558<br>(79) | 4,463 | 4,162 |
| | 67,699 | 2,875<br>(5,038) | 65,536 | | 60,354 | 3,008<br>(4,482) | 58,880 | 6,656 |

4.1 Following is the statement of Property and Equipment disposed off during the year.

| | Cost | Accumulated depreciation | Written down value | Sale proceeds | Gain / (loss) on disposal | Mode of disposal | Particulars of buyers |
|---|---|---|---|---|---|---|---|
| | ------------------------ (Rupees in '000) ------------------------ | | | | | | |
| Items with written down value above Rs. 50,000/- | | | | | | | |
| Honda City | 1,758 | 938 | 820 | 1,307 | 487 | Negotiation | Mr. M. Ali Akbar Khan |
| Toyota Corolla | 990 | 462 | 528 | 807 | 279 | Insurance claim | EFU General Insurance |
| Dell Laptop | 97 | 14 | 83 | 97 | 14 | Negotiation | Mustang Securities Services |
| | 2,845 | 1,414 | 1,431 | 2,211 | 780 | | |

## 5. INVESTMENT PROPERTY

| | COST | | | | ACCUMULATED DEPRECIATION | | | WRITTEN DOWN VALUE |
|---|---|---|---|---|---|---|---|---|
| | As at January 1, 2015 | Additions / (disposals) | As at December 31, 2015 | Rate | As at January 1, 2015 | For the year / (on disposals) | As at December 31, 2015 | As at December 31, 2015 |
| | ---------- (Rupees in '000) ---------- | | | % | ------------------------ (Rupees in '000) ------------------------ | | | |
| Office premises | 14,999 | - | 14,999 | 5 | 12,807 | 172 | 12,979 | 2,020 |

| | COST | | | | ACCUMULATED DEPRECIATION | | | WRITTEN DOWN VALUE |
|---|---|---|---|---|---|---|---|---|
| | As at January 1, 2014 | Additions / (disposals) | As at December 31, 2014 | Rate | As at January 1, 2014 | For the year / (on disposals) | As at December 31, 2014 | As at December 31, 2014 |
| | ---------- (Rupees in '000) ---------- | | | % | ------------------------ (Rupees in '000) ------------------------ | | | |
| Office premises | 14,999 | - | 14,999 | 5 | 12,528 | 279 | 12,807 | 2,192 |

5.1 The fair value of the investment property aggregating to Rs.86.35 million (December 31, 2014: Rs.77.71 million) was arrived at on the basis of the valuation carried out by KG Traders (Pvt.) Limited, an independent valuer on February 02, 2016 , but was not incorporated in the books of accounts as the Company applies cost model for accounting for investment property. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

## 6. LONG TERM INVESTMENTS

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Investments in related parties: | | | |
| Investment in subsidiaries | 6.1 | 6,541,132 | 6,980,358 |
| Other related parties - Available for sale | 6.2 | 15,784,071 | 15,340,184 |
| | | 22,325,203 | 22,320,542 |
| Other investments | 6.3 | 73 | 73 |
| | | 22,325,276 | 22,320,615 |

### 6.1 Investment in subsidiaries - at cost

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

| Number of shares 2015 | Number of shares 2014 | | Note | Activity | Holding 2015 % | Holding 2014 % | 2015 (Rupees in '000) | 2014 (Rupees in '000) |
|---|---|---|---|---|---|---|---|---|
| | | Quoted | | | | | | |
| 755,245,007* | 755,245,007 | JS Bank Limited | 6.1.1 | Commercial Banking | 70.42 | 70.42 | 4,673,400 | 4,673,400 |
| | | Market value Rs. 5,853.15 (December 31, 2014: Rs. 5,392.45) million | | | | | | |
| | | Un-quoted | | | | | | |
| 145,374,878* | 145,374,878 | JS Bank Limited Convertible Preference Shares | | Commercial Banking | 96.92 | 96.92 | 1,453,749 | 1,453,749 |
| 73,736,250 | 73,736,250 | JS Infocom Limited | | Telecom Media & Technology | 100.00 | 100.00 | 708,490 | 708,490 |
| | | Net assets value Rs. 102.26 (December 31, 2014: Rs. 246.09) million based on audited financial statements for the year ended December 31, 2015 | | | | | | |
| | | Less: Impairment | | | | | (612,416) | (462,472) |
| | | | | | | | 96,074 | 246,018 |
| 10,000 | 10,000 | JS International Limited | | Investment services | 100.00 | 100.00 | 294,882 | 294,882 |
| | | Ordinary Shares of US$ 1/- each having net assets value Rs.4.06 (September 30, 2014: Rs. 5.11) million based on audited financial statements for the year ended September 30, 2015 | | | | | | |
| | | Less: Impairment | | | | | (294,882) | (294,882) |
| | | | | | | | - | - |
| 63,000,000 | 63,000,000 | Energy Infrastructure Holding (Private) Limited | 6.1.2 | Power Generation & Distribution | 100.00 | 100.00 | 630,000 | 630,000 |
| | | Net assets value Rs. 321.77 (December 31, 2014: Rs. 629.19) million based on audited financial statements for the year ended December 31, 2015 | | | | | | |
| | | Less: Impairment | | | | | (312,091) | (22,809) |
| | | | | | | | 317,909 | 607,191 |
| | | | | | | | 6,541,132 | 6,980,358 |

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

6.1.1 The Board of Directors of the Company in their meeting held on October 28, 2015 have decided to pay a sum of Rs. 48,058,738/- (Rupees Forty Eight Million Fifty Eight Thousand Seven Hundred and Thirty Eight) to Citibank Overseas Investment Corporation ("COIC") as part of the purchase consideration for the six million shares in Jahangir Siddiqui Investment Bank Limited (now merged into JS Bank Limited and formerly known as Citicorp Investment Bank Limited) pursuant to the terms of the agreement entered into between COIC and Jahangir Siddiqui & Co. Limited dated February 01, 1999 ("Agreement"). The amount was to be paid if and when the JS Bank Limited (the successor company of Jahangir Siddiqui Investment Bank Limited) receives certain refunds which were pending at the time of execution of the Agreement. As JS Bank Limited has received the said refunds, therefore, the aforesaid amount is due and payable by the Company to COIC. There will be no increase in the number of shares pursuant to the aforesaid payment which is being made in terms of the Agreement. This will be subject to the approval of the members of the Company by way of special resolution under Section 208 of the Companies Ordinance, 1984 and requisite regulatory permission(s).

6.1.2 Net assets of Energy Infrastructure Holding (Private) Limited (EIHPL), a subsidiary company, include investments in shares having carrying value of Rs. 545.27 million (December 31, 2014: Rs. 432.03 million) and Term Deposit Receipts (TDRs) of Rs. 54 million (December 31, 2014: Rs. Nil) that are pledged with a bank (inclusive of 40% margin) as collateral in respect of exposure against guarantees issued on behalf of Gujranwala Energy Limited (GEL), a joint venture (JV). During the year ended June 30, 2010, the JV was not able to meet the financial close mandated with National Bank of Pakistan and was not allowed to make amendments in the power purchase agreement by Private Power and Infrastructure Board (PPIB). Accordingly, the operations of GEL were ceased. Further, it was not able to raise the requisite funds and deposit initial mobilization advance with Wartsila Finland. In the meantime, GEL filed petition in the High Court of Sindh to protect the Company from the encashment of guarantees. The High Court of Sindh ordered GEL to keep the guarantees alive and restricted PPIB and Wartsila Finland from encashing the same till the adjudication of the above petition. During the year, the matter of interim injunction at the Court was reserved for order.

Subsequent to year end, the Court vide order dated February 03, 2016 vacated the stay on encashment of guarantees. However, on an application dated February 04, 2016 filed by GEL, the Honourable Single Judge suspended the aforesaid order for vacation of injunction for a week. Being aggrieved, GEL preferred appeal before the double bench of the Court and obtained restraining order dated February 10, 2016 from encashment of above mentioned performance and commitment guarantees issued to PPIB and Wartsila Finland respectively. The matter is now pending adjudication before the Court.

Further, EIHPL has filed another suit in the Honourable High Court of Sindh to protect itself from the encashment of above mentioned guarantees by more than 50%. The Honourable Single Judge vide order dated August 26, 2015 has restrained the bank from encashment of guarantees by more than 50% of the total guarantee amount against the collaterals provided by EIHPL until adjudication of the matter.

However, the management of EIHPL, as a matter of prudence and based on the legal advice, has recognized a full provision of Rs. 448.42 million against encashment of guarantees. Accordingly, the Company has also recorded provision for impairment against investment in EIHPL.

## 6.2 Other related parties

Available for sale

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

| Number of shares 2015 | Number of shares 2014 | | Note | Activity | Holding 2015 % | Holding 2014 % | 2015 (Rupees in '000) | 2014 (Rupees in '000) |
|---|---|---|---|---|---|---|---|---|
| | | Quoted - at fair value | | | | | | |
| 12,000,000 | 132,300,000 | Hum Network Limited (Ordinary shares of Re. 1 each) | 6.2.1 | Television Network | 1.27 | 14.00 | 157,680 | 1,943,487 |
| 214,258,460* | 122,416,897 | BankIslami Pakistan Limited | | Islamic Banking | 21.26 | 21.26 | 2,463,972 | 1,200,910 |
| 31,110,722 | 25,983,302 | EFU General Insurance Limited | 6.2.2 | General Insurance | 19.44 | 16.24 | 4,464,389 | 3,972,587 |
| 20,047,708 | 20,047,708 | EFU Life Assurance Limited | 6.2.2 | Life Assurance | 20.05 | 20.05 | 3,989,494 | 3,405,103 |
| 112,157,863 | 112,157,863 | Azgard Nine Limited | | Textile Composite | 24.96 | 24.96 | 495,738 | 660,610 |
| 150,350,299 | 159,850,000 | Pakistan International Bulk Terminal Limited | | Bulk Terminal | 11.83 | 21.07 | 4,205,298 | 3,946,696 |
| - | 7,897,860 | Singer Pakistan Limited | | Household Goods | - | 17.39 | - | 203,291 |
| | | Un-quoted - at cost | | | | | | |
| 750,000 | 750,000 | EFU Services (Private) Limited | 6.2.1 | Investment company | 37.50 | 37.50 | 7,500 | 7,500 |
| | | | 6.2.3 | | | | 15,784,071 | 15,340,184 |

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

6.2.1 Investments in BankIslami Pakistan Limited, Hum Network Limited and EFU Services (Private) Limited represent investment in 'associated companies' in terms of provisions of Companies Ordinance, 1984. However, the Company has not accounted for them as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in these associated companies.

6.2.2 During the year, Singer Pakistan Limited, EFU General Insurance Limited and EFU Life Assurance Limited have ceased to be associated companies of the Company on account of resignation of major shareholder of the Company as Director of these investee companies.

6.2.3 Included herein are equity securities having average cost of Rs. 443.72 million (December 31, 2014: Rs. 869.42 million) and having market value of Rs. 1,534.55 million (December 31, 2014: Rs. 3,512.31 million) pledged with trustees 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.

| 2015 | 2014 | | Note | 2015 | 2014 |
|---|---|---|---|---|---|
| Number of shares | | | | (Rupees in '000) | |
| | | Un-quoted - at cost | | | |
| 4,007,383 | 4,007,383 | Pakistan Stock Exchange Limited (PSX) | 6.3.1 | 73 | 73 |
| | | | | 73 | 73 |

6.3.1 Pursuant to demutualization of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited), the ownership rights in a stock exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received shares and Trading Right Entitlement Certificate (TREC) from the PSX against its membership card which was carried at Rs. 100,000 in the books of the Company.

The above arrangement has resulted in allocation of 4,007,383 shares at Rs. 10 each with a total face value of Rs. 40 million and TREC to the Company by PSX. Out of the total shares issues by PSX, the Company has actually received 40% equity shares, i.e. 1,602,953 shares in its CDC account. The remaining 60% shares had been transferred to CDC sub-account in the Company's name under PSX's participants IDs with the CDC which will remain blocked until these are divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

Based on the technical guide dated May 29, 2013 issued by the Institute of Chartered Accountants of Pakistan, the Company had allocated its carrying value of the membership card of Rs.100,000 in the ratio of 0.73 to shares and 0.27 to TREC. Consequently, the investments have been recognized at Rs. 73,000 and TREC at Rs. 27,000. During the year 2014, TRECs have lapsed and were therefore written off by the Company.

## 7. LONG TERM LOANS AND ADVANCES

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Loans - secured and considered good | | | |
| Due from: | | | |
| - Executives | 7.1 | 1,604 | 2,156 |
| - Other employees | 7.2 | 1,007 | 1,111 |
| | | 2,611 | 3,267 |
| Current maturity of long term loans | | (868) | (791) |
| | | 1,743 | 2,476 |

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| **7.1 Reconciliation of the carrying amount of loan to executives** | | |
| Opening balance | 2,156 | 2,121 |
| Disbursements | 500 | 470 |
| Repayments | (1,052) | (435) |
| | 1,604 | 2,156 |

7.2 This represents loans provided to executives and employees of the Company for purchase of property and vehicles at mark-up rates ranging between 6.95% and 9.97% (December 31, 2014: 8.00% and 9.97%) per annum in accordance with the Company's employee loan policy. Repayment is made monthly. These loans are secured against mortgage of property and salaries of the employees and are repayable over a period of one to seven years. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1.72 million (December 31, 2014: Rs. 2.59 million).

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **8. SHORT TERM LOANS AND ADVANCES** | | | |
| Current maturity of long term loans | 7 | 868 | 791 |
| Advances to employees - unsecured | | 224 | 239 |
| | | 1,092 | 1,030 |
| **9. INTEREST ACCRUED** | | | |
| Bank deposits | | 10,593 | 968 |
| Government Securities - PIBs | | 1,287 | 1,287 |
| | | 11,880 | 2,255 |
| **10. OTHER FINANCIAL ASSETS - SHORT TERM INVESTMENTS** | | | |
| Available for sale | | | |
| Government securities - PIBs | | 25,643 | 25,617 |
| Listed equity securities | 10.1 | 2,193,241 | 3,794 |
| Assets at fair value through profit & loss - held for trading | | | |
| Listed equity securities | | 65,211 | 49,910 |
| | 10.2 | 2,284,095 | 79,321 |

10.1 Listed equity securities include investments in TRG Pakistan Limited, wherein, subsequent to year end, a related party relationship has been established on account of appointment of a common director in TRG Pakistan Limited.

10.2 Included herein are equity securities pledged with banks having an aggregate market value / carrying amount of Rs. 1,004.85 million (2014: Rs. Nil).

## 11. CASH AND BANK BALANCES

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Cash in hand | | 38 | 38 |
| Balances with banks: | | | |
| Current accounts - local currency | 11.1 | 918 | 379 |
| Savings accounts - local currency | 11.2 | 999,702 | 134,864 |
| Term deposit receipts | 11.3 | 1,000,000 | - |
| | | 2,000,658 | 135,281 |

11.1 Included herein is a sum of Rs. 0.02 million (December 31, 2014: Rs. 0.02 million) representing amount placed with JS Bank Limited, a subsidiary company.

11.2 Included herein is a sum of Rs. 999.19 million (December 31, 2014: Rs. 134.62 million) representing amount placed with JS Bank Limited, a subsidiary company. These carry mark-up ranging between 3.00% and 6.50% (December 31, 2014: 9.25% and 9.50%) per annum.

11.3 These term deposit receipts are placed with JS Bank Limited which carry mark-up at the rate of 7% maturing on January 7, 2016.

## 12. SHARE CAPITAL

### 12.1 Authorised capital

| 2015 | 2014 | | 2015 | 2014 |
|---|---|---|---|---|
| (Number of shares) | | | (Rupees in '000) | |
| 6,000,000,000 | 6,000,000,000 | Ordinary shares of Rs.10/- each | 60,000,000 | 60,000,000 |
| 500,000,000 | 500,000,000 | Preference shares of Rs. 10/- each | 5,000,000 | 5,000,000 |
| 6,500,000,000 | 6,500,000,000 | | 65,000,000 | 65,000,000 |

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

| 2015 | 2014 | | Note | 2015 | 2014 |
|---|---|---|---|---|---|
| (Number of shares) | | | | (Rupees in '000) | |
| | | Ordinary shares of Rs.10/- each: | | | |
| | | Fully paid in cash | | | |
| 52,415,925 | 52,415,925 | Opening Balance | | 524,159 | 524,159 |
| 152,657,065 | - | Issued during the year | 12.3 | 1,526,571 | - |
| 205,072,990 | 52,415,925 | Closing Balance | | 2,050,730 | 524,159 |
| 710,869,398 | 710,869,398 | Fully paid bonus shares | | 7,108,694 | 7,108,694 |
| 915,942,388 | 763,285,323 | | | 9,159,424 | 7,632,853 |

12.3 The Board of Directors of the Company, in their meeting held on August 17, 2015, approved the issue of 152,657,065 ordinary shares by way of right issue at the rate of 20 right shares for every 100 existing ordinary shares at par value of Rs. 10 per share. The entire process of allotment of right shares was completed by November 30, 2015.

### 12.4 Issue of right preference shares

Pursuant to the proposal of the Board of Directors of the Company in their meeting held on August 20, 2014 to issue 114,492,798 (15%) right shares as non-voting, non-participatory, cumulative, transferable and redeemable or convertible Class "A" Preference Shares of PKR 10 each to the existing ordinary shareholders of the Company by way of rights, the shareholders of the Company in their Extraordinary General Meeting held on September 19, 2014 through special resolution have approved the issuance of aforesaid preference shares subject to the approval of the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Company has applied to SECP for approval of the same. However, some of the shareholders of the Company have filed a suit with the Honourable High Court of Sindh. The Court has issued an order wherein, the SECP has been restrained from permitting the Company from approving the issuance of Class A preference shares. The Company believes that the case is not maintainable and has therefore filed appeal before the Court. The matter is pending adjudication before the Court.

## 13. LONG TERM FINANCING

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Term Finance Certificates (TFCs) | | | |
| Secured: | | | |
| Seventh issue | 13.1 | 249,448 | 498,029 |
| Eight issue | 13.2 | 644,192 | 717,853 |
| | | 893,640 | 1,215,882 |
| Term Loan | 13.3 | 493,781 | - |
| | | 1,387,421 | 1,215,882 |
| Less: Current portion shown under current liability | | 430,332 | 322,106 |
| | | 957,089 | 893,776 |

13.1 The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 240 basis points per annum. These TFCs have a tenure of four years i.e. 2012-2016 with a call option exercisable by the Company at any time on a coupon date during the tenure of the TFCs by giving a 30 days notice. The instrument is structured to redeem the principal in eight (8) equal semi-annual instalments starting from the 6th month of the issue date. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 464 million (December 31, 2014: Rs. 1,066.02 million) to secure the outstanding principal with 35% margin. In the event of any sale and repurchase of the marketable securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

13.2 The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 175 basis points per annum. These TFCs have a tenure of five years i.e. 2014-2019 with a call option exercisable by the Company at any time on a coupon date during the tenure of the TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. The instrument is structured to redeem the principal in ten (10) stepped up semi-annual instalments starting from the 6th month of the issue date . These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 1,070.55 million (December 31, 2014: Rs. 1,478.07 million ) to secure the outstanding principal with 35% margin. In the event of any sale and repurchase of marketable securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

13.3 This represents a term loan amounting to Rs. 500 million exclusive of issue cost of Rs. 8.63 million obtained during the year from a commercial bank. The mark-up on this term loan is payable semi-annually, based on the six month KIBOR average rate plus 150 basis points per annum. This loan has a 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 instalments starting from 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 1,004.85 million with 40% margin.

## 14. TRADE AND OTHER PAYABLES

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Creditors for purchase of shares | | 13,860 | 50,052 |
| Accrued liabilities | | 140,028 | 82,141 |
| Unclaimed dividend | | 10,647 | 10,780 |
| Provision for Worker's Welfare Fund | 22 | 129,212 | 64,838 |
| Other liabilities | | 2,065 | 2,046 |
| | | 295,812 | 209,857 |

## 15. CONTINGENCIES AND COMMITMENTS

### 15.1 Commitments

| | 2015 | 2014 |
|---|---|---|
| Commitment in respect of future transaction of listed equity securities | 65,852 | 50,595 |
| Commitment in respect of term loan from commercial bank | - | 500,000 |

### 15.2 Contingencies

15.2.1 The CIR-Appeals deleted the addition made as per order passed under section 122(5A) eliminating the tax liability and restored the return versions for the tax years 2008 and 2009. The tax department filed appeals to 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 have been filed with ACIR to allow appeal effect in accordance with the order passed by the ATIR. 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 has been filed with the Commissioner (Appeals). The appeal has been heard; however the order is still awaited.

15.2.2 The Additional Commissioner of Inland Revenue – Audit Division (ACIR) has issued another 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 gain of Rs. 19,255.04 million and despite the fact that capital gains are treated under separate head of income as 'Capital Gains' and not as part of 'Income from Business'. Further, capital gains are not covered under the exclusive definition of 'turnover' stipulated in section 113 of the Ordinance. During the year the Company has filed appeal against the above order before the Commissioner Inland Revenue – Appeals (CIR-Appeals).The final hearing for the aforementioned appeal was held on February 19, 2015, however, order thereof is still awaited.

The management, based on its discussions with its tax advisors, is confident that the subject matter in respect of tax year 2008 will eventually be decided in favour of the Company. Hence, no provision for liability has been made in these financial statements.

15.2.3 The Additional Commissioner of Inland Revenue – Audit Division (ACIR) has issued order under section 122 (5A) of the Income Tax Ordinance, 2001 (the Ordinance) in respect of the tax year 2010. According to the order, the ACIR has raised tax liability of Rs. 63.49 million in respect of the above mentioned tax year. The Company filed application for rectification in the order on various grounds including credit for tax of Rs. 54.10 million not allowed by the ACIR against which rectification order under section 221 of the Ordinance was issued according to which the tax demand was reduced to Rs. 9.64 million after accounting for the tax credit. Further, the Company has also filed appeal against the above order before the Commissioner Inland Revenue – Appeals (CIR-Appeals). The CIR-Appeals has confirmed the order of ACIR. As a result of the aforesaid order of CIR-Appeals, the Company has filed an Appeal before the Appellate Tribunal Inland Revenue (ATIR). On November 20, 2015, the learned ATIR was pleased to issue an order whereby the case has been instructed to be remanded back for fresh proceedings to be carried out by the ACIR on the ground that the amended assessment order passed by the ACIR u/s 122(5A) and the appellate order passed by the CIR (A) were not sustainable as the issues were not probed in a consistent manner and rejected the legal issues that were raised.

The management, based on its discussions with its tax advisors, is confident that the subject matter in respect of tax year 2010 will eventually be decided in favour of the Company. Hence, no provision for liability has been made in these financial statements.

## 16. RETURN ON INVESTMENTS

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Mark-up / interest income from: | | | |
| Available for sale | | | |
| Government securities | | 13,249 | 20,092 |
| Term Finance Certificates | | 12,794 | - |
| | | 26,043 | 20,092 |
| Dividend income on: | | | |
| Investments in subsidiaries | 16.1 | 151,031 | - |
| Financial assets at fair value through profit or loss account - held for trading | | 14,296 | 2,902 |
| Available for sale investments | 16.1 | 437,042 | 327,873 |
| | | 602,369 | 330,775 |
| | | 628,412 | 350,867 |

16.1 This includes dividend income from various related parties amounting to Rs. 576.85 million (December 31, 2014: Rs.326.28 million).

## 17. GAIN ON SALE OF INVESTMENTS - net

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Financial assets at fair value through profit or loss account - held for trading | | 6,100 | 20 |
| Available for sale | 17.1 | 3,240,984 | 98,045 |
| | | 3,247,084 | 98,065 |

17.1 This includes net gain on sale of investments in related parties amounting to Rs. 3,078.3 million (December 31, 2014: Rs. 78.37 million).

## 18. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| Interest on loan to employees | 240 | 251 |
| Return on term deposit receipts | 74,473 | - |
| Return on bank deposits | 68,837 | 42,065 |
| | 143,550 | 42,316 |

## 19. OTHER INCOME

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Income from financial assets: | | | |
| Gain on remeasurement of derivatives through profit and loss - held for trading | | 174 | 107 |
| Income from non-financial assets: | | | |
| Gain on sale of property and equipment | | 1,171 | 1,206 |
| Rental income | 19.1 | 39,805 | 35,575 |
| Participation fee | | 3,261 | - |
| | | 44,411 | 36,888 |

19.1 This represents rent charged to related parties in respect of lease and sub lease agreements.

## 20. OPERATING AND ADMINISTRATIVE EXPENSES

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Salaries and benefits | 20.1 - 20.3 | 42,543 | 27,119 |
| Telephone, fax, telegram and postage | | 538 | 850 |
| Vehicle running | | 1,200 | 1,252 |
| Fee for directors / committee meetings | | 5,517 | 2,700 |
| Utilities | | 1,364 | 1,154 |
| Newspapers and periodicals | | 20 | 29 |
| Conveyance and travelling | | 2,923 | 2,832 |
| Repairs and maintenance | | 3,000 | 2,896 |
| Computer expenses | | 7,170 | 3,405 |
| Auditors' remuneration | 20.4 | 2,000 | 1,871 |
| Royalty fee | 20.5 | 9,900 | 9,900 |
| Consultancy fee | | 1,806 | 1,800 |
| Advisory fee | 20.6 | 28,057 | 12,000 |
| Legal and professional charges | | 17,486 | 11,774 |
| Printing and stationery | | 1,433 | 3,222 |
| Rent, rates and taxes | | 34,594 | 20,042 |
| Insurance | | 1,764 | 1,398 |
| Entertainment | | 194 | 137 |
| Advertisement | | 811 | 1,228 |
| Office supplies | | 127 | 71 |
| Depreciation | 20.7 | 3,134 | 3,287 |
| Fees and subscription | | 12,977 | 9,089 |
| Donations | 20.8 | 50,000 | 3,767 |
| Brokerage and commission expense | | 7,683 | 415 |
| Clearing fees | | 5,549 | 1,151 |
| Office security | | - | 17 |
| Exchange loss | | - | 145 |
| | | 241,790 | 123,551 |

20.1 Salaries and benefits include Rs.1.78 million (December 31, 2014: Rs.1.61 million) in respect of employee retirement benefits.

| | | 2015 | 2014 |
|---|---|---|---|
| 20.2 | Number of employees at the end of the year | 22 | 22 |
| | Average number of employees during the year | 22 | 22 |

20.3 The Company's staff retirement benefits includes a provident fund which is a defined contribution plan. The Company has established a separate provident fund. The information related to the provident fund as at June 30, 2015 (which is the accounting year of the fund) based on financial statements audited by another firm of chartered accountants is as follows:

| | 2015 | 2014 |
|---|---|---|
| Number of employees | 19 | 22 |
| Size of provident fund (Rupees in '000) - Total Assets | 29,300 | 30,116 |
| Cost of investment made (Rupees in '000) | 21,272 | 8,957 |
| Percentage of investment made | 73% | 30% |
| Fair value of investment (Rupees in '000) | 22,365 | 9,596 |

Breakup of investment - at fair value:

| | 2015 | 2014 |
|---|---|---|
| - Term finance certificates | | |
| Amount of investment (Rupees in '000) | 4,271 | 5,760 |
| Percentage of size of investment | 15% | 19% |
| - Balance in listed equity securities | | |
| Amount of investment (Rupees in '000) | 1,388 | 3,648 |
| Percentage of size of investment | 5% | 12% |
| - Investment in Government Securities | | |
| Amount of investment (Rupees in '000) | 16,706 | - |
| Percentage of size of investment | 57% | - |
| - Investment in Mutual Funds | | |
| Amount of investment (Rupees in '000) | - | 188 |
| Percentage of size of investment | - | 1% |
| - Balances in scheduled banks | | |
| Amount of investment (Rupees in '000) | 6,872 | 20,366 |
| Percentage of size of investment | 23% | 68% |

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

### 20.4 Auditors' remuneration

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| Annual audit fee | 1,500 | 1,500 |
| Half-yearly review fee | 200 | 200 |
| Certifications and other services | 193 | 150 |
| Out of pocket expenses | 107 | 21 |
| | 2,000 | 1,871 |

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

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

### 20.7 Depreciation

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Operating assets | 4 | 2,962 | 3,008 |
| Investment property | 5 | 172 | 279 |
| | | 3,134 | 3,287 |

20.8 This represents donations to Future Trust in 2015 (wherein Mr. Suleman Lalani and Mr. Ali J. Siddiqui are trustees) and Mahvash and Jahangir Siddiqui Foundation in 2014 (wherein Mr. Munawar Alam Siddiqui, Mr.Ali Jehangir Siddiqui and his spouse are directors). The registered offices of the donees are located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

## 21. FINANCE COST

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| Mark-up on long term financing | 165,054 | 165,218 |
| Bank charges | 11 | 21 |
| | 165,065 | 165,239 |

## 22. 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.

Aggrieved by the amendments made through the said Finance Act, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the Ordinance in 2011. However, some stakeholders also filed petition in the Sindh High Court which, in 2013, decided against the stakeholders.

Further pursuant to the show cause notice dated June 28, 2014 issued by the Deputy Commissioner of Inland Revenue (DCIR) under section 221(3) for rectification under section 221(1) of the Income Tax Ordinance, 2001 in respect of tax year 2013 for non-payment of WWF of Rs. 53.06 million under the provisions of section 4 of the Workers Welfare Fund Act, 1971, read with FBR circular no. 13 of 2008, the Company has filed a writ petition under Article 199 of the Constitution of Islamic Republic of Pakistan before the High Court of Sindh challenging the levy and demand for payment of WWF and obtained interim relief. The matter is pending adjudication before the Court.

In view of the promulgation of Sindh Workers Welfare Fund Act 2014 wherein financial institutions have also been brought into the definition of industrial establishment. The Company is in consultation with its tax advisors regarding the applicability of this enactment.

However on a prudent basis, the Company has recognized current year provision of Rs. 64.38 million and aggregate provision amounting to Rs. 129.21 million for the years from July 2011 to December 2015.

## 23. Provision for impairment - net

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Subsidiaries | | 439,226 | 124,799 |
| Reversal of impairment - Subsidiaries | | - | (114,793) |
| Other - intangible assets | | - | 28 |
| | 23.1 | 439,226 | 10,034 |

23.1 The Company has charged / (reversed) impairment on Energy Infrastructure Holdings (Private) Limited and JS Infocom Limited as the net assets of these subsidiaries have decreased / (increased) in value from the carrying amount of the investment in the books of the Company.

## 24. TAXATION

### 24.1 Reconciliation of tax charge for the year

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| Profit before taxation | 3,154,422 | 227,614 |
| Tax at the applicable tax rate of 32% (December 31, 2014: 33%) | 1,009,415 | 75,113 |
| Tax effect of income under FTR and differential in tax rates | (926,122) | (108,673) |
| Tax effect of amount relating to prior year | (1,746) | - |
| Tax charge on permanent differences | 265,283 | 77,726 |
| Tax charge on temporary differences | (230) | (193) |
| Tax losses utilised | (23,426) | (4,736) |
| Others | 274 | - |
| | 323,448 | 39,237 |

### 24.2 Current status of tax assessments

Income tax returns for the tax year up to 2015 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001, except for tax years 2008, 2009 and 2010 which have been disclosed in Note 15.

### 24.3 Deferred taxation

The Company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilized. Further, the Company has assessed and un-assessed carry forward tax losses amounting to Rs. Nil (December 31, 2014: Rs. 58.95 million). The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 43.46 million (December 31, 2014: Rs. 23.29 million).

## 25. EARNINGS PER SHARE

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| Profit after taxation attributable to ordinary shareholders | 2,830,974 | 188,377 |
| | (Numbers in '000) | |
| | | Restated |
| Weighted average number of Ordinary shares outstanding during the year | 842,476 | 835,797 |
| Earnings per share: | (Rupees) | |
| | | Restated |
| Basic and diluted | 3.36 | 0.23 |

## 26. CASH AND CASH EQUIVALENTS

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| Cash and bank balances | 2,000,658 | 135,281 |

## 27. RELATED PARTY TRANSACTIONS

Related parties comprise of subsidiaries, associates, joint ventures, companies under common directorship, directors and key management personnel (including their associates). The Company carries out transactions with related parties at agreed terms. Amount due from and to these related parties are shown under receivables and payables and the remuneration of Directors, Chief Executive and Executives are disclosed in note 28. The names, relationships and transactions with subsidiaries, associates, jointly controlled entities not mentioned elsewhere in these unconsolidated financial statements are as follows:

| TRANSACTIONS | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| Subsidiary Companies: | | |
| Brokerage expense | 9,550 | 420 |
| Bank charges paid | 4 | 5 |
| Dividend received | 151,031 | - |
| Purchase of government securities | 5,597,021 | 736,641 |
| Sale of government securities | 3,623,501 | 223,915 |
| Investment in term deposit receipt | 5,500,000 | - |
| Maturity of term deposit receipt | 4,500,000 | - |
| Capital gain tax paid for onward submission to NCCPL | 266,596 | - |
| Bankers to the Right issue Commission Paid | 804 | - |
| Mark-up paid on TFCs issued by the Company | 13,753 | 11,576 |
| Market maker fee paid | 518 | 522 |
| Rent income | 39,822 | 35,225 |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Common Directorship:** | | | |
| Dividend income | | 19,488 | 77,543 |
| Advance against subscription of right shares | | - | 93,193 |
| Payment against subscription of right shares | | 918,416 | - |
| Reimbursement of expenses to the Company | | 436 | - |
| Donation Paid | 27.1 | 16,635 | 8,000 |
| Underwriting Commission received | | 1,440 | - |
| | | (No. of shares / units) | |
| Sale of shares | | 120,300,000 | - |
| Bonus shares received during the period | | - | 3,430,000 |
| Letter of right received | | - | 10,094,612 |
| Shares received against right subscription | | 91,841,563 | 11,160,781 |
| Shares received against splitting of share capital | | - | 119,070,000 |
| **Other Related Parties:** | | (Rupees in '000) | |
| Insurance refund / cancellation | | 44 | 1 |
| Insurance claim received | | 1,430 | 190 |
| Reimbursement of expenses to the Company | | - | 3 |
| Reimbursement of expenses by the Company | | - | 7 |
| Dividend income | | 408,042 | 248,741 |
| Contributions to Staff Provident Fund | | 3,583 | 3,263 |
| Interest / mark-up paid | | 13,943 | 11,920 |
| Principal redemptions made against TFCs | | 33,700 | 27,669 |
| Investment in TFCs issued by the Company | | - | 4,500 |
| Insurance premium paid | | 1,913 | 1,578 |
| Proceeds against redemption of units | | - | 213,940 |
| Royalty paid | | 10,725 | 9,900 |
| Advisory fee paid | | 6,500 | 6,000 |
| Investment in right shares | | 382,293 | 1,083,500 |
| Amount received againts issuance of right shares | | 935,000 | - |
| | | (No. of shares / units) | |
| Sale of shares | | 55,626,860 | |
| Bonus shares received during the period | | - | 5,683,847 |
| Bonus units received during the period | | - | 208,694 |
| Redemption of units | | - | 1,332,576 |
| Shares received against subscription of right shares | | 38,229,300 | 148,350,000 |
| Shares issued against subscription of right shares | | 93,500,016 | - |

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| Key management personnel: | | |
| Interest on long term loans to executives | 142 | 182 |
| Loans and advances disbursed during the year / period | 650 | 920 |
| Loan and advances repaid from executives | 1,223 | 819 |
| Proceeds from sale of vehicles | 326 | - |
| Amount received againts issuance of right shares | 16,815 | - |
| | (Numbers of shares / units) | |
| Shares issued against subscription of right shares | 1,681,484 | - |

| BALANCES | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| Subsidiary Companies | | |
| Receivable against expenses incurred on their behalf | 1,245 | 361 |
| Cash at bank accounts | 999,214 | 134,640 |
| Investment in Term Deposit Receipts | 1,000,000 | - |
| Profit receivable on deposit accounts | 10,593 | 967 |
| Mark-up payable on TFC issued by the Company | 2,290 | 3,566 |
| Principal outstanding on TFC issued by the Company | 118,200 | 129,413 |
| Payable against purchase of equity securities - net | 13,860 | 50,052 |
| Common Directorship | | |
| Donation Payable | 80,000 | 46,635 |
| Other Related Parties | | |
| Principal outstanding of TFCs issued by the company | 74,163 | 133,738 |
| Mark-up payable on TFCs issued by the company | 1,341 | 3,414 |
| Key management personnel | | |
| Loans and advances | 1,411 | 2,339 |
| Payable against fee for services | - | 750 |

27.1 This represents donation paid to Mahvash and Jahangir Siddiqui Foundation in which Mr. Munawar Alam Siddiqui, Mr. Ali J. Siddiqui and his spouse are directors. No other directors or their spouses have any interest in any other donee's fund to which donation was made. The registered office of the donee is located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

## 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:

| | Chief Executive | | Director | | Executives | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (Rupees in '000) | | | | | |
| Managerial remuneration | 9,000 | 8,280 | - | - | 4,935 | 5,237 |
| House rent allowance | - | - | - | - | 1,974 | 2,095 |
| Utilities allowance | - | - | - | - | 234 | 312 |
| Advisory fee | - | - | 6,000 | 6,000 | - | - |
| Contribution to provident fund | 900 | 828 | - | - | 462 | 500 |
| Medical | 900 | 828 | - | - | 260 | 212 |
| Reimbursable expenses | - | - | - | - | 103 | 44 |
| Bonus | 10,000 | 2,070 | - | - | 2,700 | 1,114 |
| | 20,800 | 12,006 | 6,000 | 6,000 | 10,668 | 9,514 |
| Number of persons | 1 | 1 | 1 | 1 | 4 | 6 |

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

28.2 The Company has paid Rs. 8.66 million (December 31, 2014: Rs. 3.71 million) to directors as fee for attending directors' meeting.

## 29. FINANCIAL INSTRUMENTS BY CATEGORY

| | December 31, 2015 | | | |
|---|---|---|---|---|
| | Loans and receivables | Available for sale | Fair value through profit and loss - Held for trading | Total |
| | (Rupees in '000) | | | |
| **Assets** | | | | |
| Non-current assets | | | | |
| Long term investments | - | 15,784,144 | - | 15,784,144 |
| Long term loans - considered good | 1,743 | - | - | 1,743 |
| Long term security deposits | 779 | - | - | 779 |
| | 2,522 | 15,784,144 | - | 15,786,666 |
| Current assets | | | | |
| Short term loans and advances | 1,092 | - | - | 1,092 |
| Other receivables | 4,085 | - | - | 4,085 |
| Interest accrued | 11,880 | - | - | 11,880 |
| Other financial assets - Short term Investments | - | 2,218,884 | 65,211 | 2,284,095 |
| Cash and bank balances | 2,000,658 | - | - | 2,000,658 |
| | 2,017,715 | 2,218,884 | 65,211 | 4,301,810 |
| | 2,020,237 | 18,003,028 | 65,211 | 20,088,476 |

| | December 31, 2015 | |
|---|---|---|
| | At Amortized Cost | Total |
| | (Rupees in '000) | |
| **Liabilities** | | |
| Non-current liabilities | | |
| Long term financing | 957,089 | 957,089 |
| | 957,089 | 957,089 |
| Current Liabilities | | |
| Trade and other payables | 166,600 | 166,600 |
| Accrued interest on long term borrowings | 36,638 | 36,638 |
| Current portion of long term financing | 430,332 | 430,332 |
| | 633,570 | 633,570 |
| | 1,590,659 | 1,590,659 |

| | December 31, 2014 | | | |
|---|---|---|---|---|
| | Loans and receivables | Available for sale | Fair value through profit and loss - Held for trading | Total |
| | (Rupees in '000) | | | |
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Long-term investments | - | 15,340,257 | - | 15,340,257 |
| Long-term loans - considered good | 2,476 | - | - | 2,476 |
| Long term security deposits | 779 | - | - | 779 |
| | 3,255 | 15,340,257 | - | 15,343,512 |
| **Current assets** | | | | |
| Short term loans and advances | 1,030 | - | - | 1,030 |
| Other receivables | 460 | - | - | 460 |
| Interest accrued | 2,255 | - | - | 2,255 |
| Other financial asset - Short term Investments | - | 29,411 | 49,910 | 79,321 |
| Cash and bank balances | 135,281 | - | - | 135,281 |
| | 139,026 | 29,411 | 49,910 | 218,347 |
| | 142,281 | 15,369,668 | 49,910 | 15,561,859 |

| | December 31, 2014 | |
|---|---|---|
| | At Amortized Cost | Total |
| | (Rupees in '000) | |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Long term financing | 893,776 | 893,776 |
| | 893,776 | 893,776 |
| **Current Liabilities** | | |
| Trade and other payables | 145,019 | 145,019 |
| Accrued interest on long term borrowings | 30,929 | 30,929 |
| Current portion of long term financing | 322,106 | 322,106 |
| | 498,054 | 498,054 |
| | 1,391,830 | 1,391,830 |

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

### 30.1 Market risk

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

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

The sensitivity has been prepared for the year ended December 31, 2015 and December 31, 2014 using the amounts of financial assets and liabilities held as at those balance sheet dates.

#### 30.1.1 Interest rate risk exposure

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

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

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

Sensitivity analysis for variable rate instruments

Presently, the Company holds interest rate bearing bank deposits and term finance certificates that expose the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2015 with all other variables held constant, the net assets and income of the Company for the year would change as follows:

| | December 31, 2015 | | | |
|---|---|---|---|---|
| | Carrying Amount | Increase / (decrease) in basis points | Effect on profit before tax | Effect on other comprehensive income before tax |
| | (Rupees in '000) | | -----------(Rupees in '000)------------ | |
| Bank Deposits - Asset | 999,702 | 100 | 9,997 | - |
| | | (100) | (9,997) | - |
| Term Finance Certificates - Liability | 893,640 | 100 | 8,936 | - |
| | | (100) | (8,936) | - |
| Long Term Loan - Liability | 493,781 | 100 | 4,938 | - |
| | | (100) | (4,938) | - |

| | December 31, 2014 | | | |
|---|---|---|---|---|
| | Carrying Amount | Increase / (decrease) in basis points | Effect on profit before tax | Effect on other comprehensive income before tax |
| | (Rupees in '000) | | -----------(Rupees in '000)------------ | |
| Bank Deposits - Asset | 134,864 | 100 | 1,349 | - |
| | | (100) | (1,349) | - |
| Term Finance Certificates - Liability | 1,215,882 | 100 | (12,159) | - |
| | | (100) | 12,159 | - |

### Sensitivity analysis for fixed rate instruments

As at December 31, 2015 the Company holds Pakistan Investment Bonds which are classified as available for sale exposing the Company to fair value interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2015 with all other variables held constant, the other comprehensive income of the Company for the year would change as follows:

| | December 31, 2015 | | | |
|---|---|---|---|---|
| | Carrying Amount | Increase / (decrease) in basis points | Effect on profit before tax | Effect on other comprehensive income before tax |
| | (Rupees in '000) | | -----------(Rupees in '000)------------ | |
| Pakistan Investment Bonds - Asset | 25,643 | 100 | - | 256 |
| | | (100) | - | (256) |

| | December 31, 2014 | | | |
|---|---|---|---|---|
| | 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)------------ | |
| Pakistan Investment Bonds - Asset | 25,617 | 100 | - | 256 |
| | | (100) | - | (256) |

### 30.1.2 Foreign currency risk

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

### 30.1.3 Equity price risk

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

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

#### Fair value sensitivity analysis

The following table summarizes the Company's equity price risk as of December 31, 2015 and December 31, 2014. It shows the effects of an estimated increase of 10% in the equity market prices as on those dates. A decrease of 10% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

| | Fair Value | Price change | Effect on profit before tax | Effect on other comprehensive income before tax |
|---|---|---|---|---|
| | (Rupees in '000) | | -------------(Rupees in '000)------------- | |
| December 31, 2015 | 18,035,023 | 10% change | 6,521 | 1,796,981 |
| December 31, 2014 | 15,386,388 | 10% change | 4,991 | 1,533,648 |

## 30.2 Liquidity risk

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

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

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

| | December 31, 2014 | | | |
|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Up to one year | Over one year to five years |
| | --------------------(Rupees in '000)-------------------- | | | |
| Financial liabilities | | | | |
| Long term financing | 1,215,882 | 1,562,562 | 464,524 | 1,098,038 |
| Trade and other payables | 145,019 | 145,019 | 145,019 | - |
| Accrued interest / mark-up on borrowings | 30,929 | 30,929 | 30,929 | - |
| | 1,391,830 | 1,738,510 | 640,472 | 1,098,038 |

## 30.3 Credit Risk

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

### Concentration of credit risk and credit exposure of the financial instruments

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

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

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| Loans and advances | 2,835 | 3,506 |
| Long term security deposits | 779 | 779 |
| Interest accrued and other receivables | 15,965 | 2,715 |
| Cash and bank balances | 2,000,620 | 135,243 |

The analysis below summarises the credit quality of the Company's liquid portfolio as on December 31, 2015:

| Bank balances and term deposits rating by Rating Category | 2015 | 2014 |
|---|---|---|
| AAA | 0.03% | 0.10% |
| AA- to AA+ | 0.03% | 0.12% |
| A- to A+ | 0.00% | 0.11% |
| A1 to A+ | 0.00% | 99.55% |
| A1+ to A+ | 99.94% | 0.00% |
| A1 to A | 0.00% | 0.12% |
| Total | 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 |
|---|---|---|---|
| | 2015 | 2014 | |
| Loans to employees | | | |
| House loans | 100% | 100% | Mortgage on property purchased |
| Other loans | 100% | 100% | Cheque equivalent to the amount of loan disbursed in favour of the Company |

### 30.4 Operational risk

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

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

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

- requirements for appropriate segregation of duties between various functions, roles and responsibility;

- requirements for the reconciliation and monitoring of transactions;

- compliance with regulatory and other legal requirements;

- documentation of controls and procedures;

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;"

- ethical and business standards

- risk mitigation, including insurance where this is effective.

## 31. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital. The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return on capital to shareholders or issue new shares.

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

The gearing ratios as at December 31, 2015 and December 31, 2014 were as follows:

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| Long term financing | 1,387,421 | 1,215,882 |
| Trade and other payables | 295,812 | 209,857 |
| Accrued interest / mark-up on borrowings | 36,638 | 30,929 |
| Total debt | 1,719,871 | 1,456,668 |
| Cash and bank balances | 2,000,658 | 135,281 |
| Net debt / (surplus) | (280,787) | 1,321,387 |
| Share Capital | 9,159,424 | 7,632,853 |
| Reserves | 16,142,424 | 13,831,048 |
| Equity | 25,301,848 | 21,463,901 |
| Capital | 25,021,061 | 22,785,288 |
| Gearing ratio | - | 5.80% |

The Company finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. A significant decrease in the gearing ratio during the year ended December 31, 2015 resulted primarily from the fact that the Company issued 20% right shares against a sum of Rs. 1,526.57 million which resulted in surplus liquidity.

## 32. FAIR VALUE MEASUREMENTS

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

### 32.1 Fair value of financial instruments

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

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

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

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

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

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

| | December 31, 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | ---------------(Rupees in '000)--------------- | | | |
| Available for sale investments | | | | |
| Equity Securities | 17,969,812 | - | - | 17,969,812 |
| Government securities | - | 25,643 | - | 25,643 |
| | 17,969,812 | 25,643 | - | 17,995,455 |
| Fair value through profit and loss - Held for trading | | | | |
| Listed Equity Securities | 65,211 | - | - | 65,211 |
| Derivative asset | 174 | - | - | 174 |
| | 18,035,197 | 25,643 | - | 18,060,840 |

| | December 31, 2014 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | ---------------(Rupees in '000)--------------- | | | |
| Available for sale investments | | | | |
| Equity Securities | 15,336,478 | - | - | 15,336,478 |
| Government securities | - | 25,617 | - | 25,617 |
| | 15,336,478 | 25,617 | - | 15,362,095 |
| Fair value through profit and loss - Held for trading | | | | |
| Listed Equity Securities | 49,910 | - | - | 49,910 |
| Derivative asset | 107 | - | - | 107 |
| | 15,386,495 | 25,617 | - | 15,412,112 |

### 32.2 Fair value of other assets

The Company accounts for its investment properties using the cost method. However, as per the requirements of IAS 40 'Investment Property', fair value of the same is required to be disclosed. Basis of valuation is disclosed in note 5.1.

As at balance sheet date, the fair value hierarchy is as follows:

| | December 31, 2015 | |
|---|---|---|
| | Level 2 | Fair Value |
| | ------ (Rupees in '000) ------- | |
| Investment property | 86.35 | 86.35 |

| | December 31, 2014 | |
|---|---|---|
| | Level 2 | Fair Value |
| | ------ (Rupees in '000) ------- | |
| Investment property | 77.31 | 77.31 |

## 33. RECLASSIFICATION

Corresponding figures have been reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison, which are as follows:

| | | Reclassified | |
|---|---|---|---|
| Description | Rs. in '000 | From | To |
| Investments - net | 1,864,519 | Cash flows from Investing Activities | Cash flows from Operating Activities |
| Dividend received | 330,775 | Cash flows from Investing Activities | Cash flows from Operating Activities |

## 34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 03, 2016 by the Board of Directors of the Company.

## 35. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

# Directors' Report to the Shareholders on Consolidated Financial Statements

It gives me immense pleasure to present to you the report on the audited consolidated financial statements of Jahangir Siddiqui & Co. Ltd. (the "Holding Company") and its subsidiaries (together the "Group") and Auditors' report thereon for year ended December 31, 2015 on behalf of the Board of Directors of the Holding Company.

## MANAGEMENT'S DISCLOSURE OF FINANCIAL RESPONSIBILITY

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

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

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

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

## CONSOLIDATED FINANCIAL STATEMENTS

During the year, the Group reported momentous growth in profitability and total assets with a net profit of PKR 5,624 million for the year ended December 31, 2015 (vis-à-vis PKR 2,162 million for the year ended December 31, 2014). Total assets also enhanced to PKR 239,711 million as of the year end from PKR 194,517 million reported last year.

| | (PKR in '000) |
|---|---|
| Profit before taxation from continuing operations | 6,789,495 |
| Less: Taxation | |
| - Current | 932,032 |
| - Prior | (10,728) |
| - Deferred | 244,368 |
| | 1,165,672 |
| Profit after taxation from continuing operations | 5,623,823 |
| Loss after taxation from discontinued operations | - |
| Net profit for the year | 5,623,823 |
| Profit attributable to non-controlling interests | 1,333,451 |
| Profit for the year attributable to ordinary shareholders | 4,290,372 |

Basic earnings per share from continuing operations is PKR 5.09.

The total income from continuing operations has increased by 49% over the last year mainly on account of increase in return on investments, gain on sale of investments and income on fund placements earned during the year under review.

Impairment expense has reduced to PKR 291 million. The administrative and other expenses and finance cost have also increased to PKR 6,891 million and PKR 9,681 million i.e. enhanced by 28% and 33% respectively over the last year.

## PERFORMANCE OF KEY INVESTMENTS

JS Bank Limited

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

JS Bank continues to grow its market share in terms of Deposits, Assets, Alternative Delivery Channels (ADC), Bancassurance and Home Remittances. Core equity of the Bank expanded to PKR 13,567 million as at December 31, 2015, a growth of 15.92% over the previous year, due to improved profitability.

The Bank has made significant investments in its franchise and continued growth in branches. The Bank added 39 new branches during the year taking the branch network to 277 branches in 138 cities across Pakistan. JS Bank also received a banking license in Bahrain and its Wholesale Banking Branch was inaugurated in Bahrain in January 2016.

Key figures are mentioned below:

| | | *PKR in Million* | |
|---|---|---|---|
| | 2015 | 2014 | Growth |
| Deposits | 141,840 | 108,740 | 30% |
| Total Assets | 218,476 | 176,717 | 24% |
| Investments - net | 116,030 | 84,258 | 38% |
| Advances - net | 76,666 | 62,433 | 23% |
| Net interest / markup income | 4,774 | 3,035 | 57% |
| Profit before tax | 3,174 | 1,608 | 97% |
| Profit after tax | 2,025 | 1,060 | 91% |

On February 20, 2016 the Bank has announced preference dividend at the rate of 12% per annum to the preference shareholders of the Bank for the year ended December 31, 2015.

### JS Investments Limited (Sub-Subsidiary)

The Company reported profit after tax of PKR 174 million during the year ended December 31, 2015 as compared to profit after tax of PKR 649 million for the year ended December 31, 2014. The assets under management were PKR 9,548 million as on December 31, 2015.

The shareholders equity of the Company reduced to PKR 2,108 million as on December 31, 2015 from PKR 2,450 million as on December 31, 2014, mainly due to buy back of shares in December 2015 which resulted in increase in the breakup value per share as on the year end to PKR 26.29 per share from PKR 24.50 per share over the comparative period last year.

## JS Global Capital Limited (Sub-Subsidiary)

The Company posted profit after tax of PKR 251 million for the year ended December 31, 2015 as compared to PKR 283 million during the year ended December 31, 2014. The operating revenue grew to PKR 495 million translating into growth of 22% over the last year. Further, JSGCL has incurred PKR 472 million for the year under review in respect of administrative and operating expenses. The Company is focused on maintaining its growth momentum in the long run. Management is acutely monitoring its resources to reap the maximum benefits for its shareholders. This involves optimizing revenue generation from treasury management, core brokerage and fee based operations whilst at the same time rationalizing our cost base.

## PATTERN OF SHAREHOLDING

The Statement of Pattern of Shareholding as on December 31, 2015 is annexed to this report.

For and on behalf of the
Board of Directors

Chief Justice (R) Mahboob Ahmed
Chairman
Karachi: March 03, 2016

# Auditors' Report to the Members on Consolidated Financial Statements

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of Jahangir Siddiqui & Co. Ltd. (the Holding Company) and its subsidiary companies (together, the Group) as at December 31, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary companies JS Bank Limited, JS Investment Limited, JS Global Capital Limited and JS ABAMCO Commodities Limited except JS Infocom Limited, and Energy Infrastructure Holdings (Private) Limited, JS International Limited and JS International LLP which were audited by other firms of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such auditors.

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

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at December 31, 2015 and the results of their operations for the year then ended.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: March 03, 2016
Place: Karachi

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# Consolidated Financial Statements

# CONSOLIDATED BALANCE SHEET
## As at December 31, 2015

| | Note | 2015 | 2014 |
|---|---|---|---|
| **ASSETS** | | (Rupees in '000) | |
| **Non-current assets** | | | |
| Property and equipment | 7 | 3,027,113 | 2,278,807 |
| Intangible assets | 8 | 321,822 | 255,859 |
| Investment property | 9 | 2,020 | 2,192 |
| Long term investments | 10 | 88,967,268 | 72,486,421 |
| Long term loans, advances and other receivables | 11 | 4,545,534 | 6,498,826 |
| Long term deposits | | 11,585 | 10,358 |
| | | 96,875,342 | 81,532,463 |
| Current assets | | | |
| Short term investments | 13 | 46,664,723 | 29,350,832 |
| Trade debts | 14 | 800,847 | 595,962 |
| Loans and advances | 15 | 72,147,603 | 55,961,537 |
| Accrued mark-up | 16 | 4,618,665 | 4,849,839 |
| Short-term prepayments, deposits and other receivables | 17 | 991,095 | 938,466 |
| Other financial assets - fund placements | 18 | 3,581,329 | 11,080,242 |
| Taxation - net | | 962,570 | 514,475 |
| Cash and bank balances | 19 | 12,886,399 | 9,551,165 |
| | | 142,653,231 | 112,842,518 |
| Assets classified as held for sale | 20 | 182,455 | 141,900 |
| | | 142,835,686 | 112,984,418 |
| | | 239,711,028 | 194,516,881 |
| **EQUITY AND LIABILITIES** | | | |
| Share capital and reserves | | | |
| Share capital | 21 | 9,159,424 | 7,632,853 |
| Reserves | 22 | 21,414,864 | 16,947,084 |
| Equity attributable to equity holders of the parent | | 30,574,288 | 24,579,937 |
| Non-controlling interest | | 6,746,408 | 5,615,494 |
| Total equity | | 37,320,696 | 30,195,431 |
| Non-current liabilities | | | |
| Long term liabilities | 23 | 863,289 | 778,480 |
| Long-term deposits and other accounts | 24 | 695,664 | 117,164 |
| Deferred taxation | 12 | 1,109,469 | 300,375 |
| Deferred liability - employee benefit | 41 | 64,005 | 21,349 |
| | | 2,732,427 | 1,217,368 |
| Current liabilities | | | |
| Trade and other payables | 25 | 4,984,061 | 3,932,662 |
| Accrued interest / mark-up on borrowings | 26 | 912,066 | 1,150,628 |
| Short term borrowings | 27 | 54,638,318 | 50,537,973 |
| Current deposits and current portion of long term liabilities | 28 | 139,123,460 | 107,482,819 |
| | | 199,657,905 | 163,104,082 |
| | | 239,711,028 | 194,516,881 |
| **Contingencies and commitments** | 29 | | |

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

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

# CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended December 31, 2015

| | Note | 2015 | 2014 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | ------------ (Rupees in '000)----------- | |
| Income | | | |
| Return on investments | 30 | 9,969,735 | 6,035,998 |
| Gain on sale of investments - net | 31 | 5,344,748 | 2,124,717 |
| Income from long term loans and fund placements | 32 | 6,121,881 | 5,646,315 |
| Fee, commission and brokerage | 33 | 1,771,616 | 1,447,463 |
| Other income | 34 | 454,707 | 206,686 |
| Gain on remeasurement of investments through profit or loss - held for trading - net | | 130,230 | 469,095 |
| | | 23,792,917 | 15,930,274 |
| Expenditure | | | |
| Administrative and other expenses | 35 | 6,891,247 | 5,368,592 |
| Finance cost | 36 | 9,681,422 | 7,291,121 |
| Workers' Welfare Fund | | 139,661 | 61,254 |
| Provision for: | | | |
| - Impairment on investments - net | 37 | 291,092 | 311,934 |
| - Impairment of intangibles | 8 | - | 28 |
| | | 17,003,422 | 13,032,929 |
| Profit before tax from continuing operations | | 6,789,495 | 2,897,345 |
| Taxation | 38 | | |
| - Current | | 932,032 | 289,789 |
| - Prior | | (10,728) | (52,320) |
| - Deferred | | 244,368 | 490,543 |
| | | 1,165,672 | 728,012 |
| Profit after tax from continuing operations | | 5,623,823 | 2,169,333 |
| **DISCONTINUED OPERATIONS** | | | |
| Loss after taxation for the year from discontinued operations | 20 | - | (7,539) |
| PROFIT FOR THE YEAR | | 5,623,823 | 2,161,794 |
| Attributable to: | | | |
| Equity holders of the parent | | 4,290,372 | 1,255,340 |
| Non-controlling interests | | 1,333,451 | 906,454 |
| | | 5,623,823 | 2,161,794 |
| **EARNINGS PER SHARE** | | ------------ (Rupees)----------- | |
| | | | Restated |
| Basic and diluted | | | |
| Continuing operations | | 5.09 | 1.51 |
| Discontinued operations | | - | (0.01) |
| | 39 | 5.09 | 1.50 |

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

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

Jahangir Siddiqui & Co. Ltd.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | ------------ (Rupees in '000)----------- | |
| Profit after tax for the year | | 5,623,823 | 2,161,794 |
| Other comprehensive income: | | | |
| Items that will not be classified subsequently to profit and loss account | | | |
| Actuarial gains on defined benefit plan | | (9,670) | 7,148 |
| Related tax | | 3,385 | (2,502) |
| | 41.5 | (6,285) | 4,646 |
| Total items that will not be classified subsequently to profit and loss account | | (6,285) | 4,646 |
| Items that may be classified subsequently to profit and loss account: | | | |
| Fair value gain on revaluation of available-for-sale investments during the year - net | | 5,718,012 | 12,304,600 |
| Reclassification adjustments relating to available-for-sale investments disposed off in the year - net | | (4,815,759) | (2,196,255) |
| Impairment on investments - net | | - | (161,144) |
| Related deferred tax | | (557,110) | (860,196) |
| | | 345,143 | 9,087,005 |
| Exchange difference on translation of net assets of foreign subsidiaries | | (2,275) | (121,214) |
| Total items that may be classified subsequently to profit and loss account - net of tax | | 342,868 | 8,965,791 |
| Total other comprehensive income for the year | | 336,583 | 8,970,437 |
| Total comprehensive income for the year | | 5,960,406 | 11,132,231 |
| Attributable to: | | | |
| Equity holders of the parent | | 4,426,491 | 9,756,151 |
| Non-controlling interest | | 1,533,915 | 1,376,080 |
| | | 5,960,406 | 11,132,231 |

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

| | |
|---|---|
| Chief Justice (R) Mahboob Ahmed | Suleman Lalani |
| Chairman | Chief Executive |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## For the year ended December 31, 2015

| | Attributable to ordinary equity holders of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Reserves | | | | Revenue | | | |
| | Issued, subscribed and paid-up share capital | Ordinary share premium | Foreign exchange translation reserve | Unrealised gain on revaluation of available for sale investments - net | Statutory | Unappropriated profit / (accumulated loss) | Sub-total | Non-controlling interests | Total |
| | ---------- | ---------- | ---------- | ---------- | (Rupees in '000) | ---------- | ---------- | ---------- | ---------- |
| Balance as at December 31, 2013 | 7,632,853 | 4,497,894 | 127,591 | 3,763,732 | 207,821 | (1,406,105) | 14,823,786 | 4,277,080 | 19,100,866 |
| Total comprehensive income for the year | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 1,255,340 | 1,255,340 | 906,454 | 2,161,794 |
| Other comprehensive income | - | - | (121,214) | 8,617,379 | - | 4,646 | 8,500,811 | 469,626 | 8,970,437 |
| Total comprehensive income for the year | - | - | (121,214) | 8,617,379 | - | 1,259,986 | 9,756,151 | 1,376,080 | 11,132,231 |
| Transfer to statutory reserve | - | - | - | - | 153,931 | (153,931) | - | - | - |
| Transaction with owners recognized directly in equity | | | | | | | | | |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | (97,900) | (97,900) |
| Convertible preference shares issued to non-controlling interests | - | - | - | - | - | - | - | 46,251 | 46,251 |
| Disposal of investment in subsidiary | - | - | - | - | - | - | - | 13,983 | 13,983 |
| Balance as at December 31, 2014 | 7,632,853 | 4,497,894 | 6,377 | 12,381,111 | 361,752 | (300,050) | 24,579,937 | 5,615,494 | 30,195,431 |
| Total comprehensive income for the year | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 4,290,372 | 4,290,372 | 1,333,451 | 5,623,823 |
| Other comprehensive income | - | - | (2,275) | 142,820 | - | (4,426) | 136,119 | 200,464 | 336,583 |
| Total comprehensive income for the year | - | - | (2,275) | 142,820 | - | 4,285,946 | 4,426,491 | 1,533,915 | 5,960,406 |
| Transfer to statutory reserve | - | - | - | - | 285,278 | (285,278) | - | - | - |
| Transaction with owners recognized directly in equity | | | | | | | | | |
| Issue of right shares of the Holding Company | 1,526,571 | - | - | - | - | - | 1,526,571 | - | 1,526,571 |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | (4,805) | (4,805) |
| Buy-back of shares by sub-subsidiary | - | - | - | - | - | - | - | (446,895) | (446,895) |
| Surplus arised on buy back of shares by sub-subsidiary | - | - | - | - | - | 41,289 | 41,289 | 48,699 | 89,988 |
| Balance as at December 31, 2015 | 9,159,424 | 4,497,894 | 4,102 | 12,523,931 | 647,030 | 3,741,907 | 30,574,288 | 6,746,408 | 37,320,696 |

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

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

# CONSOLIDATED CASH FLOW STATEMENT
## For the year ended December 31, 2015

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | ---------- (Rupees in '000) ---------- | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation from continuing operations | | 6,789,495 | 2,897,345 |
| Loss before taxation from discontinued operations | 20 | - | (7,538) |
| | | 6,789,495 | 2,889,807 |
| Non-cash adjustments to reconcile profit before tax to net cash flows | | | |
| Depreciation | | 462,166 | 375,871 |
| Amortisation of intangible assets | | 46,618 | 35,708 |
| Gain on sale of property and equipment | | (38,328) | (26,887) |
| Charge for defined benefit plan | | 54,335 | 28,497 |
| Gain on remeasurement investments through profit and loss account - net | | (130,230) | (469,095) |
| Profit on sale of subsidiary | | - | (67,747) |
| Exchange gain | | - | (57,651) |
| Provision for doubtful debts | | 675,455 | 657,634 |
| Impairment on investments - net | | 291,092 | 311,934 |
| Impairment of intangibles | | - | 28 |
| Finance cost | | 9,681,422 | 7,291,121 |
| | | 11,042,530 | 8,079,413 |
| | | 17,832,025 | 10,969,220 |
| Operating profit before working capital changes | | | |
| Increase in operating assets: | | | |
| Loans and advances | | (16,861,521) | (20,740,474) |
| Trade debts | | (204,885) | (292,202) |
| Long term loans, advances and other receivables | | 1,952,065 | (3,912,950) |
| Fund placements - net | | 7,498,913 | 5,830,738 |
| Deposits, prepayments, accrued mark-up and other receivables | | 178,545 | (3,938,093) |
| | | (7,436,883) | (23,052,981) |
| Increase in operating liabilities: | | | |
| Trade and other payables | | 1,051,524 | 1,208,474 |
| Deposits and other accounts | | 32,121,197 | 28,768,621 |
| Net cash generated from operations | | 43,567,863 | 17,893,334 |
| Finance cost paid | | (9,914,820) | (6,701,445) |
| Gratuity paid | | (21,349) | (1,289) |
| Taxes paid | | (1,366,014) | (311,872) |
| Dividend paid (including non-controlling interests) | | (4,938) | (98,687) |
| Net cash generated from operating activities | | 32,260,742 | 10,780,041 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure incurred | | (1,246,907) | (581,426) |
| Intangible assets acquired | | (112,581) | (106,527) |
| Proceeds from sale of property and equipment | | 74,943 | 40,415 |
| Proceeds from disposal of investments in a subsidiary | | - | 10 |
| Asset held for sale | | (40,555) | - |
| Paid to non-controlling interests against buy back of shares by a sub-subsidiary | | (356,907) | - |
| Investment acquired - net of sale | | (33,048,005) | (39,486,289) |
| Net cash used in investing activities | | (34,730,012) | (40,133,817) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| (Redemption) / proceeds of Term Finance Certificates - net | | (313,786) | 57,736 |
| Long term loan obtained from bank | | 491,374 | - |
| Proceeds from issuance of convertible preference shares by subsidiary | | - | 46,251 |
| Proceeds from subscription against issue of right shares of the Holding Company | | 1,526,571 | - |
| Securities sold under repurchase agreements - net | | (1,039,233) | 29,696,211 |
| Net cash generated from financing activities | | 664,926 | 29,800,198 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | | (1,804,344) | 446,422 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 5,890,006 | 5,443,584 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 40 | 4,085,662 | 5,890,006 |

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

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

## 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 United Kingdom and Cayman Islands.

The Holding Company was incorporated under the Companies Ordinance, 1984 on May 04, 1991 as a public unquoted company. The Holding Company is presently listed on Karachi Stock Exchange Limited (now 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, consultancy services, etc.

### 1.2 Composition of the Group

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

| Subsidiary Companies | Note | Holding (including indirect holding) | |
|---|---|---|---|
| | | 2015<br>% | 2014<br>% |
| JS Bank Limited (JSBL) | 1.2.2 | 70.42 | 70.42 |
| JS Investments Limited (JSIL)<br>(Sub-subsidiary) | 1.2.1 & 1.2.3 | 45.88 | 36.79 |
| JS Global Capital Limited (JSGCL)<br>(Sub-subsidiary) | 1.2.4 | 35.95 | 35.95 |
| JS Infocom Limited | 1.2.5 | 100.00 | 100.00 |
| JS International Limited | 1.2.6 | 100.00 | 100.00 |
| JS International LLP<br>(Sub-subsidiary) | 1.2.7 | 100.00 | 100.00 |
| JS ABAMCO Commodities Limited<br>(Sub-subsidiary) | 1.2.8 | 45.88 | 36.79 |
| Energy Infrastructure Holding (Private) Limited | 1.2.9 | 100.00 | 100.00 |
| Gujranwala Energy limited | 1.2.10 | 50.00 | 50.00 |

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

During the year, JSIL bought back its 19,828,182 ordinary shares out of its 100 million ordinary shares, resulting in increase in percentage holding in the sub subsidiary by 9.09% due to such deemed acquisition by Holding Company.

### 1.2.2 JS Bank Limited

JS Bank Limited (JSBL) was incorporated on March 15, 2006 as a public limited company under the Companies Ordinance, 1984. The bank is engaged in conducting banking business and related services permissible under the Banking Companies Ordinance, 1962. Its shares are listed on the Karachi Stock Exchange (now Pakistan Stock Exchange Limited). The registered office of JSBL is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi and it operates with 277 (2014: 238) branches in Pakistan.

### 1.2.3 JS Investments Limited

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

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

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

Open end:

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

Pension funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

### 1.2.4 JS Global Capital Limited (JSGCL)

JS Global Capital Limited (JSGCL) was incorporated as a private limited company on June 28, 2000. Subsequently, JSGCL obtained listing on Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited (both stock exchanges are now Pakistan Stock Exchange Limited) on February 7, 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 and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of JSGCL is situated at 6th Floor, Faysal House, Shahra-e-Faisal, Karachi, Pakistan.

### 1.2.5 JS Infocom Limited

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

### 1.2.6 JS International Limited

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

### 1.2.7 JS International LLP

JS International LLP was incorporated as limited liability partnership in the United Kingdom on April 11, 2006 as a wholly owned subsidiary of JS International Limited. (Cayman Islands, B.W.I.) i.e. a sub-subsidiary of the Holding Company. The purpose of setting up JS International LLP is to develop international strategic alliances and joint ventures, developing business and JS brands awareness internationally and providing administrative and operational support to the Group for its international activities. JS International LLP has ceased trading on 15 August 2015 as members have applied for dissolution of the partnership.

### 1.2.8 JS ABAMCO Commodities Limited

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

### 1.2.9 Energy Infrastructure Holding (Private) Limited

Energy Infrastructure Holding (Private) Limited (EIHPL) was incorporated under the Companies Ordinance, 1984 on April 15, 2008 as a private limited company. The registered office of the EIHPL is situated at 6th Floor, Faysal House, Shahra-e-Faisal, Karachi. The principal activities of EIHPL, after commencement of operations, will be to design, construct, acquire, own, operate and maintain power generation complexes and to carry on the business of electricity generation, power transmission and distribution services, over hauling and re-powering of power plants etc.

### 1.2.10 Gujranwala Energy Limited

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

## 3. New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2015

The following standards, amendments and interpretations are effective for the year ended December 31, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

| IFRS 10 – Consolidated Financial Statements | Effective from accounting period beginning on or after January 01, 2015 |
| --- | --- |

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

**IFRS 11 – Joint Arrangements** — Effective from accounting period beginning on or after January 01, 2015

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Ventures. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

**IFRS 12 – Disclosure of Interests in Other Entities** — Effective from accounting period beginning on or after January 01, 2015

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

**IFRS 13 – Fair Value Measurement** — Effective from accounting period beginning on or after January 01, 2015

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

**Amendments to IAS 19 Employee Benefits: Employee contributions** — Effective from accounting period beginning on or after January 01, 2015

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

**IAS 27 (Revised 2011) – Separate Financial Statements** — Effective from accounting period beginning on or after January 01, 2015

The revised standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised standard are carried forward unchanged from the previous standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures — Effective from accounting period beginning on or after January 01, 2015

Similar to the previous standard, the new standard deals with how to apply the equity method of accounting. However, the scope of the revised standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

Certain annual improvements have also been made to a number of IFRSs.

## 3.1. Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations — Effective from accounting period beginning on or after January 01, 2016

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

Entities should apply the amendments prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Amendments to IAS 1 - Disclosure initiative — Effective from accounting period beginning on or after January 01, 2016

"The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required."

- An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

- An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.

- In the other comprehensive income, section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following terms:

  - the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss; and

  - the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Application of the amendments need not be disclosed.

**Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortization**

Effective from accounting period beginning on or after January 01, 2016

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

**Amendments to IAS 16 and IAS 41 Agriculture - Bearer plants**

**Effective from accounting period beginning on or after January 01, 2016**

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

Amendments to IAS 27 - Equity method in separate financial statements — Effective from accounting period beginning on or after January 01, 2016

The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements either:

- at cost
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or
- Using the equity method as described in IAS 28 Investments in Associates and Joint ventures.

The same accounting method must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture — Effective from accounting period beginning on or after January 01, 2016

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.
- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

- Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments apply prospectively to transactions occurring in annual periods beginning on or after January 01, 2016 with earlier application permitted.

| | |
|---|---|
| Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities - Applying the consolidation exception | Effective from accounting period beginning on or after January 01, 2016 |

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all of its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively for annual periods beginning on or after January 01, 2016 with earlier application permitted.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

(a) determining the residual values and useful lives of property and equipment (Note 6.1);

(b) classification of investments (Note 6.4 and 10);

(c) recognition of taxation and deferred tax (Note 6.8 and 12);

(d) accounting for post employment benefits (Note 6.15); and

(e) impairment of financial assets (Note 6.19 and 37);

## 5. BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies together - "the Group".

- Subsidiary companies are fully consolidated from the date on which control is obtained and excluded from consolidation from the date of when control is lost.

- The financial statements of the subsidiary companies are prepared for the same reporting year (except for JS International Limited and JS International LLP whose audited financial statements as at September 30 have been considered) as the Holding Company for the purpose of consolidation, using consistent accounting policies.

- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.

- Non-controlling interests in equity of the subsidiary companies are measured at proportionate share of net assets of the acquiree as of the acquisition date.

- Material intra-group balances and transactions have been eliminated.

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 6.1 Property and equipment

These are stated at costs less accumulated depreciation and accumulated impairment, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to the profit and loss account by applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 4 to the financial statements. Depreciation is charged on additions from the month in which asset is put to use on disposals up to the month immediately preceding the disposal.

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

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

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

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

### 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 6 to these financial statements. Amortization is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each balance sheet date.

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

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

### 6.3 Investment properties

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 profit and loss account by applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. Depreciation is charged from the month in which asset is put to use and on disposals up to the month immediately preceding the disposal.

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

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

### 6.4 Investments

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

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

Subsidiaries, associates and joint arrangements

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

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

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

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

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

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

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

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 and loss after meeting conditions as stated in IAS 39.

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

### Available-for-sale

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

### Held to maturity

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

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

### Trade date accounting

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the 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.

## 6.5 Derivative financial instruments

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

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

## 6.6 Securities sold under repurchase / purchased under resale agreements

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

### (a) Repurchase agreement borrowings

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

### (b) Repurchase agreement lendings

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

## 6.7 Provisions

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

## 6.8 Taxation

### Current

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

### Deferred

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

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

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

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

## 6.9 Revenue recognition

(a) Mark-up / return / interest income on loans and advances and investments is recognised on accrual basis using effective interest method. Mark-up / return / interest income on non-performing loans and advances and investments is recognised on receipt basis.

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

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

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

(e) Commission is recognised as income at the time of affecting the transaction to which it relates. Fees are recognised when earned.

(f) Brokerage, consultancy 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.

### 6.10 Long term finances, loans and advances

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

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

### 6.11 Trade debts and other receivables

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

### 6.12 Trade and other payables

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

### 6.13 Cash and cash equivalents

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

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

### 6.14 Segment reporting

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

The Group's reportable segments under IFRS-8 are disclosed in note 49.

### 6.15 Staff retirement benefits

#### Defined contribution plan

The Holding Company and its certain subsidiaries operate an approved funded contributory provident fund scheme for all its employees eligible to the scheme. Equal monthly contributions are made by the group and the employees to the fund at the rates defined below of basic salary. Contribution by the Group is charged to profit and loss account.

| | | |
|---|---|---|
| - | The Holding Company | 10% |
| - | JS Bank Limited (the subsidiary) | 7.1% |
| - | JS Global Capital Limited (the sub-subsidiary) | 10% |
| - | JS Investments Limited (the sub-subsidiary) | 10% |

### 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 occurance of any significant change. The most recent valuation in this regard was carried out as at December 31, 2015, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

## 6.16 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to the cash flow from the financial assets expires or is transferred. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

## 6.17 Offsetting of financial assets and financial liabilities

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

## 6.18 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to profit and loss account. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## 6.19 Impairment

### Financial assets

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

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

### Non-financial assets and investments in associates and joint ventures

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

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

## 6.20 Business combination

### Acquisition of business not under common control

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill on acquisition after July 1, 2009 is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill acquired in a business combination before July 1, 2009 is initially measured at cost, being the excess of the cost of business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

### 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 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.

### 6.21 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

### 6.22 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.

### 6.23 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.

### 6.24 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.

## 7. PROPERTY AND EQUIPMENT

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | ------ (Rupees in '000) ------ | |
| Operating fixed assets | 7.1 | 2,788,770 | 2,196,030 |
| Capital work-in-progress | 7.2 | 238,343 | 82,777 |
| | | 3,027,113 | 2,278,807 |

## 7.1 Operating fixed assets

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

| | Cost | | | | Accumulated depreciation | | | Written down value |
|---|---|---|---|---|---|---|---|---|
| | As at January 1, 2014 | Additions / (Disposals)/ Transfers* | As at December 31, 2014 | Depreciation Rate Per-annum | As at January 1, 2014 | For the year / (On disposal)/ Transfers* | As at December 31, 2014 | As at December 31, 2014 |
| | | | | % | | | | |
| Office premises - leasehold | 800,176 | 250,362<br>(1,041)<br>(119,367) * | 930,130 | 1.0 - 20 | 150,223 | 29,682<br>(557)<br>- | 179,348 | 750,782 |
| Leasehold Improvements | 577,167 | 90,098<br>(297)<br>- * | 666,968 | 10 - 33 | 254,910 | 60,576<br>(677)<br>- * | 314,809 | 352,159 |
| Office equipment | 1,323,326 | 242,275<br>(16,748)<br>- * | 1,548,853 | 12.5 - 33 | 798,642 | 156,005<br>(12,305)<br>- * | 942,342 | 606,511 |
| Office furniture and fixtures | 301,907 | 45,444<br>(2,120)<br>- * | 345,231 | 10 - 20 | 147,999 | 34,397<br>(1,592)<br>- * | 180,804 | 164,427 |
| Motor vehicles | 440,653 | 148,474<br>(40,379)<br>- * | 548,748 | 20 | 163,591 | 94,932<br>(31,926)<br>- * | 226,597 | 322,151 |
| | 3,443,229 | 776,653<br>(60,585)<br>(119,367) | 4,039,930 | | 1,515,365 | 375,592<br>(47,057)<br>- | 1,843,900 | 2,196,030 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## For the year ended December 31, 2015

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

### 7.2 Capital work-in-progress

| | 2015 | 2014 |
|---|---|---|
| | ------- (Rupees in '000) -------- | |
| Advances to suppliers against: | | |
| Civil works | 119,555 | 23,965 |
| Advance for purchase of land | 51,000 | - |
| Furniture and fixture | 4,632 | 2,128 |
| Acquisition of software and equipment | 56,347 | 43,231 |
| Vehicles | 6,809 | 13,453 |
| | 238,343 | 82,777 |

### 8. INTANGIBLE ASSETS

| | Note | Cost: As at January 1, 2015 | Cost: Additions/ (Disposals/ adjustments) | Cost: As at December 31, 2015 | Rate per-annum % | Accumulated amortization / impairment: As at January 1, 2015 | Accumulated amortization / impairment: For the year / impairment / (adjustments) | Accumulated amortization / impairment: As at December 31, 2015 | Written down value: As at December 31, 2015 |
|---|---|---|---|---|---|---|---|---|---|
| | | ------------- (Rupees in '000) ------------- | | | | ------------------------------------- (Rupees in '000) ------------------------------------- | | | |
| Software | | 423,419 | 112,581<br>- | 536,000 | 20 - 33.33 | 176,787 | 46,618<br>- | 223,405 | 312,595 |
| Non-compete fee | | 126,683 | - | 126,683 | 33.33 | 126,683 | - | 126,683 | - |
| Technical know how | | 150,000 | - | 150,000 | 100 | 150,000 | - | 150,000 | - |
| Trading Right Entitlement Certificate (TREC) | 8.1 | 5,755 | - | 5,755 | - | 28 | -<br>- | 28 | 5,727 |
| Membership card - Pakistan Mercantile Exchange Limited | | 3,500 | - | 3,500 | - | - | -<br>- | - | 3,500 |
| | | 709,357 | 112,581<br>-<br>- | 821,938 | | 453,498 | 46,618<br>-<br>- | 500,116 | 321,822 |

| | Note | Cost: As at January 1, 2014 | Cost: Additions/ (Disposals/ adjustments) | Cost: As at December 31, 2014 | Rate per-annum % | Accumulated amortization / impairment: As at January 1, 2014 | Accumulated amortization / impairment: For the year / impairment / (adjustments) | Accumulated amortization / impairment: As at December 31, 2014 | Written down value: As at December 31, 2014 |
|---|---|---|---|---|---|---|---|---|---|
| | | ------------- (Rupees in '000) ------------- | | | | ------------------------------------- (Rupees in '000) ------------------------------------- | | | |
| Software | | 316,892 | 106,527 | 423,419 | 20 - 33.33 | 141,079 | 35,708<br>-<br>- | 176,787 | 246,632 |
| 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 | 5,755 | -<br>- | 5,755 | - | - | -<br>28 | 28 | 5,727 |
| Membership card - Pakistan Mercantile Exchange Limited | | 3,500 | -<br>- | 3,500 | - | - | - | - | 3,500 |
| | | 602,830 | 106,527<br>-<br>- | 709,357 | | 417,762 | 35,708<br>-<br>28 | 453,498 | 255,859 |

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

## 9. INVESTMENT PROPERTY

| | Note | Cost | | | Rate per-annum % | Accumulated depreciation | | | Written down value |
|---|---|---|---|---|---|---|---|---|---|
| | | As at January 1, 2015 | Additions/ (Disposals/ adjustments) | As at December 31, 2015 | | As at January 1, 2015 | For the year / (adjustments) | As at December 31, 2015 | As at December 31, 2015 |
| | | ------------- (Rupees in '000) ------------- | | | | ---------- (Rupees in '000) ---------- | | | |
| Office premises - leasehold | 9.1 | 14,999 | - | 14,999 | 5 | 12,807 | 172 | 12,979 | 2,020 |

| | Note | Cost | | | Rate per-annum % | Accumulated depreciation | | | Written down value |
|---|---|---|---|---|---|---|---|---|---|
| | | As at January 1, 2014 | Additions/ (Disposals/ adjustments) | As at December 31, 2014 | | As at January 1, 2014 | For the year / (adjustments) | As at December 31, 2014 | As at December 31, 2014 |
| | | ------------- (Rupees in '000) ------------- | | | | ---------- (Rupees in '000) ---------- | | | |
| Office premises - leasehold | 9.1 | 14,999 | - | 14,999 | 5 | 12,528 | 279 | 12,807 | 2,192 |

9.1 The fair value of the investment property aggregating to Rs. 86.35 million (December 31, 2014: Rs. 77.71 million) was arrived at on the basis of the valuation carried out by KG Traders (Private) Limited, an independent valuer on February 02, 2016, but was not incorporated in the books of accounts as the Holding Company applies cost model for accounting for investments properties. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

## 10. LONG TERM INVESTMENTS

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | ------- (Rupees in '000) ------- | |
| Related parties | | | |
| Investment in joint venture | 10.1 | - | - |
| Other related parties - Available for sale | 10.2 | 15,784,071 | 15,340,184 |
| | | 15,784,071 | 15,340,184 |
| Other investments | 10.3 | 73,183,197 | 57,146,237 |
| | | 88,967,268 | 72,486,421 |

### 10.1 Investment in joint venture

10.1.1 Net assets of Energy Infrastructure Holding (Private) Limited (EIHPL), a subsidiary company, include investments in shares having carrying value of Rs. 545.27 million (December 31, 2014: Rs. 432.027 million) and Term Deposit Receipts (TDRs) of Rs. 54,000,000 that are pledged with a bank (inclusive of 40% margin) as collateral in respect of exposure against guarantees issued on behalf of Gujranwala Energy Limited (GEL), a joint venture (JV). During the year ended June 30, 2010, the JV was not able to meet the financial close mandated with National Bank of Pakistan and was not allowed to make amendments in the power purchase agreement by Private Power and Infrastructure Board (PPIB). Accordingly, the operations of GEL were ceased. Further, it was not able to raise the requisite funds and deposit initial mobilization advance with Wartsila Finland. In the meantime, GEL filed petition in the High Court of Sindh to protect the Company from the encashment of guarantees. The High Court of Sindh ordered GEL to keep the guarantees alive and restricted PPIB and Wartsila Finland from encashing the same till the adjudication of the above petition. During the year, the matter of interim injunction at the Court was reserved for order. Subsequent to year end, the Court vide order dated February 03, 2016 vacated the stay on encashment of guarantees. However, on an application dated February 04, 2016 filed by GEL, the honourable Single Judge suspended the aforesaid order for vacation of injunction for a week. Being aggrieved, GEL preferred appeal before the double bench of the Court and obtained restraining order dated February 10, 2016 from encashment of above mentioned performance and commitment guarantees issued to PPIB and Wartsila respectively. The matter is now pending adjudication before the Court.

Further, EIHPL has filed another suit in the Honourable High Court of Sindh to protect itself from the encashment of above mentioned guarantees by more than 50%. The Honourable single judge vide order dated August 26, 2015 has restrained the bank from encashment of guarantees by more than 50% of the total guarantee amount against the collaterals provided by EIHPL until adjudication of the matter.

However, the management of EIHPL as a matter of abundant prudence and based on the legal advice, has recognized a full provision of Rs. 448.42 million against encashment of guarantees.

## 10.2 Other related parties - Available for sale

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

| Number of shares | | | Note | Activity | Holding | | | |
|---|---|---|---|---|---|---|---|---|
| 2015 | 2014 | | Note | Activity | 2015 | 2014 | 2015 | 2014 |
| | | | | | % | % | (Rupees in '000) | |
| | | Quoted - at fair value | | | | | | |
| 12,000,000 | 132,300,000 | Hum Network Limited (Ordinary Shares of Re. 1 each) | 10.2.1 | Television Network | 1.27 | 14.00 | 157,680 | 1,943,487 |
| 214,258,460 * | 122,416,897 | BankIslami Pakistan Limited | 10.2.1 | Islamic Banking | 21.26 | 21.26 | 2,463,972 | 1,200,910 |
| 31,110,722 | 25,983,302 | EFU General Insurance Limited | | General Insurance | 19.44 | 16.24 | 4,464,389 | 3,972,587 |
| 20,047,708 | 20,047,708 | EFU Life Assurance Limited | | Life Insurance | 20.05 | 20.05 | 3,989,494 | 3,405,103 |
| | | | | | | | - | - |
| 112,157,863 | 112,157,863 | Azgard Nine Limited | | Textile Composite | 24.96 | 24.96 | 495,738 | 660,610 |
| 150,350,299 | 159,850,000 | Pakistan International Bulk Terminal Limited | 10.2.2 | Bulk Terminal | 11.83 | 21.07 | 4,205,298 | 3,946,696 |
| - | 7,897,860 | Singer Pakistan Limited | | Household goods | - | 17.39 | - | 203,291 |
| | | Un-quoted at cost | | | | | | |
| 750,000 | 750,000 | EFU Services (Private) Limited | 10.2.1 | Investment Company | 37.5 | 37.5 | 7,500 | 7,500 |
| | | | 10.2.3 | | | | 15,784,071 | 15,340,184 |

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

10.2.1 Investments in BankIslami Pakistan Limited, Hum Network Limited and EFU Services (Private) Limited represent investment in 'associated companies' in terms of provisions of Companies Ordinance, 1984. However, the Holding Company has not accounted for them as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Holding Company does not have significant influence in these associated companies.

10.2.2 During the year, Pakistan International Bulk Terminal Limited made a right issue of 34% ordinary shares of Rs. 10/- each. The Holding Company subscribed 38.23 million ordinary shares of the right issue as per its proportionate shareholding amounting to Rs. 382.29 million along with 0.1 million unsubscribed shares.

10.2.3 Included herein are equity securities having average cost of Rs. 443.72 million (December 31, 2014: Rs. 869.42 million) and having market value of Rs. 1,534.55 million (December 31, 2014: Rs. 3,512.31 million) pledged with trustees of Term Finance Certificates issued by the Holding Company.

## 10.3 Other investments

Available for sale

| Number of shares 2015 | Number of shares 2014 | | Note | 2015 | 2014 |
|---|---|---|---|---|---|
| | | | | ------ (Rupees in '000) | ------ |
| | | Equity securities | | | |
| | | Un-quoted - at cost | | | |
| 4,007,383 | 4,007,383 | Karachi Stock Exchange Ltd. (now Pakistan Stock Exchange Ltd.) | | 15,346 | 15,346 |
| 3,034,603 | 3,034,603 | Islamabad Stock Exchange Ltd. (now Pakistan Stock Exchange Ltd.) | | 11,000 | 11,000 |
| | | | | 26,346 | 26,346 |
| | | 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 | 10.3.1 | (599,803) | (449,860) |
| | | | | - | 149,943 |
| | | Term Finance / Sukuk Certificates | | | |
| | | - quoted | | - | 272,369 |
| | | - unquoted - stated at cost | | 1,253,535 | 1,619,299 |
| | | US Dollar Bonds | | 1,249,880 | 1,014,600 |
| | | Government securities | | 70,653,436 | 54,063,680 |
| | | | 10.3.2 | 73,156,851 | 56,969,948 |
| | | | | 73,183,197 | 57,146,237 |

10.3.1 Provision for Impairment

| | 2015 | 2014 |
|---|---|---|
| Opening provision as at January 01, | 449,860 | 318,860 |
| Net charge for the year | 149,943 | 131,000 |
| Closing provision as at December 31 | 599,803 | 449,860 |

10.3.2 These also include investments pledged with various financial institutions having an aggregate market value of Rs. 46,005 million (December 31, 2014: 35,365 million).

### 10.3.3 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 |
|---|---|
| JS Bank Limited (JSBL) | 29.58% |
| JS Global Capital Limited (JSGCL) (Sub-subsidiary) | 64.05% |
| JS Investments Limited (JSIL) (Sub-subsidiary) | 54.12% |

The following is summarized financial information for subsidary and sub-subsidaries 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 |
|---|---|---|---|
| | ------------------------- (Rupees in '000) | | ------------------------- |
| Total income | 18,617,607 | 864,281 | 439,007 |
| Profit after tax | 2,025,547 | 251,295 | 174,272 |
| Profit attributable to NCI | 1,060,479 | 160,954 | 64,115 |
| Other comprehensive income | 1,018,646 | 7,782 | (167,436) |
| Total comprehensive income | 3,044,193 | 259,077 | 6,836 |
| Comprehensive income attributable to NCI | 900,472 | 165,939 | 4,321 |
| Current assets | 134,280,273 | 3,426,341 | 2,193,965 |
| Non-current assets | 84,195,390 | 106,253 | 113,618 |
| Total Assets | 218,475,663 | 3,532,594 | 2,307,583 |
| Current liabilities | 200,052,698 | 647,256 | 200,006 |
| Non-current liabilities | 2,455,062 | - | - |
| Total Liabities | 202,507,760 | 647,256 | 200,006 |
| Net Assets | 15,967,903 | 2,885,338 | 2,107,577 |
| Net Assets attributable to NCI | 3,620,576 | 2,065,484 | 1,026,562 |
| Cash flow from operating activities | 34,992,128 | (114,512) | (43,580) |
| Cash flow from investing activities | (32,598,090) | 294,692 | 400,094 |
| Cash flow from financing activities | (155,836) | (181) | (356,949) |
| Net increase in cash and cash equivalents | 2,238,202 | 179,999 | (435) |
| Dividends paid to NCI during the year | (4,805) | - | - |

10.4 The Board of Directors of the Holding Company in their meeting held on October 28, 2015 have decided to pay a sum of Rs. 48,058,738/- (Rupees Forty Eight Million Fifty Eight Thousand Seven Hundred and Thirty Eight) to Citibank Overseas Investment Corporation ("COIC") as part of the purchase consideration for the six million shares in Jahangir Siddiqui Investment Bank Limited (now merged into JS Bank Limited and formerly known as Citicorp Investment Bank Limited) pursuant to the terms of the agreement entered into between COIC and Jahangir Siddiqui & Co. Limited dated February 01, 1999 ("Agreement"). The amount was to be paid if and when the JS Bank Limited (the successor company of Jahangir Siddiqui Investment Bank Limited) receives certain refunds which were pending at the time of execution of the Agreement. As JS Bank Limited has received the said refunds, therefore, the aforesaid amount is due and payable by the Holding Company to COIC. There will be no increase in the number of shares pursuant to the aforesaid payment which is being made in terms of the Agreement. This will be subject to the approval of the members of the Holding Company by way of special resolution under Section 208 of the Companies Ordinance, 1984 and requisite regulatory permission(s).

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

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | ------- (Rupees in '000) ------- | |
| Long-term loans - considered good | | | |
| Secured | | | |
| Due from: | | | |
| Executives | 11.1 & 11.4 | 1,326,773 | 1,089,260 |
| Employees | | 4,720 | 4,246 |
| | | 1,331,493 | 1,093,506 |
| Loans advanced by subsidiary bank | 11.2 | 999,956 | 4,285,538 |
| Net investment in finance lease by subsidiary bank | 11.3 | 3,226,785 | 1,618,581 |
| Long-term advances - considered good, unsecured | | | |
| Advances - unsecured & considered good | | | |
| against capital expenditure | | - | 257 |
| against a room at Pakistan Merchantile Exchange Limited (PMEX) | | 2,500 | 2,500 |
| | | 5,560,734 | 7,000,382 |
| Current maturity of long term loans and receivables | | (1,015,200) | (501,556) |
| | | 4,545,534 | 6,498,826 |

### 11.1 Reconciliation of the carrying amount of loans to executives

| | 2015 | 2014 |
|---|---|---|
| Balance at the beginning of the year | 1,089,260 | 874,960 |
| Disbursement | 475,469 | 384,730 |
| Repayments | (237,956) | (170,430) |
| Balance at the end of the year | 1,326,773 | 1,089,260 |

11.2 These carry markup ranging from 0.03% to 23% (2014: 0.03% to 23%). These also include secured lendings to various financial institutions having maturity date till June 03, 2018.

11.3 Particulars of net investment in finance lease

| | 2015 | | |
|---|---|---|---|
| | Not later than one year | Later than one and less than five years | Total |
| | ---------------- (Rupees in '000) ----------------- | | |
| Lease rentals receivable | 1,142,904 | 1,682,078 | 2,824,982 |
| Guaranteed residual value | 59,353 | 701,002 | 760,355 |
| Minimum lease payments | 1,202,257 | 2,383,080 | 3,585,337 |
| Finance charges for future periods | (191,239) | (167,313) | (358,552) |
| Present value of minimum lease payments | 1,011,018 | 2,215,767 | 3,226,785 |

| | 2014 | | |
|---|---|---|---|
| | Not later than one year | Later than one and less than five years | Total |
| | ----------------- (Rupees in '000) ---------------- | | |
| Lease rentals receivable | 610,926 | 954,622 | 1,565,548 |
| Guaranteed residual value | 21,012 | 297,724 | 318,736 |
| Minimum lease paymer | 631,938 | 1,252,346 | 1,884,284 |
| Finance charges for future periods | (133,897) | (131,806) | (265,703) |
| Present value of minimum lease payments | 498,041 | 1,120,540 | 1,618,581 |

The terms of the net investment in finance lease are stated below:

- Vehicles and machinery is given under Finance Lease to corporations mainly to private companies.

- Lease period ranges from 6 months to 5 years,

- Markup ranging from 7.51% - 17.50%, which is different for different parties as per the mutual agreement between party and bank."

- The lease key money deposit ranges from 5% - 60% of the amount of asset.

- Total number of leases are 579.

11.4 Represents loans to executives and employees of the Group given for housing and for purchase of home appliances and motor vehicles at rates ranging from 6.46% to 9.97% (December 31, 2014: 4.79% to 9.97%) per annum in accordance with the Group's employee loan policy and their terms of employment. These loans are secured against salaries of the employees, title documents of vehicles, equitable mortgage and personal guarantees and are repayable over a period of one to fifteen years. The maximum aggregate amount due from executives at the end of any month during the year was Rs. 3.47 million (December 31, 2014: Rs. 4.28 million).

## 12. DEFERRED TAXATION

| | 2015 | 2014 |
|---|---|---|
| | --------(Rupees in '000) -------- | |
| Taxable temporary difference: | | |
| Property and equipment | 162,577 | 156,264 |
| Intangible assets | - | 410,045 |
| Surplus on revaluation of investments | 1,310,484 | 866,867 |
| Deductible temporary differences: | | |
| Unused tax losses | (9,532) | (429,288) |
| Provision against investments and loans | (271,120) | (396,803) |
| Unrealized loss on derivative instruments | (14,366) | (63,629) |
| Accelerated depreciation for tax purposes | (356) | - |
| Intangible assets | (213) | - |
| Provision for donation | (1,067) | (4,639) |
| Minimum Tax | - | (194,148) |
| Provision for Workers' Welfare Fund | (66,938) | (44,294) |
| | 1,109,469 | 300,375 |

12.1 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. Further, the Holding Company has assessed and un-assessed carry forward tax losses amounting to Rs. Nil (December 31, 2014: Rs. 58.95 million). The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 43.46 million (December 31, 2014: Rs. 23.29 million).

## 13. SHORT TERM INVESTMENTS

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | --------(Rupees in '000) -------- | |
| Assets at fair value through profit or loss - held for trading: | | | |
| Listed equity securities | | | |
| - Related parties | 13.1 | 159,200 | 135,880 |
| - Others | | 1,172,172 | 1,123,930 |
| Government securities | | 22,537,891 | 23,647,625 |
| Term Finance Certificates - Quoted | | 14,903 | 153,934 |
| Mutual funds - related party | | 221,640 | 363,454 |
| | | 24,105,806 | 25,424,823 |
| Available for sale: | | | |
| Equity securities | | | |
| - quoted | 13.1 | 5,747,811 | 1,084,677 |
| Term Finance / Sukuk Certificates | | | |
| - quoted | | 84,035 | 240,276 |
| - unquoted - stated at cost | | 670,926 | 219,316 |
| Government securities | | 14,084,867 | 349,063 |
| Mutual funds - related party | 13.1 | 1,971,278 | 2,032,677 |
| | | 22,558,917 | 3,926,009 |
| | .3.2 | 46,664,723 | 29,350,832 |

13.1 This includes investments in equity securities of related parties having a market value of Rs. 2,656 million (December 31, 2014: Rs. 2,933 million).

13.2 This includes investments pledged with various financial institutions having an aggregate market value / carrying amount of Rs. 1,600 million (December 31, 2014: Rs. 13,487 million).

## 14. TRADE DEBTS

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | --------(Rupees in '000) | -------- |
| Unsecured considered good | | | |
| Receivables against margin finance (purchase of shares) | | 643,735 | 221,860 |
| Debtors for purchase of shares on behalf of clients | | 78,172 | 311,493 |
| Trade debts for advisory and other services | | 5,123 | 628 |
| Forex and fixed income commission receivable | | 17,036 | 15,082 |
| Commodity | | 56,781 | 46,899 |
| | | 800,847 | 595,962 |
| Considered doubtful | | 398,037 | 397,674 |
| | | 1,198,884 | 993,636 |
| Provision for doubtful debts | 14.1 | (398,037) | (397,674) |
| | | 800,847 | 595,962 |

### 14.1 Provision for doubtful debts

| | | 2015 | 2014 |
|---|---|---|---|
| Opening balance as at January 01, | | 397,674 | 397,674 |
| Charged during the year | | 363 | - |
| Closing Balance as at December 31 | | 398,037 | 397,674 |

## 15. LOANS AND ADVANCES

| | Note | 2015 | 2014 |
|---|---|---|---|
| Current maturity of long term loans | 11 | 1,015,200 | 501,556 |
| Term loans advanced by subsidiary bank - considered good | 15.1 | 71,120,415 | 55,444,820 |
| Term loans advanced by subsidiary bank - considered doubtful | 15.2 | 2,723,181 | 2,058,819 |
| | | 73,843,596 | 57,503,639 |
| Provisions against non-performing loans | | (2,723,181) | (2,058,819) |
| | | 71,120,415 | 55,444,820 |
| Advances - considered good | | | |
| Unsecured | | | |
| Contractor and suppliers | | 8,781 | 11,167 |
| Staff | 15.3 | 3,207 | 3,994 |
| | | 11,988 | 15,161 |
| | | 72,147,603 | 55,961,537 |

15.1 These carry mark-up ranging from 2.5% to 23% (December 31, 2014: 2.5% to 23%) per annum and are secured by pledge of shares of listed companies, property of the borrowers and hypothecation of assets.

| | 2015 | 2014 |
|---|---|---|
| 15.2 Particulars of provision for non-performing loans | --------(Rupees in '000) -------- | |
| Opening balance | 2,058,819 | 1,401,185 |
| Charge for the year - net of reversals | 664,362 | 657,634 |
| Closing balance | 2,723,181 | 2,058,819 |

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

## 16. ACCRUED MARK-UP

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | --------(Rupees in '000) -------- | |
| Loans and advances | | 1,112,880 | 1,105,534 |
| Bank deposits | | 10,774 | 1,985 |
| Government securities | | 3,407,740 | 3,611,092 |
| Term Finance Certificates | | 87,271 | 131,228 |
| | | 4,618,665 | 4,849,839 |

## 17. SHORT-TERM PREPAYMENTS,DEPOSITS AND OTHER RECEIVABLES

| | Note | 2015 | 2014 |
|---|---|---|---|
| Deposits | | 187,208 | 114,715 |
| Prepayments | | 321,851 | 301,585 |
| Other receivables | | | |
| - Remuneration from related parties | 17.1 | 122,064 | 84,067 |
| - Others | 17.2 | 359,972 | 438,099 |
| | | 482,036 | 522,166 |
| | | 991,095 | 938,466 |

17.1 This includes remuneration receivable from various Funds for services rendered as an asset management company. Remuneration for the period ended December 31, 2015 has been calculated from 0.5% to 2.0% (December 31, 2014: 0.5% to 2.00%) of the net asset value of these Funds.

17.2 Included herein is a sum of Rs. 6.848 million (December 31, 2014: Rs. 7.097 million) receivable from related parties.

## 18. OTHER FINANCIAL ASSETS - FUND PLACEMENTS

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | ------- (Rupees in '000) ------- | |
| Securities purchased under resale agreement: | | | |
| Secured and considered good | | | |
| Government securities | 18.1 | 2,952,883 | 10,688,358 |
| Call money lending - unsecured, considered good | 18.2 | 628,446 | 391,884 |
| | | 3,581,329 | 11,080,242 |

18.1 These are secured short-term lendings to various financial institutions, carrying mark-up rates ranging from 6.43% to 6.55% (2014: 9.40% to 9.50%) These are due to mature between January 04, 2016 to January 22, 2016.

18.2 These represent unsecured call money lendings to financial institutions carrying interest at the rates 1.9% (2014: 0.03%) per annum. This is due to mature on February 01, 2016.

## 19. CASH AND BANK BALANCES

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | ------- (Rupees in '000) ------- | |
| Cash in hand | | 2,838,351 | 2,364,633 |
| Balances with banks on: | | | |
| Current accounts | | | |
| local currency | | 5,977,865 | 5,840,326 |
| foreign currency | | 2,799,076 | 1,213,522 |
| | | 8,776,941 | 7,053,848 |
| Deposit accounts | | | |
| local currency | | 1,086,493 | 32,092 |
| foreign currency | | 130,614 | 46,592 |
| | 19.1 | 1,217,107 | 78,684 |
| Term Deposit Receipts | 19.2 | 54,000 | 54,000 |
| | | 12,886,399 | 9,551,165 |

19.1 These carry mark-up ranging from 3% to 6.5% (December 31, 2014: 5% to 10%) per annum.

19.2 These carry mark-up at the rate of 6.2% (December 31, 2014: 9.50%) per annum.

## 20. ASSETS CLASSIFIED AS HELD FOR SALE / DISCONTINUED OPERATION

20.1 The Board of Directors of the Company in their meeting held on August 30, 2012 have approved to dispose of entire investment in Credit Chex (Private) Limited (CCPL) . Accordingly, on December 24, 2012, the Company entered into a share purchase agreement with LoanLink International (BVI) Limited to sell 1,895,000 shares of CCPL subject to completion of necessary regulatory formalities. The approval of the State Bank of Pakistan was obtained and the disposal process was completed on September 16, 2014.

The results of the discontinued operation for the period end is presented below:

| | 2015 | 2014 |
|---|---|---|
| | --------(Rupees in '000) -------- | |
| **Income** | | |
| Fee, commision and brokerage | - | 801 |
| Other income | - | 943 |
| | - | 1,744 |
| **Expenditure** | | |
| Operating and administrative expenses | - | 9,271 |
| Financial charges | - | 11 |
| | - | 9,282 |
| Loss before tax from discontinued operation | - | (7,538) |
| Taxation-current | - | (1) |
| Loss for the year from discontinued operation | - | (7,539) |

20.2 Included here a sum of Rs. 182.46 million (2014: Rs. 141.9 million) non-banking asset acquired by subsidiary bank against satisfaction of claims. The market value of these assets is Rs. 245.28 million (2014: Rs. 200.6 million).

## 21. SHARE CAPITAL

### 21.1 Authorised capital

| 2015 | 2014 | | Note | 2015 | 2014 |
|---|---|---|---|---|---|
| Number of shares | | | | ------(Rupees in '000) ------ | |
| 6,000,000,000 | 6,000,000,000 | Ordinary shares of Rs. 10/- each | | 60,000,000 | 60,000,000 |
| 500,000,000 | 500,000,000 | Preference shares of Rs. 10/- each | | 5,000,000 | 5,000,000 |
| 6,500,000,000 | 6,500,000,000 | | | 65,000,000 | 65,000,000 |

### 21.2 Issued, subscribed and paid-up share capital

| 2015 | 2014 | | Note | 2015 | 2014 |
|---|---|---|---|---|---|
| Number of shares | | Ordinary shares of Rs.10/- each: | | ------(Rupees in '000) ------ | |
| | | Fully paid in cash | | | |
| 52,415,925 | 52,415,925 | Opening balance | | 524,159 | 524,159 |
| 152,657,065 | - | Issued during the year | 21.3 | 1,526,571 | - |
| 205,072,990 | 52,415,925 | Closing balance | | 2,050,730 | 524,159 |
| 710,869,398 | 710,869,398 | Fully paid bonus shares | | 7,108,694 | 7,108,694 |
| 915,942,388 | 763,285,323 | | | 9,159,424 | 7,632,853 |

21.3 The Board of Directors of the Holding Company, in their meeting held on August 17, 2015, approved the issue of 152,657,065 ordinary shares by way of right issue at the rate of 20 right shares for every 100 existing ordinary shares at par value of Rs. 10 per share. The entire process of allotment of right shares was completed by November 30, 2015.

### 21.4 Issue of right Preference Shares

Pursuant to the proposal of the Board of Directors of the Holding Company in their meeting held on August 20, 2014 to issue 114,492,798 (15%) right shares as non-voting, non-participatory, cumulative, transferable and redeemable or convertible Class "A" Preference Shares of PKR 10 each to the existing ordinary shareholders of the Holding Company by way of rights, the shareholders of the Holding Company in their Extraordinary General Meeting held on September 19, 2014 through special resolution have approved the issuance of aforesaid preference shares subject to the approval of the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Holding Company has applied to SECP for approval of the same. However, some of the shareholders of the Holding Company have filed a suit with the Honourable High Court of Sindh. The Court has issued an order wherein, the SECP has been restrained from permitting the Holding Company from approving the issuance of Class A preference shares. The Holding Company believes that the case is not maintainable and has therefore filed appeal before the Court. The matter is pending adjudication before the Court.

## 22. RESERVES

| | 2015 | 2014 |
|---|---|---|
| | --------(Rupees in '000) -------- | |
| **Revenue reserves** | | |
| Unappropriated profit / (accumulated loss) | 3,741,907 | (300,050) |
| **Other reserves** | | |
| Premium on the issue of ordinary shares | 4,497,894 | 4,497,894 |
| Foreign exchange translation reserve | 4,102 | 6,377 |
| Unrealised gain on revaluation of available for sale investments -net | 12,523,931 | 12,381,111 |
| Statutory reserve | 647,030 | 361,752 |
| | 17,672,957 | 17,247,134 |
| | 21,414,864 | 16,947,084 |

22.1 The amounts above reflect the effect of deferred taxation wherever applicable. Refer note 12.

## 23. LONG TERM FINANCING

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | --------(Rupees in '000) -------- | |
| Term Finance Certificates | 23.1 | 429,623 | 778,480 |
| Term loan | 23.2 | 433,666 | - |
| | | 863,289 | 778,480 |

## 23.1 Term Finance Certificates (TFCs)

| Secured | Note | 2015 | 2014 |
|---|---|---|---|
| | | --------(Rupees in '000) -------- | |
| Seventh issue | 23.1.1 | 249,448 | 494,090 |
| Eigth issue | 23.1.2 | 525,992 | 592,378 |
| | | 775,440 | 1,086,468 |
| Less: Current portion shown under current liability | | 345,818 | 307,988 |
| | | 429,622 | 778,480 |

23.1.1 The profit on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 240 basis points per annum. These TFCs have a tenure of four years i.e. 2012-2016 with a call option exercisable by the Company at any time on a coupon date during the tenure of the TFCs by giving a 30 days notice. The instrument is structured to redeem the principal in eight (8) equal semi-annual instalments starting from the 6th month of the issue date. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 464 million (December 31, 2014: Rs. 1,066.02 million) to secure the outstanding principal with 35% margin. In the event of any sale and repurchase of the 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 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 the TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. The instrument is structured to redeem the principal in ten (10) stepped up semi-annual instalments starting from the 6th month of the issue date . These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 1,070.55 million (December 31, 2014: Rs. 1,478.07 million ) to secure the outstanding principal with 35% margin. In the event of any sale and repurchase of marketable securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

## 23.2 Term loan

| Secured | Note | 2015 | 2014 |
|---|---|---|---|
| | | --------(Rupees in '000) -------- | |
| Term Loan | 23.2.1 | 493,780 | - |
| Less: Current portion shown under current liability | | 60,114 | - |
| | | 433,666 | - |

23.2.1 This represents a term loan amounting to Rs. 500 million exclusive of issue cost of Rs. 8.63 million obtained during the year from a commercial bank. The mark-up on this term loan is payable semi-annually, based on the six month KIBOR average rate plus 150 basis points per annum. This loan has a 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 instalments starting from 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 1,004.85 million with 40% margin.

## 24. LONG-TERM DEPOSITS AND OTHER ACCOUNTS

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | --------(Rupees in '000) -------- | |
| Customers | | | |
| Fixed deposits | | 61,877,181 | 46,411,555 |
| Savings deposits | | 30,207,993 | 25,558,374 |
| Margin accounts | | 1,557,573 | 566,583 |
| | 24.1 | 93,642,747 | 72,536,512 |
| Financial Institutions | | | |
| Remunerative deposits | 24.1 | 10,996,136 | 7,302,784 |
| Non-Remunerative deposits | | 203,863 | 81,291 |
| | | 11,199,999 | 7,384,075 |
| | | 104,842,746 | 79,920,587 |
| Current maturity | | (104,147,082) | (79,803,423) |
| | | 695,664 | 117,164 |

24.1 These carry mark-up ranging from 0.5% to 11.5% (December 31, 2014: 0.5% to 11.5%) per annum.

## 25. TRADE AND OTHER PAYABLES

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | --------(Rupees in '000) -------- | |
| Creditor for sale of shares on behalf of clients | | 448,218 | 641,683 |
| Accrued expenses | | 1,214,931 | 588,221 |
| Bills payable | | 1,612,608 | 1,383,094 |
| | | 3,275,757 | 2,612,998 |
| Other liabilities | | | |
| Security deposits | | 765,196 | 326,686 |
| Unclaimed dividend | | 21,406 | 21,748 |
| Unrealised loss on forward foreign exchange contracts - net | | 41,047 | 181,796 |
| Provision for Worker's Welfare Fund | 25.1 | 360,012 | 220,352 |
| Others | | 520,643 | 569,082 |
| | | 1,708,304 | 1,319,664 |
| | | 4,984,061 | 3,932,662 |

25.1 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.

Aggrieved by the amendments made through the said Finance Act, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the Ordinance in 2011. However, some stakeholders also filed petition in the Sindh High Court which, in 2013, decided against the stakeholders.

Further pursuant to the show cause notice dated June 28, 2014 issued by the Deputy Commissioner of Inland Revenue (DCIR) under section 221(3) for rectification under section 221(1) of the Income Tax Ordinance, 2001 in respect of tax year 2013 for non-payment of WWF of Rs. 53.06 million under the provisions of section 4 of the Workers Welfare Fund Act, 1971, read with FBR circular no. 13 of 2008, the Company has filed a writ petition under Article 199 of the Constitution of Islamic Republic of Pakistan before the High Court of Sindh challenging the levy and demand for payment of WWF and obtained interim relief. The matter is pending adjudication before the Court.

In view of the promulgation of Sindh Workers Welfare Fund Act 2014 wherein financial institutions have also been brought into the definition of industrial establishment. The Company is in consultation with its tax advisors regarding the applicability of this enactment.

However on a prudent basis, the Company has recognized current year provision of Rs. 139.66 million and aggregate provision amounting to Rs. 360.01 million for the years from July 2011 to December 2015.

## 26. ACCRUED INTEREST / MARK-UP ON BORROWINGS

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | --------(Rupees in '000) -------- | |
| Long term financing | | 36,638 | 27,013 |
| Deposits | | 875,428 | 813,750 |
| Short term borrowings | | - | 309,865 |
| | | 912,066 | 1,150,628 |

## 27. SHORT TERM BORROWINGS

| | Note | 2015 | 2014 |
|---|---|---|---|
| Securities sold under repurchase agreements secured against: | | | |
| Government securities | 27.1 | 45,837,581 | 46,876,814 |
| Borrowing from banks / NBFCs - unsecured | 27.2 | 8,800,737 | 3,661,159 |
| | | 54,638,318 | 50,537,973 |

27.1 This represents collateralised borrowing from SBP against Pakistan Investment Bonds carrying mark-up at the rate of 6.5% (2014: 9.70% to 10.30%) per annum and would mature on January 04, 2016 (2014: January 02, 2015 to February 27, 2015).

27.2 Included herein Rs. 3,500 million (2014: Rs. NIL million) representing call money borrowings from financial institutions, carrying interest at the rate of 6.05% (2014: NIL) per annum. This also includes overdrawn nostro accounts outside Pakistan.

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

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | --------(Rupees in '000) -------- | |
| Term finance certificates | 23.1 | 345,818 | 307,988 |
| Term Loan | | 60,114 | - |
| Deposits and other accounts | 24 | 104,147,082 | 79,803,423 |
| Current accounts - Non-remunerative | | 34,570,446 | 27,371,408 |
| | | 139,123,460 | 107,482,819 |

## 29. CONTINGENCIES AND COMMITMENTS

### 29.1 Contingencies

- In respect of Holding Company

a) The CIR-Appeals deleted the addition made as per order passed under section 122(5A) eliminating the tax liability and restored the return versions for the tax years 2008 and 2009. The tax department filed appeals to 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 have been filed with ACIR to allow appeal effect in accordance with the order passed by the ATIR. 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 has been filed with the Commissioner (Appeals). The appeal has been heard; however the order is still awaited.

The Additional Commissioner of Inland Revenue – Audit Division (ACIR) has issued another 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 gain of Rs. 19,255.04 million and despite the fact that capital gains are treated under separate head of income as 'Capital Gains' and not as part of 'Income from Business'. Further, capital gains are not covered under the exclusive definition of 'turnover' stipulated in section 113 of the Ordinance. During the year the Company has filed appeal against the above order before the Commissioner Inland Revenue – Appeals (CIR-Appeals).The final hearing for the aforementioned appeal was held on February 19, 2015, however, order thereof is still awaited.

The management, based on its discussions with its tax advisors, is confident that the subject matter in respect of tax year 2008 will eventually be decided in favour of the Company. Hence, no provision for liability has been made in these financial statements.

b) The Additional Commissioner of Inland Revenue – Audit Division (ACIR) has issued order under section 122 (5A) of the Income Tax Ordinance, 2001 (the Ordinance) in respect of the tax year 2010. According to the order, the ACIR has raised tax liability of Rs. 63.49 million in respect of the above mentioned tax year. The Company filed application for rectification in the order on various grounds including credit for tax of Rs. 54.10 million not allowed by the ACIR against which rectification order under section 221 of the Ordinance was issued according to which the tax demand was reduced to Rs. 9.64 million after accounting for the tax credit. Further, the Company has also filed appeal against the above order before the Commissioner Inland Revenue – Appeals (CIR-Appeals). The CIR-Appeals has confirmed the order of ACIR. As a result of the aforesaid order of CIR-Appeals, the Company has filed an Appeal before the Appellate Tribunal Inland Revenue (ATIR). On November 20, 2015, the learned ATIR was pleased to issue an order whereby the case has been instructed to be remanded back for fresh proceedings to be carried out by the ACIR on the ground that the amended assessment order passed by the ACIR u/s 122(5A) and the appellate order passed by the CIR (A) were not sustainable as the issues were not probed in a consistent manner and rejected the legal issues that were raised.

The management, based on its discussions with its tax advisors, is confident that the subject matter in respect of tax year 2010 will eventually be decided in favour of the Company. Hence, no provision for liability has been made in these financial statements.

- In respect of JSIL

a) In respect of the appeals filed by the JSIL against orders passed for tax year 2006 and 2009 against demand of Rs 162 million and 66 million respectively, the Commisioner of Inland Revenue has not accepted the basis of addition and set aside both the orders in respect of allocation of expenses between various source of income for devono proceedings with the directions to apportion 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, which is currently pending for adjudication.

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

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

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 in this respect which is pending for adjudication.

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

b) The Company has filed an appeal before the Appellate Tribunal, Sindh Revenue Board against the order of Commissioner (Appeals), Sindh Revenue Board in respect of levy of Sindh Sales tax amounting to Rs. 1.288 million on certain disallowance of input taxes and Rs. 0.054 million on levy of sales tax on certain heads of income, for the tax periods from July, 2011 to December, 2012. However, the appeal is pending before Honorable Tribunal, SRB is not formed.

Management and tax advisors are confident that good grounds exist to contest these disallowances and other points at appellate forums and these additions cannot be maintainable and eventually outcome will come in favor of the Company. Hence no provisions have been made in the financial statements.

- In respect of JSGCL

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

The case was fixed for hearing on April 29, 2015, and various other dates during the period but on all dates, the case was discharged for want of time.

b) During 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) demanding payment of sales tax amounting to Rs. 19.65 million for the period from July 2011,, to June 2012, under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently an order was passed reducing the demand to Rs. 9.86 million along with default surcharge. The Company filed an appeal against the said order which was decided against it. The Company has also filed an appeal before tribunal which is pending adjudication and no order has been passed in this regard. In previous year, the Company paid an amount of Rs. 7.15 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

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

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

c) During 2015, the Deputy Commissioner Inland Revenue has issued an order to the Company (among other brokerage houses), for tax demand amounting to Rs. 78 million on account of non-payment of Federal Excise Duty (FED) for tax period from 2010 to 2013. The Company had filed a rectification appeal amounting to Rs. 54.3 million against the said order on account of certain computational errors. The Company has also filed an appeal in the Sindh High Court, through KSE Stockbrokers Association (of which the Company is also a member) against the aforementioned order on the grounds that after 18th amendment to the Constitution the services that were previously subject to FED under the federal laws are now subject to provincial sales tax and the Company has accordingly discharged its tax obligations in the respective provinces. The Sindh High Court has stayed Federal Board of Revenue from demanding sales tax on services from stock brokers. Further, management of the Company and its tax advisors are of the view that because provincial sales tax on services has already been paid after constitutional dispensation, no further charge is expected to arise in respect of this matter.

| | | 2015 | 2014 |
|---|---|---|---|
| | | ------ (Rupees in '000) ------ | |
| **29.1.1 Transaction-related contingent liabilities** | | | |
| Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions. | | | |
| i) | Government | 13,374,471 | 4,733,516 |
| ii) | Banking companies and other financial institutions | 590,642 | 362,326 |
| iii) | Others | 2,888,172 | 1,387,650 |
| | | 16,853,285 | 6,483,492 |

| | | 2015 | 2014 |
|---|---|---|---|
| | | ------ (Rupees in '000) ------ | |
| 29.1.2 | Other contingencies | | |
| | Claims not acknowledged as debts | 66,884 | 66,791 |
| | Trade related contingent Liabilities documentary credits | 11,134,071 | 7,828,275 |
| 29.2 | Commitments | | |
| | Commitments in respect of forward exchange contracts: | | |
| | Purchase | 9,076,271 | 6,110,485 |
| | Sale | 5,218,707 | 7,142,322 |
| | Forward commitments to extend credit | 1,396,767 | 2,420,850 |
| | Other commitments: | | |
| | Forward commitments in respect of purchase | - | 2,018,228 |
| | Forward commitments in respect of sale | 1,035,179 | 6,644,737 |
| | Commitments in respect of capital expenditure | 616,466 | 88,872 |
| | Commitment in respect of Term loan from Allied Bank Limited | - | 500,000 |
| | Cross currency swaps | 2,627,850 | 1,588,850 |

## 30. RETURN ON INVESTMENTS

| | 2015 | 2014 |
|---|---|---|
| Mark-up / interest income from: | | |
| At fair value through profit or loss - held for trading | | |
| Government securities | 795,105 | 1,578,239 |
| Term Finance Certificates | 5,941 | - |
| | 801,046 | 1,578,239 |
| Available for sale | | |
| Term Finance / Sukuk Certificates | 205,568 | 236,077 |
| Government securities | 8,284,702 | 3,818,253 |
| | 8,490,270 | 4,054,330 |
| Dividend income on: | | |
| At fair value through profit or loss - held for trading | 60,478 | 8,333 |
| Available for sale investments | 617,941 | 395,096 |
| | 678,419 | 403,429 |
| | 9,969,735 | 6,035,998 |

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | ------ (Rupees in '000) ------ | |

## 31. GAIN ON SALE OF INVESTMENTS - net

| | | 2015 | 2014 |
|---|---|---|---|
| At fair value through profit or loss - held for trading | | 37,708 | 90,345 |
| Available for sale | | | |
| Listed equity securities | | 3,987,076 | 1,046,964 |
| Government securities | | 1,319,863 | 904,552 |
| Mutual funds | | 101 | 82,856 |
| | | 5,344,748 | 2,124,717 |

## 32. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS

| | | 2015 | 2014 |
|---|---|---|---|
| Interest on loans to staff | | 295 | 347 |
| Interest on loans and advances | | 5,951,679 | 5,048,298 |
| Interest on deposits with financial institutions | | 5,562 | 28,485 |
| Return on reverse repurchase transactions of Government securities | | 160,237 | 564,207 |
| Return on term deposit receipts | | 4,108 | 4,978 |
| | | 6,121,881 | 5,646,315 |

## 33. FEE, COMMISSION AND BROKERAGE

| | Note | 2015 | 2014 |
|---|---|---|---|
| Consultancy and advisory fee | | 150,983 | 146,555 |
| Commission income | | 1,017,070 | 759,454 |
| Remuneration from funds under management | 33.1 | 159,721 | 201,675 |
| Brokerage Income | | 439,923 | 330,972 |
| Other services | | 3,919 | 8,807 |
| | | 1,771,616 | 1,447,463 |

### 33.1 Remuneration from funds under management

| | 2015 | 2014 |
|---|---|---|
| JS Value Fund Limited | 26,143 | 47,197 |
| JS Growth Fund | 65,756 | 108,599 |
| Unit Trust of Pakistan | 40,063 | 39,578 |
| JS Income Fund | 8,129 | 9,061 |
| JS Islamic Fund | 16,135 | 10,123 |
| JS Aggressive Asset Allocation Fund | 2,213 | 3,143 |
| JS Fund of Funds | 1,494 | 1,096 |
| JS KSE - 30 Index Fund | 663 | 942 |
| JS Pension Savings Fund | 8,745 | 7,448 |
| JS Islamic Pension Savings Fund | 4,629 | 3,909 |
| JS Islamic Government Securities Fund | 1,669 | 3,294 |
| JS Large Cap Fund | 28,468 | 21,355 |
| JS Cash Fund | 8,046 | 14,610 |
| | 212,153 | 270,355 |
| Less : Sales Tax | (26,877) | (36,412) |
| Federal Excise Duty | (25,555) | (32,268) |
| | 159,721 | 201,675 |

33.1.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, JSIL is entitled to an accrued remuneration during the first five years of the fund, of an amount not exceeding three percent of the average net assets of the Fund that has been verified by the trustee and is paid in arrears on monthly basis and thereafter of an amount equal to two percent of such assets of the Fund. During the year ended December 31, 2015, JSIL has charged management fee at the rates ranging from 0.50 to 2 percent (2014: 0.50 to 2 percent).

## 34. OTHER INCOME

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | ------ (Rupees in '000) ------ | |
| Gain on sale of property and equipment | | 38,328 | 26,887 |
| Rental income | | 19,091 | 15,380 |
| Return on cash margin on future contracts | | 9,350 | - |
| Loss on remeasurement of future equity derivatives | | (36,771) | (167,810) |
| Income under margin financing | | 78,176 | - |
| Income from dealing in foreign currency | | 287,741 | 327,218 |
| Other income | | 58,792 | 5,011 |
| | | 454,707 | 206,686 |

## 35. ADMINISTRATIVE AND OTHER EXPENSES

| | Note | 2015 | 2014 |
|---|---|---|---|
| Salaries and benefits | 35.1 | 2,704,876 | 2,054,250 |
| Telephone, fax, telegram and postage | | 152,353 | 108,145 |
| Vehicle running | | 9,091 | 14,542 |
| Directors' meeting fee | | 14,148 | 7,311 |
| Utilities | | 17,518 | 17,562 |
| Newspapers and periodicals | | 459 | 426 |
| Conveyance and travelling | | 63,579 | 39,384 |
| Repairs and maintenance | | 378,269 | 446,346 |
| Computer expenses | | 19,204 | 11,540 |
| Auditors' remuneration | 35.2 | 11,022 | 10,008 |
| Royalty fee | 35.3 | 24,900 | 24,900 |
| Consultancy fee | | 3,777 | 8,601 |
| Advisory fee | 35.4 | 35,567 | 14,010 |
| Legal and professional charges | | 59,003 | 80,677 |
| Printing and stationery | | 8,732 | 9,785 |
| Rent, rates and taxes | | 891,341 | 780,738 |
| Insurance | | 119,833 | 127,432 |
| Entertainment | | 2,521 | 2,424 |
| Advertisement | | 175,330 | 124,546 |
| Office supplies | | 2,469 | 2,399 |
| Depreciation | 35.5 | 462,166 | 375,871 |
| Amortisation of intangible assets | | 46,618 | 35,708 |
| Provision against non-performing loans, advances and receivables | | 675,455 | 657,634 |
| Fees and subscription | | 54,986 | 57,249 |
| Donations | 35.6 | 117,030 | 49,022 |
| Brokerage and commission expense | | 10,253 | 26,212 |
| Clearing fees | | 93,242 | 76,639 |
| Office security | | 176,400 | 123,625 |
| Exchange loss | | 147 | 169 |
| Provision against guarantees | 10.1.1 | 479,079 | - |
| Others | | 81,879 | 81,437 |
| | | 6,891,247 | 5,368,592 |

### 35.1 Details of Provident Funds

| Description | JSCL | | JSBL | | JSIL | | JSGCL | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | ------Audited------ | | Draft | ---Audited--- | | | | |
| | (Rupees in '000) | | | | | | | |
| Number of employees | 19 | 22 | 1,477 | 1,233 | 75 | 70 | 128 | 105 |
| Size of provident fund | 29,300 | 30,116 | 607,995 | 487,821 | 18,750 | 15,545 | 40,465 | 28,675 |
| Cost of investments made | 21,272 | 8,957 | 369,208 | 464,905 | 18,102 | 14,811 | 40,046 | 28,282 |
| Fair value of investments | 22,365 | 9,596 | 369,208 | 464,905 | 18,102 | 14,811 | 40,160 | 28,263 |
| Percentage of investments made | 73% | 30% | 61% | 95% | 97% | 95% | 99% | 99% |
| **Break-up of investments at cost/ market value:** | | | | | | | | |
| **Term finance certificates** | | | | | | | | |
| Amount of investments | 4,271 | 5,760 | - | 117,102 | - | - | 1,817 | 2,529 |
| Percentage of size of investment | 15% | 19% | - | 24% | | - | 4% | 9% |
| National Saving Schemes: | | | | | | | | |
| Amount of investments | - | - | 35,000 | 151,971 | - | 1,300 | 4,503 | 4,141 |
| Percentage of size of investments | - | - | 6% | 31% | - | 8% | 11% | 14% |
| **Listed securities:** | | | | | | | | |
| Amount of investments | 1,388 | 3,648 | 37,401 | - | 7,332 | 4,065 | 8,882 | 4,050 |
| Percentage of size of investment | 5% | 12% | 6% | - | 39% | 26% | 22% | 14% |
| **Government Securities:** | | | | | | | | |
| Amount of investment | 16,706 | - | 296,807 | 164,317 | - | - | - | - |
| Percentage of size of investment | 57% | - | 49% | 34 | - | - | - | - |
| **Balance in scheduled banks:** | | | | | | | | |
| Amount of investment | 6,872 | 20,366 | 21,969 | 22,916 | 7,545 | 3,580 | 24,844 | 17,562 |
| Percentage of size of investments | 23% | 68% | 4% | 5% | 40% | 23% | 61% | 61% |
| **Balance in Mutual Funds:** | | | | | | | | |
| Amount of investment | - | 188 | 25,700 | 31,514 | 3,225 | 5,866 | - | - |
| Percentage of size of investment | - | 1% | 4% | 6% | 17% | 38% | - | - |

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

### 35.2 Auditors' remuneration

| | Deloitte Yousuf Adil | | Other Auditors | | |
|---|---|---|---|---|---|
| | Holding Company | Subsidiary companies | Subsidiary companies | 2015 | 2014 |
| | (Rupees in '000) | | | | |
| Annual audit fee | 1,500 | 2,700 | 877 | 5,077 | 4,796 |
| Half-yearly review fee | 200 | 900 | - | 1,100 | 1,278 |
| Certifications and other services | 193 | 3,115 | - | 3,308 | 2,877 |
| Out of pocket expenses | 107 | 1,430 | - | 1,537 | 1,057 |
| | 2,000 | 8,145 | 877 | 11,022 | 10,008 |

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

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

### 35.5 Depreciation

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Operating assets | 7.1 | 461,994 | 375,592 |
| Investment property | 9 | 172 | 279 |
| | | 462,166 | 375,871 |

35.6 This represents donations to Future Trust in 2015 (wherein Mr. Suleman Lalani and Mr. Ali J. Siddiqui are trustees) and Mahvash and Jahangir Siddiqui Foundation in 2014 (wherein Mr. Munawar Alam Siddiqui, Mr. Ali J. Siddiqui and his spouse are directors). The registered offices of the donees are located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

## 36. FINANCE COST

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in '000) | |
| **Mark-up on:** | | |
| Short term running finance | 3,976 | 301 |
| Long term financing | 99,926 | 158,265 |
| Borrowing from banks / NBFCs | 450,251 | 220,565 |
| Deposits | 6,230,587 | 5,445,558 |
| Repurchase transactions of securities | 2,891,267 | 1,458,414 |
| | 9,676,007 | 7,283,103 |
| Amortisation of transaction costs | 5,164 | 7,358 |
| Bank charges | 251 | 660 |
| | 9,681,422 | 7,291,121 |

## 37. IMPAIRMENT ON INVESTMENTS

| | | |
|---|---|---|
| Available for sale investments | 291,092 | 311,934 |
| | 291,092 | 311,934 |

## 38. TAXATION

| | Note | 2015 Current | 2015 Prior | 2015 Deferred | 2014 Current | 2014 Prior | 2014 Deferred |
|---|---|---|---|---|---|---|---|
| | | (Rupees in '000) | | | | | |
| Jahangir Siddiqui & Co. Ltd. | 38.1 | 325,194 | (1,746) | - | 39,237 | - | - |
| JS Investments Limited | 38.2 | 33,170 | 36 | (8,184) | 3,422 | (2,304) | 10,223 |
| JS Infocom Limited | 38.3 | 2,414 | - | - | 36 | (242) | - |
| Energy Infrastructure Holding (Pvt) Ltd. | 38.4 | 2,709 | - | - | 2,150 | 88 | - |
| JS Global Capital Limited | 38.5 | 119,071 | (9,018) | 15,013 | 122,743 | (1,253) | 5,693 |
| JS Abamco Commodities Limited | | 52 | - | 135 | - | | 33 |
| JS Bank Limited | 38.6 | 449,422 | - | 237,404 | 122,201 | (48,609) | 474,594 |
| | | 932,032 | (10,728) | 244,368 | 289,789 | (52,320) | 490,543 |
| Total Taxation | | | | 1,165,672 | | | 728,012 |

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

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

38.3 The income tax assessments of JS Infocom Limited for the tax years 2004 to 2015 have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.

38.4 The income tax assessments of Energy Infrastructure Holding (Private) Limited for the tax year 2009 & 2015 has been filed and is deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.

38.5 Except for the tax year 2005 and the tax year 2009, income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes. Futhermore, monitoring proceedings were initiated for tax years 2013 and 2014 for which no order has been passed, however, all the requrested details have been submitted by the Compnay. The tax year 2005 has been selected for audit and the proceedings are pending in the RTO.There is no progress in this regard in current period.

For the tax year 2009, the ITRA No. 07/2013 filed by the Commissioner Inland Revenue against the order passed by the Learned Appellate Tribunal Inland Revenue in ITA No. 923/KB/2011 dated August 28, 2011 relating to apportionment of expenses, allowability of expenses and claiming of tax deducted at source amounting to Rs. 61.6 million which is pending for hearing before the Honorable High Court of Sindh at Karachi. The case was fixed for hearing on April 29, 2015 and various other dates during the period but on all date, the case was discharged for want of time.

### 38.6 Income Tax

JS Bank (the Bank) has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2009 through 2015. The said returns so filed were deemed to be assessed in terms of the returns filed under the provisions of prevailing income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2013. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

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

For tax year 2008, CIRA has admitted the contention of the Bank that the amended order is barred by time and, decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIRA in ATIR where it is pending for hearing and decision. For the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIRA decision that allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The management of the Bank is confident that the decision in respect of the above matters will be in the Bank's favour and accordingly no demand for payment would arise.
The Bank has commenced its operations in Azad Jammu & Kashmir from tax year 2009 and it has filed separate returns for the tax years 2009 to 2014 with the tax authorities of such region. The Commissioner has issued notice to select the return filed for the Tax Year 2011 for imitating audit proceeding which are finalised during the year and no additional demand has been raised.

### 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) charging tax on certain non-fund based services provided by the Bank from the period ended July 01 2011 to December 31, 2013. The Bank is contesting the taxability of such incomes. The total amount involved of these services is of Rs. 277.488 million on which liability of Rs. 48.838 million has been determined as tax besides Rs. 4.440 million is charged as penalty. The Bank has not accepted the adjudication so made and has filed an appeal before the Commissioner (Appeals) which is pending for hearing and decision.

### Minimum tax

Adjustability of minimum tax (in future years) has been provided under section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). The said sub-section provides that the excess of minimum tax over actual is carried forward for adjustment against tax liability (up to five years). However, the Sindh High Court (the Court) passed a judgement against the issue which had arisen where actual tax payable for the year is nil, and whole amount of minimum tax was considered for adjustment in future. The Court passed an order that actual tax payable should be an absolute amount, and cannot be zero or nil; therefore minimum tax paid in such a situation is not eligible for adjustment in future, in terms of section 113(2)(c) of the Ordinance. The aforesaid decision of the Court has been further appealed, and issue is now sub judice before the Supreme Court of Pakistan (SCP). Management and their tax advisors are of the opinion that, based on valid legal grounds, favorable outcome is expected. Accordingly, the Bank has taken the benefit of carry forward minimum tax which was paid in prior years of Rs. 252.548 million against current tax charge.

## 39. EARNINGS PER SHARE

| | Note | 2015 | 2014 |
|---|---|---|---|
| Attributable to equity holders' of the parent: | | ------ (Rupees in '000) | ------ |
| Profit from continuing operations | | 4,290,372 | 1,261,585 |
| Loss after taxation for the year from discontinued operations | | - | (6,245) |
| Profit after taxation attributable to Ordinary shareholders | | 4,290,372 | 1,255,340 |
| | | (Numbers in '000) | |
| Number of Ordinary shares outstanding during the year | 21.3 | 842,476 | 835,797 |
| Earnings per share: | | ---------(Rupees)--------- | |
| | | | Restated |
| Basic | | | |
| Continuing operations | | 5.09 | 1.51 |
| Discontinued operations | | - | (0.01) |
| | | 5.09 | 1.50 |

39.1 Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at December 31, 2015 and December 31, 2014.

## 40. CASH AND CASH EQUIVALENTS

| | 2015 | 2014 |
|---|---|---|
| | ------ (Rupees in '000) ------ | |
| Cash and bank balances | 12,886,399 | 9,551,165 |
| Borrowing from bank / NBFCs | (8,800,737) | (3,661,159) |
| | 4,085,662 | 5,890,006 |

## 41. DEFERRED LIABILITY - EMPLOYEE BENEFIT

### 41.1 General description

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

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

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

- Salary increase risk:

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

- Discount rate risk

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

- Mortality / withdrawl risk:

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

- Longevity Risk

  This is the risk that when actulal lifetime of retires is longer than expection. The risk is measured at plan level over the entiree population.

- Investment risk

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

- Maturity profile

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

### 41.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme is 1,778 (2014: 1,522).

### 41.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2014 based on the Projected Unit Credit Method, using the following significant assumptions:

| | | 2015 | 2014 |
|---|---|---|---|
| Valuation discount rate | per annum | 9.00% | 11.25% |
| Expected return on plan assets | per annum | 9.00% | 11.25% |
| Future salary increase rate | | | |
| Short term | per annum | 9.00% | 10.00% |
| Long term | per annum | 9.00% | 11.25% |
| Normal retirement age | years | 60 | 60 |

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

| | Defined benefit obligations | | Fair value of plan assets | | Net defined benefit liability (asset) | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Rupees in (000) | | | | | |
| Balance as at January 01, | 154,368 | 116,676 | 133,019 | 115,387 | 21,349 | 1,289 |
| Included in profit or loss | | | | | | |
| Current service cost | 44,657 | 28,416 | - | - | 44,657 | 28,416 |
| Negative past service cost | (30,465) | - | - | - | (30,465) | - |
| Past service cost | 38,942 | - | - | - | 38,942 | - |
| Interest cost / income | 17,256 | 14,478 | 16,055 | 14,397 | 1,201 | 81 |
| | 70,390 | 42,894 | 16,055 | 14,397 | 54,335 | 28,497 |
| Included in other comprehensive income | | | | | | |
| Acturial gains / losses arising from: | | | | | | |
| - financial assumptions | 255 | (4,734) | - | - | 255 | (4,734) |
| - Experience adjustments | 12,519 | 1,241 | 3,104 | 3,655 | 9,415 | (2,414) |
| | 12,774 | (3,493) | 3,104 | 3,655 | 9,670 | (7,148) |
| Others | | | | | | |
| Contibution made during the year | - | - | 21,349 | 1,289 | (21,349) | (1,289) |
| Benefits paid during the year | (1,960) | (1,709) | (1,960) | (1,709) | - | - |
| | (1,960) | (1,709) | 19,389 | (420) | (21,349) | (1,289) |
| Balance as at December 31, | 235,572 | 154,368 | 171,567 | 133,019 | 64,005 | 21,349 |

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

| | Note | Fair value of plan assets 2015 | 2014 | 2015 | 2014 |
|---|---|---|---|---|---|
| | | ----------(Rupees in '000)---------- | | --------Percentage-------- | |
| Cash and cash equivalent | | 39,177 | 5,446 | 22.8% | 4.1% |
| Government Securities (PIBs) | 41.6.1 | 132,390 | 127,574 | 77.2% | 95.9% |
| | | 171,567 | 133,020 | 100% | 100% |

41.6.1 This represents investments held in Pakistan Investments Bonds (PIBs), the fair values of the above securities are determined based on quoted market prices in active markets having a cost of Rs. 122.900 million (2014: 122.900 million). The actual return on plan assets was Rs. 16.055 million (2014: Rs.14.397 million).

### Maturity profile

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

| | Up to one year | Over 1-2 years | Over 2- 5 years | Over 6-10 years | Over 10 and above | Total |
|---|---|---|---|---|---|---|
| Balance as at December 31, 2015 | 10,033 | 11,291 | 49,895 | 130,088 | 457,725 | 659,032 |

## 41.7 Sensitivity analysis

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

| Particulars | Rate | Present value | Fair value | Net defined |
|---|---|---|---|---|
| | | ---------------- Rupees in '000 | ------------------- | |
| Current results | - | 235,572 | 171,567 | 64,005 |
| Discount rate | | | | |
| 1% Increase | 1% | 215,186 | 169,521 | 45,665 |
| 1% Decrease | -1% | 258,958 | 173,669 | 85,289 |
| Salary Rate | | | | |
| 1% Increase | 1% | 259,913 | 171,567 | 88,346 |
| 1% Decrease | -1% | 214,023 | 171,567 | 42,456 |
| Withdrawal rate | | | | |
| 10% Increase | Moderate + one year | 227,769 | 171,567 | 56,202 |
| 10% Decrease | Moderate - one year | 243,916 | 171,567 | 72,349 |
| Mortality rate | | | | |
| One year age set back | Adjusted SLIC 2001-05 - one year | 235,862 | 171,567 | 64,295 |
| One year age set forward | Adjusted SLIC 2001-05 + one year | 235,283 | 171,567 | 63,716 |

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

## 41.8 Experience Adjustments

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

| Particulars | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| | ------------------------- Rupees in '000 | ------------------------- | | |
| Defined benefit obligation | 235,572 | 154,368 | 116,676 | 91,269 |
| Fair value of plan assets | (171,567) | (133,019) | (115,387) | (79,911) |
| Net defined benefit liability | 64,005 | 21,349 | 1,289 | 11,358 |
| Remeasurement gain / (loss) on obligation | 12,774 | 3,493 | (740) | (133) |
| Remeasurement gain / (loss) on plan assets | (3,104) | 3,655 | 2,408 | (3,260) |
| Other comprehensive income | 9,670 | 7,148 | 1,668 | (3,393) |

41.9 The average duration of the benefit obligation at December 31, 2015 is with in one year.

41.10 JSBL expects to make a contribution of Rs. 64.005 million (2014: Rs. 21.349 million) to the defined benefit plans during the next financial year.

41.11 JSBL 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. 58.053 million. The amount of remeasurements to be recognised in other comprehensive income for year ending December 31, 2016 will be worked out as at the next valuation.

## 42. FINANCIAL INSTRUMENTS BY CATEGORY

2015

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

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

2014

| | Loans and receivables | Assets at fair value through profit and loss | Available for sale | Total |
|---|---|---|---|---|
| | (Rupees in '000) | | | |
| ASSETS | | | | |
| Long term investments | - | - | 72,486,421 | 72,486,421 |
| Loans, advances, deposits and other receivables | 56,814,202 | - | - | 56,814,202 |
| Net Investment in Finance Lease | 1,618,581 | - | - | 1,618,581 |
| Short term investments | - | 25,424,823 | 3,926,009 | 29,350,832 |
| Trade debts | 595,962 | - | - | 595,962 |
| Fund placements | 15,755,061 | - | - | 15,755,061 |
| Accrued mark-up | 4,849,839 | - | - | 4,849,839 |
| Cash and bank balances | 9,551,165 | - | - | 9,551,165 |
| | 89,184,810 | 25,424,823 | 76,412,430 | 191,022,063 |

| | Fair value through profit or loss | At Amortized Cost | Total |
|---|---|---|---|
| | (Rupees in '000) | | |
| LIABILITIES | | | |
| Long term financing | - | 1,113,481 | 1,113,481 |
| Deposits and other accounts | - | 108,240,385 | 108,240,385 |
| Trade and other payables | - | 3,588,412 | 3,588,412 |
| Short term borrowings | - | 50,847,838 | 50,847,838 |
| | - | 163,790,116 | 163,790,116 |

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

### 43.1 Market risk

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

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, 2015 and December 31, 2014 respectively using the amounts of financial assets and liabilities held as at those balance sheet dates.

#### 43.1.1 Interest rate risk exposure

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

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

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

Sensitivity analysis for variable rate instruments

Presently, the Group holds interest rate bearing bank deposits, term finance certificates, loans and advances to customers and financial instutions and sukuks that expose the Group to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 31st December 2015, 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, 2015 | | ---------------------------- (Rupees in '000) ---------------------------- | |
| Assets | 100 | 10,322 | - |
| | (100) | (10,322) | - |
| Liabilites | 100 | (13,874) | - |
| | (100) | 13,874 | - |
| December 31, 2014 | | | |
| Assets | 100 | 683,358 | - |
| | (100) | (683,358) | - |
| Liabilites | 100 | (517,539) | - |
| | (100) | 517,539 | - |

### Sensitivity analysis for fixed rate instruments

As at December 31, 2015 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 31st December 2015, with all other variables held constant, the comprehensive income of the Group for the year would change as follows:

| December 31, 2015 | Increase / (decrease) in basis points | Effect on profit before tax | Effect on other comprehensive income |
|---|---|---|---|
| | | ---------------------------- (Rupees in '000) ---------------------------- | |
| Assets | 100 | 12,223 | (256) |
| | (100) | (12,223) | 256 |
| Liabilites | 100 | - | - |
| | (100) | - | - |
| December 31, 2014 | | | |
| Assets | 100 | 344,728 | - |
| | (100) | (344,728) | - |
| Liabilites | 100 | (807,207) | - |
| | (100) | 807,207 | - |

### 43.1.2 Foreign currency risk

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

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

| | Change in foreign currency rate | Effect on profit before tax | Effect on other comprehensive income |
|---|---|---|---|
| | (Percentage) | (Rupees in '000) | |
| December 31, 2015 | 2.50% | (365) | - |
| | (2.50%) | 365 | - |
| December 31, 2014 | 2.50% | (2,724) | (11,861) |
| | (2.50%) | 2,724 | 11,861 |

### 43.1.3 Equity price risk

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

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

The following table summarizes the Group's equity price risk as of December 31, 2015 and December 31, 2014. It shows the effects of an estimated increase of 10% in the equity market prices as on those dates. A decrease of 10% in the fair values of the quoted securities would effect profit and equity of the Group in a similar but opposite manner.

| | Fair Value | Price change | Effect on profit before tax | Effect on other comprehensive income |
|---|---|---|---|---|
| | Rupees in million | | (Rupees in million) | |
| December 31, 2015 | 19,601 | 10% increase | 135 | 1,825 |
| December 31, 2014 | 17,677 | 10% increase | 126 | 1,642 |

### 43.2 Liquidity risk

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

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

| | December 31, 2015 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to two years | Two to five years |
| | (Rupees in '000) | | | | | |
| Financial liabilities | | | | | | |
| Long term financing | 1,387,421 | 1,655,414 | 231,632 | 314,487 | 369,171 | 740,124 |
| Deposits and other accounts | 141,840,487 | 141,840,487 | 131,605,175 | 9,539,648 | 55,410 | 640,254 |
| Trade and other payables | 5,183,251 | 5,183,251 | 4,429,428 | - | - | 753,823 |
| Accrued interest / mark-up | 40,426 | 40,426 | 40,426 | - | - | - |
| Short term borrowings | 54,638,318 | 54,638,318 | 54,622,997 | 5,970 | 6,137 | - |
| | 203,089,903 | 203,357,896 | 190,929,658 | 9,860,105 | 430,718 | 2,134,201 |

| | December 31, 2014 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to two years | Two to five years |
| | (Rupees in '000) | | | | | |
| Financial liabilities | | | | | | |
| Long term financing | 1,086,468 | 1,562,562 | 227,466 | 237,057 | 697,050 | 400,988 |
| Deposits and other accounts | 107,426,635 | 107,426,635 | 100,112,114 | 7,197,358 | 78,919 | 38,245 |
| Trade and other payables | 3,588,412 | 3,588,412 | 3,588,412 | - | - | - |
| Accrued interest / mark-up | 1,150,628 | 1,150,628 | 1,150,628 | - | - | - |
| Short term borrowings | 50,537,973 | 55,591,770 | 55,591,770 | - | - | - |
| | 163,790,116 | 169,320,007 | 160,670,390 | 7,434,415 | 775,969 | 439,233 |

## 43.3 Credit Risk

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

### 43.3.1 Analysis of credit quality

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk. Government debt securities have been excluded as these carry zero percent credit risk.

| December 31, 2015 | Neither past due nor impaired: High grade | Neither past due nor impaired: Standard grade | Neither past due nor impaired: Sub-Standard grade | Past due but not impaired | Individually impaired | Total |
|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | |
| Cash and bank balances | 11,674,229 | - | - | - | - | 11,674,229 |
| Due from banks | 855,387 | 356,783 | - | - | - | 1,212,170 |
| Cash collateral on securities borrowed and reverse repurchase agreements | 2,952,883 | - | - | - | - | 2,952,883 |
| Financial assets at fair value through profit or loss | 24,105,806 | - | - | - | - | 24,105,806 |
| Loans and advances: | | | | | | |
| Corporate lending | 29,799,121 | 36,129,147 | 4,406,734 | 17,623 | 269,439 | 70,622,064 |
| Small business lending | 163,235 | 626,518 | 9,239 | - | - | 798,992 |
| Banks | 1,213,620 | 648,067 | - | - | - | 1,861,687 |
| Consumer lending | 252,826 | 640,368 | - | 36,481 | 1,150 | 930,825 |
| Residential mortgages | 1,130,122 | - | - | - | 5,966 | 1,136,088 |
| Employees and contractors | 1,343,481 | - | - | - | - | 1,343,481 |
| Trade debts | 800,847 | - | - | - | - | 800,847 |
| Accrued mark up | 53,731 | 4,564,934 | - | - | - | 4,618,665 |
| Financial investments available for sale: | | | | | | |
| Government Securities | 84,738,303 | - | - | - | - | 84,738,303 |
| Quoted - Other debt securities | | 1,333,915 | - | - | - | 1,333,915 |
| Unquoted - Debt securities | - | 1,924,462 | - | - | - | 1,924,462 |
| Equity Investments | - | 21,531,882 | - | - | - | 21,531,882 |
| | 159,083,591 | 67,756,076 | 4,415,973 | 54,104 | 276,555 | 231,586,299 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## For the year ended December 31, 2015

| December 31, 2014 | Neither past due nor impaired | | | Past due but not impaired | Individually impaired | Total |
|---|---|---|---|---|---|---|
| | High grade | Standard grade | Sub-Standard grade | | | |
| | ---(Rupees in '000)--- | | | | | |
| Cash and bank balances | 7,186,532 | - | - | - | - | 7,186,532 |
| Due from banks | 1,005,215 | 5,525,962 | - | - | - | 6,531,177 |
| Cash collateral on securities borrowed and reverse repurchase agreements | 10,688,358 | - | - | - | - | 10,688,358 |
| Financial assets at fair value through profit or loss | - | 517,388 | - | - | - | 517,388 |
| Loans and advances: | | | | | | |
| Corporate lending | 18,921,517 | 31,713,753 | 2,323,228 | 6,193 | 2,751,132 | 55,715,823 |
| Small business lendin | - | - | - | - | 51,430 | 51,430 |
| Banks | 1,178,302 | 334,707 | - | 554 | - | 1,513,563 |
| Consumer lending | 183,659 | 348,243 | - | - | 4,753 | 536,655 |
| Residential mortgages | 934,324 | - | - | - | 5,303 | 939,627 |
| Employees and contractors | 1,093,505 | - | - | - | - | 1,093,505 |
| Trade debts | - | 539,465 | 40,379 | 16,118 | - | 595,962 |
| Accrued mark up | 3,528,900 | 20,248 | 58,441 | 1,218,961 | 23,325 | 4,849,875 |
| Financial investments available for sale: | | | | | | |
| Government Securities | 54,132,301 | - | - | - | - | 54,132,301 |
| Quoted - Other debt securities | - | 2,516,803 | - | - | - | 2,516,803 |
| Unquoted - Debt securities | - | 1,838,615 | - | - | - | 1,838,615 |
| Equity Investments | - | 1,193,059 | - | - | - | 1,193,059 |
| | 98,852,613 | 44,548,243 | 2,422,048 | 1,241,826 | 2,835,943 | 149,900,673 |

### 43.3.2 Concentration of credit risk

The Group monitors concentration of credit risk by sector and geographic locations. An analysis of concentration of credit risk from loans and advances and investments is given below

| | Loans and advances | | Trade debts | | Investment debt securities | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (Rupees in '000) | | | | | |
| Segment by class of business | | | | | | |
| Mining and quarrying | 61,460 | 56,354 | - | - | - | - |
| Textile and Glass | 9,109,117 | 8,466,792 | - | - | - | - |
| Chemical and pharmaceuticals | 4,106,028 | 3,501,811 | - | - | - | - |
| Fertilizer and pesticides | 2,801,899 | 1,419,306 | - | - | 395,896 | 572,860 |
| Automobile and transportation equipment | 3,195,335 | 1,200,051 | - | - | - | - |
| Tyre, Rubber and Plastic | 1,167,412 | - | - | - | - | - |
| Electronics and electrical appliances | 118,399 | 356,357 | - | - | - | - |
| Construction and real estate | 5,219,528 | 933,440 | - | - | - | - |
| Power and water, Oil and Gas | 2,794,337 | 948,085 | - | - | 428,571 | - |
| Metal and steel | 1,405,162 | 1,242,633 | - | - | - | - |
| Paper / board / furniture | 577,514 | 234,193 | - | - | - | - |
| Food / confectionery / beverages | 22,072,862 | 19,403,063 | - | - | - | - |
| Trust and non-profit organisations | 194,596 | 98,207 | - | - | - | - |
| Sole proprietorships | 2,333,592 | 1,615,832 | - | - | - | - |
| Transport, storage and communication | 1,429,447 | 1,353,475 | - | - | 166,714 | 316,120 |
| Financial | 8,602,282 | 16,807,304 | - | - | 2,281,993 | 1,103,723 |
| Insurance and Security | 44,689 | 11,427 | - | - | - | - |
| Engineering, IT and other services | 7,559,660 | 5,542,113 | - | - | - | - |
| Sugar | 2,600,367 | 2,933,129 | - | - | - | - |
| Individuals | 5,051,753 | 4,151,635 | 814,707 | 645,416 | - | - |
| Others | 2,544,065 | 5,317,388 | - | - | - | - |
| | 82,989,504 | 75,592,595 | 814,707 | 645,416 | 3,273,174 | 1,992,703 |
| Segment by geographic location | | | | | | |
| In Pakistan | 82,989,504 | 75,592,595 | 814,707 | 645,416 | 3,273,174 | 1,992,703 |
| Outside Pakistan | - | - | - | - | - | - |
| | 82,989,504 | 75,592,595 | 814,707 | 645,416 | 3,273,174 | 1,992,703 |

### 43.3.3 Trading assets

The table below sets out the credit quality of trading debt securities. The analysis is based on PACRA and JCRVIS ratings where applicable:

| | 2015 | 2014 |
|---|---|---|
| | -------(Rupees in '000)-------- | |
| **Government Securities** | | |
| Government Securities | 22,537,891 | 23,647,625 |
| | 22,537,891 | 23,647,625 |
| **Mutual Funds** | | |
| Rated AA- to AA+ | 221,640 | 363,454 |
| | 221,640 | 363,454 |
| **Debt Securities** | | |
| Term Finance Certificates-listed | | |
| Rated AA- to AA+ | 127,438 | 13,103 |
| Rated A- to A+ | - | 52,753 |
| Term Finance Certificates-unlisted | | |
| Rated AA- to AA+ | - | 85,078 |
| Rated A- to A+ | - | 3,000 |
| | 127,438 | 153,934 |

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

The group holds collateral against its certain exposures. The table below sets out the principal type of collateral held against different types of financial assets:

| Type of credit exposure | Percentage of exposure that is subject to collateral requirements | | Principle type of collateral held |
|---|---|---|---|
| | 2015 | 2014 | |
| **Loans and advances to banks** | | | |
| Call money lendings | - | - | None |
| Lending To Financial Institution | 100% | 100% | Property / Stock |
| Repurchase agreement Lending | 100% | 100% | Government Securitie |
| **Loans and advances to retail customers** | | | |
| Running, cash, etc. finances | 100% | 100% | Cash / Property / Stock |
| Term loan | 100% | 100% | Property / Stock |
| Trade loans | 100% | 100% | Cash / Stock |
| House and personal loan | 100% | 100% | Property |
| Auto Loans | 100% | 100% | Mortgage of vehicle |
| **Loans and advances to corporate customers** | | | |
| Advances to Corporate Customers | 100% | 100% | Mortgage on fixed assets and lien on liquid assets. |

## 44. CAPITAL RISK MANAGEMENT

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

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

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

During the year ended December 31, 2015, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at December 31, 2015 was as follows:

| | 2015 | 2014 |
|---|---|---|
| | ------(Rupees in '000)------ | |
| Long term financing | 1,269,220 | 1,086,468 |
| Deposits and other accounts | 139,413,192 | 107,291,995 |
| Trade and other payables | 4,984,061 | 3,954,011 |
| Accrued interest / mark-up on borrowings | 912,066 | 1,150,628 |
| Short term borrowings | 54,638,318 | 50,537,973 |
| Total debt | 201,216,857 | 164,021,075 |
| Cash and bank balances | 12,886,399 | 9,551,165 |
| Fund Placements | 3,581,329 | 15,755,061 |
| | 16,467,728 | 25,306,226 |
| Net debt | 184,749,129 | 138,714,849 |
| Share Capital | 9,159,424 | 7,632,853 |
| Reserves | 21,414,864 | 16,947,084 |
| Equity | 30,574,288 | 24,579,937 |
| Capital | 215,323,417 | 163,294,786 |
| Gearing ratio | 86% | 85% |

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

## 45. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 5.19 to these financial statements.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 Unobservable inputs for the asset or liability.

| | 2015 | | | |
|---|---|---|---|---|
| On balance sheet financial instruments | Level 1 | Level 2 | Level 3 | Total |
| At fair value through profit or loss | (Rupees in '000) | | | |
| Open end Mutual funds | | | | 363,454 |
| Term finance certificates | 43,403 | - | - | 153,934 |
| Listed equity securities | 832,642 | - | - | 1,259,810 |
| Government securities | - | 22,537,891 | - | 23,647,625 |
| Available-for-sale investments | | | | |
| Open end mutual funds | 2,142,526 | - | - | 2,142,526 |
| Listed equity securities | 21,470,653 | - | - | 21,470,653 |
| Unlisted equity investments | - | 11,000 | - | 11,000 |
| Sukkuk and term finance certificates | - | 3,174,342 | 152,960 | 3,327,302 |
| Government securities | - | 84,679,742 | - | 84,679,742 |
| | 24,489,224 | 110,402,975 | 152,960 | 137,056,046 |
| Off balance sheet financial instruments | | | | |
| Forward exhange contracts | | | | |
| Purchase | - | 9,010,743 | - | 9,010,743 |
| Sale | - | 5,232,871 | - | 5,232,871 |
| Future transaction of listed equity securities | 772,304 | - | - | 772,304 |
| Forward government securities | | | | |
| Sale | - | 267,074 | - | 267,074 |
| Cross currency swaps (notional principal) | - | 2,638,243 | - | 2,638,243 |

| | 2014 | | | |
|---|---|---|---|---|
| | 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 | 363,454 | - | - | 363,454 |
| Term finance certificates | 153,934 | - | - | 153,934 |
| Listed equity securities | 1,259,810 | - | - | 1,259,810 |
| Government Securities | 23,647,625 | - | - | 23,647,625 |
| Available-for-sale investments | | | | |
| Open end mutual funds | 2,032,676 | | - | 2,032,676 |
| Listed equity securities | 16,417,361 | - | - | 16,417,361 |
| Unlisted equity investment | - | 33,846 | - | 33,846 |
| Sukkuk and term finance certificates | 441,824 | 1,906,421 | 152,960 | 2,501,205 |
| Government securities | 55,427,344 | - | - | 55,427,344 |
| | 99,744,028 | 1,940,267 | 152,960 | 101,837,255 |
| Off balance sheet financial instruments | | | | |
| Forward exhange contracts | | | | |
| Purchase | - | 6,069,042 | - | 6,069,042 |
| Sale | - | 7,201,824 | - | 7,201,824 |
| Future transaction of listed equity securities | 575,621 | - | - | 575,621 |
| Forward government securities | | | | |
| Purchase | - | 848,279 | - | 848,279 |
| Sale | - | 4,263,268 | - | 4,263,268 |
| Cross currency swaps (notional principal) | - | 1,596,218 | - | 1,596,218 |

## 46. RELATED PARTY TRANSACTIONS

Related parties comprise of subsidiaries, companies with common directors, associated companies, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amount due from and to these related parties are shown under receivables and payables, reverse repos are shown under fund placements and the remuneration of chief executive and executives are disclosed in note 47. The relationship and transactions with the related parties are given below:

### Common Directorship

| | 2015 | 2014 |
|---|---|---|
| | -------- (Rupees in '000) ------- | |
| Advance against subscription of right shares | - | 93,193 |
| Payment against subscription of right shares | 918,416 | - |
| Sale of Government securities | 78,139 | 3,081,561 |
| Purchase of Government securities | 42,960 | 287,325 |
| Dividend income | 19,488 | 77,543 |
| Rent Income | - | 1,044 |
| Commission income | 1,484 | 9 |
| Brokerage / commission / service income | 16,369 | 13,864 |
| Insurance claim received | - | 14,271 |
| Payment of insurance premium | 30,328 | 44,333 |
| Expenses incurred on behalf of the Company | 186 | 622 |
| Reimbursement of expenses by the Company | 436 | 726 |
| Interest / Markup expense | 145,234 | 5,101 |
| Letter of guarantee | - | 584 |
| Sale of units of JS Cash Fund | - | 997,724,991 |
| Purchase of units of JS Cash Fund | - | 700,000,000 |
| Purchase of units of JS Income Fund | - | 1,255,000,000 |
| Sale of units of JS Income Fund | 514,310 | 1,576,875,347 |
| Donation paid during the year | 16,635 | 12,546 |
| Letter of credit | 21,937 | 4,829 |
| Payment on account of expenses to associated companies | 638 | 125,784 |
| Sale of forward foreign exchange contracts | 9,715,600 | - |
| Purchase of forward foreign exchange contracts | 7,112,125 | - |
| Advances disbursed | 1,157,367 | 656,063 |
| Advances repaid | 1,123,871 | 686,722 |
| Deposits in banks accounts | 7,757,799 | 2,458,895 |
| Withdrawls from bank accounts | 6,704,218 | 2,435,353 |
| Interest / Markup earned | 26,075 | 13,156 |
| Amount Borrowed | 67,800,000 | - |
| Amount Repaid | 64,300,000 | - |
| | --------------- (Number) -------------- | |
| Right shares received during the year | 91,841,563 | 11,160,781 |
| Letter of right received | - | 10,094,612 |
| Shares received against spliting of share capital | - | 119,070,000 |
| Bonus shares received during the year | - | 3,430,000 |
| Sale of shares | 120,300,000 | - |
| Purchase of units of JS Income Fund | 520,612 | - |
| Bonus units received from JS Income Fund | - | 124,562 |
| Bonus units received from JS Cash Fund | - | 422,231 |

### Key Management Personnel

| | 2015 | 2014 |
|---|---|---|
| Interest on long term loan to executive | 14,388 | 13,350 |
| Proceeds from sale of vehicles | 326 | 7,000 |
| Interest/ markup expense | 2,005 | 1,336 |
| Loan disbursed | 219,264 | 195,865 |
| Loan repaid | 76,841 | 112,536 |
| Deposits in banks accounts | 863,036 | 1,027,652 |
| Withdrawls from bank accounts | 829,563 | 1,007,603 |
| Remuneration | 377,512 | - |
| Royalty and advisory fee paid | 24,000 | 24,602 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

| Subsidiary Investment Advisor / Asset Manager | 2015 | 2014 |
|---|---|---|
| | -------- (Rupees in '000) | ------- |
| Remuneration income | 159,722 | 201,675 |
| Investment made in the fund | 1,230,261 | 1,538,716 |
| Investment in the fund disposed off or matured | 1,594,427 | 1,370,603 |
| Dividend Income | 18,982 | - |
| Commission Income | 3,736 | 611 |
| Other expenses incurred on behalf of the fund | 4,970 | 7,045 |
| Other expenses incurred on behalf of the fund - reimbursed | 4,970 | 7,580 |
| | | |
| Bonus units received from the fund | - | 2,237,357 |

| Other Related Parties | -------- (Rupees in '000) | ------- |
|---|---|---|
| Sale of Government securities | 37,336,249 | 81,065,553 |
| Purchase of Government securities | 12,580,673 | 37,081,269 |
| Sale of Sukuk | 15,260 | - |
| Commission income | 97,238 | 67,657 |
| Purchase of vehicles | - | 1,900 |
| Acquisition of Ijara lease vehicle | - | 1,438 |
| Investment in right shares | 382,293 | 1,083,500 |
| Issuance of preference shares | - | 12,243 |
| Letter of guarantees | 107,623 | 19,200 |
| Sale of units | - | 179,244 |
| Investment in TFCs issued by the Holding company | - | 4,500 |
| Contribution to staff provident fund trust | 92,122 | 72,383 |
| Contribution to staff benefit plan gratuity | 21,349 | 1,289 |
| Dividend income | 462,286 | 253,941 |
| Brokerage / commission / service income | 190 | 1,614 |
| Dividend paid | - | 86,939 |
| Royalty paid | 30,725 | 29,900 |
| Advisory fee paid | | 6,000 |
| Rental income | 16,354 | 13,908 |
| Rent expense | - | 399 |
| Donation paid | 75,255 | 8,000 |
| Management fee sharing on distribution of mutual funds | 2 | 10 |
| Principal redemption against TFCs | 33,700 | 27,669 |
| Interest / markup earned | 199,600 | 123,384 |
| Interest / markup paid | 13,943 | 291,197 |
| Interest/ markup expense | 281,263 | 274,175 |
| Ijara rental expense | - | 304 |
| Other expenses incurred on behalf of related parties | 6,879 | 6,041 |
| Reimbursement of expenses from related parties | 5,248 | 4,910 |
| Advances disbursed | 5,746,165 | 3,502,467 |
| Advances repaid | 5,137,035 | 3,234,705 |
| Insurance premium paid | 81,102 | 22,883 |
| Insurance refund cancellation | 44 | 1 |
| Redemption of units | - | 213,940 |
| Redemption of investment | - | 3,578 |
| Proceeds against insurance claim /cancellation | 10,022 | 190 |
| Deposits in banks accounts | 60,574,317 | 69,970,700 |
| Withdrawals from bank accounts | 60,961,428 | 70,667,935 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

| | 2015 | 2014 |
|---|---|---|
| | -------- (Number) ------- | |
| Sale of shares (No. of shares) | 55,626,860 | - |
| Redemption of units (No. of Units) | - | 1,332,576 |
| Bonus Shares Received (No. of Shares) | - | 5,683,847 |
| Shares received against subscription of right shares (No. of shares) | 38,229,300 | 148,350,000 |
| Bonus Units Received (No. of Units) | - | 209,763 |
| | -------- (Rupees in ‘000) ------- | |
| Payment against Buy Back of own Shares | 1,313 | - |
| Other payments made | 66,666 | 222,222 |
| Receivable against expenses incurred on behalf of companies | 1,741 | 2,765 |
| Payable against contribution to Provident Fund | 752 | - |
| Rent receivable | 801 | 935 |
| Rent payable | 2,290 | 2,983 |
| Letter of credit | 34,139 | - |
| Sale proceeds of operating fixed assets | 2,285 | - |
| Services received | 228 | - |

## BALANCES WITH RELATED PARTIES

### Common Directorship

| | | |
|---|---|---|
| Advances | 395,763 | 362,267 |
| Borrowings | 3,500,000 | - |
| Deposits | 1,108,568 | 49,987 |
| Receivable against expenses incurred on behalf of companies | 307 | 120 |
| Donation payable | 80,000 | - |

### Other Related Parties

| | | |
|---|---|---|
| Advances | | |
| Deposits | 2,044,664 | 1,435,534 |
| Trade Debts | 4,808,073 | 5,208,125 |
| Trade payable | 1,108 | 838 |
| Principal outstanding of TFCs issued by the company | 1,026 | 3,676 |
| Mark-up payable on TFCs issued by the company | 74,163 | - |
| | 1,341 | - |

### Key management personnel

| | | |
|---|---|---|
| Advances | 395,639 | 252,004 |
| Deposits | 76,534 | 43,061 |
| Loans and advances payable | 2,048 | - |
| Trade payable | 221 | 101 |

## 47. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVES AND EXECUTIVES

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

| | Directors | | Chief Executives | | Executives | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (Rupees in '000) | | | | | |
| Managerial remuneration | 3,722 | 5,615 | 36,322 | 31,295 | 840,816 | 482,189 |
| House rent allowance | - | - | 7,546 | 9,094 | 166,986 | 211,887 |
| Utilities allowance | - | - | 1,941 | 2,126 | 38,148 | 48,007 |
| Car Allowance | - | - | - | 929 | 82,403 | 84,956 |
| Sub-brokerage, commission and performance bonus | - | - | 34,000 | 22,070 | 231,821 | 162,777 |
| Advisory and consultancy fee | 6,000 | 6,000 | - | - | | - |
| Retirement benefits | - | - | 2,280 | 2,060 | 101,351 | 84,180 |
| Medical | - | - | 2,429 | 1,686 | 51,423 | 9,081 |
| Reimbursable expenses | - | - | 21 | 15 | 393 | 1,121 |
| Fee for attending meetings | 7,531 | 3,736 | - | - | - | - |
| | 17,253 | 15,351 | 84,539 | 69,275 | 1,513,341 | 1,084,198 |
| Number of persons | 13 | 14 | 4 | 4 | 696 | 432 |

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

## 48. OPERATING SEGMENT INFORMATION

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

| | |
|---|---|
| Capital market & brokerage | Principally engaged in trading of equity securities, maintaining strategic and trading portfolios and earning share brokerage and money market, forex and commodity brokerage. |
| Banking | Principally engaged in providing investment and commercial |
| Investment advisor / assets manager | Principally providing investment advisory and asset management services to different mutual funds and unit trusts. |
| Others | Other operations of the Group comprise of telecommunication and information technology, underwriting and consultancy services, research and corporate finance and power generation. |

The following tables present revenue and profit information for the Group's operating segments for the year ended December 31, 2015 and 2014 respectively.

| | CONTINUING OPERATIONS | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Capital Market & Brokerage | Banking | Investment Advisor/ Assets Manager | Others | DISCONTINUED OPERATIONS | TOTAL SEGMENTS | ADJUSTMENTS AND ELIMINATIONS | CONSOLIDATED |
| | (Rupees in '000) | | | | | | | |
| Year ended December 31, 2015 | | | | | | | | |
| Revenue | | | | | | | | |
| Segment revenues | 4,929,160 | 18,617,607 | 439,007 | 197,643 | - | 24,183,417 | (390,500) | 23,792,917 |
| Inter-segment revenues | (374,414) | (3,727) | (2,734) | (9,625) | - | (390,500) | 390,500 | - |
| Total revenue | 4,554,746 | 18,613,880 | 436,273 | 188,018 | - | 23,792,917 | - | 23,792,917 |
| Results | | | | | | | | |
| Profit for the year | 2,707,855 | 2,021,820 | 171,538 | (470,684) | - | 4,430,529 | 1,193,294 | 5,623,823 |

| | CONTINUING OPERATIONS | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Capital Market & Brokerage | Banking | Investment Advisor/ Assets Manager | Others | DISCONTINUED OPERATIONS | TOTAL SEGMENTS | ADJUSTMENTS AND ELIMINATIONS | CONSOLIDATED |
| | (Rupees in '000) | | | | | | | |
| Year ended December 31, 2014 | | | | | | | | |
| Revenue | | | | | | | | |
| Segment revenues | 1,333,995 | 13,703,541 | 902,515 | 151,331 | 1,744 | 16,093,126 | (161,108) | 15,932,018 |
| Inter-segment revenues | (32,018) | (107,150) | (10,656) | (11,284) | - | (161,108) | 161,108 | - |
| Total revenue | 1,301,977 | 13,596,391 | 891,859 | 140,047 | 1,744 | 15,932,018 | - | 15,932,018 |
| Results | | | | | | | | |
| Profit for the year | 438,926 | 952,889 | 638,819 | (59,832) | (7,539) | 1,963,263 | 198,531 | 2,161,794 |

The following tables present assets and liabilities information for the Group's operating segments for the year ended December 31, 2015 and year ended December 31, 2014 respectively.

| | CONTINUING OPERATIONS | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Capital Market & Brokerage | Banking | Investment Advisor/ Assets Manager | Others | DISCONTINUED OPERATIONS | TOTAL SEGMENTS | ADJUSTMENTS AND ELIMINATIONS | CONSOLIDATED |
| | (Rupees in '000) | | | | | | | |
| Assets | | | | | | | | |
| December 31, 2015 | 30,437,384 | 218,475,663 | 2,299,742 | 1,512,614 | - | 252,725,403 | (13,014,375) | 239,711,028 |
| December 31, 2014 | 26,217,461 | 176,716,817 | 2,617,244 | 1,466,328 | - | 207,017,850 | (12,500,969) | 194,516,881 |
| Liabilities | | | | | | | | |
| December 31, 2015 | 2,250,198 | 202,507,760 | 192,165 | 494,672 | - | 205,444,795 | (3,054,463) | 202,390,332 |
| December 31, 2014 | 2,127,298 | 163,637,271 | 163,885 | 9,797 | - | 165,938,251 | (1,616,801) | 164,321,450 |

## 49. GEOGRAPHIC INFORMATION

| | 2015 | 2014 |
|---|---|---|
| | ------ (Rupees in '000) ------ | |
| Revenues from external customers | | |
| Pakistan | 23,792,900 | 15,930,274 |
| Cayman Islands Section B.W.I | - | - |
| United Kingdom | 17 | - |
| | 23,792,917 | 15,930,274 |
| Non-current assets | | |
| Pakistan | 3,350,955 | 2,536,745 |
| United Kingdom | - | 392 |
| | 3,350,955 | 2,537,137 |

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

## 50. RECLASSIFICATIONS

50.1 Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison, which as follows:

| Description | (Rupees in '000) | Reclassified From | Reclassified To |
|---|---|---|---|
| i) Interest accrued on Margin Finance | 1,818 | Trade debts - Margin Finance receivable | Interest and mark-up accrued |
| ii) Lendings to financial institutions | 5,727,062 | Lendings to financial institutions | Advances - net |

## 51. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 03, 2016 by the Board of Directors of the Holding Company.

## 52. GENERAL

52.1 Figures have been rounded off to nearest thousand rupee.

Chief Justice (R) Mahboob Ahmed
Chairman

Suleman Lalani
Chief Executive

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

## ANNEXURE I

Details of disposal of fixed assets having written down value exceeding Rs.50,000 each (refer note 7.1.1)

| Particulars | Acquisition cost | Accumulated depreciation | Written down value | Sale proceeds | Profit / (Loss) | Mode of disposal | Buyer's particulars |
|---|---|---|---|---|---|---|---|
| | ……………………….. (Rupees in '000) | | | | ……………………………. | | |
| Vehicles | | | | | | | |
| Honda Civic | 1,820 | 1,414 | 406 | 1,047 | 641 | Negotiation | Mahvash Jahangir Siddiqui Foundation |
| Honda Civic | 2,111 | 1,083 | 1,028 | 1,577 | 549 | Negotiation | Muhammad Ahmer |
| Honda Civic | 1,891 | 1,083 | 808 | 1,166 | 358 | Negotiation | Muhammad Altaf |
| Honda Civic | 1,820 | 1,474 | 346 | 1,113 | 767 | Negotiation | Muhammad Ali Akber |
| Honda Civic | 2,102 | 1,083 | 1,019 | 1,577 | 558 | Negotiation | Ghulam Asghar |
| Honda Civic | 1,941 | 1,197 | 744 | 1,183 | 439 | Negotiation | Wasim Mirza |
| Honda Civic | 1,908 | 1,276 | 632 | 1,373 | 741 | Negotiation | Wasim Mirza |
| Honda Civic | 2,000 | 1,528 | 473 | 1,342 | 870 | Negotiation | Usman Shahid |
| Toyota Corolla | 1,608 | 1,125 | 482 | 1,212 | 729 | Negotiation | Muhammad Jaffer |
| Toyota Corolla | 1,529 | 1,147 | 382 | 1,161 | 779 | Negotiation | Shayan Shohail |
| Toyota Corolla | 1,524 | 1,041 | 483 | 1,078 | 595 | Negotiation | Ghulam Asghar |
| Toyota Corolla | 1,673 | 446 | 1,227 | 1,500 | 274 | Insurance | EFU General Insurance Limited |
| Toyota Corolla | 1,683 | 280 | 1,402 | 1,683 | 280 | Negotiation | EFU General Insurance Limited |
| Toyota Corolla | 1,426 | 1,283 | 143 | 1,000 | 857 | Negotiation | Margalla Mortors |
| Toyota Corolla | 1,920 | 640 | 1,280 | 1,238 | (42) | Negotiation | Mahvash Jahangir Siddiqui Foundation |
| Toyota Corolla | 1,529 | 1,223 | 306 | 1,119 | 813 | Negotiation | Muhammad Islam |
| Toyota Corolla | 1,673 | 920 | 753 | 1,195 | 443 | Negotiation | Humayun Azam |
| Toyota Corolla | 1,608 | 991 | 616 | 1,153 | 536 | Negotiation | Muhammad Ali Akber |
| Toyota Corolla | 1,529 | 1,198 | 331 | 1,165 | 834 | Negotiation | Shayan Shohail |
| Toyota Corolla | 1,911 | 988 | 924 | 1,159 | 235 | Negotiation | Wasim Mirza |
| Toyota Corolla | 1,578 | 1,052 | 526 | 1,199 | 673 | Negotiation | Imran Qaiser |
| Toyota Corolla | 1,529 | 1,249 | 280 | 1,123 | 843 | Negotiation | Usman Shahid |
| Toyota Corolla | 1,608 | 991 | 616 | 1,155 | 539 | Negotiation | Hashim Memon |
| Toyota Corolla | 1,608 | 991 | 616 | 1,083 | 466 | Negotiation | Muhammad Ali Akber |
| Toyota Corolla | 1,482 | 1,186 | 296 | 1,189 | 892 | Negotiation | Naseer Uddin |
| Toyota Corolla | 1,462 | 1,365 | 98 | 1,008 | 910 | Negotiation | Noman Hasan |
| Suzuki Cultus | 970 | 513 | 457 | 754 | 297 | Negotiation | Abdul Allem |
| Suzuki Cultus | 965 | 510 | 455 | 780 | 325 | Negotiation | Wasim Mirza |
| Suzuki Cultus | 942 | 597 | 345 | 761 | 416 | Negotiation | Shayan Nasir |
| Suzuki Cultus | 930 | 617 | 313 | 728 | 415 | Negotiation | Usman Shahid |
| Suzuki Cultus | 970 | 593 | 377 | 551 | 174 | Negotiation | Shayan Nasir |
| Suzuki Cultus | 942 | 597 | 345 | 743 | 398 | Negotiation | Shayan Nasir |
| Suzuki Cultus | 1,010 | 449 | 561 | 797 | 236 | Negotiation | Shayan Nasir |
| Suzuki Cultus | 942 | 612 | 330 | 699 | 369 | Negotiation | Nusrat Iqbal |

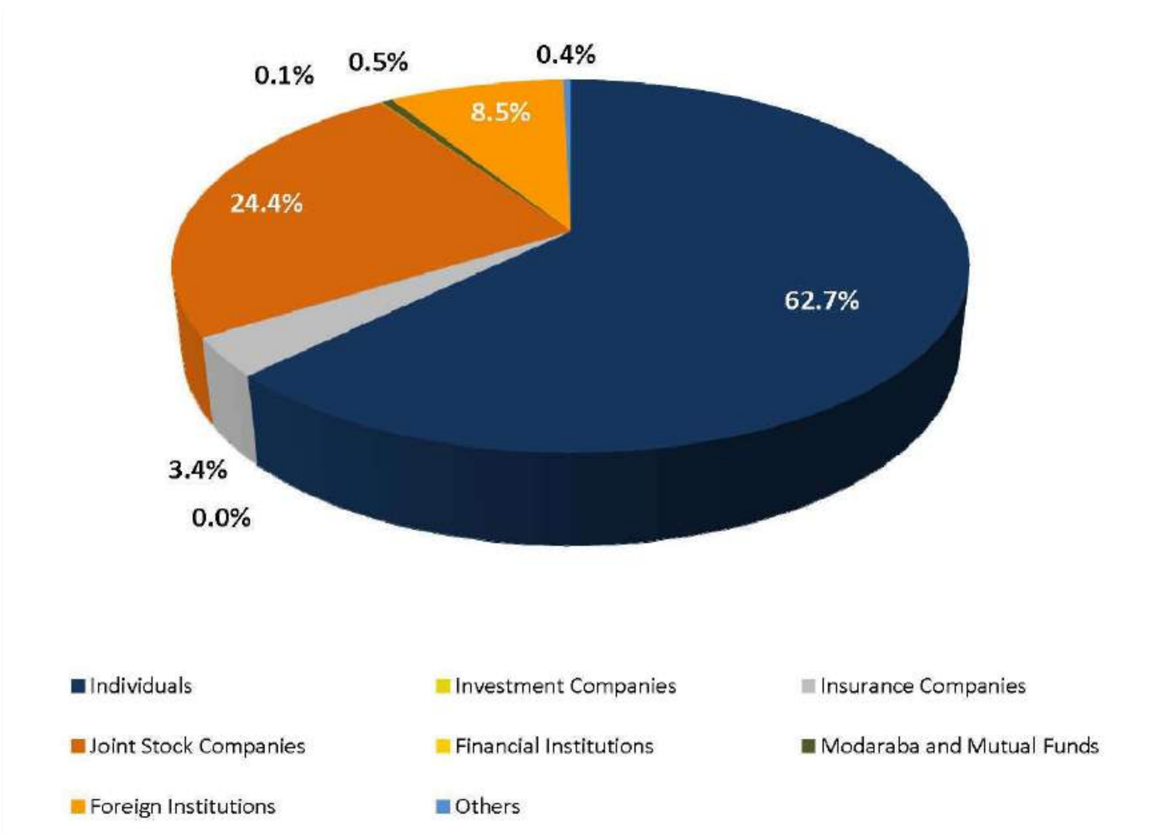
| Particulars | Acquisition cost | Accumulated depreciation | Written down value | Sale proceeds | Profit / (Loss) | Mode of disposal | Buyer's particulars |
|---|---|---|---|---|---|---|---|
| | ............................... (Rupees in '000) | | | | ................................... | | |
| Suzuki Cultus | 965 | 574 | 391 | 832 | 441 | Negotiation | Hassan Ali |
| Suzuki Cultus | 1,010 | 449 | 561 | 838 | 277 | Negotiation | Hassan Ali |
| Suzuki Cultus | 1,010 | 466 | 544 | 838 | 293 | Negotiation | Hassan Ali |
| Suzuki Cultus | 1,019 | 369 | 650 | 838 | 188 | Negotiation | Hassan Ali |
| Suzuki Cultus | 965 | 606 | 359 | 683 | 324 | Negotiation | Hassan Ali |
| Suzuki Cultus | 1,010 | 482 | 528 | 770 | 242 | Negotiation | Shayan Nasir |
| Suzuki Cultus | 1,019 | 420 | 600 | 744 | 144 | Negotiation | Noman Hasan |
| Suzuki Cultus | 970 | 625 | 345 | 725 | 380 | Negotiation | Muhammad Altaf |
| Suzuki Cultus | 1,010 | 499 | 511 | 712 | 200 | Negotiation | Muhammad Jaffer |
| Honda City | 1,758 | 938 | 820 | 1,307 | 487 | Negotiation | Muhammad Ali Akbar Khan |
| Toyota Corolla | 990 | 462 | 528 | 807 | 279 | Insurance claim | EFU General Insurance Limited |
| Toyota Corolla | 969 | 1,172 | 728 | 1407 | 679 | Negotiation | Shayan Sohail Nisar |
| Honda Civic | 1,865 | 1,678 | 187 | 1,035 | 848 | Negotiation | Irfan Ali Kalyar |
| Toyota Corolla | | 727 | 242 | 310 | 68 | Tender | Syed Faisal Hussain |
| Electrical, office and computer equipment | | | | | | | |
| Signage | 437 | 164 | 273 | 35 | (238) | Negotiation | Signsnow |
| Generator | 592 | 296 | 296 | 443 | 147 | Insurance | EFU General Insurance Limited |
| Dell Laptop | 97 | 14 | 83 | 97 | 14 | Negotiation | Mustang Securities Services |
| Dell Laptop | 115 | 17 | 98 | 115 | 17 | Claim Reimbursement | Mustang Securities Services |
| | 69,845 | 42,700 | 27,144 | 50,147 | 22,999 | | |

# Pattern of Shareholding
As of December 31, 2015

| No. of Shareholders | Shareholding | | | | | Total Shares Held |
|---|---|---|---|---|---|---|
| 1231 | Shareholding | From | 1 | To | 100 | 37,033 |
| 1869 | Shareholding | From | 101 | To | 500 | 736,166 |
| 1766 | Shareholding | From | 501 | To | 1000 | 1,596,076 |
| 3482 | Shareholding | From | 1001 | To | 5000 | 9,316,394 |
| 1053 | Shareholding | From | 5001 | To | 10000 | 8,221,565 |
| 1335 | Shareholding | From | 10001 | To | 50000 | 30,731,539 |
| 215 | Shareholding | From | 50001 | To | 100000 | 15,805,737 |
| 173 | Shareholding | From | 100001 | To | 250000 | 27,946,006 |
| 80 | Shareholding | From | 250001 | To | 500000 | 28,427,256 |
| 34 | Shareholding | From | 500001 | To | 995000 | 23,970,909 |
| 1 | Shareholding | From | 1040001 | To | 1045000 | 1,041,822 |
| 1 | Shareholding | From | 1095001 | To | 1100000 | 1,097,004 |
| 1 | Shareholding | From | 1105001 | To | 1110000 | 1,107,441 |
| 1 | Shareholding | From | 1120001 | To | 1125000 | 1,121,300 |
| 1 | Shareholding | From | 1175001 | To | 1180000 | 1,180,000 |
| 1 | Shareholding | From | 1190001 | To | 1195000 | 1,190,478 |
| 1 | Shareholding | From | 1210001 | To | 1215000 | 1,214,500 |
| 1 | Shareholding | From | 1320001 | To | 1325000 | 1,325,000 |
| 1 | Shareholding | From | 1325001 | To | 1330000 | 1,329,596 |
| 1 | Shareholding | From | 1350001 | To | 1355000 | 1,351,600 |
| 1 | Shareholding | From | 1590001 | To | 1595000 | 1,590,120 |
| 1 | Shareholding | From | 1650001 | To | 1655000 | 1,651,200 |
| 1 | Shareholding | From | 1765001 | To | 1770000 | 1,770,000 |
| 1 | Shareholding | From | 1930001 | To | 1935000 | 1,934,560 |
| 1 | Shareholding | From | 2275001 | To | 2280000 | 2,276,027 |
| 1 | Shareholding | From | 2595001 | To | 2600000 | 2,600,000 |
| 2 | Shareholding | From | 2995001 | To | 3000000 | 6,000,000 |
| 1 | Shareholding | From | 3210001 | To | 3215000 | 3,211,000 |
| 1 | Shareholding | From | 3630001 | To | 3635000 | 3,631,000 |
| 1 | Shareholding | From | 3820001 | To | 3825000 | 3,821,046 |
| 1 | Shareholding | From | 3835001 | To | 3840000 | 3,837,000 |
| 1 | Shareholding | From | 3995001 | To | 4000000 | 4,000,000 |
| 1 | Shareholding | From | 4340001 | To | 4345000 | 4,341,000 |
| 1 | Shareholding | From | 4495001 | To | 4500000 | 4,500,000 |
| 1 | Shareholding | From | 5230001 | To | 5235000 | 5,233,100 |
| 1 | Shareholding | From | 5365001 | To | 5370000 | 5,366,000 |
| 1 | Shareholding | From | 5475001 | To | 5480000 | 5,477,000 |
| 1 | Shareholding | From | 7635001 | To | 7640000 | 7,638,000 |
| 1 | Shareholding | From | 8560001 | To | 8565000 | 8,564,242 |
| 1 | Shareholding | From | 9495001 | To | 9500000 | 9,500,000 |
| 1 | Shareholding | From | 9690001 | To | 9695000 | 9,692,500 |
| 1 | Shareholding | From | 19710001 | To | 19715000 | 19,711,876 |
| 1 | Shareholding | From | 52135001 | To | 52140000 | 52,139,195 |
| 1 | Shareholding | From | 90035001 | To | 90040000 | 90,037,800 |
| 1 | Shareholding | From | 103595001 | To | 103600000 | 103,596,200 |
| 1 | Shareholding | From | 395075001 | To | 395080000 | 395,076,100 |
| 11,275 | | | | | | 915,942,388 |

# Pattern of Shareholding
As of December 31, 2015

| S NO. | CATEGORY OF SHAREHOLDER | NUBER OF SHAREHOLDER | TOTAL | PERCENTAGE |
|---|---|---|---|---|
| 1 | INDIVDIAULS | 11107 | 574,350,891 | 62.71 |
| 2 | INVESTMENT COMPANES | 1 | 4,324 | 0.00 |
| 3 | INSURANCE COMPANIES | 5 | 30,792,905 | 3.36 |
| 4 | JOINT STOCK COMPANIES | 117 | 223,799,106 | 24.43 |
| 5 | FINANCIAL INSTITUTIONS | 6 | 507,317 | 0.06 |
| 6 | MODARABA AND MUTUAL FUNDS | 10 | 4,951,687 | 0.54 |
| 7 | FOREIGN INSTITUTIONS | 15 | 78,129,455 | 8.53 |
| 8 | OTHERS | 14 | 3,406,703 | 0.37 |
| | TOTAL | 11275 | 915,942,388 | 100.00 |



# Pattern of Shareholding
As of December 31, 2015

| 1. DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN | SHARES HELD No. | Percentage % |
|---|---|---|
| SULEMAN LALANI | 359,315 | |
| ALI HUSSAIN | 75,600 | |
| ALI J. SIDDIQUI | 384,146 | |
| MAHBOOB AHMED | 878,926 | |
| NASEEM MAHBOOB | 282,878 | |
| SAUD AHMED | 120 | |
| STEPHEN CHRISTOPHER SMITH | 20 | |
| MUNAWAR ALAM SIDDIQUI | 7 | |
| ASAD AHMED | 1 | |
| TOTAL | 1,981,013 | 0.22 |
| **2. ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES** | | |
| SAJ CAPITAL MANAGEMENT LIMITED | 52,139,195 | |
| EFU SERVICES (PRIVATE) LIMITED | 113,446 | |
| EFU GENERAL INSURANCE LIMITED | 19,711,876 | |
| EFU LIFE ASSURANCE LIMITED | 8,564,242 | |
| JAHANGIR SIDDIQUI & SONS LIMITED | 90,037,800 | |
| JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED | 103,596,200 | |
| TOTAL | 274,162,759 | 29.93 |
| **3. NIT AND ICP** | | |
| IDBL (ICP UNIT) | 4,324 | |
| TOTAL | 4,324 | 0.00 |
| **4. BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS & NON BANKING FINANCE COMPANIES** | | |
| BANKS | 500,001 | |
| NON-BANKING FINANCE COMPANIES | 7,316 | |
| TOTAL | 507,317 | 0.06 |
| **5. INSURANCE COMPANIES (OTHER THEN DISCLOSED IN "2" ABOVE)** | | |
| INSURANCE COMPANIES | 2,516,787 | |
| TOTAL | 2,516,787 | 0.27 |
| **6. MODARABAS AND MUTUAL FUNDS** | | |
| MODARABAS | 8,584 | |
| MUTUAL FUNDS: | | |
| GOLDEN ARROW SELECTED STOCKS FUND LIMITED | 925,000 | |
| CDC - TRUSTEE AKD INDEX TRACKER FUND | 68,703 | |
| CDC - TRUSTEE AKD OPPORTUNITY FUND | 1,325,000 | |
| CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND | 950,000 | |
| PAK ASIAN FUND LIMITED | 4,000 | |
| MCBFSL - TRUSTEE NAMCO BALANCED FUND | 405,400 | |
| CDC - TRUSTEE ASKARI EQUITY FUND | 425,000 | |
| CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND | 840,000 | |
| TOTAL | 4,951,687 | 0.54 |
| **7. SHAREHOLDERS HOLDING SHARES 5% OR MORE** | | |
| JAHANGIR SIDDIQUI | 395,076,100 | |
| JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED | 103,596,200 | |
| JAHANGIR SIDDIQUI & SONS LIMITED | 90,037,800 | |
| SAJ CAPITAL MANAGEMENT LTD | 52,139,195 | |
| TOTAL | 640,849,295 | 69.79 |
| **8. EXECUTIVES:** | | |
| EMPLOYEES OF THE COMPANY OTHER THAN CEO AND DIRECTORS | 15,100 | |
| | 15,100 | 0.00 |

# Form of Proxy
## Annual General Meeting

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

I / We ______________________________ of ____________ being member(s) of Jahangir Siddiqui & Co. Ltd. holding __________ ordinary shares as per Registered Folio No / CDC A / c. No. (for members who have shares in CDS) ________________________ hereby appoint Mr. / Mrs. / Ms. ____________________ of ____________ (Folio. No. / CDC A / c No.) ` ____________________ or failing him / her Mr. / Mrs. / Ms. ____________________________ of ________________________ (Folio. No. / CDC A / c No.) __________ being member of the Company, as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 24th Annual General Meeting of the Company to be held on April 11, 2016 and / or any adjournment thereof.

As witness my / our hand / seal this __________ day of April, 2016.

Signed by ________________________________________________

In the presence of
Witness:

1. Name: ______________________________
Signature: ______________________________
Address: ______________________________
______________________________
CNIC or Passport No:. ______________________________

2. Name: ______________________________
Signature: ______________________________
Address: ______________________________
______________________________
CNIC or Passport No.: ______________________________

Signature on
Rs.5/-
Revenue Stamp

The Signature should agree with the specimen registered with Company.

Important:

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

2. This proxy form, duly completed and signed, must be received at the Office of the Company situated at 6th Floor, Faysal House, Shahrah-e-Faisal, Karachi, not less than 48 hours before the time of holding meeting.

3. No Person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.

4. If member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

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

Affix
Correct
Postage

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

# پراکسی فارم

## چوبیسواں سالانہ اجلاس عام

کمپنی سیکریٹری

جہانگیر صدیقی اینڈ کمپنی لمیٹیڈ

6th فلور، فیصل ہاؤس،

شاہرہ فیصل، کراچی۔75530

میں/ہم۔۔۔۔۔۔۔از۔۔۔۔۔۔۔۔۔۔۔جہانگیر صدیقی اینڈ کمپنی لمیٹیڈ کے ممبران اور بمطابق رجسٹرڈ فولیو نمبر/سی ڈی سی/اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔،۔۔۔۔۔۔۔۔۔۔۔عمومی حصص کے مالکان ہیں، جناب۔۔۔۔۔۔۔۔از۔۔۔۔۔۔۔۔۔۔۔یا ان کی عدم دستیابی کی صورت میں جناب۔۔۔۔۔۔۔۔۔از۔۔۔۔۔۔۔۔۔۔۔ کو کمپنی کے چوبیسواں سالانہ اجلاس عام منعقدہ 11 اپریل 2016 یا کسی ملتوی شدہ تاریخ پر اپنی جانب سے حاضر ہونے، حصہ لینے اور ووٹ دینے کیلئے عوضی (Proxy) مقرر کرتا ہوں/کرتے ہیں۔

گواہان (نام اور پتے) کی موجودگی میں آج بروز۔۔۔۔۔۔،۔۔۔۔۔۔ماہ۔۔۔۔۔2016 کو میں نے ذاتی طور پر دستخط کیئے/مہر ثبت کی

گواہ:

1۔ نام:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

دستخط:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

2۔ نام:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

دستخط:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

5 روپے کی ریونیو اسٹیمپ
پر دستخط کیئے جائیں

دستخط کمپنی میں موجود نمونے کے
دستخط کے مطابق ہونا چاہیئں

اہم نوٹ:

1۔ کمپنی کا کوئی ممبر کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے، حصہ لینے اور ووٹ دینے کیلئے عوضی مقرر کر سکتا ہے۔

2۔ باقاعدہ مکمل اور دستخط شدہ پراکسی فارم اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے دفتر بمقام جہانگیر صدیقی اینڈ کمپنی لمیٹڈ، 6th فلور، فیصل ہاؤس، شاہراہ فیصل، کراچی۔75530، پاکستان موصول ہو جانا چاہیں۔

3۔ ایسا کوئی شخص بطور عوضی اجلاس میں شریک نہیں ہو سکتا جو کمپنی کا ممبر نہ ہو، ماسوائے کوئی کارپوریشن کسی غیر ممبر کو اپنا عوضی مقرر کر سکتی ہے ۔

4۔ اگر کوئی ممبر ایک سے زائد عوضی مقرر کرتا ہے اور ایک سے زائد عوضی فارم کمپنی کو موصول ہوتے ہیں تو ایسے تمام فارم منسوخ تصور کئے جائیں گے۔

5۔ فزیکل حصص کے مالکان اور سی ڈی سی میں رجسٹرڈ حصص کے مالکان اور/ یا ان کے عوضی کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ شناختی مقاصد کیلئے پیش کرنا ہو گا۔ باقاعدہ مکمل اور دستخط شدہ پراکسی فارم کمپنی میں مقررہ وقت پر جمع کروادیا جائے، جس پر دو گواہوں کے دستخط، نام، پتہ، کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر درج ہو۔ اس کے ہمراہ بینیفشل 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 چسپاں کریں

کمپنی سیکریٹری
جہانگیر صدیقی اینڈ کمپنی لمیٹڈ
6th فلور، فیصل ہاؤس،
شاہراہ فیصل، کراچی۔75530

# Annual Report | 2015

Jahangir Siddiqui & Co. Ltd.

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